

# Contract Definitions

## University Contract

(Full and Limited Benefits)

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## Community College Contract

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*These definitions apply to the University and Community College Contracts. The University and Community College Contracts are the same except for Sections 2, 6, 7 and 14.*

## 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 Plan D 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) "Appointee" means the Person named in Item 11 of the Contract Signature Page, who will receive correspondence concerning the Contract and, in addition, the Person whom the Purchaser may select to be the Refund Designee (in Item 16) and/or the successor Purchaser upon the death or incapacity of the Purchaser (in Item 2).

(g) "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.

(h) "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.

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

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

(k) "Complete Credit Public Educational Institution" means a Public Educational Institution whose In-State Tuition Rate or In-District Tuition Rate does not exceed 105 percent of the Weighted Average Tuition Cost of all State Institutions of Higher Education in the Academic Year in which the Beneficiary initially enrolls at the Public Education Institution determined by MET annually.

(l) "Complete Credit State Institution of Higher Education" means a State Institution of Higher Education whose In-State Tuition Rate does not exceed 105 percent of the Weighted Average Tuition Cost of all State Institutions of Higher Education in the Academic Year in which the Beneficiary initially enrolls at a Higher Education Institution determined by MET annually.

(m) "Contract" means this MET Contract.

(n) "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.

(o) "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 two-year associate degree at that Community College into the number of credit hours for which in-district students were enrolled.

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

(q) "Immediate Family" means the spouse, mother, father, brother, sister, legally adopted brother or sister, child, legally adopted child, niece, nephew or cousin of the first degree of the Beneficiary.

(r) "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.

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

(t) "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.

(u) "Item" means any of those categories listed as numbers 1–27 on the Contract Signature Page.

(v) "Lowest Tuition Cost" means the lowest annual Tuition rate charged freshmen, sophomores, juniors or seniors among all annual Tuition rates at any State Institution of Higher Education for University contracts; and the lowest annual Tuition rate charged freshmen and sophomores among all annual Tuition rates at any Community College for Community College Contracts.

(w) "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. Fees which are course specific such as laboratory fees, contact hour charges, and fees based on the number of credit hours enrolled are not covered under this Contract. These examples are not all inclusive of non-mandatory fees.



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

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

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

(aa) "New Beneficiary" means an individual who is an Immediate Family member to whom Contract rights have been transferred.

(bb) "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.

(cc) "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.

(dd) "Person" means an individual who is a resident of the United States, or a partnership, trust, association, corporation, or governmental subdivision existing under the laws of the United States or any state of the United States.

(ee) "Plan" or "Plan D" means this Contract and other Contracts designated as Plan D Contracts.

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

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

(hh) "Purchaser" means the Person named in Item 6. If the Purchaser is a natural Person, he/she must be 18 years of age or older, or a trustee, or a designated custodian or minor under the Michigan Uniform Transfers to Minors Act, or be represented by a court appointed or approved conservator or guardian.

(ii) "Refund Designee" means the person named in Item 16 of the Contract Signature Page.

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

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

(ll) "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.

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

(nn) "Total Contract Price" means, when referring to this Contract the accumulated amount of all Monthly Purchase Amounts including the processing fee specified in Item 26 of the Contract or, when referring to lump sum contracts which have the Total Contract Price set forth in Item 27 of the contract, the amount in Item 27 of the contract or, if incorrect, the amount that should have been in Item 27.

(oo) "Transfer" means moving Contract rights from the Beneficiary to a New Beneficiary.

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

# UNIVERSITY CONTRACT (FULL AND LIMITED BENEFITS)

## SECTION 2. MET's OBLIGATIONS

(qq) "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.

(rr) "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.

(ss) "Weighted Average Tuition Cost of Complete Credit State Institutions of Higher Education" means a figure arrived at by:

- (1) first, multiplying the Annual Undergraduate Tuition Cost at each Complete Credit 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 Complete Credit 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 Complete Credit State Institutions of Higher Education.



(a) Upon MET's acceptance of the Contract and the Beneficiary's enrollment at a Public Educational Institution, MET will pay for one-eighth (1/8) of the credit hours required for a four-year baccalaureate degree at the Beneficiary's Public Educational Institution (for Full Benefits Contracts) or Complete Credit Public Educational Institution (for Limited Benefits Contracts) at the In-State Tuition Rate multiplied by the semesters 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.

### FOR LIMITED BENEFITS CONTRACTS:

(b) If a Beneficiary enrolls at a Public Educational Institution which is not a Complete Credit Public Educational Institution, MET will provide the number of credit hours MET can purchase with 105 percent of the Weighted Average Tuition Cost of all State Institutions of Higher Education based upon the Academic Year at the time of enrollment multiplied by the semesters of educational benefits acquired by the Purchaser.

(c) If a Beneficiary transfers to another Public Educational Institution, the number of credit hours the Beneficiary will have at the new Public Educational Institution will be determined at the time of transfer by:

(1) calculating the number of credit hours the Beneficiary is entitled to at the new Public Educational Institution pursuant to subsections (a) or (b), as applicable, as if he or she were just commencing receiving MET benefits using the Weighted Average Tuition Cost of all State Institutions of Higher Education and the Annual Undergraduate Tuition Cost of the new Public Educational Institution as of the Academic Year the Beneficiary first used MET benefits,

(2) calculating a percent equal to the credit hours already provided by MET for the Beneficiary divided by the total credit hours MET would have provided at that Public Educational Institution,