

Pomeroy/Tiberi (H.R. 1351) Legislation to Improve 529 College Savings Plans

On Friday, March 6th, Reps. Pomeroy (D-ND) and Tiberi (R-OH) introduced H.R. 1351, the **Savings Enhancement for Education in College Act (SEE College Act)**. This legislation will make improvements to 529 College Savings Plans and boost participation in the plans by moderate and low-income families.

The Pomeroy/Tiberi bill makes three important improvements to 529 Savings Plans:

- **Encourages low- and moderate-income families to save for college:** This bill would extend the existing SAVERS Credit (which currently applies to only retirement contributions) to contributions made to 529 accounts. This significant change will help encourage more families of moderate and lower income levels to save for their children's college expenses in 529 accounts. The current SAVERS Credit provides a tax credit of up to \$1,000 for an individual filer and \$2,000 for those filing jointly. The eligibility for this credit is limited to those with incomes at or below \$27,750 for an individual and \$55,500 for joint filers for 2009.
- **Allows for the purchase of computers:** Understanding that a computer is an essential tool for today's college students, the bill would make permanent the temporary change that allows 529 funds to pay for computers and related equipment. A two-year version of this provision was included in the recently signed American Recovery and Reinvestment Act of 2009.
- **Provides greater flexibility to manage investments:** Currently, 529 account owners may only adjust their investment allocation once a year, regardless of changes in market conditions or the economy over the course of a year. As asset values in 529 plans fell last fall, many families found that they had already used their one opportunity. Treasury recently allowed adjustments twice a year, for 2009 only. This bill would give families more flexibility to respond to market conditions by providing the opportunity to change the investment direction of their 529 plans twice a year.

What can you do? Ask your Members of Congress to sign onto H.R. 1351 as a cosponsor. This link to the House of Representatives web site will assist you in finding contact information for your Member of Congress: www.house.gov

If your Member will sign onto H.R. 1351 as a cosponsor, he/she should contact Diane Oakley in Rep. Pomeroy's office (225-2611) or Adam Francis in Rep. Tiberi's office (225-5355).