September 24, 2003

Dear Colleague:

What is wrong with the Thrift Savings Plan (TSP) program? Nothing, if you are a young person planning for retirement. Every one of our staff members has at least one percent of their salary matched by their employer and contributed into their TSP accounts. This amount doesn't count as income, but will be available when they retire.

Contrast that with the 529 and 530 programs for college education savings. If an employer wants to contribute to these accounts for an employee's child, that money will be counted as taxable income for the parent, effectively prohibiting employers from giving to their accounts.

The growing cost of a college education is steadily rising. Paying for college has become a concern for many parents and their children as they are looking towards the future and their desire of furthering their education. Many students are forced to find a job, as a result of rising tuition, in order to attend college often leading to prolonged studies and incurred costs or even a higher possibility of dropping out.

I believe that our tax code should encourage employers to further the education of their employees' dependents, just as it encourages retirement savings. *Shouldn't America's students be afforded the same opportunities as federal employees?* That is why I am introducing legislation, the Education Savings Act of 2003, to do just that. This bill will clarify the law to make it clear that employers can make tax-deductible contributions to employees 529 and 530 education accounts, and that any amounts contributed do not count toward an employee's gross income.

Please join with me to encourage education savings. If you would like to be an original co-sponsor, or need additional information, please contact Mike McEleney on my staff at x53252.

Sincerely,
/s/
Jon C. Porter
Member of Congress