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Upcoming Holidays

UESP's offices will be closed on

- Monday, May 28, 2007
- Wednesday, July 4, 2007
- Tuesday, July 24, 2007

UESP is a Section 529 plan administered and managed by the Utah State Board of Regents and the Utah Higher Education Assistance Authority (UHEAA).

Investors should read the Program Description and consider all investment objectives, risks, charges, and expenses before investing. The Program Description is available online at www.uesp.org or by calling 1.800.418.2551.

You could lose money you invest in UESP. Investments are not guaranteed by UESP, the Board of Regents, UHEAA, the FDIC, or any other state or federal government agency.

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UESP Rated as One of the Top Five College Savings Plans in the Nation

Morningstar, Inc., an independent investment research firm, recently rated UESP as one of the top five college savings plans in the nation. This marks the fourth consecutive year that UESP has been rated by *Morningstar* as one of the best direct-sold 529 college savings plans in the country.

In the article, *Morningstar* states: "The Utah Educational Savings Plan Trust remains among our favorites for its low costs, sound age-based options, and tried and true index and international offerings from Vanguard. ...we think Utah continues to provide the best combination of cost and flexibility for investors."

UESP is honored to once again receive this rating. "We are very pleased *Morningstar* continues to recognize our plan as one of the best vehicles available to help parents save for their child's college education," said UESP Director Lynne Ward.

Contribute Online

New Web site Feature

UESP recently added a new feature to its Web site that enables account owners to make automated one-time contributions to their UESP account. Since adding this new feature, more than 1,000 transactions have been successfully processed.

What are you waiting for? Take advantage of this automated feature by following these simple steps.

Step 1: go to www.uesp.org

Step 2: select "online contribution" under "account owner services"

Step 3: enter your "username" and "password"

Step 4: schedule your contribution(s) and click "I agree"

Step 5: confirm your contribution(s) and click "confirm"

Step 6: print your confirmation

Note: *You must use a checking account from your bank, savings and loan, or credit union for electronic online contributions. Brokerage and mutual fund accounts with companies such as Vanguard, Charles Schwab, etc., cannot be used to fund online contributions. Requests to do so will be rejected. Reject fees and market losses would be charged to your UESP account. Brokerage and mutual fund checks can be mailed, payable to UESP. Be sure to include the beneficiary's name and account number on the check.*

Enhanced Automated Contribution

UESP has enhanced features for establishing or changing automated contributions. Using Form 200, account owners can add a one-time single contribution, add a recurring/regularly scheduled contribution, change the amount of a recurring/regularly scheduled contribution, change debit date(s), change bank account information, or cancel ACH debits. Account owners are now able to select up to a maximum of two dates (from the 1st through the 28th of any month) for debit(s) to be made from their checking or savings account.

For Utah Account Owners

Legislative Update

UESP is pleased to report Second Substitute House Bill 36, *Income Tax Additions and Subtractions for Higher Education Savings*, has been signed by Governor Huntsman and is now law.

Thanks go to the many supportive legislators and UESP account owners for their efforts in getting this bill passed during the 2007 General Legislative session.

The provisions in the bill are now effective as the bill contained a retroactive effective date of January 1, 2007.

This bill benefits UESP account owners in several ways:

- Keeps the tax deduction for individual filers who use the "traditional" tax method. Allows a tax credit for individual filers who use the "single-rate" tax method.
- Married couples who file a joint Utah income tax return will not need to own separate accounts for the same beneficiary to claim the full Utah state income tax deduction or credit.
- Non-residents and part year residents may only take the deduction or credit proportional to their Utah income.
- Allows a deduction for estates and trusts, including a deduction for 2006 contributions that may be claimed on the 2007 tax return. (UESP will include the 2006 amount on the 2007 TC-675H form in January 2008.)

The 2007 deduction is up to \$1,620 in contributions per beneficiary.

- Clarifies that if a withdrawal is not used for qualified higher education expenses, any previously claimed deduction or credit must be added back to income in the year of withdrawal.
- Corporations retain the deduction.

