A large, vibrant yellow graduation tassel is the central focus of the image. It is positioned on the left side, curving downwards. The tassel is attached to a blue graduation cap, which is partially visible in the upper right. The background is a solid, deep blue color. A semi-transparent blue rectangular box is overlaid on the right side of the image, containing the main title and subtitle in white text.

# EDUCATING MICHIGAN'S FUTURE

**CHARITABLE TUITION PROGRAM ENROLLMENT KIT**

*[www.SETwithMET.com](http://www.SETwithMET.com)*

## MET Purchasers Speak Out:

*“MET has been the best financial investment I have ever made. My daughter just graduated from the University of Michigan with a bachelor’s degree in nursing with wonderful job opportunities and no student loans to pay off!”*

**Jim Steiger**  
Brighton, Michigan

*“Since my son grew up knowing he had a college plan in place, I truly feel it was an inspiration for him to excel in school.”*

**Steve LaRue**  
Grosse Pointe Woods, Michigan

*“The sooner you commit the money to your child’s education, the less it will cost in the long run.”*

**Karen Sue Foster**  
Sandusky, Michigan

*“MET has been beneficial in many different ways. Most importantly, it is comforting to know my tuition is set. I can focus my energy on my studies and the plans I have to own my own business.”*

**Anna Packard**  
Cleary University  
Howell, Michigan

*“We did the math and were pretty sure MET was a safe investment even if we moved out of state.”*

**Diane McCausey**  
Lutz, Florida



## Smart Money

### Peace of Mind for Purchasers

Buy tomorrow’s education at today’s tuition price.

### Hope and Opportunity for Young Children

Encourages students to excel and provides an opportunity for higher education.

### Flexibility

Students have seven years from their expected high school graduation to use tuition benefits.

### Portability

Students may use their MET scholarship at any university in the nation that grants associate or baccalaureate degrees.

### Low Administrative Costs

Less than 1 percent of MET’s total asset value is used for program administration—and there are no hidden costs or program enrollment fees.

### Payment Options

Choose to pay in a lump sum or in installments over four, seven, or ten years.

Section 529 Qualified Tuition Programs are intended to be used only to save for qualified higher education expenses. This program is not intended to be used, nor should it be used, by any taxpayer for the purpose of evading federal or State taxes or tax penalties. Taxpayers may wish to seek tax advice from an independent tax advisor based on their own particular circumstances.

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1-800-MET-4-KID  
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## Who Will Invest in Michigan's Future?

The future of Michigan communities and businesses is held in the hands and minds of our young people. Where will they take us? If we nurture the talent and creativity of future generations, they will lead us to an abundant future of innovation and prosperity.

It sounds simple, but it is not. College tuition costs continue to rise at rates that outpace inflation. Since 1988, tuition has increased at an annual rate of 7 percent. The cost of a college education is out of reach for far too many bright young people with so much to offer.

## A Way You Can Help

There is no better long-term investment than to invest in the future education of Michigan children.

The Michigan Education Trust Charitable Tuition Program (MET-CTP) is a way for your organization to purchase from one to five years of college for deserving Michigan children.

The CTP was created by MET in 2008 to help businesses, organizations, and community foundations purchase tuition scholarships in one-year increments at the lowest possible cost.

Your dollars also go further. With this charitable program, you pay less than the cost of a traditional MET contract while still enjoying the benefits of tomorrow's tuition costs at today's rates.

## MET's Charitable Contributions

Individuals now have the opportunity to help eligible foster care students attend college through MET's new Charitable Tuition Program. Charitable donations will go toward providing scholarships to foster care students at Michigan public colleges who meet academic and/or need-based criteria established by the colleges.

## MET at a Glance

- Since 1988, more than 99,000 MET contracts have been purchased, and today, over 15,700 students are using their MET benefits at Michigan public colleges and universities, private colleges, and out-of-state institutions. Ninety-six percent of high school graduates with MET contracts have gone on to attend a college or university.
- A public body created by the Michigan Legislature, MET is housed within the Michigan Department of Treasury. The assets of MET, however, are controlled independently.
- MET payment is based on contractual agreement. MET assets are protected through annual evaluations and audits by the MET Board of Directors, the Office of the Auditor General, and an independent actuary.

## MET Makes the Most of College Savings

The MET program is a unique way to make the most of tuition savings. MET contracts provide peace of mind that college savings won't be subject to rising college tuition costs. MET provides in-state tuition at public four-year colleges and universities in Michigan or in-district tuition at public community colleges in Michigan.

## MET's Contract

**MET has covered the cost of higher education for thousands of students since the inception of the program.** When a Purchaser buys prepaid tuition credit hours at MET's current prices, MET enters into a contractual agreement with that Purchaser. Under the MET-CTP contract, MET provides payment of future tuition and mandatory fees for all educational benefits your organization buys. MET covers in-state tuition at public four-year colleges and universities in Michigan or in-district tuition at public community colleges in Michigan for the credit hours purchased under each contract.

It's important to understand how the MET agreement works. MET is a public body created by Michigan's Legislature (Public Act 316 of 1986) and housed within the Michigan Department of Treasury. MET must operate and finance its activities only through its assets. To protect those assets from other uses by the State, only MET, and not the State, controls its assets.

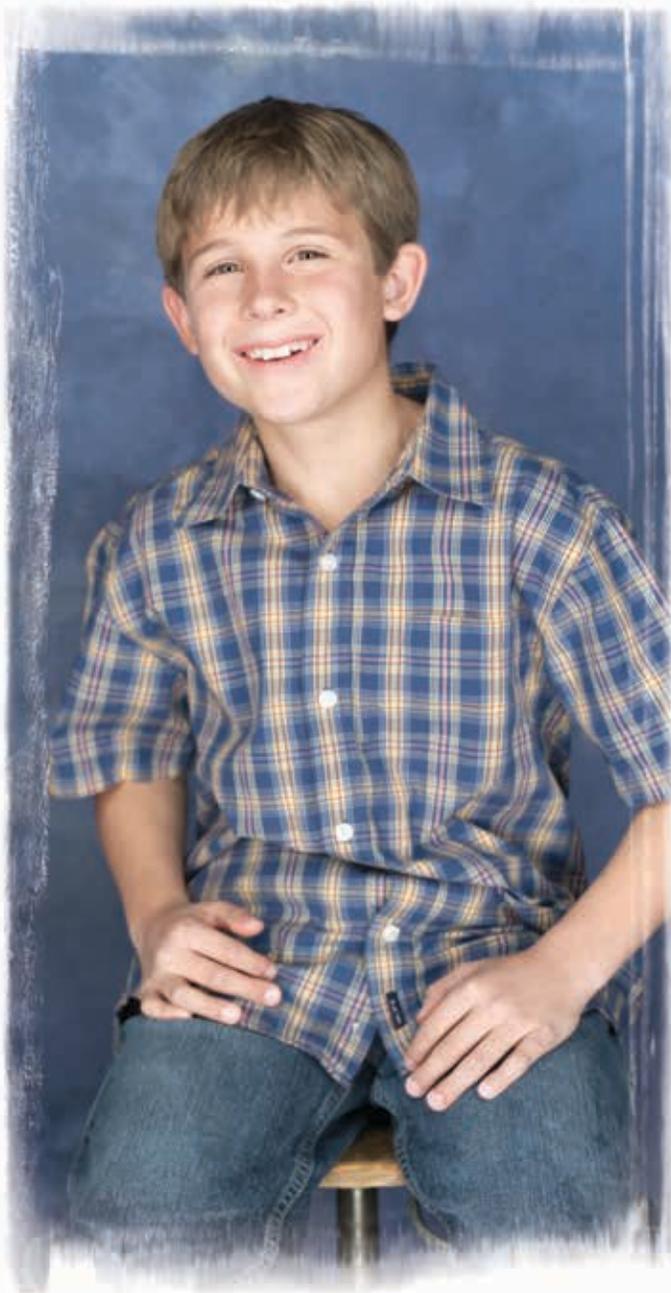
Experienced money managers at the Department of Treasury invest the money paid by the MET Purchasers. MET then uses funds and investment earnings to pay MET Beneficiaries' tuition costs and mandatory fees. To protect your investment and your Beneficiaries, an independent actuarial evaluation and financial audit are conducted each year so contract prices can be adjusted to correspond with future benefit payments. If at some point MET's assets are not sufficient to meet those obligations, and, if the Legislature does not appropriate enough money to cover the difference, the money in the program will be returned to Purchasers on a pro rata basis. This amount is uncertain and could be less than the amount you pay for your contract. (See Contract Section 8 for further explanation.)

