

# Maryland529

*formerly College Savings Plans of Maryland*



**Maryland Prepaid College Trust**  
**Maryland College Investment Plan**

**Maryland529.com**

**888.4MD.GRAD (463.4723)**

# Why Save for College?

An example of how borrowing \$25,000, instead of investing, can double the out-of-pocket cost of college:

<b>INVEST in a 529 Plan</b>	<b>OR</b>	<b>PAY Student Loan Debt</b>
<p><b>About \$106 per month</b> for 15 years – assuming a 6% annual return but not representative of any particular investment.</p>		<p><b>About \$320 per month</b> for 10 years, with payments starting after accruing interest during four years of college and assuming an 8% annual interest rate, which was used to depict a blend of various interest rates representing various loan types.</p>
<p>This means investing approximately \$19,000 over time to potentially build a \$25,000 investment for college.</p>		<p>This means total loan payments of approximately \$38,000 to repay \$25,000 of student loan debt.</p>

This example was developed by T. Rowe Price and does not consider any investment or loan origination fees. Amounts are adjusted to today's dollars and assume an inflation/discount rate of 3% annualized.

**Question:** Does the State of Maryland offer families a tax-deferred savings option for college?

# ANSWER: YES.

Maryland 529 is an independent, non-profit Maryland State Agency that offers two Section 529 college savings plans to help families prepare for the future cost of college and reduce future debt.

## Maryland529

### PREPAID COLLEGE TRUST

Allows you to lock-in tomorrow's college tuition based on today's prices and helps to hedge against future tuition increases

## Maryland529

### COLLEGE INVESTMENT PLAN

Managed by T. Rowe Price, offers investors a variety of investment options

**BOTH  
PLANS**



- ➔ Any investment growth is tax-deferred at the State and federal level
- ➔ When funds are used for eligible college expenses, earnings are
  - Maryland tax-free
  - Federally tax-free

**Question:** Are there any additional tax benefits?

**ANSWER:** Yes. There are unique tax benefits.

### Prepaid College Trust

- Deduct up to \$2,500 from your Maryland adjusted gross income *per account* each year.
- Payments in excess of \$2,500 per account can be carried forward and deducted in future years until the full amount has been deducted.

### College Investment Plan

- Deduct up to \$2,500 from your Maryland adjusted gross income *per beneficiary* each year.
- Contributions in excess of \$2,500 per beneficiary can be carried forward and deducted for up to the next 10 years.



## 2 AVAILABLE PLANS:

- Maryland College Investment Plan (MCIP)
- Maryland Prepaid College Trust (MPCT)

#### Who may be eligible for income deductions?

Each family member who opens a new account **OR** contributes to an existing account. 

Contribute to both plans to increase your income deductions. 

Deduct up to \$2,500 for each beneficiary in each MCIP plan and/or each MPCT contract. Deductions apply to Maryland taxable income for your contributions in that tax year. 



PLANS	ACCOUNT HOLDER	ACCOUNT CONTRIBUTORS	
MCIP	\$2,500	\$2,500	\$2,500
MPCT	\$2,500	\$2,500	\$2,500
<b>DEDUCTIONS</b>	<b>\$5,000</b>	<b>\$5,000</b>	<b>\$5,000</b>

**\$10,000** combined annual income deduction. 

**Account Holders and Contributors are eligible for the Maryland income deduction on contributions he or she makes.**

**Question:** Are there age or residency restrictions? Can I enroll at any time?

ANSWER: Age, residency, and enrollment period vary by Plan.

	<b>Maryland Prepaid College Trust</b>	<b>Maryland College Investment Plan</b>
<b>Age</b>	Open to 12th graders or younger, including newborns	Invest for children or adults – no age restrictions
<b>Residency</b>	Either the account holder or child must reside in Maryland or DC at the time of enrollment	No Maryland or DC residency requirements
<b>Enrollment Period</b>	<b>2017-2018 Enrollment Period:</b> <i>December 1, 2017 - April 17, 2018</i>	Enrollment open year-round



**You may choose either plan – or both!**

**Question:** Maryland is in the name. Can the Plans only be used at Maryland colleges?

# ANSWER: Plans can be used Nationwide!

## MCIP

### Eligible Educational Institutions:

- 4-year Colleges and Universities
  - In-State
  - Out-of-State
- 2-year Community Colleges
- Trade and Technical Schools who have a Federal School Code and
- Expenses for tuition in connection with enrollment or attendance at K-12 public, private, or religious school.

