



HAPPY  
*holidays*  
TO ALL PENNSYLVANIA FAMILIES!

We love the holidays at Treasury. The holidays are a time to spend with loved ones, give thanks, reflect on the year that's passed, and plan for the new one ahead.

I am personally grateful for the many programs that support Pennsylvanians in building a financially secure future. Some programs put money back in the pockets of low-income workers and others, like the Keystone Scholars program, set aside \$100 in college savings for every single child born or adopted in PA.

I always say that Treasury is concerned with *Pennsylvania's* finances, but we're also concerned with *Pennsylvanians'* finances, because ultimately there can be no financially healthy Commonwealth without financially healthy citizens. For that reason, I am taking this edition of Treasury Notes to share with you the programs that Pennsylvanians can use to make 2020 a great year for our Commonwealth.



## Keystone Scholars

Thanks to bipartisan support and legislative leadership, every child born to or adopted by Pennsylvania residents after December 31, 2018, now begins life with a \$100 starter deposit to use for higher education costs, including community college or technical schools.

[Research](#) shows that a child with a higher education savings account is three times more likely to enroll in a two- or four-year college after high school and four times more likely to graduate, even after taking into account family income and parental educational attainment.

College graduates will earn, on average, up to [\\$1 million more](#) over their lifetimes than people with only a high school degree.

Keystone Scholars is about changing expectations. By investing in the potential of every single child born in our Commonwealth, we are sending a message of support for their future.

Parents can register for [online access](#) to their child's Keystone Scholars account approximately five months after birth or adoption. Expectant parents can also [pre-register](#) before birth or adoption to get a head start on the registration process.

You can also open your child's own [PA 529 account](#) (more on PA 529s below) to make contributions to their college savings, and you can link the Keystone Scholars and PA 529 accounts to see all the funds online in one place.

## PA 529 Plans

The [Pennsylvania 529 College and Career Savings Program](#) allows families to save for education expenses using one of two plans: the PA 529 Guaranteed Savings Plan (GSP) and the PA 529 Investment Plan (IP).

This year, Morningstar awarded the PA 529 IP a Bronze Rating for delivering outstanding performance on a variety of indicators. The rating brings the PA IP into an elite group of just 30 plans nationwide considered "best in class" by Morningstar.



## Investing in Pennsylvania's plans comes with many additional ways to help you save more of your money:

- ✓ State tax deductions on contributions up to \$15,000 per beneficiary, per year, or \$30,000 per beneficiary per year for married couples.
- ✓ Contributions grow free of federal and state income taxes while in the account.
- ✓ Account monies are withdrawn tax-free when used for qualified expenses.
- ✓ PA 529 accounts are exempt from state inheritance tax and are also protected in bankruptcy from creditors.
- ✓ PA 529 savings do not count against state higher education financial aid eligibility.
- ✓ Rewards can be earned through [SAGE Tuition Rewards](#) and [Upromise](#) shopping rewards.

Families can make contributions to PA 529 plans at any time or through automatic direct deposit from their paycheck or bank account. Pennsylvanians can also send all or a portion of their state tax refunds directly to one or more PA 529 accounts.

