



EXTENDED VERSION

Questions and Answers for Parents/Guardians

NYC
KiDS | Save for College
RiSE | Program

nyckidsrise.org

1. What is the NYC Kids RISE Save for College Program?

The NYC Kids RISE Save for College Program provides you, your family, and your community with a way to work together to save for your child's future. It's a scholarship and savings program designed to make college more accessible and achievable for your child. The program is open to all kindergartners in District 30—regardless of their family's income or immigration status.

By giving upfront scholarships to every eligible student and providing the tools and information for families to develop their own college savings plan, the Save for College Program empowers families to build a foundation for their child's future. The Save for College Program will also engage the entire community to help our children realize their college dreams.

2. How does the scholarship part of the NYC Kids RISE Save for College Program work?

NYC Kids RISE will automatically deposit \$100 into an NYC Scholarship Account for your kindergartner, unless you choose not to participate. Starting in January, we will share opportunities for you to receive additional funds for your child's scholarship account. Other members of the community, including community organizations and businesses, will also be able to contribute to the scholarship accounts to help your child reach their college goals.

The scholarship funds will be invested in the NY 529 Direct Plan, a type of account specifically designed to help families save for school. The scholarship account can gain or lose money over time, depending on financial markets and the performance of the investment. That means the amount available in a child's NYC Scholarship Account when that child attends college may be more or less than the amounts originally deposited into the account.

3. How does the savings part of the NYC Kids RISE Save for College Program work?

To build on the money invested in their child's scholarship account, parents/guardians of kindergartners in District 30 will also have an opportunity to open their own college savings account. Parents, guardians, relatives, and friends can contribute directly to this account and track their savings balance alongside their child's NYC Scholarship Account. After your child receives their scholarship account, NYC Kids RISE will provide more information on how to create a college savings plan that is right for you and your family.

4. Why was the NYC Kids RISE Save for College Program created?

It can be tough to save for college. For many parents, sending their children to college may seem out of reach. Research shows that children who attend college earn a significantly higher salary over their lifetimes. Research also shows that children with even a small savings account of \$1 to \$500 are three times more likely to enroll in college and more than four times more likely to graduate.

NYC Kids RISE, in partnership with the City of New York and the NYC Department of Education, started the Save for College Program to empower families to begin saving and planning for college from their child's very first days of school.

5. Who is eligible to participate in the Save for College Program?

In this initial phase, all kindergarten students attending a District 30 public school in Queens can participate. Every kindergartner attending a District 30 public school from the beginning to the end of one of the Save for College Program's "opt-out waves" will be automatically enrolled in the program, unless their family chooses not to participate.

6. Which schools are participating?

All public schools in District 30 in Queens are participating in the first year of the NYC Kids RISE Save for College Program.

7. How do I participate?

It's easy to get started and begin to invest in your child's future. There are three simple steps to start participating in the NYC Kids RISE Save for College Program:

- During fall 2017, each kindergartner attending a District 30 public school in Queens will be automatically given an NYC Scholarship Account with \$100 in it, unless their family chooses not to participate.
- Starting in January, go to the NYC Kids RISE website and sign up to be able to see your child's NYC Scholarship Account and track your balance over time. When you sign up to view your scholarship account, NYC Kids RISE will deposit an additional amount into the account.
- Also starting in January, attend a workshop or visit nyckidsrise.org to learn more about college savings options and how to create a college savings plan that is right for you and your family.

8. What if I don't want to participate?

Parents/guardians of eligible kindergartners will have an opportunity to inform their school that they do not want their child to be enrolled in the Save for College Program. By early November, your kindergartner will receive an Opt-out Notice from their school. If you do not want your child to receive the \$100 NYC Scholarship Account or future funds, you must sign the Opt-out Notice and return it to your child's school within 30 days of receiving it.

