



Community Foundation of Wabash County

We're here for giving. We're here for good.

Early Award Scholarship Program Frequently Asked Questions

General Questions

What are Early Award Scholarships?

- Early Award Scholarships are financial awards that help Wabash County students pay for college or career training after high school. Students earn scholarships by completing in-class learning assignments and career or college going activities, and by depositing money into their CollegeChoice 529 Direct Savings Accounts. (Accounts must be linked to Wabash County Promise.) The scholarships are deposited into the *Early Award Scholarship* accounts of Wabash County students who have Promise 529 savings accounts.

Is there a difference between Wabash County Promise and Early Award Scholarships?

- Yes. Wabash County Promise is for K-3 students in Wabash County Schools and is administered by the Wabash County YMCA. Its goal is to encourage students to see themselves pursuing career or college education beyond high school, and to encourage them to build assets to pay for this training by opening and regularly contributing to the students' CollegeChoice 529 Direct Savings Account. To participate, the CollegeChoice 529 Direct Savings Account must be linked to Wabash County Promise.
- Early Award Scholarships are administered by the Community Foundation of Wabash County. The Early Award Scholarship Program continues to promote a college going identity in 4th-8th grade Wabash County students. Students learn that their future depends on working hard in school as they earn scholarships for doing their reading, math, language arts, and career or college preparation activities. They can also earn savings matches for depositing money into their Promise-linked CollegeChoice 529 Direct Savings Accounts. To participate, students must have both a Promise-linked CollegeChoice 529 Direct Savings Account and a Participation Agreement signed by a parent or legal guardian.

How is this program different from other scholarship programs?

- Unlike most programs, students earn Early Award Scholarships during their 4th-8th grade years.

Why are Early Award Scholarships awarded to students so many years before college and career training actually begin?

- Research shows that when children know they have a college savings account, they are three times more likely to pursue education beyond high school. By awarding scholarships *early* -- that is, while in school instead of upon graduation -- Early

Award Scholarships help students accumulate funds to pay for post-secondary education and encourage a college-going identity, one that says, “I can pursue the career and education I need.” Earning scholarships, building assets, and reaching for goals increases the likelihood that students will complete education beyond high school.

How are Early Award Scholarships earned?

- Students earn small scholarships for doing in-class activities that are already part of the curriculum. The students are expected to do this work anyway, and Early Award Scholarships simply offer added motivation to do so. Students also earn savings matches for depositing money into their Promise-linked CollegeChoice 529 Direct Savings Accounts.

Who develops the criteria by which scholarships are earned?

- The Community Foundation of Wabash County works with local educators to develop scholarship criteria based on research about what motivates students to reach for their goals. Students strive to reach benchmarks in three areas: academic growth, savings, and career or college planning activities such as making a college visit or filling out a practice FAFSA.

How are Early Award Scholarships awarded?

- Each quarter, teachers report to the Community Foundation whether their students have completed the activities that are associated with Early Award Scholarships. Each semester, the Community Foundation mails a statement to participating families summarizing the student’s achievements for that semester.

Who is eligible?

- Any student in grades 4-8 who attends school in Wabash County is eligible after these two conditions are met:
 1. An adult opens a Promise-linked CollegeChoice 529 Direct Savings Account with the student as the beneficiary
 2. A parent signs the Participation Agreement form

What if the student lives outside of Wabash County but attends school inside Wabash County?

- All students who attend a school in Wabash County are eligible regardless of where they live.

What am I agreeing to when I sign the Participation Agreement?

- You authorize the school to release to the Community Foundation of Wabash County educational records that establish that your child has met the academic criteria to be eligible for an Early Award Scholarship.

What can Early Award Scholarships be used for?

- Early Award Scholarship funds can be used for qualified educational expenses, including tuition, fees, and textbooks. Early Award scholarship funds can be used at any institution that accepts federal dollars: two- and four-year colleges, graduate schools (including law and medical), and vocational or technical schools.

How do I use my Early Award Scholarship to pay for college expenses?

- After you graduate from high school and enroll in a training program, contact the Community Foundation with a bill or statement showing how much you owe the college or technical school. The Community Foundation will grant funds from scholarships that you earned to pay the school directly.

How are Early Award Scholarships protected from misuse?

- Students cannot withdraw funds directly from the Early Award Scholarship account. To access scholarships, students must show the Community Foundation proof of enrollment in a qualified institution before the Foundation distributes the scholarship funds. All scholarships are sent directly to the school or program in the student's name.

Opening a CollegeChoice 529 Direct Savings Account that is linked to Wabash County Promise

What is a CollegeChoice 529 Direct Savings Account?

