

# Access to Education through Asset Building Tools

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# State Policy

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- Changes to 529 College Savings Plans
- Protections for 529 savings
- New Initiative to Provide Financial Assistance

# 529 Modifications

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- PA 153 and PA 154 - December 2007
- Changes:
  - Program revenue can be used to enhance and maintain MET programs
  - Adds service academies
  - Income taxes

# 529 Bankruptcy Protections

SB 1200 - Senator Glenn Anderson

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- Exempts 529s and similar college savings plans from judgment and bankruptcy proceedings
- Status: Senate Committee on Judiciary

# Michigan Promise Zones

SB 861 - Senator Van Woerkom / HB 5375 - Representative Melton

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- Creates promise zone authorities in communities with high areas of poverty
- Provides financial assistance to high school graduates living and attending school PZ
- Status:
  - Senate Committee on Education
  - Passed House

# Federal Policy

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- Changes to 529 rules
- Children's savings account and IDA tools to save for college
- Incentives to save for college

# College Cost Reduction & Access Act

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- Signed into law September 2007
- Significant changes to 529 rules:
  - Savings not be excluded from calculations
  - Treated as parental assets
  - Distributions will not be treated as income
  - Included in determining family's ability to pay for college

# New Savers Act

S. 1967 - Senators Clinton & Smith

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- Creates children's savings accounts
  - Expands Saver's Credit
  - Requires details on operation and success
  - Creates grant program
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- Status: Senate Committee on Finance

# ASPIRE Act

H.R. 3740 - Reps. P. Kennedy, English, Cooper, Emanuel, Petri

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- KIDS Accounts
  - Every child at birth
  - Starter deposit of \$500
  - First home, retirement, and postsecondary education
- Status: House Committee on Ways and Means
- Will be introduced in Senate in 2008

# SWFA

S. 871 - Sen. Lieberman / H.R. 1514 - Rep. Jones

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- Creates IDAs with \$1:\$1 match
- First home, postsecondary education or training, or starting or expanding small business
- Tax credit incentives to participating financial institutions
- Financial education for participants
  
- Status: Senate Committee on Finance; House Committee on Ways and Means

# FIRST Act

S. 2341 - Senator Clinton

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- IDAs for youth aging out of the foster care
- Primary: obtaining/maintaining housing, postsecondary education, and vocational training
- Secondary: operating a business, car purchase, car insurance, uniforms, etc.
- Financial education for participants
- Status: Senate Committee on Health, Education, Labor, and Pensions

# Lifelong Learning Accounts

S. 26 - Sen. Cantwell/ H.R. 6036 - Rep. Emanuel/ H.R. 2901 - Rep. Allen

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- Portable, worker-owned savings accounts
- Financing education, training, and apprenticeships
- Intended to supplement public and employer-provided resources
  
- Status: Senate Committee on Finance; House Committee on Ways and Means and Education