

College Bound

NEWS FROM THE FLORIDA PREPAID COLLEGE BOARD

Chairman's Message



During the 2009 legislative session, numerous changes were adopted that affect higher education in Florida, including several provisions related to tuition and fee policies for state universities and state colleges (formerly known as community colleges).

While I want you to be aware of the recent state and federal legislative changes, I also want you to have the comfort in knowing that the Prepaid College Board remains committed to providing families an affordable and safe means to save for their children's and grandchildren's future college expenses.

As part of that commitment, the Prepaid College Board and the Board of Governors entered an agreement that we believe will help maintain the excellence of our State University System, provide universities with a predictable revenue stream from all prepaid students, assure the continuance of the Prepaid College Plan as an affordable means for families to save for college and maintain the financial soundness of the Prepaid College Trust Fund.

Many of you have also begun saving for your future college expenses in Florida's College Investment Plan. The recent turmoil in the financial markets has had an impact on the market value of your investment options. While most investment plans around the nation have suffered, I am pleased to report that according to a study released by SavingforCollege.com, the Florida College Investment Plan ranked number one among all other direct sold plans for the one-year and three-year investment performance periods, as of December 31, 2008.

I want to thank and congratulate all the families that are saving for college by purchasing Prepaid College Plans. Over 900,000 children have been enrolled and 1.35 million tuition, tuition differential fee, local fee, and dormitory plans have been sold to date. That includes the more than 66,000 Prepaid College Plans which were purchased during the 2008-2009 open enrollment period.

Ted Hoepner

2009 Florida Legislative Update

Governor Crist signed legislation authorizing state universities and colleges to increase undergraduate tuition by up to 8% this fall over the 2008 rates.

In addition, the Board of Governors has been authorized to expand the number of universities permitted to charge the tuition differential fee from five public universities to all eleven public universities. State colleges formerly known as community colleges do not assess a tuition differential fee. Under the tuition differential fee legislation, the sum of tuition and the tuition differential fee may not be increased by more than 15% of the amount charged for the aggregate of these fees in the preceding fiscal year. Furthermore, the sum of undergraduate tuition and all fees assessed by universities, including the tuition differential fee, may not exceed the national average of undergraduate tuition and fees at public universities. It is important to note that 30% of the revenue generated from the tuition differential fee must be used to increase student financial assistance.

During deliberations throughout the legislative session, both Governor Crist and key legislative leaders maintained their commitment to exempt Prepaid College Plan customers who purchased a tuition plan before July 2007 from paying the tuition differential fee assessed by state universities. Prepaid College Plan customers who purchased a University Tuition Plan and a Tuition Differential Fee Plan during the 2008 and 2009 enrollment periods can be assured that the Prepaid College Plan will cover the tuition and tuition differential fees at the time your child attends college.

**2009-2010 OPEN
ENROLLMENT BEGINS
OCTOBER 19, 2009.**

**For information, visit our website:
Myfloridaprepaid.com.**



Florida Prepaid College Board

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2009 Florida Legislative Update (continued)

Prepaid College Plan customers who purchased a tuition plan after 2007, but did not purchase a tuition differential fee plan, a local fee plan or a dormitory plan, will be responsible for paying these fees when your child enrolls in college. If your child will be in the eighth grade or lower beginning in September 2009, you may purchase a supplemental plan to cover any or all of these fees. Prepaid College Plan prices for the upcoming enrollment period will be available in September 2009.

The prices for Prepaid College Plans during the 2009-2010 open enrollment period will reflect the tuition and fee increases discussed above. Typically the prices for Prepaid College Plans increase every year; the earlier you begin saving, the better.

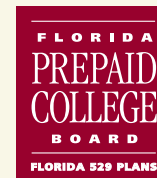
The Legislature also passed legislation this year that will allow Prepaid College Plan customers to use their plan benefits at any public, private or out-of-state college or university that is eligible to receive federal financial assistance. This enhancement to the Prepaid College Plan expands the number of eligible education institutions to the maximum allowed under IRS regulations.

2009 Federal Update

Recent changes in federal legislation and regulations have made the College Investment Plan more flexible.

The Internal Revenue Service has amended its regulations to allow account owners to change their investment options twice during calendar year 2009, as compared to only once per prior calendar year. Importantly, IRS regulations state that this will be allowed only in calendar year 2009.

In addition, under the American Recovery and Reinvestment Tax Act of 2009, the definition of qualified educational expenses that applies to Section 529 investment plans expenses was expanded to include computers and computer technologies, regardless of whether the computer or computer technology is required by the college or university. Importantly, the Act expands the definition for calendar years 2009 and 2010 only.



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