

MASTER CONTRACT

SECTION 1: DEFINITIONS

1.01 “Account Owner” means the person who is designated on the Application as the “account owner,” unless the owner of the Contract was subsequently changed, and who is the owner of record. There may only be one Account Owner for the Contract. The Account Owner must be 18 years old or older and must be a United States citizen or resident alien with a valid Social Security Number.

1.02 “Additional Tax” means the same as that term is defined in Section 529 of the Code. [Current language or guidance may be inserted as applicable.] Residents of states other than Florida may have a state income tax, which applies an additional tax to any Non-Qualified Withdrawal.

1.03 “Application” means the form used by the Board to collect the information specified in Rule 19B-4.001, Florida Administrative Code, for purchase of a Contract or Plan in the Program.

1.04 “Beneficiary” means the person for whom a Contract, and all Plans therein, is purchased, as defined in Section 1009.97(3)(f), Florida Statutes, and Section 529 of the Code. A specific Beneficiary must be named in the Contract. The Beneficiary must be a United States citizen or a resident alien with a valid Social Security Number. For newborns, the Social Security Number is not required when the Application is submitted, but it must be provided shortly thereafter or the Plan(s) will be subject to termination pursuant to paragraph 9.03.

1.05 “Board” means the Florida Prepaid College Board.

1.06 “Code” means the Internal Revenue Code of 1986, as amended.

1.07 “Contract” means the advance payment contract and is the complete and exclusive contract between the Account Owner and the Board related to the Program and any Plan(s) purchased for the Beneficiary by the Account Owner at any time. The Contract consists of the Application(s); this Master Contract, as amended from time to time by the Board

to comply with Federal laws and regulations and the Florida Legislature’s grant of authority under Sections 1009.971(4)(b), 1009.971(6), and 1009.98(4)(a) - (l) through the rulemaking process as more fully described in Section 120.54, Florida Statutes; and the most recent Participation and Payment Schedule. The applicable provisions of part IV, Chapter 1009, Florida Statutes, rules contained in Chapter 19B, Florida Administrative Code, and Section 529 of the Code, each as amended from time to time, shall apply to the Contract and are incorporated by reference. The Contract supersedes any prior agreement, oral or written, and any other communications between the parties hereto relating to the subject matter of the Contract.

1.08 “Co-Purchaser” means the same as Survivor and these terms may be used interchangeably.

1.09 “Dormitory Fee” means the fee charged by a State University for residence in a double-occupancy, air-conditioned dormitory room.

1.10 “Effective Date” means the date(s) for the Contract and Plan(s) used for date-specific eligibility, benefits and requirements. The Effective Date of the Contract is the last day of the enrollment period for which the Application for the oldest Plan was accepted. The Effective Date of each Plan within a Contract is the last day of the enrollment period in which the Plan(s) was purchased.

1.11 “Eligible Educational Institution” means an accredited, postsecondary educational institution offering credit toward a bachelor’s degree, an associate’s degree, a graduate level or professional degree or another recognized postsecondary degree, including certain proprietary institutions and postsecondary vocational schools and certain institutions in foreign countries, provided such institution must be eligible to participate in U.S. Department of Education student aid programs. Institutions of higher education must qualify under Section 529 of the Code as an Eligible Educational Institution.

1.12 “Florida College” means any public postsecondary educational institution in the Florida College System as defined in Section 1000.21(3), Florida Statutes.

1.13 “Gardiner Scholarship Program Account” means a Scholarship account established pursuant to Section 1002.385, Florida Statutes.

1.14 “Joint Approval” means an authorization made by the Account Owner and the Survivor together. [Guidance may be inserted as applicable].

1.15 “Local Fee” means: **(a)** the activity and service, health, and athletic fees authorized in Section 1009.24(9) – (12), Florida Statutes, charged by a State University; or **(b)** the student activity and service fee authorized in Section 1009.23, Florida Statutes, and charged by a Florida College. The technology fee authorized in Section 1009.23(10), Florida Statutes, charged by a Florida College is also covered by Local Fee Plans purchased after July 1, 1999.

1.16 “Matriculation Year” means the first year that the Beneficiary may begin using Contract benefits.

1.17 “Maximum Account Balance” means the limit on the total value of Plans and Florida 529 Savings Plan accounts for the Beneficiary. [Current language or guidance may be inserted as applicable.]

1.18 “Member of the Family” means the same as that term is defined in Section 529 of the Code. [Current language or guidance may be inserted as applicable.]

1.19 “Non-Qualified Withdrawal” means a withdrawal or refund from the Contract, other than the usage of Plan benefits at an Eligible Educational Institution; a refund due to death, disability, or Scholarship; or a rollover. The earnings portion of the withdrawal is subject to state and federal income taxes and the Additional Tax.

1.20 “Parent” means the same as that term is defined in Section 1000.21(5), Florida Statutes. [Current language or guidance may be inserted as applicable.]

1.21 “Participation and Payment Schedule” means the document provided by the Board to the Account Owner, which identifies the Account Owner,

Survivor(s), Beneficiary, Plan(s) purchased, and payment information.

1.22 “Plan” means the Florida Prepaid College Plan(s) purchased by the Account Owner for the Beneficiary of the Contract. To the extent offered by the Board, more than one Plan may be purchased and included in a Contract.

1.23 “Program” means the Stanley G. Tate Florida Prepaid College Program which is established under Section 1009.98, Florida Statutes, and is also marketed as the Florida Prepaid College Plan.

1.24 “Projected College Enrollment Year” means the year that the Beneficiary is projected to begin using Contract benefits based on the information about the Beneficiary’s age or grade contained in the Application.

1.25 “Purchaser” means the same as Account Owner and these terms may be used interchangeably.

1.26 “Qualified Higher Education Expenses” means the tuition, fees, room and board, and the cost of books, supplies and equipment permitted under Section 529 of the Code and required for the enrollment or attendance of a Beneficiary at an Eligible Educational Institution, including undergraduate and graduate schools. Room and board expenses are subject to limitations under Section 529 of the Code.

1.27 “Qualified Tuition Program” means a program established for the purpose of meeting the Qualified Higher Education Expenses of the Beneficiary and which meets the other requirements of Section 529 of the Code.

1.28 “Redemption Value” means the balance of the Plan(s) and consists of valid payments received by the Board for the Plan(s) less any fees, usage, withdrawals, and refunds.

1.29 “Registration Fee” means: **(a)** the tuition fee authorized in Section 1009.24(4), Florida Statutes, financial aid fee authorized in Section 1009.24(7), Florida Statutes, and Capital Improvement Trust Fund fee authorized in Section 1009.24(8), Florida Statutes, charged by a State University; or **(b)** the tuition fee, authorized in Section 1009.23(3), Florida Statutes, financial aid fee authorized in Section 1009.23(8),

Florida Statutes, and the fee for capital improvements authorized in Section 1009.23(11), Florida Statutes, charged by a Florida College.

1.30 “Request” means an authorization, which includes all necessary information required by the Program, either online at [current website] or in writing. The Board may request additional information, documentation, or authorization before processing. [Guidance relating to additional information, documentation, or authorization may be inserted as applicable]

1.31 “Residency” means that a Beneficiary must have been domiciled in Florida at least 12 consecutive months prior to and including the date the Application or change of Beneficiary is signed. A Beneficiary under the age of one year must have been born and continuously domiciled in Florida from birth through the date the Application or change of Beneficiary is signed. A Beneficiary under 18 years of age may be a resident of another state if the non-custodial Parent has been domiciled in Florida at least 12 consecutive months prior to and including the date the Application or change of Beneficiary is signed.

1.32 “Restricted Contract” means a Contract that has restrictions. The Contract may be restricted as a result of a court order. In most cases, no Contract changes or refunds may occur without a court order or until the Beneficiary reaches the age of eighteen.

1.33 “Rollover Contribution” means the same as that term is defined under Section 529 of the Code. [Current language or guidance may be inserted as applicable.]

