



## **What is The Education Plan?**

The Education Plan (TEP) is a 529 Education Savings Plan administered by The Education Trust Board of New Mexico. It's a tax-advantaged way to save for education expenses, including tuition, room and board, books, fees and computer equipment at a four-year university, community college, professional school, or trade school. The money may be used at schools across the US, both traditional and online. Your account grows tax-free and withdrawals are tax-free if used for qualified higher education expenses. We help families prepare for and manage future education expenses and help reduce student loan debt.

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## **Benefits**

- Quick and easy account setup
- Helps reduce the burden of student loan debt
- Flexible use for any aspiring student, regardless of age, career path or socio-economics
- Only \$1 minimum contribution required
- One-time or recurring contribution options
- Contributions may be tax-deductible and grow tax-free
- Gift contributions for birthdays, holidays and graduations help fuel savings
- Ask your employer about payroll direct deposit options

**[TheEducationPlan.com](https://www.theeducationplan.com)**



### **WHAT IS A 529 COLLEGE SAVINGS PLAN?**

It's a tax-advantaged way for families to save money for education-related expenses – including tuition, room and board, books, fees and computer equipment. “529” refers to the section of the IRS Code that created these plans.

Once money is contributed to the plan it grows tax free, and if it is used for education expenses it is distributed tax free.

### **THIS PLAN IS SPONSORED BY THE STATE OF NEW MEXICO?**

Yes. The plan is overseen by the Education Trust Board of New Mexico – a state agency.

### **WHAT IS NM'S 529 COLLEGE SAVINGS PLAN CALLED?**

New Mexico's plan is called “The Education Plan”.

### **WHY DOES THE STATE SPONSOR THE EDUCATION PLAN?**

The underlying interest of the state is having more kids going on to higher education – and coming out of college with less debt.

### **CAN YOU USE THE MONEY IN YOUR TEP ACCOUNT FOR ANY SCHOOLS OR JUST FOR SCHOOLS IN NM?**

Unlike the Lottery Scholarship, the money can be used for any school that is qualified to receive federal financial aid for its students. Beyond geography, it can be used for two- and four-year colleges as well as vocational schools. It can even be used for graduate and professional schools.

### **MANY STATES OFFER 529 COLLEGE SAVINGS PLANS. WHY IS NM'S PLAN DIFFERENT FROM OTHERS?**

Contributions to the New Mexico plan are deductible on your NM state income tax return if used to pay for post-secondary educational expenses. That is not the case for out-of-state plans.

In addition, The Education Plan is among the lowest cost 529 plans in the country.

### **HOW IS THE MONEY PUT INTO THE PROGRAM INVESTED?**

A TEP account is an investment account. When you open the account, you make choices about how you would like your funds invested. If you are comfortable with choosing investment options, you can customize your account from the investment options available in the plan.

If you prefer, you can choose year of enrollment options where you basically set it and forget it. The investments are more aggressive at the beginning and get more conservative as the year of enrollment grows closer.

If you are not comfortable making investment decisions the program also offers a default investment option.



## **CAN ANYONE OPEN AN ACCOUNT?**

Yes. Anyone can open an account. Parents can open them for their children. Aunts and uncles can open accounts for their nieces and nephews. Grandparents can open accounts for their grandchildren.

You can open an account for anyone. You can even open an account for yourself - and put it towards your own education.

Another great feature is that family and friends can give a gift into your 529 account. This is great for birthdays, holidays and other special occasions.

## **SO, YOU DON'T HAVE TO BE RELATED TO THE BENEFICIARY?**

You do not have to be related.

## **DO YOU HAVE TO LIVE IN NM TO OPEN A NEW MEXICO 529 PLAN ACCOUNT?**

No. In fact, our program is very popular with out-of-state investors. Many of our accounts are from people in other states. The fees generated by these out-of-state accounts help us to keep costs low for our direct-sold plan.

## **HOW DOES SOMEBODY OPEN AN ACCOUNT?**

Anybody can open an account online. You just go to [TheEducationPlan.com](http://TheEducationPlan.com). There are prompts there to take you through the process. You just need the beneficiary's social security number or TIN. It takes about 15 minutes. You can also speak with a call center representative at 1-877-337-5268.

## **HOW MUCH MONEY DO I NEED TO GET STARTED?**

You can open an account with as little as \$1, and contributions can be made whenever the account owner chooses. There is no obligation to make contributions.

