

Independent 529 Plan Preserves Today's Tuition for Tomorrow

Kim Halliburton Murphy '79 is banking on one of her four children going to Denison by investing in an Independent 529 Plan—an innovative prepaid tuition plan that locks in future tuition costs at less than today's prices. Denison is one of 241 private colleges participating in the program, which was launched autumn 2003.

"When you have this many kids, you need to plan ahead," said Murphy. She purchased a certificate toward tuition at today's rate, minus one-half percent that Denison discounts to program participants. Everything that Murphy invested in 2003-04 bought tuition at the 2003-04 tuition rate for her 15-year-old son, who she hopes will attend Denison or one of the other member institutions.

Seth Patton, Denison's vice president for finance and management, explained how the plan works. "The school is selling you a contract for your child's future tuition at today's prices," he said. "Let's say the participating school's tuition is \$20,000 per year today. You plunk down \$10,000 and you know you've bought half a year's tuition when your child is ready to attend college." The money is invested conservatively on the assumption that the return on the investment will match or exceed the rise in tuition rates that the participating school will experience as a child matures to college age. The college assumes all of the investment risk. The college reaps the investment rewards or suffers the loss if

the returns exceed or fall below tuition inflation. Either way, the 529 plan is risk-free to the investor.

He adds that Denison's motivation for participating in the Independent 529 Plan is to encourage parents to save for college, and do it through a unique program which is tax advantaged and guarantees the cost of tuition. "We back-tested investment returns against actual tuition increases for the past 40 years," Patton noted. "We know we will experience volatility. Offering futures contracts is a little exotic for colleges, but we believe it's the right choice for Denison and the other 240 Independent 529 member schools, and all of the families who are trying to plan for their children's education."

"This is a peace of mind product," said Independent 529 Plan President and CEO Douglas Brown. "This is the only type of program like this with no fees. The risk is borne by the participating college, which is in a better position to assume that risk than you are."

Financial service giant TIAA-CREF Trust Company, which specializes in money management for the education market, manages the accounts. Murphy's familiarity with TIAA-CREF sold her on the program. "If they were involved, I knew it had to be a good thing," she said.

Business Week magazine recognized the plan as one of the "Best Products of 2003." In the June



2004 edition of Oprah Winfrey's *O Magazine*, financial guru Suze Orman discussed the advantages of investing in an Independent 529 Plan. She said that there are no income limits, and many participating colleges allow investments up to \$200,000 per child. But, the money may only be used for tuition and fees for an undergraduate education, not room and board or graduate programs. The investment, she said, must be held for three years before it can be cashed in. It's not deductible, but a withdrawal won't be taxed.

Participants do not have to declare which of the member colleges or universities their child will attend until the time he or she enters college. If the child decides against going to any of the members, all of the investment may be returned, adjusted slightly for fund performance (plus or minus two percent on an annualized basis) and taxed for any gains. Investors may also roll over the money without penalty to another beneficiary or to either a state 529 savings or prepaid plan.

—Scott Rawdon

THE WRITE STUFF

In 1994, Jonathan R. Reynolds '65, a design/technical theatre major and current noted writer for both stage and screen, donated funds from the Donald W. Reynolds Foundation to ensure a continuing dedication to the literary and theatre arts. Ten years later, the Reynolds programs—a Distinguished Chair of Theatre, Poet- and Playwright-in-Residences, and a summer writing workshop—are thriving.

Perhaps the least visible to the campus' regular residents, the Reynolds Young Writers Workshop held each June has a definite and profound effect on its participants. Dawn West, one of this year's 30 high school-aged participants said of the experience, "I left with tears in my eyes and a notebook full of accomplishments, my head swollen with memories of writing seminars, guest speakers, poetry readings, beautifully woven constructive criticism, and such friends, such friends."

With its intense itinerary of workshops and speakers and its comprehensive approach to writing, the program has quickly gained a reputation of excellence among similar programs with longer histories. It is an opportunity for college-bound students to share their talents, visions, and frustrations as beginning writers of nonfiction, fiction, and poetry in a writing-intense environment. The curriculum is designed to extend writers' familiarity with different modes and genres of writing and establish connections between poetry, fiction, and nonfiction. The program also features one-on-one conferences with faculty members, workshops with professional writers and an anthology of the participants' original work, produced at the end of the program.

Denison Associate Professor of English Dennis Read, who teaches the non-fiction course, is the program director. Rounding off the teaching

staff are Erin McGraw, an associate professor of English at Ohio State University, in fiction; former workshop participant Alison Stine '00 in poetry; and a number of teaching assistants who are current or former Denison students. Speakers this year included Denison English Department faculty Ann Townsend '85 (who is a former program director) and David Baker and novelist Ann Hagedorn '71.

Like many involved, Alison Stine has a long history with the Reynolds Workshop. One of the workshop's inaugural participants, she has been involved with the program eight of its ten years. Stine, who was also the Poet-in-Residence during the 2001-02 year, shares the sentiments of many perennial participants when she says, "June comes around and I get the feeling it's Reynolds time."

For more information on the writing workshops, go to www.denison.edu/english/reynolds.html.

—Alexis Crowell