529 Savings Plans as Tender Type: Quick Guide

This Quick Guide provides an overview of how 529 Savings Plans may be used as tender type in Transact Payments, as well as how Transact Payments Administrators can inquire and report on 529 transactions.

Contents

About 529 Savings Plans

529 Savings Plans are tax-advantaged accounts, typically operated by states or educational institutions, that help families set aside funds for future educational expenses. Parents can reap enormous tax advantages by saving pre-tax funds in a 529 Savings Plan, investing the funds, and using them for qualified educational expenses, such as tuition, books, and fees, for their children.

Available and Unavailable Plans

Available for Use with Payments

PLAN NAME	STATE
iShares 529 Plan	AR
Arkansas Brighter Future Plan	AR
Goldman Sachs 529 Plan	AZ
ScholarShare 529	CA
CollegeInvest Direct Portfolio College Savings Plan	CO
Scholars Choice 529 Plan	CO
DC College Savings Plan	DC
Path2College 529 Plan	GA
IDeal Idaho College Savings Program	ID
CollegeChoice Advisor 529 Savings Plan	IN
CollegeChoice 529 Direct Savings Plan	IN
Learning Quest Advisor	KS
Learning Quest Education Savings Program	KS
KY Saves 529 Plan	KY
MI 529 Advisor Plan	MI
Michigan Education Savings Program (Direct Plan)	MI
Missouri Saving for Tuition	MO
Minnesota College Savings Plan	MN
North Dakota: College SAVE	ND
CollegeAdvantage Direct 529 Savings Plan	OH
Oklahoma College Savings Plan	OK
CollegeBound 529	RI
CollegeBound Saver	RI
TNStars College Savings 529 Program	TN
Edvest College Savings Plan	WI
The Hartford SMART529 College Savings Plan	WV
SMART529 WV Direct College Savings Plan	WV
SMART529 Select College Savings Plan	WV

Unavailable for Use with Payments

PLAN NAME	STATE
CHET Advisor	CT
HI529 - Hawaii's College Savings Program	HI
College Savings Iowa	IA
ACI - Schwab 529 College Savings Plan	KS
Schwab Learning Quest 529 Plan	KS
Achieve Montana	MT
Nebraska Educational Savings Trust Advisor Plan	NE
Nebraska Educational Savings Trust Direct Plan	NE
Nebraska TD Ameritrade 529 College Savings Plan	NE
SSgA Upromise 529	NV
The Vanguard 529 College Savings Plan	NV
USAA College Savings Plan	NV
New York's 529 Advisor Guided College Savings Program	NY
New York's 529 College Savings Program Direct Plan	NY
Pennsylvania Direct 529 College Savings Plan	PA
Pennsylvania Guaranteed Savings Plan	PA
Wealthfront 529 College Savings Plan*	NV

*Unique service model: enablement requires partner development work.

529 Savings Plans and Transact Payments

Since 2017, Transact Payments has partnered with a third-party vendor, Ascensus Government Savings (AGS), to electronically process 529 Savings Plan payments. When this integration is configured, the Transact Payments client can accept electronic 529 payments through the Transact Payments SAO/ePayment site or an eMarket Checkout site from participating 529 plans/vendors for educational expenses. The integration works for students, guest, and authorized payers in the SAO site, and authenticated payers in eMarket Checkouts.

The primary advantage of electronic processing 529 through Transact Payments is convenience. Beneficiaries or account owners can make immediate payments in Transact Payments and enroll in recurring payments as part of a payment plan, and therefore do not need to submit a claim, withdraw funds, and pay via check or ACH payment.

While there is no charge to the school for 529 Payment Plans, in order to pay for payment processing services, Transact Payments and AGS charge payers a flat fee of $10 for one-time payments. Payers can minimize their fee burden by enrolling in recurring payments, which are only charged the $10 fee with the plan enrollment or first payment.

## Supported 529 Savings Plans

For the list of available 529 Savings Plans, please refer to the *529 Savings Plan Providers* document in the Support Library.

