



the smarter way to save for college

State of Missouri SHRM

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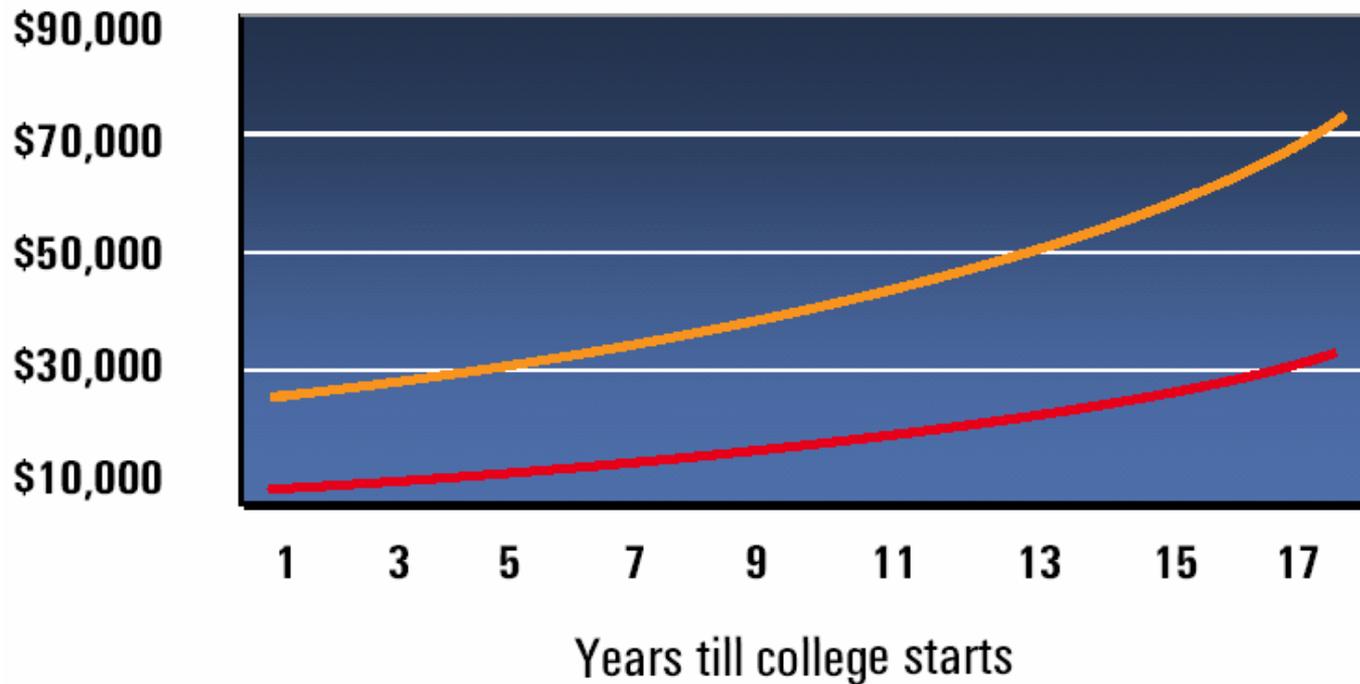
Today's Agenda

- **The cost of attending college**
- MOST – Missouri's 529 College Savings Program
- Additional college savings through Upromise® and Ugift®
- Important considerations
- To learn more...

The Cost of College may be Rising...

*Note: Estimated costs are Vanguard's projections in future dollars based on data for the 2007-2008 academic year provided by the College Board.

Cost of One Year at College
(6% increases)



Source: The Vanguard Group

Private College —

Public —

...but there is Hope

- **There are more ways than ever to save for college and more federal and state tax benefits for doing so.**
- **Congress has enabled states to create savings plans under Section 529 of the Internal Revenue Code. Each state can develop its own unique 529 plan**
- **Most students receive some form of financial aid – either grants, scholarships, work-study or student loans.**
- **In 2007-08 full-time students received an average of \$8,896 in aid (including approximately \$4,646 in grants and \$3,650 in loans)†.**
- **Assets in 529 college savings plans grew from \$2.4 billion in 1996 to \$15.1 billion in 2001 and \$122 billion in 2007. †**

† The College Board, *Trends in Student Aid 2008*.



