



## **Oakland Promise, Kindergarten to College Frequently Asked Questions (FAQs)**

### **What is Oakland Promise?**

Oakland Promise was launched in partnership with the City of Oakland Mayor's Office, Oakland Unified School District (OUSD), East Bay College Fund (EBCF), and over 100 community partners. Currently, Oakland Promise includes four programs: Brilliant Baby is for infants and their parents. Kindergarten to College serves elementary school students. College Access operates Future Centers in middle and high schools throughout the city, allowing students to gain an understanding of what kind of higher education they want to pursue, and what they need to do to get there. Finally, the College Completion program offers scholarships and persistence services to public school graduates while they are in career technical education programs or a two-or four-year college. We provide children and families with holistic, proven programming from cradle-to-career that includes financial and socioemotional resources to empower them to realize their postsecondary dreams. We want every child in our Oakland schools to believe that they can attend a career technical school, a two-year college, or a four-year college when they graduate from high school.

### **What is Kindergarten to College?**

Kindergarten to College (K2C) aims to instill a college-bound identity with all of our Oakland public school students starting in Kindergarten, and to increase our families' ability to fund post-secondary education for their students. In partnership with OUSD, K2C is able to support our schools through three main avenues:

- 1) providing a starter \$100 early college scholarship fund
- 2) supporting families to open their own college savings accounts, offering \$50 to seed the account and an additional \$50 if they meet a saving incentive
- 3) helping schools to build a college-going culture, i.e., planning college visits, providing funding to college resources, providing college-going curriculum, and more.

Weekly, Oakland Promise K2C teams are at schools to train school staff about K2C programming and/or to connect with families: facilitating workshops on financial literacy and post-secondary options, tabling at existing school events to spread awareness, supporting families to open up savings accounts for college, and more. Also, the K2C team works closely with each school to understand their vision for a college-bound culture, and then provides support to implement that vision, i.e., putting up a college board/visuals, planning a college visit, and more.

**Continue reading for more information on each component of K2C.**



## 1. K2C Early College Scholarship Fund (Program-Owned)

**What are the eligibility requirements of the early college scholarship (different than the college savings account)?** The \$100 early college scholarship is earmarked for every public school student (both OUSD and charter) who enrolled in a K2C school (see list of schools [here](#)) and was in Kindergarten in 16-17 and every year Kindergarten cohort thereafter (i.e. 17-18, 18-19, etc.). This scholarship is automatically saved for a student unless a family chooses to opt out.

### **What can the scholarship pay for?**

Scholarships may be used at any public or private not for profit college (2-year and 4-year) in the United States, as well as certified career technical education programs.

**If I move out of Oakland, what happens to the scholarship?** This scholarship is portable (it travels with a student). For questions on this process, please email us at [k2c@oaklandpromise.org](mailto:k2c@oaklandpromise.org).

**Where are the City of Oakland funds supporting Kindergarten to College currently?** Because the college scholarship funds are intended for Oakland youth to be used toward post-secondary education, and the oldest students awarded with early college scholarships are currently in third grade, the money is currently held by the city of Oakland, set aside for Oakland Promise college savings programs with the intention to grant it to Oakland Promise, as a 501c3 nonprofit organization. When received, the funds will be invested at an Agency Fund at a local community foundation.

**When do students receive this scholarship?** Students receive this scholarship after they graduate from high school and when they enroll in some form of post-secondary education (4-year, 2-year, or certified career technical education).

## 2. College Going Culture

**How does Kindergarten to College promote a college going culture?** K2C works with school teams to determine what works best for their school. We provide lesson plans for Kindergarten through 5th grade classrooms, as well as materials for parent workshops about college. We organize a field trip to a college, and provide funding to schools to purchase college going culture visuals and/or plan events to raise awareness about college. Finally, we plan visits to colleges, including a trip to UC Berkeley's Cal Day. This is one of our biggest events of the year, and this year's Cal Day is April 18, 2020 from 9-1 pm. Here's the [K2C flyer](#) for more information.

## 3. College Savings Accounts (Family-Owned)

**What is a Kindergarten to College College Savings Account?** Kindergarten to College (K2C) also supports families to sign up for their own savings accounts for college and offers a \$75 incentive. We have two options for families to save for college:

- a) [my529](#)
- b) [Self-Help Federal Credit Union, West Oakland Branch](#)

For our college savings account portion, families actually have to sign up for an account, and once it's opened, it is family-owned. All families who have a student in TK-5th grade at our K2C schools qualify for this incentive. Families can open accounts through either of our two nonprofit financial partners - my529 or Self-Help Federal Credit Union.

