



## College Savings Program (529 Plan)

### Background

The Research Foundation (RF) offers participation through direct deposit in New York's College Savings Program (NYCSP). The savings plan allows an employee state and federal tax benefits while saving for qualified higher education expenses.

This program is authorized under Section 529 of the Internal Revenue Code and is jointly administered through the office of the State Comptroller and the Higher Education Services Corporation. Program investments are managed by Upromise Investments, Inc.

### Eligibility

Any employee eligible for payroll direct deposit is eligible for the College Savings Program. Participation is only through payroll direct deposit to a NYCSP account managed by Upromise Investments, Inc.

### Cost

The employee pays the full cost of program participation, through a minimum \$15 direct deposit contribution. A management fee of .60%, which is paid by account owners/employees, covers all costs of the Program. There are no application, maintenance, or transaction fees.

### Program Overview

Parents, grandparents, other relatives or friends (the account owner) can set up a Tuition Savings Account for a future college student (a specific beneficiary). Contributions to the account are invested according to the investment options selected by the account owner. After the account has been open for 36 months, the account owner can withdraw money without penalty to pay for the qualified higher education expenses of the beneficiary.

The first \$5,000 which is invested each year for a future college student will be deductible from New York State gross income when the employee files his or her state income tax return. A married couple filing a joint return may deduct up to \$10,000 per year. Investment earnings will not be taxed by the state or federal government as long as the money withdrawn is used for qualified higher education expenses and the funds remain on deposit for 36 months before they are withdrawn.

Withdrawals used by the beneficiary for qualified higher education expenses are not subject to federal or New York income taxes.

Note: Tax free withdrawal for federal tax purposes is part of the Economic Growth and Tax Relief Reconciliation Act of 2001. The provisions of the 2001 Tax Act expire on December 31, 2010. Accordingly, the tax provisions of the Act will no longer apply and the tax law provisions described in the Program Brochure dated November 15, 2000 will again govern the Program,

if Congress does not act prior to January 1, 2011.

## Employee Enrollment Materials

Employees should be directed to the New York's 529 College Savings Program web site at [www.nysaves.org](http://www.nysaves.org) to get an Enrollment Kit. The web site provides detailed information about the program, an enrollment application kit, and a payroll deduction instruction form.

Employees who want to change the amount of an existing direct deposit for this program should complete a new Payroll Deduction Instruction form. This PDF format form is available on the New York's 529 College Savings Program web site.

## Employee Responsibilities

The employee must

- be qualified for and enroll in the operating location's Direct Deposit Program
- complete a College Savings Program "Enrollment Application Form"
- complete a College Savings Program "Payroll Deduction Instruction Form"
- submit signed and completed forms to the Research Foundation payroll office

## Administration of Program

The following table describes the steps taken by operating location payroll offices and Upromise to open and maintain a college savings account for an employee:

**Note:** Enroll an employee in this Program by adding a payment method to the employee's record. Do not enter a pay element.

| Step | Action                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | <p>Operating location receives and reviews the signed enrollment application form and signed payroll deduction instruction form from the employee, ensuring that all requested information has been completed.</p> <p>Enrollment Application Form</p> <p>Ensure that the</p> <ul style="list-style-type: none"><li>• "By Payroll Deduction" is checked in Section 6.</li><li>• "Bank Account Number" and "Bank Routing Number" are both completed</li></ul> <p>Bank Routing Number — 011001234</p> <p>Account Number — 531_____ (The first three digits will always be 531 and the remaining positions will be a under given to the employee by Upromise.)</p> <p>Payroll Deduction Instruction Form</p> <p>Review the "Employer Information" section and ensure that all fields are completed correctly.</p> <ul style="list-style-type: none"><li>• Name of Organization — This should always be "The Research Foundation of SUNY"</li><li>• Street Address — P.O. Box 9</li><li>• City — Albany</li><li>• State — NY</li><li>• Zip — 12201-000</li><li>• Payroll Department Contact Name — Kathy Shattuck</li><li>• Telephone Number — (518) 434-7027</li></ul> |
| 2    | <p>Operating location retains a copy of the payroll deduction form and mails the original enrollment form and original payroll deduction form to NYCSP at the address on the forms. Record the date forms are mailed on the campus copy. Individual forms can be grouped and mailed together to:</p> <p>New York's College Savings Program</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

