

Thank you for giving me the opportunity to speak in front of the state legislature today. Hi my name is John Spano. I'm a lifelong resident of Maryland and a current resident of Gaithersburg. My 529 journey began not long after my first child was born in 2002. I graduated from Frostburg State 10 years earlier and watched as college tuition skyrocketed across the nation. After talking to a financial advisor who told me "Forget about working your way through college anymore. The only ways to pay for college is to start investing while the kids are young and hope for the best, take out loans, or join the military." Not wanting tons of loans and not knowing if my then infant would want to join the military I did what I thought was the responsible thing and began investing for the future. I kept hearing about the Maryland 529 plan and wanting to be loyal to my state, I chose this plan as my investment vehicle. Fast forward 9 years to 2011 I now have 3 young kids, which means not only 3 child care payments but also 3 college tuitions to plan for. After watching my balances in the Maryland College Investment plan plummet during The Great Recession, I made the decision to take money out of my home to convert and pay off the balance of the Maryland Prepaid trust for my oldest two kids. So I rolled over what was left in the College Investment Plan, took money out of my home and paid for the Prepaid college trust for my oldest two kids. At the time I wanted to feel safe knowing that I at least had in-state tuition paid for for my oldest two kids. I kept the College Investment Plan for my youngest child. While this account has seen over a 27% increase in earnings during the past bull market, the prepaid college trust has left me with no growth and high anxiety.

My oldest son graduated from high school in 2020. This was the group of students who did not walk across the stage or say goodbye to their classmates because of Covid. In April 2020 he had to make his college decision and it came down to Maryland and South Carolina. He chose South Carolina. When I tried to call the Prepaid College Trust during this time I couldn't get any phone help because I was told that Covid Shutdowns were impacting their operating procedures. My second son and other 529 prepaid college trust beneficiary graduates from high school in 2022. Around the time of his college decision making process I got the FAFSA statement dated January 31, 2022. I was elated to see the account values for both of my prepaid accounts. I called the prepaid trust and was assured these values were accurate. With this information the whole decision making process was changed. I now could afford 2 out of state

college tuitions. My son decided to follow his older brother to the University of South Carolina. After his college decision was made and the deposit was paid I became aware of this so called interest miscalculation. Now I'm left with my original investment, a higher mortgage as a result of my 2011 decision to convert to the prepaid college trust, and several questions I would like to have answered.

Is this still being called an interest miscalculation? If so I would really like to be shown an example of the miscalculation.

What has happened to all the interest/earnings on all of these accounts over the past 20 or so years?

Why am I getting these 1099-Q documents that state I have earnings of over \$4k on \$10k in distributions?