1.34 “Scholarship” means financial or in-kind award or grant given to the Beneficiary for study, training, or research, and which does not constitute compensation for personal services.

1.35 “State University” means any university in the State University System as defined in Section 1000.21(6), Florida Statutes.

1.36 “Survivor” means the person who is designated on the Application as the “survivor,” unless the Survivor was subsequently changed or was designated after submission of the Application. Survivor does not mean the same as Beneficiary. There may be only one

Survivor for the Contract; however, a different Survivor may be named for each combination of 1-Year Florida University Plan and 1-Year University Dormitory Plan, if any, within the Contract. The Survivor must be 18 years old or older and must be a United States citizen or resident alien with a valid Social Security Number. Designation of a Survivor is optional.

1.37 “Tuition Differential Fee” means the fee charged by a State University pursuant to Section 1009.24(16), Florida Statutes.

1.38 “Vocational-Technical School” means an applied technology diploma program or vocational certificate program conducted by a Florida College or an area technical center operated by a district school board.

SECTION 2: PARTICIPATION IN THE PROGRAM

2.01 Enrollment Periods.

Periodically, the Board may announce an enrollment period, which shall be published on [current website]. The terms and features of the Program and Plans in subsequent enrollment periods may differ from the terms and features described in this Master Contract. No representation is made or assurance given that there will be additional enrollment periods, or the enrollment periods will take place annually. The Board may limit the number of Contracts or Plans that may be purchased in any given enrollment period, current or subsequent, although there are no plans currently for any such limits. The terms and features of any enrollment period may change as necessitated by alterations to state law.

2.02 Residency.

(a) Documentation proving Residency is required whenever a Beneficiary is named in a Contract and occurs when: (1) an Application is submitted; or (2) the Beneficiary is changed pursuant to paragraph 8.02.

(b) Residency may be shown by submitting documentation indicating that the Beneficiary is, and has been, a resident of Florida for the past 12 months. Typical types of documentation include: (1) voter's registration card; (2) driver's license; (3) certificate of domicile; (4) homestead exemption; (5) utility bills at the same residence; (6) professional or occupational

license; **(7)** proof of full-time Florida employment; and **(8)** Florida vehicle registration.

(c) There are additional types of documentation which may show Residency depending on the age or grade of the Beneficiary. For a Beneficiary under the age of one, Residency may be shown by submitting a birth certificate indicating the Beneficiary was born in Florida. For a Beneficiary between the age of one and kindergarten enrollment, Residency may be shown by submitting a progress report from a preschool or day care center indicating 12 months of residency. For a Beneficiary enrolled in kindergarten through the 12th grade, Residency may be shown by submitting a school report card or transcript from a Florida public or private school.

(d) For a Beneficiary in 12th grade or below, Residency also may be shown by: **(1)** showing that the Beneficiary's Parent could meet the Residency requirement by submitting documentation described in **(b)**; and **(2)** confirming the Beneficiary does in fact satisfy the Residency requirement.

(e) The Board may request specific Residency verification using any one, or more, of the forgoing types of documentation to confirm eligibility for a Plan and/or Plan price.

(f) A Beneficiary with an active Contract meets the Residency requirement for the purchase of a supplemental or replacement Contract or Plan.

2.03 Disclosure of Contract or Plan(s).

The Board may disclose, without identifying the Account Owner or status of the Contract or Plan, the existence of a Contract and the type of Plan(s) purchased for the Beneficiary to either limit or reject an Application by the Account Owner or a different potential Account Owner.

2.04 Submitting an Application.

(a) The Application submitted to the Board must be completed according to the Application instructions. A valid email address is required to access your Contract online and receive Program communications. A separate Application is required for each Beneficiary. The Application may be completed online at [current website].

(b) Applications are offers to purchase Plan benefits for a Beneficiary for up to the price of the selected Plan and payment option.

2.05 Application Acceptance.

(a) A Contract is established once the Board confirms acceptance of the Application by issuing the initial Participation and Payment Schedule to the Account Owner. A Plan is purchased once the Board confirms the purchase by issuing an initial or updated Participation and Payment Schedule reflecting the Plan.

(b) If more than one Application is received on behalf of the same Beneficiary, then the Board shall process each Application in the order of receipt.

(c) If one or more Plans have been purchased by one or more Account Owners for the same Beneficiary, the Board may accept the Application only to the extent that the Beneficiary is eligible.

(d) If the Beneficiary is not eligible, the Board will reject the Application.

2.06 Maintenance of Contact Information.

The Account Owner is responsible for notifying the Board of any change in contact information, including email addresses, mailing addresses, and phone numbers, of the Account Owner, Survivor(s), and Beneficiary.

SECTION 3: ACCOUNT RIGHTS

3.01 Rights of Account Owners.

(a) The Account Owner is the owner of the Redemption Value.

(b) For Contracts that require Joint Approval, **(1)** the Account Owner, together with the Survivor(s), must authorize changes in the Beneficiary, Account Owner, and Survivor(s); voluntary termination; and refunds associated with involuntarily terminated Contracts or Plans by submitting a Request; **(2)** the Account Owner may, without the consent or authorization of the Survivor(s), authorize other Contract changes, and refunds; and **(3)** the Account Owner and Survivor each will enjoy a right of survivorship for each other for the Plan(s) on which the Survivor was named.

(c) For Contracts that do not require Joint Approval: **(1)** the Account Owner may, without the consent or authorization of the Survivor, authorize Contract changes, voluntary termination, and refunds; **(2)** the Account Owner may remove the Survivor from a Contract without the consent of the Survivor; and **(3)** the Account Owner and Survivor each will enjoy a right of survivorship for each other for the Plan(s) on which the Survivor was named.

(d) The Account Owner may obtain and update information regarding the Contract. All official notices from the Program will be directed only to the Account Owner. Refunds will be made payable to the Account Owner only.

3.02 Account Owners Acting in a Custodial Capacity.

(a) The rights of an Account Owner are limited where the Account Owner acts in a custodial capacity pursuant to a court order appointing a guardian or pursuant to the Beneficiary's right of survivorship while the Beneficiary is under 18 years of age.

(b) The Account Owner may not: **(1)** change the Account Owner without providing documentation acceptable to the Board indicating authority to do so; **(2)** change the Beneficiary; or **(3)** designate a Survivor.

(c) The Account Owner may only receive a refund for the benefit of the Beneficiary.

(d) At the age of 18, the Beneficiary becomes the Account Owner, unless the court order specifies otherwise.

3.03 Account Owners of Restricted Contracts.

(a) A court may order funds to be deposited into a Restricted Contract for the benefit of a specified Beneficiary. Further, a court may order an existing Contract to be a Restricted Contract.

(b) The court order may specify any restrictions and terms of distribution for the Restricted Contract.

(c) The parties of the court order bear the ultimate responsibility for following and enforcing the court order.

(d) To effectuate a Restricted Contract status, the Board must: **(1)** receive a copy of the complete and executed court order and **(2)** send confirmation in

writing or electronically to the Account Owner that the Contract is now a Restricted Contract. This Restricted Contract status terminates upon completion of the requirement(s) within the court order or upon receipt of a court order superseding or removing the previous court order(s).

(e) Where the Board receives documentation to raise meaningful doubt about who is the Account Owner or who is entitled to the funds in the Contract or Plan, the Board may effectuate a Restricted Contract status. The Restricted Contract status terminates upon **(1)** receipt of a court order clarifying the rights of the parties with respect to the Contract or Plan, **(2)** by mutual agreement of the parties disputing rights regarding the Contract or Plan, or **(3)** for other good cause shown, as determined by the Board.

3.04 Account Owners of Plans with UGMA/UTMA Funds.

(a) The rights of an Account Owner acting in a custodial capacity for a minor under the Uniform Gifts to Minors Act and/or Uniform Transfers to Minors Act ("UGMA/UTMA") are subject to the rights and restrictions contained in the Contract and applicable UGMA/UTMA laws.