## **ONCE I OPEN AN ACCOUNT, HOW DO I ADD TO IT?**

You can mail a check. But, the easiest way is to set up a link to your bank account. You can direct money to be sent on a regular basis or as often or as seldom as is comfortable for your budget. It could be monthly, or on birthdays and holidays, or just once a year in a lump. It's totally up to the account owner.

## **IS THERE ANY LIMIT ON CONTRIBUTIONS?**

Once a beneficiary's account reaches \$500,000 in value you have to stop contributing. That is a very large sum, so as a practical matter, very, very few people ever get there.

## **WHAT IF THE CHILD I DESIGNATE AS A BENEFICIARY DECIDES NOT TO GO ON TO HIGHER EDUCATION?**

You can designate a new beneficiary. There is quite a bit of latitude (according to IRS definitions) of who can be designated – essentially a relative of the child with one degree of separation up or down the family line.



## **SUPPOSE I JUST NEED TO GET THE MONEY BACK AND I TAKE IT OUT OF THE ACCOUNT— THEN WHAT HAPPENS?**

The IRS makes you pay tax on any gains you have on the money plus a 10% penalty if you distribute funds for anything but qualified education expenses.

If you are a New Mexico taxpayer the tax authorities will require you to add back the deductions you took in prior years to your state taxable income in the year you take the non-qualified distribution.

## **DOES HAVING A TEP ACCOUNT AFFECT FINANCIAL AID?**

529 accounts opened by parents are reported on the FAFSA as a parental asset. Parental assets are assessed at a maximum rate of 5.64% in determining the students Expected Family Contribution. All of which is to say, not a big impact.

## **YOU MENTIONED ENGAGING EMPLOYERS – CAN YOU TELL US A BIT ABOUT THAT?**

Employers can offer TEP as a payroll direct deposit option. “If We Don’t See It, We Don’t Spend It!” Right?! So, for employers who have payroll systems that can direct funds out of a paycheck, they can help their employees contribute regularly to TEP accounts for their loved ones. It’s totally free for employers to do. They don’t have to do any government reporting. They don’t have to match. It’s a super easy tool for enhancing their benefits package and their employee morale.

## **THIS SOUNDS LIKE A BIG WIN FOR EVERYBODY?**

The data tell us that with \$500 saved for higher education, kids are 3 times more likely to attend college and 4 times more likely to graduate. They know somebody believes in them. With that seed planted, dreams can grow.



## **COMENCEMOS CON LO BÁSICO: ¿QUE ES UN PLAN DE AHORROS 529?**

Es una forma en la cual las familias pueden ahorrar con beneficios fiscales para gastos educativos - incluyendo colegiatura, alojamiento y alimentación, libros, cuotas adicionales y equipo computacional. "529" se refiere a la sección del Código del IRS que crea estos planes.

Una vez que se contribuye a este plan, el dinero aumenta libre de impuestos, y si se utiliza para gastos educativos se distribuye libre de impuestos.

## **¿ESTE PLAN ES PATROCINADO POR EL ESTADO DE NUEVO MÉXICO?**

Sí. El plan es supervisado por la Junta de Fideicomiso de Educación de Nuevo México- una agencia estatal.

## **¿COMO SE LLAMA EL PLAN DE AHORROS UNIVERSITARIOS 529 DE NM?**

El plan de venta directa de Nuevo México se llama "The Education Plan".

## **¿POR QUÉ THE EDUCATION PLAN ES PATROCINADO POR EL ESTADO?**

El interés predisponente del estado es que más jóvenes continúen a la educación superior- y que salgan de la universidad con menos deuda.

## **¿SE PUEDE UTILIZAR EL DINERO DE LA CUENTA DE TEP PARA CUALQUIER ESCUELA, O SOLO PARA ESCUELAS EN NM?**

A diferencia de las becas Lottery Scholarship u Opportunity Scholarship, el dinero se puede utilizar para cualquier escuela que califique para recibir ayuda federal financiera para sus estudiantes. Más allá de la geografía, se puede utilizar para universidades de dos y de cuatro años y para escuelas vocacionales. Inclusive se puede utilizar para escuelas profesionales y de posgrado.

## **MUCHOS ESTADOS OFRECEN PLANES DE AHORRO UNIVERSITARIO 529. ¿POR QUÉ ES DIFERENTE EL PLAN DE NM A LOS DEMÁS?**

Las contribuciones al plan de Nuevo México son deducibles de su declaración de impuestos del estado de NM si se utilizan para gastos educativos de educación superior. Este no es el caso para los planes fuera del estado.