Payer Experience in Transact Payments SAO

The steps below illustrate how a student/beneficiary or parent makes a payment using a 529 Savings Plan. The workflow for an eMarket Checkout is similar.
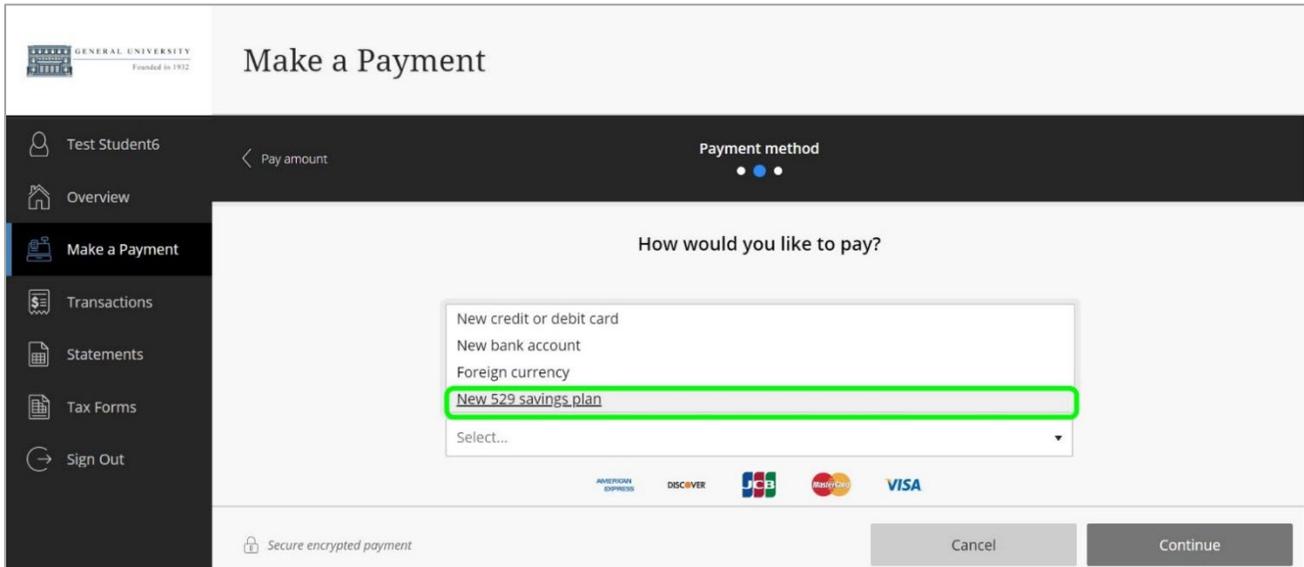
1. Log in to the SAO site, either directly or via SSO.
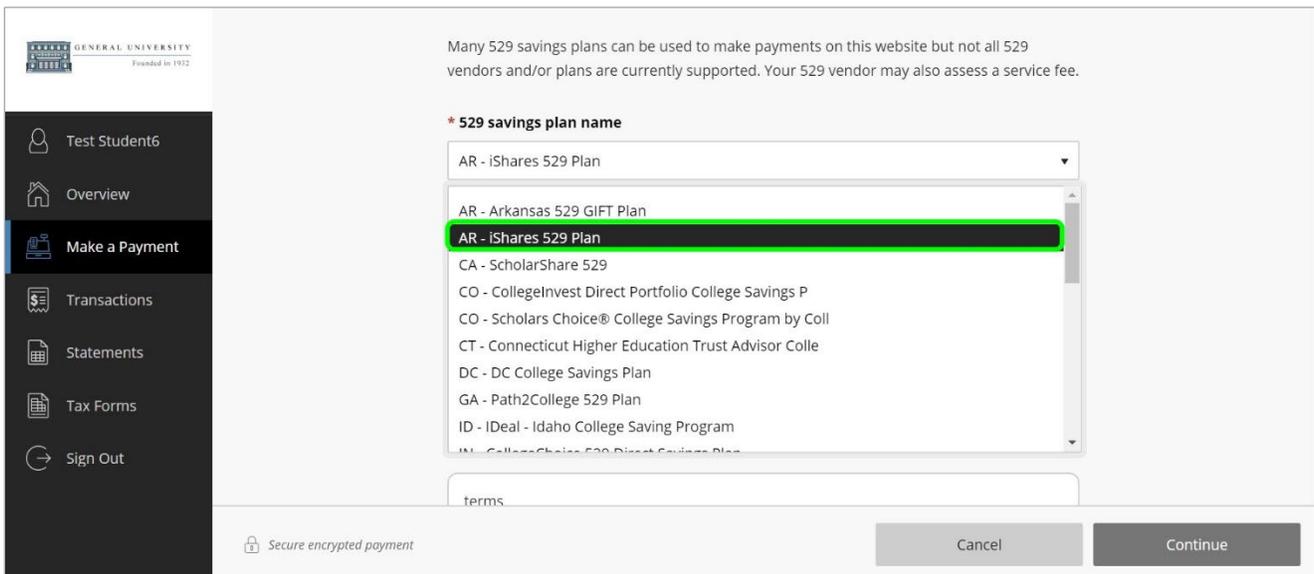2. In the SAO site's navigation, click **Make a Payment**.