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A Strategic Partnership for Missouri

**Missouri Higher Education
Savings Program**

**Clint Zweifel
Chair**



**Office of the State
Treasurer**

**Clint Zweifel
State Treasurer**



**Program Management,
By:**

**Upromise
Investments, Inc.**



**Investment Management
By:**

**The Vanguard
Group
and
American Century
Investments**



Easy Enrollment

www.missouricollegesavings.com



Click

Saving for College Made Easy



- 🎓 Begin with as little as \$25 (\$15 with payroll deduction)
- 🎓 Anyone – parent, grandparent, or friend - can contribute
- 🎓 Change your beneficiary at any time
- 🎓 You control how your account is managed

If you are a U.S. citizen or a resident alien with a permanent U.S. address that is not a PO Box and Social Security number or Taxpayer Identification Number, you are eligible to participate regardless of your income.

Simple Payroll Process



New Account Holders:

- Employee submits signed Payroll Direct Deposit form to payroll.
- Payroll transmits funds by ACH or by check with participating employee information.

Contribution Change:

- Employee provides change instructions to MOST and receives a new Payroll Direct Deposit form.
- Employee submits newly signed Payroll Direct Deposit form to payroll.

Save on State and Federal Income Taxes

Missouri State Tax Deduction*

\$8,000 for Single Filers

\$16,000 Married Filing Jointly

State and Federal**

Earnings are 100% exempt
when used to pay for qualified
higher education expenses.



*Contributions to a 529 Plan in a tax year are deductible from Missouri state income tax, but are subject to recapture in subsequent years if you make nonqualified withdrawals or roll over assets to another state's 529 plan. Includes Upromise ® college savings transferred to a MOST account.

Tax-free Qualified Withdrawals for Higher Education

Tax-free Qualified Withdrawals for Higher Education*

- Withdrawals are free from federal and state income taxes
- Withdrawals for tuition, fees, certain room and board, and required books and supplies, *computer equipment and technology
- Any qualifying post-secondary institution in the U.S. and abroad, including public and private colleges and universities, 2- and 4-year programs, graduate program and vocational schools

*"For 2009 and 2010 only, qualified higher education expenses include expenses paid or incurred for the purchase of any computer technology or equipment or Internet access and related services, if such technology, equipment or services are to be used by the beneficiary and the beneficiary's family during any of the years the beneficiary is enrolled at an eligible educational institution. Expenses for computer software designed for sports, games, or hobbies, are not included unless the software is predominately educational in nature."

** Earnings on non-qualified withdrawals are subject to federal income tax and may be subject to a 10% federal penalty tax, as well as state and local income taxes. The availability of tax or other benefits may be contingent on meeting other requirements.

Federal and State Tax Considerations

Non-Qualified Withdrawals Subject to Federal and State Taxes

- Subject to federal and state income tax on earnings, plus a 10% federal penalty tax on earnings
- Any portion attributable to contributions for which a Missouri state tax deduction was previously claimed will be subject to Missouri state income tax
- Rollovers to another state's 529 plan are considered non-qualified withdrawals for state income tax purposes

Withdrawals Due to Death, Disability or Scholarship

- Subject to federal income tax on earnings, but not the 10% federal penalty tax

Financial Aid and Other Considerations

- **State and Federal Financial Aid Consideration**

- Considered parental asset (not the student's assets) for federal financial aid purposes if parent is the account owner – which means that a smaller percentage is considered available for federal financial aid purposes

Hope and Lifetime Learning Credit Eligibility

- Qualified withdrawal will not impact eligibility for the Hope Scholarship or Lifetime Learning tax credits, provided that the withdrawal is not used for the same expenses for which the credit was claimed

Special Gift, Estate, and Generation Skipping Transfer Tax Considerations

- Contributions are considered completed gifts and are generally removed from the account owner's estate
 - Can contribute up to \$65,000 in a single year (\$130,000 for married couples filing jointly) without federal gift, estate, or generation skipping transfer tax consequences, provided no more gifts are made to the beneficiary for five years.
In the event the donor does not survive the five year period, a pro-rated amount will revert back to the donor's taxable estate.
- 

Affordable to start your 529 plan

- 🎓 \$25 minimum contribution thru EBT, check or AIP. \$15 for payroll direct deposit
- 🎓 State tax deduction of \$8,000 or \$16,000 - married filing jointly
- 🎓 Low management fees (fees range from .62 – 1.51% depending on investment)



Tools and Resources at your fingertips



MOST
MISSOURI'S 529 COLLEGE SAVINGS PLAN

Contact Us | FAQs | Log On | [Open an Account](#)

