



# TEXAS 529 UPDATE

BROUGHT TO YOU BY THE TEXAS TUITION PROMISE FUND®, THE STATE'S 529 PREPAID COLLEGE TUITION PLAN FEBRUARY 2024



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## There's Still Time to Enroll!

Do you have a child or a loved one who dreams of attending college in Texas? If so, you may want to consider enrolling in the Texas Tuition Promise Fund®, the state's official prepaid college tuition plan.

The Texas Tuition Promise Fund is an innovative and affordable way to plan ahead for your loved one's future education. But hurry, the general enrollment period for this year ends on Feb. 29. If you miss this deadline, you will have to wait until September 2024 to enroll and may face higher prices. However, if your child is younger than 1 year of age, you have until July 31, 2024, to enroll in the plan at 2023-24 sales prices.

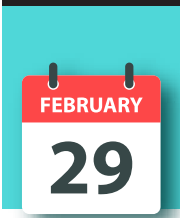
### GENERAL ENROLLMENT FOR TEXAS TUITION PROMISE FUND ENDS ON LEAP DAY, FEB. 29.

The Texas Tuition Promise Fund allows families to pay today's prices for tomorrow's undergraduate resident tuition and required, schoolwide fees at Texas public colleges and universities, excluding medical and dental schools. If your beneficiary chooses to attend a medical or dental school, Texas private college or university, out-of-state college or university, career school, or registered apprenticeship program, you can apply the Transfer Value\* to pay for qualified expenses.



Enroll today and start planning for their future education. For more information about the Texas Tuition Promise Fund, visit [TuitionPromise.org](https://TuitionPromise.org) or call 800-445-GRAD (4723), option 5.





# LEAP YEAR: THE DAY THAT ALMOST WASN'T

Have you ever wondered why we have an extra day every four years? Why does February get 29 days instead of 28 in those years? And what does Julius Caesar have to do with it?

The reason we need a leap year is because the Earth doesn't orbit the sun in precisely 365 days. It actually takes about 365.242189 days. That means every year our calendar is off by about six hours – a quarter of a day. If we do nothing, after a century, our calendar would be off by about 25 days and out of sync with the seasons!

The first person to realize this problem was Julius Caesar, the Roman general and dictator. He introduced the first leap year around 46 B.C. when he reformed the old Roman calendar with the Julian calendar, adding an extra day every four years to make up for those quarter days. But Caesar's math made the average year slightly longer than it should be at 365.25 days. In 1582 A.D., Pope Gregory XIII stepped in and created the Gregorian calendar, the one we use today. He coined "leap year" and introduced a new rule to address the discrepancy in the Julian calendar, making only century years that are evenly divided by 400 a leap year. While 2000 was a leap year, 1900 was not a leap year and 2100 will not be one either.

So, there you have it: the history behind leap year. It's a day that keeps our calendar in sync with the sun and the seasons and adds fun and excitement to our lives. Whether you're a leaper or not, we hope you enjoy this extra day and make the most of it! Don't forget you can enroll in the Texas Tuition Promise Fund through Feb. 29 in 2024.

# New Benefit for 529 Plan Participants

## EDUCATION TO RETIREMENT: MEETING CHANGING NEEDS



### The new 529-to-Roth IRA Rollover option gives you more flexibility and choice in using your 529 plan.

If you have or are thinking of participating in a 529 plan, you may be interested in a new tax benefit recently enacted that increases the number of options purchasers have for using their contract. Federal legislation signed into law in December 2022 permits rollovers from a 529 plan account to a Roth individual retirement account (IRA) for the beneficiary of the 529 plan effective January 2024, subject to certain conditions.

A 529 plan is a tax-advantaged plan that allows you to save for qualified education expenses. A Roth IRA is a tax-advantaged plan that allows you to save for retirement. The new 529-to-Roth IRA Rollover option gives you more flexibility and choice in using your 529 plan. If you have unused tuition units in your Texas Tuition Promise Fund contract that the beneficiary or a family member of the beneficiary doesn't need for education purposes, you can transfer the funds to a Roth IRA to be used for the account beneficiary's retirement purposes instead. This way, you will not have to pay taxes and penalties

as it would not be considered a non-qualified withdrawal. However, there are some limitations and requirements that you need to be aware of before you decide to roll over funds from your account to a Roth IRA:

- the 529 plan account must have been maintained for the 15-year period ending on the date of the rollover;
- the rollover must be made in a direct transfer from the 529 plan account to an established Roth IRA maintained for the benefit of the same beneficiary as the 529 plan account;
- the rollover is subject to the applicable annual IRA contribution limits (together with all other IRA contributions made during the year for the same beneficiary); and
- the rollover amount may not exceed the beneficiary's compensation for the year, the aggregate amount contributed (including associated earnings or losses) to the 529 plan account before the 5-year period ending on the date of the rollover, or \$35,000 over the lifetime of the beneficiary.

Roth IRA income limitations are waived for rollovers from a 529 plan.





# Working Together! TTPF and Other Texas 529 Plans



Texas offers two college savings plans to help families save for qualified education expenses. The Texas College Savings Plan® is a direct-sold college savings plan that you can enroll in online, or if you work with a financial advisor, ask them about the LoneStar 529 Plan®, the state's advisor-sold college savings plan. The college savings plans can be used to pay for undergraduate and graduate school tuition, fees, books, supplies, equipment including computers, and special needs services required to enroll at or attend an eligible college, or the cost for a registered apprenticeship program. The college savings plans offer a number of investment options and strategies that you can tailor to align with your risk tolerance, time horizon and financial situation.

