

**STATE OF FLORIDA**

**FLORIDA 529 SAVINGS 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 Board'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 Board'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 current is in **YELLOW**.

Section 1

**DEFINITIONS**

**1.01 Account**

“Account” means an account in the Program established pursuant to the Agreement. Each Account may have only one Account Owner, one Survivor, and one Beneficiary.

**1.02 Account Balance**

“Account Balance” means the amount remaining in an Account, including all contributions, investment earnings and losses, after deduction for any withdrawals and refunds. The Account Balance will be reduced by any applicable fees.

**1.03 Account Owner**

“Account Owner” means “benefactor” as that term is defined and used in Part IV, Chapter 1009, Florida Statutes, and is the person who is designated on the Application as the “account owner,” unless the Account Owner was subsequently changed, and is the owner of record for the Account. An Account must have an Account Owner. The Account Owner may be:

- (a) Any natural person who is 18 years old or older and a United States citizen, or resident alien, with a valid Social Security Number.
- (b) If named as the Account Owner prior to September 1, 2013, any trust, estate, partnership, association, company or corporation with a U.S. federal taxpayer identification number. Entities will be required to furnish documentation to substantiate the legal status of the entity.

**1. Business Organization or Trust (BOT) as Account Owner**

Due to complications with the proper transfer of ownership upon dissolution of business organizations and construction of trusts, the Board no longer accepts the naming of a Business Organization or Trust (BOT) as an Account Owner on the Application.

**a. Opening a New Account**

**i. Pre-Existing BOT**

A pre-existing BOT may maintain existing Accounts and may open new Accounts without Board approval.

**ii. New BOT**

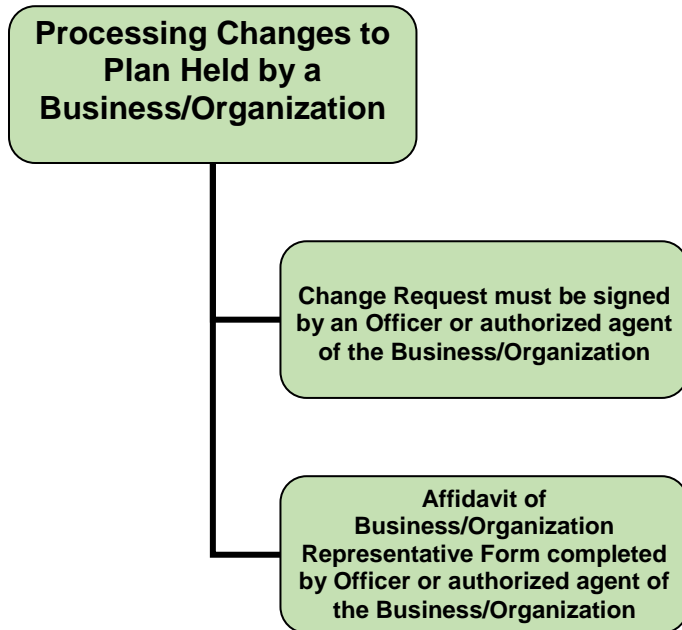
A new BOT may Special Petition the Board to permit the establishment of an Account. As part of the consideration, the Board will require the BOT to provide sufficient document to demonstrate the proper construction of the BOT, designation of a BOT representative, and instructions in case of dissolution.

**b. Additional Processing Requirements**

Change requests received on Accounts owned by a BOT require special due diligence measures that necessitate special processing requirements.

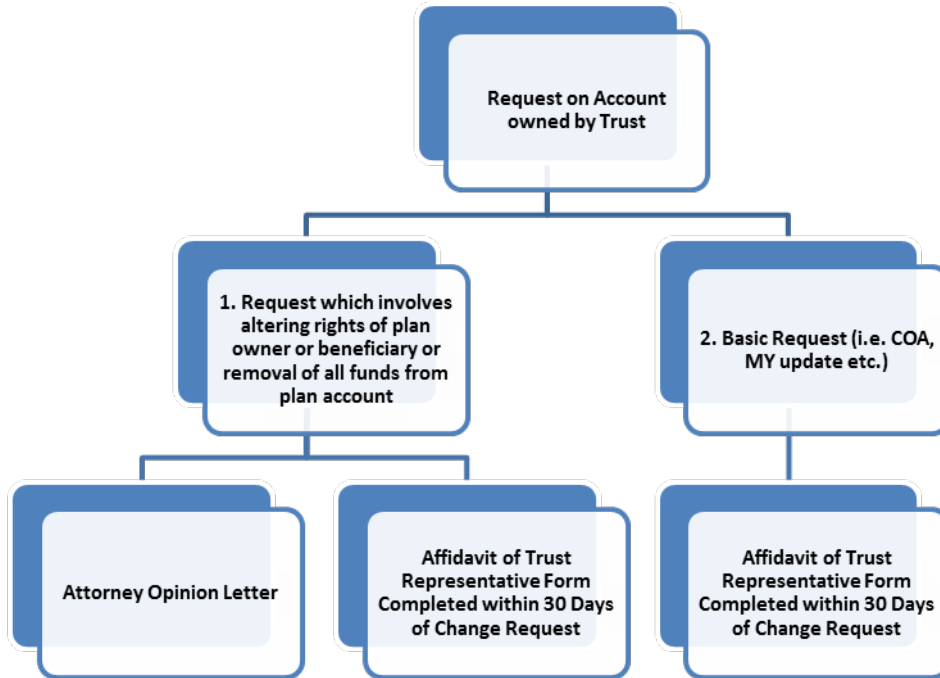
i. **Special Processing Requirements for a Business Organization**

A notarized affidavit of authority for the BOT representative is required to be completed within 30 days of any request requiring a signature of the BOT representative. The Program will utilize the secretary of state website to confirm the status of the business organization when a request is received for an Account to ensure requests are not processed for a business organization that has been dissolved or no longer exists.



ii. **Special Processing Requirements for a Trust**

The additional process requirements for requests from a trust are:



(c) A state or local government (or agency or instrumentality) or organization described in Section 501(c)(3) of the Code opening an Account to fund scholarships. A Beneficiary need not be designated for a scholarship Account opened by these entities. Entities will be required to furnish documentation to substantiate the legal status of the entity.

(d) A custodian for a minor under the Uniform Gifts to Minors Act or Uniform Transfers to Minors Act of a state in the United States (“UGMA/UTMA”).

#### **1.04 Additional Tax**

“Additional Tax” means the same as that term is defined in Section 529 of the Code, which applies a 10% additional tax to any Non-Qualified Withdrawal. Residents of states other than Florida may have a state income tax which applies an additional tax to any Non-Qualified Withdrawal.

#### **1.05 Administration Fee**

“Administration Fee” means the maintenance fee, as expressed in basis points, and is automatically deducted from the Account Balance on a daily basis.

#### **1.06 Agreement**

“Agreement” means the complete and exclusive statement of agreement between the Account Owner and the Board related to the Program and the Account. The Agreement consists of the Application, Terms and Conditions, and Participation Agreement, each as amended from time to time by the Board. The Agreement supersedes any prior agreement, oral or written, and any other communications between the parties concerning the Program and Account.



### **1.07 Application**

“Application” means the form used by the Board to collect the information specified in Rule 19B-16.002, Florida Administrative Code to open an Account in the Program.

#### **1. Overview of Information Requested on Application**

The Program provides potential customers with an overview of the information requested on the Application as a convenience to expediting the enrollment process (e.g., advising that Social Security Numbers are required).

#### **2. Board Approval**

Annually, the Board requests and approves additions, deletions and modifications to the Application.

### **1.08 Beneficiary**

“Beneficiary” means “designated beneficiary” as that term is defined and used in both Part IV, Chapter 1009, Florida Statutes, and Section 529 of the Code and is the person designated on the Application as the “beneficiary,” unless the Account Owner subsequently changed the Beneficiary. The Beneficiary must be a United States citizen, or a resident alien, with a valid Social Security Number. An Account must have a Beneficiary, unless the Participation Agreement and the Terms and Conditions provide otherwise. Other Account Owners may open separate Accounts for the same Beneficiary.

### **1.09 Board**

“Board” means the Florida Prepaid College Board.

