



# Michigan Department of Treasury

## *NEWS RELEASE*

FOR IMMEDIATE RELEASE  
March 31, 1988

FOR MORE INFORMATION CONTACT:  
Robert Kolt  
Public Affairs Officer  
(517) 373-3222

### TREASURY RECEIVES FAVORABLE WRITTEN IRS RULING ON MET PROGRAM

THE MICHIGAN DEPARTMENT OF TREASURY has received a favorable written ruling from the Internal Revenue Service (IRS) approving the Michigan Education Trust (MET), the State's prepaid college tuition guarantee program.

"With this favorable ruling from the IRS, we can proceed to implement the MET program," State Treasurer Robert A. Bowman said. "This ruling, which provides for tax-exempt status for the purchaser of a MET contract, is just what we needed to move forward."

Under State law, a favorable IRS ruling was necessary before MET contracts could be offered. Along with determining that the MET program is tax-exempt to the purchaser, the IRS also ruled that the beneficiary of the MET contract (the child), does not have to pay tax on the investment earnings of the Trust or file tax returns before they are ready to attend college. As previously reported, the IRS ruled the Trust itself is subject to tax.

With a favorable IRS ruling in hand, the MET board of directors can now meet to set participant rates based on the child's specific age, and to structure the program to minimize the cost to purchasers. The Michigan Education Trust is the nation's first of its kind college tuition guarantee program. MET contracts will be offered sometime this spring.

Michigan residents with questions about the MET program can call a toll-free hotline, 1-800-MET-4-KID, and get more information. The Treasury Department has received more than 40,000 inquiries about the tuition guarantee program.

####

\*\*\*\*NOTE: Media wishing to receive a copy of the IRS ruling can make their request to the Public Affairs Office.