9. What happens if I do not opt out of the Save for College Program?

After the 30-day opt-out period, the Department of Education will send NYC Kids RISE the names and basic information of every kindergartner whose parents did not opt them out of the Save for College Program. This information will include the following: child's name, birthday, school, grade, home address, home phone number, and home language; and parent/guardian names and contact information (if this was provided to the DOE). This data will allow NYC Kids RISE to set up an NYC Scholarship Account for every participating child and deposit \$100 into each one.

10. How does immigration status affect my ability to participate?

Every child in District 30 will receive an NYC Scholarship Account regardless of the child's or their family's immigration status, unless their parent/guardian chooses not to participate. In January, NYC Kids RISE will provide additional information for families who want to open their own college savings accounts and begin saving alongside their scholarship account.

11. What can the money in the NYC Scholarship Account be used for? Are there any restrictions on how it can be used?

Money in the NYC Scholarship Account is invested in the NY 529 Direct Plan and can be used only for educational purposes. This includes two-year and four-year colleges and other career training programs. The scholarship funds can be used for tuition, fees, equipment, some room-and-board expenses, and even things like textbooks, which are often not covered by other scholarships. The funds can be used at schools in New York and across the country, as well as at some schools abroad.

Visit nyckidsrise.org for more information about how money in the NYC Scholarship Account can be used.

12. Who manages the NYC Kids RISE Save for College Program?

NYC Kids RISE is managing the Save for College Program in partnership with the NYC Department of Education and the City of New York. NYC Kids RISE is a nonprofit organization working to expand economic opportunity and equity by providing families, schools, and communities with a way to work together to save for their children's education. Building on the dreams and expectations that families have for their children's futures, NYC Kids RISE aims to make attending and graduating from college more achievable for all NYC public school students—regardless of where they come from or how much their families have in the bank.

13. What happens to my child's scholarship if we leave District 30 before my child graduates from high school?

Once your kindergartner has received an NYC Scholarship Account, you will continue to have access to that account if you move to any other public or charter school in New York City. Your child also may be eligible for certain additional incentives.

If your child leaves the NYC public school system, your child will still be eligible for the funds already in their NYC Scholarship Account, but will not be eligible to earn any additional funds.

14. What happens if my child transfers to another participating school in District 30 before they graduate high school?

A student who transfers to any other participating school within District 30, including participating charter schools, will remain in the Save for College Program and be eligible for all the benefits that come with participating.

15. I live in District 30, but my child attends school in a different district. Can I still participate in the NYC Kids RISE Save for College Program?

No. At this time, only students enrolled in a participating school are eligible to participate.

16. Why was District 30 in Queens chosen as the first participating school district?

School District 30 was selected as the first participating school district for the NYC Kids RISE Save for College Program because its population reflects New York City's public school population as a whole. The District also has strong school- and community-based partners to support and spread the word about the new Save for College Program.

17. How will my child's school be involved in the Save for College Program?

NYC Kids RISE will work with the NYC Department of Education and the District 30 schools to share information about the Save for College Program, help families participate, and coordinate financial education opportunities for students and parents.

18. What information will NYC Kids RISE get about my child as part of the Save for College Program?

In order for NYC Kids RISE to provide your child with an NYC Scholarship Account, NYC Kids RISE will receive the following pieces of information from the NYC Department of Education (DOE) for every participating child: child's name, birthday, school, grade, home address, home phone number, and home language; and parent/guardian names,

phone numbers, and email addresses (if these were provided to the DOE).

19. How will my child's and my personal information be used?

This basic information about participating families will be used to set up the student's NYC Scholarship Account and educate families about the Save for College Program, as well as for program evaluation and research. You will be able to update the contact information provided to NYC Kids RISE and to unsubscribe from certain kinds of communications.

20. If I choose not to participate in the Save for College Program, can I enroll my child at a later date?

Parents/guardians who complete and return the Opt-out Notice but later change their mind and wish to participate should contact NYC Kids RISE at 833-KID-RISE (833-543-7473).