### **1.10 Business Day**

“Business Day” means a day other than a Saturday, Sunday or state holiday. Contributions may not be invested or withdrawals may not be withdrawn if the New York Stock Exchange is closed.

### **1.11 Code**

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

### **1.12 Death, Disability, or Scholarship Withdrawal**

“Death, Disability, or Scholarship Withdrawal” means a withdrawal from the Account due to the death, disability, or scholarship receipt of the Beneficiary.

### **1.13 Eligible Educational Institution**

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

#### **1. Verification of Eligibility**

To pay a postsecondary educational institution for the first time, the Program must confirm that the institution is eligible to participate in the U.S. Department of Education student aid program. Also, annually, the list of Eligible Educational Institutions is compared to the Free Application for Federal Student Aid (“FAFSA”) [listing](#) to ensure continue eligibility.

#### **1.14 Existing Balance Allocation**

“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.

#### **1.15 Future Contribution Allocation**

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

#### **1.XX Gardiner Scholarship Program Account**

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

#### **1.16 Investment Options**

“Investment Options” means the Investment Options described in the Comprehensive Investment Plan for the Program adopted by the Board and approved by the State Board of Administration, pursuant to 1009.973, Florida Statutes. The Board retains the authority to close or not offer one or any of the Investment Options at any time.

#### **1.17 Maximum Account Balance**

“Maximum Account Balance” means the limit on the total value of all Accounts and Florida Prepaid College Plans for the Beneficiary.

#### **1.18 NAV**

“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 Administration Fee, by the number of outstanding Trust Units of that Investment Option.

#### **1.19 Non-Qualified Withdrawal**

“Non-Qualified Withdrawal” means a withdrawal or refund from the Account other than a Qualified Withdrawal, a Death, Disability or Scholarship Withdrawal or a Rollover Withdrawal. The earnings portion of the withdrawal is subject to state and federal income taxes and the Additional Tax.

#### **1.20 Notarized Request**

“Notarized Request” means an authorization requiring the notarized signature of the Account Owner and, for Accounts established on or after February 1, 2009 and for Accounts where the Account Owner and Survivor irrevocably elected to have the Account subject to such requirements, the notarized signature of the Survivor. The original document must be received by the Board prior to processing.

## **1. Facsimile**

A Notarized Request may be accepted as an original document via facsimile.

### **1.21 Parent**

“Parent” means the same as that term is defined in Section 1000.21(5), Florida Statutes.

### **1.22 Program**

“Program” means the Florida College Savings Program which is established under Section 1009.981, Florida Statutes, and marketed as the Florida 529 Savings Plan.

### **1.23 Program Description**

“Program Description” means the document published periodically by the Board which contains information, as updated from time to time, about the Program, Investment Options, and risks for the Account Owner to consider before enrollment and during the duration of the Agreement.

### **1.24 Qualified Higher Education Expenses**

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

### **1.25 Qualified Tuition Program**

“Qualified Tuition Program” means the Program established by the State of Florida under which an Account Owner may make contributions to an account which is established for the purpose of meeting the Qualified Higher Education Expenses of the Beneficiary of the Account and meets the other requirements of Section 529 of the Code.

### **1.26 Qualified Withdrawal**

“Qualified Withdrawal” means a withdrawal from the Account that is used to pay the Qualified Higher Education Expenses of the Beneficiary.

### **1.27 Request**

“Request” means an authorization, which includes all necessary information required by the Program, submitted by the Account Owner either online at [www.MyFloridaPrepaid.com](http://www.MyFloridaPrepaid.com) or in a writing signed by the Account Owner, ~~the Survivor, and/or the Beneficiary.~~

### **1.28 Rollover Contribution**

“Rollover Contribution” means the withdrawal from another Qualified Tuition Program, a Coverdell Education Savings Account or a Series EE Savings Bond for the purpose of contributing to the Program, as authorized by Section 529 of the Code. The two conditions for this withdrawal not being treated as a Non-Qualified Withdrawal are: (1)

the funds are transferred to the Program within 60 days of such distribution; and (2) the transfer occurs at least 12 months from the date of a previous transfer to any Qualified Tuition Program for the benefit of the Beneficiary.

### **1.29 Rollover Withdrawal**

“Rollover Withdrawal” means a withdrawal from the Account for the purpose of contribution to another Qualified Tuition Program, as authorized by Section 529 of the Code. The two conditions for this withdrawal not being treated as a Non-Qualified Withdrawal are: (1) the funds are transferred to another Qualified Tuition Program within 60 days of such distribution; and (2) the transfer occurs at least 12 months from the date of a Rollover Contribution to the Program for the benefit of the Beneficiary.

### **1.30 Survivor**

“Survivor” means the person who is designated on the Application as the “survivor,” unless the Survivor was subsequently changed or was designated after the submission of the Application. The Survivor must be 18 years old or older and a United States citizen, or resident alien, with a valid Social Security Number. The designation of a Survivor on, or subsequent to, the Application is optional.

#### **1. *Business Organization or Trust (BOT) as Survivor***

Due to complications with the proper transfer of ownership upon dissolution of business organizations and construction of trusts, the Board no longer accepts the naming of a Business Organization or Trust (BOT) as a Survivor on the Application.

##### **a. Pre-Existing BOT**

A pre-existing BOT may maintain existing Accounts and may be named as a Survivor on new Accounts without Board approval.

##### **b. New BOT**

A new BOT may Special Petition the Board to permit being named as a Survivor. As part of the consideration, the Board will require the BOT to provide sufficient document to demonstrate the proper construction of the BOT, designation of a BOT representative, and instructions in case of dissolution.

##### **c. Additional Processing Requirements**

Change requests received from a BOT listed as the Survivor of an Account require special due diligence measures that necessitate special processing requirements. The additional processing requirements that apply to Accounts owned by a BOT shall be followed for change requests received from a BOT listed as the Survivor of an Account.

### **1.31 Trade Date**

“Trade Date” means the Business Day on which a NAV is applied to process a contribution or withdrawal transaction for the Account. If a contribution or withdrawal 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.

**1.32 Trust Units**

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

Section 2

**PARTICIPATION IN THE PROGRAM**

**2.01 Enrollment in Program.**

Any person or entity eligible to be an Account Owner may apply for participation in the Program by submitting an Application, ~~and an initial contribution~~ to the Program ~~that meets the requirements of Section 2.02 Minimum Contribution~~. Florida residency is not required. The Application may be completed online at [www.MyFloridaPrepaid.com](http://www.MyFloridaPrepaid.com).

**2.0x Submitting an Application.**

**(a) Requirements**

The Application submitted to the Board must be completed according to the Application instructions. A valid email address is required to access your Account online and receive Program communications. A separate Application is required for each Beneficiary. The Application may be completed online at [www.MyFloridaPrepaid.com](http://www.MyFloridaPrepaid.com).

**1. Online Applications**

**a. Potential Customers**

If a potential customer does not have existing log-in credentials, then the potential customer 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. Creation of Security Question(s)

**b. Existing Customers**

Account Owners are able to submit an Application for new Accounts or to add new Plans to existing Accounts from the same log-in credentials used to manage all of the Account Owner's Accounts.

**c. Saved / Incomplete Online Applications**

Applicants are able to begin and save an Application for completion at a later time. If the incomplete online Application is not completed by the end of the enrollment period, then the Applicant will have to begin a new Application in the following pended enrollment or enrollment period.

**d. Review**

Applicants are able to review and edit any and all information on the Application immediately 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 Board.

### **4. Correction Letter for Missing or Invalid Information**

If an Application (or a response to a request for additional/corrected information regarding an Application) is not in Good Order, then the Board requests missing/corrected information through a "Correction Letter."

#### **a. Contents**

The Correction Letter includes:

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

#### **b. Reason**

The Correction Letter requests missing or corrected information required to complete an Application.

#### **c. Timing**

A Correction Letter is mailed within 7 days after the Application is received. If no response is received by the Board within 30 days, then two additional correction letters are sent 30 days apart.

#### **d. Quality Control**

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

#### **e. Board approval**

The Board approves the Correction Letter template annually. Board approval is not required for any specific Correction Letter unless the information requested in that Correction Letter was not requested in the Application.