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| If the employee is...                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | then the operating location should...                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
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| set up for direct deposit in the Personal Payment Method - xxxx window in Oracle                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <ol style="list-style-type: none"> <li>1. Complete the appropriate Payroll form to add a Payment Method.</li> <li>2. Add the pay allocation to the employee's record as a direct deposit type (i.e., Name) with a priority lower than the pay methods that are already on the system. The effective date will be the pay period after the information is loaded. For instructions on entering or changing a pay method, refer to the payroll work instruction <a href="#">Enter or Change a Payment Method</a>.</li> </ol> <p>Use the following information in the Bank Details window:</p> <p>Account Name — New York College Savings Program<br/> Account Type — Checking account<br/> Account Number — (The first three digits will always be 531 and the remaining positions will be a under given to the employee by Upromise.)<br/> Transit Code — 011001234 (the ABA Number)<br/> Bank Name — Mellon Bank<br/> Bank Branch — NA</p> |
| enrolling in payroll direct deposit for the first time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <p>Complete the appropriate Payroll forms to enroll an employee in the Direct Deposit Program. Refer to the Payroll business area for procedures on how to enroll an employee.</p> <p>Add the new pay allocation for the College Savings Program, as described above.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| not eligible to enroll in payroll direct deposit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p>Notify the employee that this savings program is not available through the Research Foundation. The employee may enroll directly in the Program by remitting contributions by check or an automatic contribution plan through his or her own checking or savings account.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <p><b>Note:</b> The Effective Date of the direct deposit for the College Savings Program should be pay period following when the payment method is loaded to the system.</p> <p>Also, the first deposit will not take place until a prenotification period has been observed to ensure that the banking information is accurate and can be processed. Any subsequent change to the College Savings account information will also trigger a prenote the next payroll period. A prenote period is observed in all cases to ensure accurate deposits. For more information, refer to the Direct Deposit procedure and guidance documents in the Payroll business area.</p>                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <p>Upromise allocates the payroll deposit among the employee's program accounts using the percentage allocations indicated on the Payroll Deduction form.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <p>Upromise and Mellon Bank system receive the payroll deduction each pay period and automatically post the deduction amount to the employee's account(s).</p> <p>Note: Once funds have been deposited in the employee's College Savings Program account, a reversal of the deposit is not possible.</p> <p>When Deposits are Not Made</p> <ul style="list-style-type: none"> <li>• If no account exists at Upromise the money will be returned to RF and a manual check will be prepared and returned to the employee. No College Savings deposit is made.</li> <li>• If an employee has no net pay, no College Savings deposit is made.</li> <li>• If the employee is paid in the off week payroll run or by manual check, no College Savings deposit will be made.</li> <li>• If a direct deposit is reversed and a check is issued for the employee's net pay, no College Savings deposit is made.</li> </ul> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

## Overpayments

Direct deposits to the NYCSP account are made before direct deposits to the employee's local bank. If an employee is overpaid and also has directed funds to college savings, the employee will be required to reimburse the RF for the entire overpayment. Funds already deposited to the NYCSP will remain in the college savings account.

An employee is responsible for the maintenance of his or her college savings account. An employee may retrieve funds from NYCSP by filling out the appropriate NYCSP forms and taking any penalties that may apply to nonqualified withdrawal. For more information, refer to the "Account Maintenance" page of the NYCSP Web site at [www.nysaves.org/](http://www.nysaves.org/).

## Canceling Participation

Participation in the NYCSP is by direct deposit to a Program account. The direct deposit is set up as a payment method by the operating location. Funds will continue to be deposited into the employee's Program account until the pay allocation is ended (i.e., until the payment method is end dated before payroll is run). Operating locations should have a procedure in place for employees to cancel participation in the NYCSP. This procedure should include the length of time it will take for the operating location to cancel an employee's participation in the program.

If the pay method is not end dated before the next payroll is run, funds will be deposited. For an employee to retrieve these funds, he or she would have to withdraw them with any penalties that may apply. Central office payroll will not seek refunds from the College Savings Program if a direct deposit that has been set up for plan participation is not end dated by the operating location as requested by the employee.

## Program Information

Program information can be obtained by calling 1-877-NYSAVES (1-877-697-2837) or by using the Program Web site at <https://www.nysaves.org>.

## Change History

- **December 05, 2003** - Revised to reflect change in the program administrator for the New York College Savings Program from TIAA to Upromise, effective November 14, 2003
- **December 21, 2001** - New document.

## Feedback

Was this document clear and easy to follow? Please send your feedback to [webfeedback@rfsuny.org](mailto:webfeedback@rfsuny.org).

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