21. Can I cancel my child's participation in the Save for College Program after the opt-out wave?

If you wish to cancel your child's participation in the Save for College Program after they have been enrolled and have received their NYC Scholarship Account, please contact NYC Kids RISE at 833-KID-RISE (833-543-7473).

22. How does the NYC Kids RISE Save for College Program relate to the Excelsior Scholarship, New York State's tuition-free degree program?

Funds contributed by NYC Kids RISE and by community supporters into the NYC Scholarship Accounts can be used for more than just tuition. If a student qualifies for free tuition at a CUNY or SUNY college through the Excelsior Scholarship, they can

use funds from their NYC Scholarship Account for many other costs of college. This includes books, supplies, computers, and some room-and-board fees. Also, the NYC Scholarship Account can be used at most two- and four-year colleges and career training programs around the country, as well as at some abroad.

23. Does participating in the Save for College Program cost anything?

No, enrollment in the NYC Kids RISE Save for College Program, including receiving a scholarship account, is automatic and free of charge. If a family wishes to save their own funds in a college savings account as part of the program, NYC Kids RISE will provide information on low- and no-cost college savings options.

24. How will families be able to earn additional scholarship funds?

NYC Kids RISE will provide children and their families with opportunities to increase the value of their NYC Scholarship Account over time. For example, starting in January, NYC Kids RISE will deposit an additional amount into your child's scholarship account when you register to view the account online. In the future, families will have other opportunities to have more money added to their child's scholarship account.

25. How will \$100 make a difference in a child's ability to go to college?

Children who have a college savings account and a plan for higher education are more likely to attend and graduate from college. Research shows that children with even a small savings account of \$1 to \$500 are three times more likely to enroll in college and more than four times more likely to graduate with a degree. The hope is that participating students' NYC Scholarship Accounts will grow over time through additional incentives and community support

(subject to potential investment gains or losses), making college more accessible for every child.

26. How much will be in my child's NYC Scholarship Account by the time they graduate high school?

Your child's NYC Scholarship Account will be invested in the NY 529 Direct Plan. Funds in the NY 529 Direct Plan are invested in financial markets with compound earnings, so the scholarship account can grow over time. For example, if your child had \$300 in their scholarship account (the \$100 initial contribution plus \$200 in potential incentives), their account would be estimated to grow to approximately \$500 by the time the student graduated high school. This is based on a hypothetical return rate of approximately 4.5% per year, over 13 years. However, because money in the scholarship account is invested, the scholarship account could also lose money at times, depending on the performance of the investment. That means that the amount available for your child from the NYC Scholarship Account when your child attends college may be more or less than the amounts originally deposited into the account.

27. Who will decide how the scholarship account funds will be invested?

NYC Kids RISE will own and manage the NYC Scholarship Accounts and determine how the funds are invested. NYC Kids RISE has chosen to invest the scholarship accounts in the NY 529 Direct Plan. For more information about the NY 529 Direct Plan, visit [NYSaves.org](https://nysaves.org) or call 877-NYSAVES.

28. Can I save my own money in my child's NYC Scholarship Account?

NYC Kids RISE encourages families to consider whether opening their own college savings account and starting to make contributions is right for

them. Contributions cannot be made to individual NYC Scholarship Accounts. Community members, including organizations and businesses, can contribute to the scholarship accounts of a group of students by donating to NYC Kids RISE.

29. What is a 529 account?

A 529 account is a type of account specifically designed to help families save for college. Money in a 529 account can grow over time and comes with tax benefits, including tax-free earnings and potential state income tax deductions. However, money in a 529 account is not guaranteed to grow and can lose value.

30. How is a 529 account different from a bank account?

Bank accounts and 529 accounts are both options for saving money for college. However, 529 accounts are invested in financial markets, which come with both greater potential risks and greater potential rewards. Contributing to a 529 account, including the NY 529 Direct Plan, also comes with tax benefits, as described in Question 29, which do not come with most bank accounts.

