

Tuition Rewards: Family FAQs

What are Tuition Rewards?

Families can earn **Tuition Reward Points** (similar to “frequent flyer miles”) and use them to reduce tuition obligations at 230+ participating 4-year **private** colleges and universities in 39 states.

One Tuition Reward Point equals one dollar (\$1.00) in discounts off the “list price” of tuition at participating colleges. For the 2009-10 freshman class, the maximum possible reward is **\$39,520** in tuition discounts. As with Frequent Flyer miles, Tuition Reward Points are not redeemable in cash.

How do I earn Tuition Reward Points?

Purchasing a life insurance policy is one way that Tuition Reward Points are earned. You receive 500 points just for meeting with a college funding specialist and completing a Sponsor form. If the program seems fit for you and your family, you need to complete and submit a life insurance application. Once your policy is placed in force, you immediately receive an additional 5,000 Tuition Reward points. You will continue to receive 2,000 points each year as long as your policy remains in force.

Who created the Tuition Reward program?

Tuition Rewards were created by SAGE Scholars, Inc., a Philadelphia firm founded in 1995 by the former director of admissions & financial aid at the Wharton Graduate School, University of Pennsylvania. SAGE stands for **S**avings **A**nd **G**rowth for **E**ducation.

How many students are earning Tuition Rewards?

More than **150,000** students are now earning Tuition Rewards; 30,351 students joined in 2008. Tuition Rewards is the largest U.S. private college savings program.

What does it cost to participate?

The Tuition Reward program is **free** to families. There is no membership cost paid by participating colleges. All supporting fees are paid by the financial partners of SAGE Scholars, who are seeking to provide customers and clients with an added benefit that differentiates their company from competitors.

I'm a suspicious person. Is this for real?

The Tuition Reward program has passed legal scrutiny from two state treasury departments, several banks, credit unions, mutual fund companies and multiple insurance carriers. The insurance industry is heavily regulated by state authorities; each participating carrier has compliance departments that have carefully scrutinized and approved our program.

Who can use my Tuition Rewards?

Your children, stepchildren, grandchildren, nieces, nephews and other family members.



What is the enrollment deadline?

The Tuition Rewards enrollment deadline is **August 31st** of the year that a student begins 11th grade. Enrollment can begin as early as birth.

What is the deadline for assignment of Tuition Rewards to a student?

Tuition Rewards are typically assigned to the client or investor – the “sponsor” (parent, grandparent, etc.). The sponsor **must**, by **August 31st** of the year the student begins 12th grade, transfer Tuition Rewards to a registered child for these points to be available to submit to a member college.

How do I submit Tuition Reward Points to a college?

When your child applies to attend one of the participating colleges or universities, you **must** submit a Tuition Reward Statement electronically to the member school at time of the student’s application. You do this online — at www.tuitionrewards.com — on your “account statement” page.

How does this affect my child’s financial aid package?

Tuition Reward Points are a “**Tuition Assistance Guarantee**.” They represent the **minimum** scholarship -- “merit award” or discount -- that a student will receive from a participating school. Member colleges typically “**blend**” [mix] Tuition Rewards into a financial aid package but may also elect to “**stack**” [add] rewards on top of the aid package. Students can only receive more financial aid – or the same amount – by participating in our program, never less. Sometimes, students receive the same amount of financial aid -- but more “grant” & less loan. Member colleges sign a contract agreeing to honor Tuition Rewards – by accepting less than the “list price” of tuition. A college’s normal admissions standards apply.

Why would colleges accept less than full tuition?

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Years ago, colleges offered financial aid based **only** on “need” (as defined by a federal formula). Today, about 50 colleges still do this. But, as college costs have soared, 1,400+ private colleges have chosen to use financial aid as a method to attract quality students from middle-income and higher-income families. This aid is being offered as tuition reduction — that is, aid not based strictly on financial need.

Colleges know that the direct costs (professors, teaching materials, etc.) for additional students are less than the full tuition for those students. So, by guaranteeing you a discount off the full price of tuition (based on your savings) — as long as colleges cover their direct costs, they come out ahead. Our colleges understand that they need to remain affordable, and they’re eager to reward families who are truly saving for college

Why are so many colleges signing up?

That’s easy — our colleges want to attract more students, or better students, or both. Our colleges are eager to attract qualified students who might not be familiar with the school. Recently, a member college revealed that, among 28 “sources” of “leads”, Tuition Rewards ranked 5th as a source of inquiries, applications and acceptances – and 3rd in enrolled students.

Many families see published tuition costs and may not even investigate private universities and colleges – believing, mistakenly, that their child can’t afford to attend. Hoping to attract these families, participating schools are reducing tuitions by up to 25% up front through our scholarship program.

Don’t private colleges cost more than state schools?

Yes, but the dollar difference is considerably less than you might think. According to a UCLA study, the **four-year graduation rate** for private universities is **67%** – versus **28%** for public universities. When you consider the **cost of a 5th (or 6th) year** of college at a state school – versus a private college graduate working and earning a salary in year five – the costs become very comparable....especially if you use your Tuition Rewards. Note: the average private college spends \$21,000 on faculty costs per student -- versus \$10,000 per student for a state school.

Do state schools participate in the program?

No. Participating schools include only **private** four-year universities and colleges. In general, except for athletic scholarships and a few honors programs, state schools generally do **not** provide tuition discounts beyond a “need” determination using the FAFSA form.

How do I find a list of participating colleges?