- A CollegeChoice 529 Direct Savings Plan is a Section 529 plan offered by the Indiana Education Savings Authority. Ascensus Broker Dealer Services, Inc. serves as the Program Manager. CollegeChoice 529 is designed to help individuals and families save for college in a tax-advantaged way and offers valuable advantages including tax-deferred growth, generous contribution limits, and attractive investment options.

Are investments guaranteed?

- No. Investment returns will vary depending upon the performance of the Portfolios. Depending on market conditions, you could lose all or a portion of your investment.

How do I open a CollegeChoice 529 Direct Savings Account that is linked to Wabash County Promise?

- There are two methods.

1. The preferred method is to complete a paper form available from the Community Foundation of Wabash County or your child's school. To ensure proper tracking, mail or bring the completed form to:

Community Foundation of Wabash County
220 E Main Street
North Manchester, IN 46962

2. Enroll online at <https://www.WabashCountyPromise.org> and click *Join the Promise by Clicking Here*. Then it is essential that you contact the Community Foundation to let us know that you have opened an account

What information will be required when I open a CollegeChoice 529 Direct Savings Account?

- For the student: legal name, mailing address, phone number, date of birth, Social Security Number, school, grade, and graduation year
- For the parent/guardian: legal name, mailing address, phone number, date of birth, email address (if any), Social Security Number

What am I agreeing to when I sign the 529 enrollment form?

- You certify that you are the parent or legal guardian of the student. You acknowledge that you are not guaranteed a specific rate of return on your investment. You authorize Promise Indiana representatives to take photographs, video or audio recordings of or interviews with your student for use in promotional

materials, and to collect non-identifying information about your student for use in research and evaluation.

How will I know that my account has been set up?

- Seven to ten days after you submit your application, your account number will be mailed to you.

How do I complete the *Investment Option* section?

- If you prefer that CollegeChoice judge which investments are appropriate for your child, we recommend you choose the “Age-Based Option.” This option enrolls your student into the portfolio closest to your student’s age and is adjusted to become more conservative as your student approaches college age. You can change the allocation at any time by calling CollegeChoice Direct at 866-485-9415.

Do I retain control of the money?

- *CollegeChoice 529 Direct Savings Account* - Yes. As account owner you choose the portfolios in which you invest, as well as the distribution of the funds. There is no limit on the amount of time money can remain in the 529 account. If one child does not use the money, you may assign a different beneficiary to that account.
- *Early Award Scholarship Account* - No. All funds in the student's individual Early Award Scholarship Fund are managed by the Community Foundation.

Can students have more than one CollegeChoice 529 Direct Savings Account?

- A student may have only one 529 account that is linked to Wabash County Promise i.e., only one 529 account that is eligible for savings matches. If the student has other accounts, they may not be linked to the program.

Existing College Savings Accounts

How can I find out if my college savings account will work with Early Award Scholarships?

- Call the Community Foundation of Wabash County at 260-982-4824. If we do not find an account number for you, call CollegeChoice Direct at 1-866-485-9415 and ask if you have an account. If you learn that you have an account but it is not linked to Wabash County Promise, you may link it by submitting the “Existing Account” form found at cfwabash.org. If you learn that you do not have a CollegeChoice 529 Direct Savings Account, you may open one as explained in answer to the question “How do I open a CollegeChoice529 Direct Savings Account?”

My child already has a CollegeChoice 529 Direct Savings Account. Can I use that account to participate in the Early Award Scholarship Program?

- Yes. If you opened a CollegeChoice 529 Direct Savings Account on your own, you will need to link it to the Early Award Scholarship program by submitting the “Existing Account” form. The online form is found at cfwabash.org, or you may sign and return a paper copy to the Community Foundation.

I have a CollegeChoice 529 Direct Savings Account, but I can’t find the account number. How can I find out my account number?

- Call the Community Foundation of Wabash County or CollegeChoice Direct at 1-866-485-9415.

My child already has a college savings account that is managed by my financial advisor. Can I use that account to participate in Early Award Scholarships?

- No. Early Award Scholarships can only be awarded to students who have a direct (not managed) 529 savings account. The solution is to simply open a CollegeChoice 529 Direct Savings Account at WabashCountyPromise.org for the student.

My child already has a college savings account that was set up in another state.

Can I use that account to participate in Early Award Scholarships?

- No. Each state has its own tax-sheltered college savings account program, but Early Award Scholarships can only be awarded to students with the Indiana-based CollegeChoice 529 Direct Savings Account.

Who can open a CollegeChoice529 Direct Savings Account?

- Any U.S. citizen or resident alien, 18 or older, or an entity that is organized in the U.S., with a Social Security number and U.S. street address, 18 or older, can open a CollegeChoice 529 account, regardless of income level. Parents, grandparents, other family, and friends can open an account for anyone they choose.

Who can contribute to a 529?

