



# STARTing LINE

4th Quarter 2010

Volume 3-4

## Deadline for 2010 College Savings Tax Exemption is December 30

*START Account Owners Can Exempt Up to \$4,800 in Deposits Per Account This Tax Year*

December 30 is the deadline for Louisiana families to qualify for the 2010 state tax benefits provided by START, the state's 529 college savings program.

Deposits to new and existing accounts must be received no later than 4:00 p.m. CST at the LOSFA office on December 30, 2010, to qualify for tax benefits and state matching contributions (Earning Enhancements -- EEs) for the current calendar year.

Should you wish to open a new account and take advantage of the 2010 state tax incentives and EEs, new applications with deposits must be received at LOSFA's office prior to 4:00 p.m. on December 30. Deposits must be **received, not simply postmarked**, by the Louisiana Office of Student Financial Assistance or the START Saving program by the deadline. Deposits not received by December 30 may not be deducted until your tax return for 2011 is filed. **You do not have until April 15 to deposit to your account and still deduct it from your 2010 state income taxes.**

Deposits must be payable to the START Saving Program and may be delivered one of three ways:

- ▶ Regular mail addressed to START Saving Program, Post Office Box 91271, Baton Rouge, LA 70821-9271. Please allow mail time since deposits must be **received and not simply postmarked** by December 30.
- ▶ Overnight delivery addressed to Louisiana Office of Student Financial Assistance, 602 North Fifth Street, Baton Rouge, LA 70802.
- ▶ In-person START deposits can be made on the sixth floor of the Galvez Building (602 North Fifth Street, Baton Rouge, LA 70802) from **8:30 a.m. until 4:00 p.m. Tuesday, December 28 through Thursday, December 30**. On those days, LOSFA will have additional staff dedicated to accepting deposits. Deposits may be made at anytime during the normal work week as well. Note: LOSFA will be closed for official state holidays on Friday, Dec. 24, Monday, Dec. 27 and Friday, Dec. 31.

On or before the third week of January, START account owners will be mailed a notification of total deposits made in 2010 to be used for state income tax return filing purposes.

Beginning in January 2011, the START Saving Program will add two additional age based investment tracks and four additional investment funds and will allow account owners to apportion deposits among all the funds. A newly revised Disclosure Booklet with descriptions of the new funds and the risks associated with each will be available at <http://www.startsaving.la.gov> no later than December 15, 2010.

START investors can deduct up to \$2,400 in deposits per account per year from their adjusted gross income as reported on their state tax returns. For married couples filing jointly, the deduction can be up to \$4,800 in deposits. If account owners are unable to deposit \$2,400 (or \$4,800) per account in one year, they can carry

*continued on Page 2*

*continued from Page 1*

forward the unused amount to subsequent years.

“START account owners should send in their deposits as early as possible, especially because of the holiday season,” said Carol Fulco, START Director. “Deposits must be in by 4:00 p.m. on Thursday, December 30 to qualify as deductions to income on 2010 tax returns.”

In addition to a \$2,400 or \$4,800 annual tax deduction, START benefits include a state-paid match (EEs) on deposits ranging from 2% to 14% of annual deposits, depending on the account’s classification and owner’s federal adjusted gross income. Other benefits include a choice of investment options in fixed, variable and mixed portfolios; the flexibility to use funds at any accredited college or university for tuition, room and board, books, fees and more; and a tax exemption on earnings when used to pay these expenses.

For more information, contact LOSFA toll-free at 1-800-259-5626, ext.1012.

## Reminder: Upcoming changes to START investment options

START account owners can expect to see positive changes in the program next year that will provide greater investment flexibility. Beginning in January 2011, the program will have additional investment choices and account owners will be able to exercise more flexibility in selecting their funds and determining the percentages of the deposit placed into each fund. Initially, funds in the existing investment options will remain in the individual funds in which they are currently invested. For instance, funds currently invested in the Balanced Option will remain 50% in the Principal Protection Fund and 50% in the Total Stock Market Index Fund (Institutional Shares). If an account owner does not specify different funds and/or percentages, new deposits will be allocated according to the last deposit investment instructions.

The existing Age-Based Option will be renamed the Moderate Track Age-Based Fund and two more-aggressive fund tracks for age-based investments will be added. In addition, four new funds will be offered—a small-cap equity fund (invested in small-capitalized companies), a mid-cap equity fund (invested in medium-capitalized companies), a large-cap fund of predominately U.S. large-cap stocks diversified across growth and value styles (invested in companies with capitalization of at least \$5 billion), and the Total World Stock Fund, which is a broad exposure across developed and emerging equity markets around the world, including the U.S. The current Total Stock Market Index Fund (Institutional Shares) and the Total International Stock Index Fund will be retained.

Account owners will continue to have a choice over investment of new deposits. Account owners can invest new deposits in one, several, or all of the funds, provided the percentages are in whole digits and the total of all percentages equal 100%. The United States Congress has limited changes of investments for existing deposits to one time per calendar year. However, account owners may only re-allocate existing investments once during the same calendar year, but account owners may select new or different funds and percentages with each new deposit.

Before making any changes in investment strategies, account owners should read and understand the risks associated with each of the new age-based tracks and investment funds. A new START Disclosure Booklet will be available at <http://www.startsaving.la.gov> no later than Dec. 15, 2010, with a comprehensive discussion of all the funds included in the START Saving Program. As always, account owners are encouraged to discuss their financial issues and investments with their financial advisor.

## Changes to Qualified Higher Education Expenses

Beginning January 1, 2011, computer technology and equipment will no longer be considered a Qualified Higher Education Expense, unless the school certifies the equipment is required for enrollment or attendance. START account funds may no longer be used to purchase such equipment.

START funds may be used to purchase:

- ▶ Tuition
- ▶ Fees
- ▶ Books
- ▶ Supplies
- ▶ Equipment
- ▶ Room and Board (if the student is attending on at least a half-time basis)
- ▶ Expenses for "special needs"



### Earl E. START at Baby Grand

Earl E. START, LOSFA spokes-pig, is always a hit with children and it was no different when he appeared at Woman's Hospital in Baton Rouge for the Baby Grand event.

At Baby Grand, an event for expectant parents, LOSFA's Financial Literacy and Development representatives gave out 350 START brochures and talked to approximately 600 people about saving for their children's education.

LOSFA and Woman's Hospital recently entered into a partnership, wherein the hospital provides information on the START Saving program to the parents of children born in the hospital.



For more information, contact the  
START Saving Program:

By Phone: 800-259-5626, Ext. 1012

By E-mail: [start@startsaving.la.gov](mailto:start@startsaving.la.gov)

By Mail: P.O. Box 91271, Baton Rouge, LA 70821-9271

Web Address: [www.startsaving.la.gov](http://www.startsaving.la.gov)

For submissions, opinions or comments for STARTing Line, please  
contact David Roberts at [droberts@osfa.la.gov](mailto:droberts@osfa.la.gov).