



TEXAS 529 UPDATE

BROUGHT TO YOU BY THE TEXAS TUITION PROMISE FUND®

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Keep Setting New Goals This Year

Who said resolutions are just for January? You can keep setting new goals this year by adding saving for college to your list of resolutions if you haven't already done so.

Texas 529 plans offer flexible options to help families plan for their loved ones' future college education — from the state's

prepaid tuition plan, the Texas Tuition Promise Fund®, to the state's education savings plan, the Texas College Savings Plan®. We'll review both plans in this edition of our newsletter.

Texas 529 plans are authorized by Section 529 of the Internal Revenue Code, created by the Texas Legislature, established and maintained by the Texas Prepaid Higher Education Tuition Board and administered by the Comptroller's office.

GENERAL ENROLLMENT FOR TEXAS TUITION PROMISE FUND ENDS FEB. 28

IRS INCREASES GIFT TAX EXCLUSION RATE

Individuals can now contribute up to \$16,000 (married couples up to \$32,000) per year per beneficiary to a Texas Tuition Promise Fund or college savings account without triggering federal gift tax. Alternatively, individuals can now make a one-time contribution of \$80,000 (married couples \$160,000) per beneficiary using a special five-year election. These limits assume the contributor makes no other gifts to the beneficiary during the period.

Remember, anyone in your child's life can contribute to your account and benefit from federal gift tax exclusions. And, although others may help you save, you retain control over the contributions in your account.



End of Enrollment is Almost Here!



If saving for college is a goal this year, don't forget that the general enrollment period for the Texas Tuition Promise Fund (TTPF) ends soon.

Enroll in the plan by Feb. 28 to lock in 2021-22 academic year costs for undergraduate resident tuition and schoolwide required fees at the state's public colleges and universities, excluding medical and dental institutions. Newborn enrollment for children younger than 1 year of age extends through July 31.

Participants in TTPF purchase prepaid tuition units, and the tuition unit sales prices are based on the current academic year costs for eligible schools at the time of purchase. The plan offers three types of tuition units that are assigned different values. Any tuition unit type can be used at any eligible school.

2021-22 TUITION UNIT SALES PRICES

TYPE I

\$164.12/Unit

Based on the tuition and schoolwide required fees at the most expensive Texas public four-year college or university

TYPE II

\$112.59/Unit

Based on the weighted average cost of tuition and schoolwide required fees at all Texas public four-year colleges and universities

TYPE III

\$29.15/Unit

Based on the in-district weighted average cost of tuition and schoolwide required fees at all Texas public two-year colleges

The [Tuition Unit Pricing Schedule and Unit Value Redemption Guide](#) shows the current redemption values of tuition units at the state's public colleges and universities. Texas law requires these schools to accept TTPF as payment in full for tuition and schoolwide required fees for the hours covered by the units redeemed.

If your beneficiary attends a medical or dental institution, Texas private college or university, out-of-state college or university, career school or registered apprenticeship program, where tuition and schoolwide required fees are not locked in, the benefits and payouts of the plan would be based on Transfer Value.

TEXAS 529 PLANS

DIFFERENT WAYS TO HELP YOU MEET COLLEGE COSTS

When it comes to meeting the rising cost of college tuition, Texans have three 529 plans that can help – a prepaid tuition plan, a direct-sold college savings plan and an advisor-sold college savings plan.

Whether you select just one plan or decide you are better served by selecting a prepaid tuition plan and a college savings plan, 529 plans may be a smart way to help you save for your child's higher education.

529 PREPAID TUITION PLAN

Texas Tuition Promise Fund®

Pay today's prices for tomorrow's undergraduate resident tuition and schoolwide required fees at Texas public colleges and universities, excluding medical and dental institutions. Transfer Value may be paid toward undergraduate tuition and schoolwide required fees at medical and dental institutions, Texas private colleges and universities, out-of-state colleges and universities, career schools and registered apprenticeship programs.

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529 COLLEGE SAVINGS PLANS

Texas College Savings Plan®
— direct sold

LoneStar 529 Plan®
— advisor sold

Save for qualified education expenses at schools nationwide, including undergraduate and graduate tuition and fees, certain room and board costs, books and more. Funds can also be used for K-12 tuition, for registered apprenticeship programs or to repay student loans, subject to certain federal limits.

While federal law allows 529 plans to be used for certain elementary or secondary education tuition expenses, state tax consequences vary and may include the recapture of state tax deductions as well as penalties. You should consult with a tax or legal advisor in this regard.

