

NEW AMERICA
FOUNDATION



Asset Policy Forum

presents

ScholarShare

California's 529 College Savings Plan

Presented by
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This event is also sponsored by the California Research Bureau and, in association with Assembly members Ted Lieu (D-Torrance) and José Solorio (D-Santa Ana).

Discussion Topics

- **Overview**
- **Evolution of 529s**
- **Challenges**
- **Initiatives**
- **Policy Considerations**

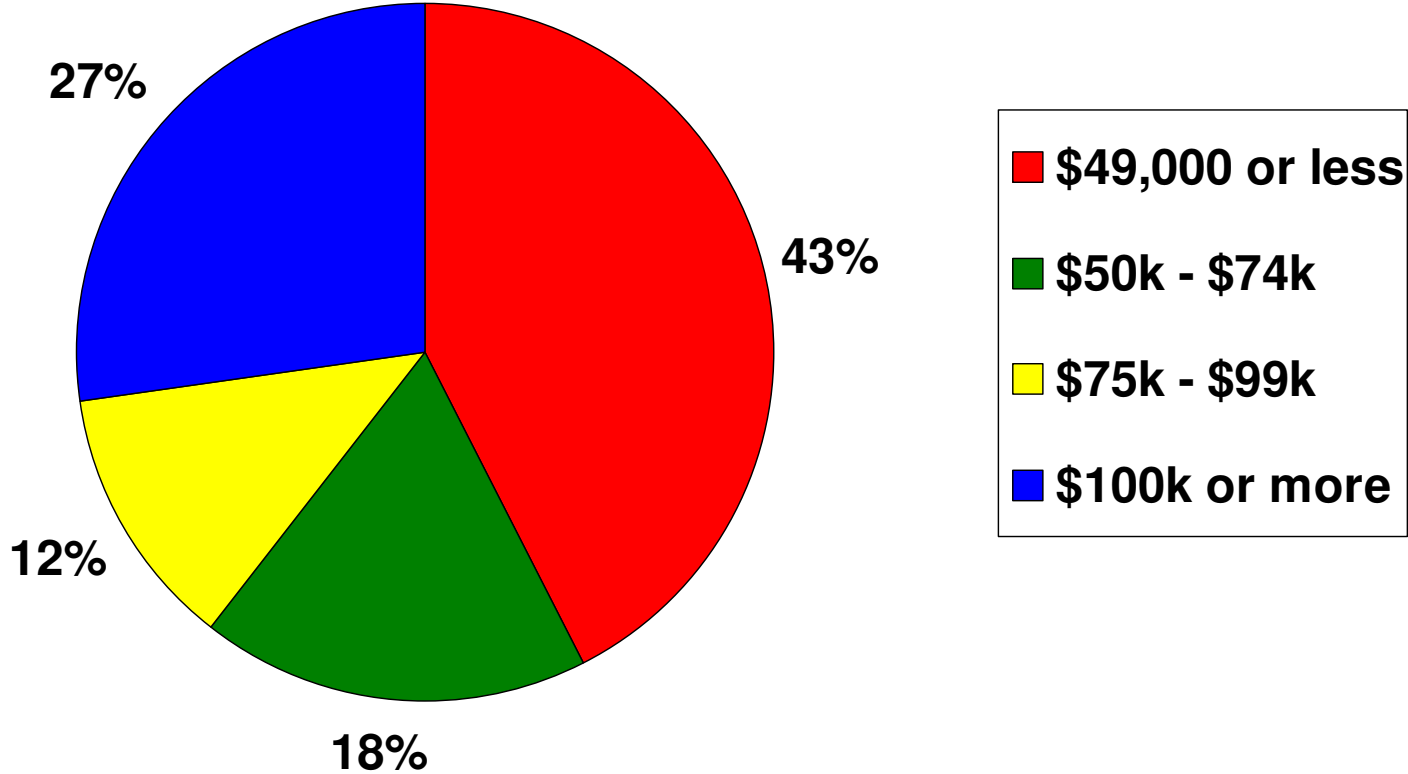
History

- 1996** Congress Creates 529 College Savings Plans
- 1997** Golden State ScholarShare Trust Act
- 1999** ScholarShare Offered to California Families
- 2000** ScholarShare moved to Treasurer's Office

