



MARYLAND STATE TREASURER
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**MARYLAND PREPAID COLLEGE TRUST (“MPCT”)
EARNINGS RATE DECISION**

FREQUENTLY ASKED QUESTIONS

The State Treasurer’s Office (“STO”) is providing this updated document in response to feedback received since the Treasurer’s earnings rate decision was announced on July 10, 2023 (the “Earnings Rate Decision”). It is intended that this document will continue to be updated from time to time to provide additional clarity to account holders. Updates will be marked as “**NEW.**” Please note that as we progress through the Treasurer’s four phase plan, we will remove questions that are no longer relevant. For instance, questions related to the timeline for system automation and the process for requesting a manual calculation have been removed now that the automated recordkeeping system has been updated and manual calculations are no longer necessary.

The information provided is for general use and does not take into consideration individual circumstances. For advice, account holders and beneficiaries are encouraged to speak with a legal, tax and/or a financial advisor.

NEW: Claims Process Questions

The following questions and answers relate to the process for claims associated with the updated terms included in the Disclosure Statement for the Prepaid Trust that went into effect November 1, 2021.

1. Who can file a claim?

In accordance with § 18-1917 of the Education Article of the Annotated Code of Maryland (the “Claims Statute”), a claim may be submitted only for an account that was open and existing on or after November 1, 2021 by:

- (1) a MPCT account holder; or

- (2) a MPCT qualified beneficiary for a distribution that was made to the qualified beneficiary or to an eligible educational institution on the beneficiary's behalf.

In addition, in accordance with the Claim Procedures established by the Treasurer on October 2, 2023 (the "Claim Procedures"), a claim may also be submitted on behalf of either the account holder or qualified beneficiary by a legal representative if the claim is presented in the name of the claimant and is signed by the legal representative. STO may require that any claim submitted by a legal representative be supplemented by evidence that the legal representative is authorized to submit a claim on behalf of the claimant.

2. Can I file a claim if my account was closed prior to November 1, 2021?

No. A claim may only be filed with respect to an account that was open and existing on or after November 1, 2021.

3. Can I file a claim for my Maryland College Investment Plan ("MCIP") account?

No. A claim may only be filed with respect to a Maryland Prepaid College Trust account.

4. How do I file a claim?

The State Treasurer's Office has established an online claim portal for the submission of claims. The online portal can be accessed here:

<https://md529claimportal.powerappsportals.us/Maryland-Prepaid-College-Trust-Claim-Form>

Please note that the online portal does not allow for the saving of draft claims. All information must be entered in one sitting. Please see question 7 below for a description of required information.

Claims may also be submitted by mailing a written notice of claim to:

MPCT Claims
c/o Maryland State Treasurer's Office
Goldstein Treasury Building
80 Calvert Street, Room 411
Annapolis, Maryland 21401

A written notice of claim must include the same information required by the online portal and referenced in question 7 below.

5. Can I file one claim for multiple accounts?

No. Each claim must relate to only one account. For example, if an account holder has three accounts, the account holder should file three separate claims, regardless of whether the accounts relate to the same beneficiary or not.

6. What is the deadline to file a claim?

In accordance with the Claims Statute, claims related to the updated terms included in the MPCT Disclosure Statement that went into effect on November 1, 2021, must be filed no later than December 31, 2023.

7. What information needs to be included in a claim?

In accordance with the Claims Statute and the Claim Procedures, a proper claim shall:

- (1) Contain a concise statement of facts that sets forth the nature of the Claim;
- (2) State the name, address, telephone number and email address, if any, of the Claimant;
- (3) State the Prepaid Contract account number to which the Claim relates;
- (4) Contain a demand for money damages;
- (5) State the name, address, telephone number and email address of the legal representative for the Claimant, if any;
- (6) Relate to a Prepaid Contract that was open and existing on or after November 1, 2021; and
- (7) Be signed by the Claimant, or a legal representative on behalf of the Claimant.

8. How much money will I receive for my claim?

For claims related to a full refund or rollover processed between November 1, 2021 and the implementation of the Treasurer's Earnings Rate Decision ("Earnings Claims"), account holders will be entitled to the difference between the amount that was paid out at the time of refund or rollover and the amount that would have been paid out had the Treasurer's 6% retroactive earnings rate decision been effective as of November 1, 2021.

