

# 2016/2017 Maryland Prepaid College Trust

## Disclosure Statement & Enrollment Form

Enrollment Period: December 1, 2016 – April 24, 2017

# **Maryland529**

*formerly College Savings Plans of Maryland*



# Table of Contents

Contract — 2016–2017 .....	3
Article I — Introduction	
Article II — Definitions, Qualified Higher Education Expenses, Weighted Average Tuition	
Article III — Enrollment Overview, Tuition Plans, Ownership, Multiple Accounts	
Article IV — Benefits, Multiple Institution Enrollment, Contract Conversion	
Article V — Contract Payments, Fees, and Rollovers	
Article VI — Termination, Transfer, and Refunds	
Article VII — Change in Beneficiary, Removing/Changing Custodian	
Article VIII — Payments to You, Contract Changes, Legislative Guarantee	
Operations and Additional Information .....	13
Risk Factors.....	13
Prepaid College Trust Operations.....	14
Plan Governance and Administration .....	15
Comprehensive Investment Plan.....	15
Performance Information.....	17
Contract Pricing.....	17
Key Federal Tax Issues.....	18
Key State Tax Issues.....	19
Privacy Policy .....	20
Creditor Protections.....	20
Prices and Fees.....	21
Enrollment Form.....	Center of Booklet

Section 529 plans offered by other states may offer tax or other benefits to taxpayers or residents of those states that are not available under the Maryland Prepaid College Trust. If you live outside of Maryland, you should consider any college savings program offered by your home state or your Beneficiary's home state prior to making a decision to invest in the Maryland Prepaid College Trust. Keep in mind that state-based benefits should be one of many appropriately weighted factors to be considered when making an investment decision. In addition, you should periodically assess, and if appropriate, adjust your 529 plan investment choices with your time horizon, risk tolerance and investment objectives in mind.

This Disclosure Statement is part of the Maryland 529 Enrollment Kit. The Enrollment Kit consists of a Highlights Booklet and Disclosure Statements for the Prepaid College Trust and the College Investment Plan, with accompanying New Account Enrollment Forms. The Enrollment Kit has been identified by Maryland 529 as the Offering Materials intended to provide substantive disclosure of the terms and conditions of an investment in Maryland 529. The Enrollment Kit is designed to comply with the Disclosure Principles Statement No. 5, adopted by the College Savings Plans Network on May 3, 2011.

# Maryland Prepaid College Trust 2016–2017 Disclosure Statement

For specific information on the Maryland Prepaid College Trust, please read this document in its entirety. This Disclosure Statement contains important information you should review before opening an Account in the Maryland Prepaid College Trust (Prepaid College Trust or Trust), including information about the benefits and risks of investing. We believe that this information is accurate as of the date of this Disclosure Statement, but it is subject to change without notice. No one is authorized to provide information that is different from the information in the most current form of this Disclosure Statement. Please read it carefully and save it for future reference. Certain capitalized terms used in this Disclosure Statement are defined in the Contract, which can be found below.

If you have read the Disclosure Statement and would like to learn more about the features and benefits of the Maryland 529 Plans, please refer to the Frequently Asked Questions section on our website at [maryland529.com/faqs](http://maryland529.com/faqs) or register for our interactive webinar at [maryland529.com/webinars](http://maryland529.com/webinars).

## Contract — 2016–2017

### Article I — Introduction

This agreement describes the basic terms and conditions of the Maryland Prepaid College Trust (Prepaid College Trust) as authorized by Education Article Title 18, Subtitle 19 of the Annotated Code of Maryland (Enabling Legislation). Once you complete and submit an Enrollment Form to open an Account and it is accepted by the Maryland 529 Board (Board, we, our or us), a certificate outlining the information from the Enrollment Form and detailing your contract price (Certificate of Tuition Benefits) will be issued to you.

**The completed 2016–2017 Enrollment Form includes an acknowledgment that you agree to be bound by the terms and conditions of this document. The completed Enrollment Form, Schedule of Prices and Fees, Certificate of Tuition Benefits, the Highlights Booklet, and the Prepaid College Trust Disclosure Statement are considered a part of this document. All of these documents constitute the entire agreement between you and the Board and are called the “Contract.” You should retain a copy of the Contract, any updates to the Contract and your Account Statements for your records.**

The Enabling Legislation, regulations, and any guidelines we adopt will be available for inspection at the offices of Maryland 529. You or any other interested party may receive a copy of the Enabling Legislation and the Contract by contacting Maryland 529.

This Contract is not a promise or a guarantee that:

(1) the Beneficiary will be admitted to any Eligible Institution; (2) the Beneficiary will be allowed to continue enrollment at any Eligible Institution after admission; (3) the Beneficiary will be graduated from any Eligible Institution; (4) the Beneficiary will be classified as an in-state or in-county student by any Maryland Public College; (5) the Beneficiary will receive any particular treatment under any applicable state or federal financial aid programs; and/or (6) the Beneficiary’s Tuition at any Eligible Institution will be covered in full for the number of years purchased under this Contract unless the Beneficiary attends a Maryland Public College that determines the Beneficiary to be a Maryland or County resident, as applicable, and all of the terms and conditions of this Contract are satisfied.

### Article II — Definitions

The definitions of terms included in the Enabling Legislation apply to this Contract and are incorporated by reference. In addition, the following definitions apply to Contracts:

1. **Academic Year** means a school year consisting of two semesters, three trimesters, or four quarters that will lead to an associate’s degree, a bachelor’s degree or a graduate degree, depending on the type of institution in which the Beneficiary is enrolled. One full Academic Year is defined as the amount of full-time, undergraduate Tuition required to cover two academic semesters at no more than 15 credit-hours per semester or the financial equivalent.
2. **Account** means the record that contains the details of payments, fees charged and/or paid, Benefits purchased, Benefits used, remaining Benefits, and refunds and reduced refunds in connection with a particular Beneficiary under this Contract.
3. **Account Holder or you** means the person who signs this Contract, controls the Account, and acquires Benefits for a Beneficiary under its terms and conditions. The Account Holder may also be any legally recognizable fiduciary such as a trust, guardianship, or estate. If the Account Holder is a minor, a Custodian must be named. In certain cases, the Account Holder and the Beneficiary may be the same person.
4. **Account Holder’s Successor** means the person named in this Contract (or in similar documents later filed with us) by the Account Holder, who may exercise the rights of the Account Holder under this Contract if the Account Holder dies or becomes legally incompetent. The Account Holder’s Successor must be a U.S. citizen or resident alien and may be the Beneficiary.
5. **Beneficiary or Student** means a person who is entitled to receive Benefits under a Contract and who meets eligibility criteria at the time the Account Holder submits an Enrollment Form. Under certain circumstances, the Beneficiary and the Account Holder may be the same.

6. **Benefits** means the payments by the Trust provided under this Contract that are described in *Articles IV* and *VI* of this Contract.
7. **Code** means the Internal Revenue Code of 1986, as amended. There are references to various sections of the Code throughout this Disclosure Statement, including Section 529 as it currently exists and as it may subsequently be amended, and any regulations adopted thereunder.
8. **Custodian** means the individual who executed an Enrollment Form on behalf of an Account Holder who is a minor. Generally, the Custodian will be required to perform all duties of the Account Holder with regard to the Account until the Account Holder attains the age of majority, is otherwise emancipated, or the Custodian is changed, removed or released. The Custodian of an Account funded from an UGMA/UTMA account may not change the Account Holder or Beneficiary.
9. **Declaration** means the Declaration of Trust of the Maryland Prepaid College Trust.
10. **Disabled or Disability** means the condition of a Beneficiary who is unable to do any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. An individual shall not be considered to be disabled unless proof of the existence thereof in such form and manner as may be required by applicable regulations is furnished.
11. **Eligible Institution** shall have the meaning ascribed to an “eligible educational institution” in Section 529(e) of the Code except that for purposes of the Prepaid Trust, the definition is limited to any institution of higher education that offers an associate, bachelor, or graduate degree program and is eligible to participate in federal financial aid programs.
12. **Earnings** means the amount reported to the IRS on Form 1099-Q (or other applicable form) for the same tax year as the distribution. For distributions under this Contract, the Earnings are calculated as follows: (i) if a Benefit is paid, the difference between the Benefit paid to an Eligible Institution and your payments, or (ii) if you take a refund or reduced refund, the difference between your payments and the amount of your refund.
13. **FDIC** means the Federal Deposit Insurance Corporation.
14. **Initial Eligibility** means the year in which a new Beneficiary in the 10th–12th grades may begin to use Benefits due to the three-year minimum maturity period.
15. **IRS** means the Internal Revenue Service.
16. **Mandatory Fees** means fees assessed to all students by an Eligible Institution as a condition of enrollment at the Eligible Institution. Mandatory Fees do not include any fee that is assessed by the Eligible Institution for a particular course taken, year of enrollment, academic status, course of study, residency status, or any other distinguishing factor used by the Eligible Institution to determine a specific fee.
17. **Maryland Public College** means any public Eligible Institution in the State of Maryland.
18. **Medallion Signature Guarantee** means a type of legally binding endorsement that ensures that your signature is genuine, and that the financial company issuing the guarantee accepts liability for any forgery. You can obtain a Medallion Signature Guarantee from most banks, savings institutions, and broker-dealers.
15. **Member of the Family** means an individual as defined in Section 529(e)(2) of the Code. Generally, this definition includes a Beneficiary’s spouse and the following other relatives of the Beneficiary:
- Son, daughter, stepchild, foster child, adopted child, or a descendant of any of them
  - Brother or sister (including half-brothers or half-sisters), stepbrother, or stepsister;
  - Father or mother or ancestor of either;
  - Stepfather or stepmother;
  - Son or daughter of a brother or sister;
  - Son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law;
  - The spouse of any individual listed above;
  - First cousin
20. **Non-Qualified Distributions** means all distributions that are not used to pay Qualified Higher Education Expenses as defined in Section 529 of the Code.
21. **Qualified Distribution** means a distribution that is:
- Used to pay Qualified Higher Education Expenses (including distributions used to pay Qualified Higher Education Expenses that were refunded by the Eligible Institution and re-contributed to a Qualified Tuition Program for the same Beneficiary within 60 days of the refund);
  - Payable upon the Beneficiary’s death or Disability;
  - Made because the Beneficiary received a Scholarship, grant, and/or tuition remission provided that the total amount is greater than or equal to the amount distributed; or
  - A Rollover Distribution.
22. **Qualified Higher Education Expenses** means Qualified Higher Education Expenses as defined in Section 529(e)(3) of the Code. Generally, these include the following:
- Tuition, fees, and costs of textbooks, supplies, and equipment required for the enrollment or attendance of a student at an Eligible Institution;
  - Certain costs of room and board of a Beneficiary during any academic period during which the Beneficiary is enrolled at least half time at an Eligible Institution;
  - Expenses for special needs services in the case of a special needs Beneficiary, which are incurred in connection with such enrollment or attendance at an Eligible Institution. (As of the date of this Disclosure Statement, “special needs” Beneficiary has not been defined by the IRS); and
  - Expenses for the purchase of computers and peripheral equipment (e.g., printers), computer software, and Internet access and related services, to the extent that

such items or services are used primarily by the Beneficiary during any of the years the Beneficiary is enrolled at an Eligible Institution.

Note: Student loan expenses are not considered by the IRS to be Qualified Higher Education Expenses. Qualified Tuition Program or 529 plan means programs satisfying the requirements of Section 529 of the Code.

23. **Recontribution** means a refund of any qualified higher education expenses from an eligible institution which is recontributed to the Prepaid College Trust for the benefit of the same beneficiary, but only to the extent such recontribution is made not later than 60 days after the date of such refund and does not exceed the lesser of the refunded amount, or the amount distributed from the Prepaid Trust.
24. **Resident** means a person who is a resident of the State of Maryland or the District of Columbia at the time an Enrollment Form is submitted. For Maryland, this is defined as someone who is required to file a Maryland tax return if he or she otherwise has sufficient income to file a return. For the District of Columbia, Resident means a legal resident of the District of Columbia.
25. **Rollover Distribution** means a transfer of assets:
  - i) between Qualified Tuition Programs for the same Beneficiary, provided another rollover or transfer for the same Beneficiary has not occurred in the previous 12 months, or
  - ii) to an account for a different Beneficiary, provided that the receiving Beneficiary is a Member of the Family of the original Beneficiary.
26. **Scholarship** means a scholarship, allowance, or payment as described in §530(d)(4)(B)(iii) and (iv) of the Code, including payments made on account of attendance at a U.S. military academy.
27. **Trust Returns** means the since inception rate of return for the Prepaid College Trust. The date of inception is December 31, 1998 and the since inception rate of return is updated quarterly by the Prepaid College Trust's investment advisor. Trust Returns are used to calculate Rollover Distributions and refunds as described in Article VI of this Disclosure Statement.
28. **Tuition**, as defined by § 18-1901 of the Education Article of the Maryland Code, means the actual Tuition and Mandatory Fees assessed to all students by an Eligible Institution as a condition of enrollment at the institution.

Tuition does not include any fee that is assessed by the Eligible Institution for a particular course taken, year of enrollment, academic status, course of study, residency status, or any other distinguishing factor used by the Eligible Institution to determine a specific fee.
29. **UGMA/UTMA** means the Uniform Gifts to Minors Act/ Uniform Transfers to Minors Act.
30. **Weighted Average Tuition** is calculated as follows: for 4-year Eligible Institutions — dividing (A) the in-state Tuition

at each 4-year Maryland Public College multiplied by the number of full-time equivalent in-state students enrolled at such 4-year Maryland Public College, added together by (B) the total number of full-time equivalent in-state students enrolled at all 4-year Maryland Public Colleges.

The Weighted Average Tuition applicable to community colleges is calculated by a similar method using in-county Tuition and enrollment.

In performing this calculation, the Board applies the same projected increase for Tuition as is used to determine Contract prices, to the Weighted Average Tuitions in effect at the time of the calculation.

