



# SCHOLARSHIP

Charitable Contracts Enrollment Kit



EDUCATING MICHIGAN'S **FUTURE**

800-MET-4-KID

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



## **SMART MONEY**

### **Peace of Mind**

Have peace of mind when you buy future education at today's price through a MET Scholarship. Give your student (MET Beneficiary) the freedom to choose their college, knowing your support helped make it happen.

### **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 METs at any qualified degree granting institution.

### **Low Administrative Costs**

Less than one percent of METs 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 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 or based on their own particular circumstances.

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**800-MET-4-KID**

**SETwithMET.com**

For the hearing/speech impaired TTY through  
the Michigan Relay Center  
dial 711 for assistance.

# 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.

College tuition costs continue to rise. The cost of a college education is out of reach for far too many bright young people with so much to offer.

## You Can Help

There is no better investment than in the future education of Michigan's children.

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

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

“

**This scholarship is important because it would allow financial barriers to be removed. Therefore, students can reach their educational goals without financial concerns. Personally, I was very blessed to obtain the MET/GEAR UP scholarship to pursue my bachelor's degree from Howard University. With the help of this scholarship I can pursue my dream of becoming a physician.**

-Nia, MET Charitable Contract Beneficiary

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## MET Scholarship Plan Features

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

- No contract enrollment fees.
- Purchase with Lump Sum or Monthly Purchase options.
- For eligible Purchasers, flexibility to name the Beneficiary (student) at the time of purchase or delay naming for up to two years following high school graduation (anticipated graduation date must be noted when plan is purchased).
- Beneficiary has up to seven years following their high school graduation to use their benefits.
- Unused benefits are forfeited upon the expiration of the contract, seven years from high school graduation.
- A Beneficiary may be awarded one to five MET Scholarship plans (one to five years of tuition and mandatory fees).
- MET Scholarship plans are intended to be used for undergraduate education benefits.
- Once a Beneficiary has been named, a MET Scholarship plan may not be transferred from that person to another Beneficiary.



# Scholarship Eligibility Requirements

The Purchaser and Beneficiary (student) must meet all the eligibility requirements to enter into a MET Scholarship plan.

## Purchaser Eligibility Requirements:

- The purchasing organization (e.g., business entity or organization) must be located in the United States.
- Non-Michigan residents' eligibility to purchase a MET may be limited by their state's securities laws.
- For MET Scholarship Plans, the Purchaser must sign and submit the MET Contract Signature Page (Form 4608).

## Beneficiary Eligibility Requirements:

- The Beneficiary must be a Michigan resident when the contract is purchased or when the Beneficiary is named by the Purchaser.
- The Beneficiary cannot be related to the Purchaser.

# Naming a Beneficiary

Some Purchasers may opt to purchase MET Scholarship plans 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.
- If the Purchaser fails to name a Contingent Contract Owner, MET will have the authority to name the Beneficiary.

“

**It really helps that I don't have this huge burden of debt over my shoulders for the next 10-25 years. It's a great example of one generation investing in another.**

-Jerod, MET Graduate

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# Two Plans, One Purpose

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

- Full Benefits Plan
- Community College Plan
- MET funds may also be used to provide funds to Michigan private colleges, out-of-state schools, or to pay for qualified trade school/certificate programs.

MET Scholarship plans are purchased in one-year, 30 credit increments. **Pricing for the MET Scholarship is discounted** from the standard MET plans, helping your charitable scholarship dollars go further.

**The Full Benefits MET Scholarship plan** provides in-state tuition and mandatory fees at any Michigan public university or at Michigan public community college (in-district or out-of-district).

- Full Benefits MET Scholarship plans may be purchased in one-year increments up to five years of tuition per Beneficiary (student).

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



It is encouraging and frankly, a relief, to be able to tell students that one more barrier has come down, and they are able to pursue their dreams of higher education. It is a wise and prudent use of monies to train the future, because the future is NOW, and it looks like students.

To be able to reach ALL sectors of society and produce valued employees, whether they trained in or out-of-state is a benefit to not only Michigan, but the nation as a whole. This is one of the goals of MET Charitable Program and partnership with GEARUP that has helped students to be able to achieve their college dream.

**JOANNE, MICHIGAN STATE UNIVERSITY**



## Lump Sum

Lump Sum METs are sold in 30 credit hour increments, and the entire MET is purchased in a single payment.



