

## Testimony for Bill 475

Date: February 22, 2023  
Submitted By: Jack McCarty

Good Afternoon. My name is Jack McCarty. I hold three Maryland Prepaid College Trust policies purchased in the early 2000s for my 2 children. Like the other policyholders in this room, I closely followed the changes and developments regarding the 529 Trust. During the testimony to the legislature, I was forced to bite my tongue as 529 Trust Executives provided incorrect information. I would like to set some records straight. I am grateful for the 2 minutes we are given, but please keep in mind that the repercussions of recent actions taken by the 529 Board and Executives will last for decades.

The debacle that is today's topic is not a "Calculation Error." Instead, it is a result of a change in contract wording. The 529 Executives implied that we mistook the purpose of the 529 and it should not have been viewed as an interest-bearing account. I want to state that despite the director's condescending opinion, we are not naïve and knew what we were buying. When the accounts were opened, we had no idea the type of education our children would pursue. With this in mind, we were very aware of Articles VI and VII, which contained an option for a rollover into another College Investment Plan. This was an essential selling point when making those investments.

The 529 Executives said this was a 4-6 month issue and compared it to someone receiving 1 incorrect bank statement showing millions of dollars. Again, this is incorrect. Leading up to a college decision for my daughter, several times we checked the value of all our accounts by submitting the "529 Actual Cash Value" form on their website. Why would the 529 Trust have such a form if accounts were not meant to collect earnings?

After submitting the forms, we received statements showing each account's principal, earnings, and fees. I have copies of these statements if anyone would like to see them. When we received the final 2021 Statement, the FASFA value on the statement aligned with the values quoted in response to the "Actual Cash Value" request. With all these data points, being fully aware the Trust is overfunded and knowing others who collected their accounts' earnings, why would we suspect the 2021 Statement was an error? We based my daughter's college decision based on these collaborating documents.

Knowing we could roll these funds into a Maryland Able Account, we also decided to enroll my son, who was diagnosed with Autism and will likely not need college, into a school that could help him with his needs. Although we did not know of his diagnosis at the time, this is the exact type of scenario we considered when our kids were young, and we purchased the plans.

On the bottom the 2021 Final Statement and all of the 529 Documents, there is a clause that reads: "after 60 days without notice otherwise are considered correct and binding". No such notice has still to this day come from MD529.... 14 months later. This neglect of their own policy is another example of the 529 Trust changing the rules at their leisure to the detriment of the shareholders.

The Trust is overfunded because of the hard-earned money invested by the people sitting in this room and thousands of others. Most of us are in the middle class and made sacrifices to tuck away money each month for our children's future. We can not afford just to write a check for college, so we invested and trusted the State. Until it was time for our kids to fulfill their dreams, did we have any reason to believe that the relationship was not mutual and the board would violate Article IX with reads, *“we will not retroactively modify existing Contract provisions in a manner adverse to you or your Beneficiary”*

We ask you respectfully. Time is of the essence. We do not have years or even months to wait. It's time to follow the example of many other states and dissolve the Trust. Rollover everyone's earnings into the 529 Plan, allow us to pay for our children's education, and put this nightmare behind us.