The Weighted Average Tuition is for the entire Academic Year and is calculated annually, typically in the fall for the following Academic Year and remains in effect for the entire Academic Year regardless of whether any Maryland four-year public college or community college, as applicable, adjusts Tuition for that same year.

## Article III — Participation in the Prepaid College Trust

**Enrolling.** To participate in the Prepaid College Trust, you must complete an Enrollment Form. You and your Beneficiary must each be a U.S. citizen (or a resident alien) and have a valid U.S. Address as well as a Social Security number (if the Account Holder is a trust, a federal tax identification number is accepted). Either the Beneficiary or the Account Holder must be a Resident at the time the Enrollment Form is submitted to the Prepaid College Trust.

We have the sole discretion to determine whether an Enrollment Form is complete and accepted.

In order for your 2016–2017 enrollment to be accepted and for you to receive the Contract prices applicable to 2016–2017 Contracts, you must complete the 2016–2017 Enrollment Form and submit all of the required documentation, and any required fee or payment, to us in good order prior to the end of the 2016–2017 Enrollment Period on April 24, 2017. The following are exceptions in which we will accept enrollments (by mail only) after the end of the enrollment period, prior to the first day of the 2017–2018 Enrollment Period.

- i) enrollment of a newborn under the age of one;
- ii) enrollment by an Account Holder who has the same beneficiary enrolled in the Maryland College Investment Plan; or
- iii) current Account Holders purchasing additional semesters/years for the same Beneficiary in the Prepaid College Trust.

**Tuition Plans.** The Prepaid College Trust offers three tuition plans: the University Plan (one semester or one, two, three or four years); the Community College Plan (one or two years of community college); and the Two-Plus-Two Plan (first two years of the Community College Plan with two subsequent years of the University Plan).

**Separate Accounting.** There is a separate Account for each Contract. In addition, separate accounting records that track payments, fees charged and/or paid, and Benefits and/or refunds or reduced refunds paid are maintained for each Account Holder. However, the mere existence of an Account does not create a right to, or interest in, any portion or share of Prepaid College Trust assets or earnings.

**Ownership.** An Account may have only one Account Holder.

**Account Holder Successor.** The Account Holder Successor becomes the Account Holder if you die or are declared legally incompetent. You may designate an Account Holder Successor on the Enrollment Form or otherwise in writing or change a previous designation by providing us with written notice.

**Right to Information.** To protect your privacy, Account information is provided only to the Account Holder or Custodian. However, you may also direct in writing that someone other than the Account Holder may request and receive information regarding the Account.

**Documents in Good Order.** To process any transaction on your Account, all documents necessary to process that transaction must be in good order, which means executed when required and properly, fully, and accurately completed.

**Multiple Accounts/Purchase of Additional Years.** You may have more than one Account for a Beneficiary and you may buy an additional semester or years for the same Beneficiary. However, no more than seven years of Tuition may be purchased for the same Beneficiary, with no more than five years purchased on a single Account. No more than one year or two semesters may be purchased for the same Academic Year. You may buy additional year(s) for your Beneficiary at any time during the year. If the purchase takes place outside of an Enrollment Period, the prices for the previous Enrollment Period will be in effect.

You will maintain the original Contract and Account number, as well as enter into a new Contract and receive a new Account number for the additional semester(s) or year(s). A separate Enrollment Form and an Enrollment Fee must be submitted.

**UGMA/UTMA.** You may open your Account with proceeds of an UGMA/UTMA account. To do so, you must indicate on the Enrollment Form that the contributions to the Account are liquidated UGMA/UTMA assets. The minor will become the Account Holder and Beneficiary. The Account must also have a Custodian until the Beneficiary reaches the age of majority under the terms of the UGMA/UTMA account. Unlike other Accounts in the Prepaid College Trust, before the age of the Beneficiary's majority, the Beneficiary and Account Holder cannot be changed and distributions cannot be made other than for the benefit of that Beneficiary. Therefore, any discussion in this Enrollment Kit regarding the transfer of your Account to another Beneficiary applies to an Account funded from an UGMA/UTMA only upon the Beneficiary reaching the age of majority. Any additional contributions to this type of Account will be treated in the same manner.

**Coverdell Education Savings Account.** You may open your Account with the proceeds of a Coverdell Education Savings Account. Please indicate on the New Account Enrollment Form or with any additional investments that the assets were liquidated

from this kind of an account. Unlike UGMA/UTMA accounts, the Beneficiary may be changed to a Member of the Family of the Beneficiary of the Coverdell Education Savings Account. Making distributions from a Coverdell Education Savings Account to fund an Account for the same Beneficiary is not a taxable transaction. Consult your tax advisor for more information.

**U.S. Savings Bonds.** In certain cases, you may redeem qualified U.S. Savings Bonds under the Education Tax Exclusion and open your Account with the proceeds. Please visit [treasurydirect.gov](https://www.treasurydirect.gov) for more information.

## Article IV — Benefits

Benefits must be used to pay for a normal full-time (or part-time, as described below) course load for the number of semesters or years of undergraduate education specified in the Tuition plan you select and pay for under this Contract. You can start using Benefits beginning with each fall semester of the projected enrollment year(s) you have purchased, as identified on your Certificate of Tuition Benefits. Please review this benefit section in full to understand the minimum and maximum benefit available under your Contract.

Benefits Payable:

1. **Maryland Public College:** If your Beneficiary enrolls in a four-year Maryland Public College as a full-time student, the Prepaid College Trust will pay the full in-state Tuition for a University Plan or the full in-county Tuition if your Beneficiary enrolls in a two-year Maryland Public College (community college) for a Community College Plan.
2. **Private or Out-of-State:** If your Beneficiary enrolls in an Eligible Institution that is private or out-of-state as a full-time student, the Prepaid College Trust will pay the actual Tuition each semester (or the equivalent) up to a maximum of one half of the Weighted Average Tuition in the tuition plan you purchased or your Minimum Benefit, whichever is greater.

Note: If your Tuition for the private or out-of-state Eligible Institution is less than the Weighted Average Tuition, you will only receive the Tuition. If Tuition is less than your Minimum Benefit, however, you may submit documentation of qualified higher education expenses and receive reimbursement up to your Minimum Benefit.

Benefits are paid on a semester by semester basis (or the equivalent applicable to a particular Eligible Institution). All annual figures are to be divided across semesters (or the equivalent applicable to a particular Eligible Institution).

**Minimum Maturity.** This Contract must be in effect for at least three years before Benefits will be paid. Benefits will be paid no earlier than the first fall academic semester at an Eligible Institution following the three-year anniversary of the effective date of your Contract.

**Maximum Benefits.** The Prepaid College Trust will not pay for more than 15 credit hours for each semester (or the equivalent applicable to a particular institution). Under no circumstances will the Prepaid College Trust pay for more than two Mandatory Fees (or the equivalent) for each year of Benefits purchased for a Beneficiary, with the exception of the Minimum Benefits calculation. If Tuition or other Qualified Higher Education

Expenses are more than the Benefits paid by the Prepaid College Trust, you or your Beneficiary is responsible for the difference.

**Minimum Benefits.** Minimum Benefits are defined as payments duly made under this Contract plus a rate of return equal to a monthly rate of return of a U.S. Government Security with a constant maturity of one year minus 1.2%. The rate of return will never be less than zero. This rate has been zero since October 2008. Notwithstanding any other provisions of this Contract, in the event that Tuition at an Eligible Institution is less than your Minimum Benefits, you may use the difference for other Qualified Higher Education Expenses such as room and board and books. Each November, following the payment of Fall semester Benefits, you can access the Minimum Benefits amounts on our website.

**Half-Time Benefits.** In order to receive Benefits, your Beneficiary must be enrolled at least half-time at the Eligible Institution. Half-time is defined as at least one-half of the minimum number of credits necessary to be considered a full-time student by the Eligible Institution. If your Beneficiary attends a Maryland Public College, the Prepaid College Trust will pay one-half of the normal full-time in-state Tuition for a University Plan (or in-county Tuition for a Community College Plan) or the actual Tuition charged by the Eligible Institution to the student, whichever is less.

If a student attends an Eligible Institution that is private or out of state, the Prepaid College Trust will pay one-half of the Benefit for a full-time student per semester or the actual Tuition charged by the Eligible Institution to the student, whichever is less. If the Prepaid College Trust's payment does not cover the entire Tuition cost to the student, you or your Beneficiary is responsible for the difference.

**Multiple Institution Enrollment.** A beneficiary may enroll in multiple institutions to meet the minimum criteria for using Benefits. All required documentation must be submitted together in good order to be accepted. Please refer to the Benefits Claim Form (available on our website) for specific instructions and documentation required for the payment of Benefits for a multiple institution enrollment. Any Benefit received for this type of enrollment cannot exceed the Benefit to which you are entitled under your Contract for a semester (or equivalent applicable to the particular Eligible Institutions).

**Delayed Benefits.** Delayed Benefits may occur if an Account Holder elects not to fully use Benefits for a semester for which they are otherwise eligible for Benefits. Delayed Benefits may also occur under certain circumstances when applying Benefits from a University Plan to Community College Tuition. You may apply Delayed Benefits toward future Tuition. The Prepaid College Trust will pay the amount it would have otherwise paid the Eligible Institution or the actual cost, whichever is less.

**Unused Benefits.** Unused Benefits may occur if the Beneficiary received a Scholarship, grant, or tuition remission, or graduates early from college, in which case the Prepaid College Trust will pay any remaining Tuition up to the scheduled Benefit. You may also apply Unused Benefits to pay Qualified Higher Education Expenses. When Unused Benefits are used to pay Qualified Higher Education Expenses, the Prepaid College Trust will pay the amount it would have otherwise paid the Eligible Institution or the actual cost of the Qualified Higher Education Expenses, whichever is less. Unused Benefits are always available for a refund or reduced refund in accordance with *Article VI*.

**Graduate Benefits.** In order to use Unused Benefits or Delayed Benefits to pay for graduate school, the Beneficiary must be enrolled at an Eligible Institution, taking at least one graduate level course as part of a graduate degree program. If you elect to have graduate Benefits paid, they will be based on the Weighted Average Tuition of the Maryland Public Colleges in the tuition plan selected. You may use up to the entire amount of Unused Benefits or Delayed Benefits towards the actual Tuition charged by the Eligible Institution.

**Requesting Benefits.** Only the Account Holder (or the Custodian, if applicable) may request Benefits, Delayed Benefits or Unused Benefits, unless a valid court order directs the Trust otherwise. Except for Delayed or Unused Benefits, no more than one semester (or the equivalent for the particular Eligible Institution) of Benefits may be used for a Beneficiary in any semester (or applicable equivalent).

To claim Benefits, Delayed Benefits and/or Unused Benefits, you may use a Benefits Claim Form (available on our website). This form must be completed, signed and submitted with the required documentation. Other than to Eligible Institutions located outside of the U.S., payments will not be made to non-U.S. Addresses. Benefits, Delayed Benefits and/or Unused Benefits payments are paid in U.S. dollars and will be sent via first class U.S. Mail.

**Non-Credit Courses.** Any non-credit course taken by a Beneficiary will be considered to be part of the normal full-time or part-time course load covered by the Benefits payable under this Contract. No additional full or partial years of Benefits will accrue to a Beneficiary in the event that non-credit courses are included in any of the Benefits payable under this Contract.

**Summer Courses/Winter Courses.** In order to use Benefits for summer/winter term courses, you must have Delayed or Unused Benefits and your Beneficiary must be enrolled on at least a half-time basis as defined by the Eligible Institution.

**Certificate Programs.** Certificate or non-degree granting programs are not eligible for Benefits.

**Selected Eligible Educational Institution Not Covered by Tuition Plan.** If the Beneficiary enrolls at an Eligible Institution that is different from the tuition plan for your Account, your Benefit will equal the Weighted Average Tuition of your current tuition plan. Any remaining Benefit for the Academic Year will become a Delayed Benefit.

**Contract Conversion.** Prior to using any Benefits, you may convert your Contract to a different tuition plan. To convert your Contract, you must complete the appropriate form and pay any required fees. As a result of the conversion, we will revalue this Contract, and you may be required to make additional payments or you may receive a refund for any resulting overpayment. Please be advised that a conversion may have tax consequences. Please consult with your tax advisor for specific details.

Some examples of common conversions are:

- 1-Year University Plan to 2-Year Community College Plan
- 1-Year Community College Plan to a 1-Semester University Plan
- 2-Year Community College Plan to a 1-Year University Plan

- 2-Year Community College/2 -Year University Plan to a 3-Year University Plan

**Calculations.** We may develop other methods for the calculation of Benefits payable under Contracts if we determine that it is necessary to provide consistent Benefits. No such changes may adversely alter the fundamental rights and obligations of the parties to this Contract, except to the extent necessary to assure compliance with applicable state or federal laws or regulations or to preserve favorable tax treatment to you, your Beneficiary, Maryland 529, or the Prepaid College Trust.

**Time Limits.** The Beneficiary has the number of years purchased in the Account plus 10 years to use all Benefits. This time can be extended for any active service in the U.S. military. Absent a waiver, failure of the Beneficiary to use all Benefits within the designated time period will be deemed a decision by the Beneficiary not to attend an Eligible Institution and will result in the termination of the Account, pursuant to the provisions of *Article VI*. In addition to the requirements of this Article, we may request other information and/or modify or apply specific due dates.

## Article V — Contract Payments

**Payment Options.** The Prepaid College Trust has five payment options:

1. **Lump Sum Payment.** A one-time payment that covers the full amount of the Contract.
2. **Annual Payment.** Equal yearly payments for a designated number of years.
3. **Five-Year Monthly Payment.** 60 equal monthly payments.
4. **Extended Monthly Payment.** Equal monthly payments made through December of the year before the Beneficiary's projected year of high school graduation or year of Initial Eligibility.
5. **Down Payment Option.** A down payment of 25%, 40%, or 55% of the lump sum amount. The remaining amount is paid in a designated number of equal monthly or annual payments.

