



COLLEGE SAVINGS
PLANS OF MARYLAND
Maryland529.com

2016 Budget Testimony

Senate Budget & Taxation Committee

**Education, Business & Administration
Subcommittee**

February 11, 2016

Treasurer Nancy Kopp, Chair, College Savings Plans of Maryland Board
Lauren Shipley, Executive Director, College Savings Plans of Maryland

Madam Chair and Members of the Subcommittee,

Thank you for the opportunity to review the budget and related issues for the College Savings Plans of Maryland (CSPM) on behalf of our Board. We would like to thank Mr. Halbach for his analysis of the budget and the issues surrounding it.

We are pleased to report continued improvement in participation in both the Maryland College Investment Plan (MCIP) and the Maryland Prepaid College Trust (MPCT).

The number of active accounts in the MCIP grew at more than twice the national rate. At December 31, 2015, there were nearly 228,000 accounts, which was nearly 8% more than at December 31, 2014. This compares to the national average growth in 529 plan accounts of 4.1%.

The average account balance in this plan was \$19,565 as of December 31, 2015. This is less than the total cost of attendance for one year for a resident undergraduate student at the University of Maryland College Park for the 2015-2016 academic year which is \$24,587.

In addition, approximately 45% of MCIP accounts are established with automatic monthly contributions that average \$147 per month.

For the Maryland Prepaid College Trust, the 2015-2016 enrollment period opened on December 1, 2015 and will continue through April 20, 2016. For the past several years the Trust has seen an increase in the number of enrollments outside the enrollment period. This is a result of a change the Board implemented in 2010 which allows families with an existing MCIP account or newborns under the age of one, and existing MPCT account holders to enroll outside of the enrollment period.

Benefits paid to families now exceed \$45 million.

CSPM does recognize there has been a slowing of participation in the Prepaid College Trust as discussed in the FY 2015 budget testimony. We will be able to provide more insight to account holder purchase behavior later this spring when we receive findings from an experience study conducted by our actuary. This study is focusing on the types of tuition plans that are being purchased and how they are being purchased.

I would like to clarify one item on page 8 of the analysis, which indicates that MPCT enrollment declined 2.5% in fiscal 2015. This is actually not a true decline in active accounts, but, rather, a direct result of making our accounting more accurate by removing zero balance accounts that have either used all of their benefits or were never funded.

Key issues to address this year include:

Managing for Results – Actuarial Surplus Still Large in the Maryland Prepaid College Trust

As noted in the Analyst’s report, the Prepaid College Trust was 136% funded as of June 30, 2015, with an actuarial surplus of \$294.7 million. This is lower than the previous year when the Trust was 143% funded, with an actuarial surplus of \$321.5 million. Several factors contributed to the decrease in the amount of the actuarial surplus:

- First, the Trust’s investments produced an overall return of 2.45% during fiscal year 2015, as compared with the stated goal of 7.50%.
- An additional factor is related to a change in the discount rate used to determine the present value of accrued tuition payments from 7.5% in 2014 to 7.0% in 2015. The Board made this change after a prudent assessment of long-term investment trends and extensive discussions with its investment advisor. The impact of reducing the discount rate 0.5% negatively impacted actuarial value of the trust by approximately \$33.4 million.

Maryland law permits the Board to consider providing a rebate to account holders if the actuarial surplus is at least 130% and certain other conditions are met. FY 2015 is the second year that the Board was eligible to consider such a rebate.

The Board reviewed the primary trends that, over the past five years, have contributed to the growth in the actuarial surplus, including strong investment markets and unusually low tuition growth at Maryland’s public colleges. The Board also consulted with its actuary, accountants, and financial advisor. Based on their discussions and consideration, the Board determined that this was not an appropriate time to consider a rebate. First, the Board believes there is a significant likelihood that these upward trends in investment returns and tuition growth may not continue at these levels over at least the next several years. Further, there can also be significant uncertainty and volatility in both of these trends – as evidenced by last year’s mid-year tuition increase and this year’s differential tuition. In addition, recent market volatility has had a \$94 million negative impact on Trust assets compared to June 30, 2015. At this time, the Board believes that it would not be fiscally prudent to provide a rebate to account holders.