## **2.0x Acceptance by the Board.**

An Account is established once the Board confirms acceptance of the Application by issuing a Statement of Confirmation to the Account Owner in writing or by electronic mail.

### **1. Welcome Pack**

Once all Application criteria have been met (i.e., the Application is in Good Order), the Board accepts the Application by sending the Account Owner a "Welcome Pack."

**a. Contents**

The Welcome Pack includes:

- i. Welcome Letter, including a link to the Program Description and Participation Agreement;
- ii. Statement of Confirmation, including a link to the Program Description and Participation Agreement; and
- iii. ACH form (if paper Application submitted).

**b. Reason**

The Welcome Pack is the Board'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 Board's Brand and Style Guidelines, and overall quality.

**e. Board Approval**

Board 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 requests received to open new Account 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 Board once a week.

~~**2.02 Minimum Contribution.**~~

~~The minimum initial contribution to an Account is \$250. The minimum initial contribution may also be met through a series of payroll deduction or automatic withdrawal contributions of \$25 per month for a minimum total of \$250.~~

~~**2.0x Maintenance of Contact Information.**~~

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

~~**1. Authorization**~~



The Account Owner may maintain the Contract information online, in writing or by phone. Unless otherwise indicated by the Account Owner, change of address requests initiated by the Account Owner are processed according to the following logic:

- a. If the Survivor's address is the same as the original address indicated for the Account Owner, the Survivor record is also updated to reflect the new address information.
- b. If the Survivor is the Account Owner on another Plan that has been terminated for more than one year, the Survivor address will be updated per the original request of the Account Owner.
- c. If the Beneficiary's address is the same as the original address indicated for the Account Owner, the Beneficiary's record is also updated to reflect the new address information.
- d. Survivor and Beneficiary address information that is different from the original address information for the Account Owner remains unchanged.

## **2. *Multiple Contact Points***

The Account Owner, Survivor and Beneficiary each may have up to two e-mail addresses, mailing addresses, and phone numbers.

## **3. *Skip Tracing***

Skip-tracing procedures are performed quarterly on all Account Owner, Survivor, and Beneficiary records marked as having an invalid address.

## **4. *NCOA & Address Standardization Processing***

All Account Owner, Survivor, and Beneficiary records are subject to updates obtained from the Post Office approved National Change of Address (NCOA) database. NCOA updates are performed semiannually.

Section 3

**ACCOUNT RIGHTS**

**3.01 Rights of Account Owners.**

**(a) Ownership**

The Account Owner is the owner of the Account Balance.

**(b) Rights Under Joint Approval**

For an Account opened on or after February 1, 2009: (1) the Account Owner, together with the Survivor, must authorize changes in the Beneficiary, Account Owner and Survivor; voluntary terminations; and refund requests associated with an involuntarily terminated Account; (2) the Account Owner may, without the consent or authorization of the Survivor, make all other Account changes, withdrawals and requests; and (3) the Account Owner and Survivor each will enjoy a right of survivorship for each other.

**(c) Rights Under No Joint Approval**

For an Account opened prior to February 1, 2009: (1) the Account Owner may, without the consent or authorization of the Survivor, make all Account changes, withdrawals, requests, terminations and refund requests; (2) the Account Owner and Survivor together may irrevocably elect to change the Account Owner's rights to be the same as those in (b) by submitting a request containing the notarized signatures of the Account Owner and Survivor; and (3) the Account Owner and Survivor each will enjoy a right of survivorship for each other.

**(d) Good Order**

All ~~requests and authorizations by the Account Owner~~ Requests must include all necessary information required by the Board in order to process that request or authorization. The Board may request additional information, documentation or authorization before processing any ~~request or authorization~~ Request.

**1. Online Account Management**

The Account Owner may submit online any and all requests and authorizations that do not require notarization using the same log-in credentials used to manage all of the Account Owner's Contracts.

**2. Request for Additional Information, Documentation or Authorization**

If any request or authorization is not received in Good Order, then the Program will communicate with the Account Owner to obtain the necessary information, documentation or authorization before processing the request or authorization (e.g., a Notarized Request is not properly notarized).

**a. Contents**

The communication includes:

- i. Acknowledgement of receipt of a request or authorization;
- ii. A summary explaining deficiencies in the request or authorization; and

iii. The additional information, documentation or authorization required.

**b. Timing**

Communication is attempted within 2 Business Days after the request or authorization is received. If no response is received within 14 days, then the request or authorization is denied for failure to provide the additional information, documentation or authorization required.

**c. Quality Control**

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

**d. Board approval**

The Board approves the communication template(s), if any, annually. Board approval is not required for any specific communication.

**(e) Access to Information**

The Account Owner may obtain and update information regarding the Account. All official notices from the Program will be directed only to the Account Owner.

**1. Authorization**

Account Owners may update all contact information on the Account.

**2. Online Access to Information**

The Account Owner may obtain and update information regarding the Account. For online access to information, the Account Owner may use the same log-in credentials used to manage all of the Account Owner's Accounts.

**3.02 Account Owners Acting in a Custodial Capacity.**

**(a) Custodial Capacity**

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

**(b) Limitation on Changes**

The Account Owner may not:

- (1) change the Account Owner without providing documentation acceptable to the Board indicating authority to do so;
- (2) change the Beneficiary; or
- (3) designate a Survivor.

**(c) Payment of Withdrawals**

Withdrawals may be made payable only to the Beneficiary or an Eligible Educational Institution on behalf of the Beneficiary.

**(d) No Termination**

The Account Owner may not voluntarily terminate, or request a refund from, the Account. A Rollover Withdrawal may be made for the benefit of the Beneficiary.

**3.03 UGMA/UTMA Funds in an Account.**

(a) The rights of an Account Owner acting in a custodial capacity for a minor under UGMA/UTMA are limited by the applicable UGMA/UTMA laws and by the Program with respect to those funds. The Account Owner solely is responsible for ensuring compliance with all UGMA/UTMA requirements.

(b) All contributions received for an Account are deemed non-UGMA/UTMA contributions unless the Account Owner advises the Board in writing that a contribution is an UGMA/UTMA contribution.

**1. Segregation of Funds**

The Program does not commingle UGMA/UTMA and non-UGMA/UTMA money – separate Accounts must be maintained.

(c) The Account Owner may change the Account Owner only to a successor custodian or the Beneficiary, without providing a court order directing the change. Once the Beneficiary is named the Account Owner, the Account will be treated as a non-UGMA/UTMA Account.

**1. Beneficiary Reaching Age of Majority**

The Program does not automatically make the Beneficiary the Account Owner upon the Beneficiary reaching the age of majority. The Account Owner or the Beneficiary, upon reaching the age of majority, must request a change of Account Owner.

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

(e) Withdrawals may be made payable only to the Beneficiary or an Eligible Educational Institution on behalf of the Beneficiary.

(f) The Account Owner may not voluntarily terminate, or request a refund from, the Account. A Rollover Withdrawal may be made for the benefit of the Beneficiary.

**3.0x Gardiner Scholarship Program Account Funds in an Account**

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

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

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

(d) Gardiner Scholarship Program Account funds will not be made payable to the Account Owner except as: (1) a Qualified Withdrawal or (2) a Scholarship Withdrawal.

(e) Pursuant to Section 1002.385, Florida Statutes, or by Request of the Account

Owner, Gardiner Scholarship Program Account funds may be removed from an Account and returned to the State of Florida or the scholarship organization.

### **3.04 Rights of Survivors.**

#### **(a) Rights Under Joint Approval**

For an Account opened on or after February 1, 2009:

- (1) the Account Owner, together with the Survivor, must authorize changes in the Beneficiary, Account Owner and Survivor; voluntary terminations; and refund requests associated with an involuntarily terminated Account;
- (2) the consent or authorization of the Survivor is not required for the Account Owner to make all other Account changes, withdrawals and requests; and
- (3) the Account Owner and Survivor each will enjoy a right of survivorship for each other.