We use the term "college savings account" to represent both options, but there are key differences between the two options for families. The chart on the next page highlights the key differences between my529 & Self-Help Federal Credit Union. Families should always pick the situation that best suits their needs.



my529 <sup>®</sup>	Self-Help <sup>®</sup> Federal Credit Union
Online account access only	West Oakland branch
SSN or ITIN required	No SSN or ITIN required
Bank deposits or money order only	Bank or Cash deposits
Account has investment options with growth potential	Account only earns interest if SSN or ITIN provided

More about College Savings Accounts and each plan:



Click below to learn how to sign up for a my529 account through the K2C program:

[Arabic](#), [Chinese](#), [English](#), [Spanish](#), [Vietnamese](#)

[What is the difference between a college savings account and 529 plan?](#)

There are two types of college savings accounts - 529 plans and Education Savings Accounts (aka ESAs or Coverdell Accounts). Find more information [here](#). Through our my529 partnership, we offer families incentives to open 529 accounts, not ESAs.

[Why is Kindergarten to College using my529?](#)

**My529** is a leader in helping families save for college. **My529** does not require a minimum deposit amount, so families saving with **my529** can open an account with \$0 and deposit any amount they want. While families are welcome to sign up for any type of college savings account they'd like, K2C only provides incentives to 529 accounts opened through **my529**.



### What is a 529 plan?

my529 offers a 529 plan, which is a college savings account designed to encourage early, affordable and consistent saving towards college or any other form of postsecondary education. A 529 plan can also be used to pay for private K-12 education. While a person can save money for college in any type of account, 529 plans provide certain advantages for those who intend to save money for higher education.

### What are the advantages of a 529 plan?

There are many benefits of a 529 plan. They include:

- Unlike a regular checking or savings account, 529 plans are investments that can grow over time. This means that a small amount of money put away now can turn into a larger amount of money in the long run.
- The account owner of a 529 plan does not pay taxes (federal or state) on earnings/growth of the account when funds are withdrawn, as long as they are spent on qualified expenses (including tuition, room and board, books/supplies, and fees).
- You can make contributions with a check, money order, direct deposit or bank transfer.
- Money saved in 529 plans are exempt from certain public assistance asset limits (including CalFresh, CalWorks, and most types of Medi-Cal), meaning money saved won't count against these benefits that your family receives.

### Do I need a bank account to open a 529?

No, you may send money through a money order and/or set up a direct deposit through your employer.

### Do 529 accounts affect public assistance?

- Money saved in 529 plans are exempt from certain public assistance asset limits (including TANF, SNAP, CalFresh, CalWorks, most types of Medi-Cal). This means money saved won't count against these benefits that your family receives.
- Money saved in 529 plans **are not exempted from SSI asset limits** for the account owner (typically the parent) or anyone in their household (i.e., any other child or adult in the household). If an individual has \$2000 (or \$3000 per couple) in [qualifying assets](#) (including a 529 account), they will not qualify for SSI benefits.
- However, SSI recipients can save up to \$100,000 in a tax-advantaged [ABLE Account](#) available in some states. [ABLE Accounts](#) are another version of a 529 and do not count toward Medicaid or SNAP asset limits. If you or your child receive SSI benefits, we suggest you visit an independent living center to learn more. To find an independent living center near you, visit <http://www.cfllc.org>, or call 1-916-325-1690. You can also contact BANANAS, a resource and referral center serving Oakland, at 510-658-7353, or in person at 5232 Claremont Ave, Oakland, CA 94618.

### Does a 529 account impact the financial aid a student may receive as a result of the FAFSA (Free Application for Federal Student Aid)?

- Yes, a 529 plan can affect college financial aid, but the impact is limited and will vary depending on who the account owner is<sup>1</sup>:
  - 529 plans owned by the parent or student:
    - Are assets counted on the Free Application for Federal Student Aid (FAFSA)?
      - Yes, but assets in accounts owned by a dependent student or one of their parents are considered parental assets on the FAFSA. Around the first \$20,000 of parental assets fall under the asset protection allowance and won't be counted in the Expected Family Contribution (EFC) calculation. For

<sup>1</sup> <https://www.savingforcollege.com/intro-to-529s/does-a-529-plan-affect-financial-aid>



parents who save more than the allowance, a maximum of **5.64-12%<sup>2</sup> of parental assets are counted**. This is favorable compared to other **student assets, which are counted at 20%**. Higher EFC means less financial aid.

