

Mark Wozar's Testimony on SB0475

Slide 1

Committee members, good afternoon.

Thank you for allowing me the opportunity to offer my thoughts on the importance of creating a working group to examine why the reported values of the Maryland 529, Maryland Prepaid College Trust, have declined. My sons have collectively lost, depending on formula application and data entries, between \$130,000 and \$340,000 dollars from their funds. In the interest of time, I will table many points outlined in this deck and previously raised until the working group, of which I would like to be a part, completes its work.

What will the working group do? I hope in part it will present a standard way to transparently apply the contract provisions.

Slide 2

I hope its charter is to increase transparency through distribution and application of a formula that melds together all contractual reports, the 2021 financial which is shown in the lower right, to the ad hoc financial statement, shown here but also provided, in the center.

When compared the financial statement to the 2021 statement, the FAFSA reporting balance of \$86,771.29 is a nowhere near the 2023 MPCT balance of \$39,071.19.

How did this occur? I hope the working group will figure it out. I offer to them to look at a few things.

- (1) The number of months involved in the calculation. Notice that on the left side's call-out, the dates in the calculation do not include any starting in December 2008 through July 2017; over 100 months excluded from the calculation.
- (2) Notice that in the call-out to the left interest rates are variable and below 6%. These numbers don't correspond with previously reported numbers going back years nor does it correspond with the MPCT website nor Mr. Savia's remarks.
- (3) It must be noted that the numbers are derived and are not verifiable as shown above. During the briefing MPCT board stated that 750 accountants are working the issue but as shown in email to the upper right they are not responding to call requests. I have messages in with MPCT and Nelson Mullen but have yet to get a substantive response.

Slide 3

Now that data concerns have been voiced. I will turning our attention to contract and its changes as changes will impact how the formula impact how the numbers perform.

First, I will review what's in the contract.

Article VII, item 3, states that 100% of the investment earnings or losses realized at the time Account is transferred

Article IV, states, the Board may not adversely impact fundamental rights of the contract

Slide 4

Article IX states “the Board will not retroactively modify existing Contract provisions in a manner adverse to you”

Slide 5

Per the 2019 Maryland General Assembly Audit, MPCT was fulfilling the contract terms but to person or persons unknown thought those terms were “overcompensating” especially when compared to other states

Slide 6

Mr. Savia stated that previous numbers, except for 4 to 6 month, all previous years were correct, but they under the new calculations were changed or removed.

This could be ratified previous statements were pulled in but they have been removed possibly violating SEC rules.

Slide 7

With a new no lower than 6% interest per Mr. Savia and per the MPCT website for accounts without a distribution, the earnings and loses statement in Article VI, item is replaced on the down side of no lower than 6%, but the uptick remains on monthly increments since inception

Slide 8

Andrew would have over \$200,000 not \$39,000 in his account when all the contractual provisions and months are properly applied.

I hope this committee approves the working group and that I am part of that working group.

Thank you for your time.