



L O S F A



STARTing LINE

4th Quarter 2011

Volume 4-4

START deposit deadline approaching

The deadline for receipt of START Saving account deposits to be eligible for exclusion from income reported on 2011 Louisiana state tax return is 3:00 p.m. CST on Thursday, December 29. Deposits must be **received, not simply postmarked**, by the START Saving program by that date. Deposits not received by December 29 may not be deducted until your tax return for 2012 is filed. **You do not have until April 15 to deposit to your account and still deduct it from your 2011 state income taxes.**

Should you wish to open a new account for a new beneficiary and take advantage of the 2011 state tax incentives, new applications with deposits must be submitted prior to 3:00 p.m. on December 29 in order to be processed timely. Deposits should 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 for mail time since deposits **must be received and not simply postmarked**.
- ▶ Overnight delivery addressed to 602 North Fifth Street, Baton Rouge, LA 70802.
- ▶ In-person START deposits can be made in the Mobile/Manchac Room on the first floor of the Galvez Building (602 North Fifth Street, Baton Rouge, LA 70802) from 8:30 a.m. until 3:00 p.m. Tuesday, December 27 through Thursday, December 29. Parking is available in the Galvez Parking Garage on North Street and parking can be validated by the Galvez Building Security guard on duty.

On or before the third week of January, START account owners will be mailed a notification of total deposits made in 2011 to be used for state income tax return filing purposes.

Should you have any questions or need assistance, please call us at (800)-259-5626 ext. 1012 or (225) 219-1012.

START to begin accepting online deposits

Starting this month, LOSFA will begin accepting online payments for START account deposits. Account owners will receive notification when this option is available.

When the option is available, account owners will be able to log into their START account and select the account(s) into which they want to make a deposit. Account owners will be able to select the online deposit option from the menu and indicate the amount they wish to deposit.

One deposit can be distributed among a maximum of five accounts. If an account owner has more than five accounts, he or she will have to log back into his or her START account and select the additional accounts in a second transaction.

When online payment is selected, the account owner will be transferred to a secure Web site operated by First Data Corporation, PayPoint. This organization was contracted by the state to support online payments.

On the PayPoint site, the account owner will see the LOSFA logo, the START title, a listing of a maximum of 5 accounts with the amount selected for deposit, and two payment options. The account owner can select to pay by electronic check or by credit card. The credit cards accepted include Mastercard, American Express and Discover. Visa will not be accepted at this time due to company restrictions on charging convenience fees that make recoupment of the transaction costs difficult to achieve.

The account owner will enter his or her financial data on the PayPoint secure Web site to complete the deposit transaction. LOSFA will not receive any credit card or checking account financial information from First Data.

A convenience fee will be charged to use the online payment process to cover the transaction costs and thus keep the START Savings Program free of administrative fees. The fee will be in addition to the amount of the deposit(s). The fee will be displayed prior to the account holder's final authorization of the payment.

WARNING: Outside Entities Now Claiming to Accept START Deposits

If you've been scanning the Internet and have come across sites such as GiftofCollege.com, FreshmanFund.com or Gradsave.com, be warned -- the sites are not authorized to accept deposits for the START Saving Program.

Some of these sites claim to collect money from credit cards and deposit those funds into 529 plans for its members. One or more of the sites states that anyone can donate via the site, for a fee.

The College Savings Plans Network (CSPN), an affiliate of the National Association of State Treasurers, has sent a cease and desist letter to the GiftofCollege.com site asking it to stop accepting contributions on behalf of any 529 Plan account. CSPN is now considering whether to send such a letter to the FreshmanFund.com and Gradsave.com sites, and others like them, in the near future.

According to CSPN's letter to GiftofCollege, "To our knowledge, none of the 529 Plans listed on your Web site has authorized Gift of College, Inc., to accept contributions or solicit investments in 529 Plan products."

GiftofCollege, FreshmanFund and Gradsave are not authorized to accept deposits for the START Saving Program. START does not guarantee that money charged to the account owner's credit cards by these sites will actually be deposited into START accounts.

