



TEXAS 529 UPDATE

BROUGHT TO YOU BY THE TEXAS TUITION PROMISE FUND®

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THE GIFT THAT KEEPS ON GIVING

Thinking of new gift ideas for your loved one? Grandparents, aunts, uncles and even friends can open a new Texas Tuition Promise Fund account or add to your existing account established for the benefit of your child.

A contribution to your account is a wonderful suggestion when friends and family ask about gift ideas for your child's birthday, holidays or other special occasions. And though friends and family may help you save, as the account owner, you will control how the money is spent.

Share our [contribution coupon](#).

The newborn enrollment deadline for the Texas Tuition Promise Fund® (TTPF) is fast approaching. Texas families have through July 31 to enroll their newborns in the plan.

Also, account owners with an existing lump sum or pay-as-you-go contract can purchase additional tuition units at this year's sales prices through Aug. 31 – regardless of the age of the child who is the beneficiary of the account. Additional tuition units of any type may be added to these existing contracts up to the maximum value of units allowable under the plan, which is currently the equivalent of 600 Type I tuition units.

Account owners with installment contracts established before Sept. 1, 2020, may only purchase additional tuition units by establishing a new contract – whether installment, lump sum or pay-as-you-go

NEWBORN ENROLLMENT DEADLINE IS JULY 31, 2021



contract – during the enrollment period in which they are eligible to enroll.

Learn more about the state's prepaid college tuition plan by visiting www.TuitionPromise.org. You can also register for upcoming webinars on the plan's [event page](#). These webinars provide an overview of TTPF and information on the different types of tuition units, tuition redemption values, payment options and more.

It's never too early to plan for your child's future college education.

Using Tuition Units



Summer is here and some families are planning their vacations. Others have a high school graduate preparing for college in the fall. If you are one of these families, first of all, **congratulations!** What an accomplishment! In the last [Texas 529 Update](#) issue, we discussed the steps to redeem tuition units in your Texas Tuition Promise Fund account. In this issue, we provide helpful information to know before redeeming the units at an eligible Texas public college or university.

In order to redeem tuition units, your account must meet the following requirements:

- Units must be paid in full.
- Units must have met the three-year holding period requirement (also known as mature units if they have also been paid in full) [see more info below].
- Your account must have valid Social Security numbers for the purchaser and beneficiary.
- Your account cannot have reached the 10-year termination deadline.
- Your account cannot have outstanding fees or charges.

The number of tuition units you will need to pay for the beneficiary's tuition and schoolwide required fees at an eligible Texas public college or university will depend on the following factors:

- The type of units you purchased
- The cost of the school your beneficiary is attending
- The number of credit hours he or she is enrolled in for the semester

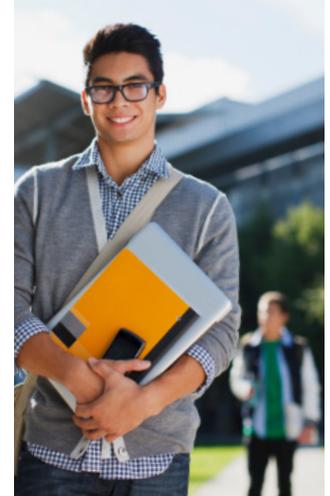
When you redeem tuition units, you can either designate a specific number of mature units to use or let the system default to use as many of your mature units as necessary, based on the amount billed by the school.

For example, the sales price for a Type II tuition unit for the current academic year is \$108.35. If the school billed \$5,000 for tuition and schoolwide required fees for the Spring 2021 semester, 46.147 Type II units would have been required to pay the full cost of tuition and schoolwide required fees for that semester ($\$5,000 \div \108.35). If the account had 50.00 mature units available and the purchaser selected the option to redeem as many mature units as necessary, the system would have redeemed 46.147 units. The purchaser could also have opted to limit the number of mature units redeemed to an amount less than the 46.147 units. If the account had fewer mature units than necessary to cover the costs or the purchaser chose to limit the number of units redeemed to less than 46.147, the purchaser or beneficiary would be responsible for paying the school any additional amount due by the school's deadline to avoid late fees or cancellation of classes.

