

College Bound

NEWS FROM THE FLORIDA PREPAID COLLEGE BOARD

SUMMER 2007

The Promise Is Kept to Families with Prepaid Plans



The promise made when you purchased a Florida Prepaid College Plan was kept by Governor Charlie Crist and the 2007 Legislature.

Governor Crist on June 27 signed into law a tuition differential fee approved by the Legislature, but the law exempts families that currently have a Prepaid College Plan contract from paying the fee now or in the future.

Crist said he was taking this action with the understanding that universities would wait until fall 2008 before implementing the new fee.

Newly enrolled students at University of Florida, Florida State University and University of South Florida will be charged the tuition differential fee authorized in Senate Bill 1710. During legislative deliberations, many families with Prepaid College Plans contacted their legislators to express concerns about the state of Florida honoring its Prepaid College Plan guarantee. Lawmakers responded by amending SB 1710 to exempt current Prepaid College Plan customers from paying the tuition differential fee.

The tuition differential fee may be as much as 40

percent of regular tuition at the University of Florida and Florida State University and up to 30 percent at University of South Florida, though overall tuition at these universities can increase no more than 15 percent a year.

Under state law, "The revenue generated from the tuition differential must be spent solely for improving the quality of direct undergraduate instruction and support services." Universities said the money generated by the new fee will be used for hiring additional faculty and academic advisors.

Governor Crist earlier vetoed a separate 5 percent tuition increase slated to take effect in the 2007-08 academic year.

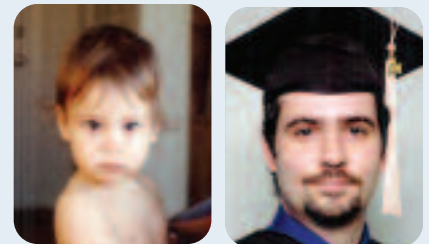
Current Prepaid College Plan families should feel secure. Governor Crist and the Legislature have kept the Prepaid College Plan promise.

WELCOME TO THE PREPAID FAMILY!

If you bought a Florida Prepaid College Plan during our 2006-07 open enrollment, your plan is among the 79,961 newly purchased Florida Prepaid College Plans. It was the third largest enrollment year for the Florida Prepaid College Plan, which has helped families purchase more than 1.2 million Prepaid Plans since 1988. If you decide to add another Florida Prepaid College Plan, or know someone who wants to buy one, please go to our Web site at www.florida529plans.com. You can sign up today for a pending plan. New prices will be announced prior to the October 15, 2007 to January 31, 2008 open enrollment.

Meet Frank Zwanink

A Prepaid Plan helped this UF student graduate debt free



Frank in his baby years, and later earning his college diploma

Age: 24 **Hometown:** Miami

College life: Earned a bachelor's degree in finance from University of Florida in 2004; presently working on an online MBA degree with a real estate focus from Florida State University.

Who purchased your Florida Prepaid College Plan? "My parents. They wanted to lock in the price of college when they bought it for me back when I was in second grade, and because it would also spread out the cost of college over many years."

Why Theresa, his mother, said she bought him a Prepaid Plan: "So he wouldn't have to take out loans to pay for college. A college education is truly the last big gift a parent gives their child as part of growing up."

How expensive was attending college? Frank's college bills ran about \$6,700 a semester, including \$2,000 for housing, \$1,500 for tuition, \$700 a month for basics like food and \$400 for textbooks.

Did you graduate from UF debt-free? "Yes."

Frank's future plans: Employment with an investment banking firm or a job in real estate.

Other family members with a Prepaid Plan: "My sister."

His mom's advice: "I recommend the Florida Prepaid College Plan to anyone I know with a child. It's a great investment. The younger you start, the cheaper it is."

Chairman's Message

Chairman Ted Hoepner



Our thanks go out to the many families with Florida Prepaid College Plans who communicated with legislators this spring about a proposed academic

enhancement fee

at the University of Florida. The proposal changed into a tuition differential fee for newly enrolled students at the University of Florida, Florida State University and University of South Florida that was approved by the Legislature and signed into law by Governor Charlie Crist.

You asked lawmakers to keep the promise to Prepaid College Plan customers by locking in the cost of today's college tuition for tomorrow's college education. Your involvement made all the difference.

Lawmakers listened. They inserted an exemption so that everyone who already has purchased a Prepaid College Plan will not have to pay the tuition differential fee now or in the future. That positively affected about 428,000 children, from newborns to high-school seniors, who have Prepaid College Plans waiting for them to use once they enter college.