### Covered Expenses:

- Any qualified education expense outlined by **IRS Publication 970**
- Generally includes tuition, fees, books and supplies
- Certain room and board, provided the student is enrolled at least half-time

## MPCT

### Eligible Educational Institutions:

- 4-year Colleges and Universities
  - In-State
  - Out-of-State
- 2-year Community Colleges
- Does not include trade/technical schools

### Covered Expenses:

- Tuition and Mandatory Fees or Minimum Benefit at a Maryland public college
- Up to the Weighted Average Tuition or Minimum Benefit at private or out-of state colleges
- Room, Board, and Books eligible when the beneficiary receives a scholarship

## Eligible Educational Institution

Any college, university, vocational school, or other postsecondary educational institution eligible to participate in a student aid program administered by the U.S. Department of Education. It includes virtually all accredited public, nonprofit, and proprietary (privately owned profit-making) postsecondary institutions. For more information, visit:

[https://fafsa.ed.gov/FAFSA/app/schoolSearch?locale=en\\_EN](https://fafsa.ed.gov/FAFSA/app/schoolSearch?locale=en_EN)

Please review the Plan Disclosure statements for detailed information.

## Maryland Prepaid College Trust (MPCT)

MPCT benefits generally pay for Tuition and mandatory fees for the tuition plan that you purchased, provided the Beneficiary enrolls in college as a full-time student; at least 3 years have passed since enrollment; and all payments have been satisfied:

-  If your Beneficiary attends a **Maryland public college**, the MPCT will pay the full in-state or in-county Tuition at that college **OR** your Minimum Benefit, whichever is greater.
-  If your Beneficiary attends an eligible **private or out-of-state college**, the MPCT will pay Tuition up to the Weighted Average Tuition **OR** your Minimum Benefit, whichever is greater. You would then have to make up any difference.

**The Prepaid College Trust is backed by a  
Maryland Legislative Guarantee**

**Question:** I don't have a lot extra money in my budget. Does it cost a lot to get started?

# ANSWER: There are affordable options.

	Prepaid College Trust	College Investment Plan
Affordability	<p>Choose a variety of payment and tuition options</p> <p>Plan offerings:</p> <ul style="list-style-type: none"><li>▪ 1 semester up to 4 years of university</li><li>▪ 1 or 2 years of community college</li><li>▪ Combination of both</li></ul> <p>Payment options include monthly, annually or extended</p>	<p>Minimum investment:</p> <ul style="list-style-type: none"><li>▪ \$250 by check; or</li><li>▪ \$25 a month</li></ul>
Flexibility	<ul style="list-style-type: none"><li>✓ Change tuition/payment option nearly at any time</li><li>✓ Purchase additional semesters or years at nearly any time</li></ul>	<ul style="list-style-type: none"><li>✓ Choose from a variety of investment options</li><li>✓ Make contributions systematically<ul style="list-style-type: none"><li>• Bank Account</li><li>• Payroll</li></ul></li><li>✓ Add additional contributions for birthdays, holidays, etc.</li><li>✓ <b>GoTuition<sup>SM</sup></b> gifting portal, a convenient way for friends and family to give online gifts.</li></ul>

