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College Savings Plan Accounts at Birth: Maine's Statewide Program

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"Every child in the 21st century should have aspirations and access to higher education." -Harold Alfond

First proposed in the early 1990s, universal Child Development Accounts (CDAs) are intended to provide opportunities to save and accumulate assets for developmental purposes (Sherraden, 1991). The concept of creating accounts as early as birth for lifelong savings and asset building has inspired CDA initiatives across the globe (Chowa & Ansong, 2009; Cramer & Newville, 2009; Loke & Sherraden, 2009; Meyer, Masa, & Zimmerman, 2009; Nam & Han, 2009). The largest CDA is the Child Trust Fund (CTF) in the United Kingdom, which provides a savings account for every child at birth.

No federal CDA legislation has been enacted yet in the United States.[1] The most comprehensive CDA in the United States is Maine's Harold Alfond College Challenge, which offers $500 to every newborn in the state. As the first U.S. example of a statewide CDA,[2] the Alfond Challenge provides a laboratory to study and learn from Maine's experience with accounts at birth. A relatively recent program, the Alfond Challenge is evolving still. This policy brief provides an overview of the Alfond Challenge, examines administrative and enrollment challenges, and offers recommendations and policy directions.

Alfond Challenge Program

Maine philanthropist Harold Alfond never went to college. But he long dreamed of making a college education accessible to every child in Maine. Alfond viewed higher education as both a right and responsibility of citizenship. He was concerned that too few Maine residents completed college and that the poorest families in the state were spending too much of their annual income to pay for college. Also, Alfond was troubled by skyrocketing college debt. Thus, he created the Harold Alfond College Challenge to facilitate access to higher education by encouraging college savings at the beginning of a child's life (Powell, 2008).

The primary goals of the Alfond Challenge are to: 1) encourage families to start saving at birth for higher education; 2) promote disciplined, regular saving over time; and 3) use the state's 529 college savings plan as a platform to prepare every Maine family and child for higher education.

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Active engagement and educational materials

For Harold Alfond, active engagement was more important than universal enrollment. Instead of giving $500 to every Maine newborn, the Alfond Challenge was designed so that a child must be enrolled in the state's 529 college savings plan as a condition to receiving the Alfond Challenge funds. In this way, families are required to take this first step and join the program as active, engaged partners.

Harold Alfond also expected that information sent to Alfond Challenge participants would further engage parents and children and encourage them to make contributions and save regularly over the long term.

Alfond envisioned using quarterly financial statements as an educational opportunity. Along with the statements mailed to Alfond families, parents also receive educational materials on a different topic each quarter. Initial pamphlets, which are targeted to families and their young children, focus on reading, science, math, health, and finances. The materials include a list of recommended books for young children, information on nutrition, physical activity, and parks and cultural destinations to visit, as well as tips on money management for parents. As the Alfond Challenge babies mature, educational materials appropriate for older children and their families will be distributed regularly during the children's pre-college years. Developed by a team of educators, several of whom serve on the board of the Alfond Scholarship Foundation, the educational materials are also available online.[3]

529 college savings plan overlay

The state's 529 NextGen College Investing Plan®[4] provides the financial structure for the Alfond Challenge. State 529 college savings plan accounts can be used for eligible in-state and out-of-state four-year colleges, community colleges, and vocational schools. Qualified expenses include tuition, fees, room and board, and required supplies and equipment. Like many states, Maine offers both a direct-sold and a broker-sold college savings plan. Direct-sold 529 plans, which account holders purchase directly from the state, have lower total annual expenses than broker-sold plans that are accessed through financial advisors and charge investors additional fees.

The Finance Authority of Maine (FAME), which administers the Alfond Challenge, adhered to an implementation schedule set by the Alfond Scholarship Foundation that called for quick startup of a 2008 pilot program[5] and statewide implementation a year later. With more than twelve year's experience running Maine's 529 college savings plan, FAME seemed a natural partner to run the Alfond Challenge.