Figure 1: Make Payment Link in SAO
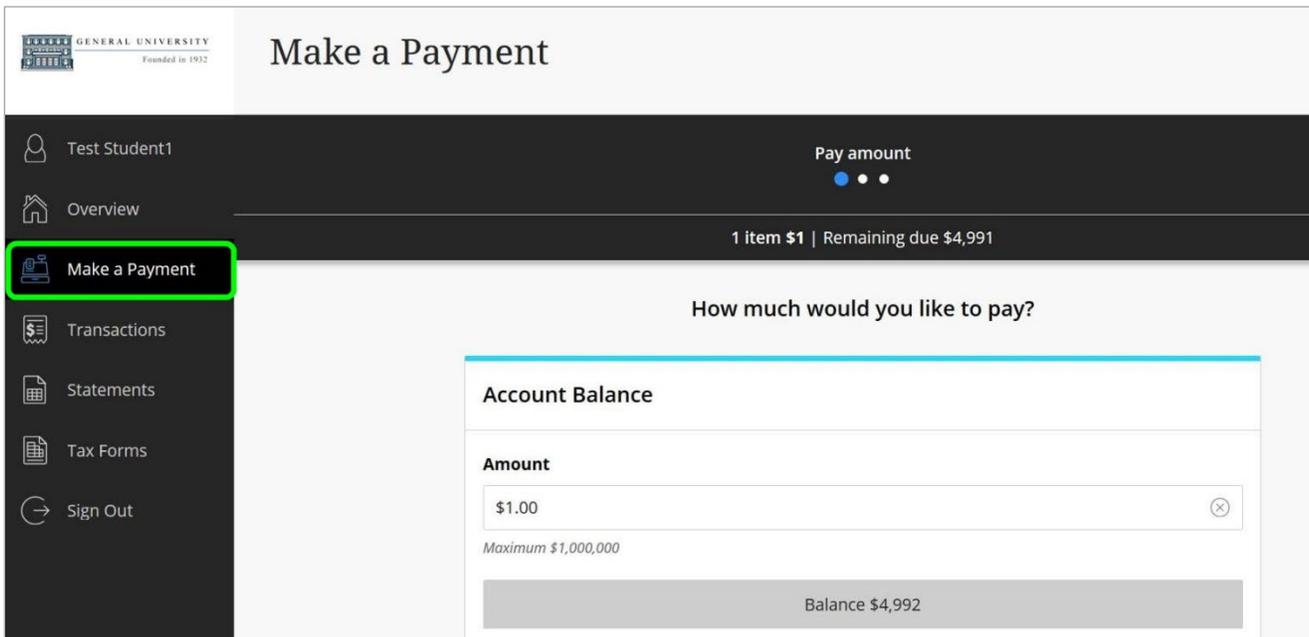
3. Select the item(s) for purchase, enter the amount, and click **Continue**.
4. In the Select Method of Payment screen, click **New 529 Savings Plan**.

Figure 2: New 529 Savings Plan Payment Method

5. From the dropdown menu, select your 529 savings plan.

Figure 3: Selecting 529 Plan Name

6. Provide the 529 account number and agree to the 529 terms.

Note: During your implementation of 529, you will use the 529 Terms and Conditions, configured in 529 control, to present Terms and Conditions informing the customer that 529 Plans must be used for qualified educational expenses.