Home | Plan Features | Investments | **Planning and Education** | Organizations | Forms | My Accounts

Investing Basics
How to Choose Investments
Resources for College Savers

Account Access
[Log On](#)

Investing Basics

Investing basics

Determine your comfort level with investment risk
Recognizing what kind of investor you are--conservative, moderate, or aggressive--may help you with investment decisions.
[More +](#)

Understand the asset classes
Knowing the differences between stocks, bonds, and short-term investments will help you create a more appropriate portfolio.
[More +](#)

Maintain the right mix
Evaluating your asset allocation from time to time to make sure it matches your current time horizon will help keep your investments in line with your savings goals.
[More +](#)

How to Choose Investments

Resources for College Savers

Start | Microsoft Outlo... | MOST - Misso... | 8:37 AM

Trusted Investment Expertise



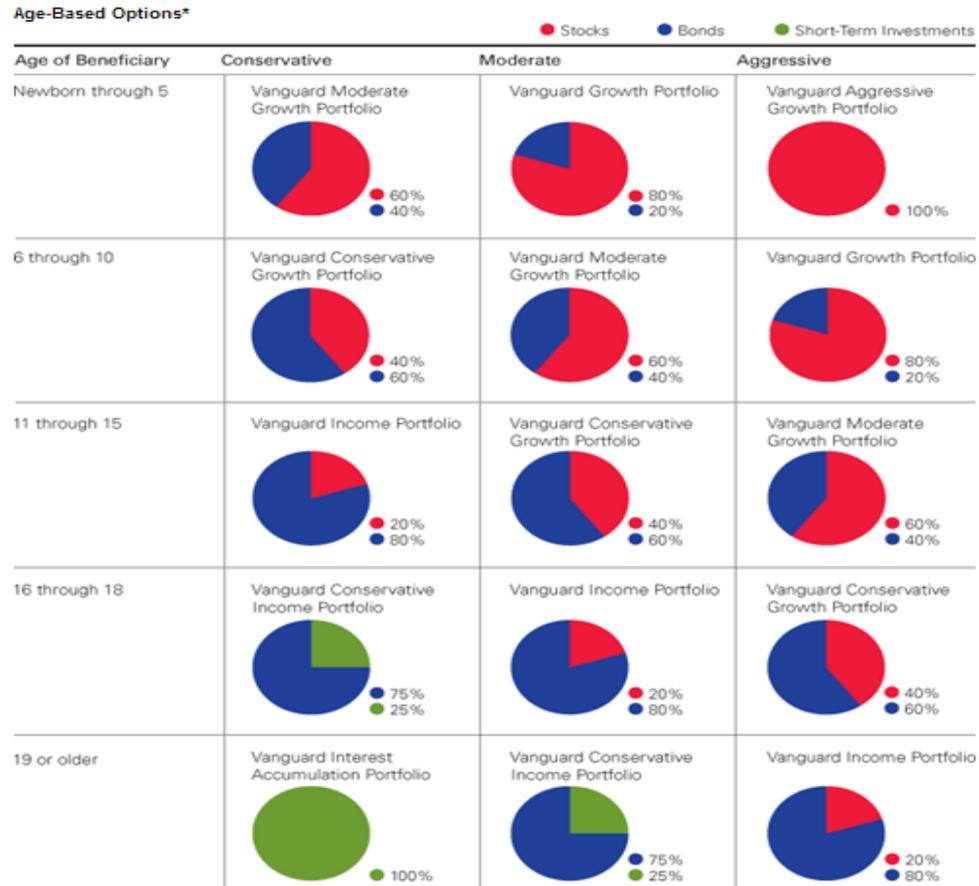
www.vanguard.com



www.americancentury.com

3 Age-Based Vanguard Investment Options

- Conservative, moderate, and aggressive options
- Contributions are invested according to your risk tolerance and the age of your beneficiary
- As your beneficiary ages, your assets are automatically shifted to more conservative investments to seek to protect your capital



Portfolios with higher allocations of bonds and short-term investments tend to be less volatile than those with higher stock allocations. Less volatile portfolios generally may not decline in value as much when markets decline, but also may not appreciate in value as much when markets go up.



