

STATE OF FLORIDA

FLORIDA ABLE PROGRAM

BUSINESS RULES

October 1, 2016

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Section 0

BACKGROUND FOR BUSINESS RULES

0.01 Definitions

In addition to the definitions from the Terms and Conditions provided in Section 1, the following definitions are used in the Business Rules:

0.02 Revisions and Maintenance

At a minimum, the Records Administrator provides the Board with proposed changes to the Participation Agreement, Terms and Conditions and Business Rules within 15 days of the beginning of each calendar quarter. At any time, the Board may direct the Records Administrator to submit an update of the Business Rules to deal with matters not then addressed by the Business Rules or to change how a specific matter will be handled by the Records Administrator.

0.03 Meeting

After proposed revisions have been submitted to the Board and as soon as is practicable, the Records Administrator meets with the Board to discuss the proposed revisions.

0.04 Board Approval

All proposed revisions to the Participation Agreement, Terms and Conditions and Business Rules are subject to the prior written approval of the Board and shall not be implemented until after approval of the Board. Proposed revisions to the Participation Agreement and Terms and Conditions must go through the Administrative Rule process pursuant to Sections 120.536 and 120.54, Florida Statutes. As a result, modification may require up to 6 months to implement.

0.05 Version

Upon approval by the Board, the updated Participation Agreement, Terms and Conditions and Business Rules supersede any previous versions and are considered the most recent revision of the Participation Agreement, Terms and Conditions and Business Rules. If there is a conflict between the Participation Agreement and Terms and Conditions published on the Program's website and the Participation Agreement and Terms and Conditions Language in the Business Rules, then the language of the Participation Agreement and Terms and Conditions published on the Program's website controls.

0.06 Color Coding

Current Participation Agreement and Terms and Conditions Language is in **BLUE**.

Proposed Participation Agreement and Terms and Conditions Language is in **PURPLE**.

Current Business Rules Language is in **BLACK**.

Proposed Business Rules Language is in **RED**.

Participation Agreement, Terms and Conditions and Business Rule Language not in effect is in **GREEN**.

Section 1

DEFINITIONS

1.01 “ABLE Account” means the same as that term is defined in Section 529A of the Code.

1.02 “Account” means an account in the Program established pursuant to an Agreement.

1.03 “Account Balance” means the amount remaining in an Account after accounting for contributions, earnings, distributions, and fees.

1.04 “Account Fee” means the maintenance fee automatically deducted from the Account Balance on a monthly basis.

1.05 “Additional Tax” means the same as that term is defined in Section 529A of the Code, which applies a 10% additional tax to the portion of the earnings included in any Non-Qualified Distribution. The Additional Tax also may apply to a state income tax calculation.

1.06 “Agent” means the individual who is authorized under a power of attorney, court order, or state law to act on behalf of the Beneficiary.

1.07 “Agreement” means the complete and exclusive statement of agreement between the Administrator and Florida ABLE, Inc. The Agreement consists of the Application, these Terms and Conditions, and Participation Agreement, each as amended from time to time by Florida ABLE, Inc. to comply with Federal laws and regulations and the Florida Legislature’s grant of authority under Sections 1009.986(1) and 1009.986(4), including subparts, through the rulemaking process as more fully described in Section 120.54, Florida Statutes. The Agreement supersedes any prior agreement, oral or written, and any other communications between the parties concerning the Program and Account.

1.08 “Application” means the form authorized by the Board to collect the information specified in Rule 19B-18.002, Florida Administrative Code, to open an Account in the Program.

1.09 “Beneficiary” means “designated beneficiary” as that term is defined in both Section 1009.986, Florida Statutes, and Section 529A of the Code and is the individual designated on the Application as the “beneficiary.” The Beneficiary must be a United States citizen, or a resident alien, with a valid Social Security Number.

1.10 “Board” means the Florida Prepaid College Board.

1.11 “Business Day” means a day other than a Saturday, Sunday or a holiday observed by the state or financial market.

1.12 “Certification” means a verification made under penalties of perjury by a person authorized to make such a verification.

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

1.14 “Comprehensive Investment Plan” means the Florida ABLE, Inc. Comprehensive Investment Plan for the Florida ABLE Program adopted by Florida ABLE, Inc., and approved by the Board, pursuant to Section 1009.986, Florida Statutes, which specifies the investment policies of the Program. Florida ABLE, Inc., retains the authority to amend the investment policies at any time, subject to approval by the Board.

1.15 “Custodian” means an Agent or Parent who is authorized to act on behalf of the Beneficiary who is unable, or chooses not, to exercise signature authority over the Account. A Custodian neither has, nor may acquire, any beneficial interest in the Account.

1.16 “Date of Establishment” means the earlier of: (a) the date of the Application acceptance; or (b) in the case of a Rollover Contribution for the same Beneficiary, the earliest date the former ABLE Account was established in the Qualified ABLE Program.

1.17 “Disability Certification” means the same as that term is defined in Section 529A of the Code. A Disability Certification is made by the Administrator, under penalties of perjury, confirming that the Beneficiary meets the requirements for an Account and must include any additional documentation required by the IRS.

1.18 “Eligible Individual” means the same as that term is defined in Section 529A of the Code. An individual is an Eligible Individual for a taxable year if he or she is entitled to benefits based on blindness or disability under Title II or XVI of the Social Security Act, and such blindness or disability occurred before the individual attained age 26, or he or she has a Disability Certification. A Certification and any additional documentation required by the IRS is required to demonstrate that the Beneficiary is an Eligible Individual.

1.19 “Excess Contribution” means the same as that term is defined in Section 529A of the Code. For purposes of the Program, this means a contribution made while the account is at, or above, the Maximum Account Balance Limit.

1.20 “Existing Balance Allocation” means the current allocation of the Account Balance to each Investment Option. The Existing Balance Allocation may fluctuate as a result of, but not limited to, relative performance of selected Investment Options and the Future Contribution Allocation selected.

1.21 “Future Contribution Allocation” means the allocation of new contributions to each Investment Option.

1.2X “Good Order” means all Application criteria have been met.

1.22 “Investment Administration Fee” means the maintenance fee which is automatically deducted from the Account Balance on a daily basis.

1.23 “Investment Options” means the options offered in accordance with the Comprehensive Investment Plan. Florida ABLE, Inc., and the Board each retain the authority to close or not offer any of the Investment Options at any time.

1.24 “Maximum Account Balance Limit” means the limit on the total value of the ABLE Account.

1.25 “Maximum Annual Contribution Limit” means the calendar year limit on the contributions to all Qualified ABLE Programs for the Beneficiary.

1.26 “Member of the Family” means the same as that term is defined in Section 529A of the Code. A Member of the Family is a brother, sister, stepbrother, stepsister, half-brother, and half-sister.

1.27 “NAV” means the net asset value per Trust Unit and is calculated at the time when trading closes on the New York Stock Exchange by dividing the value of each respective Investment Option’s assets less its liabilities including, without limitation, the Investment Administration Fee, by the number of outstanding Trust Units of that Investment Option.

1.28 “Non-Qualified Distribution” means a distribution from the Account other than for: (a) Qualified Disability Expenses; (b) a change of Beneficiary; or (c) Rollover Distributions. The earnings portion of the distribution may be subject to state and federal income taxes and the Additional Tax.

1.29 “Parent” means the same as that term is defined in Section 1000.21(5), Florida Statutes. In general, Parent refers to either or both parents, any guardian or person in a parental relationship or exercising supervisory authority in place of the parent.

1.30 “Program” means the Florida ABLE Program which is established under Section 1009.986, Florida Statutes, and marketed as the ABLE United Program. The Florida ABLE Program is a Qualified ABLE Program.

1.31 “Program Description” means the document published periodically by Florida ABLE, Inc., which contains information, as updated from time to time, about the Program, Investment Options, and risks for the Administrator to consider before opening an Account and during the duration of the Agreement.

1.32 “Qualified ABLE Program” means the same as that term is defined in Section 529A of the Code. A Qualified ABLE Program meets the requirements of Section 529A of the Code.

1.33 “Qualified Disability Expenses” means the same as that term is defined in Section 529A of the Code. Qualified Disability Expenses include education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, funeral and burial expenses, and other expenses, which are approved by the Secretary of the Treasury.

1.34 “Qualified Distribution” means a distribution from the Account that is used to pay the Qualified Disability Expenses of the Beneficiary.

1.35 “Request” means an authorization, which includes all necessary information required by the Program, submitted either online at www.ableunited.com or in writing by the Beneficiary or Administrator.

1.36 “Resident” means an individual who is domiciled presently in Florida.

1.37 “Rollover Contribution” means the distribution of funds and transfer of information from a Qualified ABLE Program for the purpose of contributing to the Program, as authorized by Section 529A of the Code.

1.38 “Rollover Distribution” means a distribution of funds and transfer of account information from the Account for the purpose of contributing to another Qualified ABLE Program, as authorized by Section 529A of the Code.

