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Op-ed: College savings program is a gift for students and their parents

By Rob McCord, Pennsylvania's state treasurer

The year's end is quickly approaching, and most of us are planning - for the holidays, for work projects with a Dec. 31 deadline, and, I hope, for vacations.

As state treasurer, I want to prompt you to make year-end plans that save you money, too. With Dec. 31 only weeks away, I want to remind you about a tax-savings strategy that has a phenomenal additional benefit - it helps your loved ones pay for college.

The Pennsylvania 529 College Savings Program is a smart approach to college savings. Sponsored by the commonwealth and administered by the state treasury, it offers two plans for families: one that offers tomorrow's tuition at today's prices, the other tied to actual investment performance. The plan delivers tax deductions not only for parents, but also for grandparents, other relatives, and even friends who choose to contribute to your child's account.

And just in time for the holidays, the program is offering free enrollment until Dec. 31.

An account can be opened with as little as $25, and future contributions of the $25 minimum can be made whenever you want. The plans can be used for both public and private colleges nationwide as well as trade schools and vocational programs.

More important, there will be hundreds, or even thousands, of dollars more in tax savings over the years.

Pennsylvania taxpayers can deduct 529 contributions from their state taxable income up to $13,000 per beneficiary per year, and married couples filing jointly can deduct up to $26,000 per beneficiary if each spouse has taxable income of $13,000. Last year, Pennsylvanians saved nearly $13 million on their state income taxes as a result of investing in a 529 plan.

Reducing your taxes is not the most important reason to open an account, however. Recent academic research shows that children with savings accounts in their names are seven times more likely to attend college. Saving for college can be a critical vote of confidence in your child's future. The U.S. Bureau of Labor Statistics projects that occupations requiring a degree or training beyond high school account for nearly half of all new jobs in Pennsylvania and the nation and one-third of total job openings.

Pennsylvanians want the best for their kids - fully 100 percent of surveyed parents said last summer they hoped their children would go on to get a postsecondary education, according to a treasury-commissioned poll.

This month, despite the many competing demands on your attention, take the time to open a 529 account for the ones you love. It's a win/win proposition - you save money on taxes, and they get your encouragement toward a critically important college education.

For more information, visit www.PA529.com.