



SeedMA: Fact Sheet

What is SeedMA?

SeedMA is a universal, seed-funded College Savings Account program, designed to help Massachusetts children and families save for postsecondary education and training, develop positive savings behaviors, and establish college-bound identities.

The program, presently in the pilot stage, will be open to every kindergarten student enrolled in the Worcester Public School System for the 2016-2017 school year. Eventually SeedMA will become available to every kindergarten student in Massachusetts.

Accounts through the SeedMA program are offered through the Office of the Treasurer and Receiver General of Massachusetts and are funded through public-private partnerships.

What is the overall purpose and goal of SeedMA?

The purpose of SeedMA is to help Massachusetts students and families save for postsecondary education, develop college aspirations, and learn essential financial literacy skills.

The SeedMA program will dedicate its resources in support of three principal goals. First, it aims to increase the percentage of children saving for higher education in the City of Worcester. Second, it seeks to deliver high-quality financial education programming to students and parents, building a culture centered on saving for the future and employing prudent budget management. Third, it strives to boost postsecondary enrollment and graduation rates for Worcester High School students by fostering aspirations of higher education for economically vulnerable and disadvantaged children.

What is a 529 college savings account?

Every college savings account offered through SeedMA is a "529 plan," a tax-advantaged investment plan authorized by Section 529 of the Internal Revenue Code and designed to encourage savings for higher education. These accounts are specifically offered through the Massachusetts Educational Financing Authority's (MEFA) U.Fund, which is sponsored by the Commonwealth of Massachusetts and managed by Fidelity Investments.

Every account through the SeedMA program includes a \$50 seed deposit, to help jump start families on savings for future success. Earnings in the account grow tax deferred, and qualified withdrawals are not subject to federal and state income taxes. Each account can hold a maximum of \$375,000 per beneficiary. In addition, contributions to the account are not tax-deductible and there are no annual account maintenance fees.

These accounts will not affect eligibility for most public benefits (e.g, SNAP, TANF, SSI, etc.) and a tax credit has been established to help families save money in their child's 529 account (up to \$1,000 per parent and \$2,000 per couple).

When can I sign up?

Open enrollment for SeedMA will occur at the beginning of the 2016-2017 school year for kindergarten students enrolled in the Worcester Public School System. The program will launch on August 23rd, 2016, in conjunction with the Worcester Public Schools' "Countdown to Kindergarten" event at the EcoTarium, from 4:00pm – 7:00pm.

After open enrollment begins, families can sign up on www.SeedMA.org or at one of our many locations throughout the city that will be hosting enrollment sessions to walk individuals through the process. A list of locations and dates can be found on our website.





How does it work?

Families interested in signing up for an account through the \$eedMA program will be asked to complete the account registration process through our website at www.SeedMA.org. Parents must also sign a consent form, which can be acquired from school or downloaded as a PDF from our website and returned to the child's school once completed. After enrolling in the account and signing the consent form, families can begin making contributions and will receive information from MEFA and the Office of the Treasurer and Receiver General about growing their children's accounts.

Why should I sign up?

Accounts opened through the \$eedMA program are an effective way for families to save for future aspirations in the face of rising higher education costs. They are a tested tool that serves to cultivate educational expectations and aspirations for children. Research indicates that children with a children's saving account are roughly seven times more likely to attend college than those without one.¹ Youth who grow up knowing they have savings that will help finance further education are more likely to succeed academically than those who do not.² Every dollar saved today will help strengthen your child's college aspirations, and even small dollar contributions make a difference: studies show that children with \$500 or less saved for college are three times more likely to attend college, and four times more likely to graduate.³

Students and families with accounts through the \$eedMA program will also benefit from the financial education curriculum, integrated into the savings program. For students, the benefits of learning key financial literacy principles extend beyond higher education aspirations and help them develop positive attitudes towards savings and financial institutions.⁴

Why was Worcester chosen as the pilot community?

The gateway city of Worcester was selected as the \$eedMA pilot city because of its strong community networks, and its unique ability to take advantage of opportunities and solve problems. As the second largest city in New England, Worcester represents a diverse population in terms of educational attainment, income levels, and ethnicity. Combined with the many public and private colleges and universities in Greater Worcester, the city serves as an exemplary model for the pilot program. A new partnership among four public colleges and universities in the greater Worcester area – Fitchburg State University, Mount Wachusett Community College, Quinsigamond Community College, and Worcester State University – is an example of that strong community network and ability to solve problems; students are guaranteed the ability to earn their associate's and bachelor's degrees for \$30,000 in four years. This collaborative and entrepreneurial approach to tackle the challenge of rising tuition costs demonstrates this region's unique potential and promise when it comes to promoting college affordability.

¹ William Elliot III and Sandra Beverly, "The Role of Savings and Wealth in Reducing 'Wilt' Between Expectations and College Attendance," *George Warren Brown School of Social Work Center for Social Development* (January 2010): 1-2.

² Elliott, W., Jung, H., & Friedline, T. (2010). Math achievement and children's savings: Implications for child development accounts. *Journal of Family and Economic Issues*, 31(2), 171-184.

³ Assets and Education Initiative. (2013). Building Expectations, Delivering Results: Asset-Based Financial Aid and the Future of Higher Education. In W. Elliott (Ed.), *Biannual report on the assets and education field*. Lawrence, KS: Assets and Education Initiative (AEDI).

⁴ Jermie Greer and Ezra Levin, "Scholarly Research on Children's Savings Accounts," *Corporation for Enterprise Development* (June 2014): 1-2.