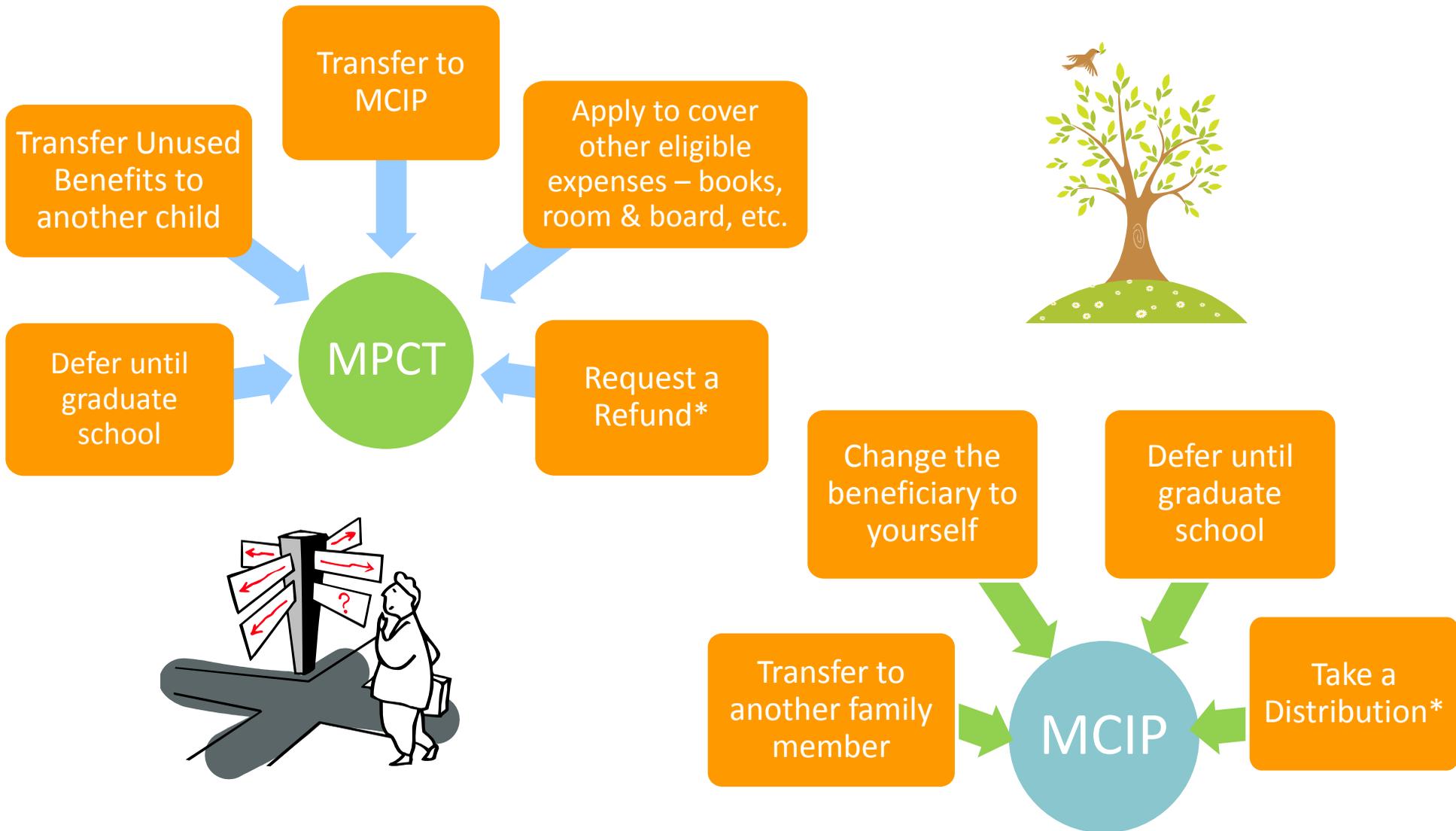


## Flexibility



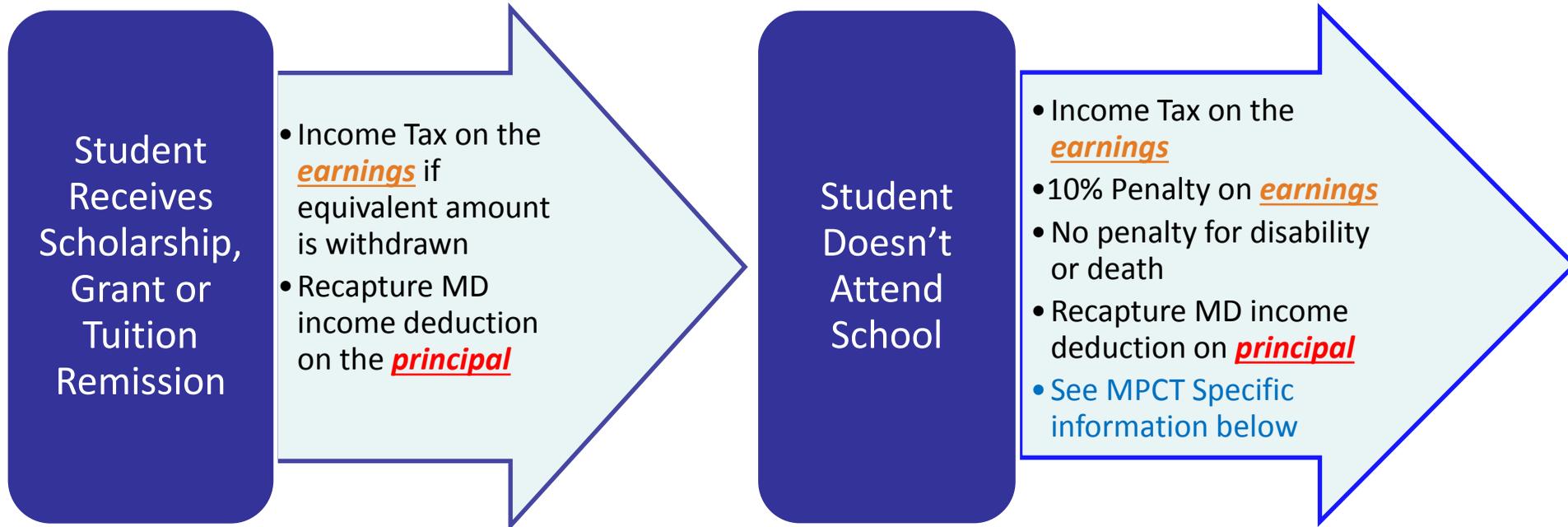
**Question:** Would I lose my savings if my student doesn't go to college or gets a scholarship?