Harold Alfond recognized the advantage of using Maine's existing 529 plan structure to engage state residents and help them save for higher education. He felt that there was no need to create a new financial vehicle at considerable expense when the state already had a 529 plan dedicated solely to saving for higher education.[6] Institutional efficiencies—centralized accounting, recordkeeping, and administration, along with access to existing outreach and marketing resources—were compelling reasons to meld the Alfond Challenge with Maine's NextGen 529 plan. The tax advantages associated with 529s, where contributions and earnings grow tax-free and a Maine state tax deduction is available, also appealed to the Foundation.[7]

An additional strength of the state's 529 plan structure is the mechanism that NextGen had developed to preserve its 529 matching grant for low- and moderate-income residents.[8] This mechanism allows all savings to be held in a single account, but in separate funds. The Alfond Challenge uses this same NextGen 529 structure to protect its initial $500 grant. FAME deposits the $500 grant directly into the eligible account, in a special fund created and owned by FAME, not the account holder. If an Alfond Challenge beneficiary does not pursue postsecondary education by the time he or she turns 28, the Alfond Challenge deposit, including earnings, will be returned to the Alfond Scholarship Foundation for future awards.

Eligibility and enrollment

As of January 1, 2009, every Maine resident child less than a year old is eligible to receive the $500 grant. Parents generally enroll a child; however, anyone 18 years or older, regardless of residency, may open a NextGen account on behalf of a Maine resident child.[9] The account must be opened before the child's first birthday, and each beneficiary can receive only one $500 grant.[10]

The Alfond Challenge involves a two-step enrollment process. First, Alfond applicants complete a short inquiry form to obtain an enrollment kit with a NextGen direct-sold account application.[11] Alfond inquiry forms are available at hospitals, doctor's offices, and libraries, as well as online. Second, Alfond applicants mail completed NextGen enrollment forms to FAME. NextGen does not currently accept electronic signatures, so an individual who obtains an enrollment form online still must print and mail an application. A complete online application is planned for 2011.[12]

Alfond applicants complete the same NextGen enrollment form as all other applicants to Maine's 529 plan and receive the same materials. Communications specific to the Alfond Challenge (i.e., information explaining that no initial contribution is required, etc.) supplement the standard NextGen materials.

Investment selection

Once an Alfond Challenge child is enrolled, the $500 is placed in an age-based fund that automatically changes the investment mix to become more conservative as the child nears college age. The account holder may, but is not required to, contribute to one or more of the six investments that are offered by the NextGen direct-sold plan. The three investment approaches are: 1) age-based; 2) diversified (stock, bond, and balanced funds); and 3) single-fund (an equity index fund and a "principal plus" fund, which invests in guaranteed investment contracts).[13]

If Alfond Challenge applicants do not select an investment option when they deposit funds in their NextGen account, they are automatically invested in an age-based fund. A default investment simplifies the enrollment process and removes a potential barrier to 529 enrollment.[14] Applicants who have difficulty selecting from an array of investment choices may be less likely to delay or fail to complete enrollment altogether when an investment default is available (Benartzi & Thaler, 2007; Clancy, Lassar, & Miller, 2009). However, the default investment may not be evident to Alfond Challenge applicants. Because the default option is available only to Alfond applicants, not to NextGen applicants who are ineligible for the Alfond program, it is not mentioned on the NextGen enrollment form near the investment choices. Instead, this information is in the supplemental list of Alfond Challenge application instructions.

Single account and access to funds

A single NextGen account is created for a child enrolled in the Alfond Challenge program. The account may hold multiple investments. Contributions made by the account holder or by family and friends for the child at enrollment, or a later time, are deposited in an investment that is separate from the initial $500 Alfond Challenge grant. While account holders may withdraw money from these other investments for purposes other than higher education,[15] they do not have similar access to the Alfond Challenge funds. This account structure, which ensures that the grant is used only for qualified educational purposes, allows for easy reporting of savings and avoids a more cumbersome two-account tracking system.

Employer partnerships

The Alfond Challenge has inspired one of Maine's largest employers to contribute approximately $500 towards[16] a 529 plan opened by an employee for his or her newborn or adopted child. In 2008, all U.S. employees of Unum and its subsidiary Colonial Life became eligible. To receive this taxable benefit, an employee must open a college savings plan before his or her child's first birthday.[17] Unum views the program as a unique benefit intended to attract and retain employees and encourage early savings for children's higher education expenses (Butler, 2008). In addition, the Alfond Scholarship Foundation plans to work with other businesses in Maine to expand Alfond's mission to the workplace and offer college savings benefits to employees.

Enrollment Outcomes and Issues

To qualify for the Alfond funds, an Alfond-eligible child must be enrolled in Maine's NextGen plan within one year from his or her birth. As of January 31, 2010, the end of the enrollment period for Alfond-eligible children born in January 2009, 397 account applications had been completed out of a total of 1,022 births. The enrollment rate for this first group is 39%.[18] As of February 28, 2010, additional contributions had been made on behalf of approximately 28% of the Alfond children who had been enrolled in 2009 (Harold Alfond College Challenge Progress Report, February 28, 2010).

