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Indiana's CollegeChoice 529 Savings Plans Launch New Savings Portfolio

FDIC-insured portfolio for direct and advisor-sold plans

INDIANAPOLIS (July 20, 2010) Indiana State Treasurer Richard Mourdock and the Indiana Education Savings Authority today announced the launch of the Savings Portfolio, an FDIC-insured portfolio within the state's CollegeChoice 529 Direct Savings Plan and CollegeChoice Advisor 529 Savings Plan (collectively, the "Plans").

The Savings Portfolio provides a new alternative for account owners seeking a conservative strategy as part of their college savings plan. This professionally managed portfolio joins the Plans' existing investment options, including age-based and individual portfolios.

"Saving for higher education requires that different options are available for every family and every situation," stated Treasurer Mourdock. "Offering an FDIC-insured portfolio within CollegeChoice has been a long-term goal, and we are excited to be able to offer one with FDIC insurance."

The Savings Portfolio invests in the Sallie Mae High-Yield Savings Account, offered by Sallie Mae Bank, with contributions up to \$250,000 per account owner insured by the FDIC.*

While annual percentage yields (APY) change over time, current APYs for the Savings Portfolios stand at 1.11% for CollegeChoice 529 Direct Savings Plan and 1.05% for CollegeChoice Advisor 529 Savings Plan.

Both Plans offer a low annual asset-based fee, tax-advantaged investing, and a special tax credit for Indiana taxpayers.** Investments in the Plans grow tax deferred, and there is no federal or Indiana state tax on withdrawals for qualified higher education expenses.*** Families can use their account assets to pay for tuition, fees, books, and certain room and board expenses at any eligible two- or four-year college, vocational/technical school, or graduate school in the country, not only in Indiana.

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* The Savings Portfolio invests all of its assets in the Sallie Mae High-Yield Savings Account. The High Yield Savings Account is held in an omnibus savings account insured by the FDIC, which is held in trust by the Indiana Education Savings Authority at Sallie Mae Bank. Contributions to and earnings on the investments in the Savings Portfolio are insured by the FDIC on a pass-through basis to each account owner up to the maximum amount set by federal law — currently \$250,000 through December 31, 2013, and \$100,000 thereafter. The amount of FDIC insurance provided to an account owner is based on the total of: (a) the value of an account owner's investment in the Savings Portfolio; and (b) the value of all other accounts held by the account owner at Sallie Mae Bank, as determined by Sallie Mae Bank and FDIC regulations.

** This credit may be subject to recapture from the account owner (not the contributor) in certain circumstances, such as a rollover to another state's qualified tuition program or a non-qualified withdrawal.

*** Earnings on non-qualified withdrawals are subject to federal income tax and may be subject to a 10% federal penalty tax, as well as state and local income taxes. The availability of tax or other benefits may be contingent on meeting other requirements.