ScholarShare Basics

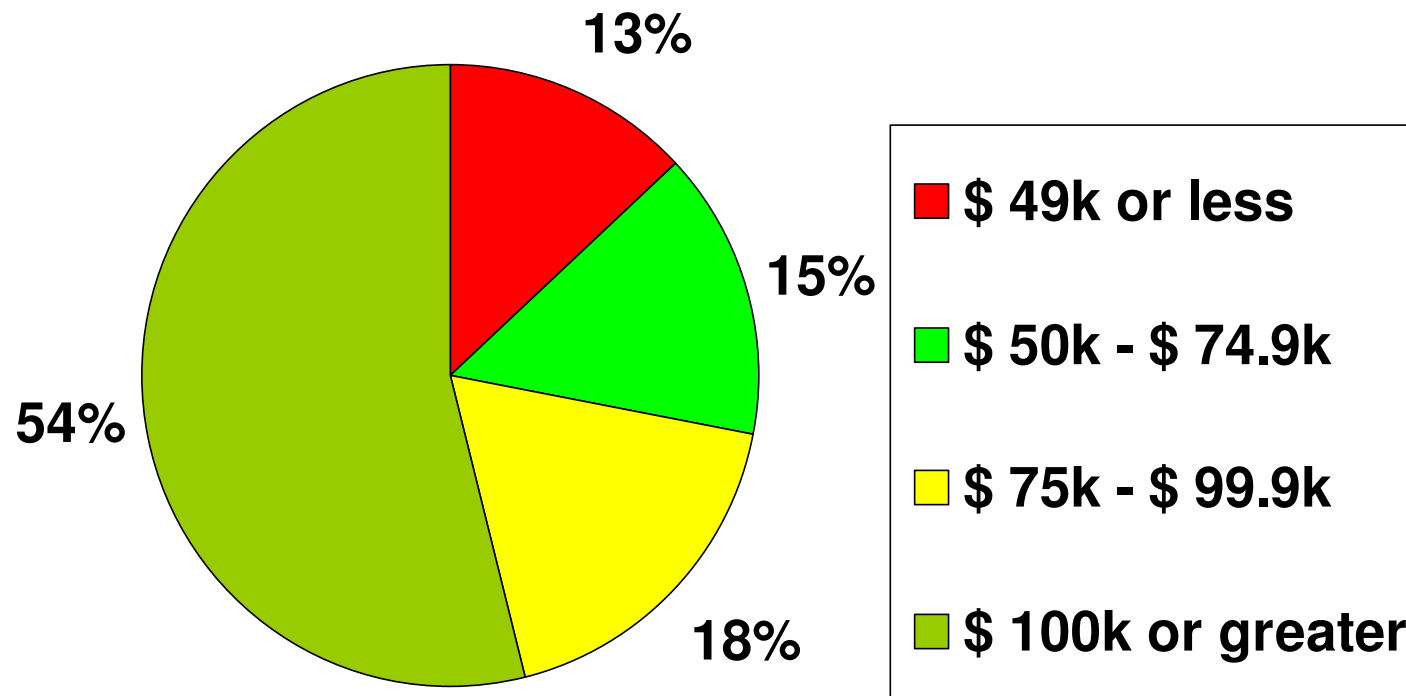
- Any U.S. resident who is at least 18 years old
- \$50 or \$15/month (with auto investing)
- Can be used at almost all accredited colleges and universities nationwide and even some international schools
- Federal and state tax-free when used for qualified higher education expenses