1.39 “Trade Date” means the Business Day on which a NAV is applied to process a contribution or distribution transaction for the Account. If a contribution or distribution is requested after the close of trading on the New York Stock Exchange, or on a day other than a Business Day, the NAV for the next Business Day is applied to the transaction.

1.40 “Trust Units” means the share of assets held by the Program for a Beneficiary with respect to a particular Investment Option.

SECTION 2

PARTICIPATION IN THE PROGRAM

2.01 General Requirements of an ABLE Account.

(a) An ABLE Account may be established for the purpose of paying the Qualified Disabilities Expenses of the Beneficiary.

(b) The Beneficiary must be a Resident at the time of Application submission. However, the Beneficiary may continue to maintain the Account if the Beneficiary subsequently changes his or her residence to another state.

(c) The Beneficiary may have only one ABLE Account at a time. If an ABLE Account is established for a Beneficiary who already has an ABLE Account in existence, the additional account will not be treated as an ABLE Account. The exception is a rollover where the ABLE account from which the funds were rolled is closed within 60 days. The Program may disclose the existence of an Account for the Beneficiary as necessary to enforce this requirement.

(d) Any person may make a contribution to the Account as described in Section 6: Contributions.

(e) Distributions may be made only to, or for the benefit of, the Beneficiary. The exceptions are: (1) a change of Beneficiary; (2) the return or rejection of a contribution to a contributor; and (3) repayment of state Medicaid benefits.

2.02 Enrollment.

(a) An Eligible Individual may apply for participation in the Program by submitting an Application.

1. Eligibility

a. Florida Residency

The individual must be a Florida resident at the time of application.

b. Qualifying Disability

The individual with a disability must meet one of the following criteria:

- i. Entitled to Supplemental Security Income (SSI) benefits;
- ii. Entitled to Social Security Disability Insurance (SSDI) benefits;
- iii. Have a condition listed in the "List of Compassionate Allowances Conditions" maintained by the Social Security Administration;
- iv. Certify that the individual is blind within the meaning of Section 1614(a)(2) of the Social Security Act; OR
- v. Certify that the individual has a medically determinable physical or mental impairment that results in marked and severe functional limitations and that: (i) can be expected to result in death; or (ii) has lasted, or can be expected to last, for a continuous period of not less than 12 months.

c. Disability Onset

The onset of blindness or disability must have occurred before the individual's 26th birthday. Current age is not considered when opening an ABLE United account - except that the account must be opened by an adult 18 years of age or older.

(b) An Agent or Parent may submit the Application on behalf of the Eligible Individual along with a Certification that he or she has authority to establish an Account on behalf of the Beneficiary.

(c) The Application submitted to the Program must be completed according to the Application instructions. A valid e-mail address is required to access the Account online and receive any Program communications. The Application may be completed online at www.ableunited.com.

1. Online Applications

a. Potential Participants

If a potential participant does not have existing log-in credentials, then the potential participant must establish log-in credentials prior to starting the online Application. Log-in credentials require:

- i. Name
- ii. E-mail address
- iii. Username
- iv. Password
- v. Security Image Key
- vi. Security Questions

b. Existing Participants

An Administrator is able to submit an Application for a new Beneficiary utilizing pre-existing log-in credentials.

c. Saved / Incomplete Online Applications

Applicants are able to begin and save an Application for completion at a later time.

d. Review

Applicants are able to review and edit any and all information on the Application prior to submission.

2. Paper Applications

Paper Applications are available upon request and include the information and acknowledgements required in an online Application plus an authorization for a third-party data entry of all required information.

3. Retention of Applications

All online and paper Applications, whether in Good Order or not, are imaged and retained according to a template approved by the Program.

4. *Not in Good Order Letter for Missing or Invalid Information*

If paper Application (or a response to a request for additional/corrected information regarding an Application) is not in good order, then the Program requests missing/corrected information through a “Not in Good Order Letter.”

a. *Contents*

The Not in Good Order Letter includes:

- i. Acknowledgement of receipt of paper Application;
- ii. A copy of the paper Application; and
- iii. The requested missing/corrected information.

b. *Reason*

The Not in Good Order Letter requests missing or corrected information required to complete an Application.

c. *Timing*

A Not in Good Order Letter is mailed within 7 days after the Application is received. If no response is received by the Program within 30 days, then two additional letters are sent 30 days apart.

d. *Quality Control*

A sample size of 10% of all outgoing letters (limited to a maximum of 10 correction letters per day) must be reviewed for accuracy, correctness, conformity with the Program’s Brand and Style Guidelines, and overall quality.

e. *Program approval*

Program approval is not required for a Not in Good Order Letter unless the information requested in the Not in Good Order Letter was not requested in the Application.

(d) Under Section 529A of the Code, the Secretary of the Treasury may require additional information to be presented to establish an ABLE Account. Upon request, this information must be provided to the Program.

(e) An Account may not be established in violation of federal or state law.

2.03 Application Acceptance.

(a) An Account is established once the Program issues a “Confirmation of Participation,” which identifies: (1) the Beneficiary; (2) the Administrator; (3) the Date of Establishment; (4) the annual contributions received by Qualified ABLE Programs for the current calendar year; and (5) the Account Balance.

1. Welcome Pack

Once the Application is in Good Order, the Program accepts the Application by sending the Beneficiary or Custodian a "Welcome Pack."

a. Contents

The Welcome Pack includes:

- i. Welcome Letter;
- ii. Program Description and Participation Agreement;
- iii. Confirmation of Participation; and
- iv. ACH form (if paper Application submitted).

b. Reason

The Welcome Pack is the Program's formal acceptance of the Application.

c. Timing

A "Welcome Pack" is mailed within 7 days after the Application is received in Good Order.

d. Quality Control

A sample size of 10% of all outgoing Welcome Packs (limited to a maximum of 25 welcome packs per day) must be reviewed for accuracy, correctness, conformity with the Program's Brand and Style Guidelines, and overall quality.

e. Program Approval

Program approval is required before mailing the first Welcome Packs of the Fiscal Year (July 1 to June 30).

2. Reporting

The following reports will be produced after daily processing of Applications:

a. Weekly Receipt Log

The Weekly Receipt Log reflects the number of Applications received to open new Accounts and the number of Accounts established in the database for each receipt date. The Weekly Receipt Log for the previous day(s) is provided to the Program once a week.

b. Monthly Not in Good Order Log

The Monthly Not in Good Order Log reflects the number of Applications that did not meet all Application criteria. The Monthly Not in Good Order Log for the previous week(s) is provided to the Program once a month.

(b) If an Application was submitted by an unauthorized individual, the Beneficiary may reject the establishment of the Account. The Program will terminate the Account pursuant to Paragraph 10.04; however, the contributions, if any, will be returned to the person(s) who contributed the funds for the Account. The contributors must submit the necessary

information for tax reporting and check processing before a refund is issued. If the contributions are not claimed, Paragraph 10.06 will apply.

2.04 Eligibility to Allocate or Deposit Contributions to the Account.

(a) The Program considers the Certification that the Beneficiary is an Eligible Individual to be valid until the end of the calendar year in which a change in the Beneficiary's condition occurred.

(b) The Administrator is responsible for promptly notifying the Program of any changes in the Beneficiary's condition that would result in the Beneficiary failing to satisfy the definition of Eligible Individual. An Administrator's notice will be considered prompt if the Program received the notice in the calendar year in which the Beneficiary's condition changes.

(c) The Program may inquire by e-mail, mail, or phone to confirm that the Beneficiary is an Eligible Individual for the calendar year. If the Administrator fails to respond to three consecutive inquiries, the Program may conclude the Beneficiary has ceased to be an Eligible Individual and will apply subparagraph (d) until the Program receives a Certification.

(d) If the Beneficiary ceases to be an Eligible Individual, the Account will continue to be an ABLE Account, but, beginning on the first day of the following calendar year the Beneficiary is not an Eligible Individual, the Program will not allocate or deposit any contributions to the Accounts.

2.05 Maintenance of Contact Information.

(a) The Administrator is responsible for notifying the Program of any change in contact information, including e-mail addresses, mailing addresses, and phone numbers, of the Beneficiary or Administrator.

(b) Contact information may be updated by submitting a Request.

2.06 Treatment of Account Under Federal Programs.

The Administrator is responsible for monitoring and maintaining the Account, including, but not limited to: (a) the Account Balance; (b) the Beneficiary's status as an Eligible Individual; and (c) the support for Qualified Distributions; to qualify for, and comply with, state and federal programs and laws.

SECTION 3

ACCOUNT RIGHTS

3.01 General.

The authority of the Beneficiary and Administrator to exercise the rights of the Account is equal and several unless the authority of the Beneficiary and/or Administrator is limited expressly by a court order.

3.02 Rights of the Beneficiary.

The Beneficiary is the owner of the Account Balance and is able to exercise the rights of the Account, even if a Custodian is serving as the Administrator.

3.03 Rights of the Administrator.

(a) The Administrator is an authorized individual who is either the Beneficiary or a Custodian and who may: (1) enter into a legally binding contract involving the Beneficiary; (2) execute the rights and responsibilities of the Account; and (3) receive and respond to all correspondence regarding the Account.

