



MISSOURI SENATE

JEFFERSON CITY

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**A Weekly Column for the
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College Savings Accounts

JEFFERSON CITY – One of the biggest challenges for parents today is how to pay for college tuition for their children. For a child born this year, tuition costs at a private college likely would be \$240,000.

Higher Education Savings funds are a good way to invest in your child's future. These so-called 529 Accounts allow parents, grandparents or family friends to set aside money, tax free, for college education costs.

While federal and state taxes are waived for Higher Education Savings Accounts, Missouri parents have another incentive to save. Missouri is one of a handful of states which offers an annual state tax deduction of \$8,000 for single filers, and \$16,000 for joint filers. In order to qualify for the tax break, however, Missouri parents must apply to the MOSavings for Tuition (MoST) fund administered by TIAA CREF in New York.

Senate Bill 324 will give parents more choice and freedom to plan for their child's future education. It will allow them access to plans through their local brokers, to plans with higher yields, and to plans that better fit their investment strategies. Greater choice will result in more Missouri parents saving for the educational needs of their children - a good thing as we plan for the future.

Missouri State Treasurer Sarah Steelman has suggested the establishment of standard disclosures of all fees, costs, commissions and fund performances of any plan in order to qualify for the tax deduction. I believe these suggestions make a great deal of sense as we work to expand the program.

These investments should be available to all parents, including those whose small payroll deductions should make money without the need for a sophisticated evaluation by the investor.

Missouri parents deserve to have the best options available when they invest in their child's Higher Education Savings Account. SB 324 will help us reach that goal.

If you have questions or comments about this or any other issue, please feel free to contact me at 573-751-8793 or by e-mail at: delbertscott@senate.state.mo.us

Senator Delbert Scott represents the people of Barton, Benton, Cedar, Dallas, Henry, Hickory, Pettis, Polk and St. Clair counties in the Missouri Senate.