

Treasury Notes

Office of the State Treasurer Lynn Fitch

Issue 2 • September 2014

• Lynn's Ledger •

College Savings Mississippi: Options for Everyone

Studies have shown that when someone contributes to a college savings plan on behalf of a child, that child is seven times more likely to continue to his or her education. It proves that someone believes in that child and believes he or she can be successful.

The Office of the State Treasurer has two 529 college savings programs that make it easy and affordable for families to save for a child's college education. September is College Savings Month, so now is a great time to develop your family's plan and start saving for college!

Beginning October 1, the Mississippi Prepaid Affordable College Tuition (MPACT) program will reopen to new enrollment. In 2012, the College Savings Board decided to defer new enrollments in MPACT so that an actuarial audit of the program could be performed, something that had never been done before. The program was facing a significant shortfall and needed to be overhauled to make it sustainable and cost-neutral for taxpayers.

The new MPACT plan (the "Horizon" Plan) has been streamlined. While MPACT will, as always, allow families to prepay tuition based on tuition rates at the time they purchase their contract, the Horizon Plan reflects more accurate pricing. Many risk factors have been addressed through rule changes and pricing that includes risk premiums. Even with the changes aimed at making MPACT sustainable for taxpayers, MPACT remains a solid value for families looking to lock in current rates, in light of the rising cost of tuition.

The Mississippi Affordable College Savings (MACS) program is also a great option for families. MACS can fit any budget, and can be used independently or as a helpful companion savings vehicle for MPACT accounts. MACS allows an account holder to contribute as little as \$15 per month. A MACS account is flexible and can be used for any eligible college expense such as tuition, room and board, and books.

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Lynn Fitch
STATE TREASURER



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Both MACS and MPACT come with sizable tax advantages. Mississippi affords the biggest tax deduction for contributions in the country. Single filers can deduct up to \$10,000 on their state tax return per year, while joint filers can deduct up to \$20,000 per year. Both MPACT and MACS contributions can be set up through payroll deduction, so we are encouraging businesses to offer these college savings options as a benefit to their employees.

Nationally, student loan debt has risen over 361% the past ten years. The average student graduates from college with over \$30,000 in student loans. By locking in tuition for children when they are young with MPACT, and putting aside a little each month for college expenses with MACS, Mississippians can invest not only in their children’s future, but also in Mississippi’s future.

For more information on MACS and MPACT, visit our website at www.treasurerlynnfitch.com.

TEAM (TREASURER’S EDUCATION ABOUT MONEY)

EARN A MACS SCHOLARSHIP BY TAKING TEAM FINANCIAL LITERACY QUIZ

Through the end of September, anyone taking our TEAM financial literacy quiz at www.treasurerlynnfitch.com and answering all five questions correctly will be eligible to win a \$529 Mississippi Affordable College Savings plan scholarship.

We will be choosing a winner at random on September 30 from those who complete the quiz with a perfect score. Brush up on your personal finance skills and visit our website to take the quiz. Good luck!

The screenshot shows the TEAM website interface. At the top, there is a navigation menu with the following items: TEAM, ABOUT, EVENTS, RESOURCES, MEDIA, JOIN THE TEAM, PARTNERS, and CONTACT. Below the menu are three main content blocks:

- TEAM:** Features a photo of a woman in a classroom and text stating: "TEAM will enhance the availability of personal finance educational tools and training for schools, our workforce, and consumers through public-private-nonprofit partnerships." Below this is a "LEARN MORE ABOUT TEAM" button.
- QUIZ:** Features a photo of a man and a woman looking at a laptop. Text asks: "How financially literate are you? Take our Quiz." Below this is a "START" button and a "JOIN THE TEAM" button.
- TEAM UPDATES:** Features a photo of a woman in a classroom. Text states: "The Treasurer kicked off TEAM at eight Mississippi high schools in August, including Forest Hill." Below this is a "VIEW MORE NEWS" button.



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SEPTEMBER IS COLLEGE SAVINGS MONTH

College Savings Month kicked off on September 6th with a special 529 Day at the Mississippi Children’s Museum in Jackson. Caleb Thomas and Sydney Barfield both received Mississippi Affordable College Savings (MACS) Plan scholarships at the event. Museum visitors learned about the importance of saving for college, as well as understanding more about personal finance.