CA Annual Household Income

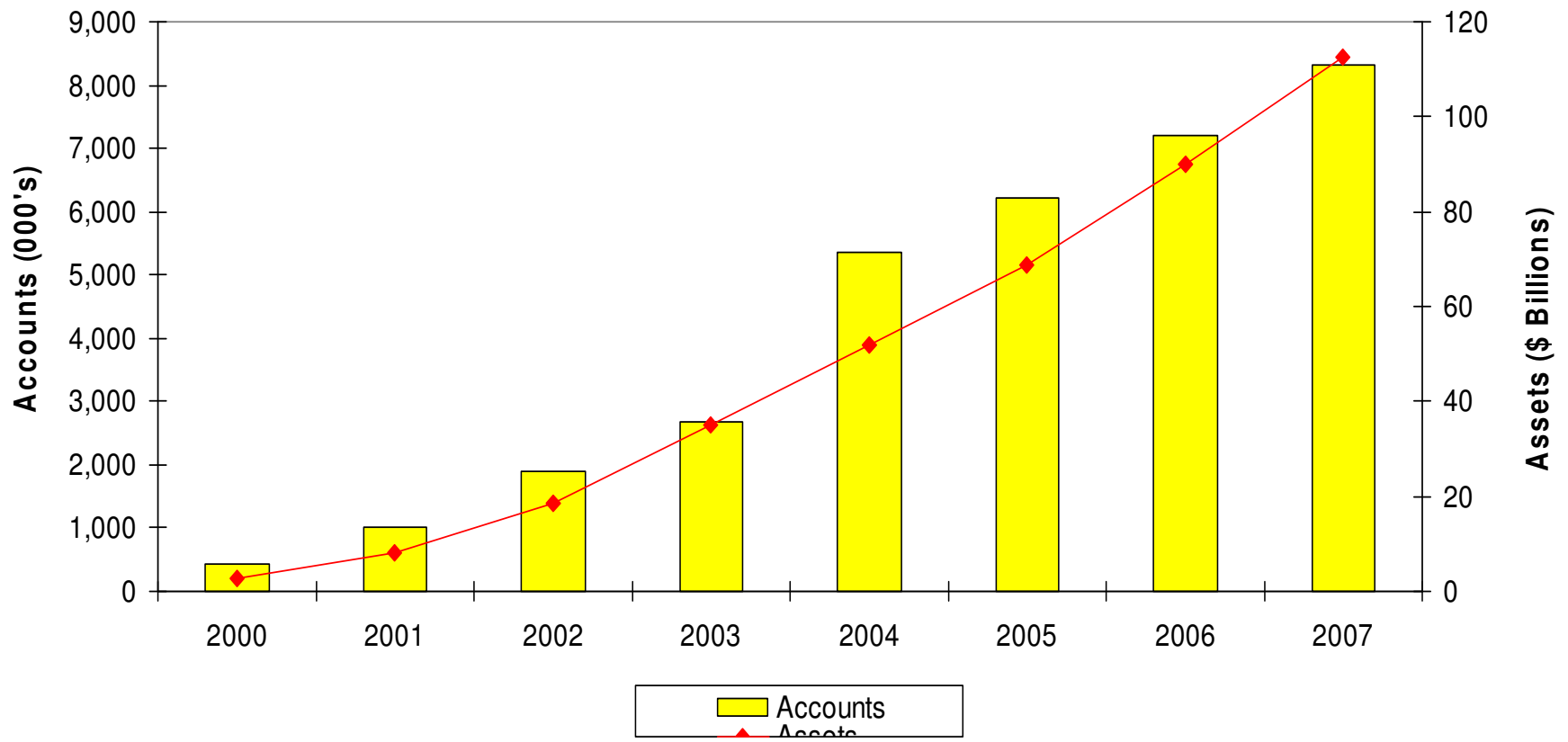


Source: US Census Bureau 2007 American Community Survey

Who's Investing in ScholarShare?