### **MET has never failed to honor a contract.**

Since MET's inception in 1988, every annual actuarial review has declared the Trust financially sound. When the actuarial evaluation and financial audit are completed, an annual report is prepared and sent to all MET Purchasers as required by law.

Annual reports beginning with the 2000-2001 fiscal year are available at [www.SETwithMET.com](http://www.SETwithMET.com) or upon request to the MET office at 1-800-MET-4-KID (1-800-638-4543).





## Two Plans, One Purpose

The MET-CTP offers two different plans to help Purchasers make the most of their scholarship programs.

- Full Benefits Plan (four-year university)
- Community College Plan

Each one-year contract is equivalent to 30 credit hours at a Michigan public college or university at the in-district or in-state tuition rate. **Contract pricing for the MET-CTP is discounted** from the standard MET contracts, helping your charitable scholarship dollars go further.

The **Full Benefits Plan** provides full in-state tuition and mandatory fees at any Michigan public university or tuition and mandatory fees at Michigan public community colleges (in-district or out-of-district) up to the number of credit hours required for a standard four-year baccalaureate degree (usually 120 semester credit hours).

**Full Benefits Plans** may be purchased in one-year increments up to five years of tuition per student.

The **Community College Plan** provides in-district tuition and mandatory fees at Michigan public community colleges. Some areas of the State are not within a community college district. Students who attend a community college out of their district will be responsible to pay the difference between the out-of-district and in-district tuition costs.

**Community College Plans** may be purchased in one-year increments up to two years under this contract.

If a Beneficiary attends a Michigan independent (private) college/university or an out-of-state institution, or, if a Beneficiary attends a college/university under a full tuition scholarship, refer to “*MET-CTP Refund Provisions*” on page 9.

## Beneficiaries of Full Benefits Plan Contracts Who Attend Community College

Beneficiaries of a MET-CTP **Full Benefits Plan** contract (four-year university) who attend a community college are entitled to full payment of all community college tuition and mandatory fees (not to exceed the average tuition rate of Michigan public four-year universities). Payments by MET are sent directly to the community college. Any credit hour balance upon graduation stays with MET.

With the **Full Benefits Plan**, Beneficiaries may attend a Michigan public community college before attending a Michigan public university. If the Beneficiary has four years of educational benefits and attends a community college for two years or less, the Beneficiary will be entitled to the number of additional credit hours required to complete a four-year baccalaureate degree. This will apply even if all credit hours at the community college do not transfer to the Michigan public university. This does not apply if the Beneficiary has fewer than four years of educational benefits or transfers to a Michigan public university after attending more than two academic years at a Michigan public community college, unless the Beneficiary receives an associate degree within two academic years. In this case, the Beneficiary will receive only the credit hours remaining under the contract.

## Time to Decide

A Beneficiary has seven years from the beginning of the expected high school graduation year (academic year) specified in the contract to use all educational benefits. Failure to completely exercise the rights under the contract within seven years will result in the closure of the contract with no opportunity for a refund to Purchaser or transfer of credit hour balance. (See Contract Section 8.)

The Beneficiary must notify MET when he or she is ready to begin college. A student handbook, which contains the forms and instructions for activating a MET contract, is sent to eligible Beneficiaries in the spring of their senior year of high school. (See Contract Section 5.)

A Beneficiary who advances through high school at an accelerated pace may use his or her educational benefits early. Documentation of the Beneficiary's acceleration is required by MET.





## Monthly Purchase Contracts Make MET More Affordable

MET-CTP contracts can be purchased on a monthly basis rather than in one lump sum. The Purchaser of a monthly contract buys a percentage of educational benefits with every monthly payment. The percentage that each payment buys depends on the number of years that the Purchaser elects to make payments.

Depending on the age/grade of the child, monthly payments may be made over four, seven, or ten years. (See Contract Section 3.) The total amount paid through a monthly purchase contract is greater than a lump sum payment because monthly payments must be invested gradually and therefore earn less for MET over time than lump sums.

**Monthly Payment Options:** Monthly payments can be made by coupon book or Automatic Clearing House (ACH).

**Monthly Payment Dates:** Depending on the date a monthly purchase contract is submitted, monthly payments will begin either February 25, May 25, September 25, or October 25. Subsequent monthly payments are due on the 25th of each month. The Purchaser must pay a \$10 late fee for late payments and must make the monthly payment with the applicable late fee within 60 days of the scheduled due date or he or she may not continue making monthly purchases.

**No Obligations:** Purchasing organizations are **not** obligated to continue making monthly payments. If a Purchaser elects to discontinue monthly payments, MET has no legal right to force payment. A Purchaser who discontinues monthly payments will receive only those benefits for which timely monthly payments were made. Those payments remain with MET until the Beneficiary reaches age 18 or graduates from high school.

A Purchaser who has stopped monthly payments may enroll to acquire additional benefits during a future enrollment period at the new cost. If the Purchaser decides to pay the entire balance more than one year before the final payment is due, MET will provide the Purchaser an early payment discount.

## Eligibility to Enter Into a MET-CTP Contract

The Purchaser and Beneficiary must meet all the eligibility requirements to enter into a contract.

### Purchaser Eligibility Requirements:

- The purchasing organization (e.g., business entity or organization) must be located in the United States.
- MET-CTP contracts cannot be purchased by residents of Arizona, Illinois, New York, North Dakota, Ohio, or Vermont due to those states' securities laws.
- For lump sum purchases, the Purchaser must sign and submit the *MET Contract Signature Page* (Form 4608) and the total contract amount by mail to the MET office or submit it in person at a Treasury office.
- For monthly purchase contracts, only the processing fee must be submitted with the *Contract Signature Page*. (See Contract Section 3.)

### Beneficiary Eligibility Requirements:

- The Beneficiary must be a legal Michigan resident at the time of purchase.
- The Beneficiary must be within the age or grade requirements listed on the price chart.
- The Beneficiary cannot be related to the Purchaser.



## MET-CTP Contract Features

- No contract enrollment fees.
- Ability to pay in one lump sum or in monthly installments.
- Option to name the Beneficiary at the time of purchase or delay naming for up to two years following high school graduation (anticipated graduation date must be noted when contract is purchased).
- Beneficiary has up to seven years following high school graduation to complete the tuition contract(s).
- Unused credit hours are forfeited upon college graduation or at the expiration of seven years from high school graduation.
- A single Beneficiary may be awarded from one to five MET-CTP contracts (one to five years of tuition and mandatory fees).
- MET-CTP contracts may be used for undergraduate education benefits only.
- Once a Beneficiary has been named, a MET-CTP contract may not be transferred from that person to another Beneficiary.

## Beneficiaries Not Named at the Time of Purchase

Some scholarship Purchasers may opt to purchase MET-CTP contracts and name the Beneficiaries at a later date. If the Beneficiary is not named at the time of purchase, the following guidelines apply:

- Purchaser must be a governmental entity or a 501(c)(3) charitable organization.
- Purchaser must provide the expected high school graduation year at the time of purchase.
- Purchaser must provide the Beneficiary name no later than two academic years after the expected high school graduation year.
- Purchaser must name a *Contingent Contract Owner* with the authority to name the Beneficiary in the event the purchasing organization ceases to exist.
- In the event that the Purchaser fails to name a Contingent Contract Owner, MET will have the authority to name the Beneficiary.



## **MET-CTP and Financial Aid**

The awarding of a scholarship via a MET-CTP contract, like any other asset, can impact the recipient's ability to receive various forms of financial aid. Currently, financial aid eligibility is based on a number of factors, including a family's size, income, assets, and the age of the parents.

MET-CTP contracts are recognized as a "student resource" (scholarship), meaning the MET contract value will be counted in the federal analysis for need-based financial aid.

Each of the three major sources of financial aid—federal government, state government, and colleges and universities—has different rules regarding financial aid eligibility. Beneficiaries and their families should check with these entities regarding how a scholarship will affect their eligibility for financial aid.

## **Easy to Transfer Between Colleges or Universities**

Transfers among all Michigan public institutions are permitted. Scholarship Beneficiaries may start at one institution and decide to finish at another. (See Contract Section 2.)

## **MET Covers Tuition Only**

MET does not cover room, board, books, non-mandatory fees, and other expenses. However, if a student receives a scholarship or grant that covers tuition and fees, MET will pay for tuition and mandatory fees at 100 percent and excess funds can be applied toward other qualified higher education expenses. There is no cash refund.