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**The MET charitable program has given Carrollton students so many opportunities to help pursue their future goals without the worry of financial burden. It makes me extremely happy knowing I was a part of their process to achieve their goals of furthering their education.**

-Shelly, Carrollton Schools

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## Monthly Purchase

MET Scholarship plans can be purchased on a monthly basis rather than in one lump sum. The Purchase of a Monthly Purchase Plan 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 Plan is greater than a Lump Sum Plan because Monthly Purchase payments include a 5.5% rate of return. See MET's Charitable Contract Price Charts (available on the Charitable Tuition Program section of MET's website) for the Monthly Purchase Plan payment amounts and rate of return.

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

**No Obligations:** Purchasing organizations are not obligated to continue making monthly payments. A Purchaser who discontinues monthly payments will receive 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.

## Financial Aid Friendly

MET Scholarship plans are considered a “non-tuition restricted award,” and should be excluded from the calculation of state financial aid programs.

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. Beneficiaries may start at one institution and decide to finish at another. (See Contract Section 2).



tuition and mandatory fees at 100% and excess funds may be applied toward other qualified higher education expenses. There is no cash refund by MET.

## Low Administrative Costs

Up to one percent of MET’s total asset value can be used for program administration. Since the program began in 2008, less than one percent annually of the total assets have been used for program administration. The only administrative fees charged are an NSF fee if applicable and a late monthly payment fee. No other fees will be charged.

## Access to MET Scholarship Plan Information

MET will protect private information. MET Scholarship Plan 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 provide general program information to all other inquiries.

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**The MET Scholarship was a great opportunity for me to graduate from community college with no loans. If I had an award leftover, I would be able to transfer the funds to a university.**

**-Catera, MET Charitable Contract Beneficiary**

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## MET Covers Tuition

MET covers tuition and mandatory fees. MET does not cover room, board, books, non-mandatory fees and other expenses. However, if a student receives a scholarship or grant that partially covers tuition and fees, MET may be used to pay for



# Refund Options

MET Scholarship covers in-state tuition and mandatory fees at any MI public university or college. Not all students will attend a Michigan public college. If the Beneficiary decides to attend a Michigan Independent (private) college or out-of-state school, MET provides a dollar amount (refund) comparable to tuition at Michigan public institutions at that time. These funds are payable to the institution. Refer to the Termination Refund Charts for refund specifics and Contract Section 7.

## Full Benefits Plan:

1. When a student with a Full Benefits Plan attends a Michigan independent (private) college or university and directs funds to the institution, MET will make payments based on the weighted average tuition of all Michigan public four-year universities.
2. If a student attends an out-of-state college or receives a full-tuition scholarship and directs funds to the institution, payments to the institution will be based on the average tuition of all Michigan public four-year universities and paid out in four annual installments.
- 3. Neither the Purchaser nor the Beneficiary is able to receive a refund if a named Beneficiary opts not to attend college.**
4. Under the Full Benefits Plan, 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.

**Unless the plan 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.**



## Community College Plan:

1. When a student with a Community College Plan attends a Michigan public university or a Michigan independent (private) college or university and directs funds to the institution, MET will make payments based on the weighted average tuition of Michigan's public community colleges.
2. If a student attends an out-of-state college or receives a full-tuition scholarship and directs funds to the institution, payments will be based on the average tuition of Michigan public community colleges and paid out in two annual installments.
- 3. Neither the Purchaser nor the Beneficiary is able to receive a refund if a named Beneficiary opts not to attend college.**
4. Under the Community College Plan, the payment 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.