- How are distributions treated?
  - 529 plan distributions receive favorable treatment on the FAFSA. Qualified distributions from a student-owned or parent-owned 529 account to pay for this year's college expenses are not included in the "base-year income" that would reduce college financial aid eligibility.
- Example: If a parent saves \$15,000 for their child's college and they are eligible for \$5,000 in protected assets (i.e. \$10,000 in unprotected assets), their expected contribution would be \$1,200 higher than it would have been without saving (12% of the unprotected \$10,000).
- 529 plans owned by a grandparent or anyone else:
  - Are assets counted on the Free Application for Federal Student Aid (FAFSA)?
    - No, assets held in a 529 account owned by a grandparent, other relative or anyone else besides a dependent student or one of their parents will have no effect on the student's FAFSA until the money from these accounts are used for their education.
  - How are distributions treated?
    - When a grandparent withdraws the funds to pay for their grandchild's college expenses, **it will be counted as student income on the FAFSA. Student income is assessed at 50%**, which means if a grandparent pays \$5,000 of college costs it would reduce the student's eligibility for aid by \$2,500. Remember, higher EFC means less financial aid. One strategy to avoid this problem: if the student will graduate in four years, they can wait to contribute until after the student's second semester of college, since the FAFSA looks at income from two years prior.
- **Important takeaways:**
  - Some assets are protected (between \$1,000 and \$30,000, depending on age and number of parents in the family).
  - Parent-owned 529 accounts have the least amount of potential to lessen financial aid for students.
  - If a grandparent or other relative is opening an account for a student, it is best to wait until junior or senior year of college to use these funds.

### Who owns the money in a Kindergarten to College CSA?

The person who signs up (must be over the age of 18) owns this account. You must name one child as the legal beneficiary of these funds. You can use this money to pay for your child's postsecondary education.

### If I move or leave the country, what happens to this account?

This account is portable, meaning that if you move out of Oakland, it will travel with you.

### When and how can the money be withdrawn and used?

The money in the K2C CSA will remain invested in the account until your child enters a qualifying private K-12 school, or 2- or 4-year college or job training program. The money can be used at any educational institution that accepts federal financial aid. You are the owner of the **my529** account and money can be withdrawn at any time, although there is a tax penalty if that money is not used for non-qualified

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<sup>2</sup> <https://ifap.ed.gov/fsahandbook/attachments/1819FSAHbkAVGCh3.pdf> (pg 43)



educational expenses. Please contact **my529** for time.

questions concerning policies as changes over

### What can I pay for with the money saved in my 529 account?

You can withdraw from your 529 account for any of the following expenses without penalty:

- Tuition, fees, books, supplies, and equipment required to enroll or attend an eligible higher education institution
- Computers, peripheral equipment, educational software, and internet access and related services
- Room and board expenses up to certain limits
- Services a special needs student must have to enroll or attend school
- K-12 tuition expenses at public, private, or religious schools
- Graduate and vocational schools

### What if the beneficiary of the account (i.e. the student) does not end up enrolling in any form of postsecondary (2-year, 4-year, CTE program)?

The earnings portion of funds withdrawn from a **my529** account that is not used for qualified higher education expenses will be subject to federal and state income taxes and a 10 percent federal tax penalty. Some non-qualified withdrawals are exempt from the 10 percent federal penalty tax on earnings.

Unforeseen circumstances occur, and the law accommodates certain situations. If the beneficiary dies, becomes disabled, receives a scholarship, or attends a U.S. service academy, then the account owner can request a nonqualified withdrawal. The earnings portion of a nonqualified withdrawal will be subject to federal and state income taxes but will be exempt from the additional 10 percent federal tax penalty. We note that if the beneficiary receives a scholarship, funds may be used for other qualified higher education expenses that are not covered by the scholarship. In addition, you can change the beneficiary of the account to a member of the family of the current beneficiary. "Member of the family" includes but is not limited to siblings, first cousins, parents, and children.

### What happens to the account if you move out of Oakland?

529 accounts stay with you, even if you move. You do not need to live in Oakland to keep the account. 529 accounts can be used in schools abroad that participate in federal financial aid programs including online college.