(b) All payments received for a Plan with UGMA/UTMA funds will be considered UGMA/UTMA funds.

(c) The Account Owner may change the Account Owner only to a successor custodian or the Beneficiary. Once the Beneficiary is named the Account Owner, the Plan will be treated as a non-UGMA/UTMA Plan.

(d) The Account Owner may not: (1) change the Beneficiary; or (2) designate a Survivor.

(e) The Account Owner may only receive a refund for the benefit of the Beneficiary.

3.05 Restrictions for Contracts with Gardiner Scholarship Program Account Funds.

(a) Contributions from, or traceable to, Gardiner Scholarship Program Account are subject to the rights and restrictions contained in the Contract and Section 1002.385, Florida Statutes.

(b) The Account Owner may not change the Beneficiary while the Contract contains Gardiner Scholarship Program Account funds.

(c) Private funds will be used before Gardiner Scholarship Program Account funds.

(d) Gardiner Scholarship Program Account funds will not be made payable to the Account Owner except as: **(1)** an Account Owner reimbursement, **(2)** a Scholarship refund, or **(3)** an unavailable dormitory refund.

(e) Gardiner Scholarship Program Account funds may be removed from a Contract and returned to the State of Florida pursuant to Section 1002.385, Florida Statutes.

3.06 Rights of Survivors.

(a) For Contracts that require Joint Approval: **(1)** the Account Owner, together with the Survivor(s), must authorize changes in the Beneficiary, Account Owner or Survivor(s), termination, and refunds associated with involuntarily terminated Contracts or Plans by submitting a Request; and **(2)** the Account Owner and Survivor each will enjoy a right of survivorship for each other for the Plan(s) on which the Survivor was named.

(b) For Contracts that do not require Joint Approval: **(1)** the consent or authorization of the Survivor is not required for the Account Owner to authorize Account changes and refunds; **(2)** the Survivor becomes the owner of the applicable Plan(s) upon the death of the Account Owner; and **(3)** the Account Owner and Survivor each will enjoy a right of survivorship for each other for the Plan(s) on which the Survivor was named.

(c) Except as provided herein, the Survivor does not own, control, or have rights to the Contract or Plan(s).

(d) The Survivor(s) may obtain information regarding the Contract or Plan(s) and update his/her own contact information. The Board may provide information regarding the Contract or Plan(s) to, and communicate with, the Survivor(s). Refunds will not be made payable to a Survivor.

3.07 Rights of Beneficiaries.

(a) For Contracts with an Effective Date after September 1, 2013, the Beneficiary will enjoy a right of survivorship for the Account Owner, which is

subordinate only to an effective right of survivorship by the Survivor(s). If, and for as long as, the Beneficiary is a minor, the exercise of the right of survivorship requires a Parent of the Beneficiary to be the Account Owner acting in a custodial capacity pursuant to paragraph 3.02.

(b) For Contracts with an Effective Date prior to September 1, 2013, beginning [INSERT EFFECTIVE DATE OF NEW RULE], the same as those in **(a)**.

(c) Except as provided herein, the Beneficiary does not own, control, or have rights to the Contract or Plan(s).

(d) The Beneficiary may obtain information regarding the Contract, update the Contact information for the Beneficiary, and authorize the transfer of Contract benefits to an Eligible Educational Institution. The Board may provide information regarding the Contract to, and communicate with, the Beneficiary. The Beneficiary may not make any Contract change or terminate the Contract. Refunds will not be made payable to a Beneficiary.

3.08 Holds and Access Restrictions.

Holds and access restrictions may be used by the Board to grant or restrict information from, or access or modifications to, a Contract or Plan, including to comply with a court order or to protect the Contract or Plan from unauthorized access or modification.

SECTION 4: PLAN TYPES

4.01 General.

(a) An Account Owner may have only one active Contract for a specific Beneficiary.

(b) A specific Beneficiary may be named in only one active Contract [Guidance related to eligible enrollment periods may be inserted as applicable].

(c) The Participation and Payment Schedule specifies the quantity of benefits purchased for each Plan in the Contract.

(d) Pricing for each type of Plan is determined based upon the prices approved by the Board for each respective Plan for the enrollment period during which the Board accepted the Account Owner's

Application for the Beneficiary, provided: **(1)** the payments required for such Plan(s) are received by the Board as required by the Participation and Payment Schedule; and **(2)** each such Plan is not subsequently voluntarily or involuntarily terminated.

A Plan may be purchased only for a Beneficiary who is under the age of 21 on the first day of the enrollment period and has not completed the eleventh grade.

4.02 Florida University Plans.

The purchase of a Florida University Plan prepays the Registration Fees, Tuition Differential Fee, and Local Fees for a specified number of semester credit hours at a State University.

[Florida University Plan increments.]

4.03 Florida College Plans.

The purchase of a Florida College Plan prepays the Registration Fees and Local Fees for a specified number of lower division semester credit hours and/or a specified number of upper division semester credit hours at a State College.

[Florida College Plan increments.]

4.04 2 + 2 Florida Plan.

The purchase of a 2 + 2 Florida Plan prepays the Registration Fees and Local Fees for 60 lower division semester credit hours at a Florida College and the Registration Fees, Tuition Differential Fee, and Local Fees for 60 semester credit hours at a State University. [Guidance related to eligible enrollment periods may be inserted as applicable].

4.05 Tuition Plan.

There are three separate types of Tuition Plans:

(a) The 4-Yr University Tuition Plan prepays the Registration Fees for 120 semester credit hours at a State University.

(b) The 2 + 2 Tuition Plan prepays the Registration Fees for 60 lower division semester credit hours at a Florida College and the Registration Fees for 60 semester credit hours at a State University.

(c) The 2-Yr FL College Tuition Plan (formerly the two-year community college tuition plan) prepays the

Registration Fees for 60 lower division semester credit hours at a Florida College.

(d) The amount paid per semester credit hour to a State University for Registration Fees may vary, depending upon the Effective Date of the Tuition Plan. Tuition Plans do not cover Local Fees, the Tuition Differential Fee, or other institutionally imposed fees. Tuition Plans are not available for purchase after January 31, 2010.

4.06 Tuition Differential Fee Plan.

There are two separate types of Tuition Differential Fee Plans:

(a) The 4-Yr University TDF Plan prepays the Tuition Differential Fee for 120 semester credit hours at a State University and only may be purchased as an addition to a 4-Yr University Tuition Plan purchased on or after February 1, 2007.

(b) The 2 + 2 TDF Plan prepays the Tuition Differential Fee for 60 semester credit hours at a State University and only may be purchased as an addition to a 2 + 2 Tuition Plan purchased on or after February 1, 2007.

(c) The amount paid per semester credit hour to a State University for the Tuition Differential Fee may vary, depending upon the Effective Date of the Tuition Differential Fee Plan. Tuition Differential Fee Plans do not include payment of Registration Fees, Local Fees, or other institutionally imposed fees.

4.07 Local Fee Plan.

There are three separate types of Local Fee Plans:

(a) The 4-Yr University Local Fee Plan prepays the Local Fees for 120 semester credit hours at a State University and only may be purchased as an addition to a 4-Yr University Tuition Plan.

(b) The 2 + 2 Local Fee Plan prepays the Local Fees for 60 lower division semester credit hours at a Florida College and the Local Fees for 60 semester credit hours at a State University and only may be purchased as an addition to a 2 + 2 Tuition Plan.

(c) The 2-Yr FL College Local Fee Plan (formerly the community college local fee plan) prepays the Local Fees for 60 lower division semester credit hours at a

Florida College and only may be purchased as an addition to a 2-Yr FL College Tuition Plan.

(d) The amount paid per semester credit hour to a State University for Local Fees may vary, depending upon the Effective Date of the Local Fee Plan. Local Fee Plans do not include payment of Registration Fees, the Tuition Differential Fee, or other institutionally imposed fees.

