

You Can Get There. We Can Help



# Benefits of a Post-Secondary Education

A young college graduate earns \$12,000 a year more than someone who did not attend college.

*States Are Still Funding Higher Education Below Pre-Recession Levels May 1, 2014* <http://www.cbpp.org/research/states-are-still-funding-higher-education-below-pre-recession-levels>

By 2020, 65 percent of all jobs will require at least some college education.\*

In 2013, the unemployment rate for high school graduates was 16.5 percent, that's more than double the rate for college graduates.

*Student debt and the class of 2013* <http://ticas.org/sites/default/files/legacy/fckfiles/pub/classof2013.pdf>

\* The Georgetown Center on Education and the Workforce



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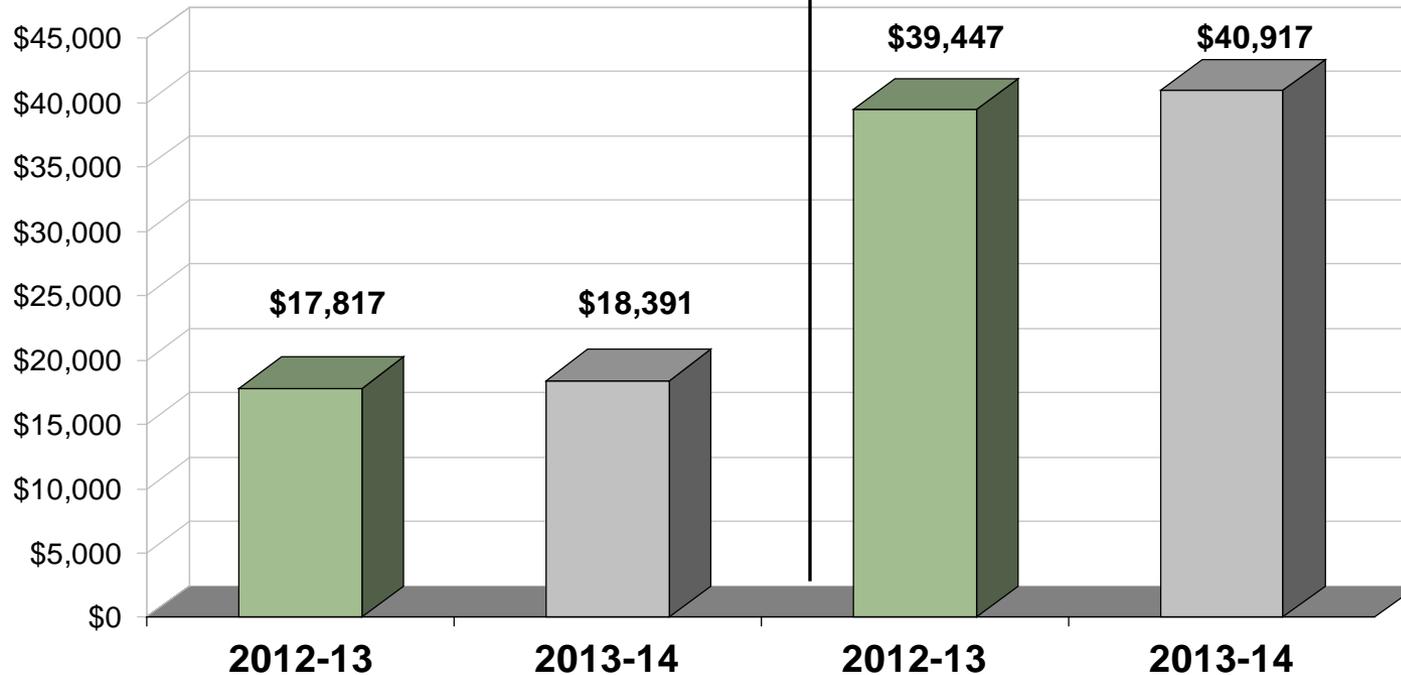


# The Cost of College



## 4-Year Public College

## 4-Year Private College



This chart illustrates average 1-year college costs including tuition, fees, room and board.

Source: Trends in College Pricing Report 2013, The College Board.