New sales prices go into effect Sept. 1 of each year and are generally published each August for the upcoming academic year.

WHAT IS THE THREE-YEAR HOLDING PERIOD?

Once you purchase tuition units through the Texas Tuition Promise Fund, there is a three-year holding period before the units can be redeemed. You can use a unit after the third anniversary of the date the unit was purchased. The purchase date is determined by the first payment due date for units purchased under a new installment, lump sum or pay-as-you-go contract. The first payment due date is May 1 after the end of the general enrollment period in which the contract was established; however, first payment due dates for accounts established during the newborn enrollment period will vary. For subsequent pay-as-you-go purchases, the purchase date is the date the payment is received by the plan.



Keeping It in the Family

Do you have questions about your TTPF account? Join us for a Q&A session in July. We'll discuss topics ranging from opening an account for a young child to using your account when your loved one goes to college. Please [email us](#) any questions you would like us to answer.

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* 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 www.MatchThePromise.org.

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



Wondering what happens if your child doesn't use all or any of the tuition units in your account? You have several options. One of them is to change the beneficiary of the account to a "member of the family" prior to the expiration date of your Texas Tuition Promise Fund contract (10 years from the beneficiary's projected high school graduation date).

You can change the beneficiary to a person who meets the plan's residency requirement on the date of the change and who is a member of the family of the current beneficiary. Examples of a member of the family include the beneficiary's:

- Spouse
- Child
- Sibling or step-sibling, or their spouse
- Niece or nephew (a child of the beneficiary's sibling, but not a child of a brother- or sister-in-law), or their spouse
- Aunt or uncle, or their spouse
- First cousin

The good news is that there are no fees for a change of beneficiary, and, generally, there are no tax penalties associated with a change of beneficiary, provided the change is in compliance with Section 529 of the [Internal Revenue Code](#). You should consult

with a tax advisor prior to changing the beneficiary because doing so may trigger gift tax or generation-skipping tax consequences. When deciding who your new beneficiary will be, keep in mind that a new, 10-year, automatic termination deadline would apply based on the new beneficiary's projected high school graduation date at the time of the change.

Other options to consider if your current beneficiary doesn't use the benefits in your account are to cancel the account and request a refund or transfer the value of tuition units to another qualified 529 college savings plan. Transfer value (transfer outside of redemption at a Texas public college or university) is limited to the lesser of (1) the costs of tuition and schoolwide required fees the tuition unit would cover at a Texas 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. See the [Plan Description and Master Agreement](#) for detailed information about these options.



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 www.TexasABLE.org or [email us](#) to inquire about virtual presentations.

IMPORTANT LINKS

[Webinar Calendar](#)
[Texas Tuition Promise Fund](#)
[Enroll Online](#)
[Academic Year Tuition Unit Pricing and Unit Value Redemption Guide](#)
(Updated every August)
[Texas 529 Update Archives](#)

CONTACT US

www.TuitionPromise.org

[Email us](#)

Call 800-445-GRAD (4723), Option #5



PLANS AND PROGRAMS



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.

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.

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. The Plan Description and Master Agreement contains this and other information about the Plan and may be obtained by visiting www.texastuitionpromisefund.com or calling 800-445-GRAD (4723), Option #5. Purchasers should read the document carefully before purchasing a contract.

The **Texas College Savings Plan**® is established and maintained by the Texas Prepaid Higher Education Tuition Board.

Orion Advisor Solutions, Inc. ("Orion") is the plan manager and the Plan is distributed by Northern Lights Distributors, LLC ("NLD") and administered by Gemini Fund Services, LLC. NLD and Gemini are not affiliated with Orion.

Before investing in the Plan, 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 contains this and other information about the Plan and may be obtained by visiting www.texascollegesavings.com or calling 800-445-GRAD (4723), Option #3. Investors should read these documents carefully before investing.

Total asset-based fees for the most recent quarter end for the Plan are available [here](#) and all program fees are provided in the Plan Description and Savings Trust Agreement.

The account, 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, Gemini or their respective affiliates. An account in the Plan might not make money and could lose money (including the principal invested) if money is invested in the Plan. Interests in the Plan have not been registered with or approved by the U.S. Securities and Exchange Commission or with any state.

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