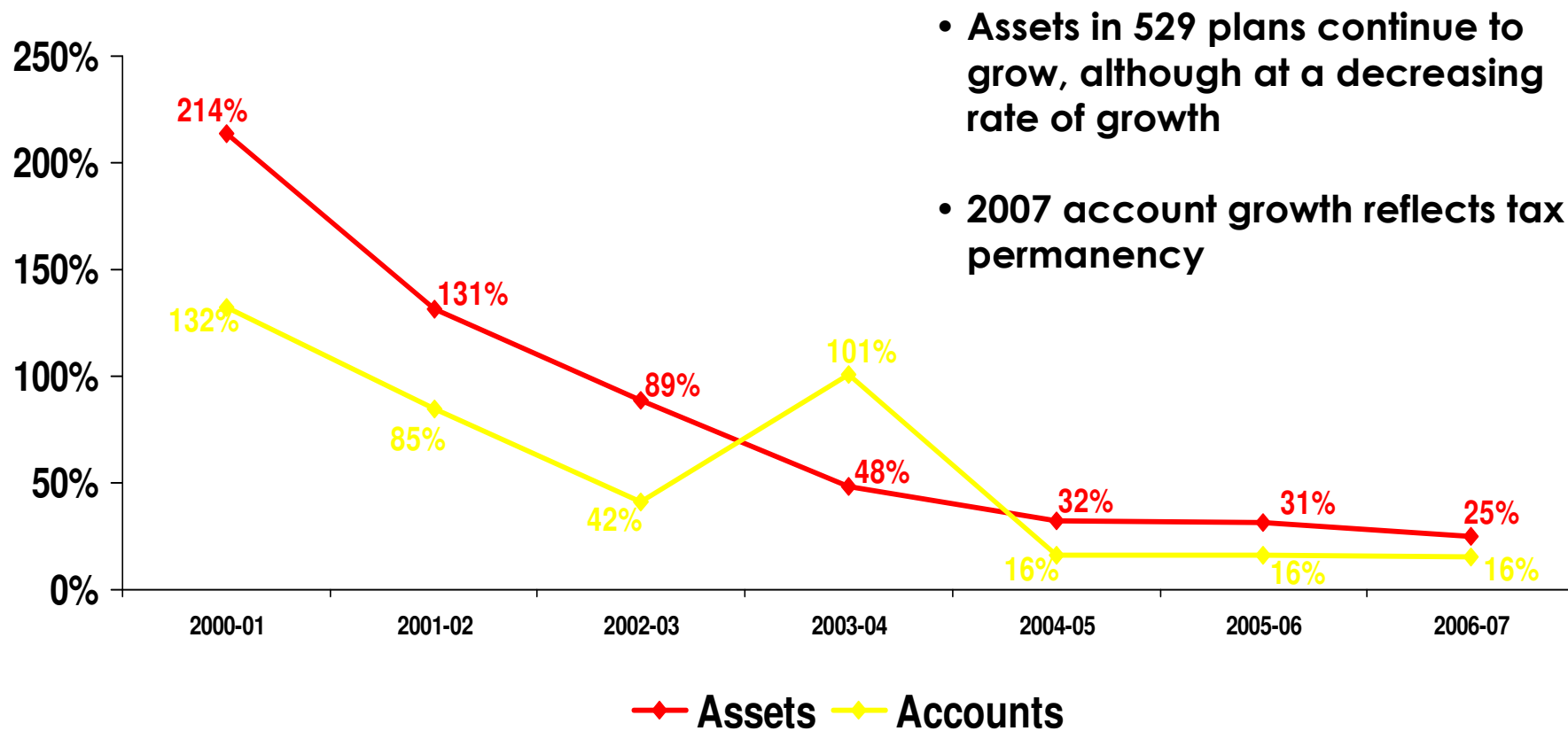


National 529 College Savings Plans Total Accounts and Assets 2000-2007



Source: College Savings Plan Network ("CSPN"); data as of December 31, 2007

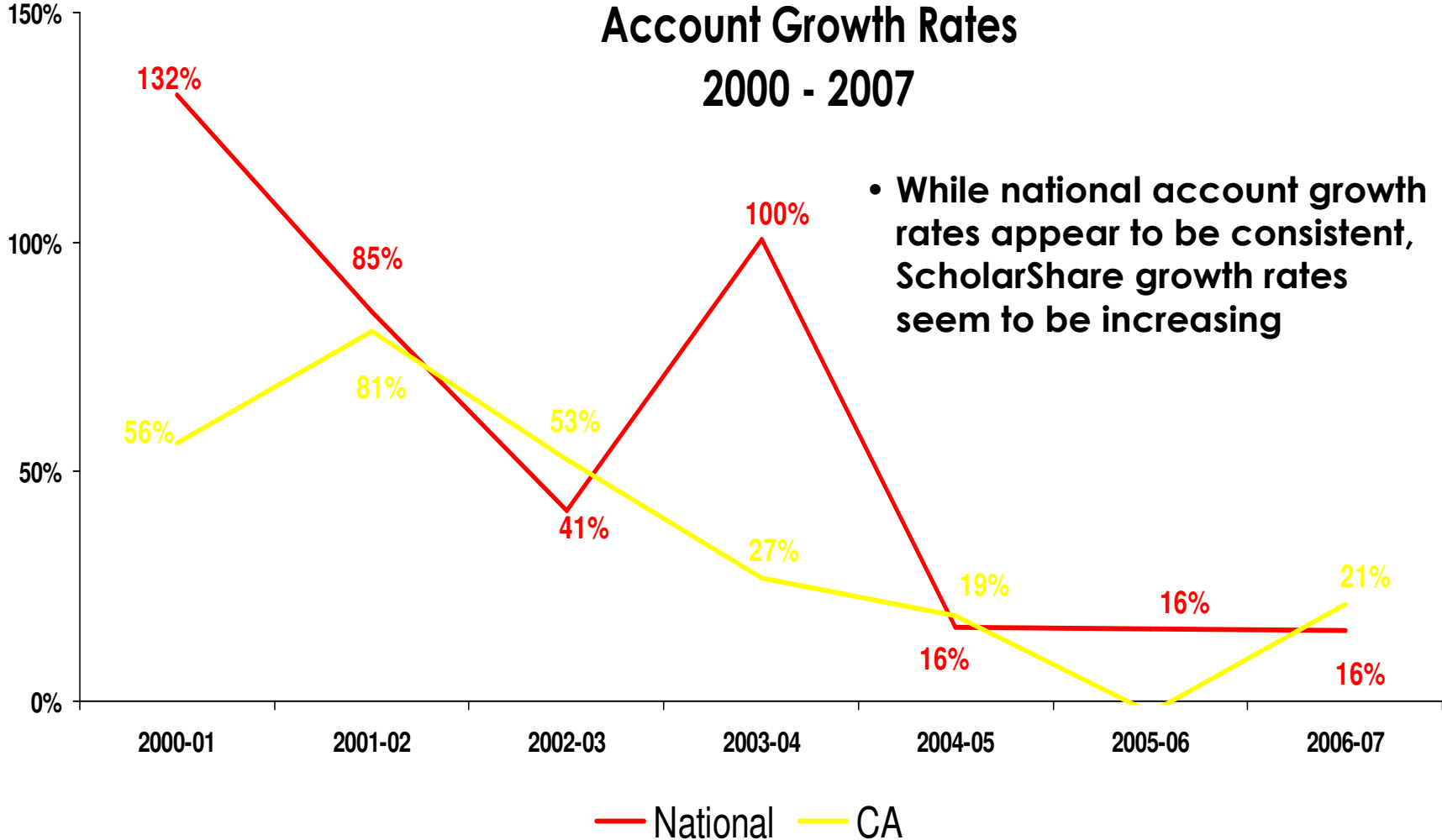
National 529 College Savings Plans Assets v. Accounts Growth Rates 2000 - 2007



- Assets in 529 plans continue to grow, although at a decreasing rate of growth
- 2007 account growth reflects tax permanency