4.08 Dormitory Plan.

(a) The Dormitory Plan provides payment for a double-occupancy, air-conditioned dormitory room specified by the State University at which the Beneficiary is enrolled and approved by the Board and is subject to availability. Residence in a State University dormitory is subject to available space and is not guaranteed by the Board.

(b) Up to 2 semesters of Dormitory Fees may be prepaid for each year (30 credit hours) of Registration Fees at a State University prepaid by the eligible Plan.

(c) A Dormitory Plan may be purchased for a Beneficiary who was adopted from the Department of Children and Family Services without purchasing a Plan to cover Registration Fees.

(d) The Dormitory Plan does not cover private dorms, security/damage deposits, meal plans, or any other fees.

(e) The amount paid per semester to a State University for Dormitory Fees may vary, depending upon the Effective Date of the Dormitory Plan.

SECTION 5: PAYMENT OPTIONS AND PAYMENTS

5.01 Payment Options.

Two payment options are available: **(1)** a lump-sum payment plan and **(2)** a monthly payment schedule. Payment amounts are determined based on the age of the Beneficiary when each respective Plan is purchased and the number of payments selected.

5.02 Payment Methods.

(a) Payments may be made through [current website].

(b) Payments may be made by calling 1-800-552-GRAD (4723) and following the prompts.

(c) Payments may be made by [acceptable payment methods].

(d) Checks must be in U.S. dollars and should be made payable to the Florida Prepaid College Plan.

5.03 Rollover Contributions.

[The Program does not accept Rollover Contributions.

OR

(a) Effective [insert date], the Program accepts Rollover Contributions to the extent allowed by Section 529 of the Code.

(b) Direct Rollover Contributions involve the transfer of money directly to the Program.

(c) Indirect Rollover Contributions involve the withdrawal of money before transferring the money to the Program.

(d) Until the Program receives documentation indicating the portion of the Rollover Contribution attributable to earnings, the entire amount of the Rollover Contribution will be treated as earnings, which would be subject to taxation in the case of a Non-Qualified Withdrawal.]

5.04 Application of Funds.

(a) Generally, funds are applied to the Plan(s) specified on the payment. However, based on the status of the Account Owner's Plan(s), the Board may apply or reapply the funds to another Plan to satisfy outstanding payments and fees.

5.05 Payment Due Date.

Payments are due on the 20th day of each month. [Current language or guidance about the first payment due date inserted as applicable.]

5.06 Default.

Failure to make payment within 15 days of a due date will result in default by the Account Owner and suspension of Contract benefits.

5.07 Prepayment.

A lump-sum or partial prepayment may be made on a monthly payment schedule with no prepayment penalty. A lump-sum or partial prepayment prepays in

advance the monthly payments equal to the amount of the lump-sum or partial prepayment, but does not change the total amount due for the Plan.

5.08 Payment Schedule Modification

An Account Owner may request an adjustment to their payment amount and number of payments. [Guidance on modifying the payment amount and/or of payments].

5.09 Lump-Sum Payoff.

(a) A Plan purchased under a monthly payment schedule may be prepaid in full at any time with no prepayment penalty. An Account Owner may Request a lump-sum payoff at any time and may reduce the total amount due for the Plan.

(b) The Board may initiate a lump-sum payoff on behalf of an Account Owner where the amount received for a Plan is sufficient to satisfy the payoff.

5.10 Maximum Account Balance Limit.

(a) The Board periodically reviews the Maximum Account Balance and publishes the amount on the [current website].

(b) The Maximum Account Balance may be lower than other Qualified Tuition Programs and lower than previously published amounts for the Program.

(c) The sum of all payments required for the Plan(s) in the Contract(s) for that Beneficiary and the account balance for all Florida 529 Savings Plan accounts for that Beneficiary may not exceed the Maximum Account Balance limit.

SECTION 6: FEES

6.01 Application Fees.

An application fee of up to \$50 per Plan may be required in conjunction with the purchase of a Plan.

6.02 Insufficient Funds Fee.

A fee of up to \$20 will be assessed for each payment returned for insufficient funds.

6.03 Late Payment Fee.

A fee of up to \$10 will be assessed for each Plan payment not received by the Board within 15 days of the date due.

6.04 Termination Fee.

A fee of up to \$50 per Plan or 50 percent of the amount paid to the Board for the Plan, whichever is less, may be assessed upon the termination of any Plan. The termination fee will be waived for refunds resulting from the death or disability of the Beneficiary.

6.05 Reinstatement Fee.

A \$50 fee will be assessed to reinstate each Plan in the Contract following termination or restore each Plan in the Contract following Plan change. The reinstatement fee(s) must be paid at the time of reinstatement.

6.06 Termination Fee for Residency Fraud or Material Misstatement.

A fee of up to \$250 or 100 percent of the amount paid for a Contract, whichever is less, will be assessed if the Board determines that an Account Owner has made fraudulent statements relating to the Residency of an allegedly qualified Beneficiary or material misstatements on the Application or any document submitted by the Account Owner with respect to the Contract or Plan.

6.07 Fee Changes.

The Board may add, remove, increase, or decrease the fees charged in the Program.

6.08 Payment Required Before Usage.

All outstanding fees must be paid prior to the use of Contract benefits.

6.09 No Refund of Fees.

The Board may apply the existing balance and future payments towards outstanding fees. Fees collected by the Board are non-refundable.

SECTION 7: USE OF BENEFITS

7.01 General.

(a) For Contract benefits to be available, all payments and fees for each Plan in the Contract must be current. The Board must have a valid Social Security Number and current contact information for the Beneficiary on file. Contract benefits are not available until the summer semester of the Matriculation Year unless otherwise provided herein.

(b) Contract benefits are not payable until a Beneficiary is financially obligated to the Eligible Educational Institution, which generally occurs after the drop/add period at the beginning of a semester.

(c) To the extent covered by and payable under the Contract, the Tuition Differential Fee and Local Fee will be paid to an Eligible Educational Institution only with the payment for Registration Fees.

(d) To use the Contract benefits before the Projected College Enrollment Year, the Account Owner must provide written notice to the Board. If the early matriculation is due to a change of Beneficiary, the Contract must be paid in full to use the Contract benefits.

(e) Until the Plan is paid in full, the amount payable by the Board shall not exceed the amount paid to date for the Plan.

7.02 Use of Benefits at State Universities and Florida Colleges.

(a) Contract benefits will be paid to any State University or Florida College the Beneficiary attends without authorization by the Account Owner or Beneficiary.

(b) The Board will transfer the amount payable under the Plan(s) for that State University or Florida College by credit hour or semester enrolled, as applicable.

(c) To use a Dormitory Plan, the Beneficiary must file a complete and timely housing application with the applicable State University and must comply with all housing authority rules and regulations. Each year, the State Universities determine which dormitories will be available for use by Beneficiaries. Not all dorms at each State University are available. The Board cannot

guarantee that any Beneficiary will receive a dormitory room assignment.

(d) A Dormitory Plan may be used for other university-held housing approved by a State University. Amounts transferred for the actual housing fees cannot exceed the amount otherwise payable under the Plan to that State University. If the State University at which the Beneficiary is enrolled does not offer any approved double-occupancy dormitory rooms, the Board will pay up to the average cost of a double-occupancy, air-conditioned dormitory room in the State University System of Florida payable under the Plan towards a dormitory room at the State University.

(e) The Board will pay the first housing prepayment invoice received each academic year on behalf of the Beneficiary. The Beneficiary is responsible for any other housing prepayments for that academic year to any Eligible Educational Institution.

7.03 Conversions of Benefits for Use at State Universities and Florida Colleges.

(a) The Board will convert: **(1)** State University benefits to be used at a Florida College; **(2)** Florida College benefits to be used at a State University; **(3)** Upper Division Florida College benefits to be used for Lower Division enrollment at a Florida College; and **(4)** Lower Division Florida College benefits to be used for Upper Division enrollment at a Florida College.