## Low Administrative Costs

Up to 1 percent of MET's total asset value can be used for program administration. However, for fiscal year 2014, less than one-half of 1 percent (0.38 percent) of the total assets was used for program administration.

The only administrative fee charged is a late monthly payment fee. No other fees will be charged.

## Access to Contract Information

MET will protect private information. Contract information will be disclosed only to those persons listed on the contract as Beneficiary, Purchaser, or Contingent Contract Owner (only in the event the purchasing entity ceases to exist). MET will only provide general program information to all other inquiries.



## MET-CTP Refund Provisions

Not every student who receives a MET-CTP scholarship will end up attending a Michigan public college. If the Beneficiary chooses to go to a Michigan independent (private) college or university or to an out-of-state college, MET does not provide full tuition at those institutions. Instead, MET pays a refund based on the plan chosen. (See Contract Section 7 and the *Termination Refund Provisions Chart* on page 15.)

### Full Benefits Plan Refund:

1. When a student with a **Full Benefits Plan** contract attends a Michigan independent (private) college or university and directs the refund to the institution, MET will make refund payments based on the weighted average tuition of all Michigan public four-year universities.
2. If a student attends an out-of-state college and directs the refund to the institution, or, if a student receives a full-tuition scholarship, refund payments will be based on the average tuition of all Michigan public four-year universities.
3. Neither the Purchaser nor the student Beneficiary is able to receive a refund if a named Beneficiary opts not to attend college.
4. Under the **Full Benefits Plan** contract, the refund amount does **not** change to reflect tuition increases after the first year the contract is terminated.
5. If the Beneficiary dies or becomes disabled, the Purchaser is entitled to a refund of the prepaid tuition amount.



### **Community College Plan Refund:**

1. When a student with a **Community College Plan** contract attends a Michigan public university or a Michigan independent (private) college or university and directs the refund to the institution, MET will make refund payments based on the weighted average tuition of Michigan's public community colleges.
2. When a student attends an out-of-state college and directs the refund to the institution or when a student receives a full-tuition scholarship, refund payments will be based on the average tuition of Michigan public community colleges.
3. Neither the Purchaser nor the student Beneficiary is able to receive a refund if a named Beneficiary opts not to attend college.
4. Under the **Community College Plan** contract, the refund amount may be adjusted when a student attends a college/university.
5. If the Beneficiary dies or becomes disabled, the Purchaser is entitled to a refund of the prepaid tuition amount.

Unless the contract is terminated due to the Beneficiary's death or disability, as defined in Contract Section 1, refunds are payable to an institution of higher education only. All other refunds are retained by MET.

# Frequently Asked Questions About the MET-CTP

**1. Can MET-CTP recipients attend any Michigan public college or university?**

Yes. MET benefits can be used at any Michigan public college or university upon the student meeting that institution's admission standards. MET does not guarantee that a student will be admitted to any Michigan college or university.

**2. Must a student use his or her MET contract immediately after high school graduation?**

No. A student has seven academic years from the expected high school graduation year to use all credit hours. They must graduate from high school within two years of the expected graduation date.

**3. What are the mandatory fees that are covered?**

Mandatory fees are those that are required to be paid by all students attending a particular college/university, such as registration or enrollment fees. Application fees, contact hour fees, course-specific fees (such as lab fees for science and computer classes), and fees assessed on the number of credit hours enrolled are **not** covered. *Reminder: MET does not pay for room and board or books.*

**4. What if the Beneficiary receives a full scholarship?**

If a Beneficiary receives a full-tuition scholarship, tuition will be paid to the college at 100 percent and excess funds can be applied toward room and board. There is no cash refund.

**5. What if the Beneficiary receives a partial scholarship?**

If a Beneficiary receives a partial tuition scholarship, MET will pay for tuition and mandatory fees at 100 percent and excess funds can be applied toward room and board. There is no cash refund.

**6. What if the Beneficiary attends a Michigan independent (private) or out-of-state college or university?**

If a student is accepted to a Michigan independent (private) or out-of-state college, a refund can be directed to that college. The refund amount will vary, based on the type of contract (see the *Termination Refund Provisions Chart* on page 15). There is no cash refund.

**7. Will MET cover tuition for a Beneficiary who moves out-of-state after a MET-CTP scholarship has been awarded but wants to attend a Michigan public college or university?**

Under the **Full Benefits Plan** contract, MET provides payment of in-state undergraduate tuition and mandatory fees at a Michigan public university. Each university determines residency requirements. A student who moves out of the State of Michigan after the contract has been awarded and still wishes to utilize the tuition benefits may do so. In such cases, if the university deems the student an out-of-state resident, MET will provide in-state tuition and mandatory fees, and the student will be responsible to pay the difference between the out-of-state and in-state tuition costs directly to the university.

**8. What if a Beneficiary decides not to attend college?**

If a named Beneficiary decides not to attend college, the contract cannot be transferred to another Beneficiary or terminated for a refund. For that reason, organizations should carefully consider their process and timetable for naming MET-CTP Beneficiaries.

**9. Who can terminate a MET contract?**

The contract may be terminated by the Purchaser if:

- The Beneficiary is at least 18 years old or has received a high school diploma and certifies

that he or she will be attending a private college or university and directs payments of any refund to that institution.

- The Beneficiary is at least 18 years old or has received a high school diploma and certifies that he or she will be attending an out-of-state college or university and directs payments of any refund to that institution.
- The Beneficiary is at least 18 years old or has received a high school diploma and certifies that he or she will be attending a college or university with a full-tuition scholarship.

The contract may be terminated by MET if:

- Fraudulent information was provided.
- Seven years have passed since the Beneficiary graduated from high school.
- The Beneficiary is not named two years after the Beneficiary's high school graduation.

**10. What provisions can be made if a Beneficiary terminates the contract for a refund for any reason and later the Beneficiary decides to attend a Michigan public college or university?**

The MET-CTP contract does not permit the reinstatement of a contract once it has been terminated and a full or partial refund has been made. Note: There is no cash refund.

**11. How does MET pay for future tuition?**

Experienced money managers at the Department of Treasury invest the money paid by MET Purchasers. Those funds are invested in equities and bonds. MET uses the funds and investment earnings to pay tuition costs and mandatory fees of MET Beneficiaries.

**12. Who manages the MET fund investments?**

The Department of Treasury, Bureau of Investments, manages MET's investments and has successfully managed Michigan's \$45.6 billion pension fund, which is the 17th largest defined benefit public pension fund in the nation and the 20th largest defined benefit pension fund in the world.

**13. Why should my organization purchase scholarships through the MET-CTP and not the original MET program?**

The key benefit for eligible purchasing organizations is the lower cost per each contract year purchased. That means your dollars go further.

**14. Can credit hours be applied to graduate school or advanced programs?**

No. MET-CTP contracts may only be used for undergraduate education benefits. Also, a Beneficiary may not accumulate more than five years of MET educational benefits.

**15. What if I don't want to name a Beneficiary for several years?**

According to the law, purchasing organizations must be a governmental entity or a 501(c)(3) charitable organization to defer naming a Beneficiary at this time. All other purchasing organizations must name a Beneficiary. If electing to defer naming a Beneficiary, purchasing organizations must list an expected high school graduation date. You must also name a Contingent Contract Owner, essentially an executor of the contract, should your organization cease to operate.

**16. When do we need to name a Beneficiary?**

Governmental entities or a 501(c)(3) charitable organization electing to defer naming a Beneficiary have the ability to wait. The Beneficiary must be named and the contract must be started within two years of the listed graduation year.

**17. What if a purchasing organization ceases operations?**

The purchasing organization is expected to name a Contingent Contract Owner to become the owner of the contract in the event the original purchasing organization ceases to exist. If there is no Contingent Contract Owner and the purchasing organization ceases to exist, the contract will be owned by MET.

**18. Why do I have to name a Beneficiary or anticipated year of graduation for a yet-to-be-named Beneficiary?**

MET assets are invested in equities and bonds. For MET's money managers at the Department of Treasury to ensure that every MET contract will be fulfilled, they must invest and withdraw the money paid by MET Purchasers according to strictly defined timetables.

**19. If the Beneficiary does not use all the credit hours in their contract, do we get a refund or can we use them for another Beneficiary?**

No. If the student Beneficiary graduates from college or has not used any or all contract credits within seven years of graduating from high school, the unused credit hours stay with MET.

