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Planning for College Costs is Possible - Message of College Savings Month

Florida Prepaid Demystifies Top College Savings Myths

TALLAHASSEE, Fla. – September 1, 2011 – Recent data from the Consumer Price Index indicates the financial burden of tuition and fees has increased two-fold in the past decade, surpassing inflation when compared to goods, health care, housing and energy costs. Governor Rick Scott and the **Florida Prepaid College Board** remind families **September is College Savings Month** in the State of Florida and now is the best time for families to take advantage of easy and smart ways to save for their children's college education.

"Getting a good education is one of the most important things a person can do," said Governor Rick Scott. "It enriches your life and opens up opportunities. It also helps keep our workforce competitive and our economy strong. That's why it's so important to plan ahead and participate in a college savings plan that makes sense for your child's education."

Surveys consistently show parents using 529 college savings plans, tax-sheltered college savings tools, are more successful savers than those without them. Florida Prepaid offers two 529 plan options: the Florida Prepaid College Plans and the Florida College Investment Plan. Open enrollment to lock in this year's prepaid plan prices starts October 17, 2011.

Recent figures from the Federal Reserve Bank of New York show that since 1999, outstanding student loan debt has grown by more than 511 percent. "Florida Prepaid plan options allow families to plan ahead for their children's education, helping avoid the huge burden of college debt that many graduates deal with years after earning their degrees," said Florida Prepaid College Board Chairman Duane Ottenstroer. "There is no better time than now to start preparing and saving for your child's college education."

The Florida Prepaid College Board encourages families to research their college savings options this month and wants to dispel a few common savings misconceptions:

Myth: If our family leaves Florida, then the money in a Florida college savings plan can't be used at colleges in other states.

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Fact: The full value of a Florida Prepaid College Plan, what would be paid to a Florida public

university or Florida college, can be transferred to most out-of-state or private colleges. A Florida College Investment Plan can be used to cover any qualified higher education costs at accredited colleges, universities and graduate schools throughout the U.S.

Myth: If my child receives a Florida Bright Futures Scholarship, it would be a waste of money to have purchased a Florida Prepaid College Plan.

Fact: Starting last fall, Bright Futures no longer covers the full cost of tuition. Most students who have both a Prepaid College Plan and Bright Futures are able to more fully cover the costs of college because the two can be used together. In addition, all students are not academically eligible for Bright Futures, and they must maintain a certain GPA in college to keep the scholarship.

Myth: Having a tax-free 529 college savings plan will significantly affect my child's eligibility to receive financial aid.

Fact: Section 529 college savings plans are considered assets of the account owner, not the beneficiary, so there is a low impact on a student's financial aid eligibility.

Myth: I lose control over the assets in my Florida Prepaid College Plans if my child does not attend college.

Fact: If the beneficiary of either the Prepaid College Plan or College Investment Plan decides not to attend college, the plan may be transferred to another member of the beneficiary's family. Or, families can receive full refunds.

Myth: There's no need to purchase a 529 college savings plan, since my family could just save monthly for a college education without one.

Fact: 529 plans, like Florida's Prepaid College Plan and College Investment Plan, are tax-free under the federal Internal Revenue Code, which means the earnings will not be taxed as long as the money is spent on college-related costs.

Additionally, the Florida Prepaid College Plan is financially guaranteed by the State of Florida*, so you don't have to worry about losing your money and can get a refund at any time, for any reason. The state guarantees plans will cover all promised tuition, housing or fees at the time a student attends college.

More information on Florida Prepaid College Plans is available at www.myfloridaprepaid.com or by calling 1-800-552-GRAD (4723).

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*The Florida Prepaid College Board does not provide tax or investment advice regarding its Prepaid College Plan or its College Investment Plan. The Florida Prepaid College Plan may not cover certain imposed fees by state universities and state colleges. The Florida College Investment Plan is subject to market conditions.

Please carefully review the Disclosure Statement and Participation Agreement and consult with your advisor(s) about risks before investing in your child's education.