Figure 4: Entering 529 Information

7. In the 529 Savings Plan modal window that loads, enter your username and password, and click **Log On**.

Figure 5: Logging In to 529 Plan

8. Review the amount available in the plan and authorize the payment by clicking **I Authorize**.
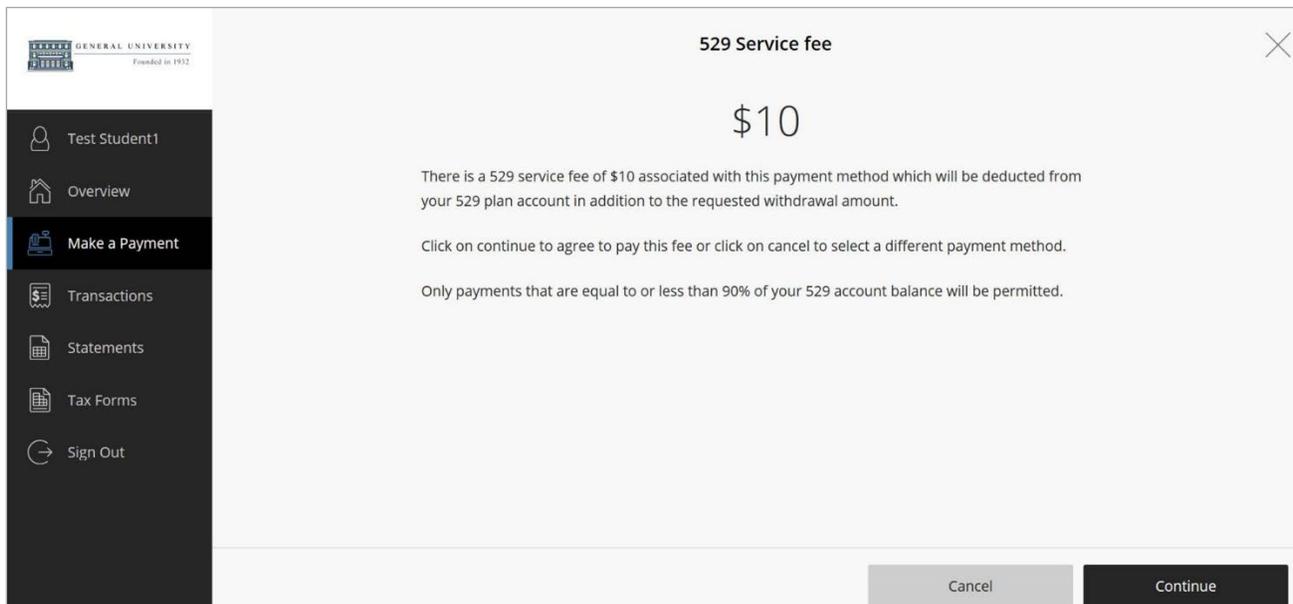
Figure 6: 529 Savings Plan Authorization
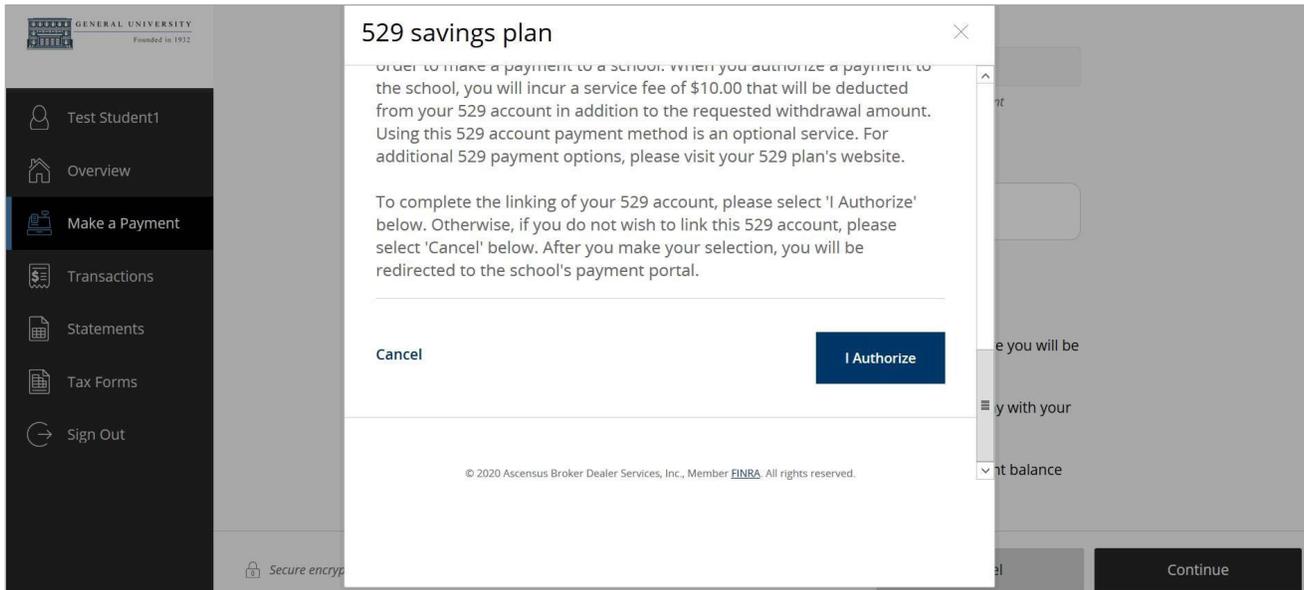
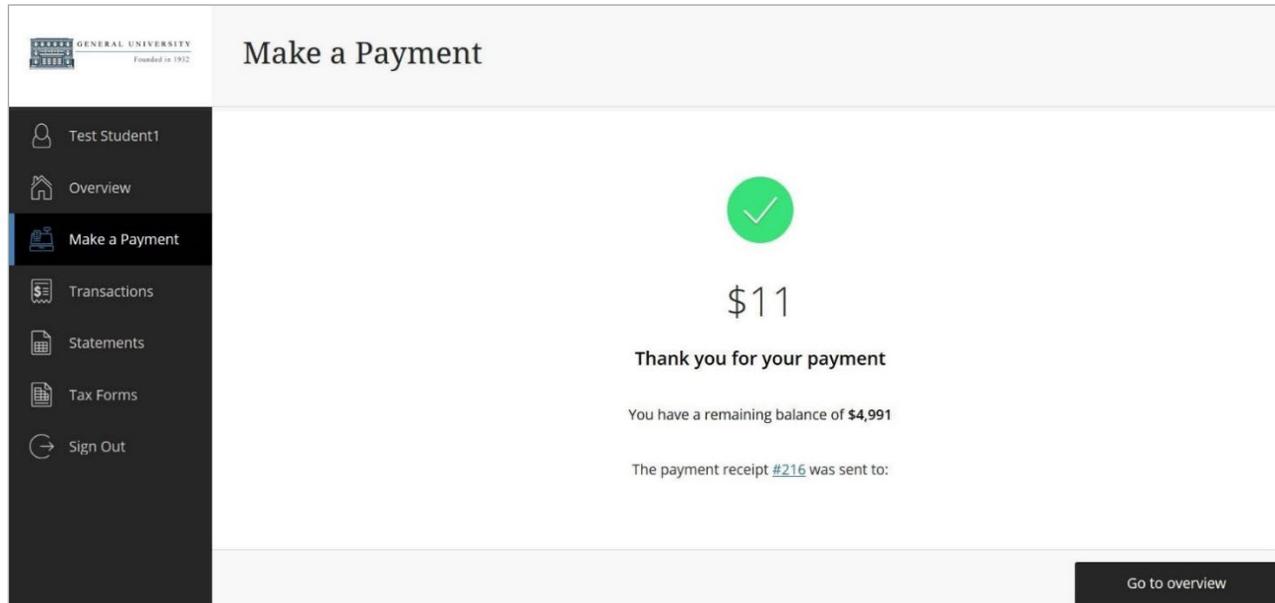The modal window closes, and Transact Payments displays a message about the service fee.

