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**Congress of the United States**  
**House of Representatives**  
Washington, DC 20515-3804

July 20, 2005

**Support Permanent Tax-Free Treatment for 529 College Savings Plans**

Dear Colleague:

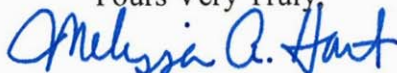
I ask you to join me as a cosponsor of **H.R. 2386, the College 529 Investment in Education Savings for Tomorrow (InvEST) Act of 2005**, making permanent the tax-free treatment of qualified withdrawals from Section 529 plans. These plans have become a critical tool for American families seeking to finance the growing costs of higher education with assets in Section 529.

In 2001, Congress passed reforms providing tax-free treatment for withdrawals from a Section 529 plan when used by a beneficiary for qualified higher education expenses. The 2001 changes also included important operational provisions that made Section 529 plans more user-friendly and easier and less expensive to administer. Since these changes were made, the assets in Section 529 plans have grown from \$13 billion in 2001 to more than \$65 billion today. Yet these important reforms will sunset after 2010.

With college costs rising at annual rates well above inflation, it is more important than ever for families to begin saving early for their children's post-secondary education. Yet the uncertainty regarding the future tax treatment of 529 plans leaves families with young children unsure of what the tax features will be when their children are ready for college. The result is significant confusion and often a reluctance to set aside savings today for future college expenses. As a result, the time to make tax-free withdrawals from 529 accounts permanent is now. The termination of the current favorable tax treatment could interfere with the long-term savings strategies of working families, forcing them back to a greater reliance on debt and undermining the purpose of the 529 reforms.

If you would like to cosponsor or have any questions, please contact either Bill Rys with Rep. Hart at 5-2565 or [William.Rys@mail.house.gov](mailto:William.Rys@mail.house.gov).

Yours Very Truly



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