

Fiscal Estimate Narratives

TREAS 4/13/01

LRB Number 01-2254/1	Introduction Number AB-298	Estimate Type Original
Subject Allow grandparents an individual income tax deduction for Ed Vest contributions		

Assumptions Used in Arriving at Fiscal Estimate

- a. 12% of all EdVest account owners are grandparents.
- b. Assume % will remain constant, because parents are also eligible for the tax deduction.
- c. To date, the average # of new accounts annually is 600. Grandparents = 72.
- d. Assume new accounts will increase to 5,000 annually [600 grandparents] due to new partnership with private vendor, additional investment options available to participants, and increased marketing/public awareness.
- e. Each new account has an average initial investment of \$2,040 plus \$93/month.
- f. Annualized increase in EdVest revenues =
First full year: $\$2,040 + [\$93 \times 6 \text{ months}] = \$2,600 \times 600 \text{ accounts} = \$1,560,000$.

The higher level of account activity will increase the processing and customer support workload for EdVest staff. Postage and printing costs will increase slightly. All can be absorbed in the program budget.

Long-Range Fiscal Implications

Long-range revenue and administrative cost increases will be monitored through the biennial budget and s.16.515 process.