(b) The conversion calculations will be based upon the sum of each Plan's respective coverage for Registration Fees, Tuition Differential Fee and Local Fees payable under the Plan for the credit hours enrolled. [Example(s) may be provided as applicable]

(c) A Dormitory Plan may be transferred for Florida College housing that is operated by a Florida College or Florida College direct-support organization. Funds transferred to a Florida College or Florida College direct-support organizations shall not exceed the lesser of the actual fees or the average statewide fees associated with State University housing, payable under the Plan.

7.04 Use of Benefits at In-State Private Colleges and Universities, Out-of-State Colleges and Universities, and Vocational-Technical Schools.

(a) In addition to Florida Universities and Florida Colleges, the Account Owner or Beneficiary may Request the use of Contract Benefits at any other Eligible Educational Institution. The Survivor may not Request a transfer of benefits.

(b) The Board will transfer an amount not to exceed the current average rates payable under the Plan(s) to a State University or Florida College. Amounts transferred cannot exceed the actual tuition or housing fees of the Eligible Educational Institution.

(c) The Account Owner or Beneficiary may select between two payment options to transfer the Contract benefits under this paragraph: **(1)** under the restricted payment option, the Board will transfer 15 semester credit hours of benefits per semester invoice or, if invoiced by credit hours, the number of credit hours taken by the Beneficiary; or **(2)** under the unrestricted payment option, the Board will transfer the number of semester credit hours of benefits required to pay the amount invoiced up to the total value of the Plan(s). The unrestricted payment option may cause the Plan(s) to deplete faster than if the restricted payment option was selected.

(d) Only one semester of Dormitory Plan benefits may be used each semester.

7.05 Use of Dormitory Benefits During the Summer Term.

(a) The Dormitory Plan is intended to cover the fall and spring terms. Generally, the cost of housing during the summer is less than the fall and spring. The difference between using the Dormitory Plan during the summer and either fall or spring may represent a significant reduction in benefits received.

(b) Notwithstanding **(a)**, the Account Owner may authorize the use of the Dormitory Plan during summer terms by submitting a Request. The Board may require the Account Owner to submit a written waiver.

(c) The Board will pay the actual housing fees for the double-occupancy, air-conditioned dormitory room at the State University or transfer the amount payable under the Plan for that State University or other

university-held housing approved by a State University. Amounts transferred for the actual housing fees cannot exceed the amount otherwise payable under the Plan to that State University for the prior fall or spring terms, whichever is higher.

7.06 Graduate-Level Courses.

Unused Contract benefits may be applied toward comparable graduate-level tuition, mandatory fees, and housing fees based on the type of Plan with remaining benefits. The Board will transfer an amount not to exceed the amount payable under the Plan for undergraduate-level courses at that Eligible Educational Institution. Amounts transferred cannot exceed the actual tuition or housing fees of the Eligible Educational Institution.

7.07 Order of Benefits Utilized.

The Board will utilize available Plan benefits from the Beneficiary's Contract(s) for any invoice from an Eligible Educational Institution for the Beneficiary in the following order: lower division Florida College benefits first; then upper division Florida College benefits; and then State University benefits. Where the same type of Plan benefits are available for the Beneficiary in more than one Plan or Contract, the Board will begin with the earliest purchase date.

7.08 Use of Fractional Benefits.

(a) If any conversion or payment calculation [prior to academic year [insert future year]] results in the use of a fractional credit hour of Plan benefits, the Board will deduct a whole credit hour when the usage is equal to or greater than .50 and will not deduct a credit hour when the usage is less than .50. [After academic year [insert future year], the Board will deduct fractional credit hours.]

(b) If a Dormitory Plan is used during a semester [prior to [insert future academic year]], the Board will deduct a whole semester of Plan benefits from the Dormitory Plan. [After academic year [insert future year], the Board will deduct fractional credit hours.]

7.09 Credit Restores.

If use of Plan benefits results in a credit balance at the Beneficiary's Eligible Educational Institution, the Eligible Educational Institution may issue a refund to

the Beneficiary. Generally, the Board does not accept these payments back and will not credit the Beneficiary's Plan.

7.10 Benefit Period.

(a) Benefits of a Plan are valid for a 10-year period from the Projected College Enrollment Year.

(b) Time spent by the Beneficiary as an active duty member of the U.S. Armed Services while named as the Beneficiary of the Contract will be added to this period once evidence of military service is provided to the Board.

(c) On December 31st of the last year in the benefit period, the Contract shall be terminated and the Redemption Value will be escheated to the Florida Prepaid College Trust Fund.

SECTION 8: ACCOUNT CHANGES

8.01 General.

Unless otherwise provided herein, all Contract changes must be in writing, signed by the Account Owner, and received by the Board. The Board is not responsible for the validity of documentation related to Contract changes. If acceptable to the Board, Contract changes will take effect as of the date a change is processed by the Board.

8.02 Change of Beneficiary.

(a) The benefits and rights of the Contract or Plan may be transferred to an eligible substitute Beneficiary by submitting a Request. Any such Request must verify that the proposed substitute Beneficiary: **(1)** is a Member of the Family of the original Beneficiary; and **(2)** meets the Residency requirement at the time of substitution.

(b) If the Matriculation Year for the substituted Beneficiary is more than three years before or after the Projected College Enrollment Year, the Board may assess a payment at a level determined necessary to ensure the actuarial soundness of the Program.

(c) A change of Beneficiary does not affect when the Plan benefits will expire pursuant to paragraph 7.10.

(d) A Plan only may be transferred to another Contract for which the Account Owner of that Contract could, notwithstanding the age of the

recipient Beneficiary, purchase the same plan type during an Open Enrollment Period.

8.03 Change of Account Owner.

(a) Ownership of the Contract may be transferred to a new Account Owner by submitting a Request, which must be signed by the person who will become the new Account Owner.

(b) To effectuate a change in Contract ownership after the death of the Account Owner, the Survivor must submit a copy of the death certificate, or other legally recognized proof of death, and a Request.

(c) To effectuate a change in Contract ownership after the death of the Account Owner where: (1) the Beneficiary has the right of survivorship; and (2) either no Survivor was designated or the Survivor is also deceased, the Beneficiary, or a Parent acting in a custodial capacity, may submit a copy of the death certificate(s), or other legally recognized proof of death, with a notarized authorization to become the Account Owner.

(d) To effectuate a change in Contract ownership after the death of the Account Owner where no rights of survivorship exist, the Board will accept: (1) a court order; or (2) a notarized authorization from the personal representative of the Account Owner's estate with a copy of the death certificate and letters of administration or other legally recognized documentation thereof.

(e) If the person who will become the new Account Owner already has an active Contract for the same Beneficiary, all Plans within this Contract will be irrevocably transferred to the new Account Owner's existing Contract. Unless the Request specifies otherwise, the Survivor designation on the transferred Plan(s) will remain in effect. This transfer does not constitute a termination.

8.04 Designation of Survivors.

If a Contract or Plan does not have a Survivor, the Account Owner may designate one by submitting a Request with the full legal name, Social Security Number, and complete contact information for the Survivor.

8.05 Change of Survivors.

(a) Survivors may be changed or removed by submitting a Request. The Survivor may not be changed by will or codicil.

(b) For Contracts that require Joint Approval, to effectuate a change in Survivor due to the death of the Survivor, the Account Owner will be required to submit a copy of the death certificate, or other legally recognized proof of death, and a Request.

8.06 Application Corrections.

(a) The Account Owner of a Plan for which a payment is not yet due pursuant to paragraph 5.05 may submit a Request to: **(1)** Change the Plan type selected on the Application; **(2)** Change the payment option selected on the Application; or **(3)** Terminate the Plan(s) selected on the Application, provided no payments have been received.

(b) Additional fees or payments may be assessed.

8.07 Plan Change.

(a) A Plan may only be changed to a Plan which was offered at the time of purchase for a lower cost for the same payment option. For this calculation, Plans may not be aggregated.

(b) Plan change Requests must be received prior to the Beneficiary using Plan benefits.

(c) A Plan change may result in an overpayment refund.

