

# Tuition Rewards®: Family FAQs

Updated as of 08/15/2016

## *What are Tuition Rewards?*

Tuition Rewards is a unique customer Reward program! You earn **Tuition Rewards Points** (similar to frequent flyer miles) that can reduce tuition obligations at **350+** participating four-year **private** colleges & universities in 45 states. SAGE class of 2016 HS seniors submitted rewards points valued at **\$62.1 million** to our member colleges.

One Tuition Rewards Point equals one dollar (\$1.00) in discounts off the “list price” of tuition at participating colleges for undergraduate study beginning with the freshman year. For the fall 2017 freshman class, the maximum possible reward per student is **\$53,505** -- guaranteed minimum scholarships, spread evenly over four years of projected attendance. As with frequent flyer miles, Tuition Rewards Points are not redeemable in cash.

## *How do I earn Tuition Rewards Points?*

You earn Tuition Reward Points through our participating partners. Account-holders (“sponsors”) and students typically receive an enrollment bonus just for signing up! With the majority of our financial partners, each year, you receive Tuition Reward Points equal to 5% (or 2.5% biannually or 1.25% quarterly) of the asset values of your eligible investments. For example, if you have \$25,000 saved with a participating 529 college savings program, bank or credit union, then at the end of the year, assuming no change in asset value, you will receive 1,250 annual Tuition Rewards Points.

Some financial partners provide Tuition Rewards Points to account holders using other calculation or reporting methods (such as annual flat-rate increases or one-time application of rewards based on criteria specific to the financial partners). After you have created your account, reporting information specific to your financial partner(s) is shown on your account home page in the section titled “Tuition Rewards Reporting Information”.

Typically, Tuition Rewards Points are earned by the sponsor (the parent, grandparent, etc.) and accrued in the sponsor’s account. The sponsor **must**, by August 31st of the year that 12th grade begins, transfer (assign) some or all Tuition Rewards Points to an enrolled student beneficiary for those points to be available to submit to a member college. With some of our financial partners, however, Rewards Points are issued directly to participating students.



## *How do I use Tuition Rewards?*

You can use Tuition Rewards Points when and if the students whom you sponsor attend one of the participating colleges or universities. A Tuition Rewards Statement must be submitted electronically to a member school at the time of a student’s application. Tuition Rewards Points represent a guaranteed minimum scholarship that a student will receive from a member school.

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

Historically, colleges began offering financial aid on a need-only basis (as determined by the FAFSA form). 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.

Colleges know that the direct costs (professors, teaching materials, etc.) for additional students are less than the full tuition. So, by guaranteeing you a discount off the full price of tuition, 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 planning for college.

## *How much can I save off a participating colleges 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 years of undergraduate education. For example, if the “list price” of tuition for a school is \$30,000 per year when your child matriculates, this means that your guaranteed minimum discount would be up to \$7,500 per year (providing that you submitted at least 30,000 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. More than **400,000** students are currently (or have been) enrolled in Tuition Rewards, which is the largest U.S. private college funding program (as measured by participating students and assets under management).



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### *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. You should move any of your unused rewards back to your sponsor account prior to the expiration date.

### *Whom can I "sponsor" in the Tuition Rewards Program to use my Points??*

You can sign up children, grandchildren, nieces, nephews and other family members (including godchildren) to use your Tuition Rewards Points. You cannot sponsor students such as your neighbor's or co-worker's children where there is no familial relationship.

### *Is there a cutoff date for sponsoring a student?*

Yes. **Students must be sponsored in the Tuition Rewards Program prior to August 31st of the year that the student begins 11th grade\***. The reason for the cutoff is that participating schools are given the junior & senior years to recruit students in the program.

\*some exceptions may apply

### *How do I submit Tuition Rewards Points to a college?*

When your child applies to attend a participating college, you must submit a Tuition Rewards Statement electronically to the college at time of application. You do this online – at [www.tuitionrewards.com](http://www.tuitionrewards.com) – on the "Your Students" page.

### *When do I submit points to colleges?*

You must submit your student's points **at time of application**. To accommodate early-decision applicants, the website link for "Submit Rewards" is available starting June 1 at the end of 11th grade. However, don't submit your points too early! For many of our financial affiliates, additional points are awarded based on June 30 asset values. After submitting points to a college, a student is prevented from receiving additional points. (This ensures the same amount of points is sent to all member colleges.)



### *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.

### *How many students participate in Tuition Rewards?*

More than **400,000** students are currently (or have been) enrolled in Tuition Rewards, which is the largest U.S. private college funding program (as measured by participating students and assets under management).

### *This sounds great. What does it cost to participate?*

The Tuition Rewards program is free to families & employees. There is no membership cost for participating colleges. All supporting fees are paid by the financial partners of SAGE, who are seeking to provide investors, clients or employees with an added benefit that differentiates the company from competitors.

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

Tuition Rewards has passed legal scrutiny from two state treasury departments, banks, credit unions, mutual fund companies and multiple insurance carriers. The insurance industry is heavily regulated by state authorities; each participating carrier has a compliance department that has carefully scrutinized our program. Member colleges sign contracts with SAGE Scholars agreeing to provide tuition discounts to participating students.

### *What Deadlines do I need to be aware of?*

For most account holders, there are three important deadlines: (1) adding students to SAGE, (2) allocating rewards to students, and (3) submitting Tuition Rewards statements to member schools. Each of the deadlines is explained in detail on this page. If your student does not attend a member college, there is a 4th deadline – three years after time of high school graduation to re-claim the points for use by another student whom you sponsor.

