

# Frequently Asked Questions About Michigan Education Trust (MET)

**1. Can MET students 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 15 academic years from the expected high school graduation year to use all credit hours or receive a refund.

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

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

**4. What if my student's major requires more than 120 credit hours?**

There are some standard four-year baccalaureate degrees which require more than 120 credit hours. A student may submit a *Notice to Declare a Major Area of Study* (Form 2780) to MET in his or her junior or senior year in college. MET will verify the number of additional credit hours to be covered, if any, consistent with the contract requirements for a standard four-year baccalaureate degree. If MET pays for courses that are repeated to improve a student's grade point average or for incomplete, failed, or withdrawn classes, they will count against the total number of credit hours allowed under the contract.

**5. What if my student receives a full scholarship?**

If a Beneficiary receives a full tuition scholarship, he or she may terminate the contract and the refund designee will receive a refund of the average tuition (**Full Benefits and Community College** contracts) or lowest tuition (**Limited Benefits** contract). A full scholarship must be equivalent to or greater than the contract years purchased. For example, the student owns a two-year contract and is awarded a two-year scholarship, a four-year tuition scholarship, a two-year community college scholarship, or a one-year scholarship renewable for four years.

**6. What if my student receives a partial scholarship?**

Students who receive partial tuition scholarships, grants, or other types of tuition assistance (including faculty/employee benefits paid by a public institution) may not need all of the educational benefits provided under the MET contract. The institution should invoice MET for all credit hours for which a student enrolls. Any excess amount should be applied to other higher education expenses or refunded to the student by the institution.

**7. What if my student attends a Michigan independent (private) or out-of-state college or university?**

If a student is accepted by 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 pages 20 and 21).



**8. Will MET cover tuition for a student who moves out-of-state after a contract has been purchased but wants to attend a Michigan public college or university?**

Under the **Full** and **Limited Benefits** contracts, 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 purchased 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.

**9. What if a student decides not to attend college?**

When a MET student turns 18 or receives a high school diploma, he or she has the option of transferring the contract to an immediate family member or terminating the contract to obtain a refund paid to the refund designee.

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

Only a MET student who is at least 18 years of age or has obtained a high school diploma may terminate a contract. Therefore, neither a parent nor a Purchaser has the right to terminate a MET contract for any reason. The only exception is if the student has died or is diagnosed as learning disabled, then a person with legal authority to act on behalf of the student may terminate the contract. The MET Board, in its discretion, may approve an early termination of the contract at the request of the Purchaser.



**11. If my student terminates the contract will there be a lump sum refund?**

No. Pursuant to the MET statute, termination refunds are made in four annual installments for the **Full** or **Limited Benefits** contract if terminating to attend an out-of-state college, receive a full scholarship, or not attend college. If terminating a **Community College** contract, refunds are made in two annual installments. A lump sum refund is provided upon death or learning disability of the Beneficiary. See the *Termination Refund Provisions Chart* on pages 20 and 21.

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

None. The MET contract does not permit the reinstatement of a contract once it has been terminated and a full or partial refund has been made.

**13. 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 MET Beneficiaries' tuition costs and mandatory fees.

**14. 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 public pension fund in the nation and the 20th largest pension fund in the nation.

**15. Are MET purchases made with pre-tax or after-tax dollars?**

When purchasing a MET contract you are using after-tax dollars. Pre-tax contributions are usually reserved for 401(k) types of retirement plans. However, the full cost of a MET contract can be deducted from Michigan income taxes.

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

MET contracts are designed to cover undergraduate courses. However, if a student graduates from college after using the MET contract for undergraduate studies and has credit hours remaining on his or her MET contract, the remaining credit hours may be used toward graduate school or an advanced program at a Michigan public college or university at the undergraduate tuition rate.

**17. Can another Section 529 program be used to purchase a MET contract?**

Yes. A MET *Rollover of Account Funds* (Form 3953) must be submitted to the other 529 program to request funds be sent directly to MET. When the other 529 program sends a check directly to MET, it is considered to be a direct rollover.

Alternatively, you may conduct an indirect rollover by withdrawing the funds from the other 529 program and submitting the check to MET within 60 days of the withdrawal along with a MET *Rollover of Account Funds* (Form 3953).

**18. Can a MET contract be rolled over to another Section 529 Program?**

The Beneficiary may rollover MET funds to another 529 program once he or she reaches age 18 or graduates from high school.

**19. What if a Purchaser dies?**

The death of the Purchaser does not terminate the MET contract. The total lump sum or monthly purchases received remain with MET until the Beneficiary is 18 years old or graduates from high school.

The *Contract Signature Page* allows the Purchaser to name the Appointee to become the Purchaser in the event of the Purchaser's death. Otherwise, the personal representative should contact MET to add an Appointee to the contract and change the refund designee, if necessary. However, if the Beneficiary is the refund designee, a change is not allowed.

If a Purchaser of a **monthly purchase** contract dies while monthly installments are still being submitted, the total of all monthly purchases received remain with MET until the Beneficiary is 18 years old or graduates from high school. The estate may pay the contract in full or another contract can be purchased by someone else to provide additional benefits.

**20. What if a Purchaser divorces?**

Only one person can be named on the *Contract Signature Page* as a Purchaser. Once the contract is accepted by MET, the contract belongs to the Beneficiary. If the Purchaser is named as the refund designee, he or she will retain the right to a refund if the Beneficiary decides not to attend college or the right to change the refund designee, if desired.

**21. If I submit a monthly purchase contract, when will my monthly purchases begin?**

If a **monthly purchase** contract is submitted between November 1 and January 31, the first monthly payment will be due February 25. For monthly purchase contracts submitted between February 1 and April 30, the first monthly payment will be due May 25. For monthly purchase contracts submitted between May 1 and June 30, the first monthly payment will be due September 25.

**22. If a student does not graduate from high school in the expected academic year as submitted on the Contract Signature Page (Form 3691), 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 15 years from the expected academic year to completely use all contract benefits or receive a refund.

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

Only those listed on the contract as Beneficiary, Purchaser, or Appointee will be given contract information, whether by telephone, written communication, e-mail, online access, or any other means.

**24. How does a MET contract affect a student's eligibility for financial aid?**

MET contracts are recognized as a parental asset in determining the student's federal financial aid eligibility. Only 5.6 percent of a MET contract's value counts toward the expected family contribution.

**25. What fees are charged for program administration?**

Since MET is administered in-house, less than one-half of 1 percent (0.45 percent) is allocated to program administration.

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

Yes, there are two: 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.*

**27. 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. All 50 states and the District of Columbia have adopted college savings programs.

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

**28. 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.

