



**Proponent Testimony on SB 33
before the
Senate Ways and Means Committee
by the
Securities Industry and Financial Markets Association (SIFMA)
on
September 28, 2021**

Chair Blessing, Vice Chair Roegner, Ranking member Williams and members of the Senate Ways and Means Committee, thank you for the opportunity to provide proponent testimony on SB 33, supplementing the SIFMA testimony from earlier this year.

My name is Tony Fiore and I serve as legislative counsel for the Securities Industry and Financial Markets Association¹ (SIFMA) in Ohio. SIFMA brings together the shared interests of hundreds of broker-dealers, bankers and asset managers.

What does SB 33 do?

SB 33 will permit the \$4,000 state tax deduction for college savings plan contributions to apply to *all* Ohioans, regardless of which 529 plan they choose to utilize in saving for their family's future education costs. It currently only applies to those families investing in Ohio's plan – also known as Ohio's 529 College Advantage.

COVID-19s Impact on College Costs and Saving

While many colleges and universities moved to online classrooms during the pandemic, the cost of tuition did not go down.² As tuition continues to escalate at a rate far outpacing inflation, more families will need to invest in savings plans to cover the increased costs.

529 College Savings Plans are proven to be one of the most effective ways to minimize college costs. According to research by T. Rowe Price, \$23,000 in 529 savings over 18 years would cover \$51,000 in college and loan costs. To put this another way, 529 savings plans give investors a choice. When faced with \$40,000 in college costs, Ohioans can

¹ SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry's nearly 1 million employees, we advocate for legislation, regulation and business policy, affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. For more information, visit <http://www.sifma.org>.

² College Board, [Trends in College Pricing and Student Aid 2020](#), Fall 2020.

either: 1) save \$105 per month for 18 years before college; or 2) pay \$424 per month for 10 years after college.³

Ohio has a strong plan, but it may not be right for everyone

Just as there are many factors that go into selecting a college, there are a wide variety of considerations when picking an investment advisor and strategy. Whether it is an in-state plan or another option that best suits the family's needs, increased choices and competition allow a family to have a potentially more effective return on their investment – particularly given considerations such as their ability to contribute, their investment time horizon, investment options, or the fees associated with the plan. As such, it is important that Ohio college savers are able to choose the investment option that is right for them based on all the considerations, and have access to the same state tax treatment for their contributions as their neighbor who makes a different choice in their 529 College Savings Plan. I've attached the most recent Top 10 529 College Savings Plan chart comparing the 1, 3, 5 and 10 year performance scores from Savingforcollege.com. Ohio's plan is usually ranked in the top 10 and is currently number 1 in the 3 and 10-year performance.

Tax parity would not only simplify savers decisions when choosing the best 529 plan for their needs, but it would also ensure that households with existing plans in other states are encouraged to continue saving when they move to Ohio. Without tax parity, new residents are faced with a decision: a) close their existing account, b) maintain their existing account but discontinue contributions, or c) continue to make contributions while sacrificing the tax benefit available to other Ohioans - which is a notable disincentive to saving.⁴

More families investing in Ohio's 529 plan and less impact on revenue

Providing for investor choice would be unlikely to affect the state's revenue as significantly as the SB 33 fiscal analysis estimates. The fiscal analysis looked at two states – Kansas and Montana. The key phrases from the fiscal analysis is "the experiences in Montana and Kansas may not be entirely comparable, as Ohio's CollegeAdvantage 529 Savings Plan is highly rated...Since Ohio's plan is highly rated and usable at any college in the country, the behavioral response to the bill may be diminished, as compared to the experiences in Kansas and Montana."

³ T. Rowe Price Investor Magazine, Fall 2016 Edition.

⁴ Flynn, Katherine, "Tapping your 529 Plan to Pay Bills," SavingForCollege.com, (October 10, 2015).

States providing tax fairness for all college savers have seen greater contributions by families investing in 529 plans. States providing tax fairness for college savers include, but are not limited to, Pennsylvania, Missouri, Arizona and Minnesota, which was the most recent state to enact 529 tax parity. Arizona implemented a 529 tax parity deduction and found it so successful that the state more than doubled the deduction's amount to further spur education-related savings.

It is also important to note that, because funds from any 529 College Savings Plan can be used at any school, implementing tax parity would in no way impact a student's decision to attend an Ohio college or university. And SB 33 would help families with children going into skilled trade professions too – not just those with kids heading to college – thanks to an expansion of federal law allowing 529 accounts to pay for apprenticeship costs as well as vocational and trade school and undergraduate and graduate college costs. This may help address existing workforce challenges and close the skills gap.

Conclusion

SB 33 provides every Ohio family investing in a qualified 529 plan the same:

- 1) right to choose which plan is best for their particular college savings needs;
- 2) tax deduction (tax parity); and
- 3) incentive to save and invest in the right plan to offset the rising cost of education.

Chair Blessing and members of the committee, thank you again for the opportunity to provide supplemental proponent testimony on SB 33 today. In last General Assembly, the bill passed unanimously out of this committee and the full Senate, as well as unanimously out of the House Ways and Means Committee. We are hopeful for the same support of SB 33 in this General Assembly, but this time with the full House support to send it to Governor DeWine for his signature. I would be happy to answer any questions.