# ANSWER: You have options.



\*There may be negative federal and/or state tax effects. Please consult with your tax advisor before taking a distribution or receiving a refund in these cases.

**Question:** If I elect to take a refund or withdraw money for non-qualified expenses, will there be tax consequences?



## MPCT Specific

If the child does not receive a scholarship, grant or tuition remission and does not have a qualified exception (death or disability), the account holder may choose to receive a Reduced Refund as follows:

Your actual payments, less any administrative fees and benefits used, plus or minus:

- 50% of the earnings/losses on those payments if enrolled < 3 years
- 90% of the earnings/losses on those payments if enrolled ≥ 3 years

**Question:** Are there additional details about each plan I should know?

# Intro to College Savings

**Maryland529**  
formerly College Savings Plans of Maryland

**Maryland529**

PREPAID COLLEGE TRUST

# 2017-2018 Maryland 4-Year Public College Costs

<b>St. Mary's College of Maryland</b>	<b>\$14,496</b>
<b>University of Maryland, Baltimore County</b>	<b>\$11,518</b>
<b>University of Maryland, College Park</b>	<b>\$10,399</b>
<b><i>Weighted Average Tuition*</i></b>	<b><i>\$10,033</i></b>
<b>Towson University</b>	<b>\$9,694</b>
<b>Salisbury University</b>	<b>\$9,582</b>
<b>Frostburg State University</b>	<b>\$8,914</b>
<b>University of Baltimore</b>	<b>\$8,824</b>
<b>Bowie State University</b>	<b>\$8,064</b>
<b>University of Maryland Eastern Shore</b>	<b>\$8,042</b>
<b>Morgan State University</b>	<b>\$7,767</b>
<b>Coppin State University</b>	<b>\$7,474</b>

*\*Tuition benefits are paid per semester – A beneficiary attending a private or out-of-state college for the 2017 – 2018 Academic Year receives up to \$5,016.50 per semester – or the Minimum Benefit - whichever is greater.*

# Tuition Plan Options

University Plan	Community College Plan	Two Plus Two Plan
1 semester or 1, 2, 3, or 4 years at a 4-year college	1 or 2 years at a Community College	2 years at a Community College and 2 years at a 4-year college

-  Existing account holders can add additional semesters or years outside of the enrollment period at current prices
-  Other family members can purchase years or semesters too!

# Payment Options

Lump Sum	Annual Payment	5-Year Monthly Payment	Extended Monthly Payment	Down Payment
One-time payment for the full amount of the tuition plan selected	Equal yearly payments	60 equal monthly payments	Equal monthly payments through December of the year before the Beneficiary's projected year of high school graduation or year of Initial Eligibility	25%, 40% or 55% of the lump sum price with the remaining amount to be paid monthly or annually

**Maryland529**

COLLEGE INVESTMENT PLAN

The Maryland College Investment Plan is managed by T. Rowe Price.

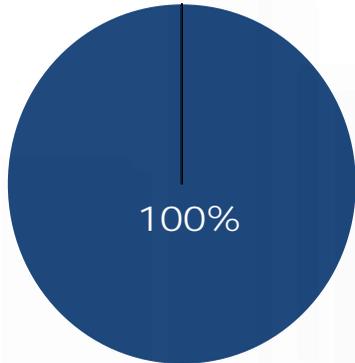
-  The College Investment Plan offers various investment options:
-  **Enrollment-Based Portfolios** – managed to become more conservative as the child ages
  -  **Fixed Portfolios** – asset allocations are generally constant
  -  You can use a mix of both

