COLLEGE SAVINGS ACCOUNTS

Research has shown that children with a savings account in their name dedicated for college are 7x more likely to attend college than children without savings.

1 Kids enroll.
   Elementary school automatically enrolls all kindergartners in savings program.

2 Accounts are set up.
   Financial institution holds accounts.

3 Accounts grow. Financial education provided.
   Family makes deposits into account.
   Government provides initial seed deposit.
   Private philanthropy matches families’ deposits and/or rewards achievements of milestones.
   Interest compounds over 13 years
   K-12 school integrates age-appropriate financial education into curriculum. Financial education offered to parents.

4 Student uses funds for higher education expenses.
   Student uses funds for higher education expenses.

Minnesota Asset Building Coalition | For more information, contact Dave Snyder at dsnyder@mnlsp.org
Incentives to Encourage Residents to Save in the Minnesota College Savings Plan

1. **Minnesota could match individual contributions made to 529 accounts.** Minnesota used to have a matching grant incentive. Before 2011, a 15% or 10% matching grant of up to $400 per year was available to Minnesota residents depending on their income. Unfortunately, Minnesota eliminated its matching grant incentive as part of a budget compromise in July 2011.

2. **Minnesota could seed 529 accounts with an initial deposit.** For example, the state of Maine makes a one-time $500 grant available to all Maine babies to start a 529 account, regardless of the family's income.

3. **Minnesota could eliminate minimum deposit requirements.** Currently, the Minnesota College Savings Plan requires either a $25 or $15 contribution, depending on how the deposit is made.

---

*Answers to these questions are taken from the Minnesota College Savings Plan website: [www.mnsaves.org](http://www.mnsaves.org).*