If your budget allows, you might want to consider both a prepaid tuition plan and a college savings plan. You can use the prepaid tuition plan to lock in tuition and schoolwide required fees at eligible Texas colleges and universities and use a college savings plan to pay for other education expenses not covered by the Texas Tuition Promise Fund.

There is a maximum contribution limit of \$500,000 per beneficiary in all Texas 529 plans combined.

For more details, visit:

TexasCollegeSavings.com
LoneStar529.com

Explore Our Tuition Planning Calculator

Our [Tuition Planning Calculator](#) lets you explore the flexibility of the Texas Tuition Promise Fund and is easy to use.

You can compare tuition unit types and payment plans to find the best option for your budget. While you won't need to designate a college or university when enrolling in the plan, the calculator allows you to see how many academic years of tuition and schoolwide required fees your selections would currently cover at various Texas public colleges and universities.

See the following example from the calculator based on this year's sales prices and a newborn beneficiary. The example uses 200 Type I tuition units purchased at one time through a Pay-As-You-Go payment option and shows the current value of these units applied to select schools.

CHILD

Birthday
01/01/2022

Unit Type
Type I - \$164.12 per unit

NEWBORN
Pay-As-You-Go

ENROLL

	Total Cost*	Amount Purchased \$32,824	Surplus / Shortfall		Academic Years Purchased	Percent Funded
			Amount	Units		
Texas Tech University-College of Education-Traditional 2021	\$43,228	<div style="width: 100%; height: 10px; background: linear-gradient(to right, blue, red);"></div>	\$10,404	63	3.0	76%
University of North Texas-Traditional	\$45,181	<div style="width: 100%; height: 10px; background: linear-gradient(to right, blue, red);"></div>	\$12,357	75	2.9	73%
University of Texas at San Antonio-Traditional	\$42,140	<div style="width: 100%; height: 10px; background: linear-gradient(to right, blue, red);"></div>	\$9,316	56	3.1	78%
Houston Community College	\$5,082	<div style="width: 100%; height: 10px; background: linear-gradient(to right, blue, green);"></div>	\$27,742	170	12.9	646%
Weighted Average of 4-year Colleges/Universities	\$45,035	<div style="width: 100%; height: 10px; background: linear-gradient(to right, blue, red);"></div>	\$12,211	74	2.9	73%

Slide the circle on this bar to change the number of units purchased

200 Type I Units

Results may vary: The purchase price of one Type I Tuition Unit is based on 1 percent of the cost of undergraduate resident tuition and schoolwide required fees at the most expensive Texas public four-year college or university, excluding medical and dental institutions, for the applicable academic year. Thus, when purchasing Type I Tuition Units, the actual "purchasing power" of your Tuition Units will vary depending on the college or university your beneficiary has selected and the extent to which its costs are below the costs of the most expensive institution.

PAYMENT SUMMARY			
Number of Payments	One-time Payment	Number of Units	Total Payments
1	\$32,824.00	200	\$32,824.00

Total Cost* = Total Cost assumes the cost of undergraduate resident tuition and schoolwide required fees for 4 years of attendance at a 4-year college or university or 2 years of attendance at a 2-year junior or community college.

If you choose to purchase tuition units with installment payments, the payments will include a six-percent interest component. For instance, if this example had used monthly installment payments until the newborn beneficiary's projected high school graduation date to purchase 200 Type I tuition units, the monthly payments would be \$244.74 for 18 years totaling \$52,864.40.

GETTING STARTED

Once you've explored the flexibility of the Texas Tuition Promise Fund and decided it is the right way for you to help build toward your child's future, simply do the following to get started:

1. Choose a tuition unit type.
2. Select a payment option.
3. Decide how many tuition units you want to purchase.

Enrollment in the plan can take as little as 15 minutes. After a \$25 enrollment fee and the purchase of at least one tuition unit of any type, future contributions can be as little as \$15. You can enroll online or download or order an enrollment kit on the website.

The sooner you start, the more affordable a college education could be.



UPCOMING WEBINARS

The Texas Tuition Promise Fund is offering virtual learning opportunities about the plan. [Register](#) for one of our upcoming webinars, and learn more about tuition units, tuition redemption values, payment options and more.*

*Residency restrictions apply.

