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Upcoming Holidays

UESP's office will be closed on:

- Friday, July 4, 2008
- Thursday, July 24, 2008
- Monday, September 1, 2008
- Thursday, November 27, 2008
- Friday, November 28, 2008
- Thursday, December 25, 2008

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 800.418.2551.

Investments are not guaranteed by UESP, the Board of Regents, UHEAA, the FDIC, or any other state or federal government agency. Your investment may lose value.

Non-Utah residents should check their own or their beneficiary's state's 529 plan for state tax or other benefits not available through UESP.

Account Management at Your Fingertips

Your UESP account management capabilities have been enhanced on the UESP Web site. You can add, change, or remove:

- account owner addresses and telephones numbers
- beneficiary addresses
- primary and secondary successors
- interested parties (available summer 2008)

Account Owner

As an account owner, you can change your addresses (mailing, physical, and/or other), and telephone numbers through Account Access. To update your information:

1. go to www.uesp.org
2. log into *Account Access*
3. click on *change account owner information*
4. select the appropriate information to update
5. click *save*, and your information has been updated on all your UESP accounts

For security purposes, a letter will be sent to your former and current mailing addresses to confirm the authenticity of the account owner address change.

Beneficiary and Successors

To update information for your beneficiaries or successors:

1. go to www.uesp.org
2. log into *Account Access*
3. click on the UESP account number that you want to update
4. select the information to be updated
5. complete the applicable information
6. click *save*, and your information has been updated for this UESP account

Interested Parties Feature Coming Soon

The interested parties feature in Account Access provides *read-only* access to individuals who you would like to view your selected account(s), such as family members or a financial adviser.

Interested parties can review account information, transactions, and statements, but cannot change account information. The access is managed by the account owner, and can be turned on or off at anytime.

The interested parties feature on the UESP Web site will be available this summer.

September is National College Savings Month

The start of a new school year is the perfect time to remember the importance of receiving a higher education. The College Savings Plans Network, part of the National Association of State Treasurers, has designated September as National College Savings Month.

Consider the following: College graduates age 25 and over earn nearly twice as much as workers who only have a high school diploma.¹

By contributing to your UESP account, you are sending a message to your student that earning a higher education is important to you and an important step in achieving their future goals.

¹ <http://www.collegesavings.org/didYouKnows.aspx>



Requesting Disbursements from UESP

As your college student prepares for a new academic year, they will realize the benefits of their UESP account.

To request a disbursement, the account owner must submit a signed and dated Disbursement Request form (form 300) available online at www.uesp.org. Funds may only be disbursed to an account owner, beneficiary, eligible educational institution, or another qualified tuition plan.

Disbursement Tips

Plan ahead for your disbursement. It will take approximately two weeks to receive the check after initiating the request with UESP. Please ensure you have provided all required information on the Disbursement Request form, including:

- UESP account number
- account owner and beneficiary names
- amount to be disbursed
- name of the person or eligible educational institution to whom the check should be written
- account owner's signature
- date

Effective January 1, 2008, a signature guarantee is required for disbursement requests:

- of \$25,000 or more,
- if an address change for the payee was submitted in the previous 15 calendar days, or
- if the account owner changed in the previous 15 calendar days.

We recommend you check your account online to ensure the addresses on file for the account owner and beneficiary are current. If the check is going to the school, make sure you include the school's address and the student identification number on the disbursement form.

IRS rules require that if funds are disbursed to the account owner or another qualified tuition plan, the

account owner will receive an IRS Form 1099-Q. If funds are disbursed to the beneficiary or eligible educational institution, the beneficiary will receive the form. UESP will mail IRS Form 1099-Q for 2008 disbursements in January 2009.

The person receiving IRS Form 1099-Q will be responsible for retaining all receipts and documentation to support the disbursement. Receipts are not needed by UESP in order to process disbursement requests.