On behalf of the Florida Prepaid College Board, I, too, addressed the House

Postsecondary Education Committee and the Senate Higher Education Committee on the importance of keeping the promise and protecting families who already have Prepaid College Plans from paying this additional fee. And Board members, staff, our general counsel and I met individually with legislative leadership on several occasions during the session.

Florida families take money from their own pockets to purchase Prepaid College Plans. Checks to the Florida Prepaid College Board often are written month after month by parents sacrificing to save for their children's college education.

It's clear however that the debate about higher education funding in Florida will continue. Proposals for increasing tuition and fees as a source of revenue for universities and community colleges are likely to resurface in the future.

The Board will continue to be a strong advocate for keeping the promise made to families who invest hard-earned dollars for their children's college education in Prepaid College Plans and for keeping Prepaid College Plans as a smart, affordable choice for families.

We remind you that there is no better time to purchase a Prepaid College Plan than now. Buying a plan today will safeguard you from future increases in tuition and fees. We encourage you to share this message with your family and friends.



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Call 1-800-552-GRAD (4723)
or visit www.florida529plans.com.

It is you, the families investing in Prepaid College Plans today to prepare for your children's college education tomorrow, who remain our best ambassadors. Again, we thank you.

Greet the New Florida Prepaid College Board Member



We're pleased to announce Marianne F. Edmonds has joined the Florida Prepaid College Board. She is the designee representing State Chief Financial Officer Alex Sink on the Board of

the Florida Prepaid College Plan and Florida College Investment Plan.

Ms. Edmonds is a senior managing director in

St. Petersburg for Public Resources Advisory Group, a national financial and investment advisory firm providing in-depth financial advisory services to state and local governments, authorities and agencies, and other not-for-profit entities.

Ms. Edmonds has worked as an investment banker and financial advisor to governmental clients for 25 years. She received a bachelor's degree in mathematics from Northwestern University and an MBA from The Wharton School of the University of Pennsylvania. She is a member of Leadership Florida.

"The Florida Prepaid College Plan and the Florida College Investment Plan are powerful tools that assist and encourage Florida families to provide financially for their children's college education. I hope to use my years of experience in financial businesses to keep the programs strong."

—Marianne F. Edmonds

Top 10 Reasons to Save for College

❶ Putting a son or daughter through college may seem costly, but over a lifetime a college graduate generally earns at least **\$1 million more** than someone with a high-school diploma. A Florida Prepaid College Plan offers the simplicity and security of buying something today for a child's college education that will be worth more tomorrow.

❷ **Student debt** is on the rise, with two-thirds of college students graduating with loan debt as of 2003-2004, compared to half of all graduates in debt in 1992-93, according to U.S. Department of Education's latest data. Average debt during that time climbed from \$9,297 to \$19,202, with one-fourth of college graduates

accumulating loans of \$25,000 or higher.

❸ Two-thirds of adults in a recent national survey said employers are **more likely to hire** college graduates than persons without degrees, even if the job could be done by someone in either category.

❹ **Saving beats borrowing.** A \$100,000 college education will cost an investor \$65,893 (based on 10 years of savings earning 8 percent interest) versus the \$145,593 cost of borrowing the money, according to the College Savings Plan Network.

❺ Over the past 25 years, the average cost of college tuition and fees increased **faster than inflation**, consumer prices, per capita income, prescription costs or health insurance.

❻ In Florida over the past 25 years, **tuition** at the state's public universities and community colleges has increased more than 6 percent a year on average.

❼ The maximum federal **Pell Grant** for students needing financial aid is \$4,310 a year as of 2007-08. According to the Education Trust, a Pell Grant that in 1979 covered 75 percent of the

costs of attending a four-year public college covers about 33 percent of those costs today.

❽ A new college graduate interested in **teaching** may find paying back college loans unmanageable on a teacher's salary. State Public Interest Research Groups report 23 percent of those who attended a public college and 38 percent of those who attended a private college are likely to find themselves in a financial bind if they become schoolteachers.

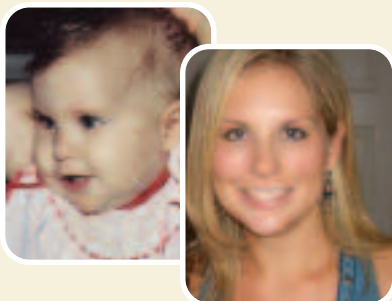
❾ Newly enrolled Florida State University students are required to have **health insurance** as of this fall, and FSU is offering uninsured students a \$1,449 a year health policy. The Florida Board of Governors is discussing whether 10 other state universities should go in this direction by 2010.

❿ Filling up the **gas** tank to get to campus, work and back home to Mom and Dad is getting more expensive. The cost of gas, hovering around \$3 a gallon now, was just 95 cents a gallon on average 20 years ago, more proof that unforeseen expenses are likely to face your future college student and another good reason to save.



