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## Frequently Asked Questions

### General Questions

#### What are Tuition Rewards?

Think of Tuition Rewards Points as similar to "frequent flyer miles" that can be redeemed for guaranteed discounts on college undergraduate tuition, starting with the freshman year, at **over 340 participating private colleges & universities**. Instead of earning Tuition Rewards by flying, you can earn rewards through a variety of different channels.

A student's Tuition Rewards Points represent the guaranteed minimum amount of institutional financial aid (i.e. scholarships and/or institutional grants) that a participating college will award to the student. The student **may receive more** financial aid than the rewards points represent, but **he or she will not receive less!** For example, if you redeem 30,000 points for a student, we guarantee that he or she will receive **at least \$30,000 in financial aid!** (Some schools may accept less than 30,000 points. This is an example only. The current maximum that any one school will accept is 49,106 points. For most schools the maximum obligation is based on the current published freshman year tuition.)

#### How can I earn Tuition Rewards?

You earn Tuition Reward Points through any participating organization, such as:

- Saving or investing with the Pennsylvania 529 College Savings Plan
- Saving or investing with a participating bank or credit union
- Through over 1,000 employers offering optional voluntary benefits participation or Tuition Rewards on qualified retirement plans
- Through employer provided health care plans
- By purchasing cash-value life insurance through a participating organization
- By maintaining membership in affiliated fraternal organizations
- By working with an affiliated financial professional (individual or organization) who provides asset management, qualified product sales, annual financial reviews, seminars or workshops
- Having a college funding plan created by an affiliated organization or individual
- By obtaining a reverse mortgage through an affiliated mortgage professional

### **What are the program deadlines?**

1. Students must be in the Tuition Rewards program prior to August 31st of the year that the student begins 11th grade.
2. Students cannot earn, or receive points after August 31st of the year that the student begins 12th grade.
3. A student's sponsor (the Tuition Rewards account holder) must submit a student's statement to any member school he or she applies to at the time of the student's application to that school. Some programs may have a later deadline to add a student. Please refer to the program documentation or your Welcome e-mail for details.

### **How much does it cost to join?**

**Nothing!** Tuition Rewards is always **free** for families and students.

### **Why would colleges accept less than full tuition?**

Historically, colleges began offering financial aid on a need-only basis. But lately, as college costs have soared, a majority of private colleges now use "non-need" financial aid (scholarships, merit aid) as a method to attract quality students from middle and higher-income families. This aid is being offered as tuition reductions -- that is, discounts off the "list price" of tuition. Knowing this, SAGE has negotiated with member colleges to automatically present a financial reward to families who save for college.

### **How much can I save off a participating college's tuition?**

The maximum that schools are obligated to accept is 25% of the cost of tuition (based on freshman year tuition), spread equally over four, or five, years of undergraduate education. For example, if the "list price" of tuition for a school is \$40,000 per year when your student matriculates, this means that your guaranteed minimum discount would be up to \$10,000 per year (providing that you submitted at least 40,000 points to the school). These amounts are taken from the published list prices as shown in the Higher Education Directory each year. One point equals one dollar in tuition discounts.

### **Do all schools accept up to 25% off the cost of tuition?**

Most do, but not all. Colleges that joined our consortium prior to mid-2004 may have a fixed maximum amount they are required to accept. This amount was based on national averages of tuition at the time and is typically \$13,800 or \$15,600.

### **Will my Tuition Rewards ever expire?**

Tuition Rewards in a sponsor's account (as shown on the Account Statement page) will never expire. Unused Tuition Rewards left allocated to a student (i.e. in a student's account) will expire on August 31st three years after the year of high school graduation. Unused rewards should be moved back to the sponsor's account prior to the expiration date.

### **Why are so many colleges joining the Tuition Rewards consortium?**

That's easy -- they want to attract more students, or better students, or both. And, they're eager to attract qualified students who might not be familiar with their college. 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 listed price of tuition based on the dollars you've invested - 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.

**Who can I "sponsor" in the Tuition Rewards Program to use the points I earn?**

You can sign up children, grandchildren, nieces, nephews and other family members (including great/grand relations, step, God, and adopted children) to use your Tuition Reward Points. You cannot sponsor students such as your neighbor's or co-worker's children where there is no family relationship.

**Do I have to allocate Tuition Rewards to my students equally?**

No, it is up to you to decide how you want to give your Tuition Rewards to the students you sponsor. We recommend that sponsors allocate Points to the oldest child first; if he or she doesn't attend a member college, transfer the Points to the next-oldest child in your family.