- Any number of people can contribute to the same CollegeChoice 529 account, but total contributions cannot exceed \$298,770 for all accounts for the same beneficiary in 529 plans sponsored by the State of Indiana.

Who can be a beneficiary?

- Any person of any age (with a Social Security number) can be named as the beneficiary of a CollegeChoice 529 account. As account owner, you can select a child, adult or even yourself as beneficiary. If a beneficiary decides not to attend college, you can name another beneficiary who is a qualified member of the same family as the original beneficiary. Please see the Disclosure Booklet for more information on who qualifies.

How to Manage Your CollegeChoice 529 Savings Account

How can I manage my CollegeChoice 529 savings account?

- Visit CollegeChoiceDirect.com and click *Log in to your account*, then *Sign up for online access*. You will be asked for your account number, Social Security Number, and zip code. Then you will choose a username and password. From that point forward, you will log in to CollegeChoice Direct with your username and password.

What if I forget my username for collegechoicedirect.com?

- Enter your email address and the last 4 digits of your Social Security Number, and your username will be sent to the email address on file.

What if I forget my password for CollegeChoiceDirect.com?

- Enter your username and email address. After you answer a security question, you will choose one of two options: 1) A temporary password will be sent to your email address, or 2) You will enter your savings account number, Social Security Number, and zip code. Then you will be asked to reset your password.

Why do I see two account numbers for my child on CollegeChoiceDirect.com?

- The account labeled *Individual* is the account into which you deposit your own money. The account labeled *Match* is the account into which K-3 savings matches from Wabash County Promise were deposited until 2017. From 2017 forward,

savings matches have been being deposited into each student's Early Award Scholarship Fund at the Community Foundation of Wabash County.

- Early Award Scholarships earned do not show in the match account. These funds are held in the student's Community Foundation Early Award Scholarship Fund, which is invested by the Community Foundation in an age-based investment portfolio managed by Morgan Stanley.
- Scholarships earned and invested in the student's Community Foundation Fund are owned by the Community Foundation. Parents will receive quarterly reports with the amount in their student's Early Award Scholarship Fund.

How do I change personal information at CollegeChoiceDirect.com?

- You may change your address, phone number, email address, delivery preferences, and bank account information by logging in to CollegeChoiceDirect.com and clicking on *Manage Accounts*, then *Profiles and Documents*. To change a name, Social Security Number, date of birth, or citizenship, call client services for instructions at 1-866-485-9415.

Can I transfer funds from my child's CollegeChoice 529 Direct Savings Account or my Early Award Scholarship Fund to another person?

- *529 account* - Yes. You may change the beneficiary at CollegeChoiceDirect.com.
- *Early Award Scholarship Fund* - No. All money in a student's Early Award Scholarship Fund must be used for career training or college. If they have not been used when the student turns 26, they will be forfeited.

How do I make a withdrawal from my child's CollegeChoice 529 Direct Savings Account?

- Log on to your online account and follow prompts. There are tax penalties if used for expenses not related to college.

What are the fees associated with CollegeChoice 529?

- CollegeChoice 529 has no commissions, loads, or sales charges. The total annual asset-based fee varies from 0.26% to 0.90%, depending on the Portfolio you choose.

Making Deposits into CollegeChoice 529 Direct Savings Accounts

How do I make a deposit online?

- Log in to CollegeChoiceDirect.com and click *Contribute*. You will need your bank name, routing number, and checking or savings account number.

How do I make a deposit by mail?

- Write a check to CollegeChoice 529 Direct Savings Plan and write the student's 529 account number on the memo line. Include the student's first and last name with the check and mail to:

CollegeChoice 529 Direct Savings Plan
The Promise
95 Wells Avenue Suite 155
Newton, MA 02459-3204

How do I deposit cash into my 529 account?

- Bring cash to the Community Foundation. Include your child's first name, last name, school, and CollegeChoice 529 Direct Savings Account number.

How can a friend or family member deposit money into my child's account?

- Give your friends and family your child's Ugift code instead of the more secure account number. To find out this code, log in to CollegeChoiceDirect.com and click *Ugift*. Share this code with others and invite them to deposit money into your child's 529 savings account through Ugift.com. Those who donate must provide their name, contribution amount, and bank information.

What is the maximum amount that can be contributed to my 529 savings account?

- The limit on total contributions (from you and anyone else) is \$298,770. After that, the account may continue to grow higher through investment earnings only.

What is the impact of a CollegeChoice 529 Direct Savings Account on Indiana state financial aid?

- If you and your beneficiary are Indiana residents, there is no impact on state financial aid. For more information on Indiana state financial aid, click [here](#).

What impact does a 529 plan have on eligibility for federal financial aid?