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# The Decline in Higher Education Funding

Oregon is near the top of the decline in state funding:

- State funding per student is down 37.9% when adjusted for inflation between 2008 and 2014.
- The national average is 23 percent.

Nationally, public colleges and universities have increased tuition to compensate for the decline in state funding illustrated by a 28 percent rise since the 2007-08 school year.

Over the last 20 years, the price of attending a four-year public college or university has grown significantly faster than the median income.

- *States Are Still Funding Higher Education Below Pre-Recession Levels May 1, 2014* <http://www.cbpp.org/research/states-are-still-funding-higher-education-below-pre-recession-levels>



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# Student Debt is on the Rise

Today, total outstanding student loan debt is **\$1.2 trillion**.

The graduating class of 2015 has borrowed \$56 billion, the most in American history.

As many as 71% of them have outstanding debt, and owe an average of \$35,000.

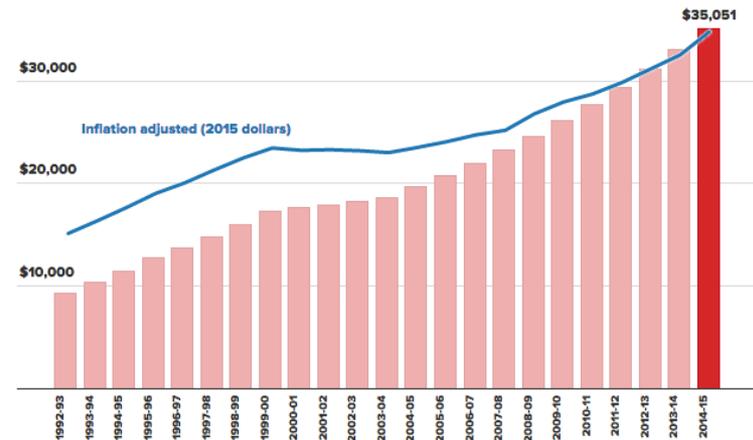
Compared to 1996, when just 58% of students borrowed; owing less than \$20,000.

Analysis by Mark Kantrowitz, senior vice president and publisher of [Edvisors](http://mic.com/articles/117644/it-s-official-the-class-of-2015-has-the-most-student-loan-debt-in-history)  
<http://mic.com/articles/117644/it-s-official-the-class-of-2015-has-the-most-student-loan-debt-in-history>



## The class of 2015 is the most indebted ever

Average debt per borrower by graduating class. Debt includes federal and private education loans.



Source: Mark Kantrowitz, Edvisors.com



# A 529 Plan Can Help

In 1996 Congress created Section 529 of the Internal Revenue Code.

The policy allowed States to create 529 programs to help families save for college tax-free; no state or federal taxes on any earnings

Each state implements its own 529 program; The Oregon College Savings Plan was created in 2001.

As of December 2014, the Oregon College Savings Plan had more than \$1.2 billion invested.

As of December 2014, nearly \$250 billion invested in 529 plans nationwide\*



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\*Source: CSPN



# The Oregon College Savings Plan Makes a Difference



## Children with college savings accounts have greater college expectations

- Formulate ideas about college attendance as early as elementary school.
- Build positive expectations about college.
- Children with \$500 saved for college are 3 times more likely to enroll and 4 times more likely to graduate.