In 2009, FAME commissioned a marketing survey to identify potential enrollment hurdles and strategies to increase Alfond Challenge participation (Pan Atlantic SMS Group, 2009).[19] Statistical analysis (Huang & Beverly, forthcoming) suggests that three likely indicators of financial sophistication—owning other investments, having a financial advisor, and especially parent's education—may be related to early enrollment in the Alfond Challenge. Huang and Beverly posit that financially sophisticated parents may better understand the program rules and benefits and be better prepared to navigate the application process. Children without siblings (i.e., "first" children) are also more likely to be enrolled. When controlling for other variables, household income is not associated with early enrollment.

Until the Alfond Challenge program started statewide in 2009, Maine's NextGen plan had been oriented primarily to non-resident participants, most of whom invested in the 529 through brokers or financial advisors. Prior to the Alfond Challenge, only 2% of all NextGen accounts were direct-sold, primarily to in-state residents.[20] By contrast, over 90% of all 2,550 Alfond Challenge accounts are in NextGen's direct-sold plan (Harold Alfond College Challenge Progress report, January 31, 2009).[21] Prior to the Alfond Challenge, enrollment issues related to Maine's direct-sold NextGen form may not have been apparent because so few participants used this enrollment method. Ironically, Maine's broker-sold account application is shorter and much simpler than the direct-sold form.[22]

Contribution contradictions

Use of the same NextGen account enrollment form for both Alfond Challenge enrollees and other 529 enrollees may have created confusion and potential misconceptions about enrollment requirements. For example, NextGen rules require enrollees to make a minimum initial contribution of $250.[23] On the other hand, Alfond Challenge children are eligible for the $500 with no contribution required to open the account. This contradiction is reinforced by the NextGen enrollment form, which states that enrollees "must make an initial contribution of at least $250." This statement may cause Alfond enrollees to mistakenly think that they too must make a $250 minimum initial contribution.

Atypical questions

The NextGen account application contains many more questions and asks applicants to provide far more detailed personal information than the majority of state 529 enrollment forms. The typical direct-sold 529 enrollment form requires applicants to select an account type, investment option(s), and initial contribution method. Also, applicants are required to provide information—e.g., name, social security number, birth date, etc.—for the account holder and beneficiary (Table 1).

Table 1: Typical Information Required on a 529 Enrollment Form

Form Category	Information Required
Account Type	Adult, minor, UGMA/UTMA-funded account, trust, or corporation or other entity
Account Holder Information	Social security number, birth date, street, mailing address, phone number
Beneficiary Information	Social security number, birth date, mailing address
Investment Selection	Investment options: age-based, equity, fixed income, balanced, money market or FDIC-insured funds
Initial Contribution Method	Check or money order; payroll deduction; automatic withdrawal from an account; or direct rollover from another account

Maine's NextGen account application requires the typical information listed above, but applicants also are asked to provide additional detailed information (Table 2). For example, the form contains a series of questions relating to employment (status, employer name and address, etc), annual salary, household income, estimated household net worth, and relationships with financial institutions.[24] Another complicating feature of the NextGen direct-sold 529 plan account application form is the series of perhaps intimidating questions related to asset holdings and investment behavior. One section asks applicants to check off the box that best describes their "trading" experience and frequency, and describe their familiarity with other investment products they have experience with (options, futures, limited partnerships, etc). Another inquiry asks whether the applicant is considered "a control person or an insider of a publicly traded company." These questions are atypical and are not included in any other state direct-sold 529 college savings plan application.[25]

Table 2: Selected Information Requested on NextGen 529 Direct-Sold Enrollment Form

1. Information About You: the Participant (selected information)

Personal Information

Number of Dependent Children ________

Tax Residency (List State where taxes are filed, if different from Permanent address.)

Time at Current Residence _____________ ❑ Own ❑ Rent

$

Estimated Household Net Worth

Country of Citizenship

If you are a non-U.S. citizen, please complete the information in Section 5.

Financial Information

Do you currently have a relationship with a financial institution?

❑ Yes ❑ No If yes, please list up to four firms.

Institution Name	City	State	Country
Institution Name	City	State	Country
Institution Name	City	State	Country
Institution Name	City	State	Country

4. Employment Information (requested also of spouse and designated beneficiary)

PARTICIPANT

Employment Status:

❑ Employed/Not Business Owner ❑ Homemaker ❑ Not Employed ❑ Business Owner ❑ Student ❑ Retired

Are you employed by a Securities Regulatory Organization (SRO) or other financial services firm?