9. Click **Continue** to accept the service fee and make the payment.

Figure 7: 529 Service Fee Message

If the payment is authorized, a confirmation message displays, showing your remaining balance.

Figure 8: 529 Payment Confirmation

By clicking the receipt number, you can view the receipt online, as shown below.

Figure 9: 529 Payment Receipt

After making the payment, you can now select the saved 529 payment plan when making a payment through the SAO site.

Figure 10: 529 Saved Account in Payment Method Dropdown
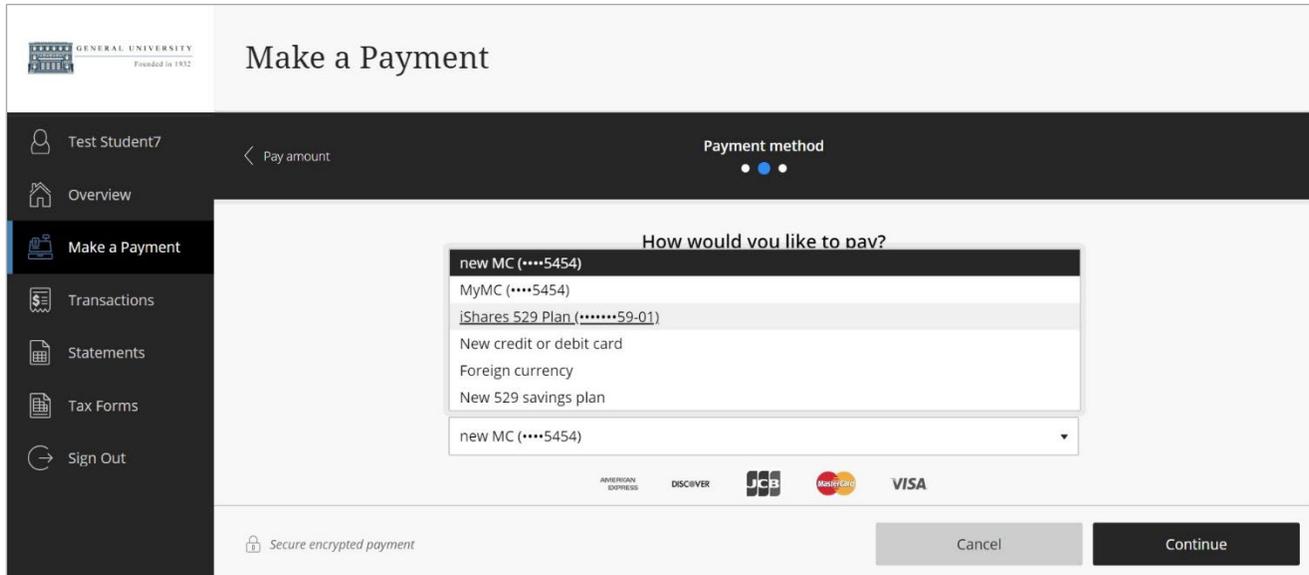

Transact Payments-Side Configuration

The Transact Payments Implementation Team will work with you to configure your Transact Payments instance for 529 Savings Plans as tender type. The implementation of 529 involves many setup steps on both the Transact Payments and vendor end.

Once 529 is deployed, you may need to adjust the settings in your SAO site. The steps below describe how to turn on or off 529 payments in the SAO site.

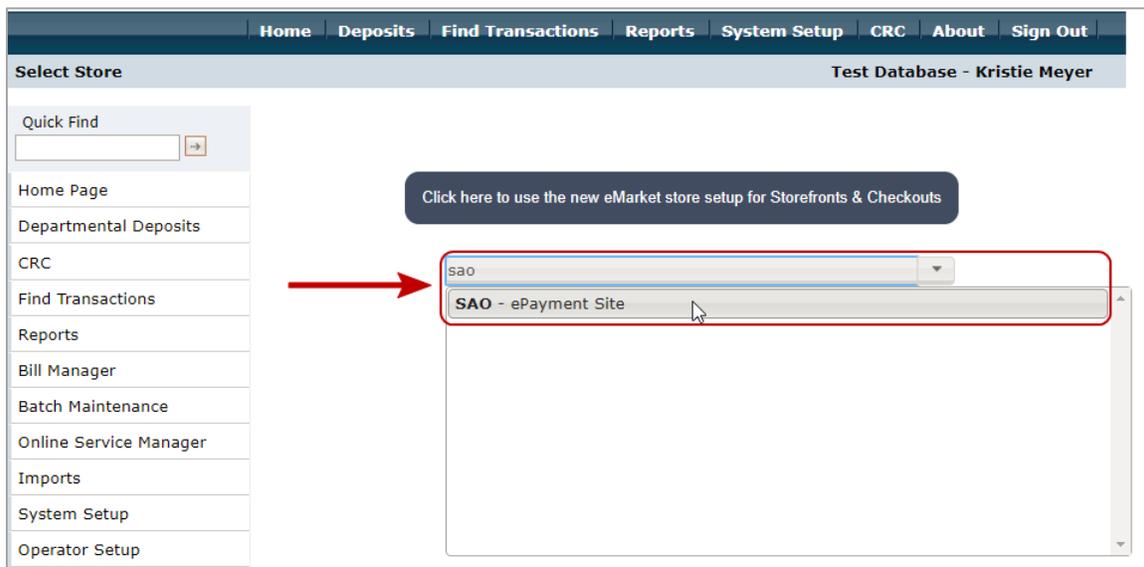1. Log in to the Transact Payments Administration site.