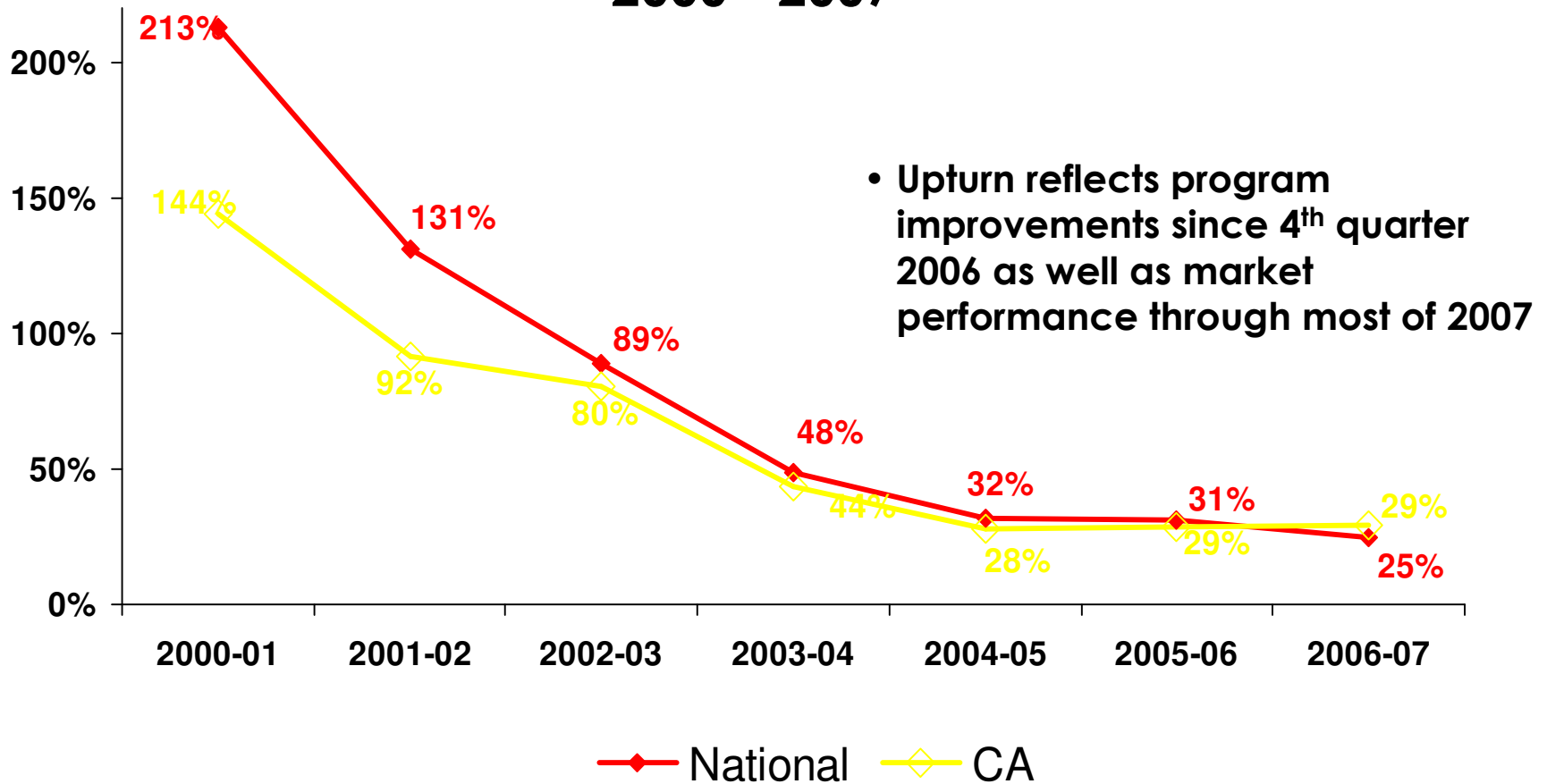
Source: CSPN; data as of December 31, 2007

National 529 College Savings Plans v. ScholarShare Account Growth Rates 2000 - 2007