Each fall the Board evaluates all actuarial assumptions, including long-term tuition trends. There is still uncertainty of the long-term trend of moderate tuition increases at Maryland Public Colleges, but to address the current environment, the Board elected to lower the 2016-2017 and 2017-2018 assumed tuition rate to 6%. They will continue to closely monitor all trends and the actuarial surplus as part of their fiduciary oversight of the MPCT.

Issues to address include:

1. Initiatives to increase participation by low and moderate income families

Participation in the College Savings Plans of Maryland by moderate income families has always been very important to us and to our Board.

First, we have designed the plans to be as affordable as possible. In the Prepaid College Trust, tuition can be purchased for as little as a year at a community college level or a semester at the university level. For the College Investment Plan, the minimum required investment is \$25 per month.

Second, we focus extensively on outreach to moderate income families in our community partnerships and events that we participate in across the State. Attachment A is a list of initiatives, partnerships, community events, and literature distribution programs that are designed to encourage moderate income families to save for college.

Third, CSPM partnered with T. Rowe Price and Scholastic to produce a financial literacy piece called “Start Smart – A Family Guide to Saving for College” included as Attachment B. This five page publication focuses on basic concepts such as budgeting and investment. Through Scholastic it was distributed to PTAs across the State. Going forward, the marketing team looks to expand the distribution to libraries and other community groups in underserved areas such as Baltimore City, Western Maryland and the Eastern Shore recognizing that college savings can be an advanced concept to families who have limited financial literacy.

2. CSPM May Expand for the ABLE Program

The Maryland ABLE Task Force recommended selecting CSPM as the agency to implement and manage the new plan as part of its December 1, 2015 submission.

CSPM agrees with this recommendation for the following reasons:

1. Primary responsibilities for the administration of the ABLE accounts appear to be fiscal and fiduciary, which is how CSPM currently functions. CSPM has an understanding of the program manager relationship and has experience in the ongoing negotiations needed to adapt to the changing dynamics in the industry. In addition, CSPM is familiar with the complicated RFP that soliciting a program manager requires.
2. CSPM has knowledge of and experience dealing with the legal issues surrounding financial instruments, reporting requirements, etc.
3. CSPM has strong relationships with other states via the College Savings Plans Network/National Association of State Treasurers. This affiliation provides us an extensive network of resources, including a lobbyist firm in Washington DC who is working on behalf of the 529 industry on issues impacting 529s including 529a and regular communications with other states as they work through implementing their own ABLE programs.

Some secondary items include: 1) CSPM has relationships in place with financial industry/professional groups who can help reach those that the disability advocacy community perhaps cannot; and 2) if CSPM were to be selected, families wishing to save in both 529 and 529a plans can shop in one place.

Implementation will be challenging. To date, no state has an active ABLE program. CSPM is leveraging the College Savings Plan Network resources and continues to be involved in discussions with other states about the potential of a consortium, but due to the lack of standards it is hard to quantify a complete list of program elements.

The recommended October 2017 implementation date can be a realistic but very challenging target if the State chose to implement an ABLE program through an RFP process. If there is flexibility to implement through a consortium or contracting state model, the timeline could be accelerated. By joining either structure, we would gain the advantage of their existing work rather than starting from scratch. An additional benefit would be a possible fee cost savings to ABLE account holders through economies of scale.

Additional considerations are the incorporation of the ABLE program into our existing agency structure. A name change to Maryland 529 has been recommended to accommodate all 529 products. In September 2015, the agency began to transition its logo and assets to include the website domain Maryland529.com. This will allow for an additional build of the ABLE program on the website. Office space will also need to be addressed. CSPM's current lease is up for renewal on 12/11/2016 and we have started discussions with DGS to explore expanded office space.

CSPM has developed the agency fiscal impact of the proposed ABLE legislation, and we look forward to further discussion.

Additionally, the Board still believes that an advisor-sold 529 plan could be an effective complement to our current direct sold Prepaid College Trust and College Investment Plan. Our Board has not yet determined when to offer such a plan. At the time that the legislation was passed, the Board was clear that they were seeking the authority to offer such a plan, but did not commit to a launch of the plan for a specific time period. Since granted this authority, the Board has continued to monitor both the external environment and our internal staffing needs. Given the implementation of ABLE and expiration of the MCIP program manager contract, there are current CSPM resource demands. The Board will continue exploring all potential opportunities, and as always, we will continue to keep you informed.

