

# SoarMA: Fact Sheet



## What is SoarMA?

A two-year pilot program created pursuant to Chapter 133 of the Acts of 2016, it is a universal, seed-funded savings account program, designed to help low-income Massachusetts children and families save for postsecondary education and training. The initiative, funded through public-private partnerships, will provide a matched savings program and a financial education curriculum. These 529 college savings accounts will be offered through the Office of the Massachusetts State Treasurer and Receiver General, in collaboration with the Massachusetts Educational Financing Authority (MEFA) and Inversant.

The SoarMA program's pilot communities are the "Round II" Massachusetts participants in the Federal Reserve's Working Cities Challenge grant program. Those cities include Haverhill, Lowell, Pittsfield, Springfield, and Worcester.

## What is the overall purpose and goals of SoarMA?

The purpose of SoarMA is to help Massachusetts students and families save for higher education, develop positive saving behaviors, establish college-bound identities in low-income communities, and learn essential financial literacy skills.

The SoarMA program will dedicate its resources in support of three principal goals. First, it aims to increase the percentage of families saving for higher education in these Gateway Communities. Second, it seeks to deliver high-quality financial education programming to families, building a culture centered on saving for the future and sustainable budget management. Third, it strives to boost postsecondary enrollment and graduation rates for these cities, incentivizing aspirations of higher education for economically vulnerable and disadvantaged children.

## What is a 529 college savings account?

Every account offered through SoarMA is a "529 plan," a tax-advantaged investment plan authorized by Section 529 of the Internal Revenue Code and designed to encourage savings for higher education. These accounts are specifically offered through MEFA's U.Fund, which is sponsored by the Commonwealth of Massachusetts and managed by Fidelity Investments.

Every account through the SoarMA program includes a \$50 deposit, to help jump start families on savings for future success. Earnings in the account grow tax-free, and qualified withdrawals are not subject to federal and state income taxes. Contributions to the account are not tax-deductible and there are no account maintenance fees. Each account can hold a maximum of \$375,000 per beneficiary.

## Who can sign up for an account?

The program will be opened to all eligible seventh graders enrolled in the following middle schools starting in the 2017-2018 school year:

- **Haverhill:** Consentino Middle School
- **Lowell:** Stoklosa Middle School
- **Pittsfield:** Reid Middle School
- **Springfield:** South End Middle School
- **Worcester:** Worcester East Middle School



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## When can I sign up?

Open enrollment for SoarMA will occur at the beginning of the 2017-2018 school year for seventh grade students enrolled in the participating gateway community schools. You can sign up for updates at [SoarMA529.org](http://SoarMA529.org)

## How does it work?

Families interested in signing up for a 529 account through the SoarMA program will be asked to complete an online form on MEFA's website. After setting up the account, families can begin making contributions and will receive a monetary match from the SoarMA program upon their contribution of \$100 in the first calendar year.

## Why should I sign up?

College savings accounts are an effective way for families to manage the challenge of rising higher education costs. They are a proven tool that serves to cultivate educational attainment and aspirations for children. Youth who grow up knowing they have a savings account that will help finance further education are more likely to succeed academically than those who do not. Research has also shown that children with an account are roughly seven times more likely to attend college than those without one.

Students and families in the SoarMA program will also benefit from the financial education programming incorporated into this pilot. Along with a matching program to incentivize families to save, the financial curriculum "Savings Circles" will be facilitated by Inversant, an organization that fosters financial empowerment and higher educational achievement for low-income communities. For families, the benefits of learning key financial literacy principles extends beyond higher education aspirations and help individuals develop positive attitudes towards savings and financial institutions.

## Why was my school chosen for the SoarMA program?

Given the close working relationship between the Treasury, the Federal Reserve Bank of Boston, and the pilot program's alignment with the goals of the Working Cities Challenge, these schools are natural partner for the SoarMA pilot program. By selecting these five schools, the SoarMA program accurately reflects the cultural and geographical diversity of the Commonwealth, while working to develop the next generation of leaders in our communities.

<sup>1</sup> William Elliot III and Sandra Beverly, "The Role of Savings and Wealth in Reducing 'Wilt' Between Expectations and College Attendance," *George Warren Brown School of Social Work Center for Social Development* (January 2010): 1-2.

<sup>2</sup> Jermie Greer and Ezra Levin, "Scholarly Research on Children's Savings Accounts," *Corporation for Enterprise Development* (June 2014): 1-2.