Per the Claims Statute, any claim by an account holder or a qualified beneficiary arising from the administration of the trust shall be made solely against the assets of the trust. As such, for all other claims, as fiduciary of MPCT, the State Treasurer will review each claim with consideration to the interests of all MPCT account holders and qualified beneficiaries and any impact on the funding of MPCT before making a determination.

9. How long will it take before I receive my funds?

Earnings Claims will be processed as soon as possible following submission.

For all other claims, the State Treasurer, as fiduciary of MPCT, will review each claim and its impact on all participants and the funding of MPCT before making a determination. In order to determine the impact of these claims, it is necessary to wait until all claims are filed. As such, the processing of all other claims will not begin until after the December 31, 2023 claim filing deadline. At that time, the Treasurer will be able to determine how much can be paid on claims while maintaining the actuarial soundness of MPCT.

The timing of the payment of claims will also depend on the prompt response to requests for additional information from STO. If you file a claim, please check your email regularly for requests for additional information related to your claim. Failure to respond to requests for additional information in a timely manner may result in a denial of your claim.

10. Will I receive updates on the status of my claim?

Claimants will be notified when a claim is received, when an account is verified, if additional information is needed, and when a final determination is made. Pursuant to the Claims Statute, the State Treasurer makes the final determination with respect to MPCT claims.

11. Who do I contact if I have claims related questions?

Claims related questions can be emailed to claimsmd529@treasurer.state.md.us. You can also call 410-316-6367 with claims related questions.

System Update Questions

1. What is the automated recordkeeping system?

The automated recordkeeping system is the program manager's online portal that many account holders are familiar with which provides access to individual account information as well as the ability to perform certain financial transactions including the submission of benefit claims and requests for refunds and rollovers. The automated recordkeeping system can be accessed here: [Login or Register - Maryland 529 \(mdprepaidcollegetrust.com\)](https://mdprepaidcollegetrust.com). An account holder who has not already set up a profile will need to do so under the "Register for Online Access" portion of the linked page.

While access to certain functions had been limited in the past, the automated recordkeeping system has been updated to restore complete access and functionality. By logging into the automated recordkeeping system, account holders can see amounts available to beneficiaries, including accrued earnings.

2. Why is the amount shown in the automated recordkeeping system different than the amount in the manual calculation I received prior to automation?

The account value shown in the automated recordkeeping system will differ from the account value provided in a manual calculation because those calculations reflected account snapshots as of June 15, 2023. If an account holder made contributions or took distributions since June 15th, those transactions were not reflected in the manual calculation but are reflected in the account value shown in the automated recordkeeping system. In addition, account values shown in the automated recordkeeping system reflect earnings that are posted to accounts on the 15th of each month.

3. Are manual calculations still being provided?

No. There is no need for manual calculations as the automated recordkeeping system has been updated to provide account values in accordance with the terms set forth in the MPCT Disclosure Statement and to reflect Treasurer Davis' earnings rate decision. Account holders now have immediate access to view amounts available to beneficiaries for tuition, rollovers, and refunds by logging into the automated recordkeeping system.

4. I requested a rollover or refund through the manual process. Will my request be honored?

All manual refunds and rollovers were processed by September 15, 2023. If a manual refund or rollover was not completed by that date, the refund or rollover request must be submitted through the automated recordkeeping system.

5. Who should I contact if I encounter issues with my account in the automated recordkeeping system?

For assistance with your account, please call 888-4MD-GRAD (463-4723), option 2, or e-mail mpctquestions@mdprepaidcollegetrust.com.

6. Who should I contact if I have questions about the transaction history reflected in my account value?

Based on substantial testing of the automated recordkeeping system, the State Treasurer's Office has every confidence that the transaction history is correct and the calculated account value is correct. If you have questions or concerns about your account value or the data used in the calculation, you may contact mpctquestions@mdprepaidcollegetrust.com or call 888-4MD-GRAD (463-4723), option 2.

7. What is the account value in the automated recordkeeping system based upon?

The calculation methodology in the automated recordkeeping system is consistent with the contract terms set forth in the MPCT Disclosure Statement. Prior to opening access to the updated automated recordkeeping system to account holders, the State Treasurer's Office ensured that substantial testing was completed to confirm the accuracy of account values in the automated recordkeeping system and to ensure that moving forward account values are calculated properly

in accordance with the terms set forth in the Disclosure Statement and in accordance with the Treasurer's earnings rate decision.