#### **(b) Rights Under No Joint Approval**

For an Account opened prior to February 1, 2009:

- (1) the consent or authorization of the Survivor is not required for the Account Owner to execute Account changes, withdrawals, requests, terminations and refund requests;
- (2) the Account Owner and Survivor together may irrevocably elect to change the Survivor's rights to be the same as those in (a) by submitting a request containing the notarized signatures of the Account Owner and Survivor; and
- (3) the Account Owner and Survivor each will enjoy a right of survivorship for each other.

#### **(c) No Right of Survivorship**

The right of survivorship is not effective whenever:

- (1) the Account Owner is acting in a custodial capacity pursuant to Section 3.02 Account Owners Acting in a Custodial Capacity; or
- (2) the Account Balance is designated as UGMA/UTMA funds pursuant to Section 3.03 UGMA/UTMA Funds in an Account.

#### **(d) Good Order**

All requests and authorizations by the Survivor must include all necessary information required by the Board in order to process that request or authorization. The Board may request additional information, documentation, or authorization before processing any request or authorization.

#### **(e) Limited Right to Own or Control**

Except as provided herein, the Survivor does not own, control, or have rights to the Account.

**(f) Access to Information**

The Survivor may obtain information regarding the Account and update the Survivor's Account information.

**1. Authorization**

Survivors may update their own (and only their own) contact information, even if the Account Owner placed a flag or hold on the Account.

**2. Online Access to Information**

The Survivor may obtain and update information regarding the Contract using the same log-in credentials used to manage all of the Survivor's Contracts.

**(g) Payment of Refunds and Withdrawals**

Refunds and withdrawals will not be made payable to the Survivor.

**3.05 Rights of Beneficiaries.**

**(a) Right of Survivorship**

For an Account opened on or after May 29, 2013, the Beneficiary will enjoy a right of survivorship for the Account Owner, which is subordinate only to an effective right of survivorship by the Survivor. If, and for as long as, the Beneficiary is a minor, the exercise of the right of survivorship requires a parent or legal guardian of the Beneficiary to be the Account Owner acting in a custodial capacity pursuant to Section 3.02 Account Owners Acting in a Custodial Capacity.

**(b) No Right of Survivorship**

For an Account opened prior to May 29, 2013, the Beneficiary does not enjoy a right of survivorship. The Account may be irrevocably changed such that the Beneficiary's rights are the same as those for Beneficiaries of Accounts opened on or after May 29, 2013, by submitting a Notarized Request.

**(c) Good Order**

All requests and authorizations by the Beneficiary must include all necessary information required by the Board in order to process that request or authorization. The Board may request additional information, documentation, or authorization before processing any request or authorization.

**1. Online Account Management**

The Beneficiary may submit online any and all requests and authorizations that do not require notarization using the same log-in credentials used to manage all of the Beneficiary's Contracts.

**(d) Limited Right to Own or Control**

Except as provided herein, the Beneficiary does not own, control, or have rights to the Account.

**(e) Access to Information**

The Beneficiary may obtain information regarding the Account and update the

Beneficiary's Account information. The Board may provide information regarding the Account to, and communicate with, the Beneficiary. The Beneficiary may not initiate any Contract change, withdrawal or termination.

**1. Authorization**

Beneficiaries may update their own (and only their own) contact information, even if the Account Owner placed a flag or hold on the Account.

**2. Online Access to Information**

The Beneficiary may obtain and update information regarding the Account using the same log-in credentials used to manage all of the Beneficiary's Accounts.

**3.0x Flags.**

Flags are used to grant or restrict any or all information, access or modifications for an Account to comply with a court order or protect the Account from unauthorized access or modification.

**1. User-Defined Flags**

A flag may grant or restrict any or all information, access or modifications for an Account with respect to a specified Account Owner, Survivor and/or Beneficiary.

**2. Divorce Decrees/Court Orders.**

If a divorce decree/court order expressly requires the Program to take an action, then a flag is added to the Account and the divorce decree/court order is forwarded to the Board's attention for review and guidance.

**3. Account Owner Protecting Against Unauthorized Access or Modification**

An Account Owner may request a password be required as part of his/her authorization process. The password will be required for all transactions requiring the Account Owner's signature not performed online. The password does not prevent the Survivor or Beneficiary from exercising their rights (e.g., updating contact information).

**4. Program Protecting Against Unauthorized Access or Modification**

The Board may authorize a flag on an Account to grant or restrict information, access or modification due to authorizing a non-party due to a power of attorney, pending processing of a death of Account Owner, possible identify theft, or notice of legal action or dispute involving the Account.

**a. Pending Processing of a Death of Account Owner**

If a person advises the Board that the Account Owner is deceased, then the Account is flagged for 60 days to allow for the processing of the change of Account Owner. The duration of the flag will be extended to accommodate document submission, legal review and processing. The flag is removed if the Account Owner is alive (verify mailing address, telephone number(s) and SSN) or after the change of Account Owner has been processed.

**5. Length of Flag**

A flag may be for any duration specified by the Account Owner or the Program. If a duration is not specified, then the flag begins immediately and shall remain in effect until removed by the party instituting the flag.



Section 4

**INVESTMENT OPTIONS**

**4.01 Comprehensive Investment Plan.**

(a) The Florida 529 Savings Plan Comprehensive Investment Plan, which is authorized under Section 1009.973, Florida Statutes, specifies the Investment Options and investment policies of the Program. The Account Balance is invested in accordance with the Comprehensive Investment Plan.

(b) The Program Description provides descriptions and performance data for each available Investment Option.

(c) The Comprehensive Investment Plan provides the allowable ranges of each Investment Option subject to rebalancing. Periodically, the Board will review and rebalance Investment Options in accordance with the allowable ranges.

(d) The Board may change the Comprehensive Investment Plan at any time, subject to the approval of the State Board of Administration.

**4.02 Authority to Direct Investments.**

(a) The Account Owner may not direct the investment of any contribution or the Account Balance into an investment other than the Investment Options then available under the Program.

**1. Investment Options Available Under the Program**

The Program currently offers eleven investment options:

- a. Age Based/Years to Enrollment
- b. Blended Equity Portfolio
- c. Balanced Portfolio
- d. Money Market Fund
- e. Fixed Income Fund
- f. Domestic Equity Index Fund
- g. Large Cap Growth Fund
- h. Large Cap Value Fund
- i. Mid Cap Fund
- j. Small Cap Fund
- k. International (Developed Market) Fund

(b) Section 529 of the Code currently limits the ability of the Account Owner to change the Existing Balance Allocation.

(c) Neither the Beneficiary nor Survivor may direct the investment of any contributions or the Account Balance.

**4.03 Changing Investment Options for Account Balance.**

(a) The Existing Balance Allocation may be changed only to the extent allowed by Section 529 of the Code.

(b) The Account Owner may reallocate the Existing Balance Allocation by submitting a Request, indicating the Investment Option changes or the new allocation percentages to the Board.

**4.04 No Investment Advice.**

(a) Neither the Board, the Program, nor employees thereof are registered investment advisors or broker/dealers. Accordingly, they cannot 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 investment performance.

(b) The Account Owner acknowledges and agrees that he or she has not been advised by the State of Florida, the Board or any employee, agent, independent contractor, or affiliate or any vendor, contractor, investment advisor, investment consultant, or investment manager of the State of Florida 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 FLORIDA 529 SAVINGS PLAN***

**5.01 No Guarantee of Attendance.**

Participation in the Program does not guarantee admission to, continued enrollment at, or graduation from an Eligible Educational Institution of any Beneficiary.

**5.02 No Guarantee of Adequate Funds to Pay Education Expenses.**

Participation in the Program does not guarantee that sufficient funds will be available to cover all Qualified Higher Education Expenses for any Beneficiary, even if the Account reached the Maximum Account Balance. Recently, Qualified Higher Education Expenses have grown more rapidly than increases in the general cost of living; and future inflation is uncertain. Increases in Qualified Higher Education Expenses could exceed the rate of return under any or all of the Investment Options over the same period.

**5.03 Not a Direct Investment in Mutual Funds or Registered Securities.**

(a) None of the Investment Options is a mutual fund.

(b) Investment Options are not registered with the U.S. Securities and Exchange Commission or any state.

**5.04 Limited Liquidity.**

Investment in the Program involves the risk of reduced liquidity for the investment. Once an Account for a Beneficiary 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.

