



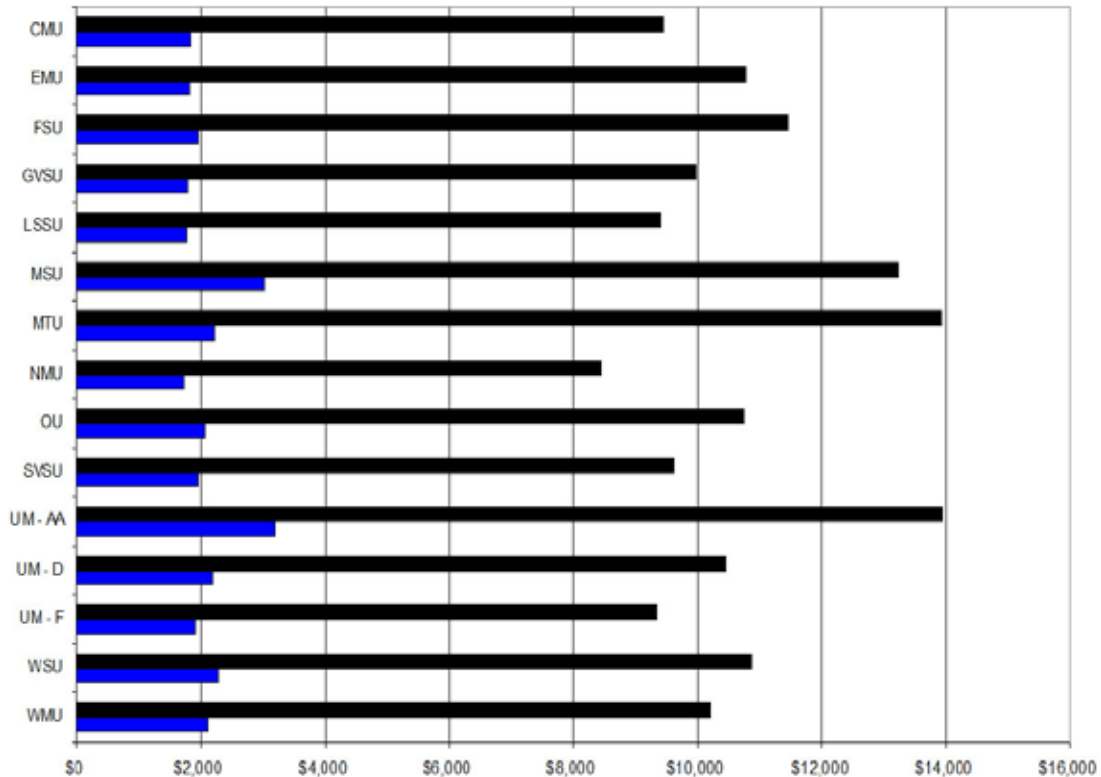
## 2012 CONTRACT

OPEN ENROLLMENT PERIOD  
DECEMBER 15, 2011 – AUGUST 31, 2012

# Tuition and Mandatory Fees at Michigan Public Four-Year Universities

		1988–1989	2011–2012
CMU	Central Michigan University	\$1,827	\$9,444
EMU	Eastern Michigan University	1,820	10,781
FSU	Ferris State University	1,947	11,445
GVSU	Grand Valley State University	1,794	9,982
LSSU	Lake Superior State University	1,767	9,395
MSU	Michigan State University	3,017	13,238
MTU	Michigan Technological University	2,193	13,923
NMU	Northern Michigan University	1,729	8,433
OU	Oakland University	2,065	10,745
SVSU	Saginaw Valley State University	1,959	9,600
UM - AA	University of Michigan - Ann Arbor	3,191	13,936
UM - D	University of Michigan - Dearborn	2,190	10,451
UM - F	University of Michigan - Flint	1,920	9,342
WSU	Wayne State University	2,289	10,882
WMU	Western Michigan University	2,104	10,208