❑ SRO ❑ Financial Services Firm

Participant's Employer Name (if retired, list most recent former Employer Name)

Employer Address Phone No.

Participant Title/Position Retirement Date

Industry:____

Participant: Annual Salary $____________________

Household Income $ ________________

Are you considered a control person or an insider of a publicly traded company? ❑ Yes ❑ No

If yes, please provide the following:

Company Name:____

Stock Symbol: ____

Exchange: ____

6. Participant Investing Information

Primary Investment Objective (check one):
- ❑ Income
- ❑ Growth
- ❑ Total Return

Risk Tolerance (check one):
- ❑ Conservative
- ❑ Moderate
- ❑ Aggressive

Year you began investing, if applicable: ____________________

Trading Experience (check all that apply):
- ❑ None
- ❑ Margin
- ❑ Cash

Trading Frequency (check one):
- ❑ Seldom
- ❑ Moderate
- ❑ Active

Other Investment Products You Have Experience With (check all that apply):
- ❑ None
- ❑ Mutual Funds
- ❑ Equities
- ❑ Bonds
- ❑ Cash
- ❑ Options
- ❑ Futures
- ❑ Limited Partnerships
- ❑ Other

Investment choices

As discussed earlier, the Alfond funds are placed in an age-based fund. Although contributions are not required, account holders may make deposits into one or more of six investments offered by the NextGen direct-sold plan.

If Alfond Challenge NextGen account applicants do not select an investment option when they make deposits into their NextGen account, they are automatically invested in an age-based fund.[26] A default investment simplifies enrollment and can help remove a potential barrier to opening a college savings account. But the default investment may not be clear to Alfond Challenge enrollees. The default information is not mentioned on the NextGen application form and is buried instead in separate Alfond Challenge application instructions.

Recommendations and Policy Directions

Maine's NextGen 529 plan is currently working to simplify the state's direct-sold application. FAME recently conducted focus groups where individuals completed mock NextGen enrollment forms and flagged questions in the application that were difficult to answer. Feedback from the focus groups and findings from the 2009 marketing survey offer an opportunity to improve the NextGen direct-sold application for all 529 plan participants.

As a start, better integration of Alfond Challenge guidelines with the NextGen enrollment form could substantially lessen confusion about the Alfond program and encourage more families to enroll eligible children. Revisions might include improvements to the direct-sold NextGen application that will distinguish more clearly the separate requirements for Alfond Challenge enrollees and NextGen enrollees who are ineligible for Alfond Challenge grants. Separate applications would be ideal. Most important, it will be beneficial if a revised enrollment form eliminates non-essential questions and indicates clearly the availability of the default investment.

In addition, this examination of the Alfond Challenge suggests the following implications for federal and state policy directions:

» **Universal participation.** A primary lesson of the Alfond Challenge is that a statewide offering does not ensure universal participation. As discussed earlier, the Alfond Scholarship Foundation is more interested in active engagement than universal participation. Alfond could have given $500 to every newborn in Maine, but the program was designed so that a child must be enrolled as a prerequisite to receiving the $500 deposit. Once the one-year enrollment deadline passes, there is currently no opportunity to claim funds at a later date. Of the Alfond Challenge-eligible babies born in January 2009, approximately 60% had not been enrolled by the deadline at the end of January 2010 and are precluded from participating in the program.[27]

In contrast, the most comprehensive CDA system in the world—the U.K. Child Trust Fund (CTF)—ensures that a savings account is opened for every child born. Since 2005, each child in the United Kingdom receives a voucher worth £250 pounds (approximately $375) to start an account, and children in lower-income families receive an additional £250. The government assigns unredeemed vouchers to private financial institutions so that every newborn has a CTF.[28] The CTF differs from the Alfond Challenge in other policy design features. Alfond Challenge funds, for example, are reserved solely for a child's development, specifically for postsecondary education, while CTF funds will be available to a child at age 18, with no restrictions on use of the funds. In addition, the Alfond Challenge offers the same deposit amount to families of all income levels, unlike the CTF, which gives additional funds to income-eligible children.

