

Written Testimony re: Senate Bill SB0959:

I purchased a 4-year university plan in December of 2004 for my infant daughter for a lump sum payment of \$34K. At that time the Maryland Prepaid College Trust (MPCT) marketing brochure indicated that 18 years later the cost of four years of tuition would be \$110K. Ten years later, in 2014, I was shocked to see that the actual average cost of four years of tuition was only \$37K. However, the plan allowed a rollover or refund of principle plus or minus 100% of the investment earnings or losses. As it was clear that the tuition prediction was grossly overstated I began to monitor the trust returns in order to calculate the value of my account. Currently my account should be valued at more than \$100K. My December 31, 2021 MPCT statement indicated a value of \$91K. I had 60 days to dispute this value or it would become considered correct and binding. MPCT asserts that my account value is now \$41K.

Mr. Savia likes to insist that the Maryland Prepaid College Trust (MPCT) is a defined benefit plan, not an investment plan. However, the MPCT always has had an investment return component via the rollover or refund option mentioned above. It's also a great investment plan for those who contributed just prior to 11/1/21. Those account holders are guaranteed a 6% earnings rate compounded monthly on their contributions until distribution (potentially 18 - 28 years depending on when their student begins college) regardless of trust investment performance. (Source: Maryland 529's Public Update as of January 6, 2023, Slide 12.) These account holders are being provided with the current trust surplus of \$355.6M that currently exists due to the grossly overestimated future tuition cost predictions and amazing investment earnings on my contribution (and others like me) made 18+ years ago. To shift the overage that the trust has accumulated over the 18 years I have been an account holder to account holders that enrolled many years after me **is not equitable, fair, or reasonable.**

Below is a comparison of how a new family 17 years later, in 2021, that takes the same path of saving for their infant child's future in MPCT as I did will fare compared to mine.

	My Family	New Family
Date Enrolled	12/2004	10/2021
Lump Sum Contribution	\$34K	\$34K
Earnings	<u>\$7K</u>	<u>\$66K</u>
Total Account Value	\$41K	\$100K
Years in Plan	18	18
Plan Surplus When Benefits Used	\$355.6M	Unknown - Year 2039

This clearly demonstrates the shift of the surplus that the trust has accumulated **using my contribution** over the 18 years I have been an account holder to account holders that enrolled many years after me.

We made a financial decision to contribute to the MPCT 18 years ago with the understanding that the state was providing a vehicle to save for an education for our daughter and that they would honor the contract, not pull the rug out from under us in the 11th hour. My daughter needs to commit to a college by May 1st, we have no idea what our budget is and the Maryland 529 staff and Board have no interest in resolving this. Our contract allowing rollovers with 100% of investment earnings that we relied upon for

the past 18 years needs to be honored. We need your help to make that happen immediately, the trust is overfunded by \$355.6M so the money is available to right this wrong.

Vicki Evers