Sydney Barfield



Caleb Thomas



Financial Literacy Activities at the Museum



On September 20th, we will continue our celebration of College Savings Month with our Annual 5.29K Walk/Run and Fun Run at Renaissance in Ridgeland.

The Fun Run begins at 8am followed by the Walk/Run at 9am. MACS scholarships will also be awarded at this event.

Visit www.treasurerlynnfitch.com to find out more and register for the race.



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UNCLAIMED PROPERTY DIVISION TO HOST BOOTH AT STATE FAIR

The Mississippi State Fair runs October 1st through October 12th and the Unclaimed Property team will be there helping Mississippians search for unclaimed property. Each year, the Office of the Treasurer brings



computers and claim forms to the Fair to assist Mississippians in searching for any funds or securities that may have been reported as unclaimed by businesses that were unable to locate the rightful owners for some reason. Team members will be on hand to help people start claims and recover any property they find. Our booth will be located in the Mississippi Trade Mart building on the fairgrounds for anyone who wants to stop by. You can also search for unclaimed property on our website at www.treasurerlynnfitch.com.

GOVERNOR BRYANT PRESENTS EXCELLENCE IN GOVERNMENT AWARD

The Office of the State Treasurer was among several agencies honored recently for Excellence in Government by Governor Phil Bryant as part of the Electronic Government Oversight Committee.

The Award was created to recognize “excellence and innovation in the management of administrative procedures which increase the quality of public service at the state, district and local government levels,” pursuant to MS Code Ann. § 25-9-134 (2).

By creating safer and more effective systems for managing our state’s technology, we all work very hard to make government run more efficiently.