At any time, you may elect to pay at least 25% of the payoff amount and reduce the amount or number of subsequent payments. This significant payment will not affect your next payment due date. You may also make payments in advance or pay your Account in full at any time. We may also approve other payment schedules in our sole discretion.

You may change the payment option at any time upon written request, subject to any administrative fees. In the event you are due a refund for overpayment on this Contract, upon written request, we will refund any overpayment. We will not, however, refund any earnings on an overpayment. See *Article VI – Termination, Transfer and Refund*.

**Payment Method.** Payments can be made by check, money order, wire transfer, electronic funds transfer on either an automatic or one-time basis, or payroll deduction. All payments must be made in U.S. dollars; checks must be drawn on U.S. banks. If you make a payment by check, money order, wire transfer, or electronic funds transfer, we reserve the right, subject to applicable law, to restrict refund or distribution of that

payment from your Account for up to 14 days after the funds are deposited. You may change payment methods at any time upon written request. We may also approve other payment methods in our sole discretion.

**Electronic Payment Cancellation.** We will cancel any electronic payment upon receiving notice from our bank of invalid bank account information.

**Returned Payments.** We reserve the right to cancel any electronic payment after receiving (2) returned payment notices from our bank.

**Due Dates.** Payments are due in the amounts stated on the *Schedule of Prices and Fees* and on the *Certificate of Tuition Benefits* and are due on dates specified below. In order to avoid late fees, you are responsible for making all payments when due, regardless of the receipt of coupons or invoices.

### We do not provide notice of late payment.

1. Lump sum payments are due on August 1, 2017.
2. The first annual payment is due on August 1, 2017. All subsequent payments are due on each succeeding August 1 for the designated number of years.
3. The first monthly payment (five-year and extended) is due on August 1, 2017. All subsequent payments are due on the first day of each succeeding month for the designated number of months.
4. The down payment and the accompanying first monthly or annual payment are both due on August 1, 2017. All subsequent annual payments are due on August 1 of each succeeding year for the designated number of years. All monthly payments are due on the first of each month for the designated number of months.
5. If you are establishing an Account as a new enrollment that is permitted outside of an Enrollment Period, the first payment is due 60 days from the date on which the Prepaid College Trust has received a completed Enrollment Form and any required documentation is and complete.
6. If you are changing your payment option, the first payment is due on the first of the month succeeding the change.

**Fees.** You may be charged fees in amounts we determine, including a non-refundable Enrollment Fee for each Account, late fees, fees for changes, and other administrative fees imposed by us. These fees are set forth in the *Schedule of Fees* in the Disclosure Statement, of which this Contract is a part. We may, in our sole discretion, change the fees associated with a particular transaction from time to time. Late fees are assessed on all payments if not received within 15 days of the due date.

**Recontributions.** If money is distributed from the Prepaid Trust to pay for Qualified Higher Education Expenses and the Beneficiary receives a refund from the Eligible Educational Institution, the amount of the refund, or the amount distributed by the Prepaid Trust, whichever is less, may be re-contributed within 60 days of the date of the refund.

**Rollovers of Assets from Another Qualified Tuition Program.** You can transfer assets for the same Beneficiary from another Qualified Tuition Program to the Prepaid College Trust.

This type of transfer is commonly referred to as a rollover. Rollovers for the same Beneficiary are restricted to one every 12 months. The Account Holder and/or the previous Qualified Tuition Program must provide the Prepaid College Trust with an accurate allocation of principal and earnings on the previous account for application to the new Account, otherwise the entire rollover contribution will be treated as earnings.

**Priority of Payments.** Your payments will be applied to your Account in the following order: interest, fees, and principal.

**Missed Payments.** We reserve the right to terminate an Account for missed payments based on the following schedule:

- **Failure to Make a Payment.** If no payment is received within 60 days of the first payment due date of this Contract, you will be in default and deemed delinquent. If no payment is received within 90 days of the first payment due date of this Contract, the Account will be canceled and can only be reinstated at your request accompanied by full payment of all outstanding amounts due, subject to our approval.
- **Missed Payments.** If a payment has been made but subsequent payments are missed, your Account will be in default after 30 days of nonpayment and be deemed delinquent. If no payment has been received within 180 days of the last payment, you may receive a letter warning you of the potential cancellation of your Account. If no payment is received within 210 days of the last payment, your Account will be canceled and can only be reinstated at your request accompanied by full payment of all outstanding amounts, subject to our approval.
- **Unpaid or Partial Payments and Fees Resulting in Partial Benefits Payments.** If your Account has partial and/or missed payments, unpaid late fees and/or administrative fees, we, in our sole discretion, may choose to make a partial Benefits payment, commensurate with the Benefits that have been purchased. If a partial Benefits payment is made, it would typically be made in the second semester. This is because there may be timing issues associated with the first Benefits payment, since the payment may be due to the college before the last scheduled Contract payment. At the time of the partial Benefits payment, your Account will be adjusted so that there is no remaining Contract balance due and no additional payments will be accepted.

**Annual Statements.** You will receive an Annual Statement of Account for each Account during the first quarter of the calendar year. The Annual Statement will show your payments and any Benefits that have been paid on the Account. You will also receive a confirmation each time you establish or change an automatic contribution. You have 120 days after receiving an Annual Statement or a confirmation to inform us if any information in the Annual Statement or confirmation is incorrect. After 120 days, we will consider the information in the Annual Statement and/or confirmation to be correct and binding upon you and your Beneficiary.

## Article VI — Termination, Transfer, and Refund

**Termination.** You can terminate this Contract upon written notice to us and receive a refund or reduced refund. Upon receipt of such notice, we will determine the amount of any refund or reduced refund pursuant to the terms of this Contract.

There are tax consequences associated with a decision to terminate your Account. You should consult with your tax advisor regarding the tax consequences of terminating your Account. See *Key Federal Tax Issues* and *Key State Tax Issues* in Article VIII of the Disclosure Statement.

This Contract will terminate 10 years after your Beneficiary's year of projected enrollment/Initial Eligibility plus the number of years purchased in the Contract(s). This time can be extended for any active service in the U.S. military. Upon termination, you will have the option to:

- Request a waiver to extend the time period allowed to use Benefits. Any waiver request is subject to Board approval, in our sole discretion; or
- As described below:
  - Rollover or transfer your Account to the Maryland College Investment Plan or another Qualified Tuition Program; or
  - Take a reduced refund.

Unless a waiver is granted, you may no longer claim Benefits under the Contract. The Prepaid College Trust will retain any earnings obtained after the Contract has been terminated.

If we determine that either you or the Beneficiary has made any material misrepresentation related to the Contract, we, in our sole discretion, may terminate the Contract. In this case, we will refund actual payments made less operating expenses.

**Rollovers to Other Qualified Tuition Programs.** Upon notification in writing, you may transfer your Account to another Qualified Tuition Program. Based on IRS regulations, rollovers for the same Beneficiary are restricted to one time in a 12-month period.

- **A Contract in existence for less than three years as measured from the first payment due date.** The transferable amount will equal the actual payments made to the Prepaid College Trust plus or minus 75% of the Trust Returns as applied to the contract payments, less operating expenses and any Benefits used.
- **A Contract in existence for three years or more as measured from the first payment due date.** The transferable amount will equal the actual payments made to the Prepaid College Trust plus or minus 100% of the Trust Returns applied to the contract payments, less operating expenses and any Benefits used.
- **Transfers within Maryland 529.**

The transferable amount for transfers from the Prepaid College Trust to the Maryland College Investment Plan will equal the actual payments made to the Prepaid College Trust plus or minus 100% of the Trust Returns applied to the contract payments, less operating expenses and any Benefits used, regardless of how long the Contract has been in effect.

**Refund.** Refunds are only given at your written request, with an original signature, under the following circumstances:

- **Death or Disability of the Beneficiary.**
  1. *Beneficiary Enrolled at Eligible Institution.*

The refund will be the amount that would have otherwise been paid directly to the Eligible Institution, less any Benefits used.

2. *Beneficiary Not Enrolled at Eligible Institution.* If the Beneficiary has graduated from high school, the refund will be equal to the Weighted Average Tuition within the tuition plan. If the Beneficiary has not yet graduated from high school or the death or Disability occurs prior to the year of Initial Eligibility, the refund will be the actual payments made to date, plus or minus 100% of the Trust Returns applied to the contract payments, less operating expenses.

- **Scholarship, Grant or Tuition Remission.** The refund will be up to the amount that would have otherwise been paid directly to the Eligible Institution.

**Reduced Refund.** Reduced refunds are given under all other circumstances. The reduced refunds discussed below include a financial penalty on Trust Returns in order to maintain the actuarial soundness of the Prepaid College Trust.

- **A Contract in existence for less than three years as measured from the first payment due date.** The reduced refund will equal the actual payments made less operating expenses and any Benefits used, plus or minus 50% of the Trust Returns applied to the contract payments.
- **A Contract in existence for three years or more as measured from the first payment due date.** The reduced refund will equal the actual payments made less operating expenses and any Benefits used, plus or minus 90% of the Trust Returns applied to the contract payments.

**Delayed Benefits and/or Unused Benefits Available for Refund.** At your written request, Delayed Benefits and/or Unused Benefits remaining in an Account will be refunded in accordance with this *Article VI*.

**Determination of Trust Returns for Transfers, Refunds, and Reduced Refunds.** Trust Returns applied to contract payments are calculated by first multiplying the Account principle by 2.5%, the Trust's operating expenses. Second, the result is subtracted from the Account balance. Third, this reduced Account balance is then multiplied by the Prepaid College Trust Returns taken as of the most recent quarterly investment performance report. Fourth, the total reached is multiplied by the number of full years the Account has been open. A percent of the Earnings (between 50% and 100% depending on the circumstances and as described in VI) will be used in the determination of a transfer, refund, or reduced refund.

**Board's Right to Delay.** In order to preserve the actuarial soundness of the Prepaid College Trust, we reserve the right to delay a rollover, refund, or reduced refund for a period of time not to exceed one year. To date, we have not delayed any refund or reduced refund.

## Article VII — Substitutions

**General.** A change in Beneficiary, Account Holder, or Custodian is effective only when all required documents are received in good order and processed. A Beneficiary change or transfer of assets may be denied or be limited if it causes one or more Accounts in the Prepaid College Trust or the Maryland College Investment Plan to exceed the maximum aggregate allowable Account balance for a Beneficiary.

**New Beneficiary.** Provided that at least one semester of Benefits remains on your Account, you may change the Beneficiary of all the Benefits remaining on your Account to a Member of the Family of the Beneficiary at any time, unless the Account has been funded with the proceeds from an UGMA/UTMA and the current Beneficiary has not reached the age of majority. While generally not permitted, if you wish to transfer only a portion of the Benefits remaining on your Account, you must submit your request in writing and Maryland 529 will review such request for whether extenuating circumstances exist such that a partial transfer should be permitted.

If the new Beneficiary is not already enrolled in the Prepaid College Trust, all required identification information must be provided. We will then calculate the new payment amount given the change, if any, in projected college enrollment or Initial Eligibility year. As a condition of such Beneficiary change, you are required to pay any required additional costs. All Beneficiary changes must be requested in writing and include all information we may require. If you have overpaid, you can be refunded for your overpayment or transfer the overpayment to another Member of the Family of the original Beneficiary, or transfer to another eligible program. If you change the Beneficiary, all terms and conditions of this Contract continue to apply, even though the original Beneficiary has been changed.

**New Account Holder.** You may transfer control of the Contract to a new Account Holder unless the Account has been funded with the proceeds from an UGMA/UTMA account. All transfers must be requested in writing and include all required information. However, your right of control may not be sold, transferred, used as collateral, or pledged or exchanged for money or anything of value. We may require affidavits or other evidence to establish that such a transfer is non-financial in nature. Your right of control may also be transferred under an appropriate court order. If you transfer control of an Account to a new Account Holder, the new Account Holder must agree to be bound by the terms and conditions of this Contract and provide all necessary identification information. Transferring an Account to a new Account Holder may have significant tax consequences. Before doing so you should consult with your tax advisor regarding your particular tax situation.

**Removing or Changing a Custodian on Accounts not funded from an UGMA/UTMA.** The Custodian will no longer have the authority to act on an Account once the Account Holder reaches the age of majority under Maryland law. Prior to the Account Holder reaching the age of majority, the Custodian may be changed at any time upon providing us with written notice. The notice must be from the current Custodian or include a valid court order appointing another person as Custodian. If the current Custodian dies or is declared legally incompetent prior to the Account Holder reaching the age of majority, then the person legally authorized to act on behalf of the minor Account Holder must appoint a new Custodian.

Prior to acting on the Account, we may require documentation from new Account Holders and/or Custodians to certify that they agree to the terms and conditions of the Prepaid College Trust.

**Removing or Changing a Custodian on Accounts funded from an UGMA/UTMA.** We must be notified in writing by the Custodian when the Account Holder reaches the applicable age of majority under the terms and conditions of the original UGMA/ UTMA account (under Maryland law, currently 18 years old for an UGMA and 21 years old for an UTMA). A valid court order may also be submitted that stipulates the removal of the Custodian. The Custodian may be changed at any time upon providing us with written notice. The notice must be from the current Custodian or include a valid court order appointing another person as Custodian. If the current Custodian dies or is declared legally incompetent, then the person legally authorized to act on behalf of the minor Account Holder must appoint a new Custodian.

**Recovery of Incorrect Amounts.** If an incorrect amount is paid to or on behalf of an Account Holder or Beneficiary, we may recover the incorrect amount from the Account Holder or Beneficiary, or adjust any remaining Account balance to correct the error. The Board, in its discretion, may waive the processing of adjustments from clerical errors or other cases that are de minimis in amount.

## Article VIII — General Provisions

**Payments to You.** We typically make payments (Benefits, Delayed Benefits, Unused Benefits, refunds and reduced refunds) by check.