Non-Qualified Disbursements

Funds disbursed from a UESP account not used for qualified higher education expenses are subject to taxation and penalties. The earnings portion of the non-qualified disbursement will be subject to federal and state income tax, as well as an additional 10 percent federal penalty tax. If funds disbursed from a UESP account are not used for qualified higher education expenses, and a Utah state tax credit or deduction was claimed in any prior tax year, the account owner must add the previously deducted amount to his or her taxable income for Utah state income tax purposes in the year of the non-qualified disbursement.

Since UESP cannot withhold federal taxes, state taxes, nor the additional 10 percent federal penalty tax from an unqualified disbursement, the taxpayer who receives the IRS Form 1099-Q is responsible for paying all taxes and/or penalties.



Meet William C.
He'll graduate sooner than you think.

The Utah Educational Savings Plan Web Site Has a New Look

The UESP Web site has been redesigned to enhance your online UESP experience. Visit www.uesp.org to learn more about UESP, access your account, make a contribution, and much more.

The new site is user friendly, with a simple and organized layout. Whether you are a grandparent or a financial adviser, you will be able to find the information you need quickly and easily.

UESP would like your input about the new Web site because your feedback helps us improve the program. Go to the UESP home page to take a short survey about the site. It should take only about five minutes to complete.

Thank you for taking the time to give us your comments about our redesigned Web site.

New Investment Option Offers More International Exposure

In response to requests from account owners, UESP is pleased to announce a new static investment option with more exposure to international equity funds.

Interested? The new investment option will be available in fall 2008. Check the UESP Web site at a later date for more information.

Account Owner Comment

"It's easy. Once I setup the automatic withdrawals from my bank account, I didn't have to do anything else."

Dallas B.
Account Owner
June 2008

A Residency Change Will Affect Your Utah State Tax Credit

As a Utah resident, you have the benefit of receiving a Utah tax credit for contributions up to \$1,650 per beneficiary. But, life changes and so does residency. As a result, part-year Utah residents can only claim an apportioned amount of the state tax credit.

The apportioned state tax credit is based on the percentage of your income that you earn in Utah. The state income tax percentage is calculated by taking the adjusted gross income earned while a Utah resident (Utah state taxable income) and dividing it by your federal adjusted gross income (FAGI). The state income percentage is then multiplied against the available credit, and the result is the amount you will be able to claim on your Utah state income taxes.

See your tax adviser for more information on apportioned state tax credits.

Example: If a part-year Utah resident had a state taxable income of \$70,000 and a FAGI of \$100,000, the Utah state income tax percentage would be 70 percent. If this individual contributed \$1,650 to their UESP account, the maximum apportioned amount of the tax credit would be \$57.75. Here's the calculation:

UT State Taxable Income: \$70,000

FAGI: \$100,000

State Income Percent: 70%
(\$70,000/\$100,000)

UESP Contribution Amount: \$1,650

Available Tax Credit: \$82.50
(\$1,650 x 5%)

Apportioned Tax Credit: **\$57.75**
(\$82.50 x 70%)

Do you have comments about UESP you would like to share? Please e-mail us at marketing@uesp.org.

2008 Year-End Deadline Reminder

Contributions must be received at the UESP office by 5:00 p.m., Mountain Time, Wednesday, December 31, 2008 to qualify for the 2008 Utah state tax credit. Include the account number and beneficiary's name on the front of your check to ensure proper processing.

UESP Mailing Addresses

When mailing correspondence to the UESP office, use the following address:

Utah Educational Savings Plan
PO Box 145100
Salt Lake City, Utah 84114-5100

Overnight mail should be sent to:

Utah Educational Savings Plan
60 South 400 West
Salt Lake City, Utah 84101-1284

Using these addresses will ensure timely processing of requests to your UESP account.

Common Questions and Answers

Q What is the difference between individual, custodial, and institutional accounts?

A An **individual account** is an account owned by a person for the benefit of a beneficiary.

A **custodial account** is established with money liquidated from a UGMA/UTMA account. The beneficiary is the irrevocable owner of the money. A custodian will manage the money for the beneficiary until the beneficiary reaches the age of majority in the state in which the UGMA/UTMA account was established.

An **institutional account** is established by an entity—like a

corporation or family trust—for the benefit of a beneficiary.