**“Silver” Rating from Morningstar Inc. for the Maryland College Investment Plan <sup>1</sup>**

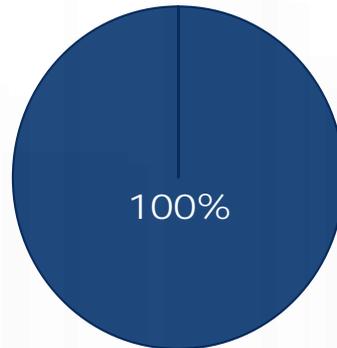


# Enrollment-Based Portfolios

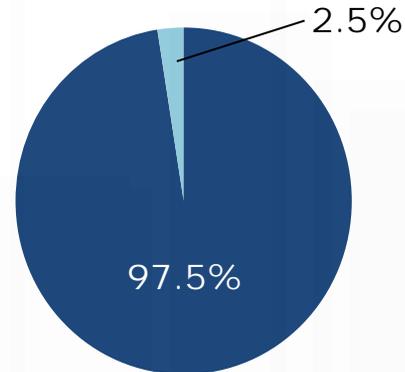
Portfolio 2036



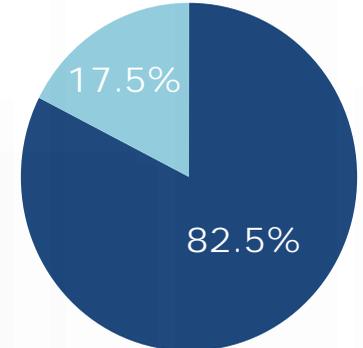
Portfolio 2033



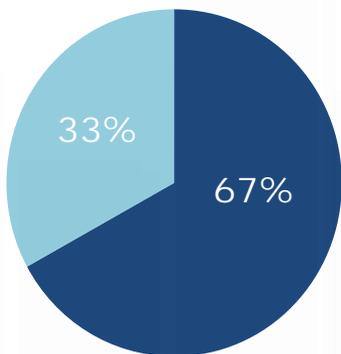
Portfolio 2030



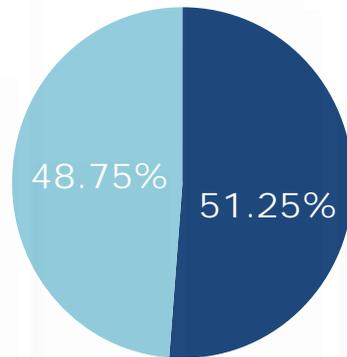
Portfolio 2027



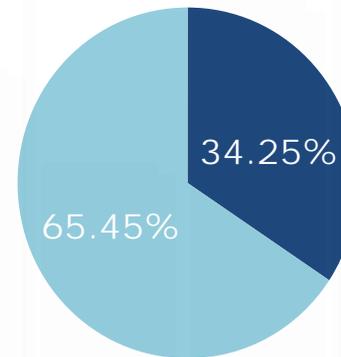
Portfolio 2024



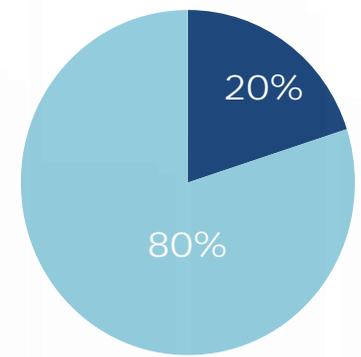
Portfolio 2021



Portfolio 2018



Portfolio for College



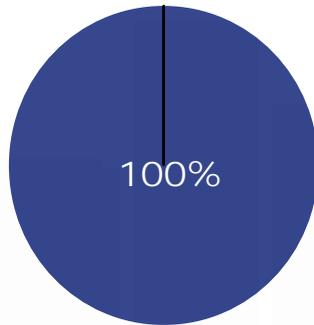
Key

STOCKS

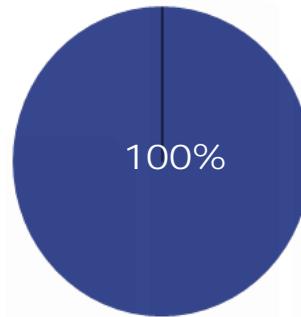
BONDS

# Fixed Portfolios

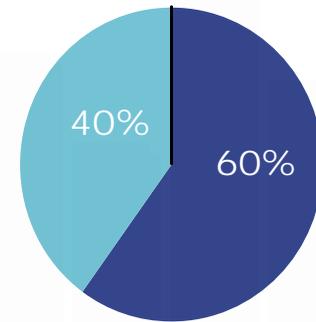
Equity Portfolio



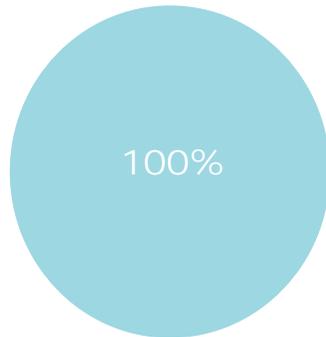
Global Equity Market Index Portfolio



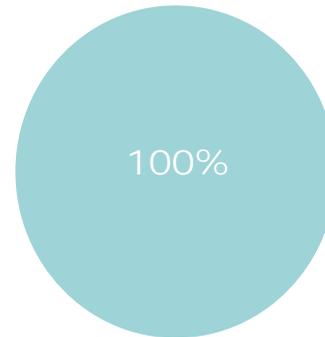
Balanced Portfolio



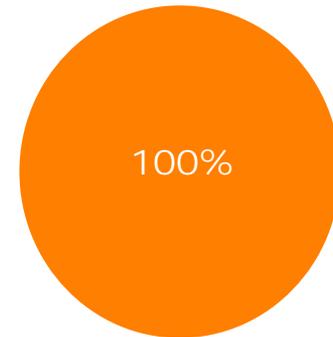
Bond and Income Portfolio



Inflation Focused Bond Portfolio



U.S. Treasury Money Market Portfolio



**STOCKS**

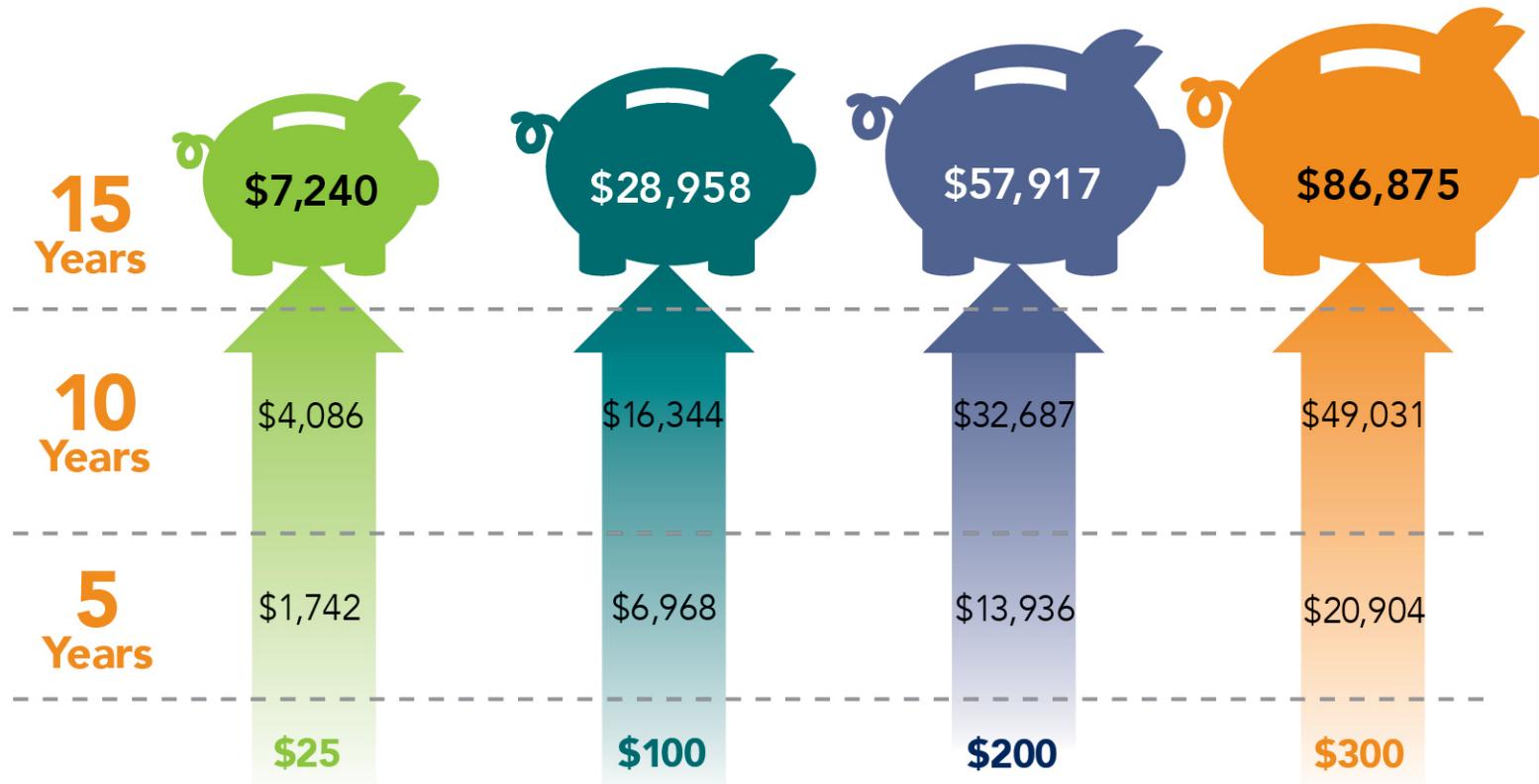