(b) The Administrator may submit a Request to designate, modify or revoke an individual authorized to assist in administering certain rights of the Account specified by the Program.

1. Authorized Signatory

The Authorized Signatory means an individual authorized to execute certain transactions as defined by the Administrator. The rights of an authorized signatory may be defined at a categorical level.

SECTION 4

INVESTMENT OPTIONS

4.01 Investment Options.

In accordance with the Comprehensive Investment Plan, Investment Options are offered by the Program. The Program Description provides descriptions, allowable allocation ranges and performance data for each available Investment Option.

4.02 Authority to Direct Investments.

(a) Section 529A of the Code limits the ability to change the Existing Balance Allocation.

(b) The Account Balance may be invested only in the Investment Options currently offered by the Program.

1. Investment Options Available Under the Program

The Program currently offers seven investment options:

- i. Conservative
- ii. Moderate
- iii. Growth
- iv. Money Market Fund
- v. U.S. Bond Fund
- vi. U.S. Stock Fund
- vii. International Stock Fund

4.03 Changing Investment Options for Account Balance.

(a) The Existing Balance Allocation may be changed only to the extent allowed by Section 529A of the Code. The Code currently limits changes to the Existing Account Balance Allocation to two times per calendar year.

(b) The Existing Balance Allocation may be changed by submitting a Request to the Program which indicates the changes in Investment Options or the new allocation percentages for an Account.

4.04 No Investment Advice.

(a) Unless expressly and individually identified to the contrary, Florida ABLE, Inc., the Board, the Program, vendors, third-party administrators and the members and employees thereof are not registered investment advisors or broker/dealers. Accordingly, they cannot, and do not, offer investment advice or make recommendations with respect to enrolling in the Program or the selection of Investment Options, and they do not assume any responsibility for performance of any Investment Option.

(b) The Administrator acknowledges and agrees that he or she has not been advised by the State of Florida, Florida ABLE, Inc., the Board or any employee, agent, independent contractor, or affiliate or any vendor, contractor, third-party administrator, investment advisor, investment consultant, or investment manager of the State of Florida, Florida ABLE, Inc., or the Board to invest, or to refrain from investing, in the Program or a particular Investment Option.

SECTION 5

RISKS OF INVESTING IN THE PROGRAM

5.01 No Guarantee of Program Suitability.

Participation in the Program may not be suitable to meet some or all of the Beneficiary's objectives. The Beneficiary and Administrator are strongly encouraged to consult a

qualified financial advisor regarding whether the Beneficiary should establish an ABLE Account and the effects of contributing, maintaining and distributing funds.

5.02 No Guarantee of Adequate Funds to Pay Qualified Disability Expenses.

Participation in the Program does not guarantee that sufficient funds will be available to cover any or all Qualified Disability Expenses for any Beneficiary, even if the Account reached or exceeded the Maximum Account Balance Limit.

5.03 No Guarantee of Participation in Any Federal or State Programs.

Participation in the Program does not guarantee that the Beneficiary will be eligible for, maintain, or receive benefits directly or indirectly from any federal or state program now or in the future.

5.04 Limited Liquidity.

Investment in the Program involves the risk of reduced liquidity for the investment. Once an Account is opened, the circumstances under which funds may be withdrawn from the Account without the imposition of tax liability and the Additional Tax are limited.

SECTION 6

CONTRIBUTIONS

6.01 Making a Contribution.

(a) If the Beneficiary is an Eligible Individual during the calendar year, a contribution to the Account may be made during that year. To be included in the current calendar year, the contribution must be received and processed by the Program by the last Business Day of the calendar year. If the Beneficiary is not an Eligible Individual, contributions will be rejected pursuant to Paragraph 6.08.

1. Reports

a. Suspense Report

A Suspense Report will be produced daily reflecting the following information for each contribution posted to the suspense account:

- i. Contribution amount
- ii. Account Owner name if available (if not available the field is left blank)
- iii. Intended Account number (if provided)
- iv. Total number of suspense items
- v. Total suspense amount

(b) The Program may require the Taxpayer Identification Number of the contributor before, at the time of, or after: (1) accepting the contribution; or (2) allocating or depositing the contribution into the Account.

1. Waiver

The Program is not requiring the Taxpayer Identification Number of the contributor.

(c) Contributions must be in U.S. dollars and may be made by check, Money Order, cashier's checks, automatic contribution plan, or payroll deduction. Contributions by traveler's check are not permitted.

1. Lockbox Payments

a. General

Anyone may mail a check, Money Order or cashier's check to make a contribution on behalf of an Account.

b. Payment File Verification

The total amount and value of contributions received by the lockbox must match the header amount on the transmission for the payment file transmission to be accepted for posting.

c. Report

Once a payment file transmission is accepted, a Transaction Summary report will be produced reflecting the following information:

- i. Date the contributions were received
- ii. Date the contributions were posted
- iii. Number of items posted to Accounts
- iv. Number of items posted to suspense
- v. Dollar amount posted to Accounts
- vi. Dollar amount posted to suspense
- vii. Grand total of items received
- viii. Grand total dollar amount received

2. ACH Contributions

a. Initiating

Administrator, Beneficiary, **Authorized Signatory**, may initiate and authorize an automatic contribution plan on an Account.

b. Processing

A live entry ACH debit transmission file will be sent to the Program's financial institution to debit the bank accounts at least three Business Days before the withdrawal dates for the automatic contribution plan. However, bank accounts will not be debited until the withdrawal dates for the automatic contribution plan or the next available business day.

c. Terminating

- i. Administrator and Beneficiary may terminate any automatic contribution plan on an Account. The request may be made online, phone or letter. Requests made by phone or letter shall include the following:
 - (a) Administrator Full Name
 - (b) Administrator Taxpayer Identification Number
 - (c) Beneficiary Full Name
 - (d) Beneficiary Social Security Number
 - (e) Account Number
- ii. Authorized Signatory may only terminate automatic contribution initiated under their Account login. The request may be made online, by phone or letter. Requests made by phone or letter shall include the following:
 - (a) Authorized Signatory Full Name
 - (b) Bank Account information

d. Confirmation Letter

- i. A letter will be provided to the Administrator when an automatic contribution plan is initiated, changed or stopped.
- ii. A letter will be provided to the Authorized Signatory when an automatic contribution plan authorized by the Authorized Signatory is initiated, changed or stopped.

e. Payment File Verification

The total amount and value of ACH contributions received by the bank must match the header amount on the transmission for the payment file transmission to be accepted for posting.

f. Report

Once a payment file transmission is accepted, a Transaction Summary report will be produced reflecting the following information:

- i. Date the contribution were received
- ii. Date the contributions were posted
- iii. Number of items posted to Accounts
- iv. Number of items posted to suspense
- v. Dollar amount posted to Accounts
- vi. Dollar amount posted to suspense
- vii. Grand total of items received
- viii. Grand total dollar amount received

g. Withdrawal Dates

An Administrator may select Monthly, Quarterly, or Yearly dates for automatic contributions.

3. Payroll Contributions

a. Initiating

Anyone may initiate and authorize a payroll contribution plan on an Account. The individual initiates the deduction with his/her employer directly.

(d) The Program also may accept contributions by credit card. If accepted, the instructions, fees, and terms and conditions will be available at www.ableunited.com.

(e) Checks must be in U.S. dollars and should be made payable to ABLE United.

1. U.S. Dollars

All contributions must be made in U.S. dollars.

(f) The Administrator is responsible for ensuring that any and all contributions to the Program clear his/her bank account. Contributions which are denied, stopped or otherwise returned will be removed from the Account.

1. Lockbox Returns

The bank provides returned checks with a debit advice. Lockbox returns will be posted to the Accounts as the debit advices are received from the bank.

2. ACH Returns

a. Return Processing

The bank provides a debit advice noting the Account number, contribution amount, and reason for return. ACH returns will be posted to the Accounts as the debit advices are received from the bank.

b. Return Codes

ACH contributions may be returned for the following reasons:

Debit Code	Definition
R01	Insufficient funds
R02	Account closed
R03	No Account/Unable to locate
R04	Invalid Account Number
R05	Required pre-notification not received
R06	Returned per Originating Depository Financial Institution (ODFI) request
R07	Authorization revoked by customer
R08	Contribution stopped

R09	Uncollected Funds
R10	Customer advises not authorized
R11	Check truncation entry reports
R12	Branch sold to another Depository Financial Institution (DFI)
R13	Receiving Depository Financial Institution (RDFI) not qualified to participate or the routing number is invalid
R14	Account holder deceased
R15	Beneficiary deceased
R16	Account frozen
R17	File record edit criteria
R20	Non-transaction account
R21	Invalid company identification
R22	Invalid individual ID number
R23	Contribution refused by biller
R24	Duplicate entry
R28	Routing/transit check digit error
R29	Corporate customer advises not authorized
R31	Permissible return entry
R33	Return of lost/damaged check (xck) entry

c. Termination of an Automatic Contribution Plan

The ACH return may be associated with an automatic contribution plan. First, if applicable, the ACH information is confirmed against the paper form submitted to initiate the automatic contribution plan for data entry accuracy. Second, the automatic contribution plan is maintained or terminated based on the table below. Third, an ACH form is mailed to the Administrator based on the table below.

