



NEWS RELEASE

For immediate release:

December 19, 2011

Treasurer McCord: Make Pennsylvania 529 College Savings Program Part of Year-End Tax Planning

Contribute before December 31 to reduce 2011 state taxes; New accounts open for free

Harrisburg – With the end of the year approaching, Pennsylvania State Treasurer Rob McCord today reminded families that contributions to a Pennsylvania 529 College Savings Program account by December 31 will help you save on taxes.

“529 plans are generally considered one of the best ways to save for college because of the many valuable tax benefits. For Pennsylvania 529 College Savings Program savers, this includes a generous state tax deduction for contributions,” said Treasurer McCord. “Last year, Pennsylvanians saved \$15.8 million on their state income taxes as a result of investing in a PA 529 plan. Anyone can contribute – family members, friends, and neighbors – and take advantage of this deduction.”

Taxpayers can deduct up to \$13,000 per beneficiary in PA 529 contributions made by December 31 from their Pennsylvania taxable income on 2011 state tax returns. Married couples filing jointly can deduct up to \$26,000 per beneficiary if each spouse has taxable income of at least the amount deducted.

The Treasurer also highlighted the gift tax exclusion – a tremendous benefit for grandparents or family members who are able to contribute a larger amount to a loved one’s PA 529 account. Family and friends can contribute up to \$65,000 in a single year (\$130,000 for a married couple filing jointly) for each beneficiary without incurring federal gift tax consequences (assumes no other gifts in the next four years).

PA 529 savers receive even more valuable tax advantages, said Treasurer McCord. Earnings in a 529 plan are not subject to yearly taxes as they grow, and, when used for qualified expenses, such as tuition or room and board, earnings are tax-exempt when withdrawn.

To encourage more families to start saving for college in a tax-advantaged way, the McCord Treasury is offering free enrollment – a \$50 savings – for all new PA 529 Guaranteed Savings Plan (GSP) accounts opened before December 31 at www.PA529.com. Use code TAXFREE when prompted. There is no enrollment fee for Pennsylvania’s other 529 plan, the PA 529 Investment Plan (IP).

The primary difference between the two plans is the way savings grow. Growth in the PA 529 GSP is based on tuition inflation. For example, if you save enough for a semester at one of Pennsylvania’s State System of Higher Education universities today, you will have enough for a semester there in the future – no matter when or how much tuition has gone up in the meantime. Returns in the PA 529 IP are based on financial market performance. The PA 529 IP features low fees and more than a

dozen conservative and aggressive investment options from Vanguard, one of the nation's largest financial services companies.

Visit www.PA529.com or call 1-800-440-4000 to contribute to or open a PA 529 account.

Media contact: Carrie Fischer Lepore, 717-772-2416 or news@patreasury.gov

###

The Pennsylvania 529 College Savings Program sponsors two plans-the Guaranteed Savings Plan (GSP) and the Investment Plan (IP). The guarantee of the PA 529 Guaranteed Savings Plan is an obligation of the GSP Fund, not the Commonwealth of Pennsylvania or any state agency. Before investing in either plan, please carefully read that plan's disclosure statement (available at www.pa529.com or by calling 1-800-440-4000) to learn more about that plan including investment objectives, risks, fees, and tax implications.