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Louisiana's START K12 Savings Plan Launched

Baton Rouge – Louisiana State Representative Franklin Foil, the Louisiana Tuition Trust Authority (LATTA) and the Louisiana Office of Student Financial Assistance (LOSFA) announced that the START K12 Saving Program is now up and running and accepting new accounts and deposits.

The Louisiana START K12 Program was created by the Louisiana Legislature, through adoption of Act 687 of the 2018 Regular Session, to implement the Tax Cuts and Jobs Act of 2017, which allows Internal Revenue Code Section 529 college savings account funds to be used for tuition expenses related to a beneficiary's enrollment in kindergarten through twelfth grade.

"If you have a child that attends a private school or a school that charges tuition, you can use the money to pay for tuition and can receive tax benefits for putting money into that plan," said Representative Franklin Foil who helped pass the legislation. "The beauty of this K12 saving plan is, when your child goes to college you can also roll it back to the traditional START saving plan."

The START K12 Program treats Deposits in a tax-favored manner under the provisions of IRC Section 529. Any earnings on deposits are exempt from federal tax when used to pay for Qualified Education Expenses. However, earnings on deposits are not exempt from state tax.

"Louisiana families work hard to provide the best for their children, and for many, that means paying for private school," said State Treasurer John M. Schroder, Sr. "This can get very expensive, so every little bit helps. We've seen tremendous success with participation in the START college savings program and look forward to parents taking advantage of the new K12 option."

START K12 withdrawals are limited to a maximum of \$10,000 per year and may be used for K12 tuition expenses only.

Please note that funds from a START Saving Program account cannot be rolled over into a START K12 Program account; however, any funds remaining in a START K12 Program account when the designated beneficiary completes high school can be rolled over to a START Saving Program account to be used for the designated beneficiary's qualified higher education expenses.

“Establishing an educational savings account sends a strong signal to students that school success matters and college attendance is on their horizon,” said Commissioner of Higher Education Dr. Kim Hunter Reed. “We see great value in being able to easily roll over excess funds in a START K12 account to make college more affordable.”

Both federal and state tax law benefits are available for an Account Owner who opens a START K12 account, including: federal tax deferral for earnings on deposits; a limited federal tax deduction for the payment of tuition and related expenses; and earnings are state and federal tax-free when used toward Qualified Education Expenses.

Any earnings on deposits are tax-deferred, which means your START K12 account assets grow free of current federal income tax and will not be included in taxable income when withdrawn for payment of Qualified Education Expenses.

All deposits to a START K12 account are voluntary. An Account Owner may choose among five START K12 Program investment options selected by the State Treasurer. Moneys deposited are invested by the State Treasurer in one or more funds managed by The Vanguard Group. As a START K12 Account Owner, you will own an interest in the START K12 Program, but you will not own shares of the underlying Vanguard funds.

A START K12 account may be opened by an individual, a Legal Entity, or a custodian who meets the following requirements:

- Both the Account Owner and the Beneficiary are U.S. citizens, are permanent residents of the United States, or are lawfully residing in the United States and have a valid social security number.
- Either the Account Owner or the Beneficiary must be a Louisiana Resident.
- Individual Account Owners must be at least eighteen (18) years old at the time the START K12 account is opened.
- An authorized representative of a legal entity must open a START K12 account in the name of the legal entity.
- Custodians for minors under the Uniform Transfers to Minors Act (UTMA) and custodians of minors appointed by courts of competent jurisdiction may open START K12 accounts in the name of the minor.

To open a START K12 account, visit www.startsaving.la.gov, the new website for the original START College Saving Program and the START K12 program. For more information, contact START K12 by telephone at 800-259-5626 or START@osfa.la.gov via email.

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