Además, The Education Plan es uno de los planes 529 más económicos del país.

## ¿COMO SE INVIERTE EL DINERO CONTRIBUIDO AL PLAN?

Una cuenta de TEP es una cuenta de inversión. Cuando se abre la cuenta usted elige como le gustaría que se inviertan sus fondos. Si usted se siente seguro de elegir opciones de inversión, usted puede personalizar su cuenta a partir de las opciones de inversión disponibles en el plan.

Si usted prefiere, puede elegir opciones de año de inscripción donde básicamente lo configura y lo olvida. Las inversiones son más agresivas al principio y se vuelven más conservadoras a medida que se aproxima el año de inscripción.

Si usted no se siente seguro tomando decisiones de inversión, el programa también ofrece una opción de inversión predeterminada.

## ¿CUALQUIER PERSONA PUEDE ABRIR UNA CUENTA?

Sí. Cualquier persona puede abrir una cuenta. Los padres pueden abrirla para sus hijos. Tías y tíos pueden abrirla para sus sobrinas y sobrinos. Los abuelos pueden abrir cuentas para sus nietos. Usted puede abrir una cuenta para quien sea. Inclusive puede abrir una cuenta para usted mismo- y aplicarla para su propia educación.

Otra gran característica es que los familiares y amigos pueden hacer un regalo a su cuenta 529. Esto es ideal para cumpleaños, días festivos y otras ocasiones especiales.

## ¿ENTONCES NO ES NECESARIO SER PARIENTE DEL BENEFICIARIO?

No es necesario ser pariente.

## ¿SE TIENE QUE VIVIR EN NM PARA ABRIR UNA CUENTA DE PLAN 529 DE NM?

No. De hecho, nuestro plan es muy popular con inversionistas de otros estados. Muchas de nuestras cuentas son de personas de otros estados. Las cuotas generadas por estas cuentas de otros estados nos ayudan a mantener los costos bajos para nuestro plan de venta directa.

## ¿COMO SE ABRE UNA CUENTA?

Cualquier persona puede abrir una cuenta por internet. Solo tiene que ir a [TheEducationPlan.com](http://TheEducationPlan.com). Allí hay indicaciones que le ayudaran con el proceso. Solo se necesita el número de seguro social o de TIN del beneficiario. Toma como 15 minutos. También se puede hablar con un representante de ayuda al cliente al teléfono 1-877-337-5268.

## ¿CUÁNTO DINERO NECESITO PARA EMPEZAR?

Se puede abrir una cuenta con tan solo \$1, y se pueden hacer contribuciones cuando el dueño de la cuenta guste. No hay obligación de hacer contribuciones.



### **¿UNA VEZ QUE ABRA UNA CUENTA, COMO LE AGREGO DINERO?**

Puede enviar un cheque por correo. Pero la manera más sencilla es configurar un enlace a su cuenta bancaria. Usted puede designar que se envíe dinero con regularidad, o tan seguido o tan raramente como sea cómodo para su presupuesto. Puede ser mensual, en cumpleaños o días festivos, o solamente una vez al año en un pago único. Depende totalmente del dueño de la cuenta.

### **¿HAY ALGÚN LÍMITE DE CONTRIBUCIONES?**

Usted tiene que dejar de contribuir una vez que la cuenta del beneficiario llega a un valor de \$500,000. Esta es una cantidad muy grande así que, de manera práctica, muy muy poca gente llega a esa suma.

### **¿QUÉ PASA SI EL/LA JOVEN QUE DESIGNÉ COMO BENEFICIARIO DECIDE NO CONTINUAR A ESTUDIOS SUPERIORES?**

Usted puede designar un beneficiario nuevo. Hay bastante latitud (según las definiciones del IRS) de quien puede ser designado- esencialmente un pariente del/la joven a un grado de separación arriba o abajo de la línea familiar.

### **SUPONGAMOS QUE SOLO NECESITO RECUPERAR EL DINERO Y LO SACO DE LA CUENTA.**

#### **¿QUÉ SUCEDE?**

El IRS lo obliga a pagar impuestos sobre cualquier ganancia que haya obtenido sobre el dinero, además de una multa de 10% si distribuye fondos para cualquier cosa que no sean gastos educativos calificados.

Si usted es contribuyente de Nuevo México, las autoridades tributarias le exigirán que agregue las deducciones que tomó en años anteriores a su ingreso imponible estatal en el año que realice la distribución no calificada.