8. Why is my Minimum Benefit value not displaying on the FAFSA page?

In the process of testing the accuracy of the automated recordkeeping system, it came to the State Treasurer's Office's attention that there were a small number of accounts that had legacy data issues. To ensure accurate account values are being provided to every account holder, a flag has been placed on these accounts so that these legacy data issues can be resolved.

The flags have been applied to protect the integrity of the system update and to enable the system update to go forward for the overwhelming majority of accounts that have been cleared of legacy data issues. We understand the inconvenience that this creates for the small number of affected account holders and are working with the MPCT Program Manager to resolve these issues as quickly as possible.

11. If I previously requested and received a tuition benefit claim, refund, or rollover during the time that earnings were inaccessible, can I now access those earnings?

Yes. The automated recordkeeping system now calculates available funds based upon the Treasurer's earnings rate decision. If, at the time your benefit claim, refund, or rollover was processed, you would have been eligible for a different value based on the Treasurer's earnings rate decision, your account will be adjusted to ensure you receive the benefits that you are entitled to based on the plan purchased and the MPCT Disclosure Statement.

Account holders who paid tuition via a full refund or rollover prior to updating of the automated recordkeeping system must submit a claim to receive their earnings. Please see the updated claims section in this document for more information.

12. How can I reach a person to get responses to questions about my account?

We understand that account holders may need or want to talk to someone with questions about their account. With almost 33,000 account holders, we anticipate that there may be unavoidable delays. We will continue to work to answer account holder questions as quickly as possible and to improve your customer service experience.

For assistance with your account, please call 888-4MD-GRAD (463-4723), option 2, or e-mail mpctquestions@mdprepaidcollegetrust.com. Please note that you may select the call back option as an alternative to waiting for a representative.

Earnings Rate Questions

1. What types of contributions are eligible to receive the 6% retroactive earnings rate?

Contributions made prior to November 1, 2021 in accounts that were open and active in the automated recordkeeping system on November 1, 2021, are eligible for application of the retroactive earnings rate as set forth in the Treasurer's Decision Memorandum dated July 10, 2023 and the MPCT Disclosure Statement. For accounts that received a refund or rollover of their full account value on or after November 1, 2021, a claim will need to be submitted by account holders to receive the retroactive earnings applicable to the amount refunded or transferred to another qualified tuition program. Please see the updated claims section in this document for more information.

2. What is my earnings rate for contributions prior to November 1, 2021?

The earnings rate for contributions made prior to November 1, 2021 is 6%, compounded monthly, applied retroactively to the date of contribution and effective until the earlier of: (1) the date all earnings are set to zero as discussed in the Treasurer's Decision Memorandum dated July 10, 2023, (2) the date benefits are withdrawn, or (3) the date of contract termination.

3. What is my earnings rate for contributions made after November 1, 2021?

Contributions made on or after November 1, 2021, will accrue regular interest each year at an annual rate equal to the 10-year Treasury note rate, compounded monthly until the earlier of: (1) the date all earnings are set to zero as discussed in the Treasurer's Decision Memorandum dated July 10, 2023, (2) the date benefits are withdrawn, or (3) the date of contract termination. The Treasury note yield applicable to contributions will be updated annually each June 30 and that yield will apply from July 1st of that year until June 30th of the following year. The yield for the 10-year Treasury note will be sourced from the Board of Governors of the Federal Reserve System (US), 10-Year Treasury Constant Maturity Rate (DGS10), as retrieved from FRED, Federal Reserve Bank of St. Louis (<https://fred.stlouisfed.org/series/DGS10>). This is unchanged from the existing rate on these contributions.

4. Will my account continue to accrue earnings forever at 6%?

No. Contributions to the MCPT will no longer accrue earnings beginning on a date no later than July 1, 2024 as set forth in the Treasurer's Decision Memorandum dated July 10, 2023 and the MPCT Disclosure Statement. However, the earnings accrued up until that date will remain a part of the account balance until disbursed. At least 60 days prior to the date the earnings rate is set to zero, account holders will be notified of the effective date of that change. Account holders who do not wish to be bound by these new contract terms may request a rollover to another qualified state tuition program or a refund.