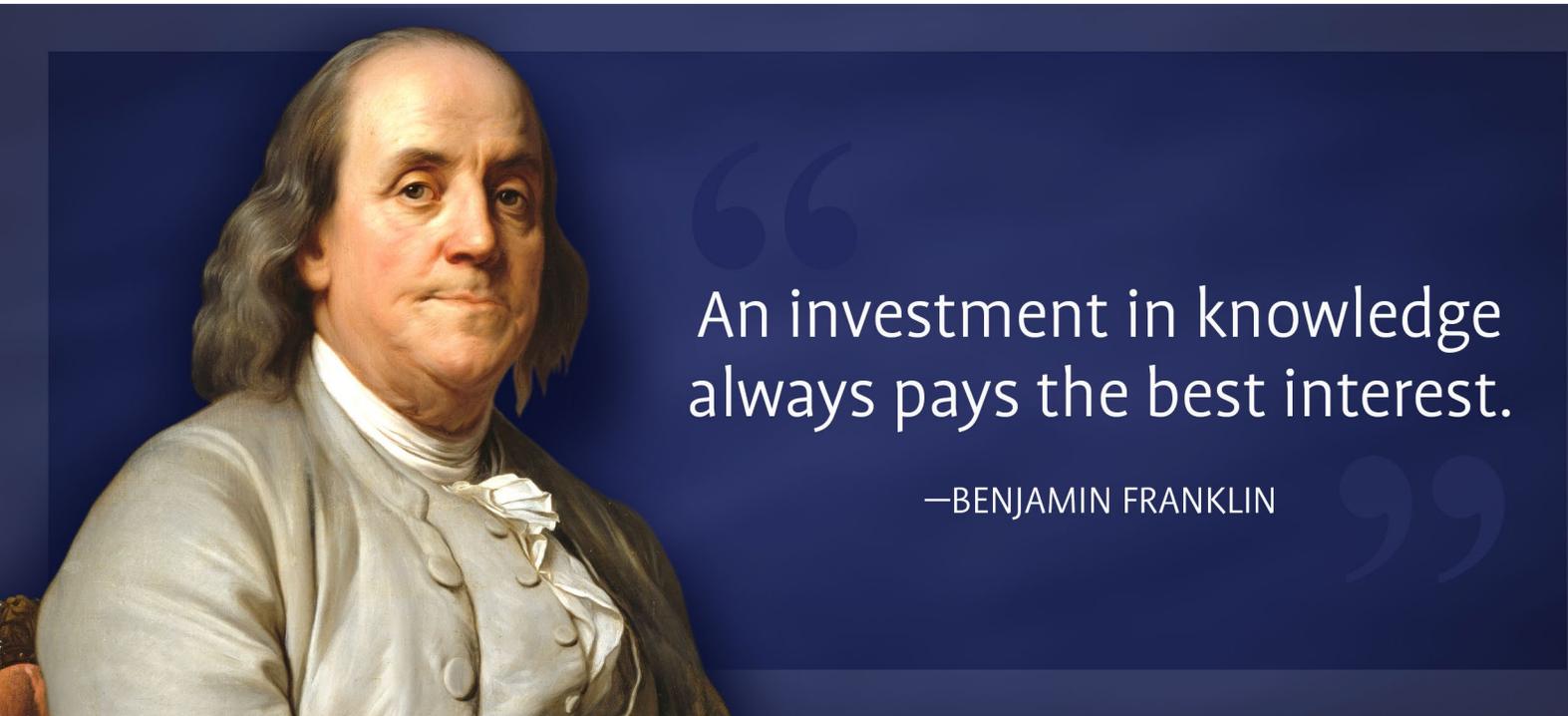
Don't know what to get the kid who already has [this year's hottest toy](#)? [Ugift](#) is a free service offered through Ascensus, the PA 529 Program's service provider. Ugift generates a convenient code to share with friends and family members so they can contribute directly to a child's 529 savings account.

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## Help boost your education savings with Ugift®.

Instead of a traditional holiday gift, friends and family can contribute to your child's PA 529 account with Ugift®.

Learn more at [pa529.com/Ugift](https://pa529.com/Ugift).



## Pennsylvania Achieving a Better Life Experience (PA ABLE)

PA ABLE allows Pennsylvanians with disabilities and their families to save money in ways that were once impossible to do without losing access to critical public benefits on which the family may depend. Before PA ABLE, many with disabilities were unable to save money because of the risk to federal and state benefits they rely on. ABLE recognizes the extraordinary costs of living with a disability; these costs can include special housing modifications, accessible transportation, assistive technology, and additional health care needs not covered by private or public insurance.

Like PA 529 accounts, PA ABLE accounts are also tax-advantaged savings vehicles. No federal or Pennsylvania state income tax is owed on investment growth. Upon withdrawal, no federal or Pennsylvania income taxes are owed as long as the withdrawal is used to pay for qualified disability expenses.

Like with the PA 529 plans, loved ones can make contributions to an ABLÉ account with [Ugift](#).

There is no fee to open a PA ABLÉ account. An account can be opened with an initial deposit of just \$25. Learn more about the Pennsylvania Treasury's ABLÉ program at: <https://www.paable.gov>.

## Unclaimed Property

Every U.S. state has unclaimed property programs that actively seek to find the true owner of lost or forgotten assets. The purpose of these programs is to protect individual citizens, not banks, governments, or other entities. Each year, Treasury receives millions of dollars in unclaimed property – items such as abandoned bank accounts, forgotten stocks, uncashed checks, and contents of safety deposit boxes.

Treasury currently has \$3.5 billion worth of property that we are looking to return to Pennsylvanians. For reasons as simple as a misspelled name or address, the property of Pennsylvanians ends up at Treasury. About 1 in 10 Pennsylvanians has property waiting for them at the Pennsylvania Treasury. [Check today](#).