### **¿EL TENER UNA CUENTA 529 AFECTA A LA AYUDA FINANCIERA (FINANCIAL AID)?**

Las cuentas 529 abiertas por los padres son reportadas en el FAFSA como un activo parental. Los activos de los padres se evalúan a una tasa máxima del 5.64% para determinar la contribución familiar esperada de los estudiantes. Todo lo cual es para decir, que no es un gran impacto.



### **¿MENCIONÓ INVOLUCRAR EMPLEADORES- NOS PUEDE DECIR UN POCO SOBRE ESO?**

Los empleadores pueden ofrecer TEP como una opción de depósito directo de nómina. “Si no lo vemos, no lo gastamos.” ¿Correcto? Así que para los empleadores que tienen sistemas de nómina que pueden dirigir fondos de un sueldo, estos pueden ayudar a sus empleados a contribuir regularmente a cuentas TEP para sus seres queridos. Es completamente gratuito para los empleadores hacerlo. No tienen que reportarlo al gobierno. No tienen que igualar la cantidad. Es una herramienta super fácil para mejorar su paquete de beneficios y la moral de sus empleados.

### **¿ESTO SUENA COMO UN GRAN TRIUNFO PARA TODOS?**

Los datos nos dicen que con \$500 ahorrados para la educación superior, los jóvenes tienen 3 veces más probabilidades de asistir a la universidad y 4 veces más probabilidades de graduarse. Saben que alguien cree en ellos. Con esa semilla plantada, los sueños pueden crecer.

### **¿COMO PUEDEN APRENDER MÁS NUESTROS OYENTES?**

Pueden ir a [TheEducationPlan.com](http://TheEducationPlan.com). También nos pueden llamar al 1-877-337-5268. Nos pueden invitar a ir a su lugar de trabajo o a algún evento que estén patrocinando.



## We help businesses attract and retain the best employees.

Enabling employees to make deposits directly into their children's 529 college savings plans is easy to set up and at no charge to a company. An employer can play a key role in strengthening the current and future workforce with one easy step. Adding The Education Plan to a company's current voluntary employee benefits package is an easy, hassle-free way for it to support the financial wellbeing of its employees.

- Free for employers
  - Easy on line or paper enrollment for employees
  - Diversifies employee benefit options
  - Optional contribution matching
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### Benefits of saving for education through The Education Plan's 529 direct deposit option

#### Employer Benefits:

- Competitive voluntary employee benefit helps attract and retain talent
- No setup or plan costs
- No company contribution requirement
- Easy administration
- Not an ERISA plan so no government reporting or fiduciary liability
- The Education Plan outreach staff available for enrollment workshops and educational webinars

#### Employee Benefits:

- A quick and easy way to save for education
  - Reduces the burden of student loan debt
  - State tax deduction for NM residents
  - Automatic direct deposit helps employees keep savings on track
  - Contribution amounts can be changed or stopped at any time
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## Get Started Today

It's quick and easy for both employer and employees.

- The employee opens an account with The Education Plan and selects the direct deposit option
- An employee with an existing Plan account can designate that account for direct deposit
- The employee completes the Payroll Direct Deposit Form provided by the Plan and submits it to the HR/benefits department
- Employer submits money via check, wire or ACH (options detailed on the form) for each pay period
- All forms are available at [TheEducationPlan.com](http://TheEducationPlan.com)



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## THE EDUCATION PLAN IS YOUR 529 SAVINGS PLAN. WE HELP FAMILIES PREPARE FOR AND MANAGE FUTURE EDUCATION EXPENSES.

Offered by The Education Trust Board of New Mexico, The Education Plan is New Mexico's official direct-sold 529 college savings plan.

A 529 college savings plan is designed to help you pay for college expenses. Money in a 529 college savings plan has tax advantages, is professionally managed, and may benefit from the power of compounded growth.

The Education Plan allows you to open a tax-advantaged account directly and choose from a variety of investment options designed to meet your needs, situation, and risk tolerance.

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### ADMINISTRATIVE STAFF



**Ted Miller**  
**EXECUTIVE DIRECTOR**

Formerly a Senior Business Executive at State Street Bank & Trust Company, Boston, Ted Miller has had a long career focused on the large institutional investor business. He spent 18 years at State Street, part of the time as Chief Operating Officer of Schoolhouse Capital, State Street's entry into the 529 college savings market. Mr. Miller has a JD from Suffolk University Law School and an LLM (Taxation) from Boston University School of Law. He has been in New Mexico since 2004.



