



TEXAS TUITION  
PROMISE FUND®

A Prepaid Plan as Smart as You Are



IMAGINE THE POSSIBILITIES



# EMPLOYER GUIDE

THE TEXAS 529 PLANS HELP  
EMPLOYERS MAKE A DIFFERENCE AND  
HELP FAMILIES SAVE FOR COLLEGE



**Glenn Hegar**

Texas Comptroller of Public Accounts

As an employer, you can demonstrate your commitment to your employees' financial wellness and future by providing a benefit package that helps meet their families' needs.

## What are the Texas 529 Plans?

**The Texas 529 Plans are tax-advantaged college savings plans authorized by Internal Revenue Code, Sec. 529; established by the Texas Legislature; and administered by the Texas Prepaid Higher Education Tuition Board with assistance from the Texas Comptroller of Public Accounts.**

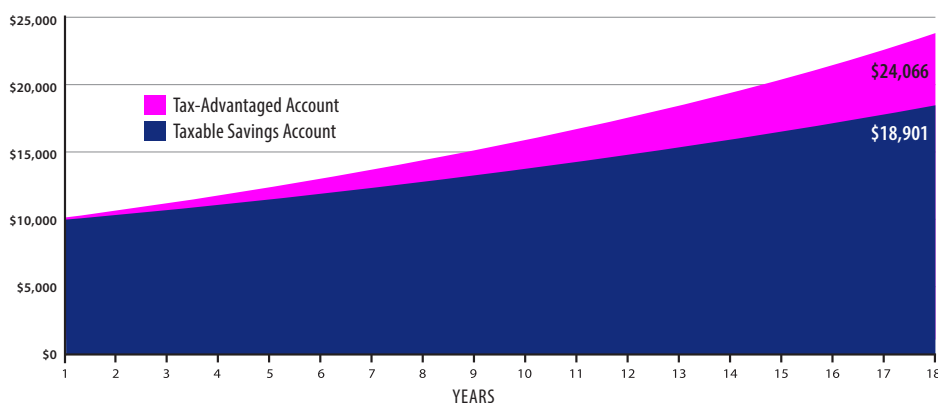
The state of Texas offers two types of 529 Plans – the **Texas Tuition Promise Fund®**, a prepaid tuition plan, and the **Texas College Savings Plan®**, a direct-sold savings plan. The Texas 529 Plans are open to U.S. citizens or permanent resident aliens.

**ABOUT THE PLANS:** The **Texas Tuition Promise Fund** allows a purchaser to lock in the cost of future undergraduate resident tuition and schoolwide required fees at Texas public colleges and universities at today's prices. If a beneficiary attends a Texas private college or university, out-of-state college or university, medical or dental school, career school or registered apprenticeship program where the tuition and schoolwide required fees are not locked in, the purchaser can apply the Transfer Value<sup>1</sup> toward the cost of tuition and schoolwide required fees. The plan offers flexible payment options that fit almost any budget and is open for general enrollment annually Sept. 1 through Feb. 28 (Feb. 29 in leap years); enrollment is extended through July for newborns or children younger than 1 year of age on the date of enrollment. Either the beneficiary must be a Texas resident or the purchaser must be the parent of the beneficiary and a Texas resident. More information about the plan is available at [TuitionPromise.org](http://TuitionPromise.org).

The **Texas College Savings Plan** can be used to pay the cost of future undergraduate and graduate school tuition, fees and other qualified education expenses at Texas and out-of-state colleges and universities, medical and dental schools, career schools and registered apprenticeship programs. The plan is open for enrollment year round to both residents and non-residents of Texas. More information about the plan is available at [TexasCollegeSavings.com](http://TexasCollegeSavings.com).

Participants can open accounts in either or both plans. Contributions to the Texas 529 Plans are post tax, and earnings are not subject to federal income tax when used for qualified education expenses, which can help savings grow.