A Medallion Signature Guarantee is required for payment requests of \$50,000 or more, a check sent to an address not on file, or a reduced refund request from any Account that was opened online.

However, we reserve the right to require a Medallion Signature Guarantee at any time for lesser amounts or for other requests in our sole discretion.

We will make a payment (Benefits, Delayed Benefits, Unused Benefits, refunds and reduced refunds) to one or more of the following payees:

- Account Holder;
- Beneficiary;
- Eligible Institution for the benefit of the Beneficiary;
- Beneficiary and Eligible Institution, jointly; or
- Estate of the Beneficiary.

Additional payee options may be added from time to time. We must have the Beneficiary's Social Security number before we can process a distribution from your Account. If you are receiving Benefits or Delayed Benefits or using Unused Benefits, it is your responsibility to confirm that the school to which the payment is made is an Eligible Institution.

Other than to Eligible Institutions located outside of the U.S., payments will not be made to non-U.S. Addresses.

**Changes to an Account.** All notices, changes, options, and elections requested by you under this Contract must be in writing, signed by you, and received by us. You must ensure the accuracy of any documentation submitted to us. We are not responsible for the accuracy of any documentation. If acceptable to us, notices, changes, options, and elections relating to your

Account will take effect within a reasonable amount of time after we have received the documentation, unless we agree otherwise.

**Address Changes.** To change your address or the address of any person associated with your Account, log on to your Account at **Maryland529.com** and follow the instructions to change your address or download and complete the Account Services Form available on our website.

**Account Holder Changes.** For all Accounts opened online and for certain Accounts where an Account Holder's signature is not readily available, a Medallion Signature Guarantee or notarized signature from an FDIC insured institution is required for address changes, transfers, rollovers, and certain other Account changes.

**Notices and Statements.** All correspondence will be mailed to the Account Holder's address of record. Account Holders are responsible for ensuring the address of record is current.

**Changes to the Statute and Regulations.** The General Assembly of the State may, from time to time, pass legislation, which may directly or indirectly affect Maryland 529, including the terms and conditions of the Maryland 529 Prepaid College Trust and this Disclosure Statement.

**Changes to the Contract.** We may amend the terms of this Contract from time to time to comply with changes in the law or regulations or if we determine it is in Maryland 529's and/or the Prepaid College Trust's best interest to do so. However, we will not retroactively modify existing Contract provisions in a manner adverse to you or your Beneficiary, except to the extent necessary to assure compliance with applicable state (including the Enabling Legislation) and federal laws or regulations or to preserve the favorable tax treatment to you, your Beneficiary, Maryland 529, or the Prepaid College Trust. We will promptly notify you of such amendments, and you will be bound thereby unless you notify us in writing of your intent to terminate the Contract within 60 days of the date of the notice.

**Guide to Interpretation.** This Contract is intended to qualify for the tax benefits of Section 529 of the Code. Notwithstanding anything in this Contract to the contrary, this Contract will be interpreted and/or amended to comply with the requirements of that section and applicable regulations.

**Board Discretion.** In order to comply with changes in the law or regulations, carry out our obligation as fiduciary of Maryland 529 under the Enabling Legislation, and/or maintain the actuarial soundness of the Prepaid College Trust, we may, at any time in our sole discretion, determine the acceptance of an Enrollment Form and the Contract prices applicable to the related Account or provide a waiver to specific provisions of this Contract. Any decision or waiver may apply to one, a selected number, or all Accounts and may be for a limited duration. In addition, pursuant to the Enabling Legislation, in certain circumstances, if we determine that the market value of the assets of the Prepaid College Trust exceeds the amount needed to satisfy all scheduled payments of Benefits currently due or scheduled to be due under all Contracts by 30% or more, in our sole discretion, we may provide for a rebate from the excess to Account Holders of existing Contracts. Any rebate would be an amount determined solely by us.

**Factual Representation.** All factual determinations regarding your or your Beneficiary's residency, Disability, the existence of hardship, and any other factual determinations regarding this Contract will be made by us based on the facts and circumstances of each case.

**Severability.** In the event that any clause or portion of this Contract is found to be invalid or unenforceable by a court of competent jurisdiction, that clause or portion shall be severed from this Contract and the remainder of this Contract shall continue in full force and effect as if such clause or portion had never been included.

**Precedence.** In the event inconsistencies are found in the documents governing the Prepaid College Trust, the order of precedence from most governing to least governing will, except as to provisions that expressly provide otherwise in the Declaration, be as follows: (i) the IRC, (ii) the Enabling Legislation and other Maryland law; (iii) the Declaration; (iv) Board policy; and (v) this Contract. In addition, if there are any inconsistencies between this Contract and the Enrollment Form and/or the Certificate of Tuition Benefits, the terms of this Contract shall prevail.

**Claims.** Any claim by you or your Beneficiary against the Board pursuant to this Contract shall be made solely against the assets of the Prepaid College Trust. The obligations of the Prepaid College Trust under this Contract are payable out of monies received from you and earnings from investments, and no recourse shall be had by you or your Beneficiary against any of the Plan Officials (defined below) in connection with any right or obligations arising out of this Contract. This Contract is not an obligation of the State, and neither the full faith and credit nor the taxing power of the State can be pledged to the payment of Benefits hereunder. All obligations hereunder are legally binding contractual obligations of the Prepaid College Trust only, a program of Maryland 529, an independent agency of the State of Maryland.

**Legislative Guarantee.** The Enabling Legislation provides that in the event that funds in the Prepaid College Trust are insufficient to pay full Benefits in any given year, the Governor is required to include an amount in the following year's State budget to fully pay Benefits. As with the entire State budget, the Maryland General Assembly determines the final amount of the appropriation. If the Maryland General Assembly does not fully fund the budget request, we may adjust the terms of subsequent or current Contracts to ensure continued actuarial soundness of the Prepaid College Trust. Subject to the rights of Account Holders, any amount paid to the Prepaid College Trust from the State must be repaid to the State without interest in equal amounts over the following two fiscal years.

**Applicable Law.** This Contract shall be interpreted solely under the laws of the State of Maryland and applicable federal law, including Section 529 of the Code, as amended, without regard to the application of foreign laws.

**Account Holder's Representations and Acknowledgements.** I, as Account Holder, represent and warrant to, and acknowledge and agree with, Maryland 529 and the Prepaid College Trust regarding the matters set forth in this Contract, including that:

- I have carefully reviewed all information provided by the Board with respect to Maryland 529 and the Prepaid College Trust, including the Disclosure Statement included in the Enrollment Kit.
- I have been given an opportunity to ask questions and receive answers concerning the terms and conditions of the Prepaid College Trust and this Contract.
- I have been given an opportunity to obtain any additional information needed to complete my Enrollment Form and/or verify the accuracy of any information I have furnished.
- I cannot use my Account as collateral for any loan. I understand that any attempt to use my Account as collateral for a loan would be void. I also understand that neither Maryland 529 nor the Prepaid College Trust will lend any assets to my Beneficiary or to me.
- Except as described in this Contract, I will not assign or transfer any interest in my Account. I understand that, except as provided under Maryland law, any attempt to assign or transfer that interest is void.
- I am and my Beneficiary is either a citizen or a resident alien of the United States.
- I am or my Beneficiary is a Maryland or Washington, D.C. Resident.
- Neither the State of Maryland, the Board, Maryland 529, the Prepaid College Trust, the Board as trustee, any other agency of the State of Maryland, nor any other counsel, advisor, or consultant retained by, or on behalf of, those entities, nor any employee, officer, or official of any of those entities (collectively, the Plan Officials) is liable for a failure of Maryland 529 and/or the Prepaid College Trust to qualify as or to remain a Qualified Tuition Program, including any subsequent loss of favorable tax treatment under state or federal law.
- My statements, representations, warranties, and covenants will survive the termination of my Account.

# MARYLAND PREPAID COLLEGE TRUST

## 2016-2017 Enrollment Form

### Instructions

<u>Type</u>	<u>Non-Refundable Fee</u>	<u>Deadline</u>
<b>New:</b> No current Account – includes payment by Rollover from other 529 plans (except Maryland College Investment Plan)	\$75 (\$50 online)	Complete online or postmark no later than <b>April 24, 2017</b>
<b>Newborn:</b> Infant under 1 year of age	\$75	Accepted year-round until the child's first birthday at prices in effect at time of enrollment
<b>Other:</b> Purchase of additional semesters/years for current Account Holder and Beneficiary; or New Account if same Account Holder and Beneficiary are currently enrolled in the Maryland College Investment Plan	\$20	Accepted year-round

**MAIL this completed form and your non-refundable enrollment fee payable to Maryland Prepaid College Trust (MPCT) to:**

P. O. Box 17591, Baltimore, MD 21297-1591  
 Allow 3 weeks for processing.

### Account Holder – REQUIRED

NAME \_\_\_\_\_

CITIZENSHIP:  U.S. CITIZEN     U.S. RESIDENT ALIEN Is the Account Holder a Maryland or DC resident?  Yes    No

SOCIAL SECURITY OR TAXPAYER I.D. NUMBER \_\_\_\_\_ DATE OF BIRTH (MM/DD/YYYY) \_\_\_\_\_

U.S. STREET ADDRESS (CANNOT BE A P.O. BOX) \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP CODE \_\_\_\_\_

DAY PHONE \_\_\_\_\_ EVENING PHONE \_\_\_\_\_ EMAIL ADDRESS \_\_\_\_\_

### Beneficiary (Student) – REQUIRED

NAME \_\_\_\_\_

CITIZENSHIP:  U.S. CITIZEN     U.S. RESIDENT ALIEN Is the Beneficiary a Maryland or DC resident?  Yes    No

SOCIAL SECURITY OR TAXPAYER I.D. NUMBER \_\_\_\_\_ DATE OF BIRTH (MM/DD/YYYY) \_\_\_\_\_

IF AN ADDRESS IS NOT PROVIDED BELOW, THE ADDRESS OF THE ACCOUNT HOLDER WILL BE USED.

U.S. STREET ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP CODE \_\_\_\_\_

#### Age or grade as of 9/1/16:

- |                                  |  |                                       |  |   |
|----------------------------------|--|---------------------------------------|--|---|
| <input type="checkbox"/> Newborn | <input type="checkbox"/> Age 4/5 (not in Kindergarten) | <input type="checkbox"/> Third Grade  | <input type="checkbox"/> Seventh Grade | <input type="checkbox"/> Eleventh Grade |
| <input type="checkbox"/> Age 1   | <input type="checkbox"/> Kindergarten                  | <input type="checkbox"/> Fourth Grade | <input type="checkbox"/> Eighth Grade  | <input type="checkbox"/> Twelfth Grade  |
| <input type="checkbox"/> Age 2   | <input type="checkbox"/> First Grade                   | <input type="checkbox"/> Fifth Grade  | <input type="checkbox"/> Ninth Grade   |   |
| <input type="checkbox"/> Age 3   | <input type="checkbox"/> Second Grade                  | <input type="checkbox"/> Sixth Grade  | <input type="checkbox"/> Tenth Grade   |   |

### Tuition Plan – REQUIRED – Check Only ONE

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> 1 Semester University Plan | <input type="checkbox"/> 3 Years University Plan | <input type="checkbox"/> 1 Year Community College Plan  |
| <input type="checkbox"/> 1 Year University Plan     | <input type="checkbox"/> 4 Years University Plan | <input type="checkbox"/> 2 Years Community College Plan |
| <input type="checkbox"/> 2 Years University Plan    |  | <input type="checkbox"/> Two-Plus-Two Plan              |

### Payment Option – REQUIRED – Check Only ONE

- |   |  |                              |                              |                              |
|---|--|------------------------------|------------------------------|------------------------------|
| <input type="checkbox"/> Single Lump Sum          | Down Payment & Annual Payment*           | <input type="checkbox"/> 25% | <input type="checkbox"/> 40% | <input type="checkbox"/> 55% |
| <input type="checkbox"/> 5-Year Monthly Payment   | Down Payment & 5-Year Monthly Payment*   | <input type="checkbox"/> 25% | <input type="checkbox"/> 40% | <input type="checkbox"/> 55% |
| <input type="checkbox"/> Extended Monthly Payment | Down Payment & Extended Monthly Payment* | <input type="checkbox"/> 25% | <input type="checkbox"/> 40% | <input type="checkbox"/> 55% |
| <input type="checkbox"/> Annual Payment           |  |                              |                              |                              |

\* To select the down payment option, check the percentage that you wish to make on the same line as the payment option that you choose for your remaining payments.

## Method of Payment – REQUIRED FOR MONTHLY PAYMENT OPTIONS ONLY

ACH – AUTOMATIC BANK DRAFT—Attach voided bank check or preprinted deposit slip. We cannot accept starter checks. If the Account Holder or Custodian is NOT the bank account owner, then the bank account owner must sign below to authorize adding their bank information to this Account.

BANK ACCOUNT OWNER'S SIGNATURE \_\_\_\_\_ DATE (MM/DD/YYYY) \_\_\_\_\_

BANK ACCOUNT OWNER'S DAY PHONE \_\_\_\_\_

PAYMENT COUPONS  PAYROLL DEDUCTION NAME OF EMPLOYER \_\_\_\_\_

## Custodian – REQUIRED IF ACCOUNT HOLDER IS A MINOR

NAME \_\_\_\_\_

CITIZENSHIP:  U.S. CITIZEN  U.S. RESIDENT ALIEN Is the Custodian a Maryland or DC resident?  Yes  No

SOCIAL SECURITY OR TAXPAYER I.D. NUMBER \_\_\_\_\_ DATE OF BIRTH (MM/DD/YYYY) \_\_\_\_\_

IF AN ADDRESS IS NOT PROVIDED BELOW, THE ADDRESS OF THE ACCOUNT HOLDER WILL BE USED.

U.S. STREET ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP CODE \_\_\_\_\_

DAY PHONE \_\_\_\_\_ EVENING PHONE \_\_\_\_\_ EMAIL ADDRESS \_\_\_\_\_

Check this box if the Account is being funded with proceeds from an UGMA/UTMA account. You will not be able to change the Beneficiary.