» **Automatic features.** If the goal of a CDA is to promote savings and investment for children in families of all backgrounds, it appears that automatic enrollment is necessary to ensure universal access. Research on take-up rates of social programs finds increased participation when administrative barriers are reduced and participants are enrolled automatically (Currie, 2004). In the absence of automatic enrollment, 529 program features that facilitate enrollment—such as a default investment and streamlined enrollment process (Clancy, Lassar, & Miller, 2009)—promote access and greater plan participation. A default investment simplifies enrollment and removes a potential barrier to 529 sign up. As noted earlier, if Alfond Challenge NextGen account applicants do not select an investment option when they deposit in their NextGen account, they are invested automatically in the default investment—an age-based fund. However, this default is not mentioned on the application form and may not be evident to Alfond enrollees.

» **Simple enrollment.** Simple, easy-to-complete enrollment forms can also bolster participation, whereas overly complicated forms, like the one for Maine's direct-sold NextGen plan, can be an impediment, especially for some applicants. NextGen's atypical application is unusually complicated and contains numerous questions about an applicant's financial holdings and investment background, which are confusing and possibly discourage some applicants from enrolling altogether. Research suggests that costs in time to complete forms and learn about a program may discourage individuals from using some social programs and that these costs may be higher for low-income individuals (Currie, 2004).

Similar criticism is sometimes directed at the FAFSA application form, which determines a student's federal financial aid. The form requires college students and their families to spend hours responding to complicated and intrusive questions about their financial circumstances. These tasks may be especially difficult for lower-income students and ones who hope to be the first in their families to attend college. Some students, who would be eligible for aid, may experience "form fright" when they see the complexity of the form and give up on the application process (Executive Office of the President, Council of Economic Advisers, 2009). To address these problems, Congress is considering legislation (H.R. 3221) that would simplify the FAFSA, including the elimination of most questions about savings (Lassar, Clancy, & McClure, 2010).

» **Single account.** A strong point of the Alfond Challenge program is the use of a single NextGen account where investments for Alfond funds and investments for any additional contributions are reported on one account statement. The $500 grant is segregated from contributions by family and friends for the child and can be used only for qualified educational purposes. Although separate investments are used, all savings are held in one account, much the way investments for employee contributions and employer matches are reported on a single 401(k) plan account statement. This single account structure, which is also used by the universal Child Trust Fund in the United Kingdom, is the ideal account model for a large-scale automatic, universal CDA policy (Zager, Kim, Nam, Clancy, & Sherraden, forthcoming).

» **Financial education.** The Alfond Challenge program uses the Alfond quarterly statements as an opportunity to provide parents with educational resources on topics such as reading, science and math, health, and finances. These materials are intended to advance Harold Alfond's goal of actively engaging families in the program and preparing parents and their children for the challenge of saving for college.

Likewise, financial education is an important component of the CDA concept. The America Saving for Personal Investment, Retirement, and Education (ASPIRE) Act of 2010, which would establish a lifetime savings account for every newborn in the United States, calls for the development of programs to promote financial literacy among persons who contribute to and benefit from CDAs. Researchers emphasize the important role of financial education in savings programs, especially for low- and moderate-income households (Schreiner & Sherraden, 2007). In the wake of the recent subprime lending crisis, there is increasing demand for financial education in schools, workplaces, and other settings. To be effective, financial education needs to promote financial capability and be coupled with financially attractive, accessible, and reliable financial products, as well as beneficial savings plans (Sherraden & McBride, 2010) like 529s and CDAs.

Conclusion

Research suggests that having savings for children's college and/or having a specific account dedicated for college expenses may have positive effects on educational outcomes. Savings for children's postsecondary education may influence both expectations for college and college completion (Elliott & Beverly, 2010; Zhan & Sherraden, 2009).

When parents open an Alfond NextGen account in their children's name, they are taking a critical first step toward realizing Harold Alfond's dream of making a postsecondary education accessible to Maine children. Creating this opportunity for all children should be the goal. In this regard, the Alfond Challenge is an impressive and noteworthy first step. Maine and other states can learn a great deal from the initial implementation and outcomes.

Endnotes

1. The leading CDA legislation—The America Saving for Personal Investment, Retirement, and Education Act (ASPIRE Act) of 2010—would establish a Lifetime Savings Account for newborns in the United States, opened automatically when Social Security cards are issued.
2. The SEED for Oklahoma Kids (SEED OK) experiment is a large-scale study of universal child development accounts with randomly-selected newborn children in the state. SEED OK tests the concept of giving every child an account at birth and whether participation has an impact on family attitudes and behaviors, saving for the child, and child development outcomes (Sherraden & Clancy, 2008).
3. See the "Parent Resources" section on the Alfond Challenge web site: http://www.500forbaby.org/parent_resources.htmll
4. NextGen, which was launched in 1999, is administered by the Finance Authority of Maine with financial oversight provided by the Maine State Treasurer. Merrill Lynch is the Program Manager and underwriter of the plan.
5. The 2008 pilot program was open to infants born at two hospitals in Maine.