### THE BENEFITS OF TAX-FREE GROWTH



*This hypothetical illustration assumes an initial investment of \$10,000 in the Texas College Savings Plan and a 5 percent annual rate of return. The taxable account assumes a 28 percent federal tax rate. The illustration does not represent the performance of any specific account or investment and does not reflect any plan fees or sales charges that may apply. If such fees or sales charges had been considered, returns would have been lower.*

## Why is Saving for College Important to My Employees?

The College Savings Foundation reports that just opening a 529 plan account is a powerful motivator for children. Research published by Washington University in St. Louis shows that students with dedicated college savings – even less than \$500 – are 2.5 times more likely to attend college and earn a degree.

The College Board's *Trends in Higher Education Series, Education Pays 2019* report shows that in 2018, college graduates with a bachelor's degree earned 38 percent more than those individuals with only a high school diploma. The report also notes that unemployment rates were approximately 2 percent lower for individuals with a bachelor's degree or higher when compared to someone with only a high school diploma.

<sup>1</sup> Transfer Value is limited to the lesser of: (1) the costs the tuition unit would cover at a Texas public college or university; or (2) the original purchase price of the tuition unit, plus or minus the plan's net investment earnings or losses on that amount.

Other than a home mortgage and retirement, college is likely among the most expensive costs for which most families will need to save. Between 1980 and 2020, the average price of tuition, fees, and room and board for an undergraduate degree increased 169 percent according to a recent report from the Georgetown University Center on Education and the Workforce.

Americans use tax-advantaged 529 plans – which have been around for over 30 years – to save for their children’s or grandchildren’s college expenses more than any other method according to Education Data Initiative. The College Savings Foundation’s *2022 Survey of Parents* also indicates that adults participate in college savings plans to improve their job status through increased training, certification or education. Saving through their employer provides an easy, consistent way for employees to save for college expenses.



“Eighty-six percent of parents surveyed say children will need continued education or additional skills throughout their lives; 83 percent of those parents plan to help fund that education.”

– *College Savings Foundation's 2022 Survey of Parents*

## Why is Helping My Employees Save for College Important to My Company?

As an employer, you can support your employees’ efforts to save for college expenses by offering information about the Texas 529 Plans.

Making college savings easy and systematic can become a key differentiator for companies that are committed to their employees’ entire financial health. Offering a 529 college savings plan in the workplace connects the company to the employee’s family and helps foster loyalty and retention. – *Strengthen Employee Loyalty with Corporate 529 Plans, John Kenney for Society of Human Resource Management*

To maintain global competitiveness, Texas must graduate more students with postsecondary credentials, including degrees and certificates, according to the Texas Higher Education Coordinating Board.

The Texas Workforce Commission projects that Texas will add 1.7 million new jobs between 2018 and 2028. Of those, the Commission predicts that 40.7 percent will require some form of postsecondary education and training, including, in some cases, a college degree. The Commission notes that higher-demand, higher-pay occupations tend to require either a bachelor’s degree and technical skill training or some form of postsecondary education, technical skill training and additional on-the-job training.

The College Board reports that in 2019-20, 55 percent of bachelor’s degree recipients from public and private nonprofit four-year colleges and universities graduated with an average debt of \$28,400. Education Data Initiative reports that student debt reduces spending, inhibits business growth, hampers housing markets and stresses social programs. Saving for future college expenses through a Texas 529 Plan can reduce or even eliminate student loan debt for your employees and their families, which can spur business growth and spending in the years ahead.

***Make a difference in the lives of your employees. Support what matters most to them – their families – by offering a benefit package that includes the Texas 529 Plans to help attract and retain top talent. You can be a leader as a company that recognizes and prioritizes the needs of your employees and their families by helping to foster the educated workforce necessary for the future economic growth of Texas and your business.***



MetLife's 16th Annual US Employee Benefit Trends Study 2018 reports that employees can be distracted by their personal finances, and funding education is top of mind for many. This research finds that by adding benefit options like 529 college savings plans, employers can increase overall employee satisfaction and retention while helping to reduce anxiety around financial wellbeing.