**BONDS**

**MONEY MARKET**

- ➔ Choose any portfolio you want OR Choose more than 1 portfolio (diversify)
- ➔ You can move funds from one portfolio to another twice per calendar year
- ➔ You can select a new portfolio for each new contribution
- ➔ You may invest in a mix of Enrollment-Based and Fixed Portfolios

# Power of tax deferred growth potential

See how your savings could add up over time with earnings potential. The more you save, the less your family will rely on student loans when it comes time to go to college.



## Monthly Contribution

*Assumes a 6% hypothetical rate of return compounded monthly and a 0.05% annual administrative fee. This chart is for illustrative purposes and does not represent the return of any specific investment option. Investment returns in a college savings plan will vary and may be higher or lower than in this example.*

**Question:** What is the State Contribution Program and do I qualify?

The State Contribution Program is designed to help lower to middle-income families in Maryland save money for higher education.

- ❑ Individuals who open or have opened a new Maryland College Investment Plan after December 31, 2016, submit an application between January 1 and June 1, 2018, and make at least the minimum contribution\* to the account, may receive a \$250 contribution by the State.

## Maryland Taxable Income

Individual	Joint	Minimum Contribution*
\$49,999 or less	\$74,999 or less	\$25
\$50,000 - \$87,499	\$75,000 - \$124,499	\$100
\$87,500 - \$112,500	\$125,000 - \$175,000	\$250

- ❑ The beneficiary must be a Maryland resident.
- ❑ Must make minimum contribution between July 1 and November 1, 2018.
- ❑ State Contribution recipients cannot take an Income Tax Deduction.

**Question:** What if friends/family want to contribute to my Plan, but don't want to open their own account?

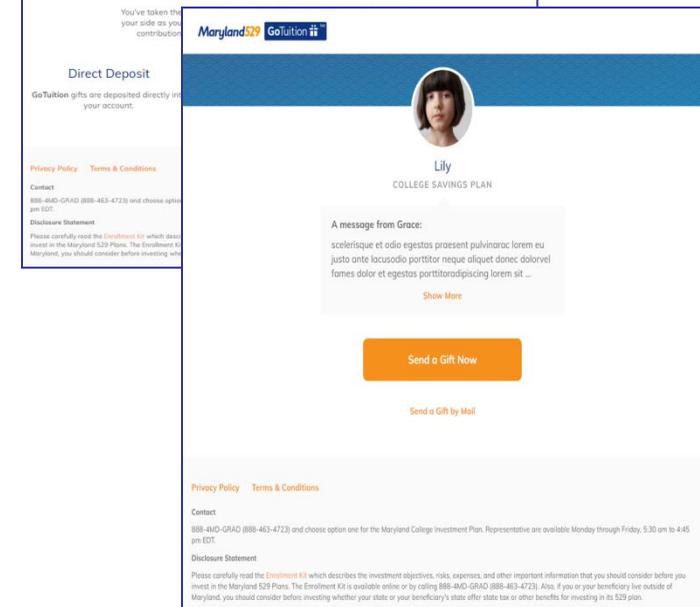
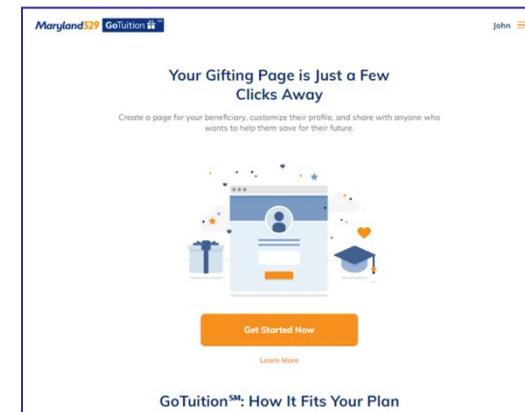


When you open a Maryland College Investment Plan account you have the added benefit of enrolling in the **GoTuition<sup>SM</sup>** gifting portal. It's a convenient way for friends and family to give online gifts to your child's college savings plan.