7 Individual Stock Portfolio Options

5 Single-Fund Stock Portfolios (100% stock funds)

- American Century International Growth Portfolio
- American Century Growth Portfolio
- American Century Small Company Portfolio
- American Century Real Estate Portfolio
- American Century Large Company Value Portfolio

2 Multi-Fund Stock Portfolios (100% stock funds)

- MOST Diversified Equity Portfolio
- MOST Aggressive Growth Portfolio

Unlike the age-based options, your allocation among individual portfolios will remain fixed until you instruct the Plan to change your options

7 Balanced and Short-Term Investment Portfolios

4 Multi-Fund Balanced Portfolios (mix of stock and bond funds)

- Vanguard Growth Portfolio
- Vanguard Moderate Growth Portfolio
- Vanguard Conservative Growth Portfolio
- Vanguard Income Portfolio

3 Bond and Short-Term Investment Portfolios

- Vanguard Inflation-Protected Securities Portfolio
- Vanguard Conservative Income Portfolio
- Vanguard Interest Accumulation Portfolio

The individual options allow you to be more aggressive or more conservative than the age-based options allow

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- **Additional college savings through Upromise® and Ugift®**
- Important considerations
- To learn more...



Add money to your 529 Plan with Upromise®



*Helping
families save
more money
for college*

Fast Access

www.missouricollegesavings.com



Click



Upromise – money for college

Upromise is a free, optional service that can add money to your 529 plan

- Over 10 million members nationwide

It's easy to get started

1. Join Upromise for free at www.upromise.com/missouri.
2. Link your MOST 529 account to your Upromise account on the Upromise web site
3. Earn money back for college when you buy gas, eat out, shop online, buy groceries, book travel and much more
4. Automatically the money in your Upromise account will be transferred quarterly to your 529 Plan (subject to a \$25 minimum transfer amount)

Hundreds of America's leading companies will help you save for college



**...and
many more**

Save for college when you buy groceries

Get money back for college on over 3,500 items...



... at your favorite Missouri grocery and drug stores (over 275 participating stores).



Just register your grocery and drug store cards with Upromise.

Visit [Upromise.com/grocery](https://upromise.com/grocery) for more information.

Save for college almost everywhere



70,000+ retail stores, restaurants, and service locations

- Over 8,000 restaurants
- Exxon and Mobil Gas Stations
- McDonald's
- Bed Bath & Beyond
- Eddie Bauer
- Avis & Budget
- And many more...



550+ online retail and travel web sites

- Walmart.com
- Staples.com
- Expedia.com
- Target.com
- Gap.com
- Barnes & Noble.com
- Sears.com
- Hotels.com
- JCPenney.com
- eBay.com



Save more for college on big purchases

- Kaplan
- H&R Block
- Upromise Auto Buying
- New York Life



Accelerate your savings with Upromise®



upromise® eCoupons

Nothing to clip. Nothing to print.



 <p>\$0.50</p> <p>Save \$0.50 for college when you buy any Charmin MegaRoll. ...</p> <p>Learn more</p> <p>+ select ecoupon</p>	 <p>\$0.50</p> <p>Save \$0.50 for college when you buy any (1) Charmin Fresh ...</p> <p>Learn more</p> <p>+ select ecoupon</p>	 <p>\$0.50</p> <p>Save \$0.50 for college when you buy Fisher Culinary Touch ...</p> <p>Learn more</p> <p>+ select ecoupon</p>	 <p>\$1.00</p> <p>Earn \$1.00 for college when you buy SPRAY 'n WASH® Laundry...</p> <p>Learn more</p> <p>+ select ecoupon</p>	 <p>\$0.25</p> <p>Purchase one (1) of either Cargill Salt's Diamond Crystal ...</p> <p>Learn more</p> <p>+ select ecoupon</p>	 <p>\$0.75</p> <p>Save \$0.75 for college when you buy two (2) packages of GE...</p> <p>Learn more</p> <p>+ select ecoupon</p>
 <p>\$1.00</p> <p>Buy any one (1) package of HUGGIES® Diapers and save \$1 fo...</p> <p>Learn more</p> <p>+ select ecoupon</p>	 <p>\$1.50</p> <p>Buy any package of HUGGIES® Supreme Diapers and save \$1.50...</p> <p>Learn more</p> <p>+ select ecoupon</p>	 <p>\$1.00</p> <p>Save \$1 for college when you buy Glass Plus® products. Gla...</p> <p>Learn more</p> <p>+ select ecoupon</p>	 <p>\$0.50</p> <p>Earn \$.50 for college when you buy LISTERINE® SMART RINSE ...</p> <p>Learn more</p> <p>+ select ecoupon</p>	 <p>\$1.00</p> <p>Save \$1.00 for college when you buy Elmer's Paintastics® P...</p> <p>Learn more</p> <p>+ select ecoupon</p>	 <p>\$1.25</p> <p>Save \$1.25 for college with the purchase of any three (3) ...</p> <p>Learn more</p> <p>+ select ecoupon</p>
 <p>\$5.00</p> <p>Buy two (2) Enfamil LIPIL® Powder 25.7 oz and get \$5 into ...</p> <p>Learn more</p> <p>+ select ecoupon</p>	 <p>\$0.50</p> <p>Buy two (2) Musselman's Applesauce products and save \$0.50...</p> <p>Learn more</p> <p>+ select ecoupon</p>	 <p>\$3.00</p> <p>Save \$3.00 for college when you purchase any Soleil System...</p> <p>Learn more</p> <p>+ select ecoupon</p>	 <p>Up to \$5</p> <p>Save \$5.00 for college when you purchase any two (2) BIC® ...</p> <p>Learn more</p> <p>+ select ecoupon</p>		