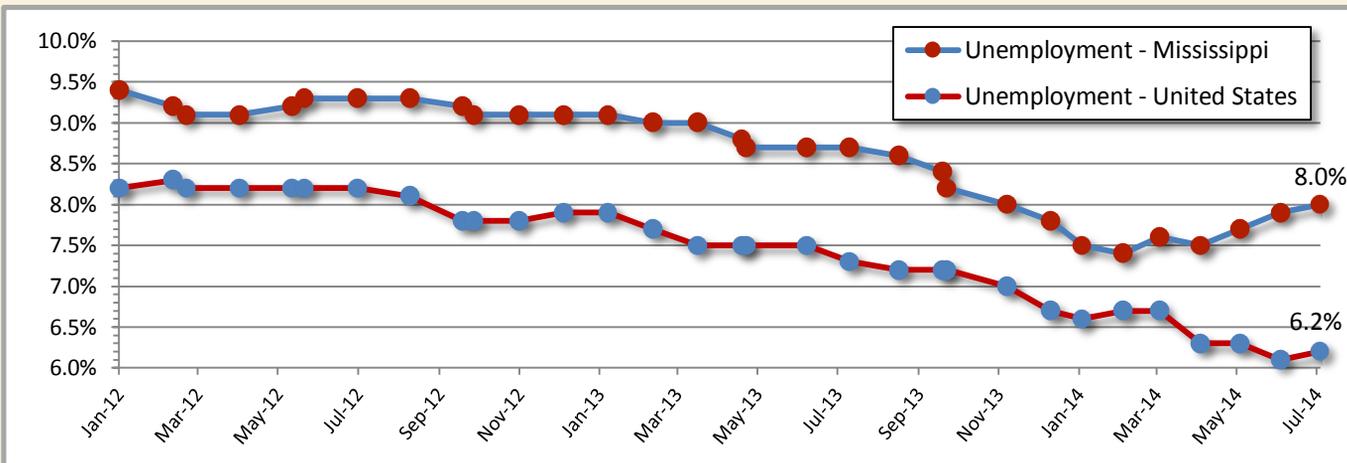


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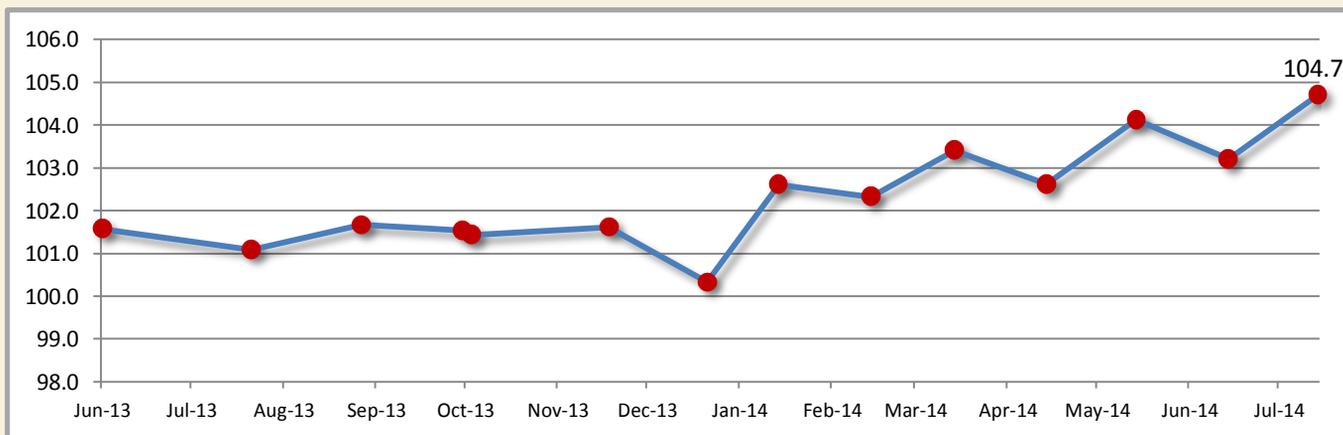
ECONOMIC STATISTICS

MS UNEMPLOYMENT RATE – JULY 2012 THROUGH JULY 2014



The Unemployment Rate is the percentage of the total labor force that is unemployed, but actively seeking employment and willing to work. According to the August "Mississippi Business" newsletter published by the University Research Center (Mississippi Institutions of Higher Learning), "After spiking in June, both seasonally-adjusted initial unemployment claims and continued unemployment claims in Mississippi returned to levels observed in recent months in July. " Mississippi's seasonally-adjusted unemployment rate rose to 8.0% in July (a level last seen in November 2013).

LEADING INDEX – JULY 2013 THROUGH JULY 2014



Components of the Leading Index include average weekly manufacturing hours, average weekly initial claims for unemployment insurance, manufacturers' new orders for consumer goods and non-defense capital goods, building permits and stock prices. Other components are indexes of supplier deliveries and consumer expectations, M2 money supply and the interest rate spread between 10-year Treasury bonds and federal funds. Mississippi Leading Index climbed to an almost 7 year high in July to 104.7 (3.5% higher than one year ago).