**20. If a purchasing organization submits a monthly purchase contract, when will its monthly purchases begin?**

If a **monthly purchase** contract is received by January 31, the first monthly payment will be due February 25. For monthly purchase contracts received by April 30, the first monthly payment will be due May 25. For monthly purchase contracts received by August 31, the first monthly payment will be due September 25. For monthly purchase contracts received by September 30, the first monthly payment will be due October 25.

**21. If a named Beneficiary does not graduate from high school in the expected academic year as submitted on the Contract Signature Page (Form 4608), can this date be changed?**

No, but it's not a problem. Even if the student does not graduate in the year they originally expected, Section 8 of the MET contract allows a Beneficiary seven years from the expected academic year to completely use all contract benefits.

**22. Who can access MET contract information?**

Only those listed on the contract as Beneficiary, Purchaser, or Contingent Contract Owner (only in the event the purchasing organization ceases to exist) will be given contract information, whether by telephone, written communication, e-mail, online access, or any other means.

**23. What are some of the key differences between the original MET contract and the MET-CTP contract?**

Following are some of the key differences between the plans.

**Types of Plans Offered:**

- MET offers Full Benefits, Limited Benefits, and Community College plans.
- MET-CTP offers Full Benefits and Community College plans only.

**Contract Increments:**

- MET is available in semester increments.
- MET-CTP is available in one-year increments.

**Transfer and Expiration:**

- MET contracts may be transferred and expire 15 years after the original Beneficiary



graduates from high school.

- MET-CTP contracts may not be transferred and expire seven years after the Beneficiary graduates from high school.

**Enrollment Fees and Refunds:**

- MET: A contract enrollment fee is included; refunds are typically available if the Beneficiary decides not to attend college or if a prepaid tuition amount remains following contract termination.
- MET-CTP: There is no contract enrollment fee; refunds are not available if the Beneficiary decides not to attend college.

**24. Does the State of Michigan offer any other education savings programs?**

Yes, there are three: The original MET program allows parents, grandparents, and others to lock in today's tuition rates by pre-purchasing undergraduate tuition.

The Michigan Education Savings Program (MESP) offers seven investment options to encourage families to save for higher education.

The MI 529 Advisor Plan offers multiple investment options through a Broker or Financial Advisor. Savings from both of these programs may be used for tuition, fees, room, board, books, and equipment required for enrollment.

For more information, visit the MESP Web site at [www.misaves.com](http://www.misaves.com) or call toll-free **1-877-861-MESP**.

Visit the MI 529 Advisor Plan Web site at [www.MI529Advisor.com](http://www.MI529Advisor.com) or call toll-free **1-866-529-8818**.

TIAA-CREF Tuition Financing, Inc., serves as the program manager for MESP. Allianz Global Investors Distributor (AGID) serves as the program administrator for the MI 529 Advisor Plan.

*Asset management, program administration, and distribution of MET contracts are provided solely by the Michigan Department of Treasury. MET is neither managed nor distributed by TIAA-CREF Tuition Financing, Inc., TIAA-CREF Individual & Institutional Services, LLC, or any of their respective affiliates.*

**25. Do any other states offer a similar program?**

Michigan was the first state to adopt a prepaid tuition program, and 18 other states have since followed suit. College savings programs are available in all 50 states and the District of Columbia.

For more information on states with similar programs, visit the College Savings Plans Network Web site at [www.collegesavings.org](http://www.collegesavings.org).

**26. Is there a telecommunications device for the hearing/speech impaired?**

Yes. Assistance is available using TTY through the Michigan Relay Center by calling 1-800-649-3777.



## Termination Refund Provisions Chart

Reason	Termination By	Full Benefits Contract	Community College Contract
ATTENDS MICHIGAN INDEPENDENT COLLEGE OR UNIVERSITY AND DIRECTS PAYMENT TO UNIVERSITY/COLLEGE	Beneficiary	Weighted Average Tuition of Michigan Public Four-year Universities Paid as necessary to cover tuition & mandatory fees	Weighted Average Tuition of Michigan Community Colleges Paid as necessary to cover tuition & mandatory fees
ATTENDS OUT-OF-STATE INSTITUTION AND DIRECTS PAYMENT TO UNIVERSITY/COLLEGE	Beneficiary	Average Tuition of Michigan Public Four-year Universities Paid as necessary toward tuition & mandatory fees	Average Tuition of Michigan Community Colleges Paid as necessary toward tuition & mandatory fees
RECEIVES FULL TUITION SCHOLARSHIP (FULL = CONTRACT YEARS PURCHASED)	Beneficiary or Purchaser	Average Tuition of Michigan public four-year universities Paid to college/university to cover other qualified higher education expenses	Average Tuition of Michigan community colleges Paid to college/university to cover other qualified higher education expenses
BENEFICIARY DOES NOT PLAN TO ATTEND COLLEGE	Purchaser	No Refund	No Refund
BENEFICIARY DIES OR BECOMES DISABLED	Purchaser	Prepaid Tuition	Prepaid Tuition
ANY OTHER REASON	Beneficiary	No Refund	No Refund
ATTENDS A MICHIGAN PUBLIC UNIVERSITY AND DIRECTS PAYMENT TO THE UNIVERSITY	Beneficiary	N/A	Weighted Average Tuition of Michigan Community Colleges Paid as necessary to cover tuition & mandatory fees
7 YEAR	MET	No Refund Any credit hour balance stays with MET	No Refund Any credit hour balance stays with MET

# Contract Definitions

## Charitable Contract

### Section and Content

1	Definitions of Contract Terms
2	MET's Obligations
3	Payment and Contract Acceptance
4	Maximum Amount of Benefits
5	Notification of Intent to Receive Educational Benefits
6	Transfer to an Immediate Family Member
7	Termination and Refunds
8	Terminations by MET
9	Annual Report
10	Contract Not Subject to Judgment or Attachment
11	Fees
12	Change of Address
13	General Terms
14	Attendance Within Two Years of Purchase

## SECTION 1. DEFINITIONS OF CONTRACT TERMS

(a) "Academic Year" means the undergraduate school year beginning the first semester, term, or quarter after July 15 of any year.

(b) "Act" means Act No. 316 of Public Acts of 1986, which is Michigan Compiled Law 390.1421 and following provisions.

(c) "Advance Tuition Payment Fund" means the Charitable Plan advance tuition payment fund.

(d) "Annual Tuition Cost" means a figure determined by dividing the total in-district Tuition collected by a particular Community College for a year for credit hour courses by the total number of in-district Fiscal Year Equated Students at that particular school for that year.

(e) "Annual Undergraduate Tuition Cost" means a figure determined by dividing the total in-state undergraduate Tuition collected by a particular State Institution of Higher Education for a year by the total number of in-state Undergraduate Fiscal Year Equated Students at that school for that year.

(f) "Average Tuition Cost" means an amount determined by adding the Annual Undergraduate Tuition Cost at each State Institution of Higher Education and dividing that result by the total number of State Institutions of Higher Education for University Contracts and an amount determined by adding the Annual Tuition Cost at each Community College and dividing that result by the total number of Community Colleges for Community College Contracts.

(g) "Beneficiary" or "Qualified Beneficiary" means the individual named in Item 1. The Beneficiary must be a Resident when the Contract Signature Page is submitted to MET if named, or must be a resident when named as a Beneficiary. The Beneficiary cannot be related to the Purchaser.

(h) "Board" means the MET Board of Directors.

(i) "Community College" means an educational institution described in Michigan Constitution 1963, Article 8, Section 7.

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(j) "Contingent Contract Owner" means an entity named by the Purchaser in item 10 of the Contract Signature Page to become the owner of the contract in the event the original Purchaser entity ceases to exist. If there is no Contingent Contract Owner and the Purchaser entity ceases to exist, the Contract will be owned by MET. If the Beneficiary is not named when the Contract Signature Page is submitted to MET, a Contingent Contract Owner must be named.

(k) "Contract" means this MET Contract.

(l) "Disabled" or "Disability" means a limitation of an individual's learning ability resulting from an injury or disease which renders the individual incapable of participating in higher education.

(m) "Fiscal Year Equated Students" means a figure determined for each Community College by dividing one-half of the number of credit hours necessary to receive a 2-year associate degree at that Community College into the number of credit hours for which in-district students were enrolled.

(n) "Higher Education Institution" means a Public Educational Institution, an Independent, Degree-granting College or University or an Out-of-State Institution of Higher Education.

(o) "Independent, Degree-granting College or University" means a non-profit, non-public, associate or baccalaureate degree-granting higher education institution approved by the State Board of Education and located in the State.

(p) "In-District Tuition Rate" means the Tuition rate charged a student who meets the in-district residency requirements established by a particular Community College.