## Account Holder's Successor – RECOMMENDED

NAME \_\_\_\_\_

CITIZENSHIP:  U.S. CITIZEN  U.S. RESIDENT ALIEN

SOCIAL SECURITY OR TAXPAYER I.D. NUMBER \_\_\_\_\_ DATE OF BIRTH (MM/DD/YYYY) \_\_\_\_\_

U.S. STREET ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP CODE \_\_\_\_\_

DAY PHONE \_\_\_\_\_ EVENING PHONE \_\_\_\_\_ EMAIL ADDRESS \_\_\_\_\_

Check this box if you authorize this person to have access to information on this account.

## Demographic Information – OPTIONAL – This information is confidential.

(1) Where did you hear about this Program? (Check only one)

- |  |  |  |  |  |
|--|--|--|--|--|
| <input type="checkbox"/> School          | <input type="checkbox"/> Employer        | <input type="checkbox"/> Radio         | <input type="checkbox"/> Word of Mouth | <input type="checkbox"/> Social Media      |
| <input type="checkbox"/> TV/News Program | <input type="checkbox"/> Internet Search | <input type="checkbox"/> Media Article | <input type="checkbox"/> Hospital      | <input type="checkbox"/> Financial Advisor |

(2) Race of Account Holder: (Check only one)

- |  |   |   |   |                                  |
|--|---|---|---|----------------------------------|
| <input type="checkbox"/> African-American (non-Hispanic) | <input type="checkbox"/> American Indian / Alaskan Native | <input type="checkbox"/> Asian / Pacific Islander |   |                                  |
| <input type="checkbox"/> Hispanic                        | <input type="checkbox"/> Multi-Cultural                   | <input type="checkbox"/> Other                    | <input type="checkbox"/> White (non-Hispanic) | <input type="checkbox"/> Unknown |

(3) Annual Family Income: (Check only one)

- |   |  |  |  |
|---|--|--|--|
| <input type="checkbox"/> \$20,000 or less     | <input type="checkbox"/> \$20,001 – \$40,000   | <input type="checkbox"/> \$40,001 – \$60,000 | <input type="checkbox"/> \$60,001 – \$80,000 |
| <input type="checkbox"/> \$80,001 – \$100,000 | <input type="checkbox"/> \$100,001 – \$150,000 | <input type="checkbox"/> Above \$150,001     |  |

## Account Holder's Signature – REQUIRED

I hereby certify and attest that the information in this enrollment form is accurate and correct. I also certify and attest that I have read, understand and agree to the terms and conditions of the Contract and all terms and conditions provided in the 2016-2017 Prepaid College Trust Disclosure Statement. I understand that Maryland 529, from time to time, may amend the Contract and the Disclosure Statement, and I understand and agree that I will be subject to the terms of those amendments.

If I am a Custodian, I am legally authorized to act on the behalf of the minor Account Holder.

\_\_\_\_\_  
Signature of Account Holder or Custodian (required)

\_\_\_\_\_  
Date

This form will expire on the last business day prior to the beginning of the 2017-2018 Enrollment Period.

If signing as a Trustee, attach a copy of the trust agreement pages with the trust name and date, the trustee(s) name(s) and the signature page. For a corporation or other entity, attach a copy of the corporate resolution, bylaws, or charter that lists the person(s) authorized to act for the organization.

FOR OFFICE USE ONLY      \$75.00 / \$20.00      \_\_\_\_\_ AMOUNT      \_\_\_\_\_ CHECK #      \_\_\_\_\_ BATCH #

# Operations and Additional Information

## RISK FACTORS

You should carefully consider the information in this section, as well as the other information in this Disclosure Statement, before making any decisions about opening an Account or making any additional contributions. We do not provide legal, financial, or tax advice. You should consult an attorney or a qualified financial or tax advisor with any legal, business, or tax questions you may have.

**Investments May Not Meet Objectives; Accounts Are Not Insured.** As with any investment, the rates of return and the amount of appreciation and depreciation of the Prepaid College Trust's investments are unpredictable. Therefore, we cannot provide any assurance that the investments selected by the Board will meet their objectives. Also, the Board's investments are not deposits or obligations of, or guaranteed by, any depository institution and are not insured by the Federal Deposit Insurance Corporation, Federal Reserve, the State of Maryland or any other government agency.

**Market Uncertainties.** Due to market uncertainties, the overall market value of the Prepaid College Trust is likely to be highly volatile and could be subject to wide fluctuations in response to factors such as regulatory or legislative changes, worldwide political uncertainties, and general economic conditions, including inflation and unemployment rates. All of these factors are beyond our control and may cause the overall value of the Prepaid College Trust to decrease, regardless of our performance or your selection of tuition plan. Any decrease in value could result in an actual or actuarial (unrealized) loss to the Prepaid College Trust. See *Trust and Legislative Guarantees* on page 16.

**Suitability.** We make no representation regarding the suitability or appropriateness of the Prepaid College Trust as an investment. Other types of investments may be more appropriate depending upon your financial status, tax situation, risk tolerance, age, investment goals, savings needs, and the investment time horizons of you or your Beneficiary.

**Internal Revenue Service Regulations Not Final.** As of the date of this Disclosure Statement, the IRS has not issued final tax regulations regarding programs satisfying the requirements of Section 529 of the Code. In addition, we have not sought nor have we received a private letter ruling from the IRS regarding the status of the Prepaid College Trust under Section 529 of the Code. We may, in our sole discretion, determine to seek a ruling in the future.

**Discretion of the Board.** Neither you nor your Beneficiary may direct the investment of any contribution to the Prepaid College Trust or any earnings thereon either directly or indirectly. The Board, as trustee of the Prepaid College Trust, has the sole discretion to determine how to invest payments made on Contracts. As required by Maryland law, the Board has adopted a Comprehensive Investment Plan (Investment Plan) that outlines its long-term investment goals for providing the funding of future Benefits and the administration of the Prepaid College

Trust. We currently direct the investment of Contract payments into separately managed accounts, commingled funds, limited partnerships, and mutual funds. The Board may, in its sole discretion, determine to amend its Investment Plan at any time, including investing in other asset types and by using additional or different managers to further diversify its investments.

**Effect of Future Law Changes.** It is possible that future changes in federal or state laws or court or interpretive rulings could adversely affect Qualified Tuition Programs generally, the terms and conditions of the Prepaid College Trust or your Benefits, even retroactively. Specifically, the Prepaid College Trust is subject to the provisions of and any changes to or revocation of Education Article Title 18, Subtitle 19 and Tax Article, Title 10, Subtitle 2 of the Maryland Annotated Code and Section 529. It is our intention to take advantage of Section 529 of the Code; therefore, the Prepaid College Trust is vulnerable to tax law changes or court or interpretive rulings that might alter the application of federal and/or State taxes to your particular situation.

**Investment Management Services.** Maryland law provides Maryland 529 with an exemption from State procurement law for the selection of investment management services for the Prepaid College Trust. While this exemption is designed to reduce investment management fees and enhance net returns, there can be no assurance that the exemption will positively impact net returns.

**Cost of Certain Payment Plans.** Contract prices are determined based on a number of factors. Specifically, total Contract payments for the monthly and annual payment options are more than the lump sum payment. This is because the monthly and annual payment options take into account the fact that the Prepaid College Trust has a shorter amount of time to generate earnings on your payments. With monthly and annual payments, the Prepaid College Trust does not have the full purchase price available to invest immediately, so it cannot generate the same amount of income as it would with a lump sum payment. As a result, you will pay a greater amount over time for your Benefits than if you make a lump sum payment. In addition, with any tuition plan, your payments may total more than the Tuition currently charged by Maryland Public Colleges.

**Refunds and Reduced Refunds.** Reduced refunds are calculated based on the amount of time your Contract has been in existence and may be net of investment losses and administrative fees associated with your payments on the Contract. See *Article VI* of the Contract. In addition, in cases of financial detriment to the Prepaid College Trust, the Board reserves the right to delay a refund for a period of time not to exceed one year. To date, the Board has not delayed any refund or reduced refund payments pursuant to this reservation of rights.

**Rebates.** The Board has the option to rebate excess Trust Returns to Prepaid College Trust participants. By law, rebates would only take place under certain circumstances to ensure the soundness of the Trust. These are: 1) the actuarial surplus is at least 30%; 2) the Trust has not received a loan under the terms of the Legislative Guarantee in the past five years; and 3) if the Trust has received a loan under the terms of the Legislative Guarantee, the Trust has repaid the State. Any rebate would be an amount determined solely by the Board. There can be no assurance that,

if the conditions listed above are met, the Board would elect to offer such a rebate.

**Tax Considerations.** The federal and state tax consequences associated with participating in the Prepaid College Trust can be complex. You should consult a tax advisor regarding the application of tax laws to your particular circumstances.

See *Key Federal Tax Issues and Key State Tax Issues*.

**Securities Laws.** Contracts between you and the Board may be considered securities. These Contracts will not be registered as securities, based in part on assurances received by the Board from the staff of the Securities and Exchange Commission that it would not recommend enforcement action if the Contracts were not registered. Prepaid College Trust Contracts have not been registered with the securities regulatory authorities of any state. In addition, neither the Contracts nor the Trust have been registered as investment companies under the Investment Company Act of 1940.

**Release of Custodian.** For custodial accounts not funded by UGMA/UTMA, the Custodian will no longer have the authority to act on the Account once the Account Holder reaches the age of majority. See *Article VII* of the Contract for additional information.

**Death of Account Holder.** If an Account Holder's Successor has not been named on an Account and the Account Holder dies, control and ownership of the Account will become subject to the estate laws of the state in which the Account Holder resided. If an Account Holder's Successor is a minor at the time of the Account Holder's death, then a Custodian must be named by the minor Account Holder Successor's parent or guardian.

**Death of Account Holder's Successor.** If the Account Holder's Successor predeceases the Account Holder and the Account Holder fails to designate another Account Holder's Successor or the Account Holder and Account Holder's Successor die simultaneously, control and ownership of the Account, upon the Account Holder's death, will become subject to the estate laws of the state in which the Account Holder resided.

**Relationship to Financial Aid.** Your Beneficiary may wish to participate in federal, state, or institutional loan, grant, or other programs for funding higher education. If you are the parent of your Beneficiary, assets in the Prepaid College Trust or another 529 plan would typically be included on the Free Application for Federal Student Aid (FAFSA) form as a parental asset, which is assessed at a lower rate than a student's asset would be when determining a family's expected contribution. Assets owned by the parent of a Beneficiary who is not a dependent are not considered for purposes of FAFSA.

In making decisions about eligibility for financial aid programs offered by the U.S. government and the amount of financial aid required, the U.S. Department of Education takes into consideration a variety of factors, including among other things, the assets owned by your Beneficiary and the assets owned by your Beneficiary's parents. In addition, your Account may be considered when determining eligibility for Maryland State financial aid programs.

Since the treatment of Account assets on the FAFSA may have a material adverse effect on your Beneficiary's eligibility to receive valuable benefits under financial aid programs, you or your Beneficiary should check the following to determine the impact of an investment in the Prepaid College Trust on need-based financial aid programs:

- the applicable laws or regulations;
- with the financial aid office of an Eligible Institution; and/or
- with your tax advisor.

**Relationship of Your Account to Medicaid Eligibility.** It is unclear how local and state government agencies will treat Qualified Tuition Program assets for the purpose of Medicaid eligibility. Although there are federal guidelines under Title XIX of the Social Security Act of 1965, each state administers its own Medicaid program and rules could vary greatly from one state to the next. You should consult with an attorney, a tax advisor, or your local Medicaid administrator regarding the impact of an investment in the Prepaid College Trust on Medicaid eligibility.

## PREPAID COLLEGE TRUST OPERATIONS

**Contracts.** A valid Contract consists of a completed 2016–2017 Enrollment Form, the Schedule of Prices and Fees, the Certificate of Tuition Benefits, the Highlights Booklet, and the Prepaid College Trust Disclosure Statement (including the Contract document, Articles I through VIII of this Disclosure Statement). The Contract creates an obligation for the Prepaid College Trust to pay Benefits according to the terms of the Contract provided that you have made scheduled payments.

- **Trust and Legislative Guarantees.** Payment of Benefits is guaranteed by the Prepaid College Trust. In addition, Maryland law provides that in the event that funds in the Prepaid College Trust are insufficient to pay full Benefits in any given year, the Governor is required to include an amount in the following year's State budget to fully pay Benefits. As with the entire State budget, the Maryland General Assembly determines the final amount of the appropriation. If the Maryland General Assembly does not fully fund the budget request, the Board may adjust the terms of subsequent or current Contracts to ensure continued actuarial soundness of the Prepaid College Trust. Subject to the rights of the Account Holders, any amount paid to the Prepaid College Trust from the State must be repaid to the State without interest in equal amounts over the following two fiscal years.
- **Status of Trust Funds.** Funds in the Prepaid College Trust are not considered monies of the State and may not be deposited into the General Fund of the State. Funds remaining in the Prepaid College Trust at the end of any fiscal year remain in the Prepaid College Trust.
- **Contract Prices.** Contract prices are determined for each Enrollment Period. To do so, the Board consults with its actuary, currently Gabriel Roeder Smith & Company, who provides an annual soundness valuation. The Board uses the results of its most recent soundness valuation and the most recent tuition trends at Maryland Public Colleges to select projections to be used in calculating Contract prices for the next Enrollment Period.

**Payments into the Prepaid College Trust.** The Prepaid College Trust is not a savings account. It is a fund that pools your payments with those of other account holders in the Prepaid College Trust and invests them in accordance with its Investment Plan. The investment earnings that the Prepaid College Trust earns on its investments make up the difference between your payments and the payments of other account holders and expected future Tuition costs that the Prepaid College Trust is responsible for paying under your Contract and the contracts of other account holders. Payments you make are deposited into the Prepaid College Trust's account, which is maintained by Wells Fargo Bank, N.A. and is fully insured. The Board uses the funds in this account to make investments and to pay Benefits, refunds, rollovers, and the Prepaid College Trust's operating costs, in that order. Separate accounting records are kept for each Account Holder. These records include payments, fees charged and paid, and Benefits, rollovers, or refunds paid.