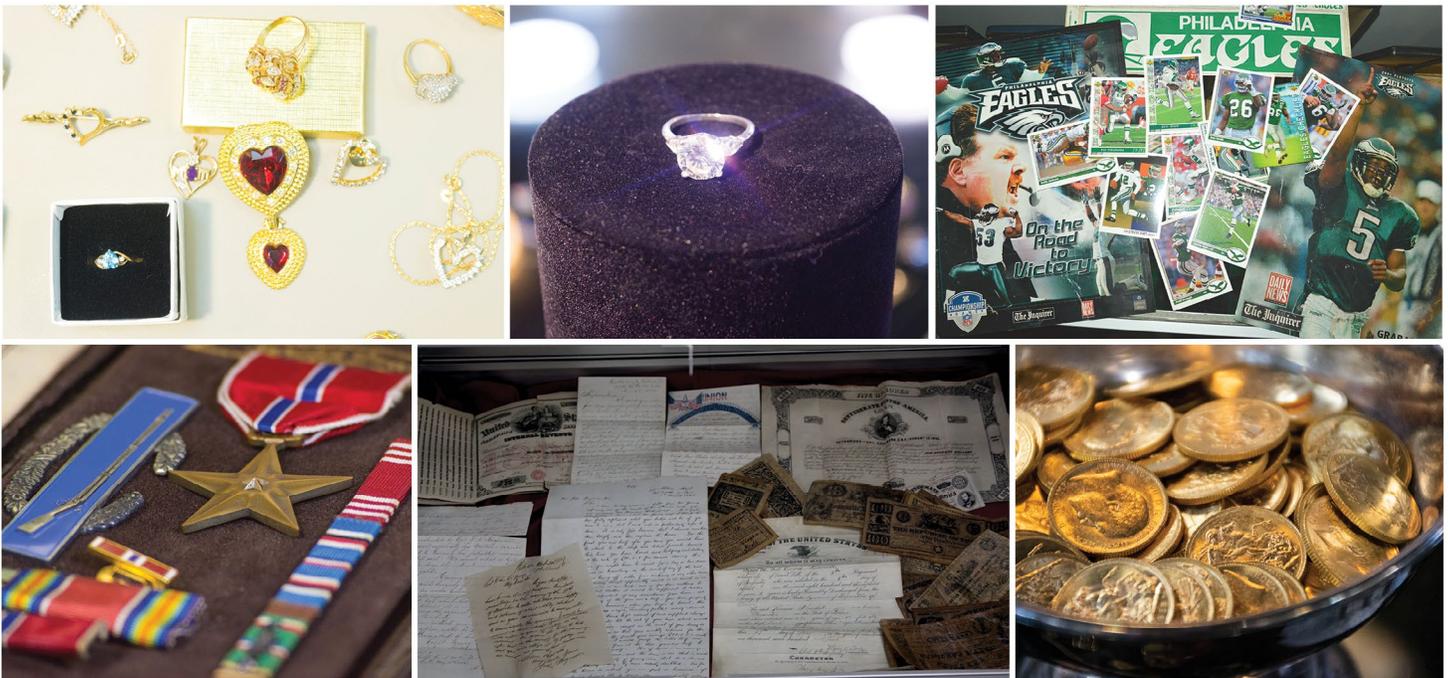
Some examples include:

- **Honus Wagner baseball and letter:**

The owner was found after the ball and letter were featured on a Pittsburgh media outlet.

- **772 piece silver and gold Tiffany flatware:**

The contents were sold at Sotheby's for \$65,000. The heirs were later located and the funds were used to pay for their daughter's college education.



There is no deadline to claim the property. Treasury maintains the property or records of the property **in perpetuity** until the rightful owner comes forward. It's cost-prohibitive for Treasury to maintain physical property forever, so in some circumstances, we sell the property but the value of that property is always available for the rightful owner or heirs to claim. However, there are some items that the Commonwealth's Treasury never sells.

## Military Decorations

In January 2018, Treasurer Torsella launched an initiative with the intent to return as many military decorations as possible back to veterans and/or their families. As part of that initiative, more staff have been dedicated to the research and identification of rightful owners. In addition, Treasurer Torsella launched a new web search capability, dedicated solely to military decorations. The master spreadsheet of owners is also posted online, in hopes that individuals may see a name that they recognize, and help us to complete the return. Military decorations are NEVER sold. As a result of these new capabilities, Treasury has returned 290 decorations.