**Carolyn Fittipaldi**  
**MARKETING DIRECTOR | The Education Plan**

Carolyn is a seasoned marketing executive with more than 30 years of experience developing and implementing marketing and public relations strategy in multiple industries; including home improvement, broadcast media, hospitality/tourism, non-profit health and state government in New Mexico and California. Carolyn graduated from the University of New Mexico with a BA in Communication/Journalism.

# NEW MEXICO EDUCATION TRUST BOARD

The Education Trust Board is the governing body for New Mexico's 529 college savings programs. Members are appointed by the Governor, Senate Pro Tem, and Speaker of the House of Representatives. The board is responsible for making rules and regulations for the development and implementation of the Education Trust Act.

[NMETB.org](http://NMETB.org)



**Sandra Liggett, JD**  
**CHAIRMAN**

Sandy Liggett has served as inside counsel to both colleges and universities and their affiliated organizations for more than thirty years. Most recently, Sandy served as General Counsel of the New Mexico Higher Education Department. She also served as Deputy Counsel to the University of New Mexico and General Counsel to the UNM Foundation. She has served as a frequent speaker and writer on legal issues within higher education, such as liability management and insurance, federal tax laws, corporate structure and compliance with federal civil rights laws. Sandy holds a BA degree from Northwestern University and a JD from Catholic University.



**Robert J. Desiderio**  
**VICE CHAIRMAN**

Emeritus Professor of Law Robert J. Desidero was the Dean of the University of New Mexico, school of Law from 1979 to 1985 and again from 1997 to 2003, and served as a professor of law for the school over several decades. Mr. Desiderio's research interests include tax-exempt organizations, state and local taxation and remedies, and he is the author of several books. Mr. Desiderio practices with Sanchez, Mowrer and Desiderio, P.C., in the areas of tax-exempt organizations, tax law, and business and commercial transactions. He has the education and experience to handle major business transactions with federal tax implications and coordinates complex litigation matters. Mr. Desiderio is also experienced in the legislative and administrative process, having worked on many legislative projects for the New Mexico state legislative and Governor's office.



**Dr. Jose Z. Garcia**  
**MEMBER**

Dr. Jose Z. Garcia served as Secretary of the New Mexico Higher Education Department from 2011-2014. Dr. Garcia has been a professor at New Mexico State University (NMSU) since 1975 and was the director of the NMSU Center for Latin American and Border Studies from 1991 to 2003. He has published numerous articles on U.S.-Latin American relations and was a past member of the New Mexico Border Authority.

Dr. Garcia earned his B.A. in Diplomacy and World Affairs from Occidental College, was a Fulbright Scholar to Ecuador, earned his M.A. from the Fletcher School of Law and Diplomacy at Tufts University, was a Ford Foundation seminar participant in Santiago, Chile and graduated from the University of New Mexico with a doctorate in political science.

# NEW MEXICO EDUCATION TRUST BOARD

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**Mont Green**  
**MEMBER**

Mont Green has worked and managed both retail and institutional client's investments for over 35 years. He has held both the Series 7 and 66 securities licenses as a financial advisor, most recently with Morgan Stanley. He used Modern Portfolio Theory with retail clients to achieve the best risk adjusted returns based upon the client's ability to handle and understand risk. Earlier he was the short date funding officer for the Citizens & Southern National Bank, Atlanta, over-seeing \$3 billion in Fed funds, repurchase agreements, euro-dollar deposits, certificates of deposit and commercial paper issuance. He has over 20 years of leadership with several organizations as the Chief Operating Officer overseeing day-to-day operations.

He holds B.S. degrees in Business Administration and Economics from Oklahoma State University.



**John Lawton Davis**  
**MEMBER**

Lawton Davis retired in 2014, after spending over forty years in the Automobile Business in Albuquerque. From 1999 through 2014, he was the Dealer Principle of Galles and Davis Motor Company, Inc. Mr. Davis held the dealer agreements for Oldsmobile, Cadillac, Subaru, Isuzu, Hummer and American General. He has a strong background in finance, management, marketing and accounting. He served on multiple manufacturer dealer councils including the prestigious General Motors Fixed Operations Advisory Board.

From 1989 through 1994, Mr. Davis served on the Emergency Medical Services Authority for the City of Albuquerque and Bernalillo County. He chaired this policy making Authority from 1990 through 1993.

Mr. Davis has an earned reputation for providing strong leadership, building lasting relationships and providing creative solutions for difficult issues. He is a graduate of the University of New Mexico and a veteran of the United States Navy.