2. In the left panel, click **Store Setup**.

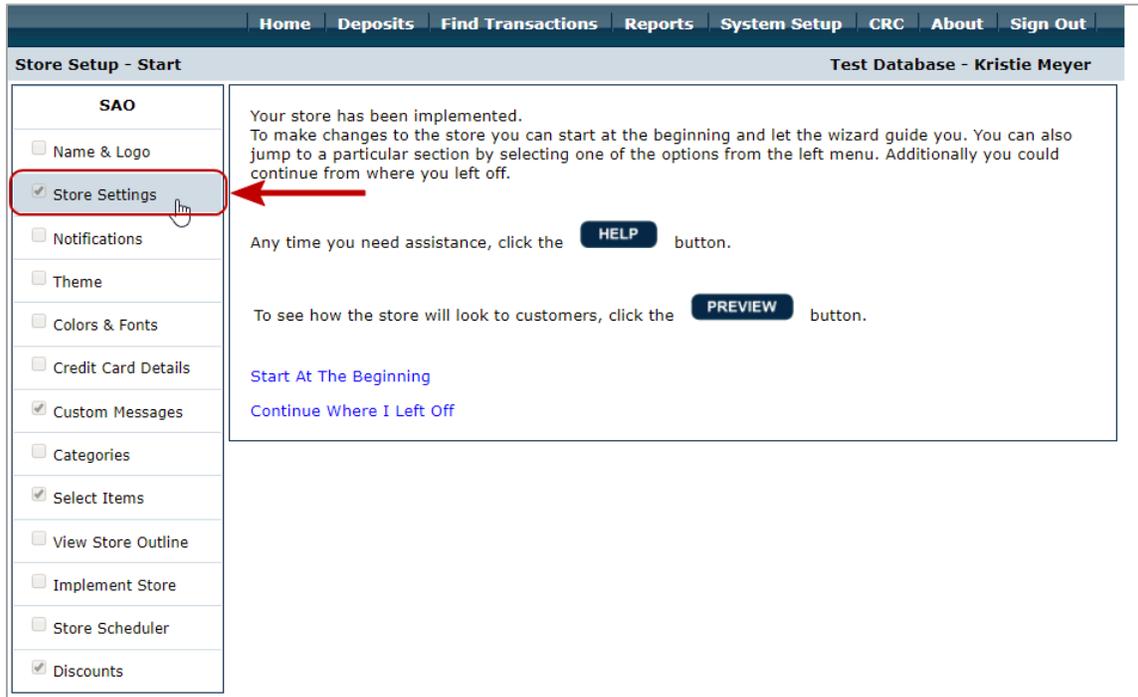Figure 11: Store Setup Link
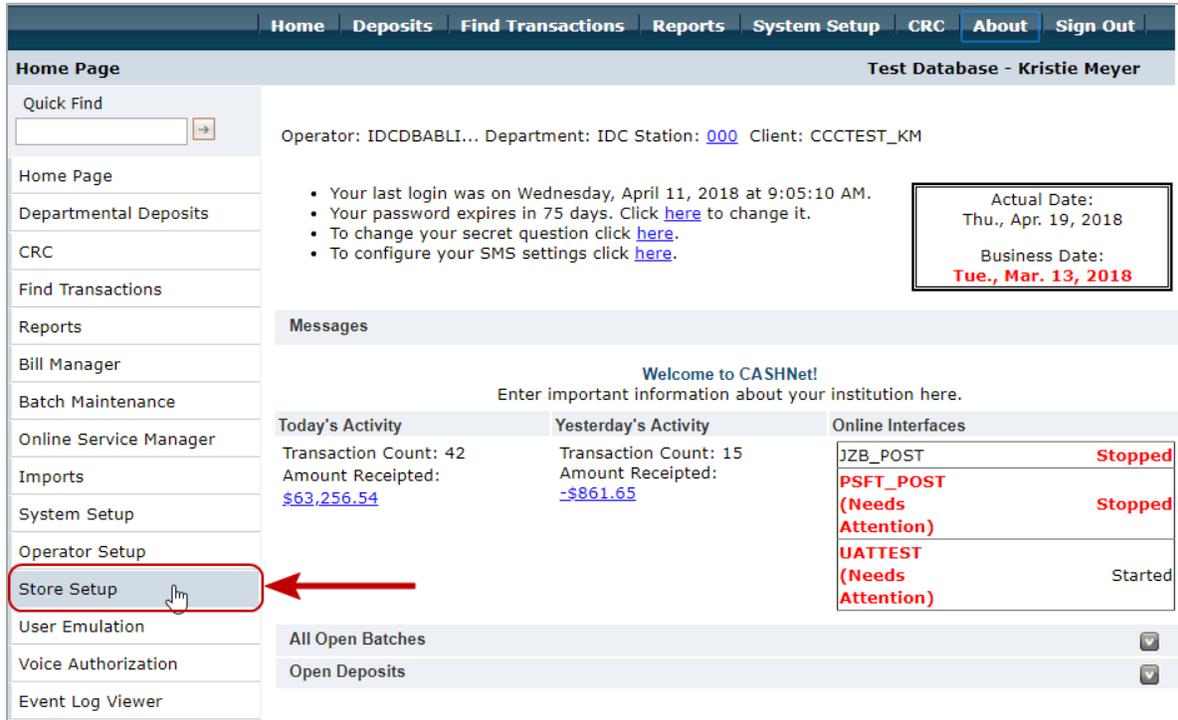
3. In the dropdown menu, enter **SAO** and select the **SAO store** in the dropdown menu.