**5.05 Potential Impact on Financial Aid and Medicaid Eligibility.**

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

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

Section 6

**CONTRIBUTIONS**

**6.01 Making a Contribution.**

(a) A contribution to the Account may be made at any time.

(b) A contribution or authorization for recurring automatic contributions may be made through the Board's website ([www.MyFloridaPrepaid.com](http://www.MyFloridaPrepaid.com)).

**1. ACH Payments**

Account Owners may make one-time or recurring automatic clearing house (ACH) payments through the Board's website.

**2. Timing**

Funds are credited to the Plan no later than the next Business Day following the receipt of the funds by the Board.

**3. Saving Financial Institution Information for Future Payments**

An Account Owner, Survivor or Beneficiary may setup and store financial institution information that can be applied to a one-time payment or a recurring payment by that individual in the future.

(c) A contribution may be made by calling 1-800-552-GRAD (4723) and following the prompts.

**1. ACH Payments**

Account Owners may make one-time automatic clearing house (ACH) payments through the Board's 1-800 number.

**2. Timing**

Funds are credited to the Plan no later than the next Business Day following the receipt of the funds by the Board.

(d) Contributions may be made by check, Money Order, cashier's checks, automatic contribution plan, or payroll deduction.

**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**

Anyone 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 Board'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**

Only the Account Owner or a person on the bank account used for the automatic contribution plan may terminate the automatic contribution plan. The request may be made by phone or letter and it is sufficient for a person to provide the bank account number as confirmation that they are a person on the bank account.

### **d. Confirmation Letter**

A letter will be provided to the Account Owner when an automatic contribution plan is 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

### **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 and the employer submits the information to the Program to receive a payroll roster.

#### **b. Crosswalk**

Because the State of Florida and certain employers' payroll deduction files include an SSN and total deduction amount only, these payroll files are run through a "crosswalk" to determine the Account number and contribution posting.

#### **c. Terminating**

The contributor may terminate payroll deduction by instructing his/her employer directly to cease making payments to the Program.

(e) Checks must be in U.S. dollars and should be made payable to the Florida 529 Savings Plan.

#### **1. U.S. Dollars**

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

(f) Traveler's checks are not permitted and third party checks may not exceed \$10,000, unless the third party is distributing funds from an UGMA/UTMA account or for the purposes of a Rollover Contribution to the Program.

(g) Contributions by credit card or other means of credit are not permitted.

#### **(h) Returned Funds**

The Account Owner 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 Account Owner based on the table below.

Debit Code	Definition	Action	New ACH letter?
R01	Insufficient funds	Delete after 2 <sup>nd</sup> consecutive time	YES
R02	Account closed	Delete after 1 <sup>st</sup> occurrence	YES
R03	No Account/Unable to locate	Delete after 1 <sup>st</sup> occurrence	YES
R04	Invalid Account Number	Delete after 1 <sup>st</sup> 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 <sup>st</sup> occurrence	NO
R08	Contribution stopped	Delete after 1 <sup>st</sup> occurrence	NO
R09	Uncollected Funds	Delete after 2 <sup>nd</sup> consecutive time	YES
R10	Customer advises not authorized	Delete after 1 <sup>st</sup> 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 <sup>st</sup> occurrence	YES
R14	Account holder deceased	Delete after 1 <sup>st</sup> occurrence	NO
R15	Beneficiary deceased	Delete after 1 <sup>st</sup> occurrence	NO
R16	Account frozen	Delete after 1 <sup>st</sup> occurrence	NO
R17	File record edit criteria		
R20	Non-transaction account	Delete after 1 <sup>st</sup> 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 <sup>st</sup> occurrence	YES
R29	Corporate customer advises not authorized	Delete after 1 <sup>st</sup> 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 Account Owner reflecting the reason for the return.

**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, then each effected Plan is placed on a hold for 15 days, any NSF fee is waived and the employer is contacted to request replacement funds.

**6.02 Rollover Contributions Accepted.**

(a) The Program accepts Rollover Contributions to the extent allowed by Section 529 of the Code.

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

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

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

**1. Documentation of Basis and Earnings**

The Rollover Contribution must include appropriate documentation identifying the basis and earnings of the withdrawn amount, as provided in IRS Notice 2001-81:

- a. Coverdell education savings account: an account statement issued by the financial institution that acted as trustee or custodian of the education savings account that shows basis and earnings in the account.
- b. Redemption of qualified U.S. Savings Bonds: an account statement or Form 1099-INT issued by the financial institution that redeemed the bonds showing interest from the redemption of the bonds.

- c. Another qualified tuition program: a statement issued by the distributing qualified tuition program that shows the earnings portion of the distribution.

## **2. *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 a Coverdell education savings account, qualified U.S. Savings Bond, or another qualified tuition program, then the Rollover Contribution is rejected.

## **3. *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) Contributions will be credited to the Account within seven days and invested in accordance with the allocation percentages indicated on the Application, unless the Account Owner subsequently changed how future contributions would be allocated.

(b) The Future Contribution Allocation may be changed at any time. The Account Owner may change the Future Contribution Allocation by submitting a request signed by the Account Owner indicating the new allocation percentages for each selected Investment Option to the Board and allowing at least seven days after receipt by the Board for the allocation change to be effective.

### **6.04 Purchasing Trust Units.**

(a) A contribution received by the Board will be credited at the NAV of the applicable Investment Option determined on the day the contribution is processed. Contributions processed after the close of trading on the New York Stock Exchange, or on a day other than a business day, will be credited at the NAV of the appropriate Investment Option determined on the next business day.

(b) The contribution will cause the purchase of Trust Units for each Investment Options in accordance with the allocation percentages indicated on the Application or, if the Account Owner subsequently changed the allocation, by 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).

### **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 the time when its price is determined and the time a portfolio's NAV per share is calculated, a security's "fair value," as determined in good faith, may be used.

**6.06 Maximum Account Balance.**

**(a) Notice**

The Board periodically reviews the Maximum Account Balance and publishes the amount on the Board's website ([www.MyFloridaPrepaid.com](http://www.MyFloridaPrepaid.com)).

**(b) Subject to Change**

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

**(c) Implementation**

Contributions will be rejected and returned to the extent the amount of the contribution would cause the total balance of the Account(s) plus the redemption value of any Florida Prepaid College Plan(s) for the Beneficiary to exceed the Maximum Account Balance. However, Accounts that have reached the Maximum Account Balance may continue to accrue earnings.

**1. Social Security Number**

For purposes of determining whether a Beneficiary meets or exceeds the Maximum Account Balance, the Program utilizes the Social Security Number on file for aggregation of all Account Balances.

Section 7

**FEES AND PENALTIES**

**7.01 Administration Fee.**

(a) The Board periodically reviews the Administration Fee and publishes the amount on the Board's website (www.MyFloridaPrepaid.com). The current Administrative Fee for all Investment Options, except the Money Market Portfolio, is 75 basis points (bps), which is 0.0075 or ¾ of 1%, of the Account Balance. The current Administrative Fee for the Money Market Portfolio is 10 basis points (bps), which is 0.0010 or 1/10 of 1% of the Account Balance.

(b) The following table compares the approximate costs of investing in the Florida 529 Savings Plan over different periods of time at the specified rates. The example illustrates the hypothetical expenses an Account Owner 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 Higher Education Expenses (the results do not take into account any Nonqualified Withdrawals subject to state or federal income taxes, or any penalties).

Approximate Cost of \$10,000 Investment				
Administration Fee	One Year	Three Years	Five Years	Ten Years
75 bps (0.0075 or 0.75%)	\$77	\$240	\$416	\$928
10 bps (0.0010 or 0.10%)	\$10	\$32	\$56	\$128

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.

**7.02 Application Fee.**

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

**1. Waiver**

Beginning May 29, 2013, the Application Fee is waived.

**7.03 Insufficient Funds Fee.**

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

**1. 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.

**2. Letter**

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

**3. Fee Waivers**

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

- a. Termination correspondence is received prior to the ACH sweep, but the termination is processed after the ACH sweep has been created.
- b. Termination correspondence is received after the ACH sweep was created but on or before the 20<sup>th</sup> of the month.
- c. The NSF fee was assessed due to a financial institution error.
- d. The Board or a manager approves the waiver of the NSF fee due to extenuating circumstances.

