

FOR IMMEDIATE RELEASE

North Carolinians to Have More College Savings Options in 529 Plan

To meet the needs of North Carolinians wanting more investment options as they save for college, the North Carolina State Education Assistance Authority (NCSEAA) today announced the creation of North Carolina's National College Savings Program.

The program will ultimately contain five investment options with varying degrees of risk, according to Steven E. Brooks, NCSEAA executive director. New investment options planned include a life cycle fund, a balanced fund, a protected stock fund, and an aggressive stock fund. These options, with multiple investment managers, will complement the College Vision Fund, an income fund invested by the State Treasurer. The College Vision Fund investment option will be renamed the “Dependable Income Fund” and made a part of the new program. North Carolina's National College Savings Program will be administered by College Foundation, Inc., as agent of the NCSEAA, and will be publicized through College Foundation of North Carolina as part of the information service that helps North Carolinians plan for, apply to, and pay for college.

“This plan will have something for every investor, relative to their stage in life, their risk tolerance and their overall savings goals,” Brooks said. “We are appreciative of the General Assembly’s foresight in making this expansion of the state's current college savings program possible. With the creation of the multiple investment options and the removal of stipulations such as the residency restriction, this savings plan should be a part of every family’s savings portfolio.”

(more)

The first of the new investment options to roll out this year will be the *CollegeHorizonFunds*, a flexible lifecycle fund managed by J. & W. Seligman & Company, Inc. Based in New York City, Seligman is an investment manager and advisor with \$28 billion in assets under management as of August 31, 2001. As well as providing management and advisory services to institutional clients, the firm provides a broad array of investments to individuals including the US-based Seligman Group of Funds with more than 50 portfolios and a range of retirement services.

The *CollegeHorizonFunds* investment option includes 22 distinct portfolios designed to help North Carolinians meet higher education expenses by diversifying investments while managing risk. Each of the Funds' 22 portfolios offers strategic asset allocations based upon investor time frames. The Funds seek to reduce volatility as college draws nearer by reallocating assets each year to historically less volatile investments.

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“We had proposals from a number of firms, but none combined Seligman’s disciplined investment styles, broad diversification, effective risk management, and distribution capabilities. We are excited about the *CollegeHorizonFunds* investment strategy, which builds upon Seligman’s excellent Time Horizon Matrix and designs a

fund specifically for the purpose of college savings. Other investment options will be available as additional contracts with investment managers are signed,” Brooks said.

Due to recent changes in federal law, current participants in the state’s original college savings program, College Vision Fund, will be able to redirect their investments into the new savings plan. The Internal Revenue Service now permits investment selections in a 529 college savings account to be changed annually, or at any time when the account’s designated beneficiary is changed. Before this announcement, investors were unable to make changes in their investment choice unless they went through a complicated rollover process. The new policy allows investors to change investment options once per calendar year without changing beneficiaries.

"These changes in tax law and in North Carolina's college savings program give families in our state a tremendous boost as they save for college. Now, college is more possible than ever before for North Carolina families," Brooks said.

To be placed on a mailing list for more information on the options once they become available, families may call toll-free (800) 600-3453 and speak to a CFNC college financing specialist.

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