With the **GoTuition<sup>SM</sup>** gifting portal you can:

- Create a customized profile page with a personalized welcome message and photo.
- Send a private custom link to family and friends through email and social channels or print links on invitations or announcements.
- Maintain your page and track gifting assets through the dashboard.

[maryland529.com/GoTuition](https://maryland529.com/GoTuition)



[maryland529.com/GoTuition](http://maryland529.com/GoTuition)

## The Importance of Giving

With the cost of education on the rise the ability for parents to meet their college savings goals can seem out of reach. But you don't have to go it alone. Adding gifting as part of your college savings strategy can help you reach those goals. Even small gifts today can grow into something big tomorrow.

### How Your Gift Can Grow\*



\* Chart assumes a hypothetical 6% rate of return compounded monthly and a 0.05% annual program management fee. This chart is for illustrative purposes only and does not represent the return of any specific investment option. Investment returns in the Maryland College Investment Plan will vary and may be higher or lower than this example.

**Question:** Who oversees Maryland 529?

## **Six members serve by virtue of the public office they hold:**

-  Nancy K. Kopp – State Treasurer
-  Peter Franchot – State Comptroller
-  Carol Beatty – Secretary, Maryland Department of Disabilities
-  Robert L. Caret, Ph.D. – Chancellor, University System of Maryland
-  James D. Fielder Jr. – Secretary of Higher Education
-  Karen Salmon, Ph. D. – State Superintendent of Schools

## **Five members are appointed by the Governor:**

-  Carol Coughlin – CEO, BottomLine Growth Strategies, Inc.
-  Rev. Dr. Lisa M. Weah – Civil Engineer
-  Keith D. Persinger - Executive Vice President and Chief Operating Officer, University of Maryland Medical Center
-  Charles Tharp – Financial Advisor
-  Peter Tsirigotis – Co-Chair, Private Investment Funds, Stradley Ronon

**Question:** Are there additional details about the Plans that I need to know?

## Federal Financial Aid

- 👤 Funds in both plans are typically treated as parental assets in determining federal financial aid (FAFSA Form)
  - 💡 [Finaid.org](http://finaid.org)
  - 💡 <http://studentaid.ed.gov/fafsa/estimate>

## Maryland ABLE (Achieving a Better Life Experience) Plan – Now Available

- 👤 Helps individuals with disabilities save money and pay for qualified disability-related expenses without jeopardizing federal means-tested benefits such as SSI or Medicaid.

**Enroll at [www.marylandable.org](http://www.marylandable.org)**

*For more information or questions contact [ABLE@Maryland529.org](mailto:ABLE@Maryland529.org)*

**Question:** How do I enroll?

## Prepaid College Trust

- **Step One:**
  - Select a Tuition Plan
- **Step Two:**
  - Select a Payment Option
- **Step Three:**
  - Complete an enrollment form for each child you want to enroll by the end of the enrollment period

**2017-2018 Enrollment Period:**

***December 1, 2017 – April 17, 2018***

## College Investment Plan

- **Step One:**
  - Choose one or more investment options
- **Step Two:**
  - Choose how much and how often you want to contribute
- **Step Three:**
  - Complete an enrollment form for each child

***Enrollment is open any time.***

**Please read the entire Enrollment Kit before deciding to enroll.**



Maryland Prepaid College Trust  
Maryland College Investment Plan

[Maryland529.com](https://www.Maryland529.com)

888.4MD.GRAD (463.4723)

Follow us: 

*Enrolling in the Maryland 529 Plans is an important decision for you and your family. Please read the entire Enrollment Kit carefully before deciding to enroll. The Maryland College Investment Plan disclosure statement provides investment objectives, risks, expenses and costs, fees, and other information you should consider carefully before investing. 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 529 Plans. The home state may offer state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in such state's 529 plan.*

<sup>1</sup>Morningstar analysts reviewed 62 plans for its 2017 ratings (10/24/17) of which 10 plans received a "Silver" 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.

*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. © 2017 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.*

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

State Contributions are not guaranteed. The State funding for contributions is limited to (i)\$5,000,000 in fiscal year 2018, (ii) \$7,000,000 in fiscal year 2019, and (iii) \$10,000,000 in fiscal year 2020 and each fiscal year thereafter. As with the entire State budget, the Maryland General Assembly has final approval. If resources are insufficient to fully fund all eligible accounts, Maryland 529 shall provide contributions in the order in which applications are received and give priority to applications of Account Holders who did not receive a State Contribution in any prior year. Please note, Account Holder is not eligible for the State income deduction on their taxes for any taxable year in which the Account Holder receives a State contribution. You should check with your tax advisor regarding your specific situation.