

February 21, 2023

Dear Committee Members:

I have never been one who was good with numbers or math and I have no experience with investing. When a close friend who I consider a pretty smart guy and has two children of his own told me about the Maryland Prepaid College Trust (MPCT) in 2013, I thought that's a smart idea. It's guaranteed by the Governor & Maryland Legislature, what could go wrong? My husband and I began contributing to the MPCT in March of 2013 and have an account for four years of tuition for my only daughter Natasha who was 8 years old at the time. We read the contract, not necessarily understanding every bit of "legalese" in it, but enough to know we pay money, money grows, when it's time for her to go to college she gets what we put in PLUS all investment earnings minus some administrative fees. Being naïve I made our monthly payments through June of 2018 and honestly didn't look back or give the account another thought. Again, my trust was in the fact it was guaranteed by the Governor & Maryland Legislature.

Fast forward to 2021 when I checked on Natasha's account because we were inching towards the finish line of high school and found our MPCT Annual Statement documenting my purchase price of \$48,290.00 and my FAFSA Value of \$71,271.67. Great, there's our contribution PLUS all investment earnings. By this time, Natasha was already talking about her plans to become a mental health therapist so I thought, "Great, she'll have some money left over to go for her Master's degree." MPCT staff, their executive director, their actuaries, Intuition all agreed on the interpretation in November 2021. No letters were sent out within 60 days of the annual statements being sent disputing the calculations.

In the fall of 2022 Natasha announced she had decided to save even more money and planned to go to CCBC so I thought, "Great, she'll have even MORE money left over to go for her Master's degree." I called the MPCT line and spoke with a gentleman who told me that my daughter is very smart (something we already knew) and that there would be no issue with doing that and we could rollover the balance into any other 529 plan when she finished her bachelors degree up. That's around the time that my friend who had originally told me about the program clued me in about the scuttlebutt about issues with the plan. When we received our 2022 MPCT Annual Statement, imagine my surprise when only my purchase price was listed! I emailed AND mailed a letter contesting the statement as written in the **teeny tiny print on the bottom of the statement that "we have 60 days from the date above to notify us of the error."**

Eliminating the investment earnings is a huge change in the agreements that all account holders signed. As anyone who has ever signed a contract knows, you can't go back and retroactively change the terms to harm the other party. Yet, that is precisely what has happened. To date,

account holders have not received the proper notification that their contracts were changed. These actions are clearly a breach of Articles IV & IX. What the MPCT board has done is no better than a snake oil salesman with a bait & switch, **essentially picking my daughter's pocket of \$22,981.67!** Then to add insult to injury the 529 Board spent \$1 million to hire Nelson Mullins, a national law firm known for litigation. How is that credible? Who hires a law firm for just a calculation error? The board has also spent \$50,000 to hire a crisis communications firm. And yet, families still aren't getting straight answers to their questions.

My clock is ticking ladies and gentlemen. Natasha will begin college fall of 2023. While some in our group have the financial means to leave their MPCT funds alone and pay out of pocket until this travesty is corrected, others of us do not have that luxury. I'm afraid to touch any of the money because I fear somehow it will negate our ability to regain our investment earnings. It's time for the Maryland Legislature, with financial assistance from the executive branch, to honor its commitments to those parents and others who invested in the Prepaid College Trust. The 2021 FAFSA values need to be honored. Don't allow the Board to apply their "fuzzy math", compel them to honor contracts **NOW**. Even in the current online documents the MPCT states:

#### **MARYLAND LEGISLATIVE GUARANTEE**

Your investment comes with peace of mind. Maryland law provides that in the event that funds in the Trust are insufficient to pay full Benefits in any given year, the Governor shall include an amount in the following year's State budget to fully pay Benefits, subject to the Maryland General Assembly's final approval.

**PLEASE HELP US.**

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