## PLAN GOVERNANCE AND ADMINISTRATION

**Maryland 529.** The Maryland General Assembly created an independent State agency in 1997 to establish a Qualified Tuition Program under Section 529 of the Code. See the Education Article of the Maryland Section 18-1901 et seq. Maryland 529's first Qualified Tuition Program, the Prepaid College Trust, was also created by the General Assembly in 1997 to provide families with an affordable, convenient way to pay in advance for the cost of college and reduce future reliance on debt. Subject to the Governor's approval, the General Assembly may amend the 1997 statute that created the Prepaid College Trust by passing new legislation.

**Legislative History.** Bills amending the original legislation with respect to the Prepaid College Trust have been introduced and passed during the 1998, 1999, 2000, 2003, 2004, 2007, 2008 and 2016 Legislative Sessions. These bills have significantly changed and enhanced the Prepaid College Trust by creating tax incentives for Maryland Account Holders and contributors, expanding features, establishing a Legislative Guarantee for the Prepaid College Trust, changing the name of the agency administering the Prepaid College Trust to Maryland 529, exempting Maryland 529 from State procurement laws with respect to the selection of investment managers to invest the assets of the Prepaid College Trust in accordance with the Investment Plan (Procurement Exemption), and authorizing the Board to establish a broker-dealer college investment plan.

**The Maryland 529 Board.** As required by the Enabling Legislation, the Prepaid College Trust is directed and administered by the Board. The Board consists of 11 members. Six members of the Board (the Maryland State Comptroller, the Maryland State Treasurer, the Secretary of the Maryland Higher Education Commission, the Maryland State Superintendent of Schools, the Chancellor of the University System of Maryland and the Secretary of Disabilities) serve ex officio. The five remaining members are appointed by the Governor from the private sector; must have significant experience in finance, accounting, investment management, or other areas that can be of assistance to the Board; taken an oath of office; and are required to file annual financial disclosure statements with the State Ethics Commission. Board members receive no compensation for their services to Maryland 529; however, they are entitled to

reimbursement for expenses incurred in the performance of their duties. The Board has general and fiduciary responsibility for the Prepaid College Trust as a whole. There are vacancies on the Board from time to time.

**Annual Report.** The Board is responsible for preparing financial statements for the Prepaid College Trust and retains an independent accounting firm to audit the Prepaid College Trust's financial statements. The Board is required to submit an Annual Report for Maryland 529 to the Governor and the General Assembly. This report must include financial statements and a complete financial accounting of the Prepaid College Trust and the results of the audit. The Board also prepares an Annual Report Summary and Highlights for Account Holders. The Maryland 529 Annual Report and the Annual Report Summary and Highlights are incorporated by reference into this Disclosure Statement and are available on our website at [Maryland529.com](http://Maryland529.com) or by calling **888.4MD.GRAD (463.4723)**.

**The Declaration of Trust.** The Prepaid College Trust has been established pursuant to a Declaration of Trust, which provides that the Board is the sole trustee of the Prepaid College Trust and that the Board may appoint its staff to act as its designee with respect to the day-to-day operations of the Prepaid College Trust. Among other things, the Declaration provides that the assets of the Prepaid College Trust shall be used exclusively to make payments to Eligible Institutions and make refund payments, each in accordance with Maryland law and the Contracts; pay expenses of the Prepaid College Trust in the management, protection, investment, and reinvestment of Prepaid College Trust assets; and pay the reasonable and necessary operating expenses of the Maryland 529 Board. The Declaration also provides that the Board shall adopt a comprehensive investment plan and policies as required by Maryland law and may change the plan from time to time as it deems in the best interests of Account Holders and Beneficiaries. Also under the Declaration, the Board is required to conduct periodic actuarial reviews of the Prepaid College Trust as required by Maryland law and must do so by contracting with a qualified actuarial firm to provide specific analyses of Prepaid College Trust assets, liabilities, and forecasts of future income and expenses.

## COMPREHENSIVE INVESTMENT PLAN

In accordance with Maryland law, the Board has adopted an Investment Plan. This Investment Plan reflects the philosophy of the Board and outlines the Board's long-term investment goals for providing the funding of future Benefits and the administration of the Prepaid College Trust's investments.

The Investment Plan also sets forth the Board's guidelines for evaluating the best combination of investment risk and projected rates of return to achieve the Prepaid College Trust's required funding priorities. The Board evaluates investment performance with its financial advisor on at least a quarterly basis.

The Comprehensive Investment Plan outlines the Board's long-term investment goals.

The Board has retained an investment advisor and reviews its Investment Plan at least annually with them. This Investment Plan has the following two objectives:

- To achieve an average annual investment return of 6.3% over the long-term, and
- To utilize a diversified investment approach that will reduce the variability of investment returns.

Based on the most recent asset liability study conducted by the investment advisor, utilizing the Prepaid College Trust's most current actuarial information and incorporating the return objectives, risk tolerance, and liquidity needs, the Board approved the following target asset allocation policy as the long-term, strategic asset allocation for the Prepaid College Trust:

#### TARGET ASSET ALLOCATION

Core Fixed Income	15%
High Yield Fixed Income	5%
Senior Secured Loans	5%
Emerging Markets Debt	5%
<b>TOTAL FIXED INCOME</b>	<b>30%</b>
US Large Cap	10%
US Mid Cap	5%
US Small Cap	5%
Low Volatility Equity	5%
<b>TOTAL US EQUITY</b>	<b>25%</b>
Developed Market Large Cap	15%
Emerging Markets	5%
Non-US Small Cap	5%
<b>TOTAL NON-US EQUITY</b>	<b>25%</b>
US Core Real Estate*	15%
<b>TOTAL REAL ASSETS</b>	<b>15%</b>
Private Equity*	5%
<b>TOTAL PRIVATE EQUITY</b>	<b>5%</b>
<b>TOTAL PORTFOLIO</b>	<b>100%</b>

\*Investments in private equity and real estate are generally less liquid than investments in public market securities. The Board typically invests in these securities through an investment in a limited partnership. Investments are made periodically as required by the limited partnership. Therefore, actual allocations to these two asset classes may deviate from their targets for extended periods.

Board approved targets will be reached as soon as practical through a prudent transition plan.

The Board recognizes that a rigid asset allocation would be both impractical and, to some extent, undesirable under variable market conditions. Therefore, the allocation of assets may vary from time to time within the following ranges:

#### TARGET ASSET ALLOCATION RANGES

Core Fixed Income	10–20%
High Yield Fixed Income	2–8%
Senior Secured Loans	2–8%
Emerging Markets Debt	2–8%
<b>TOTAL FIXED INCOME</b>	<b>25–35%</b>
US Large Cap	5–15%
US Mid Cap	2–8%
US Small Cap	2–8%
Low Volatility Equity	2–8%
<b>TOTAL US EQUITY</b>	<b>20–30%</b>
Developed Market Large Cap	10–20%
Emerging Markets	2–8%
Non-US Small Cap	2–8%
<b>TOTAL NON-US EQUITY</b>	<b>20–30%</b>
US Core Real Estate	10–20%
<b>TOTAL REAL ASSETS</b>	<b>10–20%</b>
Private Equity	2–8%
<b>TOTAL PRIVATE EQUITY</b>	<b>2–8%</b>
<b>TOTAL PORTFOLIO RANGES</b>	<b>100%</b>

Maryland law provides for the Procurement Exemption for investments in the Prepaid College Trust. The Procurement Exemption facilitates Maryland 529's investment of the Trust's assets with investment managers. This, in turn, allows the Prepaid College Trust to benefit from reduced investment management fees available for these accounts, which is designed to increase the net investment return to the Prepaid College Trust.

The Board has adopted guidelines for separate account managers and enters into investment management agreements with each investment manager.

The Board has chosen to invest in the following separately managed accounts, limited partnerships, commingled funds and mutual funds. The Board may, at any time, in its sole discretion and consistent with the Investment Plan, increase, decrease or terminate any investment discussed below. Additional or different investments may be made as the Board completes its transition to the target asset allocations discussed above.

#### Fixed Income:

- **Vanguard Total Bond Market Index Fund.** This index fund represents a wide spectrum of public, investment grade, taxable, fixed income securities in the United States – including government, corporate, and international dollar-denominated bonds, as well as mortgage backed and asset backed securities – all with maturities of more than one year.
- **Income Research & Management** for exposure to the U.S. core fixed income market. The assets of this separately managed account primarily consist of a diversified set of investment-grade bonds across various sectors including corporate bonds, securitized holdings, and government securities.
- **MacKay Shields High Yield Active Core Fund** for high yield fixed income. This commingled fund analyzes the current position in an economic cycle and then seeks to adjust the portfolio accordingly to capture the most risk-adjusted yield and return. This analysis is complemented with a bottom up credit analysis focusing on achieving higher yields and avoiding bonds with uncompensated risk.

- **PENN Core High Yield Bond Fund II** for high yield fixed income. This commingled fund uses a defensive strategy to preserve investor principal while generating high levels of current income from U.S. based, U.S. dollar denominated, below investment grade, cash paying, and corporate debt. The portfolio maintains a bias toward the upper and middle tiers (BB-B rated) of the high yield debt market and generally will not own companies rated CCC or below by both Moody's and Standard & Poor's.

- **Franklin Templeton Emerging Markets Debt Opportunities Fund** for emerging markets fixed income. The fund's investment goal is to seek current income with capital appreciation as a secondary goal. Under normal market conditions, the fund invests at least 80% of its net assets in a non-diversified portfolio of bonds issued by government or government related entities that are located in emerging market countries, as well as bonds issued by emerging market corporate entities.

#### U.S. Equity:

- **Vanguard Institutional Index Fund** for U.S. large capitalization core common stocks. This is an open-end mutual fund that is passively managed and maintains a portfolio of essentially all of the 500 stocks that make up the Standard & Poor's 500 Index.

- **Dodge & Cox Stock Fund** for large capitalization common stocks. This is an actively managed mutual fund that invests in companies primarily in the U.S. that appear to be temporarily undervalued by the stock market but have a favorable outlook for long-term growth.

- **Thompson, Siegel & Walmsley** for U.S. small capitalization value equity. This separately managed account is actively managed to invest in companies that appear to be temporarily undervalued by the stock market but have a favorable outlook for long-term growth.

#### Non-U.S. Equity:

- **Vanguard Developed Markets Index Fund** - Institutional Shares for non-U.S. equity in developed markets. This is a passively managed mutual fund that seeks to track the performance of the FTSE Developed ex North America Index.

- **Mondrian International Equity Fund.** The investment seeks long-term total return. The fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities. It invests in at least three countries, and invests at least 40% of its total assets in securities of non-U.S. companies. Equity securities include, but are not limited to, common stocks, preferred stocks, convertible securities, rights and warrants, and depository receipts (including ADRs, EDRs and GDRs, which are certificates typically issued by a bank or trust company that represent ownership interests in securities of non-U.S. or U.S. companies.

- **Baillie Gifford EAFE Pure Fund** for non-U.S. equity. This is a commingled fund that invests in non-U.S. companies across the market cap spectrum whose principal activities are in developed-market countries. The fund has a growth orientation and invests in companies that it expects to achieve superior profit growth and long-term out-performance.

- **Aberdeen Asset Management** for global emerging markets equity. This actively managed fund aims to provide long term

capital growth from direct or indirect investments in emerging stock markets worldwide or companies with significant activities in emerging markets.

#### Real Assets:

- **Morgan Stanley Global Real Estate Portfolio** for investments in publicly traded global real estate securities. This is an actively managed mutual fund that seeks a combination of current income and capital appreciation by investing primarily in equity securities of companies in the real estate industry located throughout the world, but primarily located in the developed countries of North America, Europe and Asia.

- **State Street Global Real Estate Index Fund** for investments in publicly traded global real estate securities. This is a passively managed commingled fund that seeks to track the performance of the FTSE EPRA/NAREIT Developed Liquid Index.

- **AEW Core Property Trust (U.S.)** for core private real estate. This commingled fund focuses on stable, income producing properties and includes multifamily, retail, office, industrial, and hotel properties. The fund primarily acquires institutional-quality assets in markets throughout the U.S. that are designed to provide durable income streams and appreciation over the mid- to long-term.

- **Wellington Trust, Multiple Common Trust Funds Trust for Commodities.** This commingled fund provides exposure to commodities primarily through the purchase of futures contracts with maturities ranging between one month and 10 years.

#### Private Equity:

- **Adams Street Global Secondary Fund 5** for globally diversified private equity. As a "fund of funds" provider, this offering is broadly diversified across venture capital, buyout, and mezzanine/distressed private investments obtained through secondary market transactions.

Occasionally, the Board may have investments with legacy investment managers during a transition period.

#### PERFORMANCE INFORMATION

Performance information for investments in the Prepaid College Trust is published each year in Maryland 529's Annual Report. The most recent report is available on our website. An Annual Report Summary and Highlights is also mailed annually to each Account Holder.

Rate of return on Prepaid College Trust Investments  
As of June 30, 2016

ONE YEAR	-0.7%
THREE YEAR	6.4%
FIVE YEAR	6.3%
TEN YEAR	4.9%
SINCE INCEPTION*	5.0%

\*Date of inception is December 31, 1998.

Returns are net of all investment fees.

Please keep in mind that past performance is not indicative of future results.