529 accounts are specifically designed for families saving for a child's education after high school. If a withdrawal from the 529 account is used for anything other than qualified educational expenses, the earnings portion of the withdrawal may be taxed as ordinary income and families may incur a 10 percent tax penalty on the earnings. The withdrawal may also be subject to state and local taxes.

31. What if I already have a 529 account set up for my child?

If you already have a 529 account in the NY 529 Direct Plan with your kindergartner as the beneficiary, you will have the opportunity to "link" that existing account to the child's NYC Scholarship Account and view the balance of both accounts in one place. More information about linking your

existing 529 account to your NYC Scholarship Account will be provided in January.

The NYC Kids RISE Save for College Program does not provide investment advice, and a recommendation about the suitability of any investment is not being made in this guide.

32. How can my family and I start saving for my child's education?

Starting in January, NYC Kids RISE will provide information about college savings options and how to create a college savings plan that makes sense for you and your family. Information will be available online at nyckidsrise.org and at workshops in your community. NYC Kids RISE encourages every family to explore various college savings options and does not provide investment advice. You should consider your own circumstances before investing, and you may wish to seek the advice of an investment professional.

33. Can I start saving right now?

NYC Kids RISE encourages families to start exploring college savings options at any point. In January, NYC Kids RISE will provide information about various college savings options and tools for families to open their own college savings accounts.

34. What kinds of financial education opportunities does the Save for College Program offer?

Children, parents, and families will receive tools and information to develop their own college savings plans. Starting in January, you and your family will be invited to workshops to learn more about college savings options and financial empowerment resources available to you. And your kindergartner will learn about basic financial concepts in their classroom starting in fall 2017.

35. How do I access the money when my child goes to college?

NYC Kids RISE will provide students and their parents/guardians with information about how to access their NYC Scholarship Accounts when the students are in high school.

36. Is there a deadline for my child to use their scholarship account funds?

The deadline for your child to use their scholarship funds is 20 years after the year that your child completes kindergarten, with a final date in June. The first participating kindergarten class will complete kindergarten in June 2018, so they will be able to apply for and use their scholarship funds for qualified college or career training expenses until June 2038. This deadline means that most students will be age 26 by that time. If there are any unclaimed funds left after that deadline, those funds will go back to NYC Kids RISE to support the Save for College Program in future years.

37. What if a student in the Save for College Program doesn't go to college?

The funds in the NYC Scholarship Account are only accessible if the student attends a qualifying institution, which includes most two- and four-year colleges, as well as specialized training and certification programs. If the student does not claim these funds within 20 years after they complete kindergarten, then those funds will go back to NYC Kids RISE to support the Save for College Program in future years.

38. How will the Save for College Program affect qualification for public benefits?

Because the NYC Scholarship Accounts are owned and managed by NYC Kids RISE, having a scholarship account does not impact a student's or family's application for public benefits.

If a family saves money in their own college savings account, this asset may impact certain benefits.

39. How will the Save for College Program affect my rent if I live in New York City Housing Authority (NYCHA) housing?

Because the NYC Scholarship Accounts are owned and managed by NYC Kids RISE, having a scholarship account does not impact a student's or family's application or rent for NYCHA housing or for housing support through the NYC Department of Housing Preservation and Development.

If a family saves money in their own college savings account, this asset may be considered in the application process.

40. Who can I contact for more information about the Save for College Program?

Visit nyckidsrise.org or contact the NYC Kids RISE Hotline at 833-KID-RISE (833-543-7473).

The NYC Kids RISE Save for College Program is a scholarship and savings program administered by NYC Kids RISE Inc., a nonprofit, in partnership with the NYC Department of Education and the City of New York. NYC Kids RISE is neither affiliated with, nor an authorized distributor of, New York's 529 College Savings Program and does not solicit investments or provide investment advice.

Invest in your child—save for college

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