3. Differential Tuition Problem Resolved

As you are aware, this summer, there was a new development in Maryland higher education. After approval by the University System's Board of Regents, the University of Maryland, College Park (UMCP) announced the implementation of "differential pricing" in addition to tuition for juniors and seniors in Business, Engineering and Computer Science majors beginning with a gradual increase in Fall 2015 (\$700) and ramping up to full implementation (\$2,800) by FY2019. Subsequently, the University changed the nomenclature to "differential tuition".

CSPM has kept the legislature informed of the steps the Board took to fulfill their fiduciary responsibility in determining the appropriate outcome for the account holders and the projected soundness of the Plan. The final outcome was reached after the University redesignated the charge as tuition, and a review of both the legal and actuarial aspects of this issue. The Board voted unanimously to include the differential tuition as tuition payable from the Prepaid Trust, effective beginning with the Fall 2015 semester tuition charge. CSPM has notified all account holders impacted and has issued retroactive payments as of February 5, 2016 for the fall of 2015. Spring 2016 payments have included the new differential tuition.

Looking to the future, the Board has discussed with the University System of Maryland (USM) the need to improve communication in order to inform MPCT of policy changes that will impact the Trust. MPCT is unsure of the appetite across USM institutions to implement differential tuition; however, if this should happen, MPCT will continue to pay according to the statutory definition of “tuition” and evaluate the best fiduciary action to maintain actuarial soundness.

4. Leadership Turnover and Vacancies

In May 2015 the Board elected to go in a different direction with CSPM leadership. There has been a period of transition; however, CSPM has appointed a new Executive Director, Lauren Shipley. On a temporary basis, the Chief Financial Officer position has been effectively filled by Jessica Papaleonti, Director of Budget & Financial Administration at the Maryland State Treasurer's Office. Recruitment has been issued for a permanent CFO.

Additionally, CSPM has adequately managed during this time of rebuilding by reallocating current staff to more productively use these resources. Now that the transition has ended, an organizational structure can be developed to address staffing vacancies. Over the past several months, an effort has been made to evaluate workflows and identify staffing improvements in anticipation of an organizational structure review.

Improvements will include: 1) improving account holder communication by bringing the customer service calls function back to the agency when CSPM’s call center contract ends in April; 2) using vacant PINs to enhance the benefits area to improve processing times; and 3) developing a stronger quality control unit to ensure accuracy.

We will continue to keep you informed of the hiring of the CFO and ongoing operational improvements.

Updates:

1. Maryland College Investment Plan receives a “Gold” rating from Morningstar for the 6th year in a row

We are pleased to report that in October, 2015, Morningstar released its report of ratings of 529 college savings plans nationwide. The Maryland College Investment Plan was one of only 4 plans in the country to receive a “Gold” rating. According to the report, those plans with a “Gold” rating, “lead the industry and represent some of the best options available for college savers.” This is the sixth year in a row that the Maryland College Investment Plan has earned Morningstar’s highest rating.

2. Recent Federal initiatives

On December 18, 2015, the Protecting Americans from Tax Hikes (PATH) Act was signed into law and included the following changes that impact section 529 college savings plans:

- **Inclusion of Computers as a Qualified Higher Education Expense:** Effective for distributions taken after December 31, 2014, the definition of qualified higher education expenses has been extended to include expenses for the purchase of computers and peripheral equipment (e.g., printers), computer software, and Internet access and related services.
- **Re-contribution of Tuition Refunds:** In cases where a student took a distribution from a 529 plan for qualified higher education expenses and received a refund from the school (e.g., if the student dropped a class mid-semester), the previously distributed amount is not taxed or penalized if it is re-contributed within 60 days of the refund to an account (in the same or another 529 plan) of which the student is beneficiary. However, for amounts refunded between January 1, 2015 and December 18, 2015, the previously distributed amount will not be taxed or penalized if it was properly re-contributed by February 16, 2016.
- **Elimination of Earnings Aggregation Requirement:** Multiple accounts in a 529 plan for the same beneficiary and account holder no longer must be aggregated for purposes of computing the earnings portion of a distribution.

