



MARYLAND STATE TREASURER
Dereck E. Davis

May 10, 2024

Dear Maryland Prepaid College Trust Account Holder,

As you may recall, oversight of the Maryland 529 Program, including the Maryland Prepaid College Trust (MPCT), was transferred to my office almost one year ago. Shortly after, I issued a [Decision Memorandum](#) which, among other things, outlined the implementation of a four-phase plan. Phase 1 included the issuance of decisions related to certain earnings rates, while Phases 2 and 3 included the required systematic changes to implement the new earnings rates and a legislatively mandated claims process. Phase 4 included the transition to a more traditional defined benefit plan. In the past months, I have communicated with you as we have reached each phase and do so now to announce the upcoming changes associated with completion of the fourth and final phase.

As discussed in last year's Decision Memorandum, soon all contributions and balances in MPCT accounts will earn zero percent interest. The effective date of this change will be July 16, 2024. This change will bring Maryland in line with many other prepaid plans and align more closely with the General Assembly's original intent to create a defined benefit plan. **It is important to note that while new earnings will not continue to accrue, account holders will retain access to all earnings accrued up until that point.**

The MPCT Disclosure Statement Supplement includes necessary updates to the [MPCT Disclosure Statement](#) to implement this change. Of course, the decision to continue to participate in the changed plan is yours. This is an important decision, and I urge you to take your time to choose how you wish to move forward. As law changes do not allow for new MPCT accounts to be established, there will be no opportunity to reestablish a MPCT account if you choose to rollover or refund the balance of your account. That said, recent policy changes at the federal level have removed certain barriers that may have previously complicated these decisions, as well as expanded options for rollovers that may be of interest. Specifically, recently issued [IRS Notice 2024-23](#) allows for more than one tax-free rollover for certain affected MPCT account holders through December 31, 2024. Additionally, federal legislation that became effective on January 1 now allows for direct rollovers into Roth IRA accounts, subject to certain limitations.

There are many factors to consider when determining what is best for you and your family and I encourage you to take the time to fully consider your options and to consult a tax advisor before

making any decisions. Should you wish to proceed in rolling over part or all of your MPCT funds, please visit maryland529.com to download the appropriate form and to log in to your account. Should you have any questions regarding the rollover process or other account specific questions, please contact the MPCT program manager at mpctquestions@mdprepaidcollegetrust.com or 1-888-4MD-GRAD (1-888-463-4723), Option 2. Additionally, Maryland 529 staff can be reached directly at md529@treasurer.state.md.us should you need further assistance.

Kind regards,

A handwritten signature in black ink that reads "Dereck E. Davis". The signature is written in a cursive style with a large initial 'D'.

Dereck E. Davis
Maryland State Treasurer