5. Why won't MPCT continue to pay out earnings at 6%?

There are three primary reasons why contributions will no longer accrue earnings on or after July 1, 2024. First, to ensure that the 6% retroactive earnings rate is affordable, future benefits needed to be reduced. Second, the apparent original intent of the Maryland General Assembly in creating MPCT was to serve as a defined benefit plan, not an investment plan. Third, the change will align MPCT benefits with almost all the prepaid tuition plans offered by other states. The

State Treasurer's goal is that, moving forward, the benefit that MPCT pays out will be the defined benefit of prepaid tuition rather than a benefit that is driven by earnings on contributions.

6. Will I lose the earnings that my account accrues prior to the change to zero earnings?

No. While earnings will not continue to accrue, the earnings accrued to the date of the change will not disappear and will be included when calculating an account's value even after the change to zero earnings.

7. Is MPCT closing once the earnings rate switches to zero in 2024?

MPCT is closed to new enrollments and, at a date on or before July 1, 2024, will stop paying earnings on balances. Despite this change, MPCT will remain open and active for account holders and will function as a traditional defined benefit plan. Account holders who want to have future tuition costs covered will continue to receive the tuition benefits available to them under their contracts.

8. Why was the post automation account value different than the balance on the 2021 statement that I received?

There are several reasons why the calculated figure may be different. For example:

- More than 18 months passed between distribution of the 2021 year-end statements and automation; updated account values reflected contributions, distributions and additional earnings during that time period;
- Updated account values were the result of the implementation of a ledger system applying earnings on contributions and distributions from accounts as they occurred; and
- In the methodology used to determine the 2021 year-end account values, all earnings stopped accruing once a beneficiary reached their Projected Enrollment Year. The implementation of the ledger system allows earnings to continue to accrue until all amounts in the account have been exhausted.

9. I am an account holder and will not need tuition benefits for a few more years – what does this decision mean for me?

The Treasurer, in making the July 10, 2023 decision, focused on equity for all plan participants, affordability, and sustainability for the Trust. The July 10, 2023 decision helps to ensure that benefits will be available in the future. Account holders can have confidence that the program will do what it was intended to do – provide future tuition benefits.

10. Does STO have a timeline for when account holders will get access to the new earnings?

As of August 21, 2023, access to earnings is available through the automated recordkeeping system which can be accessed here: [Login or Register - Maryland 529 \(mdprepaidcollegetrust.com\)](#). An account holder who has not already set up a profile will need to do so under the “Register for Online Access” portion of the linked page.

If a benefit claim, refund, or rollover was processed and received prior to system automation on August 21, 2023, and you would have been eligible for a different value based on the Treasurer’s earnings rate decision, your account will be adjusted to ensure you receive the benefits that you are entitled to based on the plan purchased and the MPCT Disclosure Statement.

11. I am having a hard time reaching a live person to discuss the situation. What number should I be calling?

Inquiries regarding specific accounts should continue to be directed to existing Maryland 529 contacts, which can be found at <https://maryland529.com/About-Us/Contact-Us>.

Payment Questions

1. How do I pay my tuition bill?

Now that the automated recordkeeping system has been updated, tuition payments, refunds, and rollovers can all be processed online through the program manager’s online portal. Account holders have access to their full balance online, including accrued earnings.

2. Can account holders on the payment plan stop payments without a penalty?

Recent policy changes and the update of the automated recordkeeping system do not change the obligations of account holders under their respective contracts, including the obligation to make required payments.

As set forth in the MPCT Disclosure Statement, an account holder can terminate their contract and receive a refund in an amount determined pursuant to the terms of the contract. Please note that there are tax consequences associated with a decision to terminate your account. An account holder should consult with a tax professional regarding such consequences and review *Key Federal Tax Issues* and *Key State Tax Issues* on pages 20 and 22, respectively, of the MPCT Disclosure Statement.

3. How can I access the letter that Treasurer Davis offered to make available for families with beneficiaries attending out of state schools?

To request the letter, please contact Intuition, the MPCT Program Manager, either by phone (888.4MD.GRAD (463.4723), Option 2) or e-mail (mpctquestions@mdprepaidcollegetrust.com). Once account verification is complete, the letter will be e-mailed to the account holder.