TEXAS 529A PROGRAM

Texas has a tax-advantaged Internal Revenue Code, Sec. 529A plan for eligible individuals with disabilities to save for qualified disability expenses. Learn more at [TexasABLE.org](https://www.texasable.org) or [email us](#) to inquire about virtual presentations.

CONTACT US

[TuitionPromise.org](https://www.tuitionpromise.org)

[Email us](#)

Call 800-445-GRAD (4723), option 5

MATCHING SCHOLARSHIPS AVAILABLE TO PLAN ENROLLEES

The Texas Match the Promise FoundationSM awards matching scholarships and tuition unit grants to eligible fifth through ninth graders who are enrolled in the Texas Tuition Promise Fund. The foundation encourages families to save for college by supplementing their contributions to the plan. Eligible students can apply between Sept. 1 and Dec. 31. More details can be found at [MatchThePromise.org](https://www.MatchThePromise.org).**

**Residency restrictions, eligibility criteria, household income restrictions and contribution requirements apply.

IMPORTANT LINKS

[Webinar Calendar](#)

[Texas Tuition Promise Fund](#)

[Texas Match the Promise Foundation](#)

[Texas 529 Update Archives](#)

Non-residents of Texas should consider whether their home state, or the beneficiary's home state, offers its residents any state 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 529 plan.

Participation in the Texas Tuition Promise Fund[®] does not guarantee admission to or graduation from any college or university. Only the named purchaser may direct redemptions, withdrawals, changes in the designated beneficiary or other contract changes. A contract, including the amount contributed, and any amount applied as a benefit or paid as a refund is not guaranteed, insured or treated as a deposit or other obligation by the state of Texas, the FDIC, the Texas Prepaid Higher Education Tuition Board, any other state or federal governmental agency or Orion Advisor Solutions, Inc. or its affiliates. The contracts have not been registered with or approved by the U.S. Securities and Exchange Commission or with any state.

Purchasers should carefully consider the risks, administrative fees, service and other charges and expenses associated with the contracts, including Plan termination and decreased transfer or refund value. Transfer Value applies to Tuition Unit redemption at medical and dental institutions, private and out-of-state colleges and universities, career schools and registered apprenticeship programs. Match the Promise Foundation scholarships can only be used at Texas public colleges and universities, and Transfer Value cannot be utilized. Transfer Value is limited to the lesser of (1) the costs the Tuition Unit would cover at a 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. Orion Advisor Solutions, Inc., serves as plan manager of the Plan. The Plan Description and Master Agreement contains this and other information about the Plan and may be obtained by visiting [TuitionPromise.org](https://www.tuitionpromise.org) or calling 800-445-GRAD (4723), option 5.

Purchasers should read the document carefully before purchasing a contract.

The Texas College Savings Plan[®] and LoneStar 529 Plan[®] (the "Plans") are established and maintained by the Texas Prepaid Higher Education Tuition Board. Orion Advisor Solutions, Inc. ("Orion") is the plan manager and the Plans are distributed by Northern Lights Distributors, LLC ("NLD") and administered by Gemini Fund Services, LLC ("Gemini"). NLD and Gemini are not affiliated with Orion.

Accounts in the Plans, the principal invested, and any investment return are not guaranteed, insured, or treated as a deposit or other obligation by the state of Texas, the FDIC, the Texas Prepaid Higher Education Tuition Board, any other state or federal governmental agency, or Orion, NLD or Gemini, or their respective affiliates. An account in the Plans might not make money and could lose money (including the principal invested) if money is invested in the Plans. Interests in the Plans have not been registered with or approved by the U.S. Securities and Exchange Commission or with any state.

Before investing in the Plans, investors should carefully consider the investment objectives, risks, administrative fees, service and other charges and expenses associated with municipal fund securities. The Plan Description and Savings Trust Agreement for each Plan contain this and other information about the Plans and may be obtained by visiting [TexasCollegeSavings.com](https://www.TexasCollegeSavings.com) or calling 800-445-GRAD (4723), option 3, or visiting [LoneStar529.com](https://www.LoneStar529.com) or calling 800-445-GRAD (4723), option 4. Investors should read these documents carefully before investing.

Total program management fees and estimated asset-based fees for the Plans are available in their respective Plan Description and Savings Trust Agreement.

The Texas College Savings Plan and the LoneStar 529 Plan are distributed by Northern Lights Distributors, LLC. Member FINRA, SIPC. 4221 N 203rd St. Suite 100, Elkhorn, NE 68022