## Federal Earned Income Tax Credit (EITC)

In 2019, at least 865,000 Pennsylvanians claimed the federal EITC for a total of \$2 billion. The average EITC amount was \$2,314.<sup>1</sup>

But some Pennsylvanians are missing out. In 2016, [nineteen](#) percent of eligible households didn't claim the credit. According to a recent [report](#), this means that over **\$452 million** of federal money available to Pennsylvania is not used to help our working families nor spent in the Pennsylvania economy. According to the IRS, eligible people who do not claim the federal EITC are more likely to live in rural areas, be self-employed, receive disability or have children with disabilities, live without a qualifying child, lack English proficiency, be grandparents raising grandchildren, or have recently experienced a major change in marital, financial, or parental status.<sup>2</sup>

To see if you are eligible, go to <https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/do-i-qualify-for-earned-income-tax-credit-eitc>.

Other important tax credits include Student Loan Interest Deduction, the Child and Dependent Care Tax Credit (CDCTC), and the Saver's Credit for contributions to IRAs and ABLE.



<sup>1</sup>This data is from the Calendar Half Year Report, June 2019. The IRS states "Historically, half year data represents over 95 percent of EITC returns." Statistics for Tax Returns with EITC, Internal Revenue Service, last updated October 2, 2019. <https://www.eitc.irs.gov/eitc-central/statistics-for-tax-returns-with-eitc/statistics-for-tax-returns-with-eitc>.

<sup>2</sup>About EITC," Internal Revenue Service, last updated March 11, 2019. <https://www.eitc.irs.gov/eitc-central/about-eitc/about-eitc>.



**THERE ARE FEW FREE TAX ASSISTANCE SERVICES OFFERED IN RURAL AREAS. MANY EITC-ELIGIBLE TAX FILERS ARE MISSING OUT.**

Some resources for assistance with tax filing and claiming credits:

[United Way - Income Tax Assistance](#)

[IRS - Get Free Tax Help](#)

- Philadelphia Area:

[BenePhilly](#)

[Campaign for Working Families](#)

[PathWAYS PA's Workforce Development and Self-Sufficiency programs](#)

- Pittsburgh Area:

[YWCA Greater Pittsburgh's Resource Center](#)

A brief look at these resources shows that there is still a scarcity of free tax assistance services in rural areas—where the IRS says that many EITC-eligible tax filers are missing out. We hope that policymakers and social service providers will continue to work on expanding these important tax assistance programs to more rural parts of the state.

## Federal and State Student Aid

The Federal Government and the Commonwealth give out billions of dollars in student aid every year. There are many types of financial aid, but for low-income students, the most important is the federal Pell Grant. The maximum award for the Pell Grant is \$6,195 for 2019-2020. According to the Pennsylvania Higher Education Association, **over 22,000** Pennsylvania students missed out on their Pell Grant in 2018. That's **\$87.9 million** left on the table in Pennsylvania.

Every student needs to complete their federal application for student aid: <https://studentaid.ed.gov/sa/fafsa>.

Pennsylvania has funds for higher education too. The Pennsylvania State Grants Program provides financial assistance to undergraduate students to help receive their degree. Students are required to complete the federal application to get the state funding, meaning many students are missing out on their Pennsylvania funds too. Here's more info: <https://www.pheaa.org/funding-opportunities/state-grant-program/apply-renew.shtml>.



**Those with a Bachelor's Degree Earn \$30,000 to \$35,000 a Year More Than Those with Just a High School Diploma.**

And for those carrying student loan debt, make sure you get the best payment plan. The right payment plan matters. Many families cut their payments in half or see a portion of their debt forgiven. All Pennsylvania student loan borrowers can go to [studentaid.ed.gov](http://studentaid.ed.gov), electronically link their tax returns, and select an automatic option for the most affordable plan.

And remember, if you have a federally-backed loan, you should know you have access to some of the best repayment plans available, so do your [research](#) before you consider refinancing to a private lender.



# New Year's Resolutions:

Let's all resolve for 2020 to hold on tighter to our hard-earned dollars by taking full advantage of the federal and state programs available to Pennsylvanians.

## New Parents:

- ✔ Register for [Keystone Scholars](#).
- ✔ Open a [PA529](#) account.
- ✔ Link PA529 account to Keystone Scholars account.



## All Parents:

- ✔ Open a [PA529](#) account. Set up auto-pay or save as often as possible.



## People with Disabilities and Family Members:

- ✔ Open a [PA ABL](#)E account. Set up auto-pay or save as often as possible.



## Workers:

- ✔ Check to [see if you are eligible](#) for the EITC.
- ✔ Get free assistance filing your taxes if you need it!
- ✔ Sign up for automatic payroll deduction to your PA529 or ABL E account if your employer offers it.



## Anyone Considering Higher-Ed:

- ✔ Fill out the [FAFSA](#) to access federal and state aid.



## Everyone:

- ✔ Check for [Unclaimed Property](#).