Audit Findings:

Finding 1 – CSPM agrees with the finding and has established a policy for escheating the funds to the Comptroller’s office. CSPM has been working with the Comptroller’s office on execution, and we expect the process to be fully implemented by fiscal year end.

Finding 2 – CSPM has obtained a binding, written commitment letter from the MCIP program manager to have an outside party conduct SOC-2 Type 2 certification and has been in discussion to formally amend the existing contract to include SOC Type 2 certification as a continued requirement. CSPM will be issuing a new Program Manger RFP during the spring of 2016, and the agency is including SOC 2 Type 2 reporting as a requirement.

Attachment A

**College Savings Plans of Maryland
Low and Moderate Income Initiatives for 2015 - 2016:**

- Attendance at Back-to-School (BTS) Nights across the state including counties which have a larger population of low and moderate income families.
- Distribution of BTS e-newsletter to underserved counties
- Parent Information Nights across the state including counties which have a larger population of low and moderate income families.
- Employer payroll deduction programs with the State of Maryland, Harford County Employees, and Anne Arundel County employees, and Prince George's County Public School employees.
- Attendance at events across the State some focusing on cultural or religious organizations.
- Partnerships with over 30 organizations including a number of non-profits who focus on financial literacy. Other partners include libraries and minor league baseball teams with summer reading programs.
- College Graduate poster initiative with the Baltimore Ravens. The Baltimore Ravens have one of the highest percentages of players who are college graduates in the NFL and the poster highlights those players, which include many of the best-known players. The poster has been distributed to students in Baltimore City and in the surrounding counties, many of which include low income families.
- Partnership with the Maryland/Baltimore CASH Campaign - - a non-profit that provides free tax preparation and supports financial literacy. They provide brochures at all of their tax preparation sites and have CSPM present twice a year as part of their workshop series.

Literature Distribution:

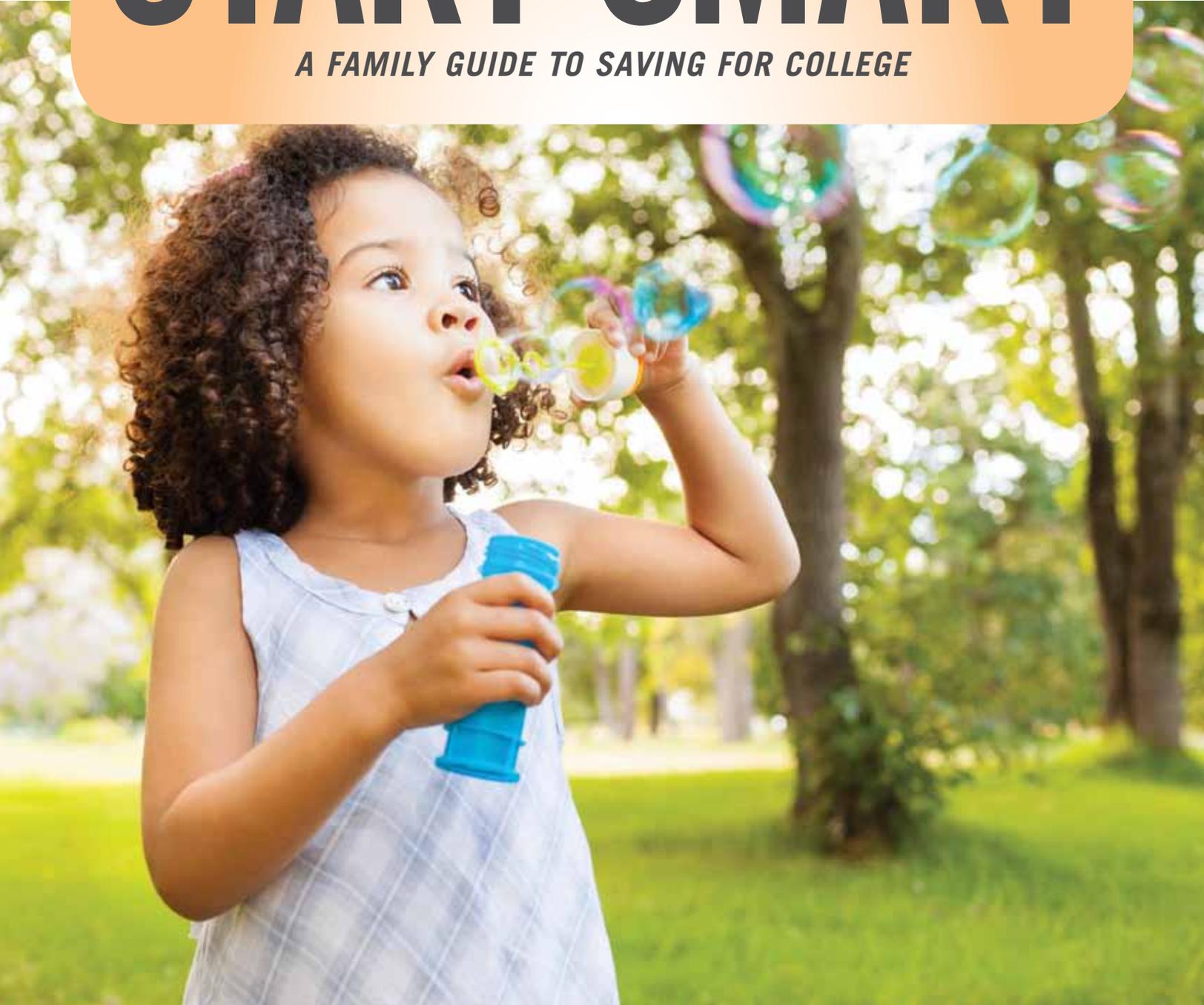
- Prince George's County Children's Services is distributing brochures at their child care centers
- Human Services Coalition, which includes a large group of Prince George's County non-profits. They have been making our information available at their monthly meetings.
- Libraries – brochures sent to every county system except Montgomery
- Hospitals – brochures are sent regularly to 12 hospitals across the State for distribution to parents of newborn infants/
- Goodwill Industries is distributing brochures to new hires and has us present once a year
- YMCA of Central MD – distributes information to all new hires and includes a slide on CSPM in their new hire orientation. Plus, they plan to make our brochure available to all 2,000 of their employees.