Q Can an account owner have more than one account?

A Yes, an account owner can open accounts for multiple beneficiaries, and have multiple accounts for the same beneficiary.

Q What happens if the beneficiary does not use all of the funds in a UESP account or decides not to go to college?

A Section 529 allows an account owner to change the beneficiary without adverse income tax consequences as long as the new beneficiary is a member of the family of the preceding beneficiary. Additionally, funds can be saved for future qualified higher education expenses of the current beneficiary.

If the funds are used for anything but a qualified higher education expense, in most cases you will have to pay federal and state income tax, and an additional 10 percent federal penalty tax on the earnings portion, and recapture any Utah state income tax credit or deduction previously claimed. Refer to the UESP Program Description for complete details.

Q How soon will contributions to my UESP account be invested?

A UESP will invest contributions within three business days after funds are received in the UESP office.

In the News

"I would suggest that parents who receive \$300 per child in government 'stimulus payments' next month consider using that money to open some kind of college savings account for their little ones, and they should at least consider utilizing a 529 plan like the UESP."

Greg Kratz
Deseret News
April 6, 2008

Utah Educational Savings Plan

Investment Option Performance as of June 30, 2008



Utah Educational Savings Plan®

Investment Option Performance as of June 30, 2008

Investment Options	Age Range	Latest Month	Latest	Latest	Year to Date ²	Average Annual ⁴			Inception Date		
			Three-Month	Quarter End ¹		One Year	Three Year	Five Year		Since Inception	
Option 2 - S&P/Bonds/PTIF⁵	0-3	-8.05%	-2.75%	-2.75%	-11.44%	-12.47%	3.91%	6.89%	1.10%	9/20/99	
	4-6	-7.20%	-2.58%	-2.58%	-10.12%	-10.42%	3.88%	6.52%	1.57%	9/20/99	
	7-9	-6.36%	-2.41%	-2.41%	-8.80%	-8.37%	3.85%	6.15%	2.04%	9/20/99	
	10-12	-5.52%	-2.25%	-2.25%	-7.48%	-6.32%	3.82%	5.78%	2.51%	9/20/99	
	13-15	-4.23%	-1.81%	-1.81%	-5.45%	-3.54%	3.84%	5.20%	3.00%	9/20/99	
	16+	-2.08%	-1.12%	-1.12%	-2.07%	1.14%	3.85%	4.23%	3.84%	9/20/99	
	College Enrolled ³	0.21%	0.66%	0.66%	1.60%	4.05%	4.20%	3.09%	3.34%	9/20/99	
Option 3 - S&P/Bonds	0-3	-8.47%	-2.83%	-2.83%	-12.10%	-13.50%	3.92%	7.07%	0.87%	9/20/99	
	4-6	-8.47%	-2.83%	-2.83%	-12.10%	-13.50%	3.92%	7.07%	0.87%	9/20/99	
	7-9	-8.47%	-2.83%	-2.83%	-12.10%	-13.50%	3.92%	7.07%	0.87%	9/20/99	
	10-12	-8.05%	-2.75%	-2.75%	-11.44%	-12.47%	3.91%	6.89%	1.10%	9/20/99	
	13-15	-7.20%	-2.58%	-2.58%	-10.12%	-10.42%	3.88%	6.52%	1.57%	9/20/99	
	16+	-6.36%	-2.41%	-2.41%	-8.80%	-8.37%	3.85%	6.15%	2.04%	9/20/99	
	College Enrolled ³	-5.52%	-2.25%	-2.25%	-7.48%	-6.32%	3.82%	5.78%	2.51%	9/20/99	
Option 7 - Diversified-A	0-3	-8.43%	-0.80%	-0.80%	-10.36%	-13.08%	5.55%	10.03%	12.89%	4/1/03	
