



United States Fish & Wildlife Service

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Memorandum

08/21/2003

From AD - Budg, Planning & Hum Res
Title Saving for College Through 529 Plans and
Discretionary Allotments

Under Section 529 of the Internal Revenue Code, you can make investments in a State operated fund designed to help you save for future college costs. There are two general types of 529 plans: prepaid programs and savings programs. Both plans offer tax-deferred growth and tax-free withdrawals. Based on the 529 plan that you participate in, you may be able to make contributions through automatic payroll deduction which can help to reduce the cost of investing in a 529 plan. Many fund companies that manage 529 plans will waive sales commissions and lower other expenses if you utilize this option. The automatic contribution option is available as a voluntary deduction known as a "discretionary allotment." A discretionary allotment is a payroll deduction that is automatically sent to a recipient name and address or a financial institution designated for receipt of an electronic funds transfer (EFT). Contact your Work/Life coordinator in your servicing human resources office to initiate a discretionary allotment in conjunction with a 529 plan.

Our mission is, working with others, to conserve, protect and enhance fish, wildlife, and plants and their habitats for the continuing benefit of the American people.