The tax deduction for tax filers using the "traditional" method:

The 2007 deduction is up to \$1,620 in contributions per beneficiary. This amount is doubled to \$3,240 for married couples who file a joint income tax return.

The tax credit for individual tax filers using the "single-rate" method:

The 2007 credit is up to \$1,620 in contributions per beneficiary multiplied by 5.35% = \$87 per beneficiary. The maximum per beneficiary credit amount is \$173 for married couples who file a joint income tax return.

The credit will not phase out based on the taxpayer's income.

UESP Reaches \$2 Billion in Total Investments

UESP has reached an important milestone! The plan now has more than \$2 billion in total assets under management (AUM) and more than 90,000 account owners.

The AUM have doubled in less than two years. Much of the growth occurred in 2006. According to the College Savings Plans Network, UESP's growth rate in 2006 of 46 percent outpaced the 33 percent average total growth of all national college savings plans. The growth is due to a combination of new contributions and market gains.

"UESP has experienced record growth," said Lynne Ward, UESP Director. "UESP's appeal can be attributed to our low fees and range of investment options. In addition, by action of Congress last summer, the gains were made permanently tax-free when used for qualified higher education expenses."

Questions About Your Account?

Have a question regarding your UESP account? Answers to your questions are never more than a mouse click or phone call away. The UESP Web site (www.uesp.org) has a Frequently Asked Questions and Answers section to help you. Another resource is our toll-free phone number. Call 1.800.418.2551 (Monday-Friday 8 am-5 pm MT) to get answers to your UESP account questions.

Helpful Reminders About Your Account

- UESP cannot send duplicate account statements to anyone other than the account owner.
- When making contributions to your account, UESP does not require or use deposit slips. Simply write the child's name and UESP account number on the front of your check.
- Account owners can deposit money into their UESP account by using the new Web site feature for automated one-time contributions (see "Contribute Online" article on page 1 of this newsletter) or by making a check payable to UESP and referencing the account number and beneficiary name.

In the News

"The Utah Educational Savings Plan, which is run by the state, remains a top choice due to a diverse lineup of portfolios and low annual expenses, which mostly range from 0.25% to 0.38% across its portfolios."

Wall Street Journal
(On the annual *Morningstar, Inc.* rating of Best and Worst 529 College Savings Plans)
March 1, 2007



More News

“Utah has a good thing going with its highly touted Education Savings Plan... and even more people ought to take advantage of it.”

KSL Editorial Board
January 30, 2007

“We looked for the best plan that would use mutual funds that we are familiar with, that had low fees, and that had the best returns of all. We chose the Utah plan because it contains the same mutual funds that we are in right now with our financial plan.”

Wayne Dempsey,
UESP Account Owner
USA Today/ABC News
February 12, 2007

Save Today for Tomorrow's Costs

If you give your child or grandchild a monetary gift by contributing to their UESP account, you are letting them know you are thinking about their future.

Here's why:

- According to the College Board, the total cost of one year of college for the 2006-2007 academic year is \$33,270. This includes the average tuition, fees, room and board at the 500 independent colleges included in the Independent College 500 (IC 500[®]) Index.
- In the past five years, the average cost of in-state tuition and fees at public colleges has jumped 35 percent-after adjustment for inflation according to the College Board.¹

¹Source: USA Today article: "Rising costs make climb to higher education steeper"
January 12, 2007

New Mailing Address

To continue our high quality of customer service, UESP now has a new mailing address:

Utah Educational Savings Plan

PO Box 145100
Salt Lake City, UT 84114-5100

The new mailing address will not affect when or how you receive correspondence from UESP.

The physical address for UESP remains the same:

Utah Educational Savings Plan

60 South 400 West
Salt Lake City, UT 84101-1284



Online Forms to Help Manage Your Account

Do you need to request a disbursement from your UESP account? How about changing the beneficiary listed on your account? These requests, plus many others, can be fulfilled by completing any of the forms listed below. Simply download the form you need at www.uesp.org/forms.html and fax the completed form to 801.321.7299 or mail it to the address listed in the "New Mailing Address" article above.