### What incentives are offered through Kindergarten to College?

To encourage families to save for their children's education, Kindergarten to College will provide up to \$100 in incentives: \$50 for simply opening a 529 account with **my529** and an additional \$50 if a family saves any amount for six months within one year of opening the account. These incentives are guaranteed for all K-2nd grade families and the first 500 Tk, 3rd-5th grade families at K2C Schools.

### What if I already have a 529 college savings account?

It's great that you've begun saving for your child's college. We currently only offer incentives (\$50 for opening and \$50 for saving for six months within the first year) for 529 accounts opened through **my529**. If you already have a 529 account (but not with **my529**), there are two options:

- 1) Keep your 529 account as is. We encourage you to save, but cannot provide any incentive funds.
- 2) You could roll over your 529 account into a **my529** 529 account. You'd then receive \$50 for opening a 529 account with **my529** and if you saved for 6 months within the first year, you could receive another \$50.



### Information Needed for Sign-up

Click one of these links for more information: [Arabic](#), [Chinese](#), [English](#), [Spanish](#), [Vietnamese](#)

### What options are available for parents/guardians who do not have a Social Security Number or Tax Identification Number?

- 1) A relative or friend who does have a Social Security Number or Tax Identification Number could be the “owner” of your child’s college savings account. This should only be someone you completely trust, because this money is technically the property of the account owner, not the beneficiary (i.e. the student).
- 2) If you do not have a Social Security Number, you could look into getting an Individual Taxpayer Identification Number (ITIN). We recommend that you get an ITIN assessment prior to submitting an ITIN application. We have partnered with Centro Legal and will hold events throughout the school year.
- 3) Another option is setting up a no-interest savings account. While it would not grow over time like a 529 plan, you could still earn the \$50 initial deposit from K2C and the \$50 savings incentive that other K2C families earn. This account does not require a SSN or ITIN. If you are interested in this option, an account with Self-Help Federal Credit Union could be the best option for you. Keep reading the next section!

### What options are available for students who do not have a Social Security Number or Tax Identification Numbers?

If your child does not have a Social Security Number or Tax ID Number, there are two paths to setting up a college savings account.

- 1) If you (the parent or guardian) have a Social Security Number or Tax Identification Number, you would list yourself as the beneficiary. Before your child graduates from high school, he or she would need to obtain a Social Security Number or Tax ID Number. Then, you’d change the beneficiary from yourself to your child.
- 2) If you (the parent or guardian) do not have a Social Security Number or Tax ID Number, you’d have the same options listed above.
- 3) OR, read the next section to learn more about our Self-Help Federal Credit Union partnership.



Click below to learn how to sign up for a Self-Help Federal Credit Union account through the K2C program: [Arabic](#), [Chinese](#), [English](#), [Spanish](#), [Vietnamese](#)

### When did K2C start partnering with Self-Help Federal Credit Union?

We launch a pilot partnership with Self-Help Federal Credit Union in the spring of 2019. More officially, we launched this partnership to kickoff the 2019-2020 school year.



#### Where is Self-Help Federal Credit Union located?

While Self-Help Federal Credit Union has many locations throughout the country, you must open an account that is linked with K2C at the West Oakland branch, which is located at 1432 7th St, Oakland, CA 94607. This is located right across from the West Oakland Bart Station.

#### Is the account I open with Self-Help Federal Credit Union a 529? account

No, this is different from a 529 college savings account. This is a custodial account, but we still offer families the same incentives for opening an account at Self-Help Federal Credit Union - \$50 for opening the account and an additional \$50 if they make six separate deposits within the first year of opening the accounts.

#### Information Needed for Sign-up

Click one of these links for more information: [Arabic](#), [Chinese](#), [English](#), [Spanish](#), [Vietnamese](#)

#### Additional Information:

- If you have questions about Kindergarten to College, please contact your school's principal, email [k2c@oaklandpromise.org](mailto:k2c@oaklandpromise.org), or call us at (510) 836-8900.
- To contact **my529**, call 1-800-418-2551 (Open M-F, 7am-4pm) or <http://www.my529.org>.
- To contact Self-Help Federal Credit Union's West Oakland branch, please call 1-877-369-2828 (Open Mon/Tues/Thurs 9am-5pm, Wed 10am-5pm and Fri 10am-6pm).
- Information and resources for individuals with disabilities: [www.db101.org](http://www.db101.org).