8.08 Effect of Plan Change.

(a) A Plan change automatically reduces associated Dormitory Plan coverage to a maximum of 2 semesters of Dormitory Fees for each year (30 credit hours) of Registration Fees at a State University prepaid by the remaining Plan(s).

(b) A Plan change to the 2 + 2 Tuition Plan automatically changes an associated TDF Plan to a 2 + 2 TDF Plan. A Plan change to the 2-Yr FL College Tuition Plan terminates an associated TDF Plan.

(c) A Tuition Plan change automatically changes an associated Local Fee Plan to the same Plan type as the Tuition Plan.

8.09 Restoration.

A Plan without usage may be restored to a previous Plan type or payment schedule within 180 days of Plan change by paying all applicable reinstatement fees, any delinquent amounts owed on the Plan, and any amounts previously refunded.

SECTION 9: TERMINATION, REFUNDS AND REINSTATEMENT

9.01 General.

Refunds will be made payable to the Account Owner only.

9.02 Voluntary Termination.

(a) A Contract or Plan may be terminated at any time and for any reason by submitting a Request.

(b) The Account Owner will receive a refund for the Redemption Value.

9.03 Involuntary Plan Change or Termination.

(a) If the full amount of a payment is not received by the Board within [Insert number of days] days after the first payment due date or within [Insert number of days] days after any subsequent payment due date or if supporting information requested on the Application is not received by the Board within [Insert number of days] days after the first payment due date, then the Board may: **(1)** where received payments for a Plan are sufficient to make the Plan current if the Plan is changed to a different Plan type and/or payment option, change the Plan accordingly; **(2)** where received payments for a Contract are sufficient to make one or more Plans current if one or more Plans are changed to a different Plan type and/or payment option, change the Plans within the Contract accordingly; or **(3)** terminate the Plan.

(b) To receive a refund for the Redemption Value of an involuntarily terminated Contract or Plan, a Request must be submitted to the Board.

9.04 Effect of Termination.

(a) Termination of a Plan also terminates any associated Plan that the Account Owner could not, notwithstanding the age of the Beneficiary, purchase during an Open Enrollment Period.

(b) Termination of all Registration Fee coverage terminates the Contract.

9.05 Reinstatement.

(a) A Contract may be reinstated to good standing within 180 days of termination by reinstating one or more Plans that cover Registration Fees.

(b) A Plan may be reinstated to good standing within 180 days of termination by paying all applicable reinstatement fees, any delinquent amounts owed on the Plan, and any amounts previously refunded to the Account Owner.

9.06 Overpayment Refunds.

(a) An overpayment may result from: **(1)** a payment which overpays a Contract or Plan; **(2)** a payment received for a paid in full Contract or Plan; **(3)** a change of Plan type pursuant to paragraphs 8.06, **Error! Reference source not found.**, or 9.03; or **(4)** a payment received for a terminated Contract or Plan which does not have a current reinstatement authorization or is not eligible for reinstatement.

(b) Overpayments are applied to the Account Owner's Plan(s), which are not paid in full. If all of the Account Owner's Plan(s) are paid in full, a refund is available to the Account Owner for the overpayment amount.

(c) If payments received for a Plan exceed the amount necessary for the Plan to be current, the Account Owner may Request a refund up to the amount by which the Plan is paid in advance.

9.07 Death or Disability.

(a) If the Beneficiary dies or has a disability, a refund is available for an amount not to exceed the average rates payable under the Contract to a State University or a Florida College at the time of death or disability.

(b) To request a refund due to the death of the Beneficiary, a Request must be submitted to the Board with a copy of the Beneficiary's death certificate.

(c) To request a refund based on the disability of the Beneficiary, a Request must be submitted to the Board with a letter from the Beneficiary's physician specifically stating that the Beneficiary's disability

prevents the Beneficiary from attending an Eligible Educational Institution.

(d) No Termination Fee will be assessed.

9.08 Scholarship.

(a) If the Beneficiary attending an Eligible Educational Institution is awarded a Scholarship, including, but not limited to, the Florida Bright Futures Scholarship, which pays the same fees covered by a Plan the Beneficiary may use the benefits of the Plan at the Eligible Educational Institution or the Account Owner may Request a refund, in semester installments coinciding with the matriculation by the Beneficiary, for an amount not to exceed the current rates payable under the Beneficiary's Plan(s) to a State University or a Florida College.

(b) The Beneficiary's receipt of a Florida Prepaid College Plan(s) from the Florida Prepaid College Foundation, or other participating organization operating a scholarship program, entitles the Account Owner to a Scholarship refund.

(c) The Account Owner may select between two refund options to utilize Contract benefits payable under this paragraph: **(1)** under the restricted refund option, the Board will refund the number of semester credit hours taken by the Beneficiary; or **(2)** under the unrestricted refund option, the Board will refund the number of semester credit hours of benefits corresponding to the applicable value of the Scholarship, up to the total value of the Plan(s). The unrestricted refund option may cause the Plan(s) to deplete faster than if the restricted refund option was selected.

(d) Proof of the Scholarship shall be given to the Board each semester, in the form of the institutional scholarship award notification and class schedule for the semester, and a Request from the Account Owner.

(e) Refunds will be based on the order of benefits utilized pursuant to paragraph 7.07. No fees will be assessed for this refund.

9.09 Unused Contract Benefits; Withdrawal after Enrollment.

(a) If the Beneficiary does not use all the benefits available under the Plan that was purchased, the Account Owner may **(1)** change the Beneficiary or **(2)** terminate the Plan or Contract and receive a refund of the Redemption Value.

(b) If the Beneficiary withdraws or is terminated from postsecondary enrollment during an academic term, the fees paid for that term will not be refunded.

9.10 Unavailable Dormitory.

(a) unavailable dormitory refund is available if the Beneficiary: **(1)** attends an Eligible Educational Institution which offers dormitory rooms; **(2)** submits a timely housing application to the Eligible Educational Institution; and **(3)** is denied a dormitory room due to insufficient housing capacity. Proof from the Eligible Educational Institution housing authority of the insufficient capacity shall be given to the Board each semester along with a class schedule for the semester, and a Request from the Account Owner.

(b) If, as a result of the dormitory unavailability during the fall term, a Beneficiary enters into a contractual housing agreement which also covers the spring term, the Account Owner may Request a refund for the spring term by submitting a copy of the executed contractual housing agreement and a class schedule for the spring term.

(c) The refund will equal: **(1)** for a Beneficiary enrolled at a State University, the average of the housing fees payable under the Contract to that State University for approved dormitories for the semester during which housing is unavailable; or **(2)** for a Beneficiary enrolled at an Eligible Educational Institution other than a State University, the statewide average of an eligible double-occupancy, air-conditioned dormitory room payable under the Contract.

(d) Where a State University does not offer a double-occupancy, air-conditioned dormitory room, the Board will refund the Account Owner the statewide average cost of an eligible double-occupancy, air-conditioned dormitory room payable under the Contract.

(e) Under no circumstances will the Board consider an unavailable dormitory refund Request where a Florida

College does not offer a double-occupancy, air conditioned room.

9.11 Account Owner Reimbursement.

(a) If the Account Owner pays an Eligible Educational Institution for Qualified Higher Education Expenses otherwise payable by the Plan(s), then the Account Owner may Request an Account Owner reimbursement refund from the Plan(s). Proof of payment shall be given to the Board each semester, in the form of a receipt from the Eligible Educational Institution indicating the amounts charged and received, class schedule for the semester, and a Request from the Account Owner. With respect to the benefits covered by each Plan, the amount reimbursed will be the lesser of: **(1)** the actual amount billed by and paid to the Eligible Educational Institution; or **(2)** the amount payable under the Beneficiary's Plan. No fees will be assessed for this refund.

(b) The Account Owner may select between two refund options to utilize Contract benefits payable under this paragraph: **(1)** under the restricted refund option, the Board will refund the number of semester credit hours taken by the Beneficiary; or **(2)** under the unrestricted refund option, the Board will refund the number of semester credit hours of benefits corresponding to the applicable value of educational expenses paid, up to the total value of the Plan(s). The unrestricted refund option may cause the Plan(s) to deplete faster than if the restricted refund option was selected.