Request

- Open a new UESP account.
- Set up or change automated contributions to a UESP account from your bank account.
- Rollover liquidated funds into a UESP account from another 529 plan or transfer funds from a Coverdell account.
- Transfer funds into a UESP account from a liquidated Coverdell account or a qualified U.S. Savings Bond.
- Request a disbursement of funds from your UESP account.
- Move money between two existing UESP accounts where account owners, beneficiaries, or both are different.
- Change the investment option on your UESP account.
- Change the address and/or telephone numbers on your UESP account.
- Change the account owner or agent listed on your UESP account.
- Change the beneficiary listed on your UESP account.
- Establish or change your primary or secondary successor account owner.

Form

- 100 ACCOUNT AGREEMENT
- 200 ESTABLISH OR CHANGE AUTOMATED CONTRIBUTIONS
- 210 INCOMING ROLLOVER
- 215 COVERDELL EDUCATION SAVINGS ACCOUNT OR QUALIFIED U.S. SAVINGS BONDS TRANSFER IN
- 300 DISBURSEMENT REQUEST
- 400 INTERNAL TRANSFER
- 405 INVESTMENT OPTION CHANGE
- 500 ACCOUNT INFORMATION CHANGE
- 505 ACCOUNT OWNER/AGENT CHANGE
- 510 BENEFICIARY CHANGE
- 515 SUCCESSOR OWNER DESIGNATION OR CHANGE