## CONTRACT PRICING

The factors and projections we use to determine Contract prices for this enrollment period include:

- 2016–2017 tuition at Maryland Public Colleges;
- Projected 2017–2018 and 2018–2019 tuition increases of 6% in each Academic Year;
- Projected annual tuition increases of 6% in each following Academic Year;
- Projected annual mandatory fee increases of 8% in each Academic Year;
- Projected annual earnings of 6.3% on Prepaid College Trust investments;
- Age of the Beneficiary;
- Tuition plan selected;
- Payment option selected;
- 2.5% of Contract payments to pay for the operating expenses of the Trust;
- \$4 payment processing fee for each scheduled payment;
- Projected number of new Contracts in each Enrollment Period;
- A load of 2.5% for the University tuition plans and 1.8% for the Community College tuition plans to support the actuarial soundness of the Trust.

Following an analysis, calculation, and evaluation of these and other factors, the Board then determines Contract prices for each tuition plan and payment option.

## KEY FEDERAL TAX ISSUES

The factors and projections we use to determine Contract prices for this enrollment period include:

**General.** This section takes a closer look at some of the federal tax considerations you should be aware of when investing in the Prepaid College Trust. The federal tax consequences associated with an investment in the Prepaid College Trust can be complex. Please keep in mind that the IRS has issued only proposed regulations under Section 529 of the Code; final regulations could affect the tax considerations mentioned in this section or require the terms of the Prepaid College Trust to change. In addition, the Board has not requested a private letter ruling from the IRS with regard to the status of the Prepaid College Trust under Section 529 of the Code. The Board may, in its sole discretion, apply for such a ruling from the IRS.

This discussion is by no means exhaustive and is not meant as tax advice. This information was written solely to support the promotion and marketing of the Prepaid College Trust.

You should consult a tax advisor regarding the application of federal tax laws to your particular circumstances.

The tax consequences of investing in a 529 plan can be complex. Please check with your tax advisor for additional information.

**Federal Tax-Deferred Earnings.** Any earnings on your payments are tax-deferred, which means your Account assets grow free of current federal income tax.

**Federal Gift/Estate Tax.** For the tax year 2016, if the amounts contributed by you on behalf of the Beneficiary together with any other gifts to that person (over and above those made to your Account) during the year do not exceed \$14,000 (\$28,000 for married couples making a proper election), no gift tax will be imposed for the year. Gifts of up to \$70,000 can be made in an individual year (\$140,000 for married couples making a proper election) for a Beneficiary and averaged out over five years for the gift tax exclusion.

This allows you to move assets into tax-deferred investments and out of your estate more quickly. Generally, Benefits are not included in your estate, unless you elect the five-year averaging and die before the end of the fifth year. In general, if you die with Benefits still remaining in your Account, the Account's value will not be included in your estate for federal estate tax purposes. If your Beneficiary dies, the value of the Account may be included in the Beneficiary's estate for federal tax purposes. Further rules regarding gifts and the generation-skipping transfer tax may apply in the case of Benefit payments, refunds, reduced refunds; changes of Beneficiaries, and other situations. You should consult with a tax advisor when considering a change of Beneficiary or transfers to another Account or the specific effect of the gift tax and generation-skipping transfer tax on your situation.

The federal limits discussed above are for the 2016 tax year. In future years, the IRS may change the annual amount that can be excluded from federal gift taxes, so you should consult with your tax advisor for details.

**Tax Benefits Not Intended for Abuse.** Qualified Tuition Programs are intended to be used only to save for Qualified Higher Education Expenses. These Programs are not intended to be used, nor should they be used, by any taxpayer for the purpose of evading federal or state taxes or tax penalties. Taxpayers may wish to seek tax advice from an independent tax advisor based on their own particular circumstances.

**Rollovers.** You may transfer all or part of the money in your Account to another Account in the Prepaid College Trust or an account in another Qualified Tuition Program (including the Maryland College Investment Plan) without adverse federal income tax consequences if the transfer occurs within 60 days of the withdrawal from your Account. For rollovers to a Prepaid College Trust Account, the new Beneficiary must be a person who is a Member of the Family of the original Beneficiary. For rollovers to another Qualified Tuition Program, the new Beneficiary must either be the original Beneficiary or a Member of the Family of the original Beneficiary.

A rollover for the same Beneficiary is limited to one per 12 months. Changes in your Beneficiary could potentially cause gift and/or generation-skipping transfer tax consequences to the Beneficiary and/or Account Holder. Please consult with your tax advisor.

**Coverdell Education Savings Accounts.** You may fund your Account with a distribution from a Coverdell Education Savings Account. This type of distribution is generally tax-free if your

Account has the same Beneficiary as the Coverdell Education Savings Account. Currently, the maximum annual contribution to Coverdell Education Savings Accounts is \$2,000. Consult your tax advisor for more information.

**Education Tax Credits.** You and your Beneficiary, if eligible, can take advantage of Hope and Lifetime Learning Tax Credits without affecting your participation in the Prepaid College Trust or your Benefit. You can claim Hope and Lifetime Learning Credits in the same year that you take a tax-exempt distribution from a Qualified Tuition Program provided the distribution is not used for the same educational expenses. Federally instituted guidelines (including income range and the student's year in college) govern who can take advantage of these credits. More information may be found in the *IRS Publication 970*, which can be viewed online at [irs.gov](http://irs.gov).

#### Federal Taxation of Distributions from Your Account:

**Federal Taxation of Benefit Payments.** Distributions from your Account may have two components: (1) principal, which is not taxable when distributed, and (2) earnings, if any, which may be subject to federal taxes. We determine the earnings portion at calendar year-end based on IRS rules and report it to the IRS and the taxable party on Form 1099-Q (or other successor form). In certain cases, losses may be reported to the IRS. You are responsible for preparing and filing the appropriate forms when completing your federal income tax return and for paying any applicable tax directly to the IRS. The taxable party is the Beneficiary unless the distribution is issued to the Account Holder.

**Qualified Distributions.** Distributions from your Account are either Qualified or Non-Qualified as determined by the IRS. As the Account Holder, you are responsible for satisfying the IRS requirements for proof of Qualified Distributions, which include retaining any paperwork and receipts necessary to substantiate the type of distribution you received. Your Account statements are not tax documents and should not be submitted with your tax forms. However, you could use the Account statement(s) to determine how much you paid or contributed during the previous tax year. We will not provide information to the IRS regarding the type of distribution you receive.

When a Benefit is paid for Qualified Higher Education Expenses, your Account's investment gains are distributed federal income tax-free, provided you do not also claim all or part of these Qualified Higher Education Expenses as a Lifetime Learning Credit or American opportunity tax credit, which expanded and renamed the already-existing Hope scholarship credit. If the Benefit paid exceeds the Beneficiary's adjusted qualified higher education expenses (total Qualified Higher Education Expenses reduced by any tax-free educational assistance), some or all of your Account's investment gains may be recognized as income by the IRS and may be subject to federal income taxes as well as the federal surcharge required by the Code that is equal to 10% of the earnings portion of a Non-Qualified Distribution (Distribution Tax). Please see *IRS Publication 970* for additional information.

**Refunds.** For federal income tax purposes and pursuant to current IRS guidance, including Form 1099-Q and proposed regulations, the earnings portion of a refund received in the

event of the death or Disability of a Beneficiary or the receipt of a Scholarship, grant, or tuition remission is generally taxable to the Account Holder. However, the refund would be taxable to the Beneficiary if it is paid to the Beneficiary or Eligible Institution. The earnings portion of a refund under these circumstances (which are considered Qualified Distributions for federal income tax purposes and pursuant to current IRS guidance, including Form 1099-Q and proposed regulations) will not be subject to the Distribution Tax.

**Reduced Refunds.** Generally, you will be taxed on the earnings portion of any reduced refund you receive. However, the reduced refund would be taxable to the Beneficiary if it is paid to the Beneficiary. Any reduced refund will also be subject to the Distribution Tax.

**Determination of Taxable Earnings.** The principal and earnings portions of a refund or reduced refund for federal tax purposes are determined by a formula reflecting the proportion of contributions to the overall market value of your Account(s) in the Prepaid College Trust for the same Beneficiary. If the distribution is subject to a Distribution Tax, the Distribution Tax is applied to the earnings portion. The taxpayer is responsible for calculating and reporting any Distribution Tax to the IRS.

#### KEY STATE TAX ISSUES

**General.** This section takes a closer look at some of the state tax considerations you should be aware of when investing in the Prepaid College Trust. However, the discussion is by no means exhaustive and is not meant as tax advice. The state tax consequences of an investment in the Prepaid College Trust can be complex. You should consult your tax advisor regarding the application of state tax laws to your particular circumstances.

For additional information on Prepaid College Trust tax benefits for Maryland taxpayers, please refer to *Maryland Income Tax Administrative Release No. 32*, which can be obtained at [marylandtaxes.com](http://marylandtaxes.com) by clicking the "Tax Publications" link at the bottom of the page or by calling **1-800-MD-TAXES**.

#### Maryland State Income Deduction for Contributions.

A Maryland taxpayer who is also an Account Holder or contributes to a Prepaid Trust account, may receive a maximum annual deduction of \$2,500 per Account on their Maryland tax return. The Account Holder may take any amount disallowed in one year as a deduction in succeeding taxable years until the full amount contributed to the Account has been deducted, subject to the \$2,500 annual limit. If you no longer pay Maryland income tax, you are no longer eligible to claim this deduction. Additionally, if you receive funds through the State Contribution Program, you are not eligible for the Maryland state income tax.

To take advantage of the income deduction for 2016, your contribution needs to be completed online (processed by your bank) or postmarked by December 31, 2016. You are responsible for maintaining documentation to support the timing of your contribution.

*While contributors other than the Account Holder may be eligible for the income deduction, only the Account Holder can control the use and distributions of the benefits in an account. See the definition of "Account Holder" in Article II for more information.*

The Maryland income deduction is available to Account Holders and Contributors and only on the amounts they contribute.

**Maryland Tax-Free Distributions for Qualified Expenses.**

When Benefits are distributed to pay for Qualified Higher Education Expenses, all of your Account's investment gains, if any, are distributed free of State income taxes. If you no longer pay Maryland income tax, you will no longer receive this Maryland tax benefit.

**Maryland Taxation of Other Distributions/Recapture of Previous Deductions.** Any amounts previously taken as a deduction from Maryland adjusted gross income must be added to your Maryland adjusted gross income for the tax year in which you take a distribution from your Account, unless the distribution is a Rollover Distribution or used to pay for Qualified Higher Education Expenses. The requirement to add previous years' deductions to your Maryland adjusted gross income applies even if that distribution was the result of the Beneficiary's receipt of a Scholarship, grant, or tuition remission or the Beneficiary's death or Disability.

**Non-Maryland Residents.** If you are not a Maryland resident, the amount of your Benefit that represents investment gain, even if used for Qualified Higher Education Expenses may be subject to applicable state taxes. Depending upon the laws of your or your Beneficiary's home state, favorable state tax treatment or other benefits offered by that home state may be available only if you invest in the home state's Qualified Tuition Program. Any state-based benefit offered with respect to a particular 529 plan should be one of many appropriately weighted factors to be considered in making an investment decision. You should consult with your financial, tax or other advisor to learn more about how state-based benefits, including any limitations, would apply to your specific circumstances. You also may wish to contact your home state or any other Qualified Tuition Program to learn more about the features, benefits and limitations of that state's Qualified Tuition Program. Earnings on rollovers may be subject to state tax. Please consult your tax advisor for the specific state tax consequences in your home state.

**Maryland Gift and Estate Taxes.** Maryland law does not impose gift taxes. Therefore, in the event that an Account Holder elects five-year averaging of contributions of up to \$70,000 in 2016 (\$140,000 for married couples making the proper election), and dies prior to the end of the fifth year, a portion of the assets of the Account, while subject to federal gift tax, would not be subject to a Maryland gift tax.

Maryland law imposes an estate tax that parallels the federal estate tax in some respects. Generally, estates below \$1 million are not subject to Maryland estate tax. The Maryland estate tax is equal to the credit provided in federal law without regard to the phased-in reduction and elimination of that credit beginning in 2002 and is calculated based on the federal gross estate as reduced by allowable deductions. Therefore, assets remaining in your Account following your death will only affect your Maryland estate tax if included in the federal gross estate.

You should consult a tax advisor to determine if the limits have changed and to evaluate the specific effect of Maryland gift and estate taxes on your situation.

**PRIVACY POLICY**

Protecting the privacy of your personal information is important to us. The following paragraphs explain the procedures we have in place to protect this information.

**Confidential Information.** Maryland law requires that the name and other information identifying a person as an Account Holder or Beneficiary in the Prepaid College Trust be confidential. We recognize our obligation to keep information about you secure and confidential.

**Collecting and Using Information.** Through your participation in the Prepaid College Trust, we collect various types of confidential information you provide in your Enrollment Form such as your name and the name of your Beneficiary, Social Security numbers, addresses, and demographic information. We also collect confidential information relating to your Prepaid College Trust transactions such as Benefits, payments and refunds. We do not sell information about current or former Account Holders, Custodians and/or Beneficiaries to any third parties, and we do not disclose it to third parties unless necessary to process a transaction, service an Account, as otherwise permitted or required by law, or with your consent. We may, however, share this information with companies that perform administrative or marketing services for us or with a research firm we have hired. When we enter into these relationships, our contracts restrict the companies' use of your information, prohibiting them from sharing or using it for any purposes other than those for which they were hired.

**Electronic Communications.** We may, from time to time, notify you by email about important information about the Prepaid College Trust or that documents, including Account statements and transaction confirmations, have been delivered. However, email notification is not a substitute for regularly checking your Account at **Maryland529.com**. We may archive these documents and cease providing them on our website when they become out of date and, therefore, you should consider printing any Account information that you may wish to retain before it is removed. After these documents are archived, you will be able to obtain a copy by contacting us.

**Protection of Information.** We maintain physical, electronic, and procedural safeguards to protect the information about you that we collect or use. These include restricting access to those individuals who have a need to know the information such as those who service your Account, resolve problems, or inform you of additional products or services where appropriate.

