

# John R. Kamp, P.C.

Certified Public Accountants

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## Interested in saving for college?

The Indiana Department of Revenue has made it a bit easier for its residents to fund their child's college education. Effective January 1, 2007, parents may contribute to a special fund, and claim an Indiana tax **credit** of 20% of the contributions made to this special fund.

For example, parents contribute (the maximum amount of) \$5,000 to this fund. On their 2007 Indiana individual income tax return, their tax liability is reduced by up to \$1,000, which is 20% of their \$5,000 contribution.

Unlike a tax deduction, which reduces the income on which you pay tax, a tax credit is an actual reduction of the tax owed to the state of Indiana.

Here is some additional information about this opportunity:

This type of program is called a College Savings Plan, and is also known as a "529 Plan". It has been around for a number of years. According to the Indiana Department of Revenue, here is a brief summary: Anyone over age 18 can open a CollegeChoice account, regardless of income level. If you're not familiar with a 529 college savings plan in general, here's how it works: Parents can invest money in the plan for their children, grandparents for their grandchildren, aunts and uncles for their nieces and nephews, and so on. When the beneficiary is ready to enroll, you simply withdraw money free from federal and state taxes to cover qualified expenses at any accredited college, university, and many vocational training programs, in Indiana or worldwide. It's that simple.

Every state offers some form of 529 college savings plan, but Indiana residents are eligible for their 20-percent tax-credit **only with** an Indiana CollegeChoice account. If you want to read up on the new state-tax-credit for investments in an Indiana 529 CollegeChoice account, check out [www.collegechoiceplan.com](http://www.collegechoiceplan.com) and get started saving today.

There is minimal "fine print" connected to this program. This program is offered through JP Morgan Chase, and offers the investment with no initial or deferred sales charge. The only fees are a .4% administrative fee and a \$10 annual account maintenance fee.

Please be sure to call us if you have an interest, questions or comments.

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## *How do I get started?*

It is very simple. Follow these instructions to complete the online application:

1. Go to [collegechoiceplan.com](http://collegechoiceplan.com)
2. Click "Open An Account Today" (a purple box on the right-hand side)
3. Click on "College Choice 529 Enrollment Application"
4. Fill in the 6 page online form (see below for some further instructions) and print off a copy for yourself!

### *Enrollment Application Instructions*

Part 1 -- the account owner should be "individual or emancipated minor"  
--the person expecting the tax benefit is the "account owner"

Part 2 -- the beneficiary is the student expecting to benefit from the plan

Part 3 -- select the "age based" option, with fee structure "A"

Part 4 -- select the first option, "I am an Indiana resident..."

You have a number of options as to how you invest (i.e. monthly withdrawal from an account, dollar cost averaging, etc.) If you choose to make a one-time (annual) contribution, you may mail your check to the address on the bottom of page 6.