Further, LOSFA charges no fee to make deposits into a START Saving account. Deposits may be mailed directly to the program administrator at:

Louisiana START Saving Program
P.O. Box 91271
Baton Rouge, Louisiana 70821-9271

Deposits may also be made by electronic funds transfer from your personal savings or checking account or by employer deductions from your paycheck.

The START Saving Program advises current and prospective account owners to be wary of any charges related to deposits to START Saving Program accounts. Before you send money to one of these businesses, we urge you to contact the START Saving Program directly for your no fee deposit options.

Contact START Saving Program staff by phone at (800) 259-5626, ext. 1012, or by e-mail at start@startsaving.la.gov.

START Age-Based Tracks expense ratio reduced

Vanguard has announced good news for START account owners who are or who will be invested in any of START's Age-Based Tracks. The expense ratio for all four of the underlying funds (LifeStrategy) has been reduced effective November 29, 2011. This is the annual management fee charged by Vanguard for investments of these funds. The rates have been reduced as follows:

- ▶ **LifeStrategy Growth Fund (VASGX)** from 23 basis points to 17 basis points. (The annual fee on a \$10,000 investment will be \$17.00 instead of the previous fee of \$23.)
- ▶ **LifeStrategy Moderate Growth (VSMGX)** from 23 basis points to 16 basis points. (The annual fee on a \$10,000 investment will be \$16.00 instead of the previous fee of \$23.)
- ▶ **LifeStrategy Conservative Growth (VSCGX)** from 24 basis points to 15 basis points. (The annual fee on a \$10,000 investment in this fund will be \$15.00 instead of the \$24 fee previously charged.)
- ▶ **LifeStrategy Income Fund (VASIX)** from 23 basis points to 13 basis points. (The annual fee on a \$10,000 investment will be \$13.00 instead of the previous fee of \$23.)

Investment choice on existing funds may be changed once each calendar year. Changes made in December 2011 will be eligible for another change beginning January 1, 2012.

Be someone's hero this holiday season

Create a **START Hero** account

Have you ever wanted to help out a child in need of educational funding, but didn't know how? The START Hero Account could be just what you've been looking for.

The HERO account was created to provide access to education beyond high school to students who would otherwise not be able to afford it. You or your organization can assist with college expenses when financial aid may not be sufficient to keep up with escalating higher education costs to allow a promising student to compete in today's global economy.

Any person, legal entity or government entity can open a HERO account. You may choose the beneficiary or the Louisiana Tuition Trust Authority can choose one for you.

Students eligible to be beneficiaries of a HERO account:

- ▶ Have a family Federal Adjusted Gross Income of less than \$30,000 or the beneficiary is eligible for free lunch under the Richard B. Russell National School Act (42 U.S.C. 1751 et seq);
- ▶ Must not be a member of the account owner's family nor a member of the family of any member or employee of LATTA or LOSFA; and
- ▶ Must be a resident of the state of Louisiana.

The HERO account also provides multiple benefits to the account owner. Those benefits include:

- ▶ **Tax Savings.** Unlike regular START accounts, HERO account owners may exclude twice their annual contribution, up to a maximum of \$4,800 per account per year, from income reported on their Louisiana Income Taxes.
- ▶ No fees to participate.
- ▶ Earnings are exempt from state and federal taxes when used for Qualified Higher Education Expenses.
- ▶ The state of Louisiana will match up to 14% of your annual deposits based on beneficiary's family income.

Interested? For assistance in opening a HERO account, please call 1-800-259-5626, ext. 1012.





LOSFA's Social Media



<http://www.facebook.com/LOSFA>



<http://www.twitter.com/LOSFA>



<http://www.youtube.com/LOSFA1000>



www.Flickr.com/LOSFA



For more information, contact the
START Saving Program:

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

By E-mail: start@startsaving.la.gov

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

Web Address: www.startsaving.la.gov

For submissions, opinions or comments for STARTing Line, please
contact David Roberts at droberts@osfa.la.gov.