

# STARTing Line



Volume III Issue 2 3rd Quarter 2000

News about the Student Tuition Assistance Revenue Trust (START) program, Louisiana's tax-advantaged college savings program

## Lawmakers enhance benefits by raising state TAGs, deductions

**D**uring the recent second extraordinary legislative session, Louisiana lawmakers passed SB81 which raised the rate at which the state matches contributions to START accounts for certain income categories.

Another feature of the same legislation, authored by Sen. Jerry Thomas, R-Franklinton, now allows account owners to deduct from taxable income reported to the state the money deposited in START accounts, up to \$2,400 annually for each account.

The changes are aimed at boosting participation in the college savings program among parents, grandparents and legal guardians. To date, 2,500 investors have put aside about \$3.5 million in the state-run savings plan which began in 1997 – a small number of participants when compared with the more than 30,000 college students currently participating in the state-funded Tuition Opportunity Program for Students (TOPS).

However, students who receive TOPS – the state's premier college scholarship award – have many other college expenses to consider beyond tuition, according to Jack Guinn, executive director of the Louisiana Office of Student Financial

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**– Jack Guinn, executive director, LOSFA**

Assistance (LOSFA). And students who don't qualify for TOPS are going to need even more financial planning and help, he added.

Guinn noted that many families mistakenly assume that TOPS scholarships cover all college expenses. “But it doesn't cover such things as books, room and board, transportation and supplies,” he said.

“TOPS pays about one-third of the cost of attending school for a student who is going to room on campus,” Guinn said. “The family has to come up with the balance by some other means. The best course is long-term savings.”

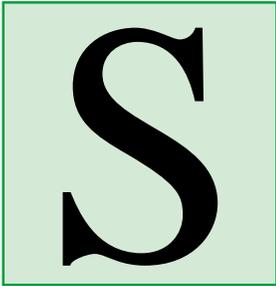
Under the Louisiana savings program, an individual's contributions to a START account are held by the state treasurer who invests the money. The earnings from the treasurer's investments are funneled back into the account and are bolstered by the addition of TAG's to qualifying accounts.

The additional contribution of “free money,” in the form of TAGs, is an added perk of saving with the state and is based on the owner's federally adjusted gross income. Beginning Jan. 1, 2001, owners from the lowest income levels will receive the state's highest matching rate for TAG's, with account holders in the below \$30,000 bracket getting 14 percent of their investment matched each year. As owner income rises, TAG percentage rates drop steadily until they are capped at 2 percent for those making \$100,000 or more per year.

Provided the money is used for college expenses, investment earnings on START accounts are exempt from state income tax and also qualify for certain federal tax benefits.

To find out more about START, call LOSFA at (800) 259-5626, Ext. 1012, or visit the START link on the LOSFA Web site at [www.osfa.state.la.us](http://www.osfa.state.la.us).

# START focus of statewide press tour



tate Treasurer John Kennedy joined forces with the Louisiana Office of Student Financial Assistance (LOSFA) in stumping across the state during a week-long press tour aimed at promoting recent improvements to the START program.

Kennedy spearheaded an entourage in which he was joined in whole or part by LOSFA Executive Director Jack Guinn; Sen. Jerry Thomas; Rep. Warren Trish Jr.; advertising executive Charlie East of Baton Rouge and LOSFA Director of Public Information and Communications Gus Wales.

The tour visited eight regional educational centers throughout the state during the second week in June.

Local media mingled with university officials at press conferences which were held at Delgado Community College in New Orleans, Nicholls State University in Thibodaux, Louisiana State University (LSU)-Baton Rouge, University of Louisiana at Lafayette, McNeese State University in Lake Charles, LSU-Alexandria, Bossier Parish Community College in Bossier City and University of Louisiana at Monroe.

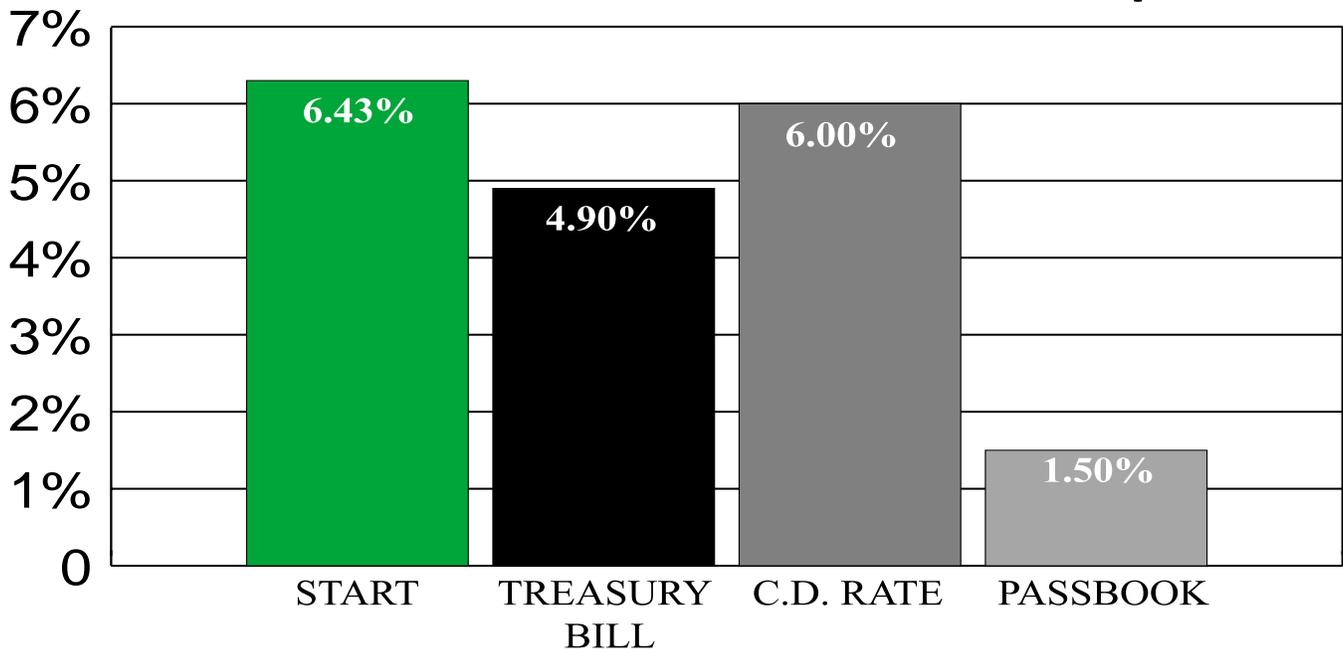
During the tour, Kennedy reiterated President Clinton's recent statement that college graduates earn \$600,000 more in their career than a person with just a high school diploma.

