



Michigan Education Savings Program

## College Savings Made Easy



**Enrollment Kit**

Michigan's direct-sold 529 College Savings Program  
Administered by the Michigan Department of Treasury



## Michigan Education Savings Program

### What is a 529 College Savings Plan?

In the same way a 401(k) offers tax advantages to help you save for retirement, a 529 plan helps you save for higher education expenses. Section 529 refers to the federal tax code allowing states to sponsor tax-favored higher education savings programs to help families save for college more easily and achieve their higher education savings goals.

### What is the Michigan Education Savings Program (MESP)?

MESP is Michigan's direct-sold Section 529 college savings plan that is administered by the Michigan Department of Treasury and managed by TIAA-CREF Tuition Financing, Inc., a leading program manager of 529 college savings plans. Low fees, a choice of Investment Options and state income tax benefits make MESP one of the most competitive plans in the nation. Michigan's 529 plans are the only plans that offer Michigan taxpayers a state income tax deduction on contributions.

## You can get there. We can help.

Saving for higher education is an investment in your loved one's future. Even with the rising cost of tuition and the burden of student debt, college graduates earn significantly more than those with only a high school diploma, especially over the long term.

Having a college degree makes a difference when it comes to employment and wages. The more you learn, the more you earn. Today's college graduates earn nearly \$25,000 more per year, and are less than half as likely to be unemployed as those with only a high school diploma.\*

The reasons for college are clear, but finding a way to pay for it may not be. The Michigan Education Savings Program (MESP) can help you begin a savings strategy to help pay for college. MESP offers affordable, tax-advantaged ways to save, and can help offset the costs of tuition and avoid burdensome student debt.

This informational kit from MESP is a resource to help you understand how 529 college savings plans work and how MESP can help you save for a child's education and invest in their future.

\*Source: US Bureau of Labor Statistics data for 2018; Published September 4, 2019. <https://www.bls.gov/emp/chart-unemployment-earnings-education.html>

### FACTS ABOUT MESP



Anyone, not just a child's parents, may open or contribute to an MESP account – even out-of-state family and friends.



Michigan taxpayers may be eligible for a Michigan income tax deduction on program contributions. See the Tax Advantages section on the next page.



MESP funds may be used at universities, colleges, trade schools, graduate programs and certificate programs.



Funds may be used at schools across the country and even some abroad.



Use funds for tuition, books, certain room & board expenses, computers, tablets and other expenses.



Contribute whenever you want – birthdays, graduations, holidays or just because – in whatever amount you want, starting at \$25 (\$15 per pay cycle with payroll direct deposit).



Build savings by establishing recurring contributions through your bank account or payroll direct deposit.



Opening an account takes about 15 minutes at [MIsaves.com](https://MIsaves.com)

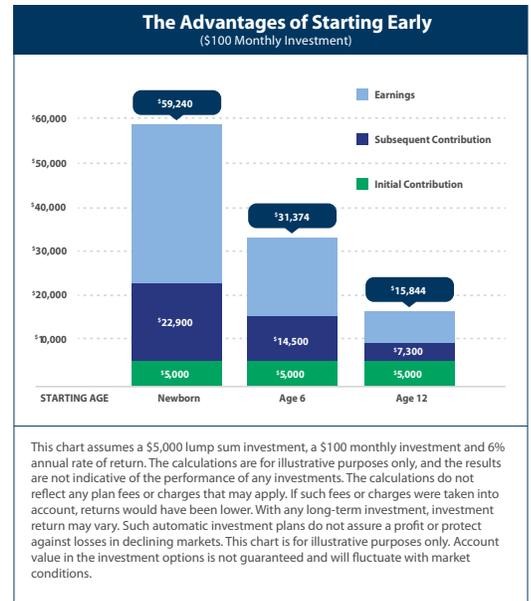
# Start saving **now** so your money can **grow**.

## Saving Adds Up Over Time

When you save with MESP, any interest earned on your account may grow free from state and federal taxes. Conversely, if you borrow funds to pay for college, interest on the loan increases the amount you need to repay.

## Start Early to Save More

Time is one of your most valuable assets when it comes to saving for college. The sooner you start, the more you can save. But don't worry – it's never too late to start. Even if you start saving when your child is in middle or high school, having some money set aside can help reduce their need to borrow.



## Getting Started

Saving for higher education with an MESP account only takes three simple steps:

- 1** Open an account at [MIsaves.com](https://MIsaves.com)
- 2** Choose an Investment option that fits your needs
- 3** Contribute to your account regularly

### What you'll need

You will need the following information for both the **Account Owner** (you) and the **Beneficiary** (the person you are saving for):

- Date of birth
- Social Security number
- Street Address (not PO Box)

## STATE & FEDERAL TAX ADVANTAGES

### Tax Free Earnings

Any earnings you acquire have the opportunity to grow tax-free. When used for qualified higher education expenses, you can withdraw funds free from state and federal taxes.

### Michigan Tax Deductions

Michigan taxpayers who contribute to an MESP account may be eligible for a Michigan state income tax deduction. Contributions up to \$10,000 for married couples filing jointly or \$5,000 for individual filers are eligible for the deduction on the current year's tax return. Limitations apply<sup>1</sup>.



# Frequently Asked Questions

## Can I change recipients?

Yes! As long as the new person you choose as a beneficiary is an eligible family member you can change beneficiaries or transfer funds to a different recipient.

## What if my child doesn't go to college?

You have three options:

1. Keep funds in your account and use them if your child decides to go to college at a later time.
2. Change the beneficiary to another eligible family member. Be sure to check with your tax advisor.
3. Make a non-qualified withdrawal. Earnings will be subject to federal income tax, state income tax and the 10% federal penalty tax.

## What if my child gets a scholarship?

If the beneficiary receives a scholarship that covers the cost of qualified higher education expenses, you can withdraw up to the scholarship amount free from the 10% additional federal penalty tax. The earnings portion of the withdrawal is subject to federal and Michigan income tax.

## If I move out of state, what happens with my account?

If you choose, you can keep your money in your MESP account and continue to contribute to it. Before you invest in another plan, consider whether the state in which you or your beneficiary reside has a 529 plan with favorable tax or other benefits.

## I have another 529 plan. Can I roll it into my MESP account?

Yes. You can transfer funds for the same beneficiary every 12 months without triggering tax consequences. Check with your tax advisor or your other 529 plan provider for information before you request a rollover.

## How do I make withdrawals?

You can withdraw funds online, complete a Withdrawal Request Form or call 1-877-861-6377.



Michigan Education Savings Program

**1-877-861-MESP | MIsaves.com**

Program Administrator, Michigan Department of Treasury.

<sup>1</sup>To learn more about the Michigan Education Savings Program, its investment objectives, tax benefits, risks and costs, please see the Program Description at [MIsaves.com](http://MIsaves.com). Read it carefully. Investments in the Program are neither insured nor guaranteed and there is the risk of investment loss.

Check with your home state to learn if it offers tax or other benefits such as financial aid, scholarship funds or protection from creditors for investing in its own 529 plan. Consult your legal or tax professional for tax advice. If the funds aren't used for qualified higher education expenses, a 10% penalty tax on earnings (as well as federal and state income taxes) may apply.



TIAA-CREF Individual & Institutional Services, LLC, Member FINRA, distributor and underwriter for the Michigan Education Savings Program.