

Florida Prepaid College Board FAQ

▶ *Starting is Believing*

1) When is Open Enrollment and what does it mean?

- ▶ The Florida Prepaid College Board's annual Open Enrollment period is Oct. 15, 2014 - Feb. 28, 2015.
- ▶ Open Enrollment is the only time of the year families can purchase a Florida Prepaid College Plan.
- ▶ During this time, families can select one of five Prepaid Plans, each with specific costs, payment schedules and benefits.
- ▶ Families can open a 529 Savings Plan account at any time of the year.

2) What Prepaid Plan options are available?

We offer five Prepaid Plans, each with specific costs, payment schedules and benefits which all include tuition and most fees at either one of 28 Florida Colleges or 12 State Universities. Though each option is designed to be used at a Florida College or State University, the amount covered by the plan can also be applied to other schools nation-wide. Florida Prepaid Plan Options include:

- ▶ **2-Year Florida College Plan:** The 2-Year Florida College Plan covers Tuition, as well as the mandatory Local Fees, for 60 lower division credit hours at one of 28 Florida Colleges (formerly Community Colleges). This plan offers a child the opportunity to earn an associate's degree or trade certification in any number of fields, and is an excellent springboard to a fulfilling career or further education. Plus, a student earning an associate's degree.
- ▶ **4-Year Florida College Plan:** The 4-Year Florida College Plan covers Tuition, as well as mandatory Local Fees, for 60 lower division credit hours and 60 upper division credit hours at one of 28 Florida Colleges throughout the state - the amount required to earn a bachelor's degree. With diverse course offerings and convenient locations, this offers tremendous flexibility and diverse degree options should a child wish to attend school close to home or anywhere throughout the state.
- ▶ **2 + 2 Florida Plan:** The 2 + 2 Florida Plan covers Tuition, as well as the mandatory Tuition Differential Fee and Local Fees, for 60 lower division credit hours at one of 28 Florida Colleges and 60 credit hours at one of Florida's State Universities. Without the high cost for all four years, beneficiaries will still walk across the same stage with the same degree in the same amount of time as if they went straight to a State University, and having saved money.
- ▶ **1-Year Florida University Plan:** The 1-Year Florida University Plan covers Tuition, as well as the mandatory Tuition Differential Fee and Local Fees, at one of Florida's 12 state universities* for 30 credit hours - one quarter of the 120 credit hours needed to obtain a bachelor's degree. Ranked in the top five in the nation for research and development, the state university system is spread across the state.
- ▶ **4-Year Florida University Plan:** The 4-Year Florida University Plan covers Tuition, as well as the mandatory Tuition Differential Fee and Local Fees, at one of Florida's 12 State Universities for 120 credit hours, the amount required for a bachelor's degree. Ranked in the top 5 in the nation for research and development, the State University System is spread across the state and features Florida's two preeminent universities, Florida State University and the University of Florida.

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3) What fees are covered by Prepaid Plans?

Fees covered by a Prepaid Plan with State University benefits:

- ▶ **Student Financial Aid Fee** - This fee is charged for Financial Aid purposes. It does not exceed five percent of tuition.
- ▶ **Capital Improvement Fee** - This fee helps maximize the use of existing facilities and promotes campus development.
- ▶ **Athletics Fee** - Supports a school's athletic programs.
- ▶ **Activities and Services Fee** - Supports student boards and organizations to improve services related to student activities.
- ▶ **Health Fee** - Provides students with access to campus-based health services.
- ▶ **Tuition Differential Fee** - Charged just by State Universities, this fee was approved by the 2007 Florida Legislature to support undergraduate programs and services.

Fees covered by a Prepaid Plan with Florida College benefits:

- ▶ **Tuition Fee** - This fee is what many people know as tuition, the basic fee charged for instruction at a school.
- ▶ **Student Financial Aid Fee** - This fee is charged for Financial Aid purposes. It does not exceed five percent of tuition.
- ▶ **Capital Improvement Fee** - This fee helps maximize the use of existing facilities and promotes campus development.
- ▶ **Athletics Fee** - Supports a school's athletic programs.
- ▶ **Activities and Services Fee** - Supports student boards and organizations to improve services related to student activities.
- ▶ **Health Fee** - Provides students with access to campus-based health services.
- ▶ **Technology Fee** - In this context, Technology Fee refers only to the Technology Fee charged by Florida Colleges to support technology access.