COLLEGE SAVINGS
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START SMART

A FAMILY GUIDE TO SAVING FOR COLLEGE



WELCOME, PARENT OF A FUTURE COLLEGE GRADUATE!

**CURIOUS ABOUT
529 PLANS?**

Skip ahead to page 6.

It's natural for a parent to feel overwhelmed when thinking about saving for a child's college education. But anyone can do it! All it takes is a plan, patience, and a little bit of knowledge.

With this guide from the College Savings Plans of Maryland and Scholastic, we hope to take some of the stress out of saving for college and provide you with empowering, practical tools to help your family discover your path to saving success.

Your child's hopes for the future and your family's personal journey shape your financial path—it is as unique as your child. And there's not one "perfect" fit or plan that works for everyone. But within this guide you'll find tips and facts that you can apply to help you meet your goals. The tools enclosed focus on helping you save for college, but the concepts can be applied to any savings goal—large or small—including a car, a house, or even retirement.

So read on at your own pace. Take it in small sections, or go through it all at once. Then call a family meeting and get started!



Photos: cover, © Photolyric/iStock; boy, © Jianying Yin/iStock.



THE PATH TO SAVINGS SUCCESS

Saving for college is a long-term goal, and it's important to make sure that the entire family understands the plan. On the next few pages, we'll provide tips about how to:

- SET A GOAL
- CREATE A BUDGET FOR A LONG-TERM GOAL
- UNDERSTAND INVESTING CONCEPTS
- SAVE FOR COLLEGE WITH A 529 PLAN

Each page also includes activities that will help your child participate in your family's savings plan. Saving (and saying "no") is easier when everyone is working together to achieve a goal.

Plus, use the worksheet on page 7 to develop a College Savings Action Plan!



TALKING TO KIDS ABOUT MONEY TIP #1

Money Moments

Many parents wonder whether talking about college expenses will make their children nervous. But according to a recent survey, talking about saving for college actually makes kids feel more confident that they will go to college. But how do you start? Kids of different ages will have different questions about money, but consider these conversation starters:*

A) If you give your elementary-age children an allowance, give yourself one too. Then talk about your experiences in stretching it from week to week. Make adding to a 529 plan part of your monthly budget.