By using the Texas Tuition Promise Fund and a Texas college savings plan, you can create a comprehensive and diversified education savings strategy that meets your specific needs and goals. The Texas Tuition Promise Fund can be used for undergraduate resident tuition and required, schoolwide fees at Texas public colleges and universities, and the Transfer Value\* can be used at medical and dental schools, Texas private colleges and universities, out-of-state colleges and universities, career schools, and registered apprenticeship programs. The college savings plans can be used to cover additional costs not covered by the Texas Tuition Promise Fund.

The Texas Tuition Promise Fund and the Texas college savings plans are authorized by Section 529 of the

Internal Revenue Code and offer tax-free withdrawals when used to pay for qualified education expenses. Visit [SaveNowForCollege.org](https://www.savetodayforcollege.org) for more information.

Don't miss this opportunity to invest in your child's future with a 529 plan today!

\*The Texas Tuition Promise Fund Transfer Value can be used to pay tuition and required, schoolwide fees at medical and dental schools, Texas private colleges and universities, out-of-state colleges and universities, career schools, and registered apprenticeship programs. Transfer Value is limited to the lesser of:

- (1) the cost the tuition units would cover at a Texas public college or university; or
- (2) the original purchase price of the tuition units plus or minus the plan's net investment earnings or losses on that amount.



## 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 unit redemption values, payment options and more.\*\*

\*\*Residency restrictions apply.

## IMPORTANT LINKS

[Webinar Calendar](#)

[Texas Tuition Promise Fund](#)

[Texas Match the Promise Foundation<sup>SM</sup>](#)

[Texas 529 Update Archives](#)

## 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 Foundation<sup>SM</sup> awards matching scholarships and tuition unit grants to eligible third 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](#).\*\*\*

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

The Texas Tuition Promise Fund<sup>®</sup> (“Plan”), and the Texas College Savings Plan<sup>®</sup> and the LoneStar 529 Plan<sup>®</sup> (“Savings Plans,” together with the Plan, the “Plans”) are administered by the [Texas Prepaid Higher Education Tuition Board](#) (“Board”). Orion Advisor Solutions, Inc. (“Orion”) is the manager for the Plans. The Savings Plans are distributed by Northern Lights Distributors, LLC and maintained by Gemini Fund Services, LLC, neither of which are affiliated with Orion. The Plans and the Board do not provide legal, financial, or tax advice and you should consult a legal, financial, or tax advisor before participating.

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

### Texas Tuition Promise Fund

Participation in the Plan does not guarantee admission to or graduation from any college or university. Only the purchaser may direct redemptions, withdrawals, changes in beneficiary, or other contract changes.

You may lose money by participating in the Plan. No part of a contract is a deposit or obligation of, or is guaranteed or insured by, the Board, the state of Texas, or any agency or agent thereof. The contracts have not been registered with or approved by the SEC or any state. Purchasers should carefully consider the risks, fees, charges, and expenses associated with contracts, including Plan termination and reduced Transfer or Refund Value. Transfer Value applies to redemptions at Texas private colleges and universities, out-of-state colleges and universities, medical and dental schools, career schools, and registered apprenticeship programs and is the lesser of: (1) the costs the units would cover at a Texas public college or university; or (2) the original purchase price of the units plus or minus the Plan’s net investment earnings or losses on that amount. [Texas Match the Promise Foundation<sup>SM</sup>](#) scholarships can only be used at Texas public colleges and universities, and any Transfer Value of a Match the Promise Foundation scholarship account cannot be utilized. The [Plan Description and Master Agreement](#) contain this and other information about the

Plan and may be obtained by visiting [TuitionPromise.org](#) or calling 800-445-GRAD (4723), option 5. Purchasers should read the Plan Description and Master Agreement, and all other Plan documents carefully before purchasing a contract.

### Texas College Savings Plan and LoneStar 529 Plan

Estimated total asset-based fees are available on the Allocation Worksheets for the [Texas College Savings Plan](#) and the [LoneStar 529 Plan](#), and are published in the Plan Descriptions and Savings Trust Agreements, which are reviewed annually. Fees are subject to change.

An account could lose money including the principal invested. No part of an account is a deposit or obligation of, or is guaranteed or insured by, the Board, the state of Texas, or any agency or agent thereof. Interests in the Savings Plans have not been registered with or approved by the SEC or any state. Investors should carefully consider the investment objectives, risks, fees, charges, and expenses associated with municipal fund securities. The Board may suspend, modify, or terminate the Savings Plans or change investment approaches, offerings, and/or underlying investment funds at any time and without the consent of account owners or beneficiaries. The Plan Descriptions and Savings Trust Agreements contain this and other important information about the Savings Plans and may be obtained by visiting [TexasCollegeSavings.com](#) or calling 800-445-GRAD (4723), option 3, for the Texas College Savings Plan, or by visiting [LoneStar529.com](#) or calling 800-445-GRAD (4723), option 4, for the LoneStar 529 Plan. Investors should read the Plan Descriptions and Savings Trust Agreements, and all other Savings Plans documents carefully before investing.

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