**CREDITOR PROTECTIONS**

Under Maryland law, your Account is not subject to attachment, garnishment, or seizure by creditors of you or the Beneficiary. Federal law also provides limited creditor protections based on the timing of the contributions and the debtor's relationship to the Beneficiary. Generally, contributions made to a debtor's Account less than one year before the filing of a bankruptcy petition are included in the debtor Account Holder's bankruptcy estate and are not protected from creditors. Contributions made to a debtor's Account more than one year before the filing of a

bankruptcy petition are generally not part of a debtor Account Holder's bankruptcy estate, provided that the contributions are not deemed excess contributions and the Beneficiary is the debtor's child, stepchild, grandchild or step-grandchild. However, for contributions made between one and two years prior to the filing of bankruptcy petition, a current

maximum of \$6,225 in contributions may be excluded from the debtor Account Holder's bankruptcy estate. You should consult a legal advisor regarding the application of this specific law to your particular circumstances and for a determination of whether Maryland or federal law applies to your situation.

## PRICES AND FEES

All prices are based on several factors; for a full list of these factors, see *Contract Pricing* of this Disclosure Statement. If you wish to take advantage of the Maryland State income deduction for the 2016 tax year, your completed 2016–2017 Enrollment Form and applicable payment must be completed electronically (processed by your bank) or postmarked by December 31, 2016. Keep in mind all Benefits are paid on a semester by semester basis (or the financial equivalent for the particular Eligible Institution).

The following tables provide 2016–2017 Enrollment Period Contract prices. To determine a price, decide which tuition plan you want, then find the Beneficiary's grade or age and projected enrollment year (or earliest year he/she is eligible to use Benefits) on the left-hand side of the chart. For example, if the Beneficiary will be in the 9th grade during the 2016–2017 school year, the projected year of college enrollment will be 2020. For Beneficiaries in the 10th–12th grades, the earliest year they are entitled to use Benefits will be 2020. For further information, see *Minimum Maturity* in Article IV of the Contract.

Next, the columns moving across the chart will provide you with the prices and number of payments for different payment options: lump sum, annual, five-year monthly, and extended monthly. If you would like to use the down payment option, please see the last pricing page as an example. The down payment options for all tuition plans and additional contract price options are posted on our website or available by calling our toll-free number. The monthly and annual payment prices include a 6.3% interest component. If you enroll during the 2016–2017 Enrollment Period, your first payment will be due August 1, 2017. If you choose the down payment option, your first payment and the down payment are both due August 1, 2017.

### COMMUNITY COLLEGE PLAN — 1 YEAR

Grade/Age 9/1/16	Projected Enrollment/ Initial Eligibility	Lump Sum Payment	ANNUAL PAYMENTS		5-Year Monthly Payments	EXTENDED MONTHLY PAYMENTS	
			Amount	Number		Amount	Number
9–12	2020	\$5,318	\$1,885	3	N/A	\$201	29
8	2021	5,275	1,869	3	N/A	146	41
7	2022	5,235	1,855	3	\$105	116	53
6	2023	5,194	1,841	3	104	98	65
5	2024	5,154	1,827	3	103	85	77
4	2025	5,118	1,814	3	103	75	89
3	2026	5,081	1,801	3	102	68	101
2	2027	5,048	1,789	3	101	63	113
1	2028	5,013	1,777	3	101	58	125
K	2029	4,981	1,765	3	100	54	137
4	2030	4,952	1,755	3	99	51	149
3	2031	4,922	1,744	3	99	49	161
2	2032	4,894	1,735	3	98	46	173
1	2033	4,866	1,725	3	98	44	185
Infant	2034	4,842	1,716	3	97	43	197

**COMMUNITY COLLEGE PLAN — 2 YEARS**

Grade/Age 9/1/16	Projected Enrollment/ Initial Eligibility	Lump Sum Payment	ANNUAL PAYMENTS		5-Year Monthly Payments	EXTENDED MONTHLY PAYMENTS	
			Amount	Number		Amount	Number
9-12	2020	\$10,593	\$3,751	3	N/A	\$396	29
8	2021	10,509	3,722	3	N/A	287	41
7	2022	10,429	3,693	3	\$205	228	53
6	2023	10,350	3,665	3	204	190	65
5	2024	10,274	3,638	3	202	165	77
4	2025	10,200	3,612	3	201	146	89
3	2026	10,129	3,587	3	199	132	101
2	2027	10,061	3,563	3	198	121	113
1	2028	9,996	3,540	3	197	112	125
K	2029	9,933	3,518	3	196	104	137
4	2030	9,873	3,497	3	194	98	149
3	2031	9,814	3,476	3	193	93	161
2	2032	9,760	3,457	3	192	89	173
1	2033	9,709	3,439	3	191	85	185
Infant	2034	9,660	3,421	3	190	81	197

**UNIVERSITY PLAN — 1 SEMESTER**

Grade/Age 9/1/16	Projected Enrollment/ Initial Eligibility	Lump Sum Payment	ANNUAL PAYMENTS		5-Year Monthly Payments	EXTENDED MONTHLY PAYMENTS	
			Amount	Number		Amount	Number
9-12	2020	\$6,049	\$2,143	3	N/A	\$228	29
8	2021	6,016	2,132	3	N/A	166	41
7	2022	5,984	2,120	3	\$119	132	53
6	2023	5,955	2,110	3	119	111	65
5	2024	5,928	2,100	3	118	97	77
4	2025	5,902	2,091	3	118	86	89
3	2026	5,877	2,082	3	117	78	101
2	2027	5,855	2,075	3	117	72	113
1	2028	5,834	2,067	3	116	67	125
K	2029	5,815	2,060	3	116	63	137
4	2030	5,796	2,054	3	116	59	149
3	2031	5,781	2,048	3	115	56	161
2	2032	5,768	2,044	3	115	54	173
1	2033	5,755	2,039	3	115	52	185
Infant	2034	5,744	2,035	3	115	50	197

## UNIVERSITY PLAN — 1 YEAR

Grade/Age 9/1/16	Projected Enrollment/ Initial Eligibility	Lump Sum Payment	ANNUAL PAYMENTS		5-Year Monthly Payments	EXTENDED MONTHLY PAYMENTS	
			Amount	Number		Amount	Number
9-12	2020	\$11,918	\$4,220	3	N/A	\$445	29
8	2021	11,854	4,198	3	N/A	323	41
7	2022	11,792	4,176	3	\$231	257	53
6	2023	11,732	4,154	3	230	215	65
5	2024	11,679	4,136	3	229	187	77
4	2025	11,630	4,118	3	228	166	89
3	2026	11,580	4,101	3	227	150	101
2	2027	11,537	4,085	3	227	138	113
1	2028	11,494	4,070	3	226	128	125
K	2029	11,457	4,057	3	225	120	137
4	2030	11,423	4,045	3	224	113	149
3	2031	11,390	4,033	3	224	107	161
2	2032	11,366	4,025	3	223	103	173
1	2033	11,339	4,015	3	223	98	185
Infant	2034	11,318	4,008	3	222	95	197

## UNIVERSITY PLAN — 2 YEARS

Grade/Age 9/1/16	Projected Enrollment/ Initial Eligibility	Lump Sum Payment	ANNUAL PAYMENTS		5-Year Monthly Payments	EXTENDED MONTHLY PAYMENTS	
			Amount	Number		Amount	Number
9-12	2020	\$23,772	\$8,415	3	N/A	\$883	29
8	2021	23,644	6,466	4	N/A	641	41
7	2022	23,525	5,300	5	\$458	509	53
6	2023	23,413	4,525	6	456	426	65
5	2024	23,307	3,973	7	454	369	77
4	2025	23,208	3,561	8	452	327	89
3	2026	23,115	3,242	9	450	296	101
2	2027	23,031	3,231	9	448	271	113
1	2028	22,951	3,219	9	447	252	125
K	2029	22,879	3,209	9	445	235	137
4	2030	22,813	3,200	9	444	222	149
3	2031	22,756	3,192	9	443	211	161
2	2032	22,702	3,184	9	442	201	173
1	2033	22,658	3,178	9	441	193	185
Infant	2034	22,620	3,173	9	440	185	197

## UNIVERSITY PLAN — 3 YEARS

Grade/Age 9/1/16	Projected Enrollment/ Initial Eligibility	Lump Sum Payment	ANNUAL PAYMENTS		5-Year Monthly Payments	EXTENDED MONTHLY PAYMENTS	
			Amount	Number		Amount	Number
9-12	2020	\$35,562	\$12,588	3	N/A	\$1,320	29
8	2021	35,379	9,674	4	N/A	958	41
7	2022	35,206	7,930	5	\$683	760	53
6	2023	35,043	6,771	6	680	636	65
5	2024	34,889	5,946	7	677	550	77
4	2025	34,745	5,330	8	674	488	89
3	2026	34,612	4,853	9	672	441	101
2	2027	34,486	4,474	10	669	404	113
1	2028	34,374	4,167	11	667	375	125
K	2029	34,270	3,912	12	665	351	137
4	2030	34,178	3,699	13	663	330	149
3	2031	34,095	3,519	14	662	313	161
2	2032	34,022	3,364	15	660	299	173
1	2033	33,959	3,230	16	659	287	185
Infant	2034	33,909	3,114	17	658	276	197

## UNIVERSITY PLAN — 4 YEARS

Grade/Age 9/1/16	Projected Enrollment/ Initial Eligibility	Lump Sum Payment	ANNUAL PAYMENTS		5-Year Monthly Payments	EXTENDED MONTHLY PAYMENTS	
			Amount	Number		Amount	Number
9-12	2020	\$47,296	\$16,740	3	N/A	\$1,754	29
8	2021	47,058	12,866	4	N/A	1,272	41
7	2022	46,834	10,548	5	\$907	1,010	53
6	2023	46,621	9,007	6	903	844	65
5	2024	46,424	7,910	7	900	731	77
4	2025	46,241	7,092	8	896	648	89
3	2026	46,067	6,458	9	893	586	101
2	2027	45,909	5,955	10	890	537	113
1	2028	45,764	5,546	11	887	498	125
K	2029	45,634	5,209	12	884	465	137
4	2030	45,516	4,925	13	882	439	149
3	2031	45,413	4,686	14	880	416	161
2	2032	45,324	4,480	15	878	397	173
1	2033	45,248	4,303	16	877	381	185
Infant	2034	45,186	4,149	17	876	366	197

## TWO-PLUS-TWO PLAN — 4 YEARS

Grade/Age 9/1/16	Projected Enrollment/ Initial Eligibility	Lump Sum Payment	ANNUAL PAYMENTS		5-Year Monthly Payments	EXTENDED MONTHLY PAYMENTS	
			Amount	Number		Amount	Number
9-12	2020	\$34,202	\$12,106	3	N/A	\$1,269	29
8	2021	34,006	9,299	4	N/A	921	41
7	2022	33,822	7,618	5	\$656	730	53
6	2023	33,645	6,501	6	653	610	65
5	2024	33,476	5,705	7	650	528	77
4	2025	33,319	5,111	8	647	468	89
3	2026	33,169	4,651	9	644	423	101
2	2027	33,030	4,285	10	641	387	113
1	2028	32,898	3,988	11	639	359	125
K	2029	32,779	3,742	12	636	335	137
4	2030	32,668	3,536	13	634	316	149
3	2031	32,566	3,361	14	632	300	161
2	2032	32,467	3,210	15	630	286	173
1	2033	32,370	3,079	16	628	273	185
Infant	2034	32,281	2,965	17	627	263	197

### Schedule of Fees

The following table provides information regarding the fees relating to the Prepaid College Trust. The Board may change the fees from time to time. Any changes in fees will be described in a supplement to this Disclosure Statement or in subsequent Disclosure Statements.

#### SCHEDULE OF FEES

Enrollment Fee — Must be received before Account can be opened	
New Account opened online	\$50
New Account opened using paper enrollment form	\$75
New Account — opened online or by using the paper form — if the same Account Holder and Beneficiary have an account in the Maryland College Investment Plan	\$20
Purchase of Additional Semesters or Years — Same Account Holder and Beneficiary	\$20
Recontribution Fee	\$10
Rollover Fee — For rollover to another 529 plan (except the Maryland College Investment Plan)	\$75
Rollover Fee — For rollover to the Maryland College Investment Plan	\$20
Returned Check Fee	\$28
Late Fee on Monthly Payment (1)	\$10 per month
Late Fee on Lump Sum Payment beyond 30 days (5)	\$150
Late Fee on Annual Payment (1)	\$40 per month
Change of Account Holder (2)	\$10
Change of Beneficiary (2, 3) — must be for full remaining balance	\$100
Change of Tuition Plan (3)	\$10
Change in Payment Option (3)	\$25
Account Cancellation Fee — if account is canceled due to a reduced refund (4)	\$75
Document Replacement Fee	Reasonable Cost

- (1) If payment is received more than 15 days past the due date.
- (2) These fees are waived in case of death or Disability.
- (3) These fees do not cover possible increases in Contract payments.
- (4) This fee is waived in cases of Unused Benefits.
- (5) This fee applies to lump sum payments that are 31–90 days late. If no payment is received within 90 days, your Account will be canceled.

The operating expenses of the Trust are funded by: (1) 2.5% of all Contract payments; and (2) a \$4 payment processing fee, which has been included in each scheduled payment listed in the Price Charts.

All Fees are subject to change upon Board approval. Maryland law requires that all fees collected by the Prepaid College Trust be used to administer the Prepaid College Trust.

# NOTES



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#### MARYLAND 529 SPEAKERS AVAILABLE

If you would like to host a free Maryland 529 information session at your child's school, sponsor an employee forum at your workplace, or have a speaker at a meeting of a social or community organization, please let us know. Our ambassadors travel the state providing various groups and organizations with complete information on how the Maryland 529 College Savings Plans can help parents, grandparents, and others save for a child's future college education.

To schedule an ambassador for your group, simply complete our speaker request form and return it to us or email us at [mpct@maryland529.org](mailto:mpct@maryland529.org). We will then confirm your date, time, and speaker.

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