9.12 Residency Fraud.

The Board may involuntarily terminate a Contract if it determines that fraudulent statements were used to establish the Residency of an allegedly qualified Beneficiary. The termination fee for Residency fraud will be assessed. To receive a refund of any remaining balance, a Request must be submitted.

9.13 Material Misrepresentation.

(a) If requested, the Account Owner will provide documentation verifying representations made on the Application or any document submitted by the Account Owner with respect to the Contract or Plan.

(b) If the Board determines that either the Account Owner, or a prior Account Owner, has made any material misrepresentations related to the Contract or Plan, the Contract or Plan may be terminated. Material misrepresentations include, but are not limited to, the Account Owner's Social Security Number; or the Beneficiary's Residency, Social Security Number, birth date, or age/grade at the time of the Application submission.

(c) If the Contract is terminated pursuant to this paragraph, a termination fee of up to \$250 or 100 percent of the amount paid for the Contract, whichever is less, will be assessed. To receive a refund of any remaining balance, a Request must be submitted.

SECTION 10: REPORTING

10.01 Annual Statements.

(a) The Board maintains separate records for each Contract and will provide to the Account Owner annual statements indicating the: **(1)** type of Plan(s) in the Contract; and **(2)** aggregate payments made to each active Plan in the Contract.

(b) Annual statements will not be provided to the Account Owner for any year where: **(1)** the Contract has been terminated; or **(2)** the Contract has no available benefits.

(c) Annual statements provide information on active Plans in the Contract. If a Plan is not displayed on an Account Statement, it was previously terminated.

(d) The Account Owner is responsible for reviewing each annual statement and for verifying the information contained on each annual statement. If the Account Owner fails to notify the Board in writing of any error on the annual statement within 60 days after the last day of the period to which the annual statement relates, the information pertaining to the Contract contained on the annual statement is deemed to be correct, the Account Owner will be considered to have approved the information contained on the annual statement and its inclusion on subsequent annual statements, and to have released the Board from all liability for any error contained on the annual statement.

10.02 Participation and Payment Schedule.

(a) The Board will provide to the Account Owner a Participation and Payment Schedule upon the acceptance of the initial Application to create a Contract.

(b) The Board will provide to the Account Owner a revised Participation and Payment Schedule upon: **(1)** the acceptance of an Application for the additional purchase of a Plan in the Contract; **(2)** an Application correction processed pursuant to paragraph 8.06; **(3)** a Plan change processed pursuant to paragraph **Error! Reference source not found.** or 9.03; and **(4)** a restoration processed pursuant to paragraph 8.09. The Board may provide to the Account Owner a revised Participation and Payment Schedule upon any other change to a Contract or to confirm its records.

(c) The Account Owner is responsible for reviewing each Participation and Payment Schedule and for verifying the information contained on each Participation and Payment Schedule. If the Account Owner fails to notify the Board in writing of any error on the Participation and Payment Schedule within 60 days after the date of the Participation and Payment Schedule, the information pertaining to the Contract contained on the Participation and Payment Schedule is deemed to be correct, the Account Owner will be considered to have approved the information contained on the Participation and Payment Schedule and its inclusion on a subsequent Participation and Payment Schedule, and to have released the Board from all liability for any error contained on the Participation and Payment Schedule.

10.03 Tax Treatment, Withholding and Reporting.

(a) The application and impact of tax law vary widely based upon the specific facts involved. The Account Owner and Beneficiary are strongly encouraged to consult a qualified tax advisor regarding the tax consequences of making payments to, or withdrawing money from, a Contract.

(b) Under proposed federal tax regulations, withdrawals from Contracts are not subject to back-up withholding. Accordingly, the Board does not withhold any portion of a withdrawal or refund for tax purposes.

(c) The Board will issue IRS Form 1099-Q to the Beneficiary for the calendar year in which a payment is made to an Eligible Educational Institution.

(d) The Board will issue IRS Form 1099-Q to the Account Owner for the calendar year in which a payment is made to the Account Owner for a Scholarship, unavailable dormitory, death or disability termination, or Account Owner reimbursement refund. [Additional language or guidance may be inserted as applicable.]

10.04 Electronic Reporting.

(a) The primary method for providing correspondence is online access at [current website]. Email may be used to provide notifications of the availability of electronic statements and Program information.

(b) For statements issued pursuant to paragraph 10.03, the Program may request the recipient to affirmatively consent to receive the statements in an electronic format. The consent applies to statements furnished every year after the consent is given. The recipient may withdraw his or her consent at any time by submitting a Request. If the recipient does not consent, the statement will be furnished on paper.

(c) The Program retains the right to provide any or all statements and correspondence on paper instead of an electronic format without notice.

10.05 Reporting to State and Federal Agencies.

The Program may report Contract information to state and federal agencies to comply with state and federal law and to administer the Program.

SECTION 11: OTHER INFORMATION ABOUT ACCOUNT

11.01 Actual Receipt by Board Required.

All Requests are effective only upon actual receipt by the Board and after a reasonable processing time.

11.02 Additional Fees.

State Universities and Florida Colleges may charge fees in addition to Registration Fees, the Tuition Differential Fee, Local Fees and Dormitory Fees. The Beneficiary will bear the cost of any such additional fees including, but not limited to, application fees, books, laboratory fees, distance learning course fees,

State University technology fees, meal plan fees, transportation, and security deposits.

11.03 Amendments.

The Purchaser agrees to be bound by any amendments that the Board may make to the Master Contract to comply with Federal laws and regulations and the Florida Legislature's grant of authority under Sections 1009.971(4)(b), 1009.971(6), and 1009.98(4)(a) - (l) through the rulemaking process as more fully described in Section 120.54, Florida Statutes. Notification of such amendments may be made via [current website].

11.04 Assignment or Transfer.

Except as specifically provided in this Master Contract, the Account Owner may not assign or transfer the Contract, nor any interest, rights, or benefits in the Contract.

11.05 Binding Nature; Third-Party Beneficiaries.

(a) The Contract shall survive the death of the Account Owner (or sale, liquidation, bankruptcy or receivership in the case of an Account Owner that is an entity) and shall be binding upon the Account Owner's personal representatives, legal representatives, heirs, successors, and assigns.

(b) This Contract is not intended to, nor does it, confer any benefit or legal rights upon any third-party beneficiary. The individual designated as the Beneficiary of a Contract has no independent claim, right or access to any funds in a Contract solely related to such designation unless otherwise provided herein.

11.06 Communications.

(a) The Contract supersedes any prior agreement, oral or written, and any other communications between the parties hereto relating to the subject matter of the Contract.

(b) If a provision of the Contract conflicts with any prior or subsequent oral or written communication, the Contract provision will govern.

11.07 Creditors.

This Master Contract is not a debt instrument. Pursuant to Sections 222.22 and 732.402, Florida Statutes, Contracts are exempt from the claims of creditors. Neither monies paid into the Program nor benefits accrued through the Program may be pledged for the purpose of securing a loan.

11.08 Disclaimers.

(a) Nothing in the Contract will be construed as a promise or guarantee by the Board or the State of Florida that a Beneficiary **(1)** will be admitted to a particular State University or Florida College, **(2)** will be allowed to continue to attend a State University or Florida College after having been admitted, **(3)** will graduate from a State University or Florida College, **(4)** will be admitted to a particular dormitory, **(5)** will be allowed to continue to reside in a dormitory after having been admitted, or **(6)** will not be subject to fees imposed by State Universities or Florida Colleges, which are not specifically described in the Contract.

