



FREQUENTLY ASKED QUESTIONS

1. Who can participate?

The Florida Prepaid College Plans: Anyone who is at least 18 years old may purchase a plan. The beneficiary (student) or beneficiary's parent/guardian must have resided in Florida for the past 12 consecutive months prior to purchase. The beneficiary must be a child in the 11th grade or younger. The account owner and beneficiary must be U.S. citizens or resident aliens. The beneficiary must be born, before a plan can be purchased in his/her name. Businesses may purchase plans too.

The Florida College Investment Plan: Anyone who is at least 18 years old may open an account. Florida residency is not required of the account owner or the beneficiary (student), but both must be U.S. citizens or resident aliens. Anyone can open an account for a child or adult, including themselves. The beneficiary must be born, before a plan can be purchased in his/her name.

2. What is covered?

Prepaid Plans: Purchasers may choose a plan that covers tuition, tuition differential fees, local fees, and dormitory housing.

Investment Plan: Purchasers may use earnings to pay for any qualified higher education expense, including tuition, fees, room and board, food, books, computers, supplies and equipment, required by the college or graduate school.

3. Where can students use it?

Prepaid Plans: The plan can be used at any of Florida's 11 public universities or 28 community colleges (including the nine colleges that grant four-year baccalaureate degrees) and all accredited institutions as defined by the 529 Internal Revenue Code. The value of the plan (the same amount paid to a public college in Florida) may be transferred to most private and out-of-state colleges. College admission or continued enrollment is not guaranteed.

Investment Plan: The plan may be used at most accredited public or private universities and colleges in the U.S., including graduate or professional schools. College admission or continued enrollment is not guaranteed.

4. What are the tax benefits?

Prepaid Plans: Earnings, when the plan is used for qualified higher education expenses, are exempt from federal income tax and State of Florida taxes. This is a 529 plan, a tax-free college savings plan under federal tax code. There are gift tax benefits too.

Investment Plan: Earnings on qualified withdrawals for higher education expenses are exempt from federal income tax and State of Florida taxes. This is a 529 plan, a tax-free college savings plan under federal tax code. There are gift tax benefits too.

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5. How much does it cost?

Prepaid Plans: The price depends on the type of plan selected and the age/grade of the child at the time of plan purchase. Purchasers may make a lump-sum payment, or choose a five-year payment plan or monthly payment that will never increase. The first payment is due in the month of April after the purchase of a plan. There is a one-time nonrefundable \$50 application fee, which is discounted if the plan holder also opens or has an Investment Plan for the same beneficiary. There are no management fees, commissions or sales charges.

Investment Plan: To open an account, make an initial deposit of at least \$250 or a \$25 per month automatic bank withdrawal. Afterwards, decide how much and how often to contribute. There is a one-time nonrefundable \$50 application, which is discounted if the plan holder also opens or has a Prepaid Plan for the same beneficiary. There is a low annual administration fee of $\frac{3}{4}$ of one percent (75 basis points or 0.0075) of the account balance.

6. What are the risks?

Prepaid Plans: The State of Florida financially guarantees the Florida Prepaid College Plan under Section 1009.98 (7) of the Florida Statutes, so all plan holders cannot lose money under any circumstances.

Investment Plan: With the Florida College Investment Plan, investment returns will fluctuate and are not guaranteed by the state. Plan holders may decide how to invest money from among the investment options available. The investment options have different levels of risk. Investors may select the investment option(s) with a level of risk that is comfortable for them.

7. What refunds or withdrawals are available?

Prepaid Plans: Anyone may get a refund of the amount paid for the plan at any time, for any reason. There is a cancellation fee of up to \$50.

Investment Plan: Anyone may withdraw contributions and earnings at any time, for any reason. Certain tax consequences may apply. For more information, refer to the Florida College Investment Plan Disclosure Statement. There is a \$50 cancellation fee.

8. What investment options are available?

Prepaid Plans: Plan holders don't have to worry about the stock market. The Florida Prepaid College Board makes the investment decisions. Their expertise and conservative investment strategy has created the most successful prepaid plan in the nation over the past 21 years.

Investment Plan: Plan holders may choose from any combination of five different investment options.

9. How much college savings can be accumulated?

Prepaid Plans: Owners may prepay the cost of tuition, the tuition differential fee, local fees, and dormitory housing at the fixed prices available within the plan portfolio. The plans guarantee coverage of those costs at a Florida public university or college, once the child is enrolled in college. Together, the plans for tuition, local fees and dormitory housing cover about half the total costs of sending a child to a public college in Florida, with the remaining costs including textbooks, food, transportation and miscellaneous fees.

Investment Plan: How much is saved is up to the owner/investor. The total contributed is up to \$349,000 per student (including contributions to a Florida Prepaid College Plan, if applicable).

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10. What if the student receives a scholarship, delays enrolling college or decides not to go to college?

Prepaid Plans: If a child earns a scholarship, such as Florida Bright Futures, one can still use the full value of the Florida Prepaid College Plan. The combination of the scholarship and the prepaid plan will cover more fully the student's college expenses. Other alternatives are to request a scholarship refund or to transfer the prepaid plan to another family member. The student has 10 years beyond the projected college enrollment date to use prepaid plan benefits – and that time period can be extended upon request. There is no time limit for using prepaid benefits if the beneficiary has been serving in the military.

Investment Plan: If a child earns a scholarship, the investment plan may be used for any qualified higher education expenses not covered by the scholarship. An investment account will not be returned unless there have been no contributions or withdrawals for 25 years – and that time period can be extended upon request. The time a beneficiary spends on active military duty is not included in the 25-year limit. The account also may be transferred to another beneficiary.

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**The Florida College Investment Plan is not a prepaid plan. Investments in the plan are not insured or guaranteed, and one could lose all or a portion of the 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 upon request. Read them before investing. Nothing within this document should be construed as financial, investment, legal or tax advice. Consult your own advisors before investing.