



MISSOURI SENATE

JEFFERSON CITY

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A Weekly Column for the
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Higher Education Savings Programs

JEFFERSON CITY – In about a month, thousands of young people from across Missouri will load up the family car and leave for college. Many will be returning to campus to continue their studies, while others will be experiencing college life for the first time. The one thing all of these students have in common is trying to find a way to pay for their education.

The cost of a four-year college education has been increasing steadily each year. In response to these rising costs, the federal government created Section 529 of the Internal Revenue Code, which allows states to create federal tax-deferred higher education savings programs. The state of Missouri established a Missouri Higher Education Savings Program, called MO\$T, a few years ago to allow parents, grandparents, and other family members to create tax-deferred higher education savings accounts for their child's future education.

In order to encourage Missouri families to invest in the program, the state allows participants to deduct up to \$8,000 in contributions to the program from their adjusted gross income when they determine the amount of state income tax they owe.

However, Missouri families are only allowed to take the state tax deduction if they invest in the Missouri savings program. Parents who invest in other states' higher education savings programs do not qualify for the tax deductions.

Missouri lawmakers believe parents and families should be afforded every opportunity to invest in the best savings programs since the goal of higher education savings programs is to increase the amount of money available for a child's higher education.

This year the Missouri House and Senate created the Joint Interim Committee on Investments in Higher Education Savings Programs. This important committee, which I chair, will study methods to expand investment opportunities for Missouri parents and families in higher education savings programs, while maintaining the solvency of MO\$T.

The committee will meet when legislators return to Jefferson City in September for the annual veto session and report its recommendations to the General Assembly at the end of December.

To learn more about MO\$T, call 1-888-414-MOST or visit the website at www.missourimost.org.

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.