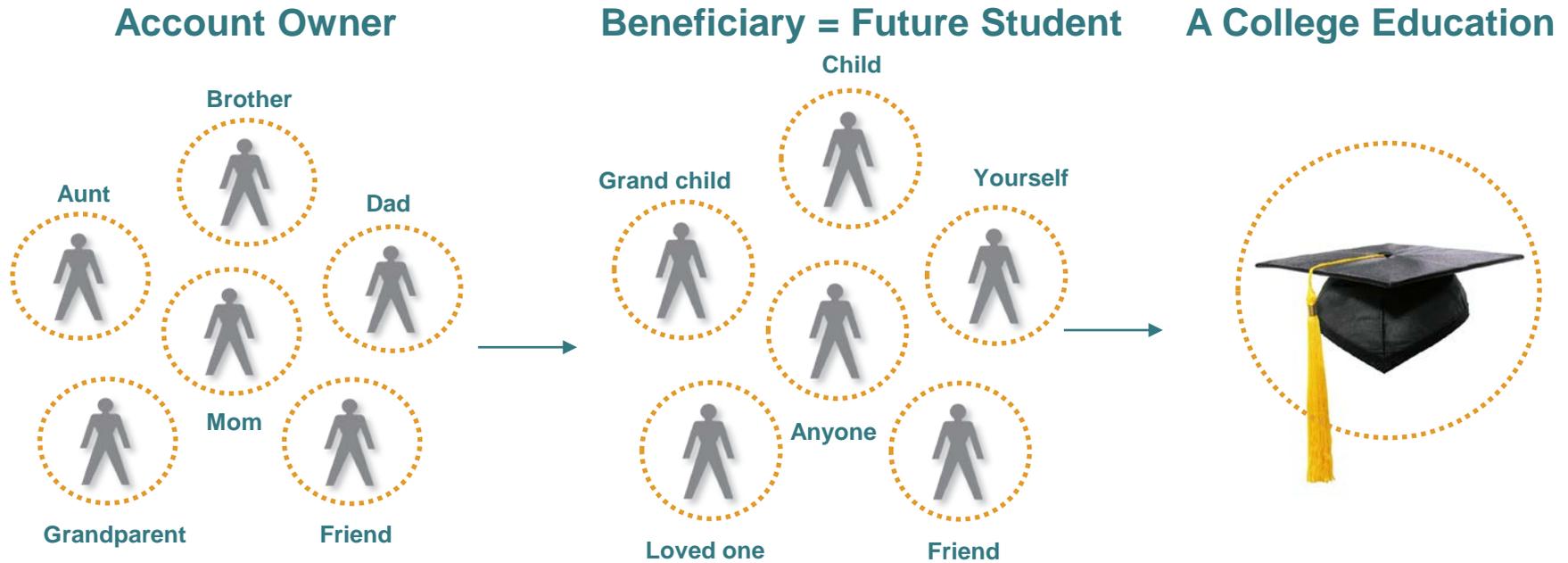
## Children with college savings accounts do better academically

- Children 12-18 with a college savings account have higher math scores, and are *twice* as likely to expect to go to college.
- Among high school students who expect to attend college, those with a college savings account are 4 times more likely to attend.

Source: Corporation for Enterprise Development



# How does a 529 plan work?



- No income limitations
- No residency required
- Full control

- No age restrictions
- No time restrictions
- Use for any degree



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# 529 Plans Have Flexibility and Control



Any US citizen or resident alien of legal age can open an account.

Open an account with as little as \$25 -- \$15 with payroll deduction.

Account owner may change beneficiary at any time to an eligible family member.

Contribute up to \$310,000 per child.

Friends and family can add to your account.



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# Tax Advantages

## State Tax Deduction

- Oregon offers a state income tax deduction of up to **\$4,600** for married taxpayers filing jointly and **\$2,300** for single filers, adjusted annually.

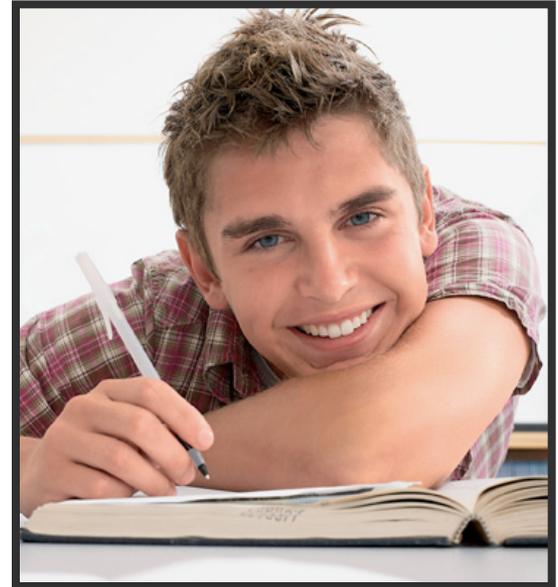
Recapture provisions apply. See the Disclosure Booklet for details and contact your tax advisor.