MEET BRIANNE SMITH

Hard-working senior with Prepaid Plan escapes 'sinking into debt' blues



A baby once upon a time, Brianne is now a University of Florida senior.

Age: 21 **Hometown:** Stuart

College life: Senior, advertising major and member of the Ad Society at University of Florida.

Who purchased your Florida Prepaid College Plan? "My dad purchased the plan for me because it offered a fixed cost and reasonable price, and it guaranteed that we would be able to pay for college and remain debt free."

Why Andrew, Brianne's father, bought a Prepaid Plan: "It insured college tuition for both of my children at a price that was affordable."

How has having a Prepaid Plan benefited you? "Florida Prepaid pays my tuition, and my Bright Futures scholarship helps me pay rent and other costs associated with attending college."

How expensive is college? "Books are anywhere from \$300 to \$500 a semester, depending on course loads. Tuition usually averages about \$1,200 a semester, and food is about \$200 a month and that's budgeting!"

Do you have a job? "Yes, I work for the

University of Florida's Shands Hospital in pathology. I need money to pay bills associated with living (utilities, Internet, cable, rent), to buy food and a little for spending."

Brianne's future plans: Work at an advertising agency.

Other family members with a Prepaid Plan: "My sister and stepbrother, both 19."

Her father's advice to potential Prepaid Plan customers: "I would recommend it to anyone. It's a wonderful program."

Please share what the Florida Prepaid College Plan is doing for your child and your family.

E-mail your stories and photos to diane.murdock@myfloridaprepaid.com.

Student Tech Fee Lacked Support

A student technology fee of up to \$10 per credit hour, \$300 for a full-time Florida university student, was debated during the 2007 legislative session. The fee was aimed at upgrading campus technology for the benefit of students and maintaining universities' competitive edge in terms of technology. However, the technology fee bill (SB 850) did not pass.

The Florida College Investment Plan is not a prepaid plan. Invests in the plan are not insured or guaranteed, and you could lose all or a portion of your investment. Participation in the plan will be sold only by means of a Disclosure Statement and Participation Agreement. A copy of each will be sent to you upon request; you should read them before investing. Nothing in this publication should be construed as financial, investment, legal or tax advice. Consult your own advisor before investing.

PRIVACY POLICY

Protecting your personal information is important to the Florida Prepaid College Board. We respect your right to privacy and recognize your trust in us to keep information about you secure and confidential.

The Board collects personal information about our customers (account owners, survivors and beneficiaries) from the enrollment application, correspondence, account transactions and other forms of communication. In compliance with federal regulations, the Board has physical, electronic and procedural safeguards in place to protect this information.

The Board does not disclose any non-public personal information about current or former customers, except as required by the law. We may share some personal information about our customers with companies that provide services for the Board. These companies are required to adhere to our privacy and security standards, and their use of the information is restricted only to the information needed to provide program-related services to you.

The Board reserves the right to modify its privacy policy at any time. If modified, we will notify you of the change and, as applicable, allow you time to choose whether you want the information shared.

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PREPAID = Flexibility

As your child gets closer to entering college, the Florida Prepaid College Plan may be more flexible than you realize. If your son or daughter earns a scholarship or decides to attend a private or out-of-state school, simply asking for a refund of what you paid into the Prepaid College Plan may not be the best deal. Instead, consider that the full current dollar value of whatever tuition, local fee or dormitory Prepaid College Plan you purchased would pay at a public Florida university or community college can be transferred semester by semester to any accredited college where your child is enrolled.

BRIGHT FUTURES

It's easy to combine a Florida Prepaid College Plan with the state's Bright Futures scholarship to cover more fully a student's costs related to college. Use the Prepaid College Plan as originally intended and apply the Bright Futures scholarship toward additional expenses such as other fees, textbooks and room and board.

OUT-OF-STATE COLLEGE

A student deciding to attend an out-of-state college can apply the full dollar value of the Florida Prepaid College Plan toward the price of tuition, fees and other expenses at the out-of-state school. Rather than asking for a refund of the purchase price of a Prepaid College Plan before the child enters the out-of-state school, wait until the student has enrolled and apply the full dollar value of the Prepaid College Plan semester by semester to the out-of-state college's costs.

PRIVATE COLLEGE

The same rules apply to a student opting to attend a private college, whether it's inside or outside Florida. The full dollar value of what the Florida Prepaid College Plan would have paid for that student to attend an in-state public Florida college or university can be applied toward the costs of a private college education. Wait until the student is enrolled, and the full dollar value will be transmitted semester by semester to help meet the private college's costs.

For more details, go to www.florida529plans.com.