

Another way to save

For many families, saving for their children's college educations ranks among their highest priorities. Fortunately, while tuition costs have risen steadily in recent years, the number of college savings options has grown as well. The Independent 529 is designed just for students interested in Loyola and other private institutions.

The Independent 529 is a network of private colleges and universities that allows parents—or anyone else—to pay tomorrow's tuition at less than today's prices at Loyola or any of the more than 250 member institutions.

The Independent 529 is modeled on the 529 plans sponsored by individual states. State 529 plans come in two forms: prepaid tuition programs and savings plans. Prepaid tuition programs allow contributors to purchase a set amount of tuition at an in-state public institution at today's rates. These investments are generally guaranteed by the state. State savings programs, on the other hand, are tax-exempt investment vehicles not guaranteed by the state. State 529 plan funds can usually be applied to out-of-state or private institutions, but are rarely large enough to cover 100 percent of tuition at those schools.

That's the unique twist to the Independent 529 plan—it's pegged to the costs associated with attending a private col-



Independent 529
plan locks in today's
tuition rates at Loyola
and other member
schools

lege or university. Money invested is converted to certificates, which can be redeemed when the beneficiary enters college. The certificates, which are good at any of the participating colleges, represent either all or part of the student's tuition. All the risk is borne by the sponsoring institutions—the contributors' investments are guaranteed.

For instance, if you invested \$5,000 today, it would cover less than a sixth of a year's tuition at Loyola for 2007 first-year and sophomore students (\$33,150). A \$50,000 investment would cover tuition costs for a little over a year and a half. Those costs stay the same whether the student attends college in five years, 10 years or 20.

“Between the time the student purchases the plan and attends college, it could be a significant amount of tuition they're saving,” says Mark Lindenmeyer, Loyola's director of financial aid.

What's more, all of the colleges in the Independent 529 network offer discounts. Loyola, for instance, marks off one-half percent of its annual tuition. The discount compounds, so the more time that passes between the investment and the beneficiary's enrollment in college, the greater the value of the discount.

One of other major advantages of the Independent 529 is its flexibility. There are no minimum or maximum investments. And if the beneficiary ends up not going to college, his or her account can be transferred to someone else without penalty.

Plus, the money in the account is considered an asset, not income. While assets are taken into consideration when colleges calculate a family's expected contribution toward educational expenses, their effect pales in comparison to that of income.

Independent 529 plans are free of federal tax and levy no enrollment, maintenance or exit fees.

For more information on the Independent 529 plan and college savings strategies in general, visit www.independent529.org, call the Loyola College Office of Financial Aid at 410-617-2576 or e-mail financialaid@loyola.edu.

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