Sample Upromise Account



[How Upromise Works](#) | [Tell a Friend](#)

Saving, Planning & Paying for Education. 



[ways to earn](#)

[use your earnings](#)

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[college planning](#)

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Statements & Balances

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- [Quarterly Transfer Schedule](#)

Profile

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- [Change Password](#)

Family & Friends

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K-12 Schools

- [View Your Linked Schools](#)
- [School Bonus History](#)

Investments

- [View Linked 529 Accounts](#)
- [Link a 529 Account](#)

Student Loans

- [View Linked Loan Accounts](#)

Statements & Balances - Upromise

Account #: _____ Member Since: 05/2007

If you see unfamiliar transactions, they may have posted from people with whom you shared your Guest Shopping link. For privacy reasons, we cannot provide their names. To learn how you can earn more with Guest Shopping, [click here](#).

My Upromise Rewards Summary [Help](#)

	Available for Investment or Transfer [?]	Invested or Transferred [?]	Total
Pending Balance	\$9.47	-	\$9.47
Rewards Allocated to College	\$49.54	\$434.54	\$484.08
Total:	\$59.01	\$434.54	\$493.55

Recent Transactions [120-Day History](#)

Posted	Funding Status*	Company & Description	Amount
07/11/09	Pending	Upromise credit card with Gas & Grocery Rewards transaction on 07/10/09 Card #: 102	\$8.82
07/02/09	Details	Groceries at CVS transaction on 06/30/09 Card #: 78299849466	\$0.20
07/01/09	Pending	Delias.com transaction on 06/26/09 Order Number: 0001398049	\$0.45
06/10/09	07/20/09	Upromise credit card with Gas & Grocery Rewards transaction on 06/09/09 Card #: 102	\$7.60

Family & Friends

They Can Join Too



Membership Is Free



Celebrate a child's milestones with Ugift

- Celebrating a birthday, holiday, religious celebration, or graduation?
- Send out an electronic invitation, invite family and friends to make a contribution in lieu of traditional gifts.
- \$25 minimum for gift contributions.
- As the account owner you can track contributions made.
- An electronic “Thank you” will be automatically sent to those who include an email address.



Find out more at www.missouricollegesavings.com.

Convenient to invite

www.missouricollegesavings.com

Account Overview
Accounts as of: 07/27/2009

MOST—Missouri's 529 College Savings Plan
Account Number: _____ Beneficiary: _____

Account Balance [Make a Contribution](#)

Name	Units	Price	Current Value

ugift **NEW!**
Give College Savings
Invite family and friends to celebrate with gift contributions to a child's 529 account.
[Go to Ugift](#)
[See All Accounts](#)
Account Overview
- Account Balance
- Personal Performance
- Transaction History