The letter indicates that the State is resolving issues with MPCT and may need additional time beyond the date when fall tuition payments are due to provide funds to account holders with out of state beneficiaries. While this letter is intended to explain the issues associated with MPCT, it also makes clear that payments from MPCT may only constitute a portion of the amount owed to the out of state institution. The letter is intended to convey that only funding invested in MPCT is affected by any potential processing delays.

Portal Questions

- 1. Now that the automated recordkeeping system has been updated, will account holders be able to access more than the Weighted Average Tuition (WAT) amount per semester to pay qualified higher education expenses?**

Yes. Account holders are now able to access their full Minimum Benefit online through their account on the automated recordkeeping system.

- 2. How can I access or enroll in the automated recordkeeping system so I can see my updated account value?**

The automated recordkeeping system can be accessed here: [Login or Register - Maryland 529 \(mdprepaidcollegetrust.com\)](https://maryland529.com/Account-Holders/Maryland-Prepaid-College-Trust/MPCT-Forms). An account holder who has not already set up a profile will need to do so under the “Register for Online Access” portion of the linked webpage.

Refund and Rollover Questions

- 1. How do I request a refund or a rollover?**

Refunds and rollovers can be processed directly through the automated recordkeeping system. Please visit: <https://maryland529.com/Account-Holders/Maryland-Prepaid-College-Trust/MPCT-Forms> to download the appropriate form.

To request a refund or rollover to another Qualified Tuition Program, please download and complete the Refund Request Form under the heading “Request a Refund for your Account”.

Completed forms can be uploaded via the automated recordkeeping system which can be accessed here: [Login or Register - Maryland 529 \(mdprepaidcollegetrust.com\)](https://maryland529.com/Account-Holders/Maryland-Prepaid-College-Trust/MPCT-Forms).

Please note that rollover distributions are permitted from MPCT to another qualified state tuition program subject to limitations imposed by the IRS. In particular, there is a restriction that permits only one rollover per beneficiary per 12-month period, as explained in the MPCT Disclosure Statement (see Article VI Rollovers and Refunds).

- 2. I received a rollover or refund of my full account value after November 1, 2021. What should I do to receive the difference in what I received versus what I would have received using the calculation set forth in the Treasurer’s Decision?**

For accounts that received a refund or rollover of their full account value on or after November 1, 2021, a claim will need to be submitted to receive the retroactive earnings applicable to the amount refunded or transferred to another qualified tuition program. Please see the updated claims section in this document for more information.

3. Can I rollover my account under MPCT to an account under the Maryland College Investment Plan or another qualified state tuition program?

Yes, a rollover distribution is permitted from MPCT to the MCIP or another qualified state tuition program, subject to limitations imposed by the IRS. In particular, there is a restriction that permits only one rollover per beneficiary per 12-month period, as explained in the MPCT Disclosure Statement (see Article VI Rollovers and Refunds). Based on current IRS regulations, a rollover, however, will not be treated as a taxable distribution if either of the two scenarios below is satisfied.

- The beneficiary of the MPCT account and the MCIP account is the same, provided that only one tax-free rollover from a MPCT account to a MCIP account (or to any other 529 account) may occur in a 12-month period for the same beneficiary.
- The MCIP account beneficiary is a member of the family of the MPCT account beneficiary. Because the beneficiaries are different, the 12-month rule does not apply. However, gift taxes or generation-skipping transfer taxes may apply with respect to a rollover to a MCIP account with a different beneficiary unless the beneficiary is in the same or higher generation, so you should consult with a tax advisor when considering such a rollover.

4. Can I combine multiple MPCT accounts for the same beneficiary before completing a rollover?

From a federal law perspective, the accounts cannot be “merged.” Instead, the transfer of funds from one account to another is considered a rollover. In the following example, the same beneficiary has three MPCT accounts:

- Account 1 (Account Holder – Mom);
- Account 2 (Account Holder – Dad); and
- Account 3 (Account Holder – Dad).

In this situation, the rollover from Account 1 to Account 3 and the rollover from Account 2 to Account 3 would be considered two rollovers for one beneficiary. As such, if it occurs within a single 12-month period, one of the rollovers would be considered a taxable distribution. The same would be true if Account 1 and Account 2 were both rolled over to a MCIP account for that same beneficiary in a single 12-month period.

When considering a rollover, please be advised that [Chapter 113](#), the recently enacted reform legislation, requires an account holder to rollover funds as a condition of accepting a settlement.