



# STARTING LINE

*News from START, Louisiana's tax-advantaged 529 college savings program*

## Holding period on equity deposits now three days

**T**he holding period has been reduced from five to three business days for START Saving Program deposits into investment options that include Variable Earnings and which are made by check or electronic funds transfer (EFT) through the Automated Clearing House (ACH) Network. These deposits will be assigned a Trade Date of three business days after the business day during which they were received.

In addition, deposits for investment options that include Variable Earnings and which are made via check or EFT through the ACH network will be deposited into the Variable Earnings Transaction Fund (VETF) until the Trade Date. Earnings accrued on these deposits prior to the Trade Date will be retained in the VETF.

Created by Act 279 of the 2006 Louisiana Legislature, the VETF is earmarked to cover any losses incurred as a result of dishonored deposits. Any surplus in the fund may be appropriated for Earnings Enhancements.

## START deposits pass \$100 million mark in 2006

**T**he Student Tuition Assistance and Revenue Trust (START) Saving Program, Louisiana's "529" college savings plan, recently passed \$100 million in deposits, hitting the milestone at the end of the first quarter of 2006.

"This milestone clearly demonstrates that START's value-added benefits have proved a winning combination for Louisiana families who choose to invest in their children's education," START Director Carol Fulco said.

The innovative college savings program was created by the Louisiana Legislature in 1995 and was first implemented in 1997, and qualifies under Section 529 of the Internal Revenue Code as a qualified college savings plan.

As such, earnings grow tax deferred and, when used to pay a beneficiary's qualified higher education expenses, are not taxed by the state or federal government.

Designed to help make education affordable for all Louisiana students, START allows account owners to save in a conservative, interest-bearing account managed by the Louisiana Treasurer or in several equity investment options managed by the Vanguard Group, Inc. Owners may also choose a combination of both.

START account owners who are Louisiana residents may deduct their deposits from the income reported on their Louisiana tax returns, up to \$2,400 per account per year, or \$4,800 per beneficiary for account owners who file jointly.

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# START investment options rate of return

## START SAVING PROGRAM Average Annual Returns 3/31/2006

	Vanguard Total Stock Market Index Institutional Shares Since Inception 7-7-97	Vanguard LifeStrategy Moderate Growth Portfolio Since Inception 9-30-94	Vanguard LifeStrategy Conservative Growth Portfolio Since Inception 9-30-94	Vanguard LifeStrategy Income Portfolio Since Inception 9-30-94
1 Year	14.56%	11.07%	8.22%	5.31%
3 Year	19.58%	14.88%	10.83%	6.99%
5 Year	5.90%	6.43%	5.80%	5.17%
10 Year	N/A	8.27%	7.64%	7.04%
Since Inception	6.53%	9.63%	8.79%	8.04%
Annual Total Return 2005	6.12%	5.69%	4.45%	3.23%

## Louisiana Principal Protection Option & Earnings Enhancement Fund Updated Annually As of 12/31/05

	Louisiana Principal Protection Since Inception 1997	Earnings Enhancement Fund* Since Inception 1997
1 Year	3.64%	4.92%
3 Year	4.56%	5.07%
5 Year	5.17%	5.50%
10 Year	N/A	N/A
Since Inception	5.60%	5.83%
Annual Total Return 2005	3.64%	4.92%

\*All Earnings Enhancements are invested in Louisiana Principal Protection and not at the option of the account owner.

**NOTE: Performance data shown represents past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate. Deposits to an investment option that include a Vanguard fund, when redeemed, may be worth more or less than their original cost.**

This chart provides a breakdown of the START Saving Program's annual investment returns for the four Vanguard equity options (which yield variable rates) as well as for the Louisiana Principal Protection option (which yields a fixed rate).

The Earnings Enhancement Fund exists solely for the purpose of investing state matching funds (Earnings Enhancements) into a separate, fixed-return fund.

For comparison purposes, the annual returns of the five START investment options, plus the Earnings Enhancement Fund, are indicated at the first, third, fifth and tenth years of the funds' operation.

The rate of return on variable interest funds (Vanguard option) is updated quarterly, while the rate of return on fixed interest funds (Louisiana Principal Protection option) is updated annually.

# Notes from the desk of Carol Fulco



START Director Carol Fulco (left) prepares notes and reminders for account owners in the first quarter of 2006, releasing the news that START has passed yet another success marker.

Fulco said, "In the first quarter of 2006, START passed the \$100 million mark in total deposits, demonstrating that Louisiana's 529 college savings plan continues its steady growth despite the impact of Hurricanes Katrina and Rita on our state last year."

 START account owners who participate in the BabyMint network should notify BabyMint that START no longer uses Social Security Numbers as account numbers. To notify BabyMint of your new account number, please contact BabyMint customer service by phone toll-free at 1-888-427-1099 or by email at [service@babymint.com](mailto:service@babymint.com).

 For the year ending Dec. 31, 2005, the Louisiana Education Tuition and Savings Fund earned an interest rate of 3.64 percent, and the Earnings Enhancements Fund earned an interest rate of 4.92 percent.

 Online investment option changes and/or disbursement requests made to a START account that are completed on a trade day prior to 7:00 p.m. Central Standard Time (or Central Daylight Savings Time) will be effective that same day.

 The minimum deposit allowable into a START account is now \$10, or any amount greater than \$10. (For example, \$10.84.)

 START Account Owners who move out of state can still retain their accounts and receive all of the program's benefits, including Earnings Enhancements and BabyMint membership.

"Even if account owners relocate to another state, they can continue to participate fully in the START Saving Program, which is one of the best 529 plans in the country in terms of cost and return on investments," said Jack Guinn, executive director of the Louisiana Office of Student Financial Assistance (LOSFA).

Out-of-state residents who are START account owners and who do not file a Louisiana Tax Return must mail a copy of their 2005 tax return to START at P.O. Box 91271, Baton Rouge, LA 70821-9271, since Earnings Enhancements for 2006 deposits will be based on income reported for the 2005 tax year.

## START deposits pass \$100 million

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Most accounts are eligible to receive Earnings Enhancements (EE), a contribution from the state that matches a percentage of annual deposits made by the account owner. The state match ranges from 2 to 14 percent, as determined by the account owner's prior year federal adjusted gross income.

Savings may be used to pay qualified expenses at any accredited college or university, in or out of state, at the Louisiana Technical College, and at state-approved proprietary schools eligible for federal financial aid programs. Currently, total assets of the program exceed \$106 million and represent 20,398 active accounts.

## NOTICE TO ACCOUNT OWNERS

In the interest of online security, Social Security Numbers are no longer used for START accounts. When a new application is received, the START programming system randomly generates an account number and assigns it to the owner. This account number — not the beneficiary's or owner's Social Security Number — must be recorded on all payments and correspondence concerning the account.

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## CONTACT START:

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P.O. Box 91271  
Baton Rouge, La 70821-9271



[start@osfa.state.la.us](mailto:start@osfa.state.la.us)



(800) 259-5626



[www.osfa.state.la.us](http://www.osfa.state.la.us)

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A green logo featuring a stylized piggy bank with radiating lines around it.