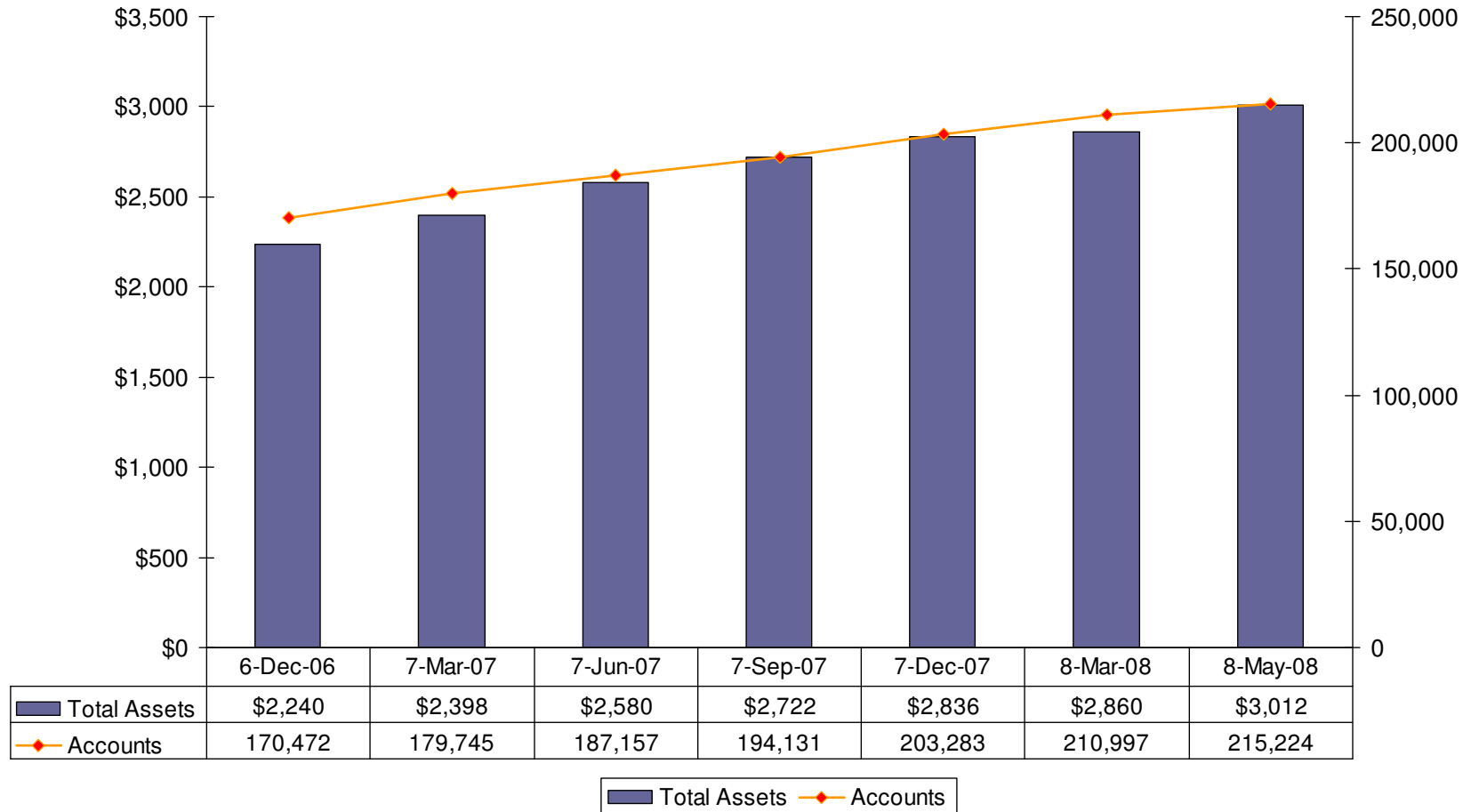
Source: CSPN; data as of December 31, 2007

National 529 College Savings Plans v. ScholarShare Asset Growth Rates 2000 - 2007