(b) The eligibility of the Beneficiary for financial aid will depend upon the circumstances of the Beneficiary's family at the time the Beneficiary enrolls in an Eligible Educational Institution, as well as on the policies of the governmental agencies, school, or private organizations to which the Beneficiary and/or the Beneficiary's family applies for financial assistance. Because saving for college will increase the financial resources available to the Beneficiary, it most likely will have some effect on the Beneficiary's eligibility. However, because these policies vary at different institutions and can change over time, the Board cannot say with certainty how the federal financial aid program, or the school the Beneficiary applies to, will treat a Contract(s).

(c) Ownership of a Contract could have an impact on eligibility for Medicaid. Although the results may vary from state to state, assets in a Contract(s) may be considered available assets for determining Medicaid eligibility.

11.09 Discontinuation of Program.

In the event that the State of Florida determines the Program to be financially infeasible, the state may

discontinue the Program. Any Beneficiary who has been accepted by and is enrolled or is within 5 years of enrollment in an eligible independent college or university or state postsecondary institution shall be entitled to exercise the complete Contract benefits. All other Contract holders shall receive a refund of the Redemption Value and an additional amount in the nature of interest at a rate that corresponds, at a minimum, to the prevailing interest rates for savings accounts provided by banks and savings and loan associations.

11.10 Disputes.

Any controversy or claim arising out of or relating to the Contract, or the breach, termination or validity thereof, shall be resolved in an administrative proceeding conducted pursuant to the provisions of Chapter 120, Florida Statutes.

11.11 Headings.

The heading of each section, paragraph, and provision herein shall not be deemed to modify or qualify any of the rights or obligations set forth in each such section, paragraph and provision.

11.12 Hold Harmless.

If **(1)** a Plan is voluntarily terminated or if the Plan benefits are exhausted and **(2)** the total amount paid under the Plan by the Board to any and all recipients is less than the amount paid for the Plan by the Account Owner, then the Account Owner may Request a refund for the difference between **(a)** the total amount paid under the Plan by the Board to any and all recipients and **(b)** the amount paid for the Plan by the Account Owner.

11.13 Improper Action by Account Owner Acting in Custodial Capacity.

Neither the Board nor the Program will be liable for any consequence related to an action taken by an Account Owner acting in a custodial capacity which is an improper use, transfer, or characterization of custodial funds.

11.14 Indemnification.

(a) Neither the Board nor the Program will indemnify any Account Owner, Survivor or Beneficiary against losses or other claims caused directly or indirectly by

government restrictions, exchange or market rulings, suspension of trading, war, terrorism, strikes, changes in federal or state law (including tax law) or other conditions beyond their control.

(b) The establishment of the Account will be based upon the Account Owner's agreements, representations and warranties set forth in this Master Contract and the Application. The Account Owner agrees to indemnify and hold harmless the Board, any vendors, contractors, investment advisors, investment consultants or investment managers selected by the Board, and any agents, representatives, or successors of any of the foregoing, from and against any and all loss, damage, liability or expense, including reasonable attorney's fees, that any of them may incur by reason of, or in connection with, any misstatement or misrepresentation made by the Account Owner herein or otherwise with respect to the Account, and any breach by the Account Owner of any of the agreements, representations or warranties contained in this Master Contract or the Application.

(c) All of the Account Owner's acknowledgements, agreements, representations and warranties shall survive the termination of this Master Contract.

11.15 Interpretation and Venue.

This agreement is to be interpreted under the laws of the State of Florida. Venue for any proceeding arising from or related to this agreement is in Leon County, Florida. All appeals shall be to the First District Court of Appeal of Florida.

11.16 Losses.

Neither the Board nor the Program shall be liable for any losses or failure to perform its obligation under this Contract caused, directly or indirectly, by government restrictions, exchange or market rulings, suspension of trading, acts of war, terrorism, strikes, power outages, or any other condition or occurrences beyond the control of the Board or Program.

11.17 Necessity of Qualification.

(a) The Program is intended to be a Qualified Tuition Program. The Board may make changes to the Program and this Master Contract at any time if it is determined that such changes are necessary for the

continuation of the federal income tax treatment provided by Section 529 of the Code or any similar successor legislation.

(b) The Account Owner agrees to be bound by any such changes.

11.18 Privacy and Account Confidentiality.

(a) Information that identifies the parties to any Contract is confidential and exempt from Section 119.07(1), Florida Statutes, and Section 24(a), Article I of the State Constitution.

(b) The Board may authorize the release of such information to perform its duties or responsibilities or for the Program to: **(1)** verify a party to the Contract, **(2)** verify eligibility, **(3)** permit the use of a Contract, or **(4)** provide additional services for the Plan or Contract.

11.19 Program Changes.

(a) The Program is required to comply with Section 529 of the Code and the regulations and the administrative guidance issued thereunder, as well as Section 1009.98, Florida Statutes, and related sections and the related regulations and administrative guidance thereunder. In the operations of the Program, the Board shall have authority to interpret and administer the Program in a manner which complies with the Statutes and the guidance thereunder.

(b) The Board reserves the right to make changes or enhancements to the Program at any time to comply with Federal laws and regulations and the Florida Legislature's grant of authority under Sections 1009.971(4)(b), 1009.971(6), and 1009.98(4)(a)-(1) through the rulemaking process as more fully described in Section 120.54, Florida Statutes. Account Owners who have purchased Plans prior to the time an enhancement is made available, may be precluded by federal tax law from participating in such enhancement.

11.20 Securities Status.

In response to a request by the Board, the Securities and Exchange Commission issued a "No Action" letter on September 12, 1990 determining that sales of Contracts as then authorized by the Florida Statutes, Board rules, and the terms of this Master Contract, are

not subject to the enforcement provisions of the securities laws of the United States.

11.21 Severability.

In the event that any clause or portion of the Contract is found to be invalid or unenforceable by a court of competent jurisdiction, that clause or portion shall be severed from the Contract and the remainder of the Contract will remain in full force and effect.

11.22 State Guarantee.

Section 1009.98(7) and (8), Florida Statutes, requires the State to agree to meet the obligations of the Board to Beneficiaries if monies in the fund fail to offset the obligations of the Board and requires the Legislature to appropriate to the Florida Prepaid College Trust Fund an amount necessary to meet the obligations of the Board to Beneficiaries.

11.23 Statute and Rules.

(a) The Contract and this Master Contract are subject to future changes to the Program, Part IV Chapter 1009, Florida Statutes, as amended, and to Rule 19B, Florida Administrative Code (or any similar successor rule), as amended.

(b) All transactions and changes of the Contract are subject to such rules and policies as the Board may adopt in accordance with federal law and Florida law.

(c) All references in this Master Contract to the Florida Statutes include any similar successor statutes.

(d) The Account Owner agrees to be bound by any such changes, policies, rules, and statutes.

11.24 Tax Status.

The Program is a Qualified Tuition Program under Section 529 of the Code. Generally, there are no income tax ramifications to the Account Owner or Beneficiary until Contract or Plan benefits are received. When benefits are received and used to pay Qualified Higher Education Expenses, pursuant to Section 529 of the Code, the Contract or Plan benefits received in excess of the allocable portion of the amount paid for the Contract or Plan will not be considered income to the Beneficiary. Generally, payments to the Program are treated as a completed

gift from the Account Owner to the Beneficiary, at the time of purchase. The Account Owner is subject to federal income tax on the earnings portion of a refund and the IRS requires the Board to issue IRS Form 1099-Q to the Account Owner for the calendar year in which such a refund is issued. The application and impact of tax laws vary widely based upon the specific facts involved. Accordingly, this information is not intended to serve as legal, accounting, financial or tax advice. Account Owners and Beneficiaries should consult their professional tax advisor(s).

11.25 Unclaimed Refunds.

Any unclaimed refunds for terminated Contracts and any unclaimed credit balances shall escheat to the Florida Prepaid College Trust Fund seven years after the date the Contract or Plan was terminated or such amounts became unclaimed, respectively.

11.26 Verification.

The Board may require that any written documentation, Request, or any other actions the Board may designate from time to time, be verified under oath.

Form FPCB 2019-02, Effective August 2019, adopted by reference in Rule 19B-4.001, F.A.C.