



## **VSAC Announces Improvements to College Savings Plan**

**Winooski, VT** – The Vermont Student Assistance Corporation (VSAC) has renewed its agreement with TIAA-CREF Tuition Financing, Inc. (TFI) to manage the Vermont Higher Education Investment Plan (VHEIP) — Vermont’s official 529 college savings plan — and is offering several enhancements that can benefit Vermont families.

The number of VHEIP investment options has expanded from three to six to provide families a wider range of choices with varying strategies and degrees of risk. Investors may choose investment options that range from conservative to aggressive, selecting those that best fit their college savings objectives and investment philosophy.

In addition, VHEIP’s management fees have been restructured to help account owners put more of their investments toward their college savings goals. Of particular note, fees have been reduced for the Managed Allocation Option, a popular choice for many families because the underlying investments automatically adjust as the student beneficiary ages.

### **As of September 30, 2009, the investment lineup is as follows:**

- Managed Allocation Option — fees decrease from 80 to 53 basis points (50 basis points equals one-half of a percent)
- Interest Income Option — continues as a zero-fee option
- 100% Equity Option — fees remain at 80 basis points
- Equity Index Option (new) — fees set at 53 basis points
- Balanced Option (new) — fees set at 70 basis points
- Fixed Income Option (new) — fees set at 78 basis points

### **Effective November 30, 2009, two investment options will change:**

- The Interest Income Option will be renamed the Principal Plus Interest Option with a guaranteed principal investment strategy — continues as a zero-fee option
- The 100% Equity Option will be renamed the Diversified Equity Option with an active management strategy — fees increase to 89 basis points

In addition to those changes, plans are under way to make managing a VHEIP account online much easier. Account owners soon will be able to view electronic quarterly and annual statements online, rebalance existing assets to new or existing investment options, and make withdrawals to the bank account on record.

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### **About VHEIP**

The Vermont Higher Education Investment Plan launched in December 1999 and has grown to an asset value of \$100 million in about 9,600 accounts (as of 9/25/09). VHEIP is the only 529 plan for which Vermont taxpayers can claim a state income tax credit. A VHEIP account owner who is a Vermont taxpayer may receive a nonrefundable tax credit of 10 percent of the first \$2,500 contributed to VHEIP per beneficiary per year. The credit is available only to the extent of the taxpayer's tax liability. A taxpayer who has received this credit is subject to repayment of up to a maximum of the total credits previously received if the taxpayer makes certain types of withdrawals from VHEIP that are not qualified withdrawals.

Contributions and any earnings grow free from federal and Vermont income taxes; withdrawals remain tax-free as long as they are used for qualified expenses, including tuition, room and board, books, and fees at most colleges nationwide and some abroad.

A VHEIP account can be opened for as little as \$25 per investment option and individuals can make periodic or regular contributions with a minimum of \$25 per investment option (or \$15 per investment option each pay period by payroll deduction, if offered). The plan covers tuition and other qualified college expenses such as eligible room and board expenses, books, and fees at both public and private colleges in Vermont and nationwide.

The VHEIP Web site — [www.vheip.org](http://www.vheip.org) — provides complete information and online enrollment. Information and applications can also be obtained by calling toll-free 1-800-637-5860. There are no income or residency restrictions on who can open an account.

### **About VSAC**

VSAC is a public, nonprofit corporation established by the Vermont Legislature in 1965 to help Vermonters plan and pay for education or training beyond high school. VSAC administers the Vermont Higher Education Investment Plan.

### **About TIAA-CREF**

The Vermont Higher Education Investment Plan is managed by TIAA-CREF Tuition Financing, Inc. (TFI), a national leader in managing 529 college savings plans. TFI is part of the TIAA-CREF group of companies.

The TIAA-CREF group of companies is a national financial services organization with nearly \$374 billion in combined assets under management (as of 06/30/09) and the leading provider of retirement services in the academic, research, medical and cultural fields. Further information can be found at [www.tiaa-cref.org](http://www.tiaa-cref.org).

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***Consider the investment objectives, risks, charges, and expenses before investing in the Vermont Higher Education Investment Plan (VHEIP). Please visit [www.vheip.org](http://www.vheip.org) for a Disclosure Booklet containing this and other information. Read it carefully.***

***Before investing in a 529 plan, you should consider whether the state you or your designated Beneficiary reside in or have taxable income in has a 529 plan that offers favorable state income tax or other benefits that are only available if you invest in that state's 529 plan.***

***The tax information contained herein is not intended to be used, and cannot be used, by any taxpayer for the purpose of avoiding tax penalties. It was written to support the promotion of VHEIP. Taxpayers should seek advice based on their own particular circumstances from an independent tax advisor.***

Non-qualified withdrawals are subject to income taxes and the additional 10% federal tax.

The State of Vermont, its agencies, VSAC, TIAA-CREF Tuition Financing, Inc., Teachers Insurance and Annuity Association of America, and its affiliates do not insure any account invested in the program, or guarantee such account's principal or investment return. **Account value in the investment options is not guaranteed and will fluctuate based upon a number of factors, including general market conditions.**

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