

State of Connecticut

DENISE L. NAPPIER
TREASURER



Hartford

February 27, 2015

The Honorable Richard Blumenthal
U.S. Senate
724 Hart Senate Office Building
Washington, DC, 20510

The Honorable Chris Murphy
U.S. Senate
303 Hart Senate Office Building
Washington, DC 20510

Dear Senators ^{Dick} Blumenthal and Murphy:

This week, the U.S. House of Representatives passed H.R. 529, *To amend the Internal Revenue Code of 1986 to improve 529 plans*. As Treasurer of the State of Connecticut, I serve as trustee of our state's 529 college savings plan, the Connecticut Higher Education Trust ("CHET"). I write to urge your active support for Senate Bill 335, *To Amend the Internal Revenue Code of 1986 to improve 529 plans*, which is currently pending before the Committee on Finance.

In 1996, CHET began offering families a flexible, low-cost investment vehicle to help meet the costs of higher education. We can all be proud that over the past 18 years the program has steadily grown and is a success story. We currently manage more than \$2.5 billion in assets held by some 110,000 account owners.

S.335 will promote college savings and provide much needed relief for families struggling to provide an education for their children. First, this legislation includes the provision to make computers an eligible expense. In today's high tech world, it is hard to understand why electronic devices such as computers are not considered qualified higher education expenses. As more and more classes begin using e-books and cloud-based learning programs, it is clear that computers, tablets and mobile devices are at the heart of today's college learning environment.

Second, this proposal will allow 529 plan distributions to be re-deposited into an account within 60 days without a tax penalty if students experience serious illness or sudden life circumstances that require them to take leave from their studies. There is no doubt that this is the right thing to do, as families save for years to put their children through college and should not be penalized for life events that are beyond their control.

Lastly, this legislative proposal calls for accounting updates that eliminate unnecessary paperwork for 529 plan administrators. Anytime excessive operational procedures can be reduced, the efficiencies gained help reduce costs that can hopefully be passed along to customers, or in our case, to families looking to save for their children's future.

The Honorable Richard Blumenthal
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Page Two

Making these improvements to 529 plans so that more families see the benefits of saving will only help the overall health and well-being of our country over the long-haul. This year student loan debt reached an all-time high of \$1.3 trillion in our country, with the 2014 graduating class finishing college with an average for \$30,000 in loans.

On the flip side, 12 million Americans have approximately \$250 billion saved in 529 plans; less than a quarter the amount of student loan debt in our country. It is the goal of all state 529 plans to reverse this trend and to someday have college savings out-pace student loan debt. We should continue to improve 529 plans by offering more incentives for families to save.

Moving this legislation forward is sound and sensible. These common sense enhancements serve as part of a comprehensive plan to ensure students have the tools and resources they need to succeed both in and out of the classroom. I hope you agree and will support the passage of S. 335. If you have any questions or need further information, please feel free to call me or Laura Jordan at (860)-702-3163.

Sincerely,



Denise L. Nappier
State Treasurer