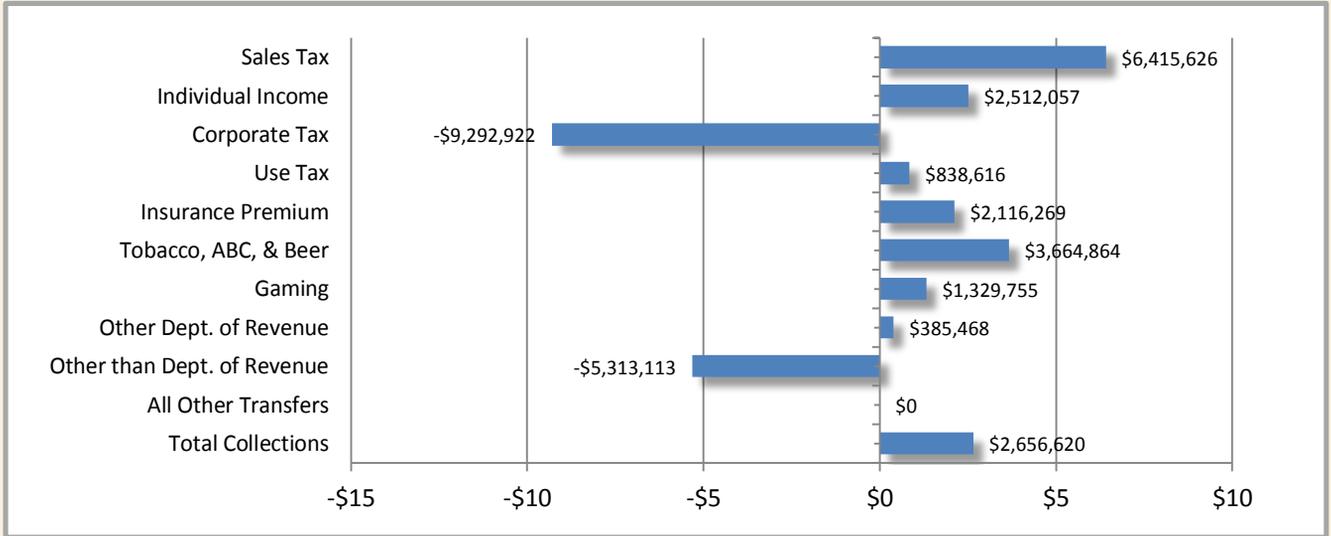


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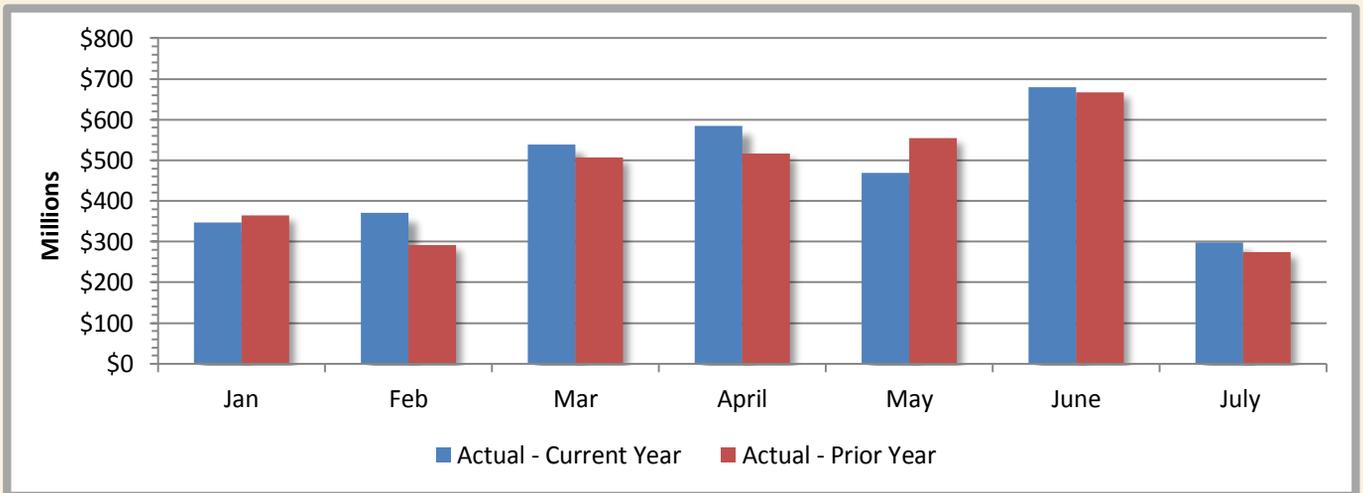
REVENUE COLLECTIONS

REVENUE (ACTUAL VS. ESTIMATED)



Total collections for July FY15 were \$2,656,620 above the sine die estimate. Department of Revenue sources were \$7,969,732 above the estimate and Other than Department of Revenue collections were below the estimate by (\$5,313,113). The major revenue sources were above or below the estimate in July as shown above. (Source: LBO)

REVENUE (ACTUAL - CURRENT YEAR VS. PRIOR YEAR)



The above chart illustrates the General Fund revenue collections by month as compared to the prior year.