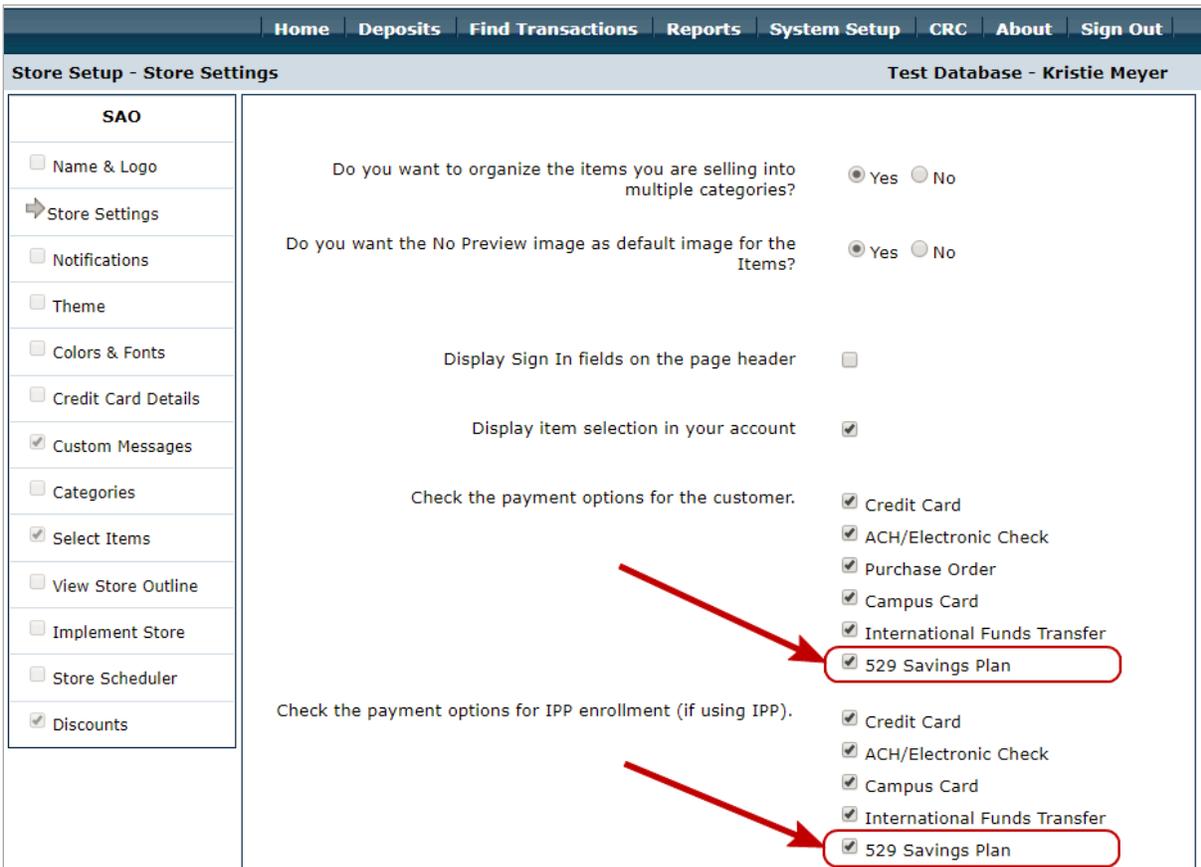Figure 12: Selecting a Store in Store Setup

4. In the left panel, click **Store Settings**.

Figure 13: Store Settings Link

5. Under "Check the payment options for the customer," select **529 Savings Plans** to turn it on for general payments (non-installment).

6. Under "Check the payment options for IPP enrollment (if using IPP)," select **529 Savings Plans** to turn it on for installment plan payments.

Figure 14: Turning On 529 Savings Plan in Store Setup

7. At the base of the page, click **Save.**

8. When you are ready to implement these changes, implement the updated store through the **Implement Store** tab.

Inquiring on 529 Transactions

Through Transact Payments' **Find Transactions** feature, you can locate 529 payment using the various search criteria, including the 529 Payment Code.

When you open a 529 transaction, it will display the Item Codes purchased and the 529 service fee Item Code, as well as the last 4 digits of the 529 account number.