- Personal contributions to your CollegeChoice 529 Direct Savings Account are considered assets and counted at different rates for the Expected Family Contribution (EFC) in the FAFSA formula. As of July 1, 2009, federal guidelines are as follows:
 - If the student is a dependent, a 529 plan account is considered as the parent's asset (if the account owner is the parent or the dependent student). As a result, it will generally be counted at a rate of only 3-6% of its value for the EFC.
 - If the student is not a dependent and is the account owner, the 529 plan account is treated as the student's asset and is generally factored into the EFC at the higher rate of 20%.
- Early Award Scholarships and savings matches earned in your Early Award Scholarship Fund are not considered assets, and are not counted towards the Expected Family Contribution in the FAFSA formula.

Note: Financial aid programs offered by educational institutions and other non-federal sources may have their own guidelines for the treatment of 529 plan accounts. For complete information about financial aid eligibility, you should consult with a financial aid professional and/or the state or educational institution offering a particular financial aid program, since rules and regulations often change.

Earning Early Award Scholarships

How often can Promise Scholarships be earned?

- Students have opportunities during each school quarter to earn Promise Scholarships.

What is the maximum total scholarship a student can earn per year?

- Students can earn between \$120 and \$270 each year in grades 4-8 if they complete all learning activities and earn all savings matches.

How Scholarships will be Disbursed

What taxes will I have to pay when I withdraw money from the 529 account?

- All of the contributions made to your account grow tax-deferred and the distributions are free from federal and Indiana State taxes if used for qualified higher education expenses.

What happens to the scholarships if the student does not attend college?

- If the student chooses not to pursue education beyond high school by the time he or she reaches the age of 26, Early Award Scholarship funds are forfeited and made available by the Community Foundation of Wabash County to be earned by other students. Any money you deposited into the CollegeChoice 529 Direct Savings Account remains available to you indefinitely.

Where can scholarships be used?

- Early Award Scholarship money can only be granted to institutions that accept federal student aid. A list of these qualifying schools is available at CollegeScorecard.ed.gov.

Does my child have to attend college in Indiana?

- No. You can use the assets in your account toward the costs of nearly any public or private, 2-year or 4-year college nationwide, as long as the student is enrolled in a U.S.-accredited college, university, graduate school, or technical school that is eligible to participate in U.S. Department of Education student financial aid programs.

Are there protections for my Early Award Scholarship Fund?

- No one can access Early Award Scholarship money except the student in whose name the Fund was established. Early Award Scholarships are only disbursed to qualified institutions for qualified educational purposes. Neither the student nor the student's family can use the scholarships for anything other than qualified college and career training expenses.

Earning Early Award Savings Matches

What savings matches are available?

- If you deposit at least \$20 each semester during the school year, the Community Foundation will match your deposit dollar for dollar in your scholarship account. If you successfully make deposits both semesters, the Community Foundation will deposit an additional \$10 into the scholarship account

When will the savings match dollars show up in my Early Award Scholarship Fund?

- Approximately November, January, April, and June.

When in the last day I can deposit money to earn the quarterly savings match?

- Deposits must be posted to the 529 account on or before the last day of each semester.

What is a champion?

- A champion is someone who supports a student (or students) in his or her dreams and future college and career success. A champion can help in two ways: by making a gift to a student's CollegeChoice 529 account or providing written or verbal encouragement and support.

Tax Information

What is my tax savings for depositing money into an individual's CollegeChoice 529 Direct Savings Account?

- For Indiana taxpayers, 20% of the contribution amount is applied as state tax credit. The maximum amount that can be claimed is \$5,000, for a maximum annual tax credit of \$1,000

What tax benefits can I get from the CollegeChoice 529 Direct Savings Plan?

- Earnings grow tax deferred and are free from federal income tax when used for qualified higher education expenses.

What is the tax penalty if I withdraw money from my CollegeChoice 529 Direct Savings Account for something other than career training or college education?

- The earnings portion of a withdrawal not used for a beneficiary's qualified higher education expenses is subject to federal and state income taxes and may be subject to a 10% federal penalty tax. Additionally, any accumulated earnings that are withdrawn from your account must also be reported on the recipient's income tax return for the year in which they are withdrawn.
- Money cannot be withdrawn from the Early Award Scholarship Fund by anyone other than the Community Foundation and for the explicit purpose of educational expenses.

Information for Donors

How can donors support this work?

- Individuals, clubs, churches, employers, or any group may support the Promise Scholarship program by making contributions directly to the Community Foundation of Wabash County. Donors may choose to sponsor scholarships for a classroom, an entire grade level or school system, or for certain activities, such as college preparation activities or academic growth scholarships. Contributions to the program may be made in honor of or in memory of someone.

What is the tax benefit for contributions to the overall Early Award Scholarship Program?

- Charitable gifts from individuals to the Community Foundation for the Early Award Scholarship Program are tax deductible.