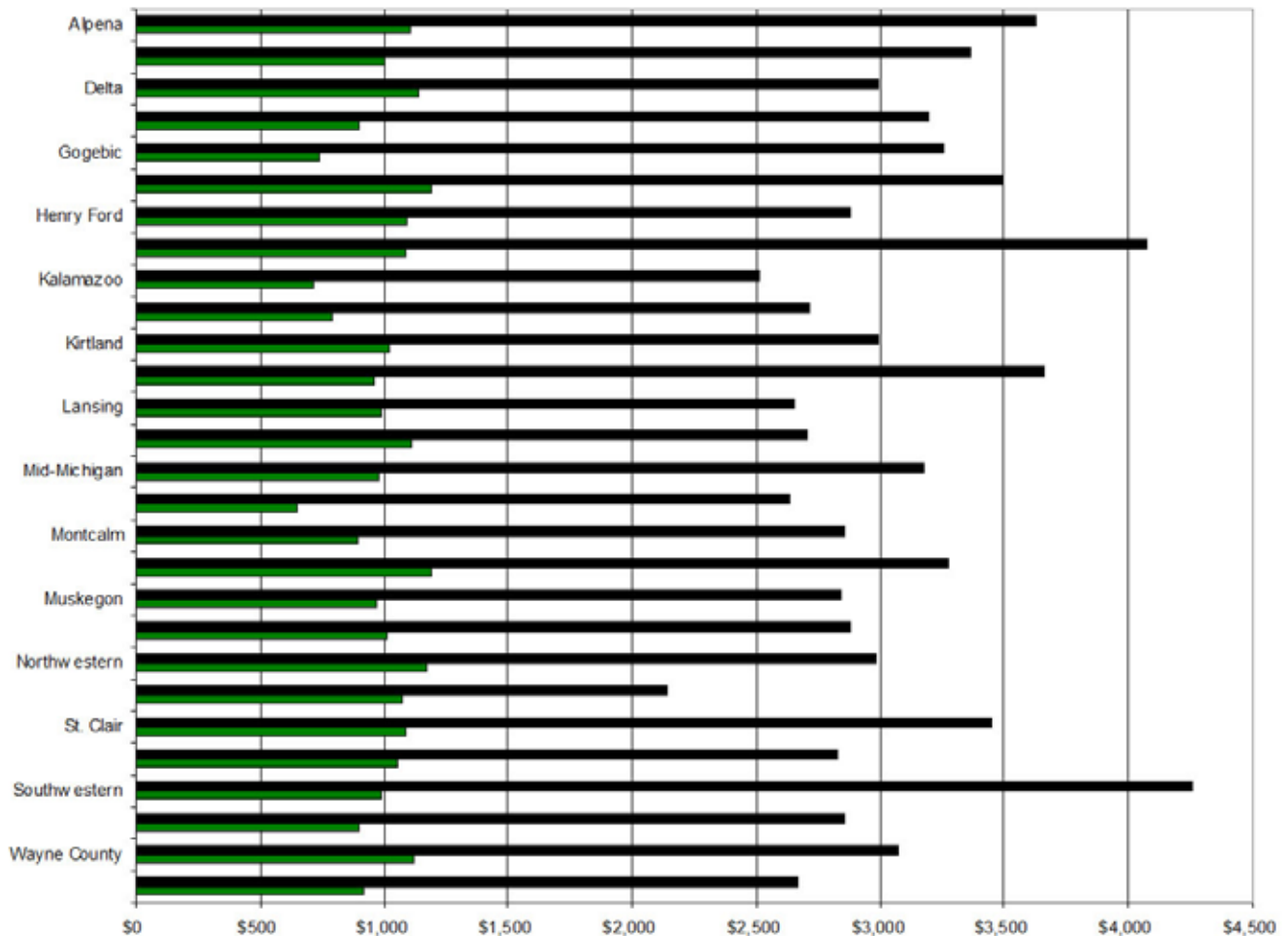
Amounts based on one year (31 semester credit hours)