1 year

Top 10 performing 529 college savings plans

	1YR	3YR	5YR	10YR	
RANK	STATE	PLAN	PERFORMANCE SCORE		
<input type="checkbox"/>	1	Alaska	T. Rowe Price College Savings Plan	26.61	ENROLL NOW
<input type="checkbox"/>	1	Alaska	Alaska 529	26.61	ENROLL NOW
<input type="checkbox"/>	3	South Dakota	CollegeAccess 529 (Direct-sold)	32.05	ENROLL NOW
<input type="checkbox"/>	4	Nevada	USAA 529 College Savings Plan	33.56	PLAN DETAILS
<input type="checkbox"/>	5	California	ScholarShare 529	38.35	PLAN DETAILS
<input type="checkbox"/>	6	Maryland	Maryland 529 -- Maryland Senator Edward J. Kasemeyer College Investment Plan	38.68	PLAN DETAILS
<input type="checkbox"/>	7	South Carolina	Future Scholar 529 College Savings Plan (Direct-sold)	41.15	ENROLL NOW
<input type="checkbox"/>	8	Wisconsin	Edvest	41.30	PLAN DETAILS
<input type="checkbox"/>	9	Nebraska	Nebraska Education Savings Trust -- Direct College Savings Plan	42.29	PLAN DETAILS
<input type="checkbox"/>	10	Illinois	Bright Start Direct-Sold College Savings Program	42.53	PLAN DETAILS

3 year

Top 10 performing 529 college savings plans

	1YR	3YR	5YR	10YR	
RANK	STATE	PLAN	PERFORMANCE SCORE		
<input type="checkbox"/>	1	Ohio	Ohio's 529 Plan, CollegeAdvantage	26.24	PLAN DETAILS
<input type="checkbox"/>	2	Nebraska	Nebraska Education Savings Trust -- Direct College Savings Plan	29.38	PLAN DETAILS
<input type="checkbox"/>	3	Alaska	T. Rowe Price College Savings Plan	31.35	ENROLL NOW
<input type="checkbox"/>	3	Alaska	Alaska 529	31.35	ENROLL NOW
<input type="checkbox"/>	5	West Virginia	SMART529 WV Direct College Savings Plan	32.13	PLAN DETAILS
<input type="checkbox"/>	6	New York	New York's 529 College Savings Program -- Direct Plan	34.61	ENROLL NOW
<input type="checkbox"/>	7	Indiana	CollegeChoice 529 Direct Savings Plan	35.55	PLAN DETAILS
<input type="checkbox"/>	8	Louisiana	START Saving Program	36.90	PLAN DETAILS
<input type="checkbox"/>	9	Illinois	Bright Start Direct-Sold College Savings Program	36.93	PLAN DETAILS
<input type="checkbox"/>	10	Pennsylvania	Pennsylvania 529 Investment Plan	37.10	ENROLL NOW

5 year

Top 10 performing 529 college savings plans

	1YR	3YR	5YR	10YR	
RANK	STATE	PLAN	PERFORMANCE SCORE		
<input type="checkbox"/>	1	Alaska	T. Rowe Price College Savings Plan	30.81	ENROLL NOW
<input type="checkbox"/>	1	Alaska	Alaska 529	30.81	ENROLL NOW
<input type="checkbox"/>	3	West Virginia	SMART529 WV Direct College Savings Plan	33.61	PLAN DETAILS
<input type="checkbox"/>	4	Nebraska	Nebraska Education Savings Trust -- Direct College Savings Plan	36.81	PLAN DETAILS
<input type="checkbox"/>	5	Nevada	The Vanguard 529 College Savings Plan	38.68	ENROLL NOW
<input type="checkbox"/>	6	Ohio	Ohio's 529 Plan, CollegeAdvantage	38.79	PLAN DETAILS
<input type="checkbox"/>	7	New York	New York's 529 College Savings Program -- Direct Plan	39.73	ENROLL NOW
<input type="checkbox"/>	8	Wisconsin	Edvest	40.05	PLAN DETAILS
<input type="checkbox"/>	9	California	ScholarShare 529	40.62	PLAN DETAILS
<input type="checkbox"/>	10	South Carolina	Future Scholar 529 College Savings Plan (Direct-sold)	41.46	ENROLL NOW

10 year

	1YR	3YR	5YR	10YR
RANK	STATE	PLAN	PERFORMANCE SCORE	
<input type="checkbox"/>	1	Ohio	Ohio's 529 Plan, CollegeAdvantage	24.17 PLAN DETAILS
<input type="checkbox"/>	2	New York	New York's 529 College Savings Program -- Direct Plan	29.78 ENROLL NOW
<input type="checkbox"/>	3	South Carolina	Future Scholar 529 College Savings Plan (Direct-sold)	33.10 ENROLL NOW
<input type="checkbox"/>	4	Florida	Florida 529 Savings Plan	36.23 PLAN DETAILS
<input type="checkbox"/>	5	Nevada	The Vanguard 529 College Savings Plan	36.61 ENROLL NOW
<input type="checkbox"/>	6	Delaware	DE529 Education Savings Plan	37.75 ENROLL NOW
<input type="checkbox"/>	7	Massachusetts	U.Fund College Investing Plan	37.75 ENROLL NOW
<input type="checkbox"/>	8	Arizona	Fidelity Arizona College Savings Plan	37.98 ENROLL NOW
<input type="checkbox"/>	9	New Hampshire	UNIQUE College Investing Plan	38.01 ENROLL NOW
<input type="checkbox"/>	10	Alaska	T. Rowe Price College Savings Plan	39.43 ENROLL NOW