(q) "In-State Tuition Rate" means the Tuition rate charged a student who meets the in-state residency requirements of a particular State Institution of Higher Education.

(r) "Item" means any of those categories listed as numbers 1–22 on the Contract Signature Page.

(s) "Mandatory Fee" means any fee, other than charges for credit hours, room and board, which a Public Educational Institution requires all students to pay as a condition of enrollment, such as registration fees, the total and type of which shall not exceed the 2012 rate charged by the Public Educational Institution. Fees which are course specific such as laboratory fees, contact hour charges, and fees based on the number of credit hours enrolled or health insurance fees are not covered under this Contract. These examples are not all inclusive of non-mandatory fees.

(t) "MET" means the Michigan Education Trust.

(u) "Monthly Purchase" means the acquisition of educational benefits by the Purchaser of the applicable percent, as specified in Section 3(g) of the Contract.

(v) "Monthly Purchase Amount" means the monthly dollar amount specified by MET for a monthly purchase contract.

(w) "Out-of-District Tuition Rate" means the Tuition rate charged a student attending a Community College who does not meet the in-district residency requirements established by a particular Community College.

(x) "Out-of-State Institution of Higher Education" means one of the following: (i) A non-profit, baccalaureate degree-granting college or university located outside this state. (ii) A proprietary baccalaureate degree-granting college

or university located outside this state that is eligible to participate in United States Department of Education student aid programs (iii) A community or junior college located outside this state that is eligible to participate in United States Department of Education student aid programs.

(y) "Person" means an individual with legal authority to act on behalf of a partnership, trust, association, corporation, 501(c)(3) charitable organization or governmental subdivision existing under the laws of the United States or any state of the United States.

(z) "Plan" or "Charitable Plan" means this Contract and other Contracts designated as Charitable Plan Contracts. These Contracts are Plan D Contracts issued by MET.

(aa) "Prepaid Tuition Amount" means, when referring to this Contract, the lump sum paid or the accumulated amount of all Monthly Purchase Amounts received by MET under the Contract.

(bb) "Public Educational Institution" means a State Institution of Higher Education or a Community College.

(cc) "Purchaser" means the organization named in Item 6.

(dd) "Resident" means an individual who is domiciled in the State.

(ee) "State" means the State of Michigan.

(ff) "State Institution of Higher Education" means a college or university described in Michigan Constitution 1963, Article 8, Section 4, 5 or 6, or any four-year degree-granting institution established by the State in the future as a State Institution of Higher Education.

(gg) "Termination" means a discontinuation of the right to receive educational benefits at a Public Educational Institution.

(hh) "Tuition" means the undergraduate semester or trimester charges imposed to attend a Public Educational Institution including Mandatory Fees.

(ii) "Undergraduate Fiscal Year Equated Students" means a figure determined for each State Institution of Higher Education by dividing 1/4 of the number of credit hours necessary to receive a four-year baccalaureate degree at that State Institution of Higher Education into the number of credit hours for which in-state undergraduate students were enrolled.

(jj) "Weighted Average Tuition Cost" or the "Weighted Average Tuition Cost of all State Institutions of Higher Education" for University Contracts means the figure arrived by:

(1) first, multiplying the Annual Undergraduate Tuition Cost at each State Institution of Higher Education by its total number of Undergraduate Fiscal Year Equated Students;

(2) second, adding the results of subsection (1) for all State Institutions of Higher Education;

(3) third, dividing the result of subsection (2) by the total number of Undergraduate Fiscal Year Equated Students for all State Institutions of Higher Education.

"Weighted Average Tuition Cost" for Community College Contracts means the figure arrived by:

(1) first, multiplying the Annual Tuition Cost at each

Community College by its total number of Fiscal Year Equated Students;

(2) second, adding the results of subsection (1) for all Community Colleges;

(3) third, dividing the result of subsection (2) by the total number of Fiscal Year Equated Students for all Community Colleges.

## UNIVERSITY CONTRACT

### SECTION 2. MET'S OBLIGATIONS

(a) Upon MET's acceptance of the Contract and the Beneficiary's enrollment at a Public Educational Institution, MET will pay for no more than 30 credit hours for each year purchased at the Beneficiary's Public Educational Institution at the In-State Tuition Rate multiplied by the years of educational benefits acquired by the Purchaser. MET pays these educational benefits from the assets of the Plan.

(1) MET will stop providing benefits under this Contract when MET has paid the credit hours purchased, regardless of the number of credit hours the Beneficiary has accumulated toward graduation at his or her Public Educational Institution. The Beneficiary can accumulate fewer credit hours than MET has paid if the Beneficiary drops classes, fails classes, repeats classes, takes classes at another Public Educational Institution which do not transfer to the Beneficiary's Public Educational Institution or for other reasons. A standard baccalaureate degree usually consists of 120 semester credit hours (or, on average, 30 credit hours each year).

(2) MET will only pay educational benefits and provide refunds under the Contract from the assets of the Plan. The ability of MET to pay benefits and provide refunds under the Contract is not guaranteed by the State of Michigan.

(b) The Beneficiary must meet the Public Educational Institution's residency requirements to be eligible for that institution's In-State Tuition Rate. The Beneficiary is responsible for the difference between the In-State Tuition Rate and out-of-state Tuition rate. If the Beneficiary attends a Community College, MET will pay, as appropriate, the In-District Tuition Rate or the Out-of-District Tuition Rate (to the extent the Out-of-District Tuition Rate does not exceed the Average Tuition Cost).

(c) If a Beneficiary of a four-year Contract attends a Community College for not more than two Academic Years at the In-District Tuition Rate, he or she may then attend any State Institution of Higher Education and MET will pay for the credit hours necessary for a four-year baccalaureate degree. The additional number of credit hours allowed will be calculated when the Beneficiary transfers to a State Institution of Higher Education. This subsection does not apply if the Contract has been terminated.

(d) A Beneficiary of (i) other than a four-year Contract who attends a Community College, or (ii) a four-year Contract who attends a Community College for more than two Academic years may then attend a State Institution of Higher Education, but will only receive the remaining educational benefits under the Contract. This subsection does not apply if the Contract has been terminated.

### SECTION 3.

#### PAYMENT AND CONTRACT ACCEPTANCE

(a) Contract Acceptance: MET has no obligation to the Beneficiary until it accepts this Contract. MET will accept this Contract only after it receives:

(1) a properly completed Contract Signature Page signed by the Purchaser, and

(2) payment of a properly calculated Total from Item 22 of the Contract Signature Page. Payment must be in the form of a check, cashier's check, certified check, or money order payable to Michigan Education Trust.

(b) Confirmation of Acceptance: MET will send a confirmation of Contract acceptance to the Purchaser within 90 days from MET's receipt of the Contract Signature Page. If the Purchaser does not receive confirmation, the Purchaser should notify MET in writing.

#### FOR LUMP SUM CONTRACTS:

(c) Insufficient Payment: If the Purchaser pays less than the total Prepaid Tuition Amount due for this Contract, MET will notify the Purchaser. If MET sends a notice, the Purchaser shall advise MET by mail, return receipt requested, that he or she will do one of the following and, if (1) is selected, enclose payment:

(1) pay the additional amount necessary to purchase the number of years specified in Item 13 of the Contract Signature Page, or

(2) accept an adjusted amount of educational benefits to reflect what the actual payment submitted could purchase when MET received the payment, or

(3) withdraw the Contract offer. MET will then return to the Purchaser the amount paid by the Purchaser (without interest).

If MET does not receive instructions and payment (if appropriate) from the Purchaser within 20 business days of the date notice is sent, MET shall return the amount paid by the Purchaser.

(d) Payment Credit: Upon acceptance of this Contract, MET shall credit the Advance Tuition Payment Fund with the amount paid.

#### FOR MONTHLY PURCHASE CONTRACTS:

(e) Monthly Purchase Amounts: If the Monthly Purchase option is selected, the Purchaser will acquire educational benefits by submitting Monthly Purchase Amounts to MET. If MET accepts the Contract, MET will advise the Purchaser of the term of the Contract, the Monthly Purchase Amount, and the dates the Monthly Purchase Amounts are due. Monthly Purchase Amounts include an amount to reflect lost MET investment return, so the total amount paid will be more than a lump sum purchase. That rate of return appears in the price chart. Payments must be made in full Monthly Purchase Amounts. Partial payments will not be accepted. The Purchaser may submit Monthly Purchase Amounts early.