Fees not covered by a Prepaid Plan:

- ▶ **Campus Fees** - These are any and all other fees charged by a specific school to cover any campus costs. These could include: Transportation Fees, Student Facilities Fees, Lab Fees or Green Fees.

All of the fees are mandatory, even if the student does not use the services.

Prepaid Plans purchased before 2011 do not include certain fees, however we offer individual fee plans for these customers. For more information on these Add-A-Plan options, visit: www.myfloridaprepaid.com/my-account/add-a-plan/

The Florida 529 Savings Plan can also be used as a complement to Prepaid Plans to cover all other qualified eligible expenses, like books, fees, housing, and supplies.

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4) Does a student lose their savings if they receive a scholarship or decide to attend a private college, out-of-state college or technical school?

- ▶ **No, they do not lose their savings.**
- ▶ If a child gets a **scholarship** like Bright Futures, the amount covered by a plan, not just what was paid in, can be refunded, transferred to another family member or used to pay for tuition and fees not covered by the scholarship.
- ▶ If a parent or child **moves** out of Florida, the child remains eligible for in-state tuition and fees at a Florida College or State University when they use the plan.
- ▶ Finally, a child has **10 years** from the child's projected enrollment year selected on the application to use his or her Prepaid Plan. If the child decides not to attend, the plan can be transferred to another family member or you can get a refund of what you paid in. That includes interest if a child's account used the monthly payment plans. If the child decides not to attend, their Florida 529 Savings Plan can be transferred to another qualified family member, or families may cancel the plan and withdraw all of the money in the account. Certain tax consequences may apply.

5) What are the Prepaid Plan prices and payment options?

- ▶ A Prepaid Plan cost calculator is available at:
<http://www.myfloridaprepaid.com.what-we-offer/>
- ▶ Prices vary depending on plan type and the age of the beneficiary, but as an example, the 4-Year University Plan for a newborn purchased in the 2014-15 Open Enrollment period costs \$173.05 or a lump sum payment of \$27,379.42.
- ▶ For added flexibility, families can select from any of the three payment options; monthly, 5-year or lump sum. The most popular of the three options are the monthly payments, with a little over 70 percent of families going with that option.

6) How are Prepaid Plan prices calculated?

- ▶ Prepaid Plan prices are carefully calculated taking into account three factors.
 - The current cost of tuition and fees.
 - What the cost is expected to be by the time the child is ready to attend college.
 - Projected investment yields.
- ▶ Similar to a 401k for college savings, with a Florida 529 Savings Plan, families can select one of 11 varying investment options and contribute at their own pace - offering the ultimate in flexibility.
- ▶ Though contributions are not made tax-free as they are with a 401k, all earnings grow tax-free. Withdrawals used for qualified education expenses are also tax free.
- ▶ From more aggressive to more conservative, age-based to a more customized approach, there are a variety of ways to invest that will meet a family's savings goals and budget.
- ▶ Florida 529 Savings Plans are also a great way for families to save for all the costs of college not covered by a Prepaid Plan, such as textbooks, housing, graduate school and more.

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7) What is the Florida 529 Savings Plan?

- ▶ Unlike Prepaid Plans, our Florida 529 Savings Plan does not have a set payment amount or schedule. A family can contribute as much or as often as desired.
- ▶ Accounts can be opened at any time. There is no application fee, so investors make an initial deposit of at least \$250 or set up a \$25 per month automatic bank withdrawal.
- ▶ Unlike Prepaid Plans, the Florida 529 Savings Plan is not guaranteed by the State of Florida.

8) What is the biggest difference between Florida 529 Savings Plans and Prepaid Plans?

- ▶ The biggest difference between the two is that the Florida 529 Savings Plan is subject to fluctuations in the financial markets, while the Prepaid Plans are guaranteed by the State of Florida.

9) At what age is it recommended that families purchase a plan for their children?

- ▶ It's never too early or too late to start saving for college. Still, we recommend families start saving as soon as their child is born, to allow the most time for them to meet their goals and at a lower cost.
- ▶ However, a Prepaid Plan can be purchased for a child in 11th grade or below and all ages are eligible for a 529 Savings Plan.

10) How can families get more information or purchase a plan?

- ▶ We encourage families to start with our website, <http://www.myfloridaprepaid.com> and take part in our Interactive Conversation, to get a personalized experience to learn more about college savings.
- ▶ They can also sign up for email updates the latest in college savings news.
- ▶ Families who prefer to speak with someone can call 800.552.GRAD (4723) to speak with a customer service representative