B) Saving for college is difficult, so balance it out with a family "wish jar." Ask every family member to contribute an idea for something they would like to do during the next month (e.g., a trip to the ice cream shop or to the local dollar store). Make sure that each activity falls within your budget—perhaps no more than \$2 per person. After paying your bills, if your budget allows,

choose one "wish" from the jar that your family can fulfill together.

C) Small children practice basic life skills through imaginative play, so bring money into the mix! Give them play coins and bills to use creatively and guide them as to when they should use the money (e.g., when "shopping" and going to the "movies" or "work"). Remember that your children will emulate your behavior, so consider your words when you talk about bills, budgeting, and spending.

*T. Rowe Price 2014 Parents, Kids & Money Survey.





YOUR GOALS AND BUDGET

A savings goal has three parts: what you want to buy, when you want to buy it, and how much it will cost when it's time to buy it.

Start by talking to your child about his or her dreams for the future. Make it fun and try not to limit the ideas—a young child's dream of becoming a superhero might provide a hint to a future in law enforcement! Then ask yourself these questions:

1. How much do you want to save for college?

This is your goal. Remember that you don't need to save for all four years—consider saving for one or two years.

2. How many years are there before your child enters college?

This is your time horizon.

3. Make a list of your fixed expenses.

These are costs that don't change, such as

rent or a car payment. Fixed expenses are also based on decisions you make. And since those decisions often take up a much larger percentage of your expenses, they are much more important. Saving more for college may mean driving a slightly less expensive car or living in a more modest home.

4. Make a list of your variable expenses.

These are costs that change based on decisions you make, such as eating out or going to the movies.

Consider spending less on the things that are less important to you than your child's college education. Put that money toward the college goal instead.

TALKING TO KIDS ABOUT MONEY TIP #2

Gifts

Families have different gift traditions, and you should choose the right path for your family.

When friends and family ask for gift ideas, consider suggesting that they give to your child's college savings plan.

ASK AN EXPERT

PARENTS ASK: College is years away, when should I start saving?

EXPERTS SAY: The best time to start saving is now. When money is invested, those earnings are invested (and then reinvested) to generate more earnings of their own. This is called compounding. So you're not just saving money. You're potentially growing it. The sooner you start, the more time your money has to potentially grow. For instance, as shown in the chart, if you save for college with as little as \$25 a month for 15 years in a 529 plan, you have the potential to save \$7,270.* Start small and increase your contributions whenever you can.

SAVING A LITTLE COULD GO A LONG WAY

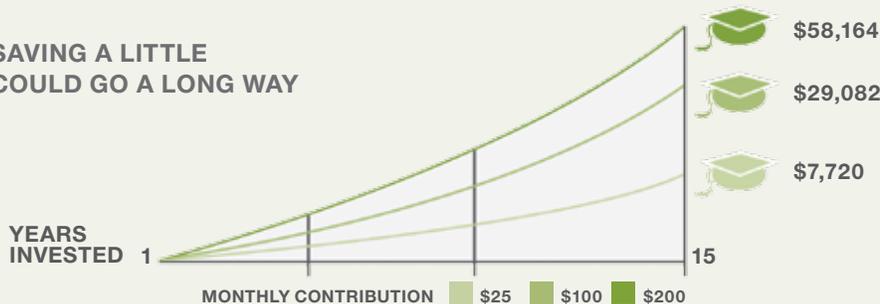


Photo: © Tracey Brown.

*Assumes a 6% hypothetical rate of compounded monthly return. This is a hypothetical example and is not intended to represent the performance of any specific investment.





INVESTING CONCEPTS

The sooner you start investing, the more time your money has to potentially grow.

It's time to think about where you should invest the money in your budget. *Inflation* (the increase in prices over time) is causing the price of college to rise, but time is also on your side. By starting now, you have the potential to earn more on your savings investment so that there is more money there when you need it!

To help you learn more about investing and saving for college, we are going to go over a few investing concepts.

