

**Section 18–1906(m)(1)** should be amended to provide strong assurance that the state treasurer WILL “provide for a rebate from the excess to account holders of existing prepaid contracts in an amount to be determined by the [Board] STATE TREASURER” when “after an annual review that the market value of Trust assets exceeds the amount necessary to satisfy all scheduled payments currently due or scheduled to become due under all prepaid contracts by 30% or more.”

The prepaid trust had excess funds during the time we have held prepaid contracts, but the Board never distributed the excess amounts to accountholders. The timely distribution of excess funds would ensure that the contributors of those funds reap the benefits. At a minimum, current and noncontroversial earned interest should be given to all account holders who are currently in the distribution phase of the prepaid plan.

We are longtime accountholders of two Maryland 529 prepaid accounts. We purchased a four-year plan in 2004 and a second four-year plan in 2009 for our two daughters. Since purchasing the plans in lump sums, we had no reason to review the yearly contracts and disclosure statements and had no reason to doubt that the funds were secure and well-managed.

Our older daughter is a freshman at Wake Forest University, and last summer I was able to have the prepaid fund send the weighted average tuition ("WAT") to Wake. Shortly thereafter, I learned that accrued interest and earnings on the WAT was being withheld because of “problems with interest calculations.” Nevertheless, in the fall, I was able to have the Fund send the WAT to Wake for Spring 2023 tuition.

As Maryland residents and prepaid fund account holders, we are horrified that the Fund has for many years been mismanaged, leading to the problems it has today. In the past few months, we have learned how the Fund has had a slew of Executive Directors who have quit after a short time. We have read the 2019 Audit, which details extreme mismanagement, including prior interest rate calculation errors and worse. And we have learned that in 2021, 6% interest was applied to rollover accounts retroactively to the inception of accounts, seemingly at odds with what a prepaid account was intended to be. And now, similar promises of 6% interest on existing accounts is not being honored.

We are also very concerned that account holders are being treated differently, where some people were able to cash in on the wrong, elevated account amounts, while most of us have not been given the minimal interest we were expecting.

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