6. February 26, 2010 phone interview with Greg Powell, Chairman, Harold Alfond Foundation.
7. 529 contributions grow free of federal and state taxes as long as the funds are used for qualified future higher education expenses. The State of Maine offers a tax deduction for contributions of up to $250 per beneficiary for taxpayers with a federal adjusted gross income of $100,000 or less (for single filers) or $200,000 or less (for joint filers).
8. If either the NextGen account holder or beneficiary is a Maine resident and if the account holder's federal adjusted gross income was $75,000 or less for the previous tax year, the account holder may apply for an initial matching grant. This one-time $200 grant is offered when the account is opened with a contribution of at least $50.
9. Adopted children of Maine parents, children born to Maine military families stationed outside Maine when the child is born, or children of families who move to the state before the child's first birthday are also eligible for the Alfond grant.
10. Each beneficiary can receive only one of the Maine grants; either the Alfond grant or the NextGen initial matching grant.
11. The Harold Alfond College Challenge inquiry form is located at https://www.500forbaby.org/secure/enrollment.html and the Alfond Challenge enrollment kit is located at http://www.famemaine.com/files/Content/NextGenFiles/Direct_Enrollment_Kit.pdf. A small percentage of applicants call or email FAME directly to receive an enrollment kit.
12. All but seven state direct-sold 529 plans (including Maine) have a complete online application process (Savingforcollege.com).
13. There are nearly 30 investment options for Alfond applicants who open a broker-sold NextGen account.
14. At present, Alaska and Utah identify a default investment on their direct-sold 529 college savings plan application forms (Lassar, Clancy, & McClure, 2010). Arkansas offers a streamlined feature on the state's direct-sold plan online enrollment form that allows applicants to invest in the Conservative Age-Based Option without having to consider other investment alternatives. This feature is available only to applicants who enroll online.
15. If individual contributions are withdrawn for non-qualified higher education expenses, the *earnings portion* of this withdrawal is subject to federal and state income tax and a 10% federal penalty.
16. The total benefit is $700, including approximately $200 reserved for taxes. After taxes, this benefit is approximately $500.
17. This offer is not limited to NextGen accounts. Unum will contribute to any state college savings plan.
18. The enrollment rate for the 2008 pilot children was 53%, which included 660 applications completed from a pool of an estimated 1,250 eligible births. Families of the pilot children—limited to children born at two hospitals in Maine—received greater encouragement and assistance than families of the 2009 babies. FAME worked closely with the OB/GYN practices and hospital staff, encouraging mothers to enroll in the Alfond program and offering assistance to complete the forms. This "hands on" approach could not be sustained at scale with statewide program implementation in 2009.
19. Three groups of parents were surveyed: those who had enrolled their children in the Alfond Challenge; those who had completed the program inquiry form, but had not yet enrolled; and those who had never inquired about the program.
20. At the end of 2009, average direct-sold 529 assets in all states represented about 47% of total 529 assets (Bearden, 2009).
21. Prior to the Alfond Challenge, direct-sold assets for Maine residents represented less than 2% of the total NextGen plan 529 assets. For Maine residents alone, approximately 32% of NextGen 529 accounts were direct-sold.
22. Fame attributes this difference in part to the fact that brokers collect much of this information on forms other than the NextGen enrollment form.
23. The median minimum initial contribution required by all state 529 plans is $25. In Maine, this minimum is $250, which is waived if the participant elects automatic contributions of at least $50 per month. A one-time $200 Initial Matching Grant is available to income-eligible state residents who open a NextGen account with $50. This initial matching grant is unavailable to Alfond applicants. NextGen also offered an annual matching grant to income-eligible Maine residents, which was suspended January 1, 2010.
24. Also, applicants are required to provide the same employment information for their spouse and designated beneficiary.
25. To provide a few examples, the direct-sold applications for Georgia, Louisiana, and Ohio do not include questions about applicant's asset holdings or trading experience.
26. This default investment is available only to Alfond applicants, not to NextGen applicants who are ineligible for Alfond.
27. The 39% enrollment rate exceeds the Alfond Challenge first year enrollment expectations of 25%.
28. For more information on the Child Trust Fund, visit http://www.childtrustfund.gov.uk/. See also Cramer & Newville, 2009.

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