# Frequently Asked Questions

- 1. What is MET Scholarship?** MET Scholarship is a 529 prepaid tuition program which allows for the pre-purchase of tuition based on today's rates and then is paid out at the future cost when the Beneficiary attends college. MET Scholarship Plans are flexible; however, there is no cash refund. MET does not pay for room and board or books. Depending on the student's choices, MET Scholarship provides:
    - Prepaid tuition and mandatory fees at any Michigan public university or community college upon admission. MET cannot guarantee that a student will be admitted to any Michigan university or college.
    - Funds from a terminated MET Scholarship can be directed to a Michigan independent (private) or out-of-state college.
  - 2. Must a student use their MET Scholarship immediately after high school graduation?** No. A student has seven academic years from their expected high school graduation year to use all credit hours.
  - 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 institution. Application fees, contact hour fees, course or program specific fees (such as lab fees for science and computer classes), and fees assessed on the number of credit hours enrolled are **not** covered.
  - 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% and excess funds may be applied toward room and board by the institution. There is no cash refund by MET.
  - 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% and excess funds may be applied toward room and board by the institution.. There is no cash refund by MET.
  - 6. Will MET cover tuition for a Beneficiary who moves out-of-state after a MET Scholarship has been awarded but wants to attend a Michigan public college or university?** Under the Full Benefits Plan, 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.
  - 7. 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 a MET Scholarship Beneficiary.
  - 8. When can a Beneficiary terminate a MET?** The MET Scholarship plan may be terminated by the Beneficiary who is at least 18 years old or has received a high school diploma and certifies:
    - The Beneficiary will be attending a private college or university and directs payments of any refund to that institution.
    - The Beneficiary will be attending an out-of-state college or university and directs payments of any refund to that institution.
    - The Beneficiary has seven years after high school graduation to use their MET scholarship benefits, so, with a full scholarship, the Beneficiary may roll them forward, even to an eligible grad school.
- The MET Scholarship plan will be terminated by MET:**
- Fraudulent information was provided.
  - Seven years have passed since the Beneficiary graduated from high school.

# Frequently Asked Questions

- If the Purchaser does not name a Beneficiary within two years after the Beneficiary's anticipated high school graduation date.

## 9. What if a Beneficiary terminates the MET Scholarship plan for any reason and later the Beneficiary decides to attend a Michigan public college or university?

The MET Scholarship does not permit reinstatement once it has been terminated and a full or partial payment has been made to the school. **Note: There is no refund to either the Purchaser or the Beneficiary.**

## 10. How does MET pay for future tuition?

The Department of Treasury, Bureau of Investments, manages MET's portfolio and invests the money paid by MET Purchasers. MET uses the funds and investment earnings to pay MET Beneficiaries' tuition costs and mandatory fees.

## 11. What if I don't name a Beneficiary at the time of purchase, and why is it required?

- To defer naming a Beneficiary at the time of purchase, the purchasing organization must be a governmental entity or a 501(c)(3) charitable organization. All other purchasing organizations must name a Beneficiary at the time of purchase..
- Governmental entities or a 501(c)(3) charitable organization electing to defer naming a Beneficiary, purchasing organizations must list an expected high school graduation date and a Contingent Contract Owner, essentially an executor of the contract, should the organization cease to operate.

**12. 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.

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

No. The MET Scholarship does not allow refunds or transfers.

## 14. If a named Beneficiary does not graduate from high school in the expected academic year as submitted on the Contract Signature Page, 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 high school graduation date to completely use all benefits.

## 15. 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.





# More Michigan 529 Options

The State of Michigan offers other 529 savings programs such as the Michigan Education Trust (MET) prepaid tuition savings program. The Michigan Education Savings Program (MESP) and the Michigan Advisor Plan (MAP) are both investment-based plans.

- The Michigan Education Trust (MET) prepaid tuition savings program covers tuition and mandatory fees.
- The Michigan Education Savings Program (MESP) and the Michigan Advisor Plan (MAP) both programs offer multiple investment options to encourage families to save for higher education. Savings may be used for tuition, fees, room, board, books and equipment required for enrollment.
- MiABLE is a 529 savings program for people with disabilities. MiABLE accounts provide eligible individuals the opportunity to save and fund a variety of qualified expenses without endangering eligibility for certain benefits such as Medicaid and Supplemental Security Income. For more information, go to [SavewithAble.com](http://SavewithAble.com).

For more information visit [SaveWithMI529.com](http://SaveWithMI529.com).



**Key differences between the original MET contract and the MET Scholarship contract plans are:**

## **Types of Plans Offered:**

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

## **Contract Increments:**

- MET may be purchased in any credit hour increments.
- MET Scholarship may be purchased in one-year increments.

## **Transfer and Expiration:**

- MET contracts will expire 15 years after the original Beneficiary expected high school graduation date and may be transferred.
- MET Scholarship will expire seven years after the Beneficiary expected high school graduation date and may not be transferred.

## **Refunds:**

- MET: Refunds are typically available if the Beneficiary decides not to attend college or if a prepaid tuition amount remains following contract termination.
- MET Scholarship: Refunds are not available if the Beneficiary decides not to attend college.

## **Pricing:**

- MET offers age-based pricing, where contract prices are determined based on the age/grade of the child at the time the purchase.
- MET Scholarship offers discounted flat-rate pricing, where the age/grade of the child is not a factor in the price of credits.