- Friends and family who open an account are also eligible for the state tax deduction.

## Tax-Free Growth Opportunity

- After-tax contributions to an Oregon College Savings Plan account will have the opportunity to grow free from federal and state income tax.

*Non-qualified withdrawals may be subject to federal and state taxes and additional 10% federal tax.*



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# Eligible Institutions and Expenses



If the institution accepts federal financial aid it is eligible for 529 funds. You can check by going to [www.fafsa.ed.gov](http://www.fafsa.ed.gov) and look under school code search.

Eligible expenses include:

- Tuition
- Fees
- Certain room and board
- Books
- Supplies and any equipment required for enrollment or attendance to that institution.



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# It's Cheaper to Save than to Borrow



1 Saving compounded monthly at 7%. Computations rounded to the nearest \$1,000.

2 Hypothetical interest rates based on current available rates.

3 Interest compounded annually.

Examples are for illustrative purposes only and do not reflect the performance of any specific investment. There are no guarantees that you will be able to achieve a consistent rate of return.

Source: New York Times



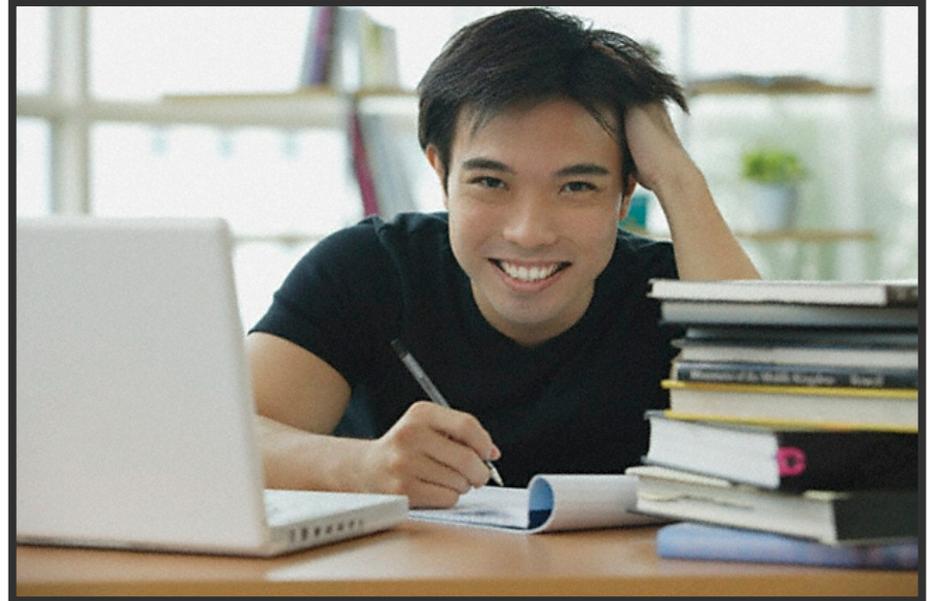
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# Wide Range of Investment Options

## Fifteen Investment Options

- Age-Based Portfolio
- Seven Multi-Fund Portfolios
- Six Single-Fund Portfolios
- Principal Plus Interest Portfolio
- Socially Responsible Portfolio



If you are unsure how the investment objectives of the portfolios might meet your needs, take advantage of our two minute [risk tolerance quiz](https://www.oregoncollegesavings.com/planning/risk.shtml) to help guide your decision at: [OregonCollegeSavings.com/planning/risk.shtml](https://www.oregoncollegesavings.com/planning/risk.shtml)



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# Age Based Portfolio a Popular Option

Asset allocation grows more conservative as the beneficiary gets closer to college.

Nine age bands help smooth the transition from one band to the next.