1 Log onto your MOST 529 account



2 Click on the Ugift logo



3 Follow the step-by-step instructions



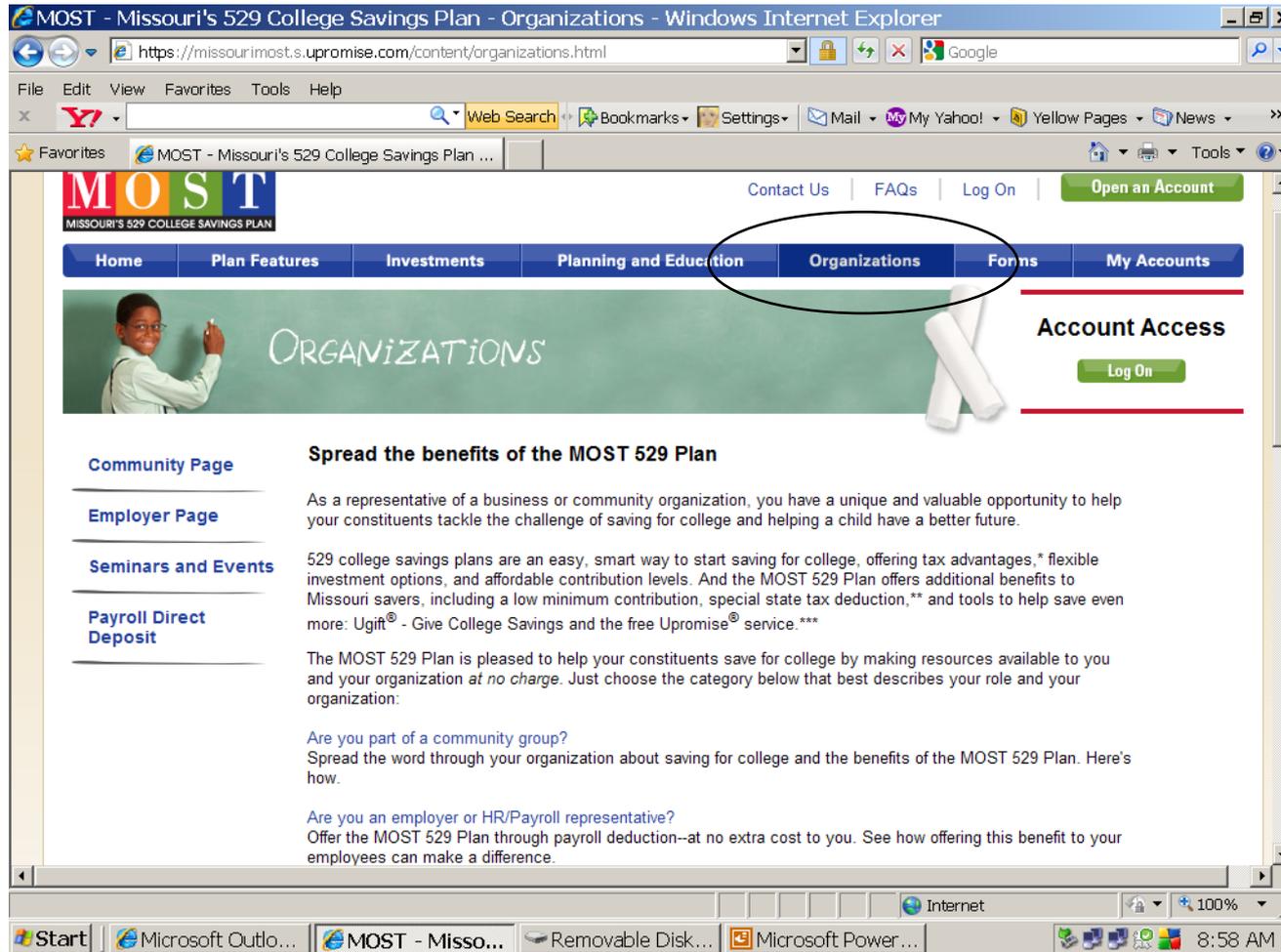
Click

Key Features and Benefits of the Program

- **Significant federal and state tax advantages**
- **Broad eligibility and flexibility**
- **Low fees, low minimum contribution amounts and high contribution limit amount**
- **Professional investment management by The Vanguard Group and American Century Investments**
- **Additional college savings through Upromise® and Ugift**
- **Convenient online account opening and account management**



Community and Employers



MOST - Missouri's 529 College Savings Plan - Organizations - Windows Internet Explorer

https://missourimost.s.upromise.com/content/organizations.html

File Edit View Favorites Tools Help

Web Search Bookmarks Settings Mail My Yahoo! Yellow Pages News

Favorites MOST - Missouri's 529 College Savings Plan ...

