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New law to help pay for college

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Bulletin Staff Writer

Hundreds of Twin Lakes Area students recently graduated from high school, and the rising tuition costs of colleges has many parents and grandparents wondering how they're going to pay for higher education. A new Arkansas law could help ease those worries.

The law, in effect this year, beefs up 529 college investing plans by providing an income tax deduction incentive.

Arkansas taxpayers will have the opportunity to invest up to \$5,000 per year to the GIFT plan under the new law. For example, a married couple who each contribute \$5,000 to a GIFT plan account can each deduct \$5,000 from their Arkansas taxable income, for a total household deduction of \$10,000 per year.

The law applies to contributions made on or after Jan. 1. The deductions can be taken from an individual's 2005 taxable income.

Sen. Gilbert Baker of District 30, who introduced the legislation, Sen. Shawn Womack and Rep. Johnny Key met with Arkansas State University Mountain Home officials Tuesday to discuss the GIFT program.

Baker said he heard from many constituents who said the state's 529 program was nearly nonexistent. He said the revamped Arkansas program now offers strong incentives.

"Encouraging individuals to invest in their own futures as far as tuition, and do it in a way that is tax friendly, is a real step forward — not the same old 'let's see how many state dollars we can push to an institution,'" he said. "Let's see how we can have individuals keep some of their own dollars and look toward investing in the future."

Upromise Investments Inc. is the new program manager of the state's 529 college savings program. Due to the inclusion of Upromise, the management fees have been cut in half in some cases. The company also offers rewards by earning rebates from product purchases of participating sponsors.

To create a 529 college savings account, go online or request an enrollment packet at www.thegiftplan.com.

More information about financial aid programs and links to the state's 33 colleges and universities can be found at www.arkansashighered.com.

First Security Bank of Mountain Home has donated \$250,000 to the Arkansas State University Mountain Home Capital Campaign. The campaign is funding two projects: The Community Development Center and Health Sciences Building.

The First Security donation is designated toward the Community Development Center for an amphitheater and water feature at the main entrance to the 65,000 square-foot facility, which is to house the largest auditorium in North Central Arkansas.

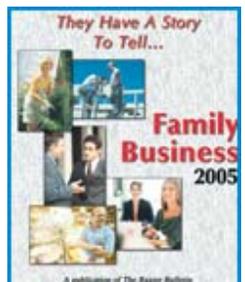
"First Security Bank has always been a leader in supporting good things in Mountain Home. We are delighted they have joined our campaign and will finance the beautiful amphitheater entrance to the Community Development Center," said Chancellor Ed Coulter.

Larry Nelson, chief executive officer of First Security Bank Mountain Home, called ASUMH "an integral

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Key said he was researching the 529 program when he learned that Baker wanted to introduce a bill relating to the subject. The two joined forces along with Womack to implement the incentive package.

"The committees in the House and Senate could not let another session go by without doing this — we couldn't let two years go by," he said. "We were behind the curve when compared to other states. Other states have already been doing this for sometime now. We realized we needed to jump ahead."

Key said his research found there were 1,200 participants in the program before the improvements. Officials hope the changes will increase enrollment in 529 plans.

"The incentive program is critical to the long-term success of this program," Womack said.

He said he was pleased the Legislature was able to secure funds for higher education issues to offset the rising cost of tuition.

The Arkansas Department of Higher Education also offers 10 state scholarship programs to provide financial assistance.

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