Utah Educational Savings Plan

Investment Option Performance as of March 31, 2007

Investment Options	Latest Month	Latest Three-Months	Latest Quarter End ¹	Year to Date ²	Average Annual ⁴				Inception Date	
					One Year	Three Year	Five Year	Since Inception		
AGE-BASED OPTIONS										
Option 2 - S&P/Bonds/PTIF⁵	0-3	1.03%	0.55%	0.55%	0.55%	11.07%	9.24%	5.74%	2.34%	9/20/99
	4-6	0.91%	0.63%	0.63%	0.63%	10.54%	8.56%	5.61%	2.70%	9/20/99
	7-9	0.80%	0.71%	0.71%	0.71%	10.01%	7.88%	5.48%	3.05%	9/20/99
	10-12	0.68%	0.79%	0.79%	0.79%	9.47%	7.20%	5.35%	3.40%	9/20/99
	13-15	0.55%	0.90%	0.90%	0.90%	8.55%	6.22%	4.94%	3.68%	9/20/99
	16+	0.33%	1.08%	1.08%	1.08%	7.02%	4.58%	4.31%	4.19%	9/20/99
	College Enrolled ³	0.39%	1.19%	1.19%	1.19%	4.73%	3.17%	2.44%	3.22%	9/20/99
Option 3 - S&P and Bonds	0-3	1.09%	0.52%	0.52%	0.52%	11.34%	9.58%	5.80%	2.17%	9/20/99
	4-6	1.09%	0.52%	0.52%	0.52%	11.34%	9.58%	5.80%	2.17%	9/20/99
	7-9	1.09%	0.52%	0.52%	0.52%	11.34%	9.58%	5.80%	2.17%	9/20/99
	10-12	1.03%	0.55%	0.55%	0.55%	11.07%	9.24%	5.74%	2.34%	9/20/99
	13-15	0.91%	0.63%	0.63%	0.63%	10.54%	8.56%	5.61%	2.70%	9/20/99
	16+	0.80%	0.71%	0.71%	0.71%	10.01%	7.88%	5.48%	3.05%	9/20/99
	College Enrolled ³	0.68%	0.79%	0.79%	0.79%	9.47%	7.20%	5.35%	3.40%	9/20/99
Option 7 - Diversified-A	0-3	1.18%	2.14%	2.14%	2.14%	10.74%	12.40%	NA	19.73%	4/1/03
	4-6	1.18%	2.14%	2.14%	2.14%	10.74%	12.40%	NA	19.73%	4/1/03
	7-9	0.93%	1.97%	1.97%	1.97%	9.79%	10.48%	NA	16.45%	4/1/03
	10-12	0.68%	1.80%	1.80%	1.80%	8.85%	8.56%	NA	13.16%	4/1/03
	13-15	0.43%	1.64%	1.64%	1.64%	7.90%	6.63%	NA	9.88%	4/1/03
	16+	0.18%	1.47%	1.47%	1.47%	6.96%	4.71%	NA	6.60%	4/1/03
	College Enrolled ³	0.39%	1.19%	1.19%	1.19%	4.73%	3.17%	NA	2.64%	4/1/03
Option 8 - Diversified-B	0-3	1.14%	1.81%	1.81%	1.81%	11.32%	11.35%	NA	17.29%	4/1/03
	4-6	0.99%	1.75%	1.75%	1.75%	10.65%	10.28%	NA	15.54%	4/1/03
	7-9	0.84%	1.69%	1.69%	1.69%	9.99%	9.21%	NA	13.79%	4/1/03
	10-12	0.69%	1.62%	1.62%	1.62%	9.33%	8.14%	NA	12.05%	4/1/03
	13-15	0.58%	1.55%	1.55%	1.55%	8.54%	7.11%	NA	10.23%	4/1/03
	16+	0.48%	1.47%	1.47%	1.47%	7.75%	6.08%	NA	8.42%	4/1/03
	College Enrolled ³	0.39%	1.19%	1.19%	1.19%	4.73%	3.17%	NA	2.64%	4/1/03
Option 9 - Diversified-Bonds Emphasis	0-3	0.62%	1.67%	1.67%	1.67%	8.85%	7.87%	NA	11.78%	4/1/03
	4-6	0.48%	1.60%	1.60%	1.60%	8.28%	6.85%	NA	10.09%	4/1/03
	7-9	0.34%	1.53%	1.53%	1.53%	7.71%	5.84%	NA	8.40%	4/1/03
	10-12	0.25%	1.44%	1.44%	1.44%	7.02%	4.86%	NA	6.63%	4/1/03
	13-15	0.16%	1.36%	1.36%	1.36%	6.32%	3.88%	NA	4.87%	4/1/03
	16+	0.07%	1.27%	1.27%	1.27%	5.63%	2.91%	NA	3.11%	4/1/03
	College Enrolled ³	0.39%	1.19%	1.19%	1.19%	4.73%	3.17%	NA	2.64%	4/1/03
STATIC OPTIONS										
Option 1 - PTIF⁵	All Ages	0.44%	1.31%	1.31%	1.31%	5.23%	3.67%	2.94%	4.23%	11/1/96
Option 4 - S&P Index	All Ages	1.09%	0.52%	0.52%	0.52%	11.34%	9.58%	5.80%	2.17%	9/20/99
Option 5 - Bonds	All Ages	-0.07%	1.31%	1.31%	1.31%	6.01%	2.79%	NA	3.82%	9/9/02
Option 6 - Diversified Stocks	All Ages	1.18%	2.14%	2.14%	2.14%	10.74%	12.40%	NA	19.73%	4/1/03

Important Information Regarding Investments in UESP:

Past performance does not guarantee future results; investment return and the value of the investment will fluctuate; the value of your account, when redeemed, may be worth more or less than the amount you contribute. You could lose money. The performance numbers listed above are that of the investment options, not individual accounts. Actual performance may be higher or lower than the option performance. An investment in options utilizing the PTIF are not insured or guaranteed by the FDIC or any other government agency. Investors should read the Program Description and consider all investment objectives, risks, and charges and expenses associated with a UESP account before investing. Returns are based on a \$10,000 account balance for non-Utah residents and are net of all fees. Actual performance for Utah residents may be higher. Residents of states other than Utah should consider whether their home state or the beneficiary's home state offer any state tax or other benefits that are only available in that state's 529 plan.

¹ UESP quarterly reporting periods end each March 31, June 30, September 30, and December 31.

² Year to date calculations are based on a calendar year; January 1st to the current month end date.

³ UESP will reallocate the funds to the "College Enrolled" investment bracket on age-based accounts when the account owner notifies UESP of the beneficiary's enrollment.

⁴ Average Annual Return for the trailing 12 months, 36 months, and 60 months.

⁵ Public Treasurers Investment Fund (PTIF) is a pool of money managed by the Utah State Treasurer in short-term investments.