MOST MISSOURI'S 529 COLLEGE SAVINGS PLAN

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Home | Plan Features | Investments | Planning and Education | **Organizations** | Forms | My Accounts

ORGANIZATIONS

Account Access

[Log On](#)

Community Page

Employer Page

Seminars and Events

Payroll Direct Deposit

Spread the benefits of the MOST 529 Plan

As a representative of a business or community organization, you have a unique and valuable opportunity to help your constituents tackle the challenge of saving for college and helping a child have a better future.

529 college savings plans are an easy, smart way to start saving for college, offering tax advantages,* flexible investment options, and affordable contribution levels. And the MOST 529 Plan offers additional benefits to Missouri savers, including a low minimum contribution, special state tax deduction,** and tools to help save even more: Ugift® - Give College Savings and the free Upromise® service.***

The MOST 529 Plan is pleased to help your constituents save for college by making resources available to you and your organization *at no charge*. Just choose the category below that best describes your role and your organization:

Are you part of a community group?
Spread the word through your organization about saving for college and the benefits of the MOST 529 Plan. Here's how.

Are you an employer or HR/Payroll representative?
Offer the MOST 529 Plan through payroll deduction—at no extra cost to you. See how offering this benefit to your employees can make a difference.

Start | Microsoft Outlo... | MOST - Misso... | Removable Disk... | Microsoft Power... | 8:58 AM

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- Additional college savings through Upromise® and Ugift®
- **Important considerations**
- To learn more...



No Guarantee and Other Important Plan Disclosures

If you are not a Missouri taxpayer, consider before investing whether your or the designated beneficiary's home state offers any state tax or other benefits that are only available for investments in such state's qualified tuition program.

The Missouri Higher Education Savings Program Board (the "Program Trust") offered by Upromise, Inc. is a trust created by the State of Missouri. When you invest in MOST – Missouri's 529 College Savings Plan (the "Plan"), you are purchasing portfolio units issued by the Program Trust. Portfolio units are municipal securities. The Plan has been implemented and is administered by the Missouri Higher Education Savings Program Board (the "Board"). Upromise Investments, Inc., and Upromise Investment Advisors, LLC, serve as the Program Manager and Recordkeeping and Servicing Agent, respectively, with overall responsibility for the day-to-day operations, including effecting transactions. The Vanguard Group, Inc., serves as Investment Manager for the Plan, and includes funds managed by American Century Investments. Vanguard Marketing Corporation, an affiliate of The Vanguard Group, Inc., markets and distributes the Plan. The Plan's portfolios, although they invest in mutual funds, are not mutual funds.

No guarantee: Investment returns are not guaranteed, and you could lose money by investing in the Plan. Participants assume all investment risks, including the potential for loss of principal, as well as responsibility for any federal and state tax consequences.

No Guarantee and Other Important Plan Disclosures, cont.

- The Upromise service is an optional service offered by Upromise, Inc. and is separate from MOST – Missouri's 529 College Savings Plan. Specific terms and conditions apply. Participating companies contribution levels, terms and conditions subject to change without notice.
- Upromise and the Upromise logo are registered trademarks of Upromise, Inc. All rights reserved.
- Vanguard, The Vanguard Group and the ship logo are trademarks of the Vanguard Group, Inc.
- MOST and the MOST logo are registered trademarks of the State of Missouri. All other marks are the exclusive property of their respective owners. Used with permission.

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- The goal of attending college
- How MOST – Missouri's 529 College Savings Program can help
- Additional college savings through Upromise® and Ugift®
- Important considerations
- **To learn more...**



Resources

WEBSITES

www.529.com

www.savingforcollege.com

www.finaid.org

www.collegesavings.org

www.collegeboard.org



BOOKS

The Best Way to Save for College: A Complete Guide to 529 Plans
by Joseph Hurley, CPA



To Learn More

- For more information about MOST—Missouri's 529 College Savings Plan, call 1-800-868-3585 on business days from 7 a.m. to 8 p.m. Central time or visit www.missouricollegesavings.com to obtain a Program Description. Investment objectives, risks, charges, expenses, and other important information are included in the Program Description; read and consider it carefully before investing. Vanguard Marketing Corporation, Distributor and Underwriter.
- *Employers* with technical payroll contribution questions call 888-601-5100 on business days from 7 a.m. to 5 p.m. Central time.
- Your Institutional Relationship Manger can assist with benefit fairs, special events, presentations, and MOST brochures.

Together we can...



*Make the
MOST of
what your
child has to
offer*



the smarter way to save for college

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