Debit Code	Definition	Action	New ACH letter?
R01	Insufficient funds	Delete after 2 nd consecutive time	YES
R02	Account closed	Delete after 1 st occurrence	YES

R03	No Account/Unable to locate	Delete after 1 st occurrence	YES
R04	Invalid Account Number	Delete after 1 st occurrence	YES
R05	Required pre-notification not received	See Finance Manager	
R06	Returned per Originating Depository Financial Institution (ODFI) request	See Finance Manager	
R07	Authorization revoked by customer	Delete after 1 st occurrence	NO
R08	Contribution stopped	Delete after 1 st occurrence	NO
R09	Uncollected Funds	Delete after 2 nd consecutive time	YES
R10	Customer advises not authorized	Delete after 1 st occurrence	NO
R11	Check truncation entry reports	See Finance Manager	
R12	Branch sold to another Depository Financial Institution (DFI)	See Finance Manager	
R13	Receiving Depository Financial Institution (RDFI) not qualified to participate or the routing number is invalid	Delete after 1 st occurrence	YES
R14	Account holder deceased	Delete after 1 st occurrence	NO
R15	Beneficiary deceased	Delete after 1 st occurrence	NO
R16	Account frozen	Delete after 1 st occurrence	NO
R17	File record edit criteria		
R20	Non-transaction account	Delete after 1 st occurrence	YES

R21	Invalid company identification	See Finance Manager	
R22	Invalid individual ID number	See Finance Manager	
R23	Contribution refused by biller	See Finance Manager	
R24	Duplicate entry	See Finance Manager	
R28	Routing/transit check digit error	Delete after 1 st occurrence	YES
R29	Corporate customer advises not authorized	Delete after 1 st occurrence	NO
R31	Permissible return entry	See Finance Manager	
R33	Return of lost/damaged check (xck) entry	See Finance Manager	

d. Confirmation Letter

After posting the returned contribution, a notification letter will be sent to the Administrator reflecting the reason for the return. **If returned contribution is from the Authorized Signatory, a notification letter reflecting reason for the return will be sent to that party.**

e. Contribution File Verification

The total amount and value of ACH returns from the bank must match the header amount on the transmission for the ACH return file transmission to be accepted for posting.

f. Report

Once an ACH return file transmission is accepted, a Transaction Summary report will be produced reflecting the following information:

- i. Date the ACH returns were received
- ii. Date the ACH returns were posted
- iii. Number of items reversed from plans
- iv. Number of items reversed from suspense
- v. Dollar amount reversed from plans
- vi. Dollar amount reversed from suspense
- vii. Grand total of items reversed
- viii. Grand total dollar amount reversed

3. Payroll Returns

If a contribution by an employer is returned, the Administrator can make a request

to the Program to have the NSF fee waived. The Administrator may contact the employer to request replacement funds.

6.02 Rollover Contributions Accepted.

(a) The Program accepts Rollover Contributions to the extent allowed by Section 529A of the Code. A direct Rollover Contribution is the transfer of money directly to the Program from another Qualified ABLE Program. An indirect Rollover Contributions is the distribution of money from a Qualified ABLE Program before transferring the money to the Program.

(b) Before accepting a Rollover Contribution, the Program may require a Certification stating: (1) that the former ABLE Account was, or is being, closed; (2) the earliest date the former ABLE Account was established in the Qualified ABLE Program; (3) the amount of contributions to the Account for the current calendar year; and (4) the amount of earnings associated with the Rollover Contribution.

1. Rollover Documentation

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.

2. Documentation of Basis and Earnings

The Rollover Contribution must include appropriate documentation identifying the basis and earnings of the withdrawn amount.

3. Timing for Receipt of Documentation

If the Rollover Contribution documentation is not received within 60 days from the date that the funds were withdrawn/redeemed from another Qualified ABLE Program, then the entire Rollover Contribution will be considered earnings and may jeopardize the designated beneficiary's eligibility for certain government benefits under various means-tested programs.

4. Allocation of Basis and Earnings Indicated on the Documentation

If the Rollover Contribution is less than the amount indicated on the documentation of earnings and basis, then the Rollover Contribution will be multiplied by the earnings ratio (earnings divided by the withdrawn amount) from the documentation to determine the amount of earnings recorded for the Rollover Contribution. If the Rollover Contribution equals or exceeds the amount indicated on the documentation of earnings and basis, then the amount of earnings from the documentation is posted and the remainder of the Rollover Contribution is basis.

6.03 Investment Allocations for Contributions.

(a) Generally, contributions will be credited to the Account and invested in accordance with the Future Contribution Allocation applicable at the time of processing.

(b) The Future Contribution Allocation may be changed at any time by submitting a Request to the Program which indicates the new allocation percentages for each selected Investment Option for an Account.

6.04 Purchasing Trust Units.

(a) A contribution received by the Program will be used to purchase Trust Units at the NAV of the applicable Investment Option determined on the Trade Date.

(b) The contribution will cause the purchase of Trust Units for each Investment Option in accordance with the Future Contribution Allocation applicable at time of processing.

(c) The number of Trust Units purchased will be determined by dividing the contribution for a specified Investment Option by the NAV of that Investment Option as described in (a).

(d) The Account will not receive any interest or earnings on the contribution before the funds have been used to purchase Trust Units.

6.05 NAV Valuation.

Individual securities held by an Investment Option are valued using market quotations or independent pricing services. If market quotations or independent pricing services are not readily available, or if events that have a significant effect on the value of an investment occur between when the price is determined and when a NAV is calculated, a security's fair value, as determined in good faith, may be used.

6.06 Maximum Annual Contribution Limit.

(a) The current Maximum Annual Contribution Limit for a Beneficiary is \$14,000.

(b) Rollover Contributions do not count toward the Maximum Annual Contribution Limit.

(c) Contributions will be rejected to the extent the amount of the contribution would cause the total contributions for a given calendar year to the Account and all prior ABLE Accounts for the Beneficiary to exceed the Maximum Annual Contribution Limit.

1. Processing

a. Rejected amount

The rejected amount of the contribution shall be posted to the suspense account.

6.07 Maximum Account Balance Limit.

(a) The current Maximum Account Balance Limit for a Beneficiary is \$418,000.

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

(c) Contributions will be rejected to the extent the amount of the contribution would cause the Account Balance for the Beneficiary to exceed the Maximum Account Balance Limit. However, Accounts that have reached the Maximum Account Balance Limit may continue to accrue earnings.

6.08 Rejected Contributions.

(a) If all or part of a contribution cannot be accepted, then the Program will attempt to contact the Administrator to periodically reattempt, reassign, or return the contribution to the contributor.

1. Processing

a. Contact Administrator

The Program will notify the Administrator within 5 business days of an unaccepted contribution. If the Administrator does not respond, the Program will attempt to contact the Administrator again 60 days and then again 180 days following the initial contact date.

b. Contact Contributor

If the Administrator does not respond after 180 days, the Program will attempt to contact the contributor to issue a Returned Contribution. If the contributor cannot be identified or located by sending notice to the last known mailing address of the contributor and the Returned Contribution is not claimed, Paragraph 10.06 will apply

(b) If the rejected contribution is not claimed and the funds cannot be allocated and deposited into an Account, Paragraph 10.06 will apply.

(c) The rejected contribution will not receive any interest or earnings.

6.09 Returned Contributions.

(a) If a contribution is returned due to Paragraph 2.03(b) or due to a contribution being allocated or deposited to the Account when the Beneficiary was not an Eligible Individual, then the Program will remove the contribution, including all earnings attributable to the contribution, (collectively "Returned Contribution") from the Account. Contributions are removed from the Account on a last-in-first-out basis.

(b) Earnings attributable to the contribution is determined under the rules set forth in Treasury Regulation §1.408-11.

(c) The Program will notify the Administrator that the Returned Contribution has been removed from the Account.

(d) The Program will attempt to contact the contributor to issue a Returned Contribution. If the contributor cannot be identified or located by sending notice to the last known mailing address of the contributor and the Returned Contribution is not claimed, Paragraph 10.06 will apply.

(e) The Returned Contribution will not receive any interest or earnings once removed from the Account.

SECTION 7

FEES AND PENALTIES

7.01 Account Fee.

The Board periodically reviews the Account Fee and publishes the amount online at www.ableunited.com. The current nonrefundable Account Fee is \$2.50 and is assessed monthly. An additional \$10 may be assessed annually if the Account Administrator elects to receive account communications via U.S. Mail.

1. Account Fee

The Program has waived the Account Fee until July 1, 2017.