(f) No Obligation to Purchase: Payment of the Monthly Purchase Amounts by the Purchaser is voluntary. MET

cannot compel the Purchaser to acquire educational benefits under this Contract.

(g) Benefits Earned: The Purchaser will acquire educational benefits only for Monthly Purchase Amounts accepted by MET. Each Monthly Purchase Amount accepted by MET will earn the following percentage of the years of Tuition to be purchased by this Contract:

<u>Contract Term</u>	<u>Percent Purchased (Rounded)</u>
4 years	2.08%
7 years	1.19%
10 years	0.83%

(h) Acceptance of Payment: Upon acceptance of a Monthly Purchase Amount, MET will deposit the Monthly Purchase Amount in the Beneficiary's account.

(i) Late Payments: If a Monthly Purchase Amount is not paid by the due date, MET will accept the payment only if it is made within 60 days of the due date and is accompanied by a \$10.00 late fee.

(j) Failure to Make Payments: If any Monthly Purchase Amount (and any late fee due) is not paid within 60 days of its due date, the Purchaser will lose the opportunity to submit any further Monthly Purchase Amounts under the Contract. Should that occur, the Purchaser has 60 days to pay the Contract in full. Thereafter, MET will not accept any payments under the Contract.

(k) Full Payment Option: As long as the Purchaser has not lost the opportunity to make monthly purchases under Section 3(j), the Purchaser may pay the Contract in full by submitting all unpaid Monthly Purchase Amounts to MET. If the Purchaser pays the entire balance due more than one year before the final payment is due, MET will provide the Purchaser an early payment discount. The Purchaser must submit a written request for a reduced early payoff amount, which will be based on the date payoff is expected to be received by MET.

(l) Contract Term: The term of monthly purchases must end before the Academic Year the Beneficiary is projected to attend a Higher Education Institution.

### SECTION 4.

#### MAXIMUM AMOUNT OF BENEFITS

A Beneficiary may not accumulate more than five years of MET educational benefits.

### SECTION 5.

#### NOTIFICATION OF INTENT TO RECEIVE EDUCATIONAL BENEFITS

(a) A Beneficiary who intends to begin using educational benefits at the start of an Academic Year must notify MET in writing by June 1 prior to that Academic Year.

(b) A Beneficiary who intends to begin using educational benefits other than at the start of an Academic Year must submit a written request to receive benefits at least three months before the requested commencement date.

## **SECTION 6. NAMING THE BENEFICIARY**

(a) Unless the Purchaser is a governmental entity or a 501(c)(3) charitable organization, the Purchaser must name the Beneficiary when purchasing the contract. A governmental entity or 501(c)(3) charitable organization may defer naming the Beneficiary, but must name the Beneficiary at least two years after the Beneficiary's graduation from high school.

(b) This Contract can not be transferred to another Beneficiary.

## **SECTION 7. TERMINATION AND REFUNDS**

(a) Reasons For Termination: This Contract may be terminated upon written request to MET by the Purchaser (or a Person with legal authority to act on behalf of the Purchaser) pursuant to subsections (a)(3), (a)(4) and (a)(5). This Contract may be terminated by the Beneficiary (or a person with legal authority to act on behalf of the Beneficiary) upon written request to MET by the Beneficiary pursuant to subsections (a)(1), (a)(2), (a)(3) and (a)(6).

(1) the Beneficiary has reached 18 years of age or has received a high school diploma and certifies that he or she will attend an Independent Degree-granting College or University and directs payment of any refund to that institution,

(2) the Beneficiary has reached 18 years of age or has received a high school diploma and certifies that he or she will attend an Out-of-State Institution of Higher Education, and directs payment of any refund to that institution,

(3) the Beneficiary has reached 18 years of age or has received a high school diploma and certifies that he or she will attend a Higher Education Institution with a full tuition scholarship,

(4) the Beneficiary has died or is Disabled,

(5) the Beneficiary has reached 18 years of age or has received a high school diploma and certifies that he or she does not plan to attend a Higher Education Institution, or

(6) the Board approves a Termination for any other reason.

(b) Refund Amount:

(1) the refund amount shall be, as appropriate, Weighted Average Tuition Cost or Average Tuition Cost for the last full Academic Year before refund payments begin multiplied by the years of educational benefits acquired by the Purchaser or the Prepaid Tuition Amount.

(2) if the Contract is terminated pursuant to subsection (a)(1), the refund shall be based on Weighted Average Tuition Cost.

(3) if the Contract is terminated pursuant to subsection (a)(2), the refund shall be determined annually based on Average Tuition Cost if the Beneficiary directs payment to an out-of-state Institution of Higher Education.

(4) if this Contract is terminated pursuant to subsection (a)(3), the refund shall be based on Average Tuition Cost.

(5) if this Contract is terminated pursuant to subsection (a)(4), the refund shall be based on the prepaid tuition amount.

(6) if this Contract is terminated pursuant to subsection (a)(5) or (a)(6), the refund shall be retained by MET.

(c) Refund Payment Procedure:

(1) a refund under subsection (a)(1) shall be made to the Beneficiary's Higher Education Institution to pay Tuition and Mandatory Fees. However, the total amount paid shall not exceed the maximum refund due. MET will retain any portion of the refund remaining on August 15 of the fourth year following the last full Academic year before the refund commenced.

(2) a refund under subsections (a)(2) or (a)(3) shall be divided by four and made in four annual installments to be paid to the Higher Education Institution. The annual installment will be distributed as necessary to pay Tuition. Any installment amounts left after paying Tuition for an Academic Year shall be deferred to the next academic year for the payment of tuition.

(3) a refund under subsections (a)(4), a lump sum refund shall be paid within sixty (60) days after MET's approval of the termination.

(d) Adjustment for Benefits Received: Any refund shall be reduced by the amount of educational benefits paid by MET before termination. If the Contract is terminated under subsections (a)(2) or (a)(3), the reduction shall be made in equal amounts against each annual installment.

(e) Terminated Contract: Once a Contract has been terminated and MET has paid a full or partial refund, the Contract cannot be reinstated.

(f) Notice of Termination: A Purchaser or Beneficiary who requests a refund under subsections (a)(1), (2), or (3) must give MET written notice by July 15 prior to the Academic Year in which the refund payments are to commence or the refund may not be available at the start of the Academic Year.

## **SECTION 8. TERMINATIONS BY MET**

(a) Fraud: MET will terminate the Contract and refund the amount paid by the Purchaser less a Termination fee and educational benefits used, if any of the following have been fraudulently stated on a Contract Signature Page or otherwise:

(1) the age of the Beneficiary or Purchaser (if a natural person),

(2) the grade of the Beneficiary,

(3) the Academic Year which the Beneficiary is to receive benefits under the Contract,

(4) the residency of the Beneficiary at the time the Contract is submitted to MET, or

(5) other matters as determined by the Board.

(b) SEVEN YEARS TO USE BENEFITS: SEVEN (7) YEARS AFTER THE JULY 15 IMMEDIATELY BEFORE THE ACADEMIC YEAR SPECIFIED IN ITEM 19 OF THE CONTRACT SIGNATURE PAGE, MET WILL TERMINATE

THIS CONTRACT AND WILL NOT PAY ANY FURTHER EDUCATIONAL BENEFITS.

(c) Actuarial Unsoundness: To protect Purchasers and Beneficiaries, an actuarial review of the Plan shall be made annually. If a nationally recognized actuary determines that Plan D does not have sufficient funds to ensure the actuarial soundness of the Plan and the Board determines that there are insufficient numbers of new Contracts to ensure the actuarial soundness of Plan D, MET shall terminate all Plan D Contracts and prorate the assets of Plan D among the existing Contracts. If Plan D is liquidated, the amount to be returned is uncertain and could be less than the Prepaid Tuition Amount. Upon Termination pursuant to this subsection, MET will stop providing educational benefits from the Plan and will pay refunds determined as follows:

(1) MET will calculate the Contract's "Asset Value," which is the amount paid by the Purchaser less any educational benefits or refunds paid by MET.

(2) The refund will be a percentage of the amount of the total Plan assets after liquidating all of the Plan investments. The percentage is determined by dividing the Asset Value of this Contract by the Asset Value of all Plan Contracts.

The refund shall be applied, at the option of the Purchaser, either toward the purposes of this Contract for the Beneficiary or retained by MET.

(d) Naming the Beneficiary: If the Beneficiary is not named two years after the Beneficiary's graduation from high school, MET will retain the Prepaid Tuition Amount.

## **SECTION 9. ANNUAL REPORT**

MET will have an accounting of MET assets prepared annually and make it available to the Purchaser.

