



## **In Stressful Times It Pays To Have a Plan -- A 529 College Savings Plan**

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We have all had our lives disrupted in the last few months, and felt the stress that accompanies that disruption. While our personal lives and the economy have been disrupted, it is also the case that nationally we have increased our savings rate. This is a reaction to the financial risks we perceive around us. This is a good first step – but by itself it is not a financial plan.

A financial plan involves setting goals for our current needs and for the future. Developing a financial plan and acting on it can help us reduce stress by reducing uncertainty.

A good financial plan is especially important when it comes to funding higher education and reducing student loan debt -- two of the biggest financial challenges families will face in their lifetimes.

More than two decades ago the state of New Mexico created a plan, called The Education Plan, which is a 529 college savings plan designed to help people save for the long-term goal of funding higher education. It is among the lowest cost 529 plans in the country.

The Education Plan can be used to pay for a wide variety of expenses such as tuition and fees, room and board, books and supplies, necessary computer equipment and software, and special needs equipment. It can be used to pay for these expenses at schools nationwide – including community colleges, four-year schools, trade schools and professional and graduate schools.

The Education Plan offers a variety of investments, including year of enrollment portfolios. These portfolios are designed to maximize investment returns in the earlier years and become more conservative as the time nears to use the funds.

The federal government has encouraged the growth of 529 plans by giving them tax advantages -- such as no tax on earnings growth, and no tax on withdrawal as long as the money is used to pay for higher education expenses.

New Mexico also provides a tax benefit for The Education Plan. New Mexico taxpayers can deduct the full amount of any contributions that are made to the New Mexico plan and used to pay for higher education expenses.

The Education Plan is a great way to save for higher education expenses and to reduce the burden of student loan debt. It's easy to set up a plan. It takes about 15 minutes. An account can be opened for as little as \$1, and contributions can be made at any time

in any amount. You can learn about the Plan, and enroll, by visiting our website at:  
<https://www.theeducationplan.com>.

Having a financial plan now for future higher education expenses can help us feel better about today and the future.

*The Education Plan® is New Mexico's 529 Education Savings Plan. For more information, and to enroll, visit <https://www.theeducationplan.com>.*