**7.04 Termination Penalty Due to Misrepresentation.**

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

**7.05 Fee Changes.**

The Board may add, remove, increase, or decrease the Administration Fee or other fees charged, which could have a material effect on the Account Owner's investment in the Program and the Account Balance.

**7.0x No Refund of Fees.**

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

Section 8

**ACCOUNT CHANGES**

**8.0x General.**

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

**8.01 Change of Beneficiary.**

(a) The Beneficiary of an Account may be changed by submitting a Notarized Request.

**1. No Address Specified**

If the Beneficiary's address fields are left blank on the Notarized Request, then the Account Owner's address is used.

(b) If the substitute Beneficiary is a "member of the family" of the Beneficiary, as defined by Section 529 of the Code, the change is usually a non-taxable event and will not be subject to the Additional Tax.

**1. Definition of Member of the Family**

"Member of the Family" means:

- (1) a son or daughter, or a descendant of either;
- (2) a stepson or stepdaughter;
- (3) a brother, sister, stepbrother, or stepsister;
- (4) the father or mother, or an ancestor of either;
- (5) a stepfather or stepmother;
- (6) a son or daughter of a brother or sister;
- (7) a brother or sister of the father or mother;
- (8) a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law; or
- 9) the spouse of the Beneficiary or the spouse of any individual described in (1) through (8) above.

A child includes a legally adopted child and a brother or sister includes a half-brother or a half-sister.

(c) The Account Owner may request to change the Existing Balance Allocation and/or the Future Contribution Allocation in conjunction with the change of Beneficiary request.

(d) The change of Beneficiary request will not be processed to the extent that it will cause the substitute Beneficiary to exceed the Maximum Account Balance.

(e) The Florida 529 Savings Plan does not allow changes to be made to the designated beneficiary for UGMA/UTMA accounts.

## 8.02 Change of Account Owner.

(a) The Account Owner of an Account may be changed by submitting a Notarized Request.

### 1. *Terminated Account*

A change of Account Owner may be performed on a terminated account.

(b) To effectuate a change in Account ownership after the death of the Account Owner, the Survivor will be required to submit to the Board a copy of the death certificate or other proof of death that is acceptable to the Board and a ~~Request request~~ including the notarized signature of the Survivor.

(c) If the rights of the Beneficiary allow and either no Survivor was designated or the Survivor predeceased the Account Owner, then the Beneficiary may effectuate a change in ownership of the Account after the death of the Account Owner. The Beneficiary will be required to submit to the Board certified copies of the death certificate or other legally recognized proof of death of the Account Owner and, if applicable, of the Survivor that is acceptable to the Board and a change of ownership ~~Request request~~ including the notarized signature of the Beneficiary or, if applicable, the ~~Parent parent or legal guardian~~ acting in a custodial capacity pursuant to 3.02.

(d) To effectuate a change in ownership of the Account after the death of the Account Owner where no rights of survivorship exist, the Board will accept: (1) a court order; (2) a notarized, written request from the personal representative of the Account Owner's estate, a copy of the death certificate of the Account Owner and letters of administration issued to the personal representative; or (3) other documentation acceptable to the Board to effectuate the requested change.

## 8.03 Designation or Change of Survivor.

(a) If a Survivor has not been designated on an Account, the Account Owner may designate a Survivor by submitting to the Board a ~~Request request signed by the Account Owner~~ with the full legal name, Social Security Number, and complete contact information for the Survivor to the Board.

### 1. *No Address Specified*

If the Survivor's address fields are left blank on the signed request, then the Account Owner's address is used.

(b) The Survivor of an Account may be changed by submitting to the Board a Notarized Request. The Survivor may not be changed by will or codicil.

### 1. *No Address Specified*

If the Survivor's address fields are left blank on the signed request, then the Account Owner's address is used.

(c) To effectuate a change in Survivor due to the death of the Survivor, if the Account was established on or after February 1, 2009 or if the Account Owner and Survivor had elected to have the Account subject to the requirements applicable to Accounts



established on or after February 1, 2009, the Account Owner will be required to submit to the Board a certified copy of the death certificate or other legally recognized proof of death that is acceptable to the Board and a ~~Notarized Request change/removal of survivor request including the notarized signature of the Account Owner.~~

Section 9

**WITHDRAWALS**

**9.01 General.**

- (a) The Account Owner may direct a withdrawal from the Account at any time.
- (b) Withdrawals may be classified into four categories: Qualified Withdrawals; Death, Disability or Scholarship Withdrawals; Rollover Withdrawals; and Non-Qualified Withdrawals. It is the Account Owner's and Beneficiary's responsibility, as applicable, to obtain and retain evidence to substantiate the withdrawal classification to the Internal Revenue Service.
- (c) The withdrawal classification affects the tax treatment of the earnings portion of a withdrawal. Residents of states other than Florida may have state income tax liabilities in addition to any federal income tax or Additional Tax liabilities.

~~(d) Withdrawals are processed within 30 days of receipt by the Board of a request signed by the Account Owner.~~

**9.02 Requesting a Withdrawal.**

~~(a) The Account Owner may request a withdrawal by submitting a request signed by the Account Owner.~~

~~(b) The Account Owner may direct the a withdrawal to be made payable to the Account Owner, Beneficiary, or Eligible Educational Institution by submitting a Request. The Account Owner also may direct Rollover Withdrawals.~~

**1. Clearing of Contribution Included in Withdrawal**

If the withdrawal will be funded in part or whole by a recent contribution, then the withdrawal will not be processed until the recent contribution has cleared for 10 days, if received by ACH, or 15 days if received by lockbox.

**2. Non Valid Address (NVA)**

If the address of the Account Owner is NVA, then the withdrawal request is processed and the withdrawal is held until an updated address is received. The Program will attempt to reach the Account Owner by phone or email for an updated address.

**3. Withdrawal Roster**

A withdrawal roster is produced semiweekly detailing each termination and refund processed for payment. For each type of termination or refund for each Account, the following information will be provided

- a. Account Owner's name
- b. Beneficiary's name
- c. Account number
- d. Withdrawal Recipient's name
- e. Withdrawal Recipient's address

- f. Withdrawal amount
- g. Withdrawal date

**4. Stop Payment of Withdrawal Check**

The Program may stop pay a check for good cause shown (e.g., receipt of notice regarding a court order, divorce settlement or litigation; a processing or calculation error; or a change of address subsequent to the check issuance). The withdrawal will be placed on hold.

**5. Voiding of Withdrawal Check**

The Program may void any check returned to the Program or which has not cleared within 180 days. The withdrawal will be placed on hold.

**6. Fraudulent Check Claim Processing**

If the Account Owner disputes the deposit and clearance of a withdrawal check, then the Program will provide the Account Owner with a fraud packet from the issuing bank.

**7. Releasing a Check on Hold**

To receive a withdrawal on hold, an Account Owner must submit a Request.

**9.03 Source of Withdrawal.**

(a) A withdrawal ~~request received by the Board will be~~ is deducted from the Account at the NAV of the applicable Investment Options determined on the Trade Date ~~day the withdrawal is processed. Withdrawals processed after the close of trading on the New York Stock Exchange, or on a day other than a business day, will be deducted at the NAV of the appropriate Investment Options determined on the next business day.~~

(b) The withdrawal 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 withdrawal.

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

Section 10

**TERMINATION AND REFUNDS**

**10.01 Voluntary Termination.**

(a) The Account may be voluntarily terminated at any time by submitting a Notarized Request.

**1. Apply Business Rules from Section 9.02 Requesting a Withdrawal**

The Business Rules applicable to Section 9.02 Requesting a Withdrawal apply to voluntary terminations.

**2. Voluntary Termination Letter**

Once all termination criteria have been met (e.g., the request has been properly notarized), the Board sends a Voluntary Termination Letter to confirm that the Account(s) is being terminated.

**a. Content**

The Voluntary Termination Letter advises:

- i. The Account Owner and Survivor that the Account(s) is being terminated;
- ii. The amount of the Account Balance; and
- iii. The opportunity to reactivate the Account(s) by submitting a contribution.