## **SECTION 10. CONTRACT NOT SUBJECT TO JUDGMENT OR ATTACHMENT**

It is the intent of the parties that this Contract shall not be subject to any judgment or attachment against the Purchaser, the Beneficiary, or any other Person.

## **SECTION 11. FEES**

(a) The Board may impose fees for the purpose of administering MET. The termination fee shall be no more than \$200.00.

(b) The Termination fee and any other applicable charge shall be deducted from the first refund payment.

## **SECTION 12. CHANGE OF ADDRESS**

The Purchaser or the Contingent Contract Owner shall notify MET in writing of any change of address of the Purchaser, the Beneficiary or the Contingent Contract Owner.

## **SECTION 13. GENERAL TERMS**

(a) This Contract is offered pursuant to the Act and the administrative rules promulgated under the Act. This Contract should be read so that it meets the requirements of Section 529 of the United States Internal Revenue Code, any successor provision, and any applicable Internal Revenue Service regulation.

(b) Nothing in the Act or this Contract shall be construed as a promise or guarantee by MET or the State that a Beneficiary will be admitted to any or a particular Public Educational Institution, will be allowed to continue to attend a Public Educational Institution after having been admitted, or will graduate from a Public Educational Institution.

(c) This Contract may not be sold for any reason. This Contract may not be used as security for any loan.

(d) The Purchaser may change the Contingent Contract Owner upon written request to MET.

(e) This Contract represents the entire understanding of the parties to this Contract and may not be modified except in writing signed by the Purchaser and an authorized MET representative.

(f) If any portion of this Contract shall be found to be invalid or unenforceable by any court, that portion shall be severed from the Contract and the remainder of the Contract will remain in full force.

(g) The captions in this Contract are for convenience only and in no way limit the intent of any provision of this Contract.

(h) This Contract is to be interpreted under the laws of the State.

## **SECTION 14. ATTENDANCE AT A PUBLIC EDUCATIONAL INSTITUTION WITHIN TWO YEARS OF PURCHASE**

(a) If a Beneficiary of a Full Benefits Contract is expected to enter college within two years of purchase, Prepaid Tuition Amount shall be based on the tuition at the State Institution of Higher Education with the Highest Annual Undergraduate Tuition Cost.

(b) If the Beneficiary covered by subsection (a) does not attend the State Institution of Higher Education with the highest Annual Undergraduate Tuition Cost, MET may refund the difference between the Prepaid Tuition Amount and the Tuition (if less) paid to a Public Educational Institution by MET, if the Board determines the refund won't adversely affect the Plan's actuarial soundness. This subsection does not apply if the Contract has been terminated.

# COMMUNITY COLLEGE CONTRACT

## SECTION 2.

### MET's OBLIGATIONS

(a) Upon MET's acceptance of the Contract and the Beneficiary's enrollment at a Community College, MET will pay for no more than 30 credit hours for each year purchased at the Beneficiary's Community College at the In-District Tuition Rate acquired by the Purchaser. MET pays these educational benefits from the assets of the Plan.

(1) MET will stop providing benefits under this Contract when MET has paid the credit hours purchased, regardless of the number of credit hours the Beneficiary has accumulated toward graduation at his or her Community College. The Beneficiary can accumulate fewer credit hours than MET has paid if the Beneficiary drops classes, fails classes, repeats classes, takes classes at another Community College which do not transfer to the Beneficiary's Community College or for other reasons. A standard associate degree usually consists of 60 semester credit hours.

(2) MET will only pay educational benefits and provide refunds under the Contract from the assets of the Plan. The ability of MET to pay benefits and provide refunds under the Contract is not guaranteed by the State of Michigan.

(b) The Beneficiary must meet the Community College's residency requirements to be eligible for that institution's In-District Tuition Rate. The Beneficiary is responsible for the difference between the In-District Tuition Rate and Out-of-District Tuition rate.

## SECTION 3.

### PAYMENT AND CONTRACT ACCEPTANCE

(a) Contract Acceptance: MET has no obligation to the Beneficiary until it accepts this Contract. MET will accept this Contract only after it receives:

(1) a properly completed Contract Signature Page signed by the Purchaser, and

(2) payment of a properly calculated Total from Item 22 of the Contract Signature Page. Payment must be in the form of a cashier's check, certified check, or money order payable to Michigan Education Trust.

(b) Confirmation of Acceptance: MET will send a confirmation of Contract acceptance to the Purchaser within 90 days from MET's receipt of the Contract Signature Page. If the Purchaser does not receive confirmation, the Purchaser should notify MET in writing.

#### FOR LUMP SUM CONTRACTS:

(c) Insufficient Payment: If the Purchaser pays less than the total Prepaid Tuition Amount due for this Contract, MET will notify the Purchaser. If MET sends a notice, the Purchaser shall advise MET by mail, return receipt requested, that he or she will do one of the following and, if (1) is selected, enclose payment:

(1) pay the additional amount necessary to purchase the number of years specified in Item 13 of the Contract

Signature Page, or

(2) accept an adjusted amount of educational benefits to reflect what the actual payment submitted could purchase when MET received the payment, or

(3) withdraw the Contract offer. MET will then return to the Purchaser the amount paid by the Purchaser (without interest).

If MET does not receive instructions from the Purchaser and, if appropriate, payment within 20 business days of the date notice is sent, MET shall refund the amount paid by the Purchaser.

(d) Payment Credit: Upon acceptance of this Contract, MET shall credit the Advance Tuition Payment Fund with the Prepaid Tuition Amount.

#### FOR MONTHLY PURCHASE CONTRACTS:

(e) Monthly Purchase Amounts: If the Monthly Purchase option is selected, the Purchaser will acquire educational benefits by submitting Monthly Purchase Amounts to MET. If MET accepts the Contract, MET will advise the Purchaser of the term of the Contract, the Monthly Purchase Amount, and the dates the Monthly Purchase Amounts are due. Monthly Purchase Amounts include an amount to reflect lost MET investment return, so the total amount paid will be more than a lump sum purchase. That rate of return appears in the price chart. Payments must be made in full Monthly Purchase Amounts. Partial payments will not be accepted. The Purchaser may submit Monthly Purchase Amounts early.

(f) No Obligation to Purchase: Payment of the Monthly Purchase Amounts by the Purchaser is voluntary. MET cannot compel the Purchaser to acquire educational benefits under this Contract.

(g) Benefits Earned: The Purchaser will acquire educational benefits only for Monthly Purchase Amounts accepted by MET. Each Monthly Purchase Amount accepted by MET will earn the following percentage of the years of Tuition to be purchased by this Contract:

<u>Contract Term</u>	<u>Percent Purchased (Rounded)</u>
4 years	2.08%
7 years	1.19%
10 years	0.83%

(h) Acceptance of Payment: Upon acceptance of a Monthly Purchase Amount, MET will deposit the Monthly Purchase Amount in the Beneficiary's account.

(i) Late Payments: If a Monthly Purchase Amount is not paid by the due date, MET will accept the payment only if it is made within 60 days of the due date and is accompanied by a \$10.00 late fee.

(j) Failure to Make Payments: If any Monthly Purchase Amount (and any late fee due) is not paid within 60 days of its due date, the Purchaser will lose the opportunity to submit any further Monthly Purchase Amounts under the Contract. Should that occur, the Purchaser has 60 days to pay the Contract in full. Thereafter, MET will not accept any payments under the Contract.

(k) Full Payment Option: As long as the Purchaser has not lost the opportunity to make monthly purchases under Section 3(j), the Purchaser may pay the Contract in full by submitting all unpaid Monthly Purchase Amounts to MET. If the Purchaser pays the entire balance due more than one year before the final payment is due, MET will provide the Purchaser an early payment discount. The Purchaser must submit a written request for a reduced early payoff amount, which will be based on the date payoff is expected to be received by MET.

(l) Contract Term: The term of monthly purchases must end before the Academic Year the Beneficiary is projected to attend a Higher Education Institution.

#### **SECTION 4. MAXIMUM AMOUNT OF BENEFITS**

A Beneficiary may not accumulate more than five years of MET educational benefits.

#### **SECTION 5. NOTIFICATION OF INTENT TO RECEIVE EDUCATIONAL BENEFITS**

(a) A Beneficiary who intends to begin using educational benefits at the start of an Academic Year must notify MET in writing by June 1 prior to that Academic Year.

(b) A Beneficiary who intends to begin using educational benefits other than at the start of an Academic Year must submit a written request to receive benefits at least three months before the requested commencement date.