To see the participating colleges and universities, visit www.tuitionrewards.com and click on “Participating Schools.”

Does the list of participating schools change?

Yes. SAGE Scholars regularly adds new colleges and universities. If the school that interests your family is not participating now, it may join by the time your child is ready to apply to a college.



How do I register a child?

You can access your SAGE account by visiting www.tuitionrewards.com; log in with your user name and password. You can add children to your account at any time.

Is there a limit to the number of children I can register?

No. We urge you to register all of your family members.

Is there a cutoff date for registering a child?

Yes. All children must be registered in the Tuition Reward program by **Aug. 31st** of the year they start 11th grade. The reason for the cutoff is that participating schools deserve sufficient time to recruit potential students in our program.

Do I have to allocate Tuition Rewards equally to the children that I’m registering?

No. It is up to you to decide how to allocate your Tuition Rewards to your “beneficiaries”. The typical is to allocate Rewards to the oldest child; if he or she doesn’t attend a participating school, then re-allocate points to the next oldest enrolled child. You must allocate your Tuition Rewards to students by **August 31st** of the year that they begin 12th grade.

How can I access my Tuition Reward point balance?

You can access your SAGE account by logging into www.tuitionrewards.com.

Is there a maximum of points I can accumulate?

No. But, the maximum Tuition Reward you can use per student is limited to 25% of a member college’s current tuition (or as contractually agreed). Rewards are spread evenly over four years (and are never issued in cash).

Can you provide an example?

Yes: If the participating college's freshman year tuition fee is \$20,000, and you have earned 20,000 (or more) in Tuition Reward Points, the maximum that you can use is 20,000 points. Your child's tuition cost will be reduced \$5,000 per year for four years at participating schools.

Is participation in the SAGE Scholarship Program a guarantee of admission into member colleges?

No. Each school's normal admissions standards still apply.

Does the program limit my child's choice of majors or fields of study?

No. Your child may study any field and enroll in any major.

Does any of my financial data go to the colleges?

No. Tuition Rewards are not part of the federal financial aid form (FAFSA) determining financial need. Therefore, your financial data is **never** sent to participating schools. Your data is kept strictly confidential; only the total points accumulated are sent to a college. The college is **not** told how the Tuition Rewards were earned (the investment specifics), by whom (parent, grandparent, uncle, etc.) or the asset values.

Can my child still apply for financial aid?

Yes.



Can my child receive a scholarship and use Tuition Reward Points at the same time?

Yes. Tuition Rewards represent a **guaranteed minimum scholarship** that a student will receive, spread evenly over four years, if and when he/she attends a participating school. If your student receives another type of scholarship, the member college can choose to **"blend"** [include] or **"stack"** [add on top] the Tuition Rewards with other scholarship funds.

Are Tuition Rewards taxable?

No. Because Tuition Rewards are a REDUCTION in tuition — and you are not receiving additional income — Rewards are **not** taxable. You're simply paying less for college.

Are Tuition Rewards applicable to room, board, fees?

No.

Can Tuition Rewards be used for graduate school?

No. Tuition Rewards can be used only for full-time, undergraduate education starting with the freshman year. Students must begin to use Rewards for the freshman year within three years after high school graduation.

Can I ever "cash out" my Tuition Rewards account?

No. Tuition Rewards are **POINTS** — and are never awarded in cash. (If your student does not attend a participating college, non-bonus points can be re-assigned to a younger enrolled beneficiary.)

Must the life insurance earning Rewards actually be used for my child's college expenses?



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No. The life insurance used to earn Tuition Rewards do **not** need to be used to pay for college. It's always your choice how you finance your child's (or grandchild's) education.

I don't see any colleges my child would apply to. My child is in 9th grade. Why should I participate?

Four reasons: First, there's **no cost** to participate, regardless of where your child goes to college. Second, when you look closer, you may find that several interesting, innovative colleges are participating. Third, by the time that your child is ready to apply to college, additional schools of interest are likely to be members. Fourth, you may have a younger child – or niece, nephew or grandchild – who could benefit in the future.

If I join SAGE now, while my child is in 9th grade, and the college he/she wants to attend doesn't join until my child is in 12th grade, what happens?

That's the beauty of this program — as more colleges join, your Tuition Reward is applied to these schools, too (as long as your child submits his/her Rewards at time of application).

Does my child have to choose a school now?

No.

If my child transfers to another participating school, are the remaining points transferred?

No. The new college may choose to honor unused Rewards but has no obligation to do so.

What happens to my points if I assign them to my child but they are not used?

Most points are awarded to "Sponsors" (account holders - typically parents or grandparents) and do not need to be assigned to a specific child until the deadline (**Aug. 31** at the start of 12th



grade). If this child does not attend a participating college, you can return the points to your account or immediately assign any non-bonus points to another registered child. You must do so within three years of high school graduation. You cannot give unused Tuition Rewards to another parent or organization. (Points that are "student-specific" cannot be transferred to other enrolled students.)

Do my Reward points last forever?

The answer is "yes" for "sponsors" -- policy-holders. These points remain in your account until you assign them to a registered child. Upon death of a sponsor, unused points become part of the estate. For students, the answer is "no". Points must be used within three years of the date of high school graduation.

This program sounds too good to be true. What's the 'catch'?

SAGE member colleges and universities participate because they are able to recruit more or better students. Your students may receive some mail or email from the participating colleges once they begin high school. In return, you gain the opportunity to pay less tuition at 230+ private colleges in 39 states.

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