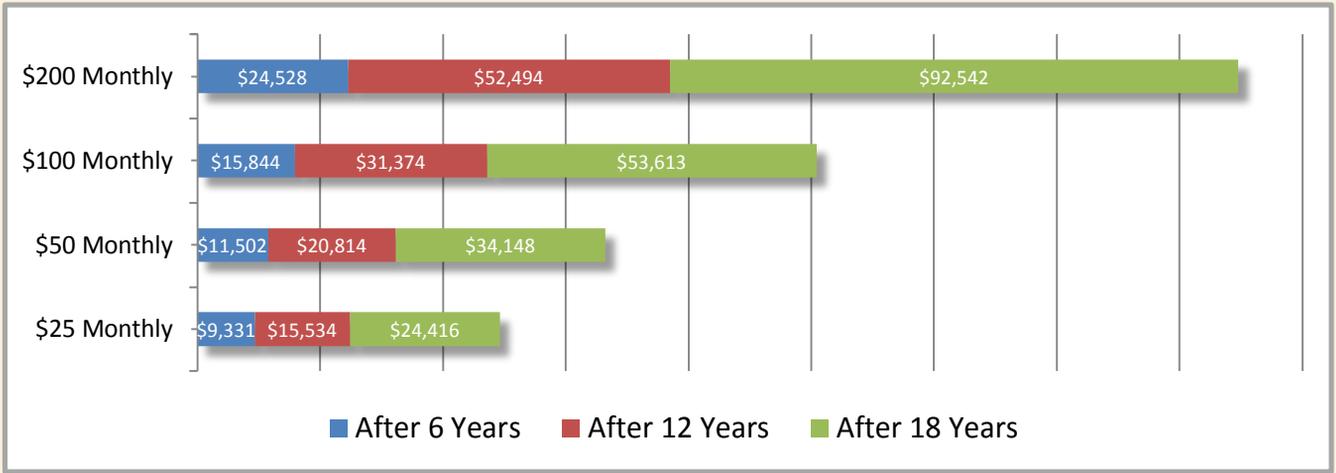


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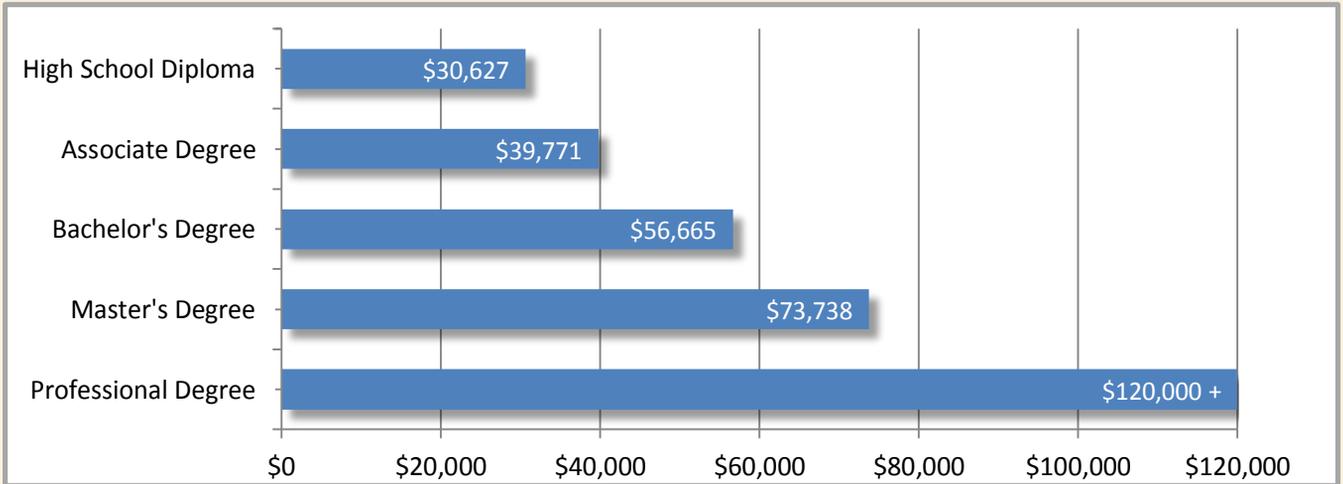
COLLEGE SAVINGS

EVEN A LITTLE CAN GO A LONG WAY



By investing even a small amount on a regular basis, you have the potential to accumulate significant college savings. This hypothetical example shows how a \$5,000 initial investment with varying monthly amounts would perform over 6 years, 12 years, and 18 years. The investment return assumed is 6% per year. Actual investment returns will vary with market conditions, so your account may be worth more or less than your original investment.

A GREAT REASON TO GO



College graduates typically earn more than those without a college degree. Based on the U.S. Census Bureau's recent median earnings for full-time workers at least 18 years old. Source: U.S. Census Bureau Table, Table 232