#### **SECTION 6. NAMING THE BENEFICIARY**

(a) Unless the Purchaser is a governmental entity or a 501(c)(3) charitable organization, the Purchaser must name the Beneficiary when purchasing the contract. A governmental entity or 501(c)(3) charitable organization may defer naming the Beneficiary, but must name the Beneficiary at least two years after the Beneficiary's graduation from high school.

(b) This Contract can not be transferred to another Beneficiary.

#### **SECTION 7. TERMINATION AND REFUNDS**

(a) Reasons For Termination: This Contract may be terminated upon written request to MET by the Purchaser (or a Person with legal authority to act on behalf of the Purchaser) pursuant to subsections (a)(3), (a)(4) and (a)(5). This Contract may be terminated by the Beneficiary (or a person with legal authority to act on behalf of the Beneficiary) upon written request to MET by the Beneficiary pursuant to subsections (a)(1), (a)(2), (a)(3) and (a)(6).

(1) the Beneficiary has reached 18 years of age or has received a high school diploma and certifies that he or she will attend an Independent Degree-granting College or University and directs payment of any refund to that institution,

(2) the Beneficiary has reached 18 years of age or has received a high school diploma and certifies that he or she will attend an Out-of-State Institution of Higher Education, and directs payment of any refund to that institution,

(3) The Beneficiary has reached 18 years of age or has received a high school diploma and certifies that he or she

will attend Higher Education Institution with a full tuition scholarship,

(4) the Beneficiary has died or is Disabled,

(5) the Beneficiary has reached 18 years of age or has received a high school diploma and certifies one of the following:

(i) he or she does not plan to attend a Higher Education Institution, or

(ii) he or she will attend a State Institution of Higher Education, or

(6) the Board approves a Termination for any other reason.

(b) Refund Amount:

(1) the refund amount shall be, as appropriate, Weighted Average Tuition Cost or Average Tuition Cost for the last full Academic Year before refund payments begin multiplied by the years of educational benefits acquired by the Purchaser or the Prepaid Tuition Amount. If all Monthly Purchases have not been made, MET will reduce a Monthly Purchase Contract refund accordingly (determined by multiplying the Monthly Purchases actually made by the appropriate percentage in section 3(g)). Any Termination fee will be deducted from the first refund payment.

(2) if the Contract is terminated pursuant to subsection (a)(1) or (a)(5)(ii), each installment shall be determined annually and the refund shall be based on Weighted Average Tuition Cost.

(3) if the Contract is terminated pursuant to subsection (a)(2), the refund shall be determined annually based on Average Tuition Cost if the Beneficiary directs payment to an Out-of-state Institution of Higher Education.

(4) if this Contract is terminated pursuant to subsection (a)(3) the refund shall be based on Average Tuition Cost.

(5) if this Contract is terminated pursuant to subsection (a)(4) the refund shall be based on the prepaid tuition amount.

(6) if this Contract is terminated pursuant to subsection (a)(5) or (a)(6), the refund shall be retained by MET.

(c) Refund Payment Procedure:

(1) a refund under subsection (a)(1) shall be made to the Beneficiary's Higher Education Institution to pay Tuition and Mandatory Fees. However, the total amount paid shall not exceed the maximum refund due.

(2) a refund under subsections (a)(2) or (a)(3) shall be divided by two and made in two annual installments as follows:

(i) if an annual installment is to be paid to the Higher Education Institution, the annual installment will be distributed as necessary to pay Tuition (and Mandatory Fees for subsection a(1) refunds). Any installment amounts left after paying Tuition for an Academic Year shall be deferred to the next academic year for the payment of Tuition.

(3) a refund under subsections (a)(4), a lump sum refund shall be paid within sixty (60) days after MET's approval of the termination.

(d) Adjustment for Benefits Received: Any refund shall

be reduced by the amount of educational benefits paid by MET before termination. If the Contract is terminated under subsections (a)(1), (a)(2) or (a)(3), the reduction shall be made in equal amounts against each annual installment.

(e) Terminated Contract: Once a Contract has been terminated and MET has paid a full or partial refund, the Contract cannot be reinstated.

(f) Notice of Termination: A Purchaser or Beneficiary who requests a refund under subsections (a)(1), (2), or (3) must give MET written notice by July 15 prior to the Academic Year in which the refund payments are to commence or the refund may not be available at the start of the Academic Year.

## **SECTION 8. TERMINATIONS BY MET**

(a) Fraud: MET will terminate the Contract and refund the amount paid by the Purchaser less a Termination fee and educational benefits used, if any of the following have been fraudulently stated in a Contract Signature Page or otherwise:

(1) the age of the Beneficiary or Purchaser (if a natural person),

(2) the grade of the Beneficiary,

(3) the Academic Year which the Beneficiary is to receive benefits under the Contract,

(4) the residency of the Beneficiary at the time the Contract is submitted to MET, or

(5) other matters as determined by the Board.

(b) SEVEN YEARS TO USE BENEFITS: SEVEN (7) YEARS AFTER THE JULY 15 IMMEDIATELY BEFORE THE ACADEMIC YEAR SPECIFIED IN ITEM 19 OF THE CONTRACT SIGNATURE PAGE, MET WILL TERMINATE THIS CONTRACT AND WILL NOT PAY ANY FURTHER EDUCATIONAL BENEFITS.

(c) Actuarial Unsoundness: To protect Purchasers and Beneficiaries, an actuarial review of the Plan shall be made annually. If a nationally recognized actuary determines that Plan D does not have funds sufficient to ensure the actuarial soundness of the Plan and the Board determines that there are insufficient numbers of new Contracts to ensure the actuarial soundness of Plan D, MET shall terminate all Plan D Contracts and prorate the assets of Plan D among the existing Contracts. If Plan D is liquidated, the amount to be returned is uncertain and could be less than the Prepaid Tuition Amount. Upon Termination pursuant to this subsection, MET will stop providing educational benefits from the Plan and will pay refunds determined as follows:

(1) MET will calculate the Contract's "Asset Value," which is the amount paid by the Purchaser less any educational benefits or refunds paid by MET.

(2) The refund will be a percentage of the amount of the total Plan assets after liquidating all of the Plan investments. The percentage is determined by dividing the Asset Value of this Contract by the Asset Value of all Plan Contracts.

The refund shall be applied, at the option of the Purchaser, either toward the purposes of this Contract for the Beneficiary or retained by MET.

(d) Naming the Beneficiary: If the Beneficiary is not named two years after the Beneficiary's graduation from high school, MET will retain the Prepaid Tuition Amount.

## **SECTION 9. ANNUAL REPORT**

MET will have an accounting of MET assets prepared annually and make it available to the Purchaser.

## **SECTION 10. CONTRACT NOT SUBJECT TO JUDGMENT OR ATTACHMENT**

It is the intent of the parties that this Contract shall not be subject to any judgment or attachment against the Purchaser, the Beneficiary, or any other Person.

## **SECTION 11. FEES**

(a) The Board may impose fees for the purpose of administering MET. The Termination fees shall be no more than \$200.00.

(b) The Termination fee and any other applicable charge shall be deducted from the first refund payment.

## **SECTION 12. CHANGE OF ADDRESS**

The Purchaser or the Contingent Contract Owner shall notify MET in writing of any change of address of the Purchaser, the Beneficiary or the Contingent Contract Owner.

## **SECTION 13. GENERAL TERMS**

(a) This Contract is offered pursuant to the Act and the administrative rules promulgated under the Act. This Contract should be read so that it meets the requirements of Section 529 of the United States Internal Revenue Code, any successor provision, and any applicable Internal Revenue Service regulation.

(b) Nothing in the Act or this Contract shall be construed as a promise or guarantee by MET or the State that a Beneficiary will be admitted to any or a particular Public Educational Institution, will be allowed to continue to attend a Public Educational Institution after having been admitted, or will graduate from a Public Educational Institution.

(c) This Contract may not be sold for any reason. This Contract may not be used as security for any loan.

(d) The Purchaser may change the Contingent Contract Owner upon written request to MET.

(e) This Contract represents the entire understanding of the parties to this Contract and may not be modified except in writing signed by the Purchaser and an authorized MET representative.

(f) If any portion of this Contract shall be found to be invalid or unenforceable by any court, that portion shall be severed from the Contract and the remainder of the Contract will remain in full force.

(g) The captions in this Contract are for convenience only and in no way limit the intent of any provision of this Contract.

(h) This Contract is to be interpreted under the laws of the State.







**Michigan Department of Treasury**