



PUBLIC DEPOSITS IN 529 COLLEGE SAVINGS PLANS:
Expanding Access, Building Assets, Creating Opportunities

LEGISLATIVE TASK FORCE RECOMMENDS PUBLIC DEPOSITS TO SPUR COLLEGE SAVINGS

A recent public-private state task force offered a bold proposal aimed at addressing the challenges of:

- ▮ ***Increasing Oklahoma's number of college graduates to benefit our state economy and local communities, and***
- ▮ ***Making college more affordable and accessible, in particular for children in low-income and moderate-income families who may have no experience and habits of saving and building assets that can help cover college costs.***

The task force recommended that ***"the State of Oklahoma make an automatic deposit at the birth of children to start an Oklahoma 529 College Savings Plan account."*** In order to provide effective *targeting of resources* for those in greatest need, eligibility for public deposits would be limited to moderate-to-low income families. In addition, qualified households would be eligible for a *public match* of individual deposits to their child's 529 Savings Plan up to a defined amount. The state would also incorporate information about Oklahoma 529 College Savings Plans into financial literacy

MAIN FINDINGS

- ▮ ***College attainment is positively related to state economic growth and family success;***
Encouraging savings in 529 plans will **make Oklahoma more attractive to businesses** by increasing the number of college graduates in Oklahoma.
- ▮ ***The cost of college is a barrier to earning a degree for children from low-income families:***
Savings in 529 plans will **make college more affordable.**
- ▮ ***College savings, particularly 529 college savings plans, help families save for college and expand college choices:***
529 Plans are an **existing and proven mechanism** for promoting savings, providing maximum flexibility.
- ▮ ***Most low-income families are not currently taking advantage of 529 college savings plans:***
Data shows that families earning under \$40,000 represent only 10% of current 529 plan account-holders in Oklahoma. Initial public deposits and public matches will make 529 Plans **accessible and beneficial to more families.**
- ▮ ***Low-income families can save for their children's college education if expected to do so and provided appropriate incentives to save:***
Growing research shows that matched savings programs can establish savings habits that **build assets, transform expectations and change lives.**

LEGISLATION WILL BE PURSUED IN 2008 TO BRING ABOUT THE TASK FORCE RECOMMENDATIONS.

Find out how you can help make this happen!
Visit www.okseed.org or contact dblatt@captc.org