**b. Timing**

The Program provides the Account Owner and Survivor a Voluntary Termination Letter at the time of termination.

**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 Board's Brand and Style Guidelines, and overall quality.

**d. Board Approval**

The Board approves the Voluntary Termination Letter template annually.

**3. Exception for Zero Redemption Value**

Any Plan with a Redemption Value of \$0.00 may be terminated by the Account Owner with a signed request.

(b) ~~Within 30 days of~~ Upon receipt of the Notarized Request, the Board will process a full withdrawal of the Account and issue a refund to the Account Owner ~~for the Account Balance at time of termination.~~

(c) A voluntarily terminated Account may be reactivated at any time by making a contribution to the Account ~~sufficient to satisfy 2.02 Minimum Contributions.~~

## 10.02 Involuntary Termination.

(a) The Board will involuntarily terminate the Account by processing a full withdrawal if, within 120 days from time of enrollment, the Account Owner fails to provide the Board with: ~~(1) all information required to complete the Application; or (2) the Minimum Contribution pursuant to 2.02.~~ The Board will attempt to notify the Account Owner in writing of any information that is required to complete the Application.

### 1. **Apply Business Rules from Section 9.02 Requesting a Withdrawal**

The Business Rules applicable to Section 9.02 Requesting a Withdrawal apply to involuntary terminations.

### 2. **Involuntary Termination Letter**

If an Account Owner has not taken sufficient action to resolve the outstanding issues with the Application, then the Board sends an Involuntary Termination Letter to confirm that the Account(s) has been terminated.

#### a. **Content**

The Involuntary Termination Letter advises:

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

#### b. **Timing**

The Program provides the Account Owner and Survivor an Involuntary Termination Letter at the time of termination to advise that the Account 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 Board's Brand and Style Guidelines, and overall quality.

#### d. **Board Approval**

The Board approves the Involuntary Termination Letter template annually.

~~(b) The Board will involuntarily terminate the Account if the Account Balance is less than \$250 on the first day of any calendar month that is more than 24 months following the date on which the Board received the Application to the Program.~~

~~(c) Within 30 days of Upon receipt of the Notarized Request, the Board will issue a refund to the Account Owner for the Account Balance at time of involuntary termination.~~

~~(d) An involuntarily terminated Account may be reactivated at any time by making a contribution to the Account sufficient to satisfy 2.02 Minimum Contributions.~~

### **10.03 Account Expiration.**

- (a) The Board will involuntarily terminate the Account if no contributions to or withdrawals from the Account have been made for a continuous period of 25 calendar years.
- (b) Time expended by a Beneficiary as an active duty member of any of the armed services of the United States shall be added to this period, upon receipt of sufficient documentation by the Board.
- (c) The Board may, but is not obligated to, consider requests from the Account Owner or Beneficiary to extend this period before the involuntary termination.
- (d) After notice to the Account Owner at least six months prior to involuntary termination, the Account Balance shall be declared unclaimed and abandoned property. The Board shall retain any moneys from an Account terminated under this subsection.

### **10.04 Termination Due to Misrepresentation.**

- (a) The Board may terminate an Account if a material misrepresentation is made in the Application or in any communication from the Account Owner or Beneficiary to the Board regarding the Account. A material misrepresentation includes, but is not limited to, providing an invalid Social Security Number or taxpayer identification number, providing false certification that a person is a “member of the family” of the Beneficiary, or falsely certifying that a person is a citizen or resident alien of the United States.
- (b) ~~Within 30 days of Upon~~ receipt of the Notarized Request, the Board will issue a refund to the Account Owner ~~for the Account Balance at time of involuntary termination,~~ if any, less the penalty authorized in 7.04 and any other outstanding fees.

### **10.05 Refund Classification.**

Generally, refunds are considered Non-Qualified Withdrawals and, therefore, subject to state and federal taxes and the Additional Tax.

### **10.06 Unclaimed Refunds.**

Any unclaimed refunds for terminated Accounts and any unclaimed Account Balances shall escheat to the Florida Prepaid College Trust Fund seven years after the date the Account was terminated or such amounts became unclaimed, respectively.

#### **1. Notification**

The Board attempts to notify Account Owners that the unclaimed withdrawal or refund (i.e., a withdrawal or refund on hold) and credit balances will be escheated on December 31st.

##### **a. 1-Year Notice**

Each December, the Program provides a 1-Year Notice to Account Owners with an unclaimed withdrawal or refund or credit balance set to expire the following December 31<sup>st</sup>. The 1-Year Notice provides instructions for requesting a refund or donating the unclaimed withdrawal or refund or credit balance to the Foundation.

**b. 1-Year Posting on Website**

Beginning with the December that is one year prior to the escheatment of the unclaimed withdrawal or refund or credit balance, the Program begins posting the name, city and state of the Account Owner on MyFloridaPrepaid.com. The website provides instructions for requesting a refund or donating the unclaimed withdrawal or refund or credit balance to the Foundation.

**c. 60-Day Notice**

Each October, the Program provides a 60-Day Notice to Account Owners with an unclaimed withdrawal or refund or credit balance set to escheat on December 31st. The 60-Day Notice provides instructions for requesting a refund or donating the unclaimed withdrawal or refund or credit balance to the Foundation.

**2. Escheatment**

On December 31<sup>st</sup>, unclaimed withdrawals and refunds and credit balances held for at least seven years are marked as escheated. A notification of escheatment is provided to the Account Owner.

**3. Reversals**

Before the escheatment is final and the Account Owner is not entitled to a refund pursuant to Section 1009.98(4)(k), Florida Statutes, the Board provides a grace period for Account Owners who respond to escheatment notifications after the escheatment processing.

Section 11

**REPORTING**

**11.01 Account Statements.**

(a) The Board maintains separate records for each Account and will provide to the Account Owner quarterly statements indicating, for the period and calendar year, the: (1) contributions to, withdrawals from, and changes between 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. For the quarter and calendar year-to-date, a financial summary of the contributions to and withdrawals from, changes between each Investment Option, ending value, and investment performance for each Account;
- ii. A copy of, or hyperlink to, Program Description & Participation Agreement; and
- iii. For the UTMA/UGMA account, a note to indicate to the Account Owner that the statement is for the UTMA/UGMA portion of their Account.

**b. Timing**

Quarterly Statements are provided by the 15<sup>th</sup> 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 Board's Brand and Style Guidelines, and overall quality.

**d. Board Approval**

Board 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 Account Owner is receiving the Account Statement. Account Statements are provided upon:

- a. Request from the Account Owner, Survivor or Beneficiary;
- b. Waiver of any outstanding fees by the Program;
- c. Reactivation of an Account; and



d. Change of Account Owner, Survivor or Beneficiary.

**3. Online in Real-Time**

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

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

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

**11.02 Tax Treatment, Withholding and Reporting.**

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

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

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

(d) The Board will issue a IRS Form 1099-Q to the Account Owner for the calendar year in which a withdrawal or refund is made payable to the Account Owner or a Rollover Distribution is made.

**1. Timing**

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

**2. All Distributions**

The Form 1099-Q is issued for any withdrawal, regardless of gain/loss.

**3. Non Valid Address**

If the Beneficiary's address is invalid, then a letter will be sent to the Account Owner accompanied by the Form 1099-Q for the Beneficiary.

**4. Corrections**

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

**11.0x Electronic Reporting.**

- (a) The primary method for providing correspondence is online access at [www.myfloridaprepaid.com](http://www.myfloridaprepaid.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 11.01, the Program may request the recipient to affirmatively consent to receive the statements in electronic format. The consent applies to statements furnished every quarter 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.

**11.0x 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.

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 Board Required.**

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

**12.03 Privacy and Account Confidentiality.**

(a) Information that identifies the Account Owner or Beneficiary of any Account is confidential and exempt from Section 119.07(1), Florida Statutes, and Section 24(a), Art. I of the State Constitution.

(b) The Board may authorize the release of such information to a Florida College System institution, college, or university in which a Beneficiary may enroll or is enrolled.