STOCKS: An investment in which the investor buys shares of a specific company that is available for public purchase. Companies sell stocks to raise money to finance business operations, and their prices can change daily. Stocks are usually some of the most volatile investments in the short term but can also provide higher reward potential over longer periods.

BONDS: An investment in which an investor loans money to an entity such as a corporation or government. The entity

borrowes the funds for a defined period of time and repays the loaned amount along with the predetermined interest. Bonds have less volatility in the short term than stocks but also less growth potential over the long term.

MONEY MARKET FUNDS: A money market fund is made up of short-term investments, and its purpose is to provide investors with a stable place to invest easily accessible assets. While it is typically a more stable investment, it also usually has lower returns that are more similar to the interest you may earn on a savings account.

MUTUAL FUNDS: Combines the money of many investors who have common financial goals into a professionally managed portfolio. Mutual funds take the money and buy many different stocks, bonds, and/or short-term investments (depending on the type of mutual fund), giving small investors access to diversified investing. Each investor shares in the gain or loss of money in the mutual fund.

PORTFOLIO: A grouping of investments and assets such as stocks, bonds, mutual funds, and money market funds that a person invests in. Portfolios are held directly by investors or managed by financial companies.

Now that you understand these concepts, stocks, bonds, money market funds, mutual funds, and portfolios can help you diversify your investments. Diversification means having different kinds of investments (different types of stocks, different types of bonds, etc.).

TALKING TO KIDS ABOUT MONEY TIP #3

Learn More

Visit MoneyConfidentKids.com to learn more about investing and how to talk to your kids about money.





MANAGING YOUR COLLEGE INVESTMENTS

Saving for college and talking about it with your kids makes them feel more confident that they will go to college.*

What is a 529 plan? A 529 plan is a tax-advantaged plan designed to help families save for future college costs. There are two different types of 529 plans: savings (investment) plans and prepaid tuition plans. Prepaid tuition plans are designed to allow you to lock in tomorrow's tuition at today's prices. Savings (investment) plans allow you to invest money that can be used for a variety of college expenses, such as tuition, fees, room and board, and books. Many 529 plans offer college savers the following benefits, including:

NOT JUST FOR PARENTS

Anyone can open and contribute to a 529 plan. In fact, it's a great way for grandparents, relatives, or friends to save for a loved one's higher education. They can even make gift contributions to your account.

FEDERAL TAX BENEFITS

Your investments grow tax-deferred and any earnings on your contributions are tax-free when used for qualified education expenses.

STATE TAX BENEFITS

Many states offer state tax benefits for 529 plans. For example, the College Savings Plans

of Maryland are the only 529 plans to offer Maryland taxpayers an annual Maryland State income deduction on contributions of up to \$2,500.

NATIONWIDE

Savings can be used at nearly any college in the country. And it doesn't have to be a four-year college. You can use your savings toward eligible trade and technical schools. For a complete list of eligible institutions, visit fafsa.ed.gov.

RANGE OF PORTFOLIO OPTIONS

529 savings (investment) plans also offer many investment options to meet families' college savings goals including:

Enrollment-based portfolios: Essentially, these are target date investments. You choose a portfolio that most closely matches the year your beneficiary will enter college. The portfolio's investments include a mix of stocks, bond, and money market mutual funds and the investments automatically shift as you approach that year. When your child is younger, the portfolio starts out with a heavy concentration in stock mutual funds to help maximize growth potential and then shifts over

time into a higher percentage of more stable bond and money market mutual funds with the goal of reducing volatility as college nears.

Fixed portfolios: Here, you'll invest in a portfolio with specific types of investments made up of various mutual funds. The mix of stocks, bonds, and short-term investments in fixed portfolios does not change over time.

ASK AN EXPERT

PARENTS ASK: Can I rely solely on scholarships and financial aid?

EXPERTS SAY: There's no guarantee that your child will get scholarships or qualify for financial aid. Even if your child qualifies for financial aid, it is often largely in the form of loans. If you save about \$70 a month for 18 years, you can get to an out-of-pocket investment of around \$15,000. When you add potential earnings to that amount, you could end up having around \$25,000 toward college costs.** On the flip side, if you borrow \$25,000, you'll have to pay about \$320 a month for 10 years. That will include about \$13,000 in interest over the life of the loan. That means you'll pay around \$38,000 out of pocket for \$25,000 in college expenses.***

*T. Rowe Price 2014 Parents, Kids & Money Survey.