### *How does this affect my child's financial aid package??*

When a college participates in Tuition Rewards, it's a "clue": This is a college that provides generous financial aid! Our Tuition Rewards Points are a "**Tuition Assistance Guarantee**." They represent the **minimum** scholarship – "merit award," grant or discount – that a student will receive from a participating school. Member colleges may "**blend**" [include] Tuition Rewards into a financial aid package or may elect to "**stack**" [add] Rewards when creating the aid package. Sometimes, students receive the same total amount of aid but more discount and less loan.

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

No. Each school's normal admission standards apply.

### *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% 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. First, "**list price**" often varies very significantly from the **actual price** that you pay because of discounts & scholarships (including merit aid) that private colleges offer. need to factor in the graduation rate.



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 with Tuition Rewards. Private colleges offer more value than you may realize; for example, private colleges spend an average of \$21,000 per student on faculty costs; at state colleges, the average is \$10,000. At a private college, your child should expect smaller classes, more personalized attention and more career counseling.

### *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 do not provide tuition discounts beyond a "need" determination based on the FAFSA form.

### *How do I find a list of participating colleges?*

Visit [www.tuitionrewards.com](http://www.tuitionrewards.com) Click on "Participating Schools."

### *Does the list of participating schools change?*

Yes! In the past 5 years, we added 90 new colleges and universities; a handful of schools chose to leave. Two colleges closed, and one college merged. (If a college withdraws, it's still responsible for points earned until the withdrawal date.) Our college retention rate exceeds 99% per year. If the private college that interests your family is not participating now, it may join by the time your child is ready to apply to college.

### *How do I register a child?*

Log into your account at [www.tuitionrewards.com](http://www.tuitionrewards.com)

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

No. Register ALL of your family members; don't forget nieces, & nephews! Our colleges want us to enroll as many students as possible. Students **must** be registered by **Aug. 31st of the year that 11th grade begins**. Make sure you enroll your students before the enrollment deadline. The reason for the cutoff: Participating colleges deserve sufficient time to recruit potential students.

### *Do I have to allocate Tuition Rewards equally to the children that I'm registering?*

No, it is up to you to decide how you want to give your Tuition Rewards to the students you sponsor. You simply must allocate Tuition Rewards to a student by **August 31st of the year that a student begins 12th grade**. 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.

### *Is there a maximum of points I can accumulate?*

No. But, the maximum Tuition Rewards 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 a projected four years of attendance (and never issued in cash).

### *Can you provide an example?*

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

### *How can I access my Tuition Rewards point balance?*

Log into [www.tuitionrewards.com](http://www.tuitionrewards.com) to access your account.

### *What if I don't use the Tuition Rewards? Can I give my points to my church / school / employer / another family?*

If you don't use your Tuition Rewards Points, then you've still lost nothing; Tuition Rewards is a free program for families. Tuition Rewards can only be used by the children, grandchildren, nieces and nephews whom you sponsor. If an older beneficiary doesn't use his or her 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.

### *Does any of my financial data go to the colleges?*

No. Your data is kept strictly confidential. Only the total points accumulated are sent to a member 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. 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. And, as Tuition Rewards Points represent a discount, not an asset, your points are not listed on the federal form determining financial need (FAFSA)



### *Are Tuition Rewards Points similar to a scholarship?*

Exactly! Tuition Rewards represent a **guaranteed minimum scholarship, provided by the college or university**, 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. Member colleges do reserve the right to impose reasonable academic performance requirements consistent with other scholarship awards.

### *Are Tuition Rewards taxable?*

We are not tax attorneys; however IRS Publication 970, “Tax Benefits for Education”, states clearly, “you do not have to include a qualified tuition reduction in your income.” Tuition Rewards meets the qualified tuition reduction definition

### *Are Tuition Rewards applicable to room, board, fees?*

No - only to tuition.

### *Can Tuition Rewards be used for graduate school?*

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 to which he or she is transferring. While there is no contractual obligation that would require that the school to honor the rewards, most schools are willing to honor at least a portion of the rewards.

### *Must the identified assets (hard dollars) 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 (or grandchild's) education.

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

You stop accumulating Tuition Rewards 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.

### *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, points that are not student-specific can be re-assigned to a younger enrolled beneficiary.)

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

### *My child is in 9th grade, the college he/she wants to attend doesn't join SAGE until my child is in 12th grade, will I still receive my total reward, from 9th grade on?*

Yes! That's the beauty of SAGE — 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 has already matriculated to a college that then joins, the college has no obligation to honor his or her Tuition Rewards. The same applies for an incoming freshman if the financial aid offer has already been made.

### *Does my child have to choose a school now?*

No.

### *What if my student takes a “gap year” before college?*

The website link – “Submit Points” to Member Colleges – remains available for three years after high school graduation. Even if your student does not plan to apply to college during 12th grade, you **must** still transfer points from your Sponsor account to the student's account **prior** to August 31st of the year that 12th grade begins. Students must begin to use Rewards Points within three years of high school graduation (with an exception for military service).

### *What if my student first attends a community college – and then wants to transfer to a four-year member college?*

Our agreements with our member colleges specify that Tuition Rewards Points are to be used for **undergraduate education, starting with the freshman year**. That said, you **can** submit points to a member college when a student transfers. Although the college has **no obligation** to accept the points, many of our colleges will do so (“pro-rating” points over a projected two years of attendance).

### *What happens to my points if they are not used?*

If your student does not attend a participating college, you can either return any sponsor points\* to your account – or assign the points to another child whom you've enrolled. You must do this within three years following high school graduation. Unused points in a student's account expire after three years.

\*“Student-specific” points cannot be transferred to other enrolled students.

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

Member colleges participate because they are able to recruit more or better students. Your children may receive some mail or email from participating colleges once they begin high school.



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