

March 15, 2023

My name is Cayetano Santos Jr. I am a resident of Montgomery County, MD (District 18) and an account holder with the Maryland Prepaid College Trust (MPCT). Thank you for the opportunity to describe the experience my family and I had with this program.

In 2007, we opened an MPCT account to help pay for our son's college education. We diligently and faithfully contributed into this account from 2007 until our last payment in October 2021. Since our son planned to start college in the Fall of 2022, we contacted MPCT customer support in early 2022 to better understand the value of our account and how we could receive our benefits. In particular, we inquired about the minimum benefit and were told a minimum benefit amount that was consistent with both our December 31, 2021 account statement and the revised minimum benefit definition in the MPCT August 2021 letter to account holders. We also confirmed with the MPCT customer service representative that our minimum benefit could be used to cover other qualified education expenses such as room, board, and books. The information provided by the MPCT to us regarding our account benefits was a critical factor in our decision as to where our son would attend college. I must emphasize that we exercised due diligence by reading the information provided to us in contract updates, letters, and annual statements and then confirming our understanding of this information with customer service representatives of the MPCT.

Our son began attending a MD state university in the Fall of 2022. To date, we've submitted claims for the Fall 2022 and Spring 2023 semesters' tuition, fees, and other expenses. However, the amount of money we've received from MPCT for each semester was not only below the minimum benefit we were promised, but based on the funds we've received to date, is less than the principal we paid into the plan! How can these actions be justifiable from a program guaranteed by the State of Maryland? We are at a financial loss because we have had to unexpectedly pull money from other accounts to pay for our son's education. The MPCT

is supposed to help parents when their children are ready to attend college, not take away their hard-earned money. It is appalling and unconscionable that MPCT is allowed to make families suffer financial hardship, stress and anxiety for their mistakes. At the moment, MD529 currently has excess funds. So to add insult to injury, MPCT has the means to help us but is unwilling to do so. The MPCT is failing our children just when they need the help the most.

In 2022, MPCT claimed that recalculations were needed to correct errors in how earnings are credited to accounts. This is not completely accurate. Recalculations are simply the result of MPCT's reinterpretation of the definitions of minimum benefit and earnings for rollovers. This reinterpretation is effectively a policy change being implemented retroactively on account holder earnings. This policy change has a considerable detrimental impact on beneficiaries and their families since these recalculations result in a significant reduction in minimum benefit and rollover values. For us, our account value dropped by over \$17,000 dollars for a 2-year plan. If the MPCT is allowed to make disbursements based on these lower recalculated account balances, we will not be able to use the full benefits that we relied on. We fulfilled our part of the contract; the MPCT needs to live up to their obligations. Now that our son is in college, we urgently need access to our full benefits that we are owed.

Please have the MPCT live up to their half of the contract, just as we and the many other families have done. The MPCT Disclosure Statement states the following:

Investments in the Maryland Senator Edward J. Kasemeyer Prepaid College Trust are **backed by a Maryland Legislative Guarantee. In the event that the Trust ever experiences a financial shortfall, Maryland law requires the Governor to include funds in the State budget to allow the Trust to pay your full Benefits.** As with the entire State budget, the Maryland General Assembly has final approval.

I respectfully request that the Maryland General Assembly require the State Treasurer to honor the December 2021 annual statement balances provided to account holders, plus all

appropriate interest accrued after December 31, 2021. The funds used to credit these accounts should be taken from the program's surplus of \$355.6 million dollars (as of June 30, 2022). This should be done in time to allow families to receive their full benefits before Fall 2023 tuition payments are due. If the program's surplus funds are insufficient, the Governor should include in the state budget the remaining amount needed to reimburse the account holders and the General Assembly should approve this appropriation.

Thank you.

Cayetano Santos Jr.