NCSEAA
North Carolina State Education
Assistance Authority

April 27, 2016

The Honorable Richard M. Burr
United States Senate
217 Russell Senate Office Building
Washington, DC 20510

Via Regular Mail and Email

Dear Senator Burr:

On behalf of the State Education Assistance Authority (SEAA) and the NC 529 Plan, I applaud your efforts in shepherding significant improvements to qualified tuition programs in administering college savings and investment accounts specifically with the introduction of the *Boost Savings for College Act*. The SEAA strongly supports this legislation and your commitment to promoting reasonable use of qualified tuition programs under Section 529 of the Internal Revenue Code of 1986, as amended, to enable lower and middle income families, in particular, to manage the rising costs of postsecondary education.

As the primary State instrumentality for the administration of a system of financial aid and resources to assist North Carolinians in paying for college, the SEAA is charged with oversight and administration of the NC 529 Plan. The agency operates the NC 529 Plan as part of an integrated system of programs under the "College Foundation of North Carolina" (CFNC) umbrella, sanctioned initially by the SEAA's Board of Directors over fifteen years ago as the principal source for students and families to learn how to plan, apply and pay for college. Through its oversight of the operation of the NC 529 Plan, the SEAA has focused efforts in attracting modest savers to establish accounts early in the lives of their beneficiaries. Salient features of the NC 529 Plan include: no enrollment fee; $25 minimum contribution; and investment options that have low expense ratios and include indexed funds and age-based options. We are pleased to share certain statistics related to participation in the NC 529 Plan that relate to the goals of the *Boost Savings for College Act*:

- Average NC 529 Plan Account Balance = $13,325 (as of March 31, 2016)
- Percentage of account contributors making systematic or monthly contributions = 38%
- Average dollar amount of systematic contributions = $140.

Enhancing 529 plans through the availability of the Saver's Credit and an option to rollover untapped funds into a Roth IRA, along with the mechanism for employers to match contributions of their employees, is clearly in the best interests of North Carolina student and families. Moreover, these enhancements will go a long way in advancing the capability of lower and middle income families to save for college expenses. In addition, the SEAA administers a State

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K-12 program for parents of children with disabilities, and so, we recognize the provision in the *Boost Savings for College Act* integrating flexibility with the new 529A, or ABLE, accounts as a common sense and compassionate approach to serving the needs of families juggling resources for the care of severely disabled children.

Again, we strongly endorse your efforts in enhancing the use of 529 accounts as an effective means for families to provide for the costs of higher education. Thank you for your continued work in moving the legislation forward and please contact me if we can be of any assistance to you and your staff.

Sincerely yours,

Elizabeth V. McDuffie
Executive Director