**12.04 Accounts Not Registered Under the Securities Laws.**

(a) Neither the Accounts under, nor the Participation 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 Participation Agreement is required, or registration of the Board or its officers and employees is required in order to offer or sell the Accounts or Participation Agreement, and the Accounts or Participation Agreement are offered and sold without the proper registration(s): (1) the Board could be required to cease and desist operating the Program and to terminate the Program; (2) monetary penalties could be imposed; or (3) both.

**12.05 Necessity of Qualification.**

(a) The Program is intended to be a Qualified Tuition Program. The Board may make changes to the Program and the Participation Agreement at any time if it is determined that such changes are necessary for the continuation of the federal income tax treatment provided by Section 529 of the Code or any similar successor legislation.

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

**12.06 Statute and Rules.**

(a) The Account and the Participation Agreement are subject to future changes to the Program, Part IV Chapter 1009, Florida Statutes, as amended, and to Rule 19B-16, 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 law and Florida law.

(c) All references in the Participation Agreement to the Florida Statutes include any similar successor statutes.

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

### **12.07 Program Changes and Termination.**

(a) The Program is required to comply with Section 529 of the Code and the regulations and the administrative guidance issued thereunder, as well as Section 1009.981, Florida Statutes, and related sections and the related regulations and administrative guidance thereunder. In the operations of the Program, the Board shall have authority to interpret and administer the Program in a manner which complies with the Statutes and the guidance thereunder.

(x) The Board reserves the right to make changes or enhancements to the Program at any time to comply with Federal laws and regulations and the Florida Legislature's grant of authority under Sections 1009.971(4)(b), 1009.971(6), 1009.981 (2)(b)(1) – (11), and 1009.981(2)(d) through the rulemaking process as more fully described in Section 120.54, Florida Statutes. Account Owners 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.

(b) Although the Board currently has no plans to do so, the Board may: (1) discontinue the Program, (2) refuse to accept additional contributions to existing Accounts, or (3) refuse to accept Applications for new Accounts.

(c) The Program shall continue indefinitely until its existence is terminated by law, if ever. If the Program is terminated, the Account Balance shall be returned to Account Owners to the extent financially feasible. Any unclaimed Account funds shall be treated as abandoned property and shall revert to the State of Florida in accordance with Florida law.

(d) The State of Florida or the Board may determine that the Program is not financially feasible and may discontinue it after adequate provision is made for the return of the Account Balance to the Account Owner. There is a possibility, due to poor performance of the Investment Options selected by the Account Owner, that the Account Balance may be zero or significantly lower than the amount of funds contributed to the Account. Termination of the Program may result in a Non-Qualified Withdrawal by Account Owners for which tax and penalties may be assessed.

### **12.08 State Pledge.**

The State of Florida pledges to the Account Owners and Beneficiaries of the Program that the State of Florida will not limit or alter the rights under Section 1009.981, Florida Statutes, which are vested in the Program until such obligations are met and discharged. However, Section 1009.981(9), Florida Statutes, does not preclude such limitation if adequate provision is made by law for the protection of the Account Owner and Beneficiary pursuant to the obligations of the Board, and if the State of Florida or the Board determines that the Program is not financially feasible, the State of Florida or the Board may discontinue the Program. If the Program is discontinued, the Board shall refund to Account Owners their Account Balance.

### **12.09 Disputes.**

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

### **12.10 Indemnification.**

(a) Neither the Board nor the Program will indemnify any Account Owner, Survivor or Beneficiary against losses or other claims caused directly or indirectly by government restrictions, exchange or market rulings, suspension of trading, war, terrorism, strikes, changes in federal or state law (including tax law) or other conditions beyond their control.

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

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

### **12.11 Improper Action by Account Owner Acting in Custodial Capacity.**

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

### **12.12 Binding Nature; Third-Party Beneficiaries.**

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

### **12.13 Headings.**

The heading of each section, paragraph and provision in the Terms and Conditions shall 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**

Customer Service is staffed with 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.

**(a) Hours of Operations**

Customer service representatives are available during the hours of 8:00 a.m. to 6:00 p.m., Eastern Time, Monday through Friday, excluding State holidays or during an emergency declared by the Governor pursuant to chapter 252, Florida Statutes.

**1. Extended Hours During the Prepaid Program's Enrollment Period**

During the period beginning 14 days prior to a Prepaid Program enrollment period and continuing until 14 days after the end of the enrollment period, live operators are available during the hours of 8:00 a.m. to 9:00 p.m., Eastern Time.

**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 Services**

Potential and existing customers 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 Board reviews and approves automated and customer service representative scripts and templates.

**(e) 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:

- (1) act as a broker-dealer on behalf of the Program;
- (2) provide investment advice to any person regarding the Program; or

(3) sell any participation interest in the Program.

## **13.02 Call Center**

### **(a) Customer Service Structure**

#### **1. Toll-Free Telephone Line**

The Board has a toll-free number, 1-800-552-GRAD(4723), for customer service of the Board'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 contribution amount and date made on an Account; and
- c. 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; or 2) in reference to correspondence being handled by Board staff, 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:

- (1) the number of calls received;
- (2) the average wait time;
- (3) the number of calls answered;
- (4) the average talk time;
- (5) the number of calls abandoned;
- (6) the number of call backs required; and
- (7) 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:

- (1) the number of emails received;



- (2) the number of emails responded to; and
- (3) the average response time.

### **13.04 Incoming Correspondence**

The Program receive 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 reasonable 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 Cancellations**

Incoming correspondence that includes a request to process a cancellation is processed and responded to within five Business Days of receipt.

##### **2. Exception for Pending Incoming Correspondence**

Incoming correspondence that cannot be processed within the standard time may be “pended” 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 pended for the following reasons:

- a. Forwarding to the Board for research or approval;
- b. Waiting for additional correspondence from the Account Owner, Survivor and/or Beneficiary;
- 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 contribution to post or a contribution 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 pended 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 Board Correspondence**

**(a) Definition**

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

- (1) 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 Board 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 Account Owner or Beneficiary on any disputed Account (if applicable);
  - d. The Account numbers of the Contract or Plan 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.
- (2) Copies the Governor, a Congressman, Senator, State Representative or other public official;
- (3) Copies a reporter or media outlet;
- (4) Copies a member of the Board or Board staff;
- (5) Relates to court orders and legal matters; or
- (6) Involves a topic or issue not sufficiently addressed by the Program Governance Documentation or procedures.

**13.06 Marketing Correspondence**

Potential customers may request printed marketing materials, including the Application, Program Description and Participation Agreement, and the Savings Guide. Customer Service records the contact information for the potential customer 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 Account Owner, Survivor and Beneficiary, 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.

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.

[Supplement with additional forms of training (e.g., customer service, operations cross-training, and external training).]

Section 15

**REPORTING TO THE BOARD**

**15.01 Other Reporting Required by the Board.**

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 Board relating to required Audits or Quality Reviews, Plans 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 Plans

*\* 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 for enrollment and existing customers
  - iii. Annual Service Calls Per Account
  - iv. Customer Service Weekly Statistics
  - v. Weekly Production Report - Performance Objectives & Notes
- b. Enrollment Reports
  - i. Comparison (year-over-year) by day and week
  - ii. Application Reconciliation Worksheets

- iii. Daily Receipt Log
- c. Finance Department Performance/Activity Report
- d. System Performance Report
- e. Exception Contribution Posting Report
- f. Savings Program Monthly Statistics
- g. Foundation Quarterly Contract Detail Report
- h. Other Performance Reports requested by the Board

#### **4. Financial Reports**

- a. Monthly and YTD Report of Funds Received From Customers
- 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 Contributions Received from Customers
- e. Monthly Summary Accounting Report for the 529 Savings Plan showing:
  - i. Investment Option Balances
  - ii. Contributions
  - iii. Withdrawals
  - iv. NSFs
  - v. Gains / Losses

#### **5. Monthly Reconciliation Reports**

- a. Revenue Reconciliation
- b. Expenditure Reconciliation
- c. Bank Reconciliation for Commercial and/or Custody Clearing
- d. Monthly 529 Savings Plan Investment Options Unit Reconciliation

#### **15.02 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 and refund 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 Account Owner.
    - e. 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.