## We Make Texas 529 Plan Participation Easy

Our staff is available to provide the tools your company needs for your employees to get started saving for college through the Texas 529 Plans. Here are a few ways we can help:

- Produce and distribute informational materials
- Provide articles for inclusion in your employee newsletter or internal website
- Make in-person presentations
- Conduct webinars
- Host informational tables at your employee events and/or benefit fairs

Once employees have enrolled in either the Texas Tuition Promise Fund or the Texas College Savings Plan, or both, they can contribute directly to their account through check, EFT or ACH, or, as an employer, you can make saving for college easier for your employees by offering payroll deduction to allow them to contribute through their paychecks like they would for any other benefit.

If you are interested in promoting awareness of the Texas 529 Plans as a benefit to your employees, please email our Outreach Team at [TuitionPromise@cpa.texas.gov](mailto:TuitionPromise@cpa.texas.gov) or call 800-531-5441, ext. 3-7570.



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[TUITIONPROMISE.ORG](http://TUITIONPROMISE.ORG)



[TEXASCOLLEGESAVINGS.COM](http://TEXASCOLLEGESAVINGS.COM)

The Texas Tuition Promise Fund® (“Fund”) and the Texas College Savings Plan® (“Plan,” together with the Fund, the “Plans”) are administered by the Texas Prepaid Higher Education Tuition Board (“Board”). Orion Advisor Solutions, Inc. (“Orion”) is the manager for the Plans. The Plan is distributed by Northern Lights Distributors, LLC, and maintained by Gemini Fund Services, LLC, neither of which are affiliated with Orion. The Plans and the Board do not provide legal, financial, or tax advice and you should consult a legal, financial, or tax advisor before participating.

Non-residents of Texas should consider whether their home state, or the beneficiary’s home state, offers its residents any tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for participants in that state’s plan.

### TEXAS TUITION PROMISE FUND

Participation in the Fund does not guarantee admission to or graduation from any college or university. Only the purchaser may direct redemptions, withdrawals, changes in beneficiary, or other contract changes.

You may lose money by participating in the Fund. No part of a contract is a deposit or obligation of, or is guaranteed or insured by, the Board, the state of Texas, or any agency or agent thereof. The contracts have not been registered with or approved by the SEC or any state. Purchasers should carefully consider the risks, fees, charges, and expenses associated with contracts, including Fund termination and reduced Transfer or Refund Value. Transfer Value applies to redemptions at Texas private colleges and universities, out-of-state colleges and universities, medical and dental schools, career schools, and registered apprenticeship programs and is the lesser of: (1) the costs the units would cover at a Texas public college or university; or (2) the original purchase price of the units plus or minus net investment earnings or losses on that amount. The Plan Description and Master

Agreement contain this and other information about the Fund and may be obtained by visiting [TuitionPromise.org](http://TuitionPromise.org) or calling 800-445-GRAD (4723), option 5. Purchasers should read the Plan Description and Master Agreement, and all other Fund documents carefully before purchasing a contract.

### TEXAS COLLEGE SAVINGS PLAN

Estimated total asset-based fees are available as part of the Allocation Worksheet and are published in the Plan Description and Savings Trust Agreement, which is reviewed annually. Fees are subject to change.

An account could lose money including the principal invested. No part of an account is a deposit or obligation of, or is guaranteed or insured by, the Board, the state of Texas, or any agency or agent thereof. Interests in the Plan have not been registered with or approved by the SEC or any state. Investors should carefully consider the investment objectives, risks, fees, charges, and expenses associated with municipal fund securities. The Board may suspend, modify, or terminate the Plan or change investment approaches, offerings, and/or underlying investment funds at any time and without the consent of account owners or beneficiaries. The Plan Description and Savings Trust Agreement contain this and other important information about the Plan and may be obtained by visiting [TexasCollegeSavings.com](http://TexasCollegeSavings.com) or calling 800-445-GRAD (4723), option 3. Investors should read the Plan Description and Savings Trust Agreement, and all other Plan documents carefully before investing.

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