## TERMINATION REFUND PROVISIONS CHART

Reason	Termination By	Full Benefits	Community College
<b>Attend Michigan independent (private) university/college, direct refund to the institution</b>	Beneficiary	<u>Weighted average tuition</u> of Michigan public four-year universities  Paid as necessary in four annual installment payments toward tuition and mandatory fees.	<u>Weighted average tuition</u> of Michigan public community colleges  Paid as necessary in two annual installment payments toward tuition and mandatory fees.
<b>Attend out-of-state institution, directs refund to the institution</b>	Beneficiary	<u>Average tuition</u> of Michigan public four-year universities  Paid as necessary in four annual installment payments toward tuition and mandatory fees.	<u>Lowest tuition</u> of Michigan public community colleges  Paid as necessary in two annual installment payments toward tuition and mandatory fees.
<b>Receives Full tuition scholarship  (Scholarship = Contract years purchased)</b>	Beneficiary or Purchaser	<u>Average tuition</u> of Michigan public four-year universities  Paid in four annual installment payments to college/university toward other qualified higher education expenses.	<u>Average tuition</u> of Michigan public community colleges  Paid in two annual installment payments to college/university toward other qualified higher education expenses.
<b>Not Attending College</b>	Purchaser	No Refund	No Refund
<b>Beneficiary Dies or is Learning Disabled</b>	Purchaser	Prepaid Tuition	Prepaid Tuition
<b>Any Other Reason</b>	Beneficiary	No Refund	No Refund
<b>Attends a Michigan public university, directs refund to the <i>university</i></b>	Beneficiary	Not Applicable	<u>Weighted average tuition</u> of Michigan public community colleges.  Paid as necessary in two annual installment payments toward tuition and mandatory fees.
<b>Contract expiration- 7 years after expected high school graduation</b>	MET	No Refund  Any benefits balance stays with MET	No Refund  Any benefits 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.

(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. 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.

# Another way to provide charitable support



## FOSTERING FUTURES

Scholarship Trust Fund  
*Making a Difference*

The Fostering Future Scholarship Trust Fund, housed in the Michigan Department of Treasury, is a Sec. 170(c) nonprofit organization that provides scholarships to former foster youth enrolled at Michigan colleges and universities.

Approximately 9,500 children are in the Michigan foster care system at any given time. Youth who transition from foster care need resources to pursue higher education and benefit from accessing financial resources and supportive adults when they attend college.

Nationally, 75% of the teens who exit foster care report that they want to attend college, but fewer than 10% who graduate from high school actually enroll in college and of those students, three to eleven percent graduate from college.

Since 2012, fundraising efforts have totaled over \$1,400,000; all of which have been awarded as scholarships in the year they were raised. Scholarships are paid directly to the recipient's college or university to assist with unmet needs in one or more of the following categories: tuition, fees, room, board, books and supplies. Scholarships are awarded to you via the application process at **FosteringFutures-MI.com**.

Individuals, businesses, and organizations can make donations at **FosteringFutures-MI.com** anytime. All proceeds from donations, sponsorships, and raffles are awarded as scholarships to students who have experienced foster care and are currently enrolled at Michigan colleges and universities. Your donation is tax deductible. Fostering Futures Scholarship Trust Fund is a Sec. 170(c) nonprofit organization.



I am incredibly grateful for the Fostering Futures Scholarship which has helped me with my educational needs and eases the financial stress of being a full-time student. The scholarship helps me pay for the bus fees, books, and school supplies. Thank you for your generosity and support.

**KHALED R.,  
WESTERN MICHIGAN UNIVERSITY,  
SOCIAL WORK**



The Fostering Futures Scholarship has been a game changer for me. It's not only supported my education but also helped me achieve a milestone—my first car! This freedom has enabled me to focus on my studies and career goals with confidence. It's a life-changing opportunity that opens doors to a brighter future. Thank you FFS.

**ABDALLAH A.,  
LANSING COMMUNITY COLLEGE**



I have received the Fostering Futures Scholarship multiple times, and it has helped me throughout my college journey. FFS has given me the opportunity to focus on obtaining both my Bachelor's and Master's degrees in Social Work by covering my tuition, providing resources to navigate college, and connecting me with a lifelong community. I am grateful to the FFS for their belief in me and my ability to contribute to our community.

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