Figure 15: Example 529 Payment in Find Transactions

Reporting and Reconciliation of 529 Transactions

Important Information About Cut-Off Times

AGS, the third-party vendor that facilitates 529 payments, has an end-of-day cut-off time of 4:00 PM Eastern Time (ET). (Bear in mind that this is 1:00 PM Pacific Time, 2:00 PM Mountain Time, and 3:00 PM Central Time.) Any transactions processed on or before 4:00 PM ET on a business day will be part of the ACH file transfer from AGS to the school for that business date. Any transactions processed after 4:00 PM ET will be in the file for the next day.

AGS will directly transfer 529 funds to the school's bank account.* This will occur outside of Transact's End-of-Day processing. The description that appears on the school's bank statement may vary based on the 529 plan used to make the payment. Each 529 transaction will result in a separate deposit from AGS.

For 529 clients also using Transact's Payment Plan Software module, please note that Transact will disburse funds for enrollment fees paid via 529 to the school's bank account on a monthly basis.

Using Payment Reports in Transact Payments

Because schools will not typically run End-of-Day in Transact Payments at 4:00 PM (most likely, it will be as close to midnight as possible), schools can reconcile 529 transactions by running Payments Reports and retrieving the actual time of 529 transactions.

For example, if today is 12/20/2018, all the 529 transactions processed between 4:00 PM ET on 12/19 and 4:00 PM ET today will be included in the today's ACH file from AGS to your school. All 529 transactions processed *after* 4:00 PM today will be sent in the ACH file on 12/21. In order to view the details of the transactions that were deposited on 12/20, when running the Transact Payments Report, your school administrator should include 529 transactions from 12/19 and 12/20, and also include the actual time of the transactions, because any transactions created between 4:00 PM ET on 12/19 and 4:00 PM ET on 12/20 will be part of the ACH file on 12/20.

In the above scenario, you would want to customize your Payment Report as follows:

- **Date Range:** Previous Business Date to Current Business Date
- **Date Type:** Business Dates
- **Payment Code:** 529
- **Reports Type:** Detail
- **Sub-Total by:** Business Date
- **Selected Fields:** Transaction Number, Business Date, Actual Time, Customer Code

Frequently Asked Questions

Q: Once the payer submits the 529 payment in Transact Payments, what status will it show as in Transact Payments?

A: Payment authorization is done in real-time, and the transaction is in a "closed" status once it is submitted.

Q: If AGS is unable to process a payment (i.e., transfer the ACH for a student), what process do they follow?

A: AGS will notify Transact Payments Support. Transact Payments Support will then contact the client. The client would then have to dishonor the transaction in Transact Payments. Dishonoring the transaction will reverse the transaction in Transact Payments and in the ERP system. However, it will not put funds back in the 529 account.

Q: Can transactions be refunded or voided?

A: No. AGS does not support refunds or reversals, so in Transact Payments, the VOID and REFUND buttons will be disabled for 529 transactions. If a transaction needs to be reversed, the school administrator will have to use the **DISHONOR** button. For refunds, the school would then have to send a paper check to the customer.

Q: When will the AGS service fee be charged?

A: The service fee will be charged for every one-time payment. So, if you are paying for an open item, a new charge item, an enrollment fee item, or an installment payment, the service fee will be charged.

The service fee will only be charged once for recurring payments. The examples below explain in greater detail:

- **Student signs up for IPP with optional AutoPay:** If the student signs up for AutoPay as part of the IPP enrollment process, he/she will have to pay the fee at the time of enrollment. He/she will not be charged again when the autopay payment is processed.
- **Student signs up for IPP without AutoPay:** Student pays the service fee at the time of enrollment. If later, the student wishes to sign up for AutoPay, he/she will have to pay the service fee at the time of AutoPay enrollment. Recurring payments after this will not be assessed a fee.
- **Student only signs up for AutoPay (outside of IPP):** Student signs up for AutoPay for an open-item or a new charge item, the student will be charged a fee at the time of enrollment.

Q: What is the frequency of the funds transfer?

A: AGS has a cut-off time of 4:00 PM ET. Any transactions processed before 4:00 PM ET will be part of the ACH file transfer from AGS to the school for that business date. Any transactions processed after 4:00 PM ET will be processed the next day.

Q: If a parent uses parent-student links, and they want to use 529 for both students, do they have to pay the fee twice?

A: A particular 529 plan would only be associated with one student. Therefore, the parent would have to pay the fee twice, as they would have to link each student to separate 529 plans.

Q: How does Transact Payments handle multiple 529 accounts?

A: A student can have multiple 529 Savings Plans. A student can have one active plan for a particular school for each 529 account. A student can have active payment plans at multiple schools at the same time for a single 529 account.

Q: When 529 funds are deposited to the school's bank account, what is the description of the deposit?

A: The 529 vendor, AGS, deposits the funds to the school's bank account. The description that appears on the school's bank statement may vary based on the 529 plan used to make the payment.

Q: Is 529 an available option for guest payers (payers accessing Payments using a Student ID and Last Name)?

A: Yes, guest payers in Transact Payments can be configured to see 529 as a selectable payment option.