

**MEDIA CONTACTS:**

Michelle Winner  
Maryland 529  
Phone: 443.769.1024  
Email: [mwinner@maryland529.org](mailto:mwinner@maryland529.org)

Kaitlyn McCoach  
Weber Shandwick  
Phone: 443.573.2329  
Email: [kmcccoach@webershandwick.com](mailto:kmcccoach@webershandwick.com)

**Maryland 529**  
Fact Sheet

While college costs continue to rise and more students are using debt to finance their higher education expenses, many families are concerned about finding a smart way to pay for their children's future higher education. The State of Maryland offers two Section 529 college savings plans: The Maryland Prepaid College Trust and the Maryland College Investment Plan. The following are facts that many people may not know about the Prepaid College Trust and College Investment Plan:

**Maryland Prepaid College Trust (MPCT)**

- The Prepaid College Trust allows participants to save in the State of Maryland, but go almost anywhere for college. The plan will pay full in-state tuition and mandatory fees at any Maryland public college or university or the full in-county tuition and mandatory fees at a Maryland community college at the time of attendance. If the child attends a private or out-of-state college, the Trust will pay the actual tuition up to the Weighted Average Tuition (WAT) or your Minimum Benefit, whichever is greater.
- The Prepaid College Trust offers affordable tuition and payment plan options and is backed by the security of a Maryland Legislative Guarantee, which states that in the event the Trust ever experiences a financial shortfall, Maryland law requires the Governor to include funds in the State budget to allow the Trust to pay full benefits. As with the State budget every year, the Maryland General Assembly has final approval.
- The Prepaid College Trust offers the following tuition plans: University Plan (one semester or one, two, three or four years at a four-year college or university), Community College Plan (one or two years at a community college) and Two-Plus-Two Plan (two years at a community college and two years at a four-year college). Payment options include a single lump sum, annual, monthly, or a down payment.
- It's easier than ever for grandparents and others to join forces with parents to make college possible for their loved ones by purchasing as little as one semester. (Especially appealing to grandparents and other family members and friends are a one-year plan at a four-year university and a one-year plan at a community college.) If they are Maryland taxpayers, they may also be eligible for an income tax deduction of up to \$2,500 if they contribute to an existing Prepaid College Trust account. These options provide more affordable ways for families to get their foot in the door, help to promote gift-giving and are an alternative to savings bonds.



- The Annual Report and Annual Report Summary can be found on [Maryland529.com/annual-report](http://Maryland529.com/annual-report). These resources will provide a full picture of who participates and current assets.

*\*Please carefully read the Enrollment Kit available online which describes the investment objectives, risks, expenses and other important information that you should consider before you invest in Maryland 529. Also, if you or your beneficiary live outside of Maryland, you should consider before investing whether your state or your beneficiary's state offers state tax or other benefits for investing in its 529 plan.*

*\*\*Tax benefits may be conditioned on meeting certain requirements, such as residency, purpose for or timing of distributions, or other factors, as applicable.*

*\*\*\*Morningstar analysts reviewed 63 plans for its 2015 ratings (10/20/15), 64 plans for its 2014 ratings (10/21/14), 2013 ratings (10/22/13) and 2012 ratings (10/15/12), of which 4 plans received a "Gold" rating. To determine a plan's rating, Morningstar's analysts considered five factors: the plan's strategy and investment process; the plan's risk-adjusted performance; an assessment of the individuals managing the plan's investment options; the stewardship practices of the plan's administration and parent firm; and whether the plan's investment options are a good value proposition compared to its peers. Plans were then assigned forward-looking ratings of "Gold," "Silver," "Bronze," "Neutral," and "Negative." Each year, certain of the industry's smallest plans are not rated. Morningstar analysts reviewed 58 plans for its 2011 survey, of which 6 plans received a "Top" rating, and 52 plans for its 2010 survey, of which 5 plans received a "Top" rating. Ratings for each plan were based on five factors: the quality of the underlying investment options; performance of those options; the skill of the managers of those options; the costs associated with each plan; and the stewardship practices of each plan's program manager. Plans were then assigned ratings of "Top," "Above Average," "Average," "Below Average," and "Bottom." To earn a "Top" rating, a plan must be best-in-class across all five areas. Analyst Ratings are subjective in nature and should not be used as the sole basis for investment decisions.*

*Analyst Ratings are based on Morningstar analysts' current expectations about future events and therefore involve unknown risks and uncertainties that may cause Morningstar's expectations not to occur or to differ significantly from what was expected. Morningstar does not represent its Analyst Ratings to be guarantees.*

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