	4-6	-8.43%	-0.80%	-0.80%	-10.36%	-13.08%	5.55%	10.03%	12.89%	4/1/03	
	7-9	-6.75%	-0.87%	-0.87%	-8.06%	-9.06%	5.17%	8.70%	11.05%	4/1/03	
	10-12	-5.07%	-0.94%	-0.94%	-5.77%	-5.04%	4.79%	7.37%	9.21%	4/1/03	
	13-15	-3.40%	-1.02%	-1.02%	-3.48%	-1.02%	4.41%	6.04%	7.37%	4/1/03	
	16+	-1.72%	-1.09%	-1.09%	-1.19%	2.99%	4.03%	4.71%	5.53%	4/1/03	
	College Enrolled ³	0.21%	0.66%	0.66%	1.60%	4.05%	4.20%	3.09%	3.00%	4/1/03	
Option 8 - Diversified-B	0-3	-6.87%	-1.46%	-1.46%	-8.40%	-8.24%	6.68%	9.61%	11.95%	4/1/03	
	4-6	-6.02%	-1.42%	-1.42%	-7.22%	-6.33%	6.30%	8.84%	10.92%	4/1/03	
	7-9	-5.16%	-1.38%	-1.38%	-6.03%	-4.42%	5.92%	8.06%	9.89%	4/1/03	
	10-12	-4.31%	-1.35%	-1.35%	-4.84%	-2.52%	5.54%	7.28%	8.85%	4/1/03	
	13-15	-3.43%	-1.13%	-1.13%	-3.60%	-0.91%	5.22%	6.47%	7.75%	4/1/03	
	16+	-2.55%	-0.91%	-0.91%	-2.36%	0.70%	4.89%	5.66%	6.65%	4/1/03	
	College Enrolled ³	0.21%	0.66%	0.66%	1.60%	4.05%	4.20%	3.09%	3.00%	4/1/03	
Option 9 - Diversified-Bonds Emphasis	0-3	-4.27%	-1.16%	-1.16%	-4.73%	-2.78%	5.07%	6.99%	8.57%	4/1/03	
	4-6	-3.42%	-1.16%	-1.16%	-3.57%	-0.82%	4.78%	6.27%	7.60%	4/1/03	
	7-9	-2.58%	-1.16%	-1.16%	-2.40%	1.14%	4.50%	5.55%	6.62%	4/1/03	
	10-12	-1.71%	-0.98%	-0.98%	-1.18%	2.80%	4.27%	4.80%	5.58%	4/1/03	
	13-15	-0.83%	-0.80%	-0.80%	0.04%	4.46%	4.04%	4.05%	4.53%	4/1/03	
	16+	0.04%	-0.61%	-0.61%	1.25%	6.12%	3.81%	3.30%	3.49%	4/1/03	
	College Enrolled ³	0.21%	0.66%	0.66%	1.60%	4.05%	4.20%	3.09%	3.00%	4/1/03	
STATIC OPTIONS	Option 1 - PTIF⁵	All Ages	0.21%	0.66%	0.66%	1.60%	4.05%	4.54%	3.51%	4.24%	11/1/96
	Option 4 - S&P Index	All Ages	-8.47%	-2.83%	-2.83%	-12.10%	-13.50%	3.92%	7.07%	0.87%	9/20/99
	Option 5 - Bonds	All Ages	-0.04%	-1.16%	-1.16%	1.10%	7.01%	3.65%	3.39%	4.05%	9/9/02
	Option 6 - Diversified Stocks	All Ages	-8.43%	-0.80%	-0.80%	-10.36%	-13.08%	5.55%	10.03%	12.89%	4/1/03

Important Information Regarding Investments in UESP

Past performance does not guarantee future results; investment return and value will fluctuate; the value of your account, when redeemed, may be worth more or less than the amount you contribute. Your investment could lose value. These performance numbers are that of the investment options, not individual accounts. Actual performance may be higher or lower than the option performance. Investments utilizing the PTIF are not insured or guaranteed by the FDIC or any other government agency. Investors should read the UESP Program Description and consider all investment objectives, risks, and charges and expenses 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. Administrative fees are applied to UESP accounts quarterly, but investment performance is presented here as if the fees were assessed monthly. Residents of states other than Utah should consider whether their home state or the beneficiary's home state offer 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.