2. Paper Correspondence Fee

Administrators who have elected to receive paper correspondence will be assessed \$10 annually on January 1. Administrators who elect to receive paper correspondence after January 31 will be assessed a monthly prorated fee based on the remainder of that calendar year.

3. Dormant Accounts

If an account has a balance of \$0.00 for 90 consecutive days, it shall be considered dormant. Dormant accounts shall not be assessed an Account Fee.

7.02 Investment Administration Fee.

(a) The Board periodically reviews the Investment Administration Fee and publishes the amount online at www.ableunited.com. The current nonrefundable Investment Administration Fee for all Investment Options, except the Money Market Fund, is 0.290% of the Account Balance. The current Administrative Fee for the Money Market Fund is 0.035% of the Account Balance. Fees for the premixed portfolio options are proportional to the fees assessed for the portfolio components.

(b) The following table compares the approximate costs of investing in the Program over different periods of time at the specified rates. The example illustrates the hypothetical expenses a Beneficiary may incur over various periods if \$10,000 is invested in an Account with a 5% annually compounded rate of return. All units are redeemed at the end of the period shown for Qualified Disability Expenses (the results do not take into account any Non-Qualified Distributions subject to state or federal income taxes, or any penalties).

Investment Admin. Fee for \$10,000				
Fee	1-Yr	3-Yr	5-Yr	10-Yr
Conservative Portfolio				
0.265%	\$27	\$85	\$149	\$337
Moderate Portfolio				
0.290%	\$30	\$93	\$163	\$369
Growth Portfolio				
0.290%	\$30	\$93	\$163	\$369
Money Market Fund				
0.035%	\$4	\$11	\$20	\$45
U.S. Bond Fund				
0.290%	\$30	\$93	\$163	\$369
U.S. Stock Fund				
0.290%	\$30	\$93	\$163	\$369
International Stock Fund				
0.290%	\$30	\$93	\$163	\$369

These examples do not represent actual expenses or performance from the past or for the future. Actual future expenses may be higher or lower than those shown.

7.03 Application Fee.

A nonrefundable application fee of up to \$50 per Account may be assessed at the time an Application is submitted.

1. Application Fee

The Program has waived the application fee.

7.04 Check Fee.

A nonrefundable check fee of \$5 will be assessed for each check requested during a calendar month. This fee is waived for the first two checks Requested each month.

7.05 Insufficient Funds Fee.

If a contribution to the Account is returned due to insufficient funds, a \$20 nonrefundable fee will be assessed to the Account and deducted from the Account Balance.

2. Returned Check

Only one \$20.00 Insufficient Funds (NSF) fee will be assessed for each check that is returned for non-sufficient funds.

a. Payment Intended for One Account

If a check is submitted to pay for one specific Account, then a \$ 20.00 NSF fee will be assessed to the specific Account for which the check was submitted.

b. Payment Intended for Multiple Accounts

If a check submitted to pay for a combination of Accounts, then a \$20.00 NSF fee will be assessed to the first Account identified in this.

3. Letter

After posting a returned payment due to insufficient funds, a notification letter will be sent to the Administrator reflecting the reason for the return and the assessment of the \$20.00 NSF charge.

4. Fee Waivers

The \$20.00 NSF fee is waived under the following conditions:

a. Prior to ACH Sweep

Termination correspondence is received prior to the ACH sweep, but the termination is processed after the ACH sweep has been created.

b. After ACH Sweep

Termination correspondence is received after the ACH sweep was created but on or before the 20th of the month.

c. Financial Institution Error

The NSF fee was assessed due to a financial institution error.

d. Extenuating Circumstances

The Program or a manager approves the waiver of the NSF fee due to extenuating circumstances.

7.06 Penalty Due to Misrepresentation or Failure to Promptly Report Changes in the Beneficiary's condition.

A nonrefundable penalty of up to \$250 or 100 percent of the Account Balance, whichever is less, may be assessed if the Account is terminated pursuant to Paragraph 10.04.

7.07 Fee Changes.

Florida ABLE, Inc., may add, remove, increase, or decrease the Account Fee, Investment Administration Fee, or other fees charged, which could have a material effect on the investment in the Program and the Account Balance.

SECTION 8

ACCOUNT CHANGES

8.01 Change of Beneficiary.

(a) During the lifetime of the Beneficiary, part or all of the Account Balance may be transferred to an Eligible Individual who is a Member of the Family.

(b) Before funds are transferred to the Account of an Eligible Individual, the Program requires: (1) the Eligible Individual to have an Account; (2) a Certification that the recipient is a Member of the Family; and (3) a Certification that the recipient is an Eligible Individual at the time of the transfer.

8.02 Change of Administrator.

(a) The Administrator may be changed by submitting a Request.

(b) If the Beneficiary lacks legal capacity to manage the Account, a Custodian may replace an unauthorized individual and serve as an Administrator by submitting a Certification that: (1) the current Administrator is not a Custodian for the Beneficiary; (2) the Beneficiary lacks legal capacity to manage the Account; and (3) the requestor is a Custodian for the Beneficiary.

(c) The Administrator may be changed by court order.

(d) Upon the death of the Beneficiary, a person may submit the Beneficiary's death certificate and a Certification that the person is: (1) the executor of the Beneficiary's estate as defined in Section 2203 of the Code; and (2) responsible for the proper disposition of the Account Balance.

SECTION 9

DISTRIBUTIONS

9.01 General.

(a) A Request for a distribution may be made at any time.

1. Processing

a. Check contribution

Contributions made by check will be available for withdrawal after 7 business days.

b. ACH contribution

Contributions made by ACH will be available for withdrawal after 5 business days.

c. Change of address

Following an address change, funds will be available for withdrawal after 10 business days.

2. Confirmation Letter

A withdrawal confirmation letter will be automatically generated for the Administrator once the request has been processed.

(b) Under Section 529A of the Code, the Secretary of the Treasury and Commissioner of the Social Security Administration each may require additional information to categorize the reason(s) for a distribution. Upon request, this information must be provided to the Program.

(c) A distribution may be made payable to the Beneficiary, a Custodian or a third-party by submitting a Request. The individual submitting the Request is responsible for providing the correct information about the payee.

(d) The Beneficiary should retain evidence to substantiate any Qualified Distributions to the Internal Revenue Service and the Social Security Administration.

(e) The Program is not responsible for any late fees or other fees or penalties charged by a payee related to the distribution.

9.02 Rollover Distribution.

(a) A Request for a Rollover Distribution may be made at any time.

(b) If the recipient of the Rollover Distribution is the same Beneficiary, then the Rollover Distribution will be for the Account Balance and the Program will provide the following information to the selected Qualified ABLE Program: (1) a verification that the Account was closed; (2) the earliest date an ABLE Account was established for the Beneficiary, whether in the Program or in a prior Qualified ABLE Program; (3) the current calendar year contributions to the Account; and (4) the amount of earnings associated with the Rollover Distribution.

9.03 Source of Distribution.

(a) A Request for a distribution will cause Trust Units to be sold at the NAV of the applicable Investment Options determined on the Trade Date.

(b) The distribution will cause the sale of Trust Units from each Investment Option in proportion to the market values represented by each Investment Option in the Account prior to the distribution.

(c) The number of Trust Units sold will be determined by dividing the distribution for a specified Investment Option by the NAV of that Investment Option as described in (a).

(d) The distribution will not receive any future interest or earnings.

9.04 Outstanding Distributions.

If a distribution does not clear for any reason, the Administrator may submit a Request to: (a) reissue the distribution or (b) return the funds to the Account pursuant to the Existing Balance Allocation at the time of return.

SECTION 10

TERMINATION AND REFUNDS

10.01 Voluntary Termination.

An Account may be voluntarily terminated at any time by submitting a Request.

1. Termination Criteria

a. Termination Criteria

The following criteria must be met in order for account to be voluntarily terminated:

- i. A Request must be received by the Administrator or Beneficiary
- ii. If the Account has a balance, request must direct how remaining funds should be distributed.
- iii. Requests can be made online or by paper. Requests made by paper requires the Administrator's notarized signature.

2. Voluntary Termination Letter

Once all termination criteria have been met, the Program sends a Voluntary Termination Letter to confirm that the Account(s) is being terminated.

a. Content

The Voluntary Termination Letter advises:

- i. the Beneficiary and Administrator that the Account(s) is being terminated;
- ii. the amount of the Account Balance; and
- iii. the opportunity to reactivate the Account(s).

b. Timing

The Program provides the Beneficiary and Administrator a Voluntary Termination Letter at least 5 Business Days before payment of the Account Balance to the Administrator to inform the Beneficiary of the Administrator's action and permit the Beneficiary time to rescind the termination request.

c. Quality Control

A sample size of 10% of all outgoing Voluntary Termination Letters (limited to a maximum of 5 termination letters per day) must be reviewed for accuracy, correctness, conformity with the Program's Brand and Style Guidelines, and overall quality.

d. Program Approval

The Program approves the Voluntary Termination Letter template annually.

10.02 Minimum Account Balance Termination.

(a) The Program may involuntarily terminate the Account if the Account Balance is \$0 at the end of any calendar year.