In emphasizing the value of a college degree, Kennedy said, "Making provisions to pay for the costs of higher education is a necessary step. I hope that parents and grandparents will begin investing in their children and grandchildren's future."

Wales said the purpose of the tour was to jumpstart awareness among the public by informing the media of recent changes made to the college savings program which were contained in a bill authored by Sen. Thomas and enacted by the Louisiana Legislature. Changes in the plan include: the account owner's ability to deduct a portion of the money invested in START accounts from taxable income reported to the state; certain federal tax advantages; and matching contributions from the state (tuition assistance grants) now added to all accounts, with many income levels receiving higher matching rates than before.

"We received good media coverage," Wales said. Since the timing of the tour coincided with the launching of a new advertising campaign for the START program, the two mutually supported one another. The combined result was an increase in interest in the college savings program and a rise in new account openings."

## Second Quarter 2000 benchmark comparison



*This chart illustrates the degree to which START account earnings outperformed treasury bills, certificates of deposit and passbook savings during the second quarter of FY 2000. The START rate depicted does not reflect the total return to an account owner when TAG's and benefits of tax deferral are considered.*

# New START media campaign unveiled: includes television, radio, billboards

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ollowing a review of proposals submitted by advertising agencies from around the state, LOSFA and the Louisiana Tuition Trust Authority (LATTA)

selected East Advertising and Public Relations of Baton Rouge to create, produce and place a new START media ad campaign.

The campaign included three 30-second television commercials, three 30-second radio public service announcements and one outdoor painted billboard which was placed in each of the state's major markets.

The outdoor billboard space was donated by Lamar Advertising Co. of Baton Rouge, and each television commercial purchased was matched with at least one additional donated spot. Additionally, all participating radio stations donated air time for public service announcements.



*As part of the START media campaign, the above ad design was featured on billboards in each of the state's major markets, courtesy of Lamar Advertising Co.*

The campaign ran during the month of June with some carryover into July. LOSFA plans to budget another run next year, with expectations that future media placement will receive even more exposure.

The television commercials were shot on 16mm film by Baton Rouge-based Cool Blue Pictures under the direction of Brad Froman.

Post-production editing was handled at Baton Rouge-based Digital FX under the guidance of editor Ricardo Andrade. Post-production audio work for both television and radio

was produced and mixed at Baton Rouge-based Disk Productions by music producer Joey Decker.

The outdoor billboard was designed by Mike Meadows and photographed by David Humphries, both of Baton Rouge.

All aspects of the campaign were written and produced by Charlie East of East Advertising and Public Relations. LOSFA Director of Public Information and Communications Gus Wales served as executive producer.

## Fulco joins LOSFA as START director

Carol Fulco, a finance and investment professional with more than 30 years of experience in the banking industry, has been named division director of the START program at the Louisiana Office of Student Financial Assistance (LOSFA).

"We were very fortunate to find someone with Carol's background, which encompasses both private banking and state treasury experience. She will bring to this position the qualities needed for future growth," Melanie Amrhein, LOSFA assistant executive director of operations, said.

Fulco, who assumed directorship of the division Aug. 14, comes to LOSFA from Baton Rouge-based Commercial Capital Holding Corp., a commercial financing business. Previously, Fulco served as an investment officer with the state treasurer for two and one-half years.

"When I left the treasurer's office in December 1997, the START program was just beginning. I was fortunate to be on board when the treasurer received the first deposits from the program and to witness the initial investments. I am excited to have the opportunity to steward such an innovative and impor-

tant program for the families and students of Louisiana," Fulco said.

Fulco graduated from Louisiana State University in Baton Rouge with a degree in business administration. Following graduation, she completed graduate course work at the prestigious Banking School of the South.

She then worked at Baton Rouge Bank for 30 years, holding the positions of division manager in commercial lending and division manager of special assets. Baton Rouge Bank was purchased by Whitney Bank in 1994.

**NOTICE TO ACCOUNT OWNERS:**

**START account numbers are the Social Security Numbers of the account owner followed by a two-digit number assigned to the beneficiary. This account number — not the beneficiary's Social Security Number — must be recorded on all payments and correspondence concerning the account.**



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Visit START online at  
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