

# TIAA-CREF PRESS RELEASE

## CHET Reduces Management Fee To 0.65%, Enhances Investment Options

STAMFORD, CT (July 5, 2006)—The Connecticut Higher Education Trust Program (CHET) today announced that it was reducing its annual management fee from 0.70 percent, already among the lowest in the industry, to 0.65 percent. The new management fee will take effect on July 1, 2006 for all account owners, and is calculated by averaging the daily net assets in the account for the year.

Along with the fee reduction, CHET also announced the addition of two investment options—100% Equity Index and the 100% Fixed-Income—bringing the total number of investment choices up to five.

These latest program enhancements follow the recently enacted state tax deduction for contributions to CHET by Connecticut taxpayers. The new law, proposed by State Treasurer Denise Nappier and approved by the state legislature, offers a state income tax deduction of up to \$5,000 per taxpayer or \$10,000 for taxpayers filing jointly for contributions made to CHET on or after January 1, 2006.

“We’ve worked hard to ensure that CHET is one of the premier college savings programs. With the new state tax deduction and these additional improvements, CHET is better than ever,” said Treasurer Nappier. “I encourage Connecticut families interested in saving for higher education to Check CHET Out!”

CHET is a state-sponsored, tax-advantaged 529 college savings program administered by TIAA-CREF Tuition Financing, Inc., a member of the national financial services organization TIAA-CREF. A CHET account can be used toward tuition and other qualified college expenses such as eligible room and board, books, and fees at higher education institutions in Connecticut and nationwide.

“We are pleased to work with the Treasurer’s Office to provide a stronger, lower-cost program for Connecticut with diversified investment options,” said Pamela McNulty of TIAA-CREF Tuition Financing, Inc., Program Manager for CHET. “We will continue to strive to provide the most effective savings plan for the best investment one can make in a child’s future—a college education.”

CHET has been highly successful since a series of changes to the program in 2000 that made it more affordable and accessible. Total program assets have reached nearly \$700 million, and the total number of CHET accounts increased to over 50,000 as of June 2006.

### CHET Highlights:

**State Income Tax Deduction** - Connecticut offers a state income tax deduction for contributions made to CHET accounts on or after January 1, 2006 of up to \$5,000 per taxpayer or \$10,000 for taxpayers filing jointly. Any contribution not deducted in the year for which the contribution is made may be carried forward over the next five years; provided the amount subtracted does not exceed the maximum allowed in each subsequent taxable year.



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**Tax-Free Growth and Withdrawals** - Contributions to CHET accounts grow free from federal and state income tax. Through the power of compounding, the money saved in a tax-deferred account can provide greater potential for growth. Any withdrawal used for qualified higher education expenses, including tuition, room and board, fees and books will be free of both federal and Connecticut income tax. The law allowing federal tax-free qualified withdrawals is set to expire on December 31, 2010. Congress may or may not extend this law beyond that date.

**Low Expenses** - CHET's lower costs allow more of a family's investment to go toward education expenses. There are no sales charges, start-up or maintenance fees. The low annual asset-based management fee of 0.65 percent (for all investment options except the Principal Plus Interest Option, for which the fee is 0.01 percent) covers all expenses associated with the program.

**Choice of Investment Options** - CHET offers five investment options, which vary in investment strategy and degree of risk. The Managed Allocation (also known as an "aged-based" investment option), High Equity, Principal Plus Interest (also known as a "guaranteed" investment option) and the newly added 100% Equity Index and 100% Fixed-Income Options are designed to meet higher education savings needs and goals.

**Easy to Save/Low Minimum Contribution** - Accounts can be opened with as little as \$25 by check, electronic funds transfer, or the CHET automatic contribution. If individuals work for a participating employer, they may open an account with as little as \$15 per pay period through payroll deduction.

The CHET program web site—[www.aboutchet.com](http://www.aboutchet.com)—provides comprehensive account and program information and includes online enrollment, and other online services. Information and applications can also be obtained through a customer service center, 1-888-799-CHET (2438).

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**Consider the investment objectives, risks, charges and expenses before investing in the Connecticut Higher Education Trust. Please visit <http://www.aboutchet.com/> for a Disclosure Booklet containing this information. Read it carefully.**

**Before investing in a 529 plan, you should consider whether the state you or your designated beneficiary reside in or have taxable income in has a 529 plan that offers favorable state income tax or other benefits that are only available if you invest in that state's 529 plan.**

TIAA-CREF Individual & Institutional Services, LLC, member NASD, SIPC, distributes securities products.

The State of Connecticut, its agencies, TIAA-CREF Tuition Financing, Inc., Teachers Insurance and Annuity Association of America and its affiliates do not insure any account or guarantee its principal or investment return except for TIAA-CREF Life Insurance Company's guarantee to the Connecticut Higher Education Trust under the funding agreement for the Principal Plus Interest Option. Account value will fluctuate based upon a number of factors, including general market conditions.



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*The tax information herein is not intended to be used and cannot be used by any taxpayer for the purpose of avoiding tax penalties. It was written to support the promotion of Connecticut Higher Education Trust. Taxpayers should seek advice based on their own particular circumstances from an independent tax advisor.*

## **About TIAA-CREF**

TIAA-CREF is a national financial services organization with more than \$380 billion in combined assets under management (3/31/06) and the leading provider of retirement services in the academic, research, medical and cultural fields. Further information can be found at [www.tiaa-cref.org](http://www.tiaa-cref.org).

TIAA-CREF Tuition Financing, Inc. is the program manager for CHET and 10 other state-sponsored 529 plans distributed by TIAA-CREF Individual & Institutional Services, LLC.

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