1. Waiver of Minimum Account Balance Termination

An Account with an Account Balance of \$0 may not be involuntarily terminated until the second calendar year after establishment.

(b) The Account will be reinstated upon receipt of: (1) a Request; and (2) a Certification that the Beneficiary is an Eligible Individual.

10.03 Involuntary Termination.

(a) The Program may involuntarily terminate the Account if the Administrator fails to provide the Program with the information required: (1) to complete the Application within 120 days of submission; or (2) by the Secretary of the Treasury or federal law within a reasonable period of time prescribed by the Secretary or the applicable federal law, or, if none, 120 days.

1. Involuntary Termination Letter

If an Administrator has not taken sufficient action to resolve the outstanding issues within 30 days following the issue date of a Not in Good Order Letter advising that the Account(s) will be involuntarily terminated, then the Program sends an Involuntary Termination Letter to confirm that the Account(s) has been terminated.

a. Content

The Involuntary Termination Letter advises:

- i. the Administrator that the Account(s) has been terminated;
- ii. the amount of the Account Balance, if any, and how the Administrator may receive the refund; and
- iii. the opportunity to reactivate the same Account(s), if applicable.

b. Timing

The Program provides the Beneficiary and Administrator an Involuntary Termination Letter at the time of termination to advise that the Account(s) have been terminated and provide refund and reactivation information.

c. Quality Control

A sample size of 10% of all outgoing Involuntary Termination Letters (limited to a maximum of 5 termination letters per day) must be reviewed for accuracy,

correctness, conformity with the Program's Brand and Style Guidelines, and overall quality.

d. Program Approval

The Program approves the Involuntary Termination Letter template annually

(b) After processing any rejected contributions pursuant to Paragraph 6.08 and any Returned Contributions pursuant to Paragraph 6.09, the remaining Account Balance, if any, will not receive any future interest or earnings and will be made payable to the Beneficiary upon receipt of a Request.

10.04 Termination Due to Misrepresentation or Failure to Promptly Report Changes in the Beneficiary's Condition.

(a) The Program may involuntarily terminate an Account if a material misrepresentation is made in the Application, Request, communication, or maintenance of the Account by the Beneficiary or Administrator. A material misrepresentation includes, but is not limited to, providing an invalid Taxpayer Identification Number or providing a false Certification that an individual is an Eligible Individual or a Member of the Family of the Beneficiary.

(b) The Program may involuntarily terminate an Account if the notice of a change in the Beneficiary's condition, as required by Paragraph 2.04, is not submitted promptly to the Program.

(c) After processing any rejected contributions pursuant to Paragraph 6.08 and any Returned Contributions pursuant to Paragraph 6.09, the remaining Account Balance, if any, will not receive any future interest or earnings and will be made payable to the Beneficiary upon receipt of a Request.

10.05 Account Expiration.

(a) If no contributions or distributions from the Account have been made for a continuous period of 25 calendar years, the Account will be declared expired.

(b) If the Account Balance exceeds \$50, the Program will send to the last known mailing address of the Administrator a notice at least six months prior to expiration of the Account Balance.

1. Disposition of Expired Accounts

According to Florida Statute 1009.986 4(e), an expired Account(s) shall be considered abandoned and the balance of the account may be used to operate the Program.

10.06 Unclaimed Funds.

(a) If a contribution or distribution is not claimed within seven calendar years, the funds will be declared unclaimed.

(b) If the funds exceeds \$50, the Program will send to the last known mailing address of the Administrator or, for rejected contributions and Returned Contributions, the contributor, a notice at least six months prior to distribution being declared unclaimed.

1. Disposition of Unclaimed Distributions

According to Florida Statue 1009.986 4(e), unclaimed distributions shall be considered abandoned and the balance of the account may be used to operate the Program.

10.07 Expired and Unclaimed Funds.

Funds from expired Accounts and unclaimed funds may be used to operate the Program.

SECTION 11

REPORTING

11.01 Account Statements.

(a) The Program maintains separate records for each Account and will provide quarterly statements indicating, for the period and calendar year, the: (1) contributions to, distributions from, and changes in the number of Trust Units for each Investment Option in the Account; (2) ending value of the Account; and (3) investment performance of each Investment Option.

1. Quarterly Statement

Quarterly, the Program provides Account Owners with a summary of important information for each Account.

a. Content

The Quarterly Statement includes:

- i. A description of each Account;
- ii. A financial summary of the contributions to and withdrawals from, changes between each Investment Option, ending value, and investment performance for each Account.

b. Timing

Quarterly Statements are provided by the 15th day of the month following the end of the preceding quarter.

c. Quality Control

A sample size of not less than 50 Quarterly Statements must be reviewed for accuracy, correctness, conformity with the Program's Brand and Style Guidelines, and overall quality.

d. Program Approval

Program approval is required before mailing the Quarterly Statements.

2. Account Statement

An Account Statement is a Quarterly Statement through the most recent Business Day. The Account Statement shall include a summary explaining why the Administrator is receiving the Account Statement. Account Statements are provided upon:

- i. Request from the Administrator;
- ii. Waiver of any outstanding fees by the Program;
- iii. Reactivation of an Account; and
- iv. Change of Administrator.

3. Online in Real-Time

At any time, an Administrator may view online the most recent contribution/withdrawal amount and date and outstanding fees for each active Account.

(b) Quarterly statements may not be provided for any quarter where: (1) there have been no contributions or distributions; and (2) the beginning and ending Account Balance is \$0.

(c) The Administrator is responsible for reviewing each quarterly statement and for verifying the information contained on each quarterly statement. If the Administrator fails to notify the Program in writing of any error on the quarterly statement within 60 calendar days after the production date on the quarterly statement, the information pertaining to the Account contained on the quarterly statement is deemed to be correct, and the Administrator will be considered to have: (1) approved the information contained on the quarterly statement and its inclusion on subsequent quarterly statements; and (2) released the Program from all liability for any error contained on the quarterly statement.

(d) A Request for a copy of the most recent Account Statement may be submitted at any time.

11.02 Tax Treatment, Withholding and Reporting.

(a) The application and impact of tax law vary widely based upon the specific facts involved. The Administrator is strongly encouraged to consult a qualified tax advisor regarding the tax consequences of contributing money to, or withdrawing money from, an Account.

(b) The Program will furnish a statement containing the information required on a Form 5498-QA, or any successor form. The statement may be: (1) a copy of Form 5498-QA, or any successor form; or (2) combined with a quarterly statement.

(c) The Program will issue a Form 1099-QA, or any successor form, in accordance with the instructions for that Form, for the calendar year in which any distribution is made.

1. Timing

The Form 1099-QA is mailed to the recipient with a postmark no later than January 31 of the year following the applicable tax year. The Form 1099-QA information also is provided to the IRS, in the electronic format specified by the IRS, by March 31st.

2. All Distributions

The Form 1099-QA is issued for any withdrawal, regardless of gain/loss, related to a Qualified withdrawal; Rollover withdrawal; or Non-Qualified withdrawal.

3. Calculation of Earnings

a. Earnings Ratio

The amount of earnings attributable to the account as of the last day of the calendar year in which the designated beneficiary's taxable year begins, divided by the total account balance on the same date, after taking into account all distributions made during that calendar year and all contributions received during that same year other than returned contributions.

b. Calculation

The earnings portion of a distribution is equal to the product of the amount of the distribution and the earnings ratio.

4. Non Valid Address

If the Administrator's address is invalid, then a letter will be sent to the Beneficiary accompanied by the Form 1099-QA. If the Administrator's and Beneficiary's address is invalid, Customer Service will contact Administrator by phone and email to obtain correct address.

5. Corrections

Corrections to Form 1099-QA are produced no later than April 1st to report corrections for the previous year. Any corrections received for a previous tax year after April 1st will be reported the following tax year.

(d) The Program does not withhold any earnings or portion of a distribution for tax purposes.

(e) A Request for a copy of the most recent statements provided under (b) or (c) may be made at any time. The request for a paper statement will not be treated as withdrawing consent under Paragraph 11.03(b).

11.03 Electronic Reporting.

(a) The primary method for providing correspondence is online access at www.ableunited.com. E-mail may be used to provide notifications of the availability of electronic statements and other Program information.

(b) For statements issued pursuant to Paragraph 11.02, the Program may request the recipient to affirmatively consent to receive the statement in 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 consent is withdrawn, the Program will confirm the withdrawn consent in writing and the effective date, which will not exceed 60 days, when future statements will be furnished on paper. 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 electronically without notice.

11.04 Reporting to State and Federal Agencies.

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

1. Social Security Administration Reporting

The Program must send ABLE data to Social Security Administration via a web service in the format as prescribed and accepted by Social Security Administration.