**Assumes a 6% annualized return. This is a hypothetical example and is not intended to represent the performance of any specific investment.

***Assumes an interest rate of 8% annualized. Total loan period is 14 years: 4 years in college, plus 10-year repayment period. This depiction is for illustrative purposes and not representative of any particular investment or loan, and does not consider any investment or loan origination fees. Amounts reflected are adjusted to "today's" dollars and assume an inflation/discount rate of 3% annualized.



COLLEGE SAVINGS ACTION PLAN

A good savings plan can help your family understand your financial reality. Use this worksheet to chart a path that works for you!

PARENTS! Do your planning here...

KIDS! Do your dreaming here...

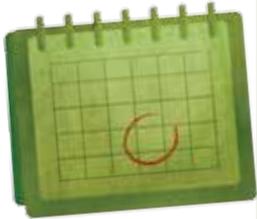
SET A GOAL



How much do you want to save for college?

Write about (or sketch!) what you'd like to go to college to learn.

SET A TARGET DATE



How much time do you have to save for college?
Depending on your time horizon, consider different investment options.

How old will you be when you head to college?
Create a collage that shows what you might want to bring to school with you.

DO THE MATH



Make a list of your fixed expenses.
These are costs that don't change, such as rent or a car payment.

Make a list of your variable expenses.
These are costs that change based on decisions you make, such as eating out or going to the movies.

College is an amazing opportunity, but it's expensive.
What are you willing to give up (or cut back on) in order to help your family save? Ask yourself if this is more important than college?

CHOOSE A PLAN

Turn the page to find out more about 529 plans.

Sometimes it's tough to know when you *really* want something. So put your whole family on a 48-hour timer!
Every time someone wants to purchase something, write it on a sticky note along with the date, time, and the trade-off that they'd need to make to purchase the item. Put the sticky note on the fridge and wait 48 hours before making the final decision!



It's Time To Save For Your Child's Future

What To Know About 529s

The College Savings Plans of Maryland offers two Section 529 plans to help families prepare for the future cost of college and reduce future debt.

The Maryland Prepaid College Trust lets you lock in tomorrow's tuition at today's prices with affordable payment options and the security of a Legislative Guarantee.

The Maryland College Investment Plan, managed by T. Rowe Price, offers a variety of investment portfolios, flexible contribution amounts, and no sales loads, commissions, or enrollment fees.



Both Plans Offer Big Benefits

AFFORDABILITY

Start saving with as little as \$25 a month with the College Investment Plan, or start with a one-semester college plan in the Prepaid College Trust.

CHOICE

Your child can use both Plans toward nearly any accredited two-year or four-year college nationwide, including U.S. schools with campuses outside the country.

FLEXIBILITY

Both Plans give you options should your child receive a scholarship or grant, delay the start of school, or choose not to use the Plans for other reasons. The Plans also offer a broad range of investment strategies and payment options to fit your family's goals and budget.

TAX SAVINGS

Earnings in both Plans are tax-free when used toward eligible college expenses. Plus, the College Savings Plans of Maryland are the only 529 plans to offer Maryland taxpayers an annual Maryland State income deduction on contributions up to \$2,500.

Visit CollegeSavingsMD.org or call 888.4MD.GRAD (463.4723) to get started today.



COLLEGE SAVINGS

PLANS OF MARYLAND

Save here. Go anywhere.®

Please carefully read the Enrollment Kit, available online, which describes the investment objectives, risks, expenses, and other important information that you should consider before you invest in the College Savings Plans of Maryland. Also, if you or your beneficiary live outside of Maryland, before investing you should consider whether your state or your beneficiary's home state offers state tax or other benefits for investing in its 529 plan. State tax benefits may be conditioned on meeting certain requirements.

College Savings Plans of Maryland, Administrator and Issuer. T. Rowe Price Associates, Inc., Program Manager and Investment Adviser, Maryland College Investment Plan. T. Rowe Price Investment Services, Inc., Distributor/Underwriter, Maryland College Investment Plan.