As a mom and a Maryland public school educator, the one thing that I have no tolerance for is when I feel children are being taken advantage of. I entrusted the future education of my children, Jackson and Hannah, with the Maryland Prepaid Trust and I believe they have been exploited.

Can you please tell Jackson and Hannah why half of the money in their college account is no longer there?

Can you please tell Jackson and Hannah why a law firm and a PR firm have been hired by the Trust, for what purpose, and with whose money?

Can you please tell Jackson and Hannah if the Trust has been acting in a way that represents a fiduciary responsibility to them as the contract states?

Can you please tell Jackson and Hannah why the Trust never contacted their parents when questions arose regarding the Trust's handling of their money.

Can you please tell Jackson and Hannah that the Trust has a large actuarial surplus and has the ability to quickly rectify this situation, but has been unwilling to do so thus far?

Can you please tell Jackson and Hannah whether this is truly a miscalculation error or whether it's a false narrative that has been used to cover an abject breach of contract, and for whose benefit?

Can you please tell Jackson and Hannah and the children of Maryland that you will not idly watch these violations go unanswered and that you will work towards repairing the immense damage that has been done and restoring to them, what is rightfully theirs. Can you please help the children be able to trust the Trust?

Can you please act with the spirit that a society's destiny rests on how it treats its children.

Please help by considering the following amendments to the proposed bill:

"If the General Assembly would like STO to resolve the dispute between the Maryland 529 Program and account holders, the legislation will need to identify the methodology, process, and funding source for such resolution."

Amendment I:

Methodology:

Earning Rate: As of June 1, 2023, The State Treasurer shall grant and apply account holders a 6% earnings rate compounded monthly on account balances from the date of contribution to the date of the transfer.

Rationale: 6 percent was then "since inception return rate" that existed at the time of the April 2022 earnings freeze. This rate essentially honors the "Termination, Transfer and Refund" article of contracts that called for "100 percent of investment earnings" or losses on contributions from inception. It also corresponds with the 6 percent compounded monthly rate that the Board voted on in 2021 and that was reflected on the December 2021 FAFSA refund values, which were considered binding as of March 1, 2022. Account holders relied on those "refund value" statements to make financial decisions for beneficiaries. Note: Actuaries, 529 staff, Intuition and others all interpreted this 6 percent rate as applying to contributions in an account from inception. This amendment will eliminate the Article IX contract violations that have caused harm to account holders. That provision of the contracts said that the board could not retroactively modify contracts in a manner adverse to beneficiaries, and that any such change required prompt notification so account holders could cancel their contracts.

Who Calculates: Intuition will reinstate the correct earnings calculation for account holders to comply with the contract terms that resulted in the December 2021 statement FAFSA values.
Rationale: The plan can not be migrated to another platform in a financially responsible and timely manner. Intuition is already set up and has the correct calculation formulas as evidenced by their production of the December 2021 FAFSA statements and are in the business of administering prepaid plan contracts.

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Amendment II:

Claims Process:

Can be filed by account holder or beneficiary (over the age of 18) using any of the following options (options can be done as separate claims if more than one type is needed):

Types of Claims:

- **Accept and process Rollover, Refund,Tuition and other Qualified Educational Expenses on priority system as follows:**

1. Beginning July 1, 2023: Priority Group 1: Account holders or beneficiaries that have incurred college expenses from the time of the earning freeze to the present and those that will be attending college in the Fall of 2023

2. Beginning September 1, 2023:Priority Group:2 All other account holders or beneficiaries.

Rationale: Relieves account holders that have not been able to pay past expenses first and allows those that will have fall bills due in August to have access to their funds.Prevents further damages to account holders that are incurring IRS penalties due to trust payments being made in years after expenses were incurred.

- **Establish a Damages Claims Process for those who have incurred expenses who were unable to to access their funds from April 15, 2022 to present**

Rationale: Account holders should be reimbursed for damages as a result of the frozen earnings. Examples of harm can include but are not limited to the following: loans with interest, interest from credit cards, penalty for using retirement accounts, refinancing a house at higher interest, IRS tax and/or state tax penalty, etc. For those that used Weighted Average Tuition after the investment earning's freeze (April 15, 2022), the excess benefits not accessible shall be calculated and refunded to beneficiaries or account holders.

Amendment III:

Funding Source:

1. MD PrePaid College Trust. The 2022 annual report indicated the Trust had $1.2B in assets that included a $355.6M surplus as well as $321M set aside for accrued earnings.

2. The MPCT operating surplus is invested in a Money Market Mutual fund and has been maintained in an account held by Wells Fargo (As of June 30, 2022, the amount invested in this account was $13,321,779).

3. If necessary, the Maryland State rainy day fund ($2.9B) and/or The Maryland State General fund ($2B); as other states have done when their PrePaid Trust Plans became insolvent. Additionally, in the case of liquidity shortcoming by the Trust, the State could provide a loan to the Trust up to the full value of the Trust assets to cover account holder requests (there is precedent to this as the State provided start up loans to the Trust for both the PrePaid and ABLE plans).

Rationale: The funds in the trust belong to the account holders and consist solely of contributions made from the account holders personal funds and the investment earnings made on those contributions. All fund expenses have been borne by the account holders via fees paid per account holder contracts. There is no taxpayer money in this fund, therefore it should be returned to who it belongs to, the account holders themselves for the intended benefit of the education of their children. The rainy day fund should not be needed if the MPCT audits and actuary reports are correct but needs to be available if they are not per the legislative guarantee.

Amendment IV: Add subpoena power so the work group can call on people to provide information.

Amendment V: Provide a mechanism to combine multiple accounts of a beneficiary so it is in one account in order to comply with IRS rule that only one account rollover is permitted per year.

Amendment VI: Extend statute of limitations for contract disputes to 1 year after the work group report is made public.

Amendment VII: Notification will be provided to all account holders regarding 529 transfer to Treasurer be mailed, emailed, and stated on 529 website to notify account holders of the change within 15 days of passage of the Bill.

Amendment VIII: Upon passage of the Bill, close Maryland 529 Prepaid College Trust to new contracts. Rationale is that practically, it will be challenging to implement the transfer to Treasury and process new contracts simultaneously. Also avoids increasing liability for such contracts.

Amendment IX: Start date of work group by June 1, 2023 and end date to September 2023. Work group should include 2 appointed Senators, 2 appointed Delegates, 4 MD 529 account holders who have experienced issues accessing their funds, and the Treasurer.

Amendment X: After December 31, 2023, the Treasurer will establish a rollover option with an additional incentive to be determined based on the surplus funds identified in the actuarial audit.