# Tuition and Mandatory Fees at Michigan Public Community Colleges

	1988–1989	2011–2012		1988–1989	2011–2012
Alpena	\$1,103	\$3,625	Mid-Michigan	\$980	\$3,178
Bay de Noc	1,005	3,362	Monroe	651	2,633
Delta	1,139	2,988	Montcalm	892	2,852
Glen Oaks	899	3,198	Mott	1,187	3,275
Gogebic	742	3,256	Muskegon	971	2,845
Grand Rapids	1,187	3,500	North Central	1,008	2,882
Henry Ford	1,094	2,881	Northwestern	1,172	2,984
Jackson	1,089	4,077	Oakland	1,073	2,138
Kalamazoo	713	2,515	St. Clair	1,085	3,446
Kellogg	791	2,713	Schoolcraft	1,053	2,828
Kirtland	1,020	2,991	Southwestern	992	4,255
Lake Michigan	961	3,658	Washtenaw	899	2,852
Lansing	992	2,654	Wayne County	1,121	3,076
Macomb	1,115	2,704	West Shore	918	2,669

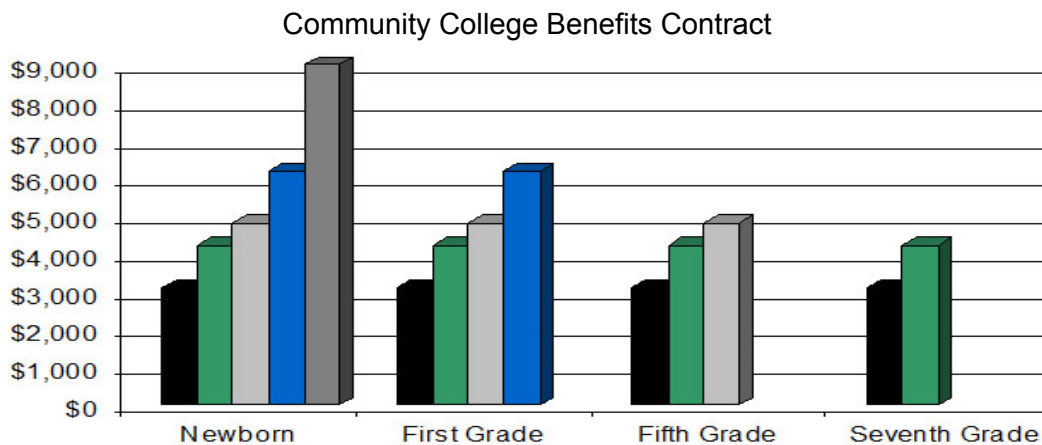
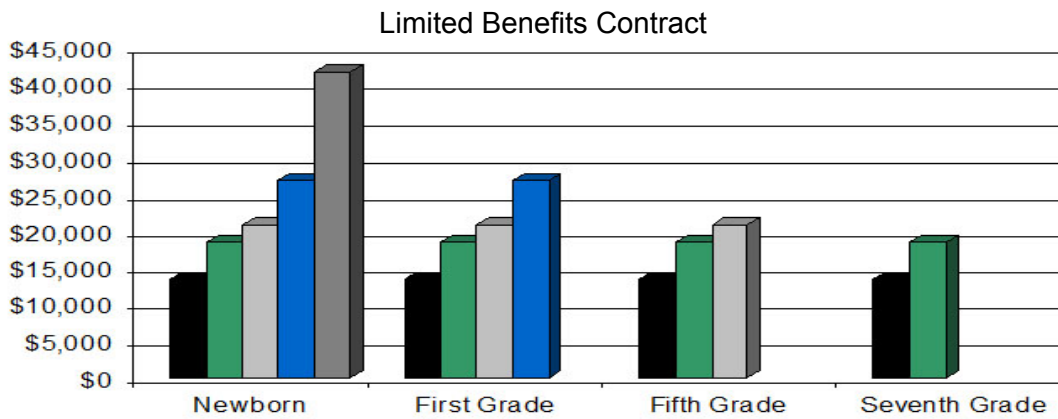
