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SIA Urges Wisconsin Legislators to Adopt AB 667

- College is an increasingly expensive endeavor for most American families, requiring substantial advance financial planning.
- Kiplinger, Savingforcollege.com, and a host of other entities currently consider 529 plans to be the best place to invest college savings.
- A major reason why 529 plans are so attractive is that the Economic Growth and Tax Relief Reconciliation Act (EGTRRA), a federal tax law that took effect in 2002, makes earnings on 529 plans tax-free. Other college investment options, such as stocks or mutual funds, would tax earnings at the investor's rate.
- Wisconsin currently offers an additional tax incentive to residents who participate in the EdVest College Savings Program. Residents receive a state tax deduction of up to \$3,000 per dependent beneficiary or per grandchild per year for contributions to this plan only.
- SIA strongly supports AB 667, which extends the up front state tax deduction to any qualified 529 plan.
 - AB 667 provides more consumer choice. Investors should look at factors such as investment options, risk, manager reputation, expense ratio and sales load when selecting a 529 plan. However, when one 529 plan receives preferential tax treatment, families often use that treatment as the sole or primary basis for plan selection. By giving all qualified 529 plans equal tax treatment, AB 667 allows Wisconsin consumers to choose a plan that best fits their needs.
 - AB 667 encourages competition among plans. By leveling the tax playing field, AB 667 forces plans to compete for business based on factors such as plan performance, customer service, and fees. Increased competition should result in even better 529 products for consumers.
 - AB 667 allows consumers to obtain college savings advice from trusted investment professionals. Because these investment professionals are familiar with a family's entire investment portfolio, they are in a unique position to help Wisconsin residents select the 529 plan that is best suited for them. Extending equal tax treatment to all 529 plans allows Wisconsin residents to continue working with a trusted adviser and allows that adviser to explore numerous options before making investment recommendations.
 - Proprietary state tax advantages are inconsistent with plan portability. Qualified tuition plans were designed to be a flexible and portable investment option. AB 667 leads the way for other states to eliminate preferential tax treatment for specific plans.