**When one of my students applies to a participating school, what do I need to do?**

Within a few days of the student's actual application, sign into your account, locate the student on your "My Students" page and follow the link to submit his or her rewards. Do not submit a student's rewards weeks or months late *or early*. Please submit rewards only to schools that the student has actually applied to.

**Can I give my Tuition Reward Points to my church / school / employer / another family?**

Tuition Rewards can only be used by the children, grandchildren, nieces and nephews whom you sponsor in the program. If an older beneficiary doesn't use his or her Tuition Reward points, you may transfer the points that are not student-specific (for example, non-bonus points) to a younger enrolled student. You cannot give unused Tuition Rewards to another parent or organization.

**What if I can't use the Tuition Rewards?**

If you don't use your Tuition Reward Points, then you've still lost nothing; Tuition Rewards is a free program for families.

**Is participation in SAGE a guarantee of admission into participating colleges?**

No, each school's normal admissions standards still apply.

**Can we still apply for other financial aid?**

Absolutely! The purpose of the Tuition Rewards Program is to insure that the student(s) you've sponsored will receive a scholarship at least equal to the size of his/her Tuition Rewards. He or she may receive more aid, but cannot receive less!

**What if my student receives a merit scholarship? How will this affect the Tuition Rewards?**

Tuition Rewards represent the minimum scholarship, spread evenly over four years, a participating student will receive if and when he/she attends a participating school. If your student receives a scholarship or other institutional aid from a member school, then the school can choose to "blend" (include) or "stack" (add on top) the Tuition Rewards with the other scholarship funds, grants or other discounts.

**Are Tuition Rewards applicable to fees, room, board, books, etc?**

No, just tuition.

**Can Tuition Rewards be used for graduate school, summer school, evening classes, or part-time classes?**

No, Tuition Rewards can only be used for full time, undergraduate education beginning with the freshman year at a participating private college or university.

**Can Tuition Rewards be used if my child transfers to a member college or university?**

It's up to the school that he or she is transferring to. While there is no contractual obligation to the Tuition Rewards Program that would require that the school honor the rewards, most schools are willing to honor at least a portion of the rewards.

**Must the identified assets, if any, actually be used for my child's college expenses?**

No. Funds 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, grandchild's, or other family member's sponsored student's education.

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

No. Tuition Rewards are Points and are never awarded in cash.

**What happens if I sell my eligible investments?**

You stop accumulating Tuition Reward Points, but the points that you've already earned are yours to use, unless the financial provider that you earned your Tuition Rewards with stipulates otherwise.

**I don't see any colleges of interest. My child is in 9th grade. Why should I participate?**

Here are three reasons to participate: First, by the time your child is ready to apply to college, additional schools of interest are likely to join. Second, it doesn't cost you anything to participate in the program, regardless of where your child goes to college. Third, after doing research, you may find that we offer many appealing choices. Or, you may have another child - or niece, nephew or grandchild -- who could benefit in the future.

**We can't afford a private college. Why should my family participate?**

Did you know that at public universities, according to a UCLA study, only **28%** of incoming freshmen graduate in four years - versus **67%** of freshmen at private universities? The percentage of students who graduate in four years at a private college is the same as the percentage who graduate in six years at a state college. Private colleges are less expensive than you realize - and our program makes attending a private college even more affordable.

**If I join Tuition Rewards now, while my child is in 5th grade, and the college he/she wants to attend doesn't join Tuition Rewards until my child is in 12th grade, will I still receive my total reward, from 5th grade on?**

Yes! That's the beauty of Tuition Rewards -- as more colleges join, Tuition Reward Points are applied to these schools, too -- and, you have more choices!

**What happens if a college joins that my student has already applied to, or has matriculated to?**

If a student applies to, is accepted by, or has already matriculated to a college that is not participating in this program -- but subsequently decides to participate -- the college is under no obligation to honor his or her Tuition Rewards.

**Is the tuition reduction taxable?**

No. That's because with a scholarship or other form of reduced tuition, you're not receiving additional income. You're paying less for college. If you pay \$25,000 for a car that has a list price of \$30,000; there's no income tax on the \$5,000 discount.

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

The "catch" is that member schools are encouraged to recruit the students whom you sponsor (but not before the student is in high school). Your students are likely to receive some mail or e-mail from the participating colleges and universities after they begin high school. We do not share your, the Sponsor's, information with any schools or other third parties.

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