Beneficiary's Age 0-4



80.00% Equities  
20.00% Fixed Income  
0.00% Money Market

Beneficiary's Age 5-8



70.00% Equities  
30.00% Fixed Income  
0.00% Money Market

Beneficiary's Age 9-10



60.00% Equities  
40.00% Fixed Income  
0.00% Money Market

Beneficiary's Age 11-12



50.00% Equities  
50.00% Fixed Income  
0.00% Money Market

Beneficiary's Age 13-14



40.00% Equities  
60.00% Fixed Income  
0.00% Money Market

Beneficiary's Age 15



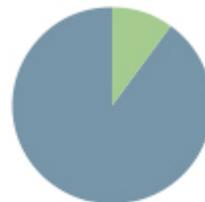
30.00% Equities  
70.00% Fixed Income  
0.00% Money Market

Beneficiary's Age 16



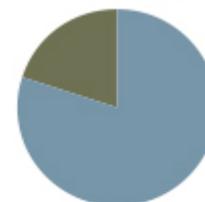
20.00% Equities  
80.00% Fixed Income  
0.00% Money Market

Beneficiary's Age 17



10.00% Equities  
90.00% Fixed Income  
0.00% Money Market

Beneficiary's Age 18+



0.00% Equities  
80.00% Fixed Income  
20.00% Money Market



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# Fees

## Low Annual Asset Based Fees

- State Administrative Fee: 0.05%
- Plan Manager Fee: 0.17%
- Underlying Fund Fees: 0.05% - 0.48%
- **Total Fees: 0.27% - 0.70%**
- **No** Application fee
- **No** Transfer fee
- **No commissions** paid on accounts



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# Experienced Leader Managing 529 Plans

- TIAA-CREF
  - 90-Year History Serving the Higher Education Arena
  
- TIAA-CREF Tuition Financing Inc. (TFI):
  - Plan Manager for the Oregon College Savings Plan since March 2010.
  - Affiliate of the TIAA-CREF Group of Companies.
  - An Experienced 529 Industry Leader Managing Plans for more than 13 Years.
  - Managing 10 State 529 College Savings Programs.

***Mission: Help families make college a reality for their children.***



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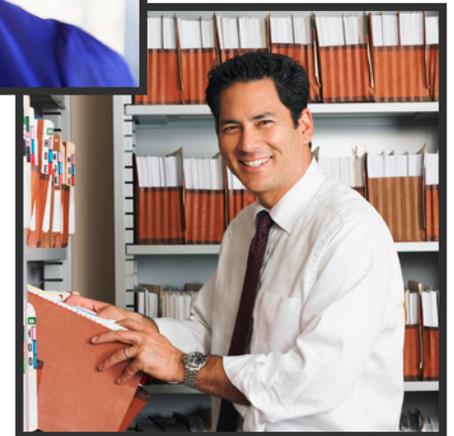


# A Wise Investment

Those with a Bachelor's Degree or higher can earn 79% more on average than those with a high school diploma.

Over a lifetime, the difference in earning potential can be more than \$1,000,000.

Source: U.S. Census Bureau, Current Population Survey, 2013 Annual Social and Economic Supplement



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# Disclosure Statement

- ***Consider the investment objectives, risks, charges and expenses before investing in the Oregon College Savings Plan. Please visit [OregonCollegeSavings.com](http://OregonCollegeSavings.com) for a Disclosure Booklet with this and more information. Read it carefully. Investments in the plan are neither insured or guaranteed and there is the risk of investment loss.***
- ***The tax information contained herein was neither written nor intended to be used, and cannot be used by any taxpayer, for the purpose of avoiding federal or state taxes or penalties. Taxpayers should seek advice from an independent tax advisor based on their own particular circumstances.***
- ***The State of Oregon, its agencies, the Board of Trustees of the Oregon College Savings Plan, TIAA-CREF Tuition Financing, Inc., Teachers Insurance and Annuity Association of America and its affiliates, and any affiliate investment companies managing Plan investment options do not insure any account or guarantee its principal or investment return except for TIAA-CREF Life Insurance Company's guarantee to the Oregon College Savings Plan under the Funding Agreement for the Principal Plus Interest Option.***



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*The Plan is administered by the State of Oregon. TIAA-CREF Tuition Financing, Inc. (TFI) is the Plan Manager.*



# Questions?

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[OregonCollegeSavings.com](http://OregonCollegeSavings.com)



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