11.05 Other Reporting Required by the Program.

Supplementing the foregoing reporting requirements in the Program Description & Participation Agreement and any other reports specifically identified throughout these Business Rules, additional reports will be provided to the Program relating to required Audits or Quality Reviews, Accounts required under the Records Administration Contract, Performance Reports, and Reconciliation Reports. Such additional reports will include, but may not be limited to, the following:

1. Audit Reports

- a. **System Audit (External Vulnerability)**
- b. **Security Audit**
- c. **SSAE 16 Audit**
- d. **NACHA Audit (National Automated Clearinghouse Association Audit)**
- e. **Payment Card Industry Data Security Standard, Report on Compliance**
- f. **Internal Audit**

2. Required Plans

- a. **Security Plan***

- b. Business Continuity Plan***
- c. Transition Plan***
- d. Internal Audit Plan***
- e. Quarterly Training Plan**

**At least annually, the Contractor shall review and update these plans, as needed, and provide a detailed report of all changes.*

3. Performance Reports

a. Operations Performance Report

- i. Correspondence Processing/Tracking
- ii. Call Center Report
- iii. Annual Service Calls Per Account
- iv. Customer Service Weekly Statistics
- v. Weekly Production Report - Performance Objectives & Notes

b. Enrollment Reports

- i. Weekly
- ii. Comparison (year-over-year)
 - (a) By day
 - (b) By week
- iii. Application Reconciliation Worksheets
 - (a) Web
 - (b) Paper
- iv. Daily Receipt Log
- v. Finance Department Performance/Activity Report
- vi. System Performance Report
- vii. Exception Posting Report
- viii. Florida ABLE Program Monthly Statistics
- ix. Purchase and Participation Report
- x. Quarterly Contract Detail Report
- xi. Other Performance Reports requested by the Program

4. Monthly Transaction Reports

- a. Monthly and YTD Report of Funds Contributed into Participant Accounts**
- b. Monthly Report showing ACH activity and NSF activity**
- c. Suspense Report, Monthly and Since Inception (contributions that can't be applied)**
- d. Monthly Report of Withdrawals from Participant Accounts**

e. Monthly Summary Accounting Report for the Florida ABLE Program showing:

- i. Investment Option Balances
- ii. Contributions
- iii. Withdrawals
- iv. NSF's
- v. Gains / Losses

5. Monthly Reconciliation Reports

- a. Revenue Reconciliation**
- b. Expenditure Reconciliation**
- c. Bank Reconciliation for Commercial and/or Custody Clearing**
- d. Monthly Investment Options Unit Reconciliation**
- e. Fee Reconciliation Report**

11.04 Reporting Scope

1. Data and information shall be available on a standard schedule in accordance with the Reporting Schedule.
2. Data and information shall be available based on parameters specified by the user.
3. Knowledge of the system(s), system tables, and/or data query language shall not be a requisite for the user to access standard or user defined data and information.
4. Data and information shall be reported in the following areas:
 - a. Enrollment.
 - b. Demographics.
 - c. Account management transactions.
 - d. Contribution transactions.
 - e. Investment transactions.
 - f. Investment performance.
 - g. Withdrawal transactions.
 - h. Customer service.
 - i. Records Administration and supporting system(s) performance.
5. Data and information shall be available as follows, at:
 - a. The individual transaction level.
 - b. An aggregated transaction level by type(s).

- c. An aggregated transaction level by Beneficiary.
 - d. An aggregated transaction level by Administrator.
 - e. An aggregated transaction level by Authorized Signatory.
 - f. An aggregated transaction level for the Program.
6. Historical point-in-time data and information shall be available to permit standardized and user-defined reporting for any specified point in time and for any period of time.
7. Data and information provided electronically must allow for:
- a. Sorting, grouping and filtering.
 - b. Formatting into a graph, table, chart or other visual representation.
 - c. Saving for future use various formats (e.g., text, spreadsheet, PDF format).
 - d. Printing.

SECTION 12

OTHER INFORMATION ABOUT ACCOUNT

12.01 Not an Obligation of the State.

The Agreement is only a debt or obligation of the Program, and is not otherwise a debt or obligation of the State of Florida.

12.02 Actual Receipt by Program Required.

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

12.03 Privacy and Account Confidentiality.

(a) The personal financial and health information of a party to the Participation Agreement and these Terms and Conditions is confidential and exempt from Section 119.07(1), Florida Statutes, and Section 24(a), Art. I of the State Constitution.

(b) Florida ABLE, Inc., or the Board may authorize the disclosure of information to another state or federal government entity for the receiving entity to perform its duties or responsibilities or for the Program to: (1) verify the eligibility of an Eligible Individual; (2) permit the use of an Account; or (3) provide additional services for the Beneficiary.

12.04 Accounts Subject to State Medicaid Repayment.

Subject to any outstanding payments due for Qualified Disability Expenses, upon the death of the Beneficiary, all amounts remaining in the Account not in excess of the amount equal to the total medical assistance paid for the Beneficiary after the Date of Establishment, net of any premiums paid from the account or paid by, or on behalf of, the

Beneficiary to a Medicaid Buy-In program any state Medicaid plan established under Title XIX of the Social Security Act, shall be distributed to such state upon filing of a claim for payment by such state. For purposes of this Paragraph, the state shall be a creditor of an ABLE Account and not a beneficiary.

12.05 Accounts Not Registered Under the Securities Laws.

(a) Neither the Accounts under, nor the Agreement to be executed in connection with, the Program will be registered under the Securities Act of 1933, as amended, or with the securities regulatory authority of any state.

(b) To the extent that registration of the Accounts or the Participation Agreement is required, or registration of Florida ABLE, Inc., the Board or its officers and employees is required in order to offer or sell the Accounts or the Participation Agreement, and the Accounts or the Participation Agreement are offered and sold without the proper registration(s): (1) Florida ABLE, Inc., could be required to cease and desist operating the Program and to terminate the Program; (2) monetary penalties could be imposed; or (3) both.

12.06 Necessity of Qualification.

(a) The Program is intended to be a Qualified ABLE Program. Florida ABLE, Inc., and the Board may make changes to the Program and the Agreement at any time if it is determined that such changes are necessary for the continuation of the Program as a Qualified ABLE Program.

(b) The Administrator acknowledges and agrees that the Beneficiary and Account will be bound by any such changes.

12.07 Statute and Rules.

(a) The Account and the Agreement are subject to future changes to the Program, Part IV Chapter 1009, Florida Statutes, as amended, and to Rule 19B-18, Florida Administrative Code (or any similar successor rule), as amended.

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

(c) All references in the Agreement to federal and Florida law include any similar successor law.

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

12.08 Program Changes and Termination.

(a) The Program is required to comply with Section 529A of the Code and the regulations and the administrative guidance issued thereunder, as well as Section 1009.986 through 1009.988, Florida Statutes, and related sections and the related regulations and administrative guidance thereunder. In the operations of the Program, Florida ABLE, Inc. and the Board shall have authority to interpret and administer the Program in a manner which complies with the Statutes and the guidance thereunder.

(b) Florida ABLE, Inc., 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 Section 1009.986(1) and 1009.986(4), including subparts, through the rulemaking process as more fully described in Section 120.54, Florida Statutes. Beneficiaries who have established Accounts prior to the time an enhancement is made available, may be precluded by federal tax law from participating in such enhancement.

(c) Although Florida ABLE, Inc., currently has no plans to do so, Florida ABLE Inc., may: (1) refuse to accept additional contributions to existing Accounts; or (2) refuse to accept Applications for new Accounts.

(d) The Program will continue indefinitely until its existence is terminated by law, if ever, or discontinued because the Program is not financially feasible. If the Program is terminated, after six (6) months, to allow for an opportunity to submit Requests for distributions, the Account will be involuntarily terminated and the Account Balance will be distributed pursuant to Paragraph 10.03(b).

(e) There is a possibility that, due to poor performance of the Investment Options and/or Program fees, the Account Balance may be zero or significantly lower than the amount of funds contributed to the Account.

(f) Termination of the Program may result in a Non-Qualified Distribution for which taxes and penalties may be assessed.

12.09 State Pledge.

The State of Florida pledges that the State of Florida will not limit or alter the rights under Section 1009.986, Florida Statutes, which are vested in the Program until such obligations are met and discharged. However, Section 1009.986(4)(i), Florida Statutes, does not preclude such limitation if adequate provision is made by law for the protection of the Beneficiary pursuant to the obligations of Florida ABLE, Inc.

12.10 Disputes.

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

12.11 Indemnification.

(a) Florida ABLE, Inc., the Board or the Program will not indemnify any Beneficiary or Administrator 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 Administrator's agreements, representations and warranties set forth in the Agreement. The Administrator agrees to indemnify and hold harmless the Program, Florida ABLE, Inc., the Board, any vendors, contractors, investment advisors, investment consultants or investment managers selected by Florida ABLE, Inc., or 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 Administrator herein or otherwise with respect to the Account, and any breach by the Administrator of any of the agreements, representations or warranties contained in the Agreement.

(c) All of the acknowledgements, agreements, representations and warranties of the Beneficiary and Administrator will survive the termination of the Agreement.