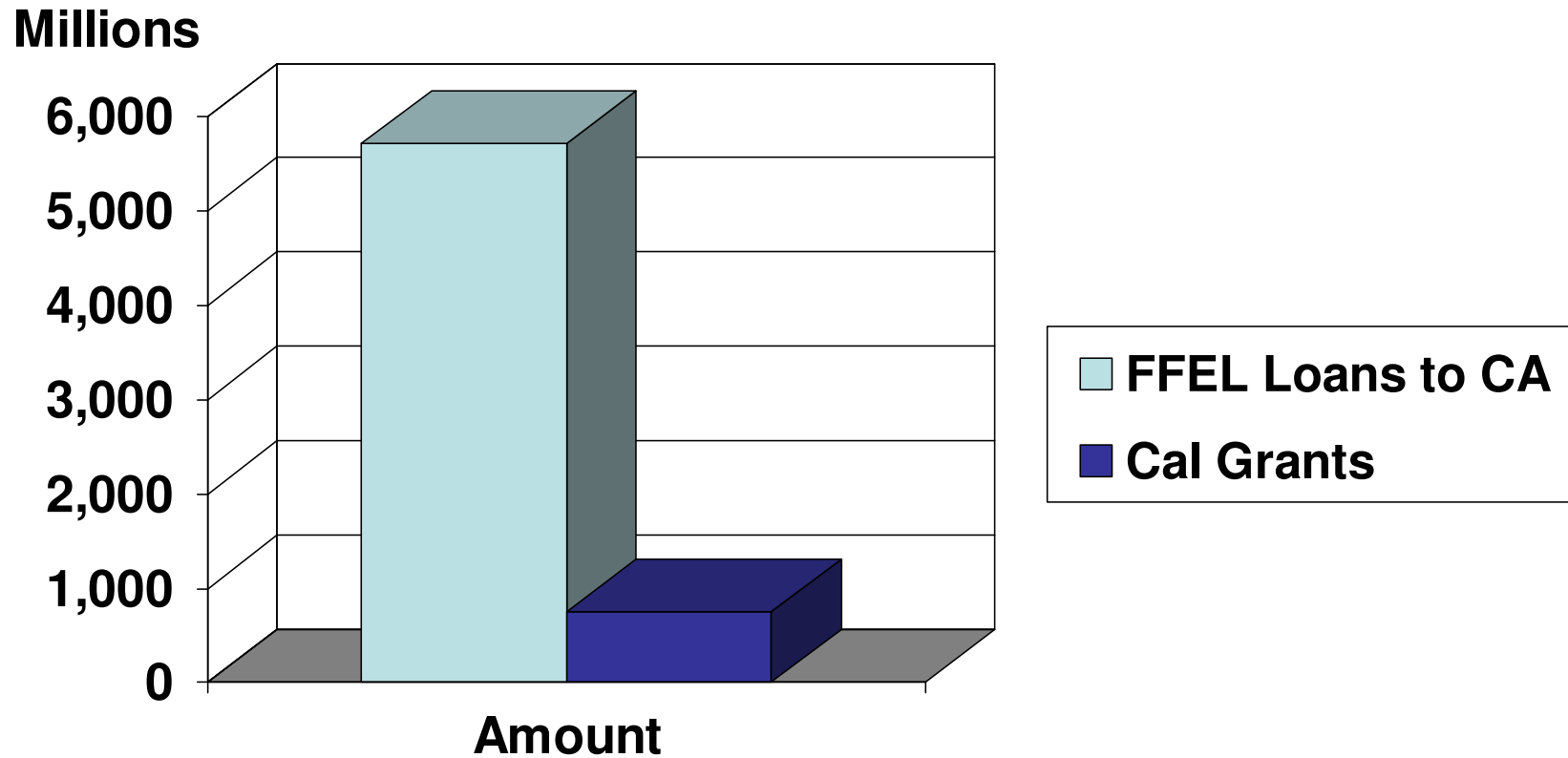


Source: CSPN; data as of December 31, 2007

Growth of ScholarShare Program



Loans vs. Cal Grants



Source: All Student Loans

Saving vs. Borrowing

\$34,000	Interest Rate	Total Years	Monthly Payment	Real Cost
Invested Savings	7%	10 years	\$200	\$24,000
Borrowing	6.8%	10 years	\$400+	\$48,000

Source: FinAid.org

Challenges

- **Current Economy**
- **Public v. Private Enterprise**
- **Awareness**

ScholarShare Initiatives

- Scholarship Pilot Program
- Public Employee Outreach
- Workplace
- Partnerships
- CalSAVE
- Educating Opinion/Policy Leaders

Policy Considerations

- Tax Incentives
- Matching Programs
- Exclusion of 529 accounts from financial aid consideration
- Involving Businesses/Employers