

3/14/2023- SB0959 Testimony

Dear members of the Committee, my name is Robert Dyer, and what follows is our story about my daughter Nadia's MD 529 account issues.

When our daughter was a toddler, we paid a lump sum of 25,500 dollars into the pre-paid Maryland 529 Trust. Fast forward to November 2021 when we had to pay for our daughter's out of country school and called the MD 529 prepaid Trust to get the process started. At that time, they said we could not take a distribution until August of 2022. Our December 2021 MD529 statement showed her account had a FASFA value of \$60,101. We paid her first semester out of pocket with the plan of getting reimbursed in August of 2022.

When we called back in August of 2022, we were told that the earnings on the account were frozen and that they would be fixed by the end of September. That deadline was never met, and we were told they were not sure when it would be fixed. Several subsequent deadlines were also missed.

We were becoming very concerned about what was happening with the account and the decision was made to rollover the money to a Franklin Templeton 529 plan. Our thought was we could reimburse ourselves for tuition and housing to cover our 2022 expenses, and avoid tax penalties. When we asked to do the rollover, we were told that we could only rollover the principal because the earnings were still frozen.

The rollover process was a nightmare from start to finish. We started the process in early October. It was supposed to be a three-week process. We told them it was imperative that we get the money as soon as possible so we could get reimbursed before the end of the year. We filled out the paperwork with a MD 529 representative and our financial advisor over the phone. The MD 529 representative told us what to include on the paperwork. We called back three weeks later only to be told the paperwork was incorrect and we had to fill it out again which we did with our financial advisor present and the MD 529 representative telling us what to change. We once again emphasized the importance of getting the money as soon as possible. Now we are in early November and we call back again only to find out they still need additional paperwork. We demand to speak to a supervisor, and are told our case has now been expedited. We contact MD 529 in early December and no progress has been made. Again, we demand a supervisor, and she told us she did not understand why the rollover was taking so long. We are guaranteed a tracking number by the end of the week which did not happen. This process happened 3 times in a row. The check was not cut until December 22, but was not sent out until December 27. The funds could not be accessed until the check cleared which was the first week of January 2023. We spoke to our accountant and were informed that the funds had to be withdrawn in the year that they occurred. Because the check did not clear until January 2023, we were out of luck, and could not get reimbursed for tuition and housing that we had paid for out of pocket. This has caused a financial hardship for our family as we have had to dip into our retirement emergency funds, as well as many sleepless nights, anxiety and increased stress on a daily basis.

We now have less money than what we put into the fund due to an administrative fee of 700 dollars. Even though we did a rollover, we received a confirmation letter from MD 529 full of errors stating that our refund was complete. We never requested a refund, nor did we take a refund. We called to inquire about the confirmation letter and were told that it was a generic letter and that our earnings would be added later (the letter stated earnings were \$0 (zero)). Our fear is that we are not going to see any of the

earnings as our online account now has a status of cancelled. We fear we may have lost \$34,600 because we elected to do a rollover before our manual calculation was done.

We are requesting that for those of us who have already executed a rollover restricted by MD 529 to our principal only that the bill include provisions that we receive the earnings we are entitled to, that we are made whole again, and receive earnings accrued over the past year and beyond when our account earnings being frozen.

We have now come to realize that this was not a calculation error at all, but a breach of contract of article 4 of the disclosure. This is not a computer error or a calculation error that needs to be fixed. MD 529 Leadership and Board members changed how rollovers are paid out by retroactively reversing investment earnings. From 1998-2021, the contract has **always** had a rollover option which includes plus or minus 100% of investment earnings.

We want our rollover to be carried out based on the written contract and disclosure we signed, and based on how rollovers were calculated prior to November 2021. We want our earnings to be restored to the FASFA value on our 12/31/2021 statement plus the earnings accrued in 2022 and 2023.

Governor Moore's motto is "Leave No One Behind". This same motto is now on the Maryland welcome sign. Please don't leave our children behind!

Sincerely,

Robert and Valerie Dyer, District 4