12.12 Improper Action by a Custodian.

The Program, Florida ABLE, Inc., and the Board will not be liable for any consequence related to an action taken by a Custodian, or any individual who submits a Certification, which is an improper use, transfer, or characterization of custodial funds.

12.13 Binding Nature; Third-Party Beneficiaries.

The Agreement will survive the death of the Beneficiary and will be binding upon the Beneficiary's personal representatives, legal representatives, heirs, successors and assigns.

12.14 Headings.

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

Section 13

CUSTOMER SERVICE

13.01 Availability of Customer Service Representatives

(a) Customer Service Staffing

Staffing should have a sufficient number of customer service representatives who fluently speak English **and Spanish** to offer similarly short wait/processing times for **both** English-speaking **and Spanish-speaking** callers.

1. Hours of Operations

Customer service representatives are available during the hours of 9:00 a.m. to 6:00 p.m., Eastern Time, Monday through Friday, excluding days market is closed.

2. After-Hours Recording

Whenever Customer Service is not available, a recorded message will be provided to callers advising them about when to call back for information about the Program or their Account.

(b) Call Back

Potential and existing participants may request a scheduled call or call back through any contact channel such as phone call, marketing website, Customer Portal, email, postal mail, etc.

(c) Audit Trail

Each contact (e.g., calls, incoming correspondence, and outgoing correspondence) with customer service shall be recorded in the audit trail for the Account.

(d) Scripts and Templates

Annually, the Program reviews and approves automated and customer service representative scripts and templates.

(e) Staffing Training

Quarterly training is provided to all customer service representatives to provide information about new or revised policies and procedures and to reinforce positive customer service.

(f) Investment Advice

Customer Service representatives may not act as a broker-dealer on behalf of the Program; provide investment advice to any person regarding the Program; or sell any participation interest in the Program.

13.02 Call Center

(a) Customer Service Structure

1. Toll-Free Telephone Line

The Program has a toll-free number, 1-888-524-ABLE (2253), for customer service of the Program's Programs.

2. English or Spanish

At the beginning of the call, callers are offered the option to continue in English or Spanish.

3. Information About a New Account

Callers seeking information about a new Account are connected with a customer service representative.

4. Information About an Existing Account

Callers seeking information about an existing Account are offered the option to utilize an automated service or a customer service representative. The automated service permits the caller to:

- a. Make a contribution on an Account;
- b. Check the last withdrawal amount and date made on an Account;
- c. Check the last contribution amount and date made on an Account; and
- d. Confirm the balance of an Account.

(b) Customer Service Operations

1. Professionalism

Each phone call shall be answered in a professional and friendly manner.

2. Verification of Caller's Identification

The Program employs industry best practices for caller identification. Currently, a caller is requested to provide his or her address, phone number and Social Security Number for verification purposes.

3. Initial Call Resolution

A caller's inquiry or request is answered on the initial call whenever possible. If the inquiry or request cannot be answered on the initial call, the caller will be contacted by the end of the next Business Day with an answer to his or her inquiry or request after further research has been accomplished.

4. Caller Requesting the Board Office

If the caller is asking to speak with a member of the Board or Board staff: 1) to reverse a decision made by the Program and a supervisor is unable to address the caller's issue; 2) in reference to correspondence being handled by Board staff; or 3) in reference to speaking engagements and/or collateral requests; then the caller should be advised that their request will be forwarded to the Board for a callback and then Board staff should be informed of the situation and the caller's information.

(c) Standards

On a daily basis, 80% of calls must be answered within 90 seconds and 98% of calls must be answered within 180 seconds.

(d) Monitoring

On a weekly basis, at least three phone calls per customer service representative are monitored or reviewed for Program knowledge, communication skills, and timely and efficient customer service to ensure a high level of professional service.

(e) Reporting

A weekly call statistics report is generated documenting daily figures for:

- i. the number of calls received;
- ii. the average wait time;
- iii. the number of calls answered;
- iv. the average talk time;
- v. the number of calls abandoned;
- vi. the number of call backs required; and
- vii. the number of callbacks resolved.

13.03 E-Mail

The Program receives e-mail correspondence through the Program website and in response to correspondence.

(a) Retention

All e-mail correspondence and attachments and responses are stored electronically. If an Account number can be reasonably identified directly or through a search based on the e-mail address or e-mail content, then the e-mail correspondence and attachments and responses are retained in the same location and manner as incoming correspondence.

(b) Standards

All e-mails are responded to within one Business Day of receipt.

(c) Monitoring

On a daily basis, ten percent of e-mail activity (maximum of 10 e-mails) are reviewed for Program knowledge, communication skills, and timely and efficient customer service to ensure a high level of professional service.

(d) Reporting

A weekly e-mail statistics report is generated documenting daily figures for:

- i. the number of emails received;
- ii. the number of emails responded to; and
- iii. the average response time.

13.04 Incoming Correspondence

The Program receives paper correspondence through PO Boxes and facsimile (fax).

(a) Date and Timestamp

All incoming correspondence is date stamped, scanned, reviewed, indexed, and logged/noted in the database upon opening.

(b) Retention

All incoming correspondence is stored electronically. If an account number can be reasonably identified directly or through a search based on content in the incoming correspondence, then the incoming correspondence and attachments and responses are retained electronically in a database searchable by the account number.

(c) Standards

All incoming correspondence is processed and responded to within two Business Days of receipt.

1. Exception for Pending Incoming Correspondence

Incoming correspondence that cannot be processed within the standard time may be "pending" for a time-frame deemed reasonable according to the valid pending reason. The time period and reason for pending the incoming correspondence. Incoming correspondence may be pending for the following reasons:

- a. Forwarding to the Program for research or approval;
- b. Waiting for additional correspondence from the Administrator;
- c. The action requires a Transmittal Request;
- d. The incoming request specifies a later date or instructs a delay in processing (e.g., processing a change of address on a certain date); or
- e. Waiting for a payment to post or a payment to clear posting.

(d) Monitoring

On a daily basis, ten percent of completed incoming correspondence (maximum of 10 pieces per reasonable category of incoming correspondence) and twenty percent of all pending correspondence (maximum of 10 pieces per reasonable category of incoming correspondence) are reviewed for Program knowledge, communication skills, and timely and efficient customer service to ensure a high level of professional service.

(e) Reporting

A weekly incoming correspondence statistics report is generated documenting daily figures for:

- (1) the amount of incoming correspondence received by category;
- (2) the amount of incoming correspondence processed by category;
- (3) the amount of incoming correspondence pending by category; and
- (4) the average processing time.

13.05 Program Correspondence**(a) Definition**

Program Correspondence means any correspondence, regardless of medium, that:

- (2) Requests relief from the procedures and policies of the Program by filing a petition with the Executive Director of the Board or by filing a petition for a waiver or variance of a Program rule pursuant to Section 120.542, F.S. The petition must contain:

- a. the name and address of the person requesting relief;
 - b. the specific nature of the relief requested;
 - c. the name and address of any Beneficiary or Administrator on any disputed Account (if applicable);
 - d. the Account number in question;
 - e. the rule or policy from which the petitioner is requesting relief;
 - f. the date of request; and
 - g. the signature of the petitioner.
- (3) Copies the Governor, a Congressman, Senator, State Representative or other public official;
 - (4) Copies a reporter or media outlet;
 - (5) Copies a member of the Board or Board staff;
 - (6) Relates to court orders and legal matters; or
 - (7) Involves a topic or issue not sufficiently addressed by the Program Governance Documentation or procedures.

13.06 Marketing Correspondence

Potential participants may request printed marketing materials, including the Application, Program Description and Participation Agreement, and the Quick Start Guide. Customer Service records the contact information for the potential participant for future reporting purposes and forwards batched requests to the Board's fulfillment Service Provider daily.

13.07 Outgoing Correspondence

Depending on the preferences of the Administrator, the Program sends outgoing correspondence electronically or by mail.

(a) Retention

All outgoing correspondence is stored electronically in a database searchable by the account number.

(b) Standards

All outgoing correspondence is produced and sent within one Business Days of request by a person or system.

(c) Returned Correspondence / Non-Valid Address (NVA)

When mail is returned by the Post Office due to an invalid address, the Program will make an attempt to obtain a current address; however, if an update is not available, the Account Owner, Survivor, or Beneficiary address is notated with an "NVA" (non-valid address). Once an address has been marked as invalid, there is no further correspondence issued on the plan until a valid address is obtained.

(d) Monitoring

On a daily basis, a sample of every letter type is reviewed for accuracy, quality, and consistency with the Program's brand and style guide.

(e) Reporting

A weekly outgoing correspondence statistics report is generated documenting daily figures for the amount of outgoing correspondence sent by category.

(f) Account Alerts

The Program shall provide the ability for parties to an Account to request the following alerts as allowable by Account role.

- (1) Account threshold
- (2) Account change notification
- (3) Financial transaction

Section 14

TRAINING

14.01 Security

All individuals working on behalf of the Program must complete periodic (not less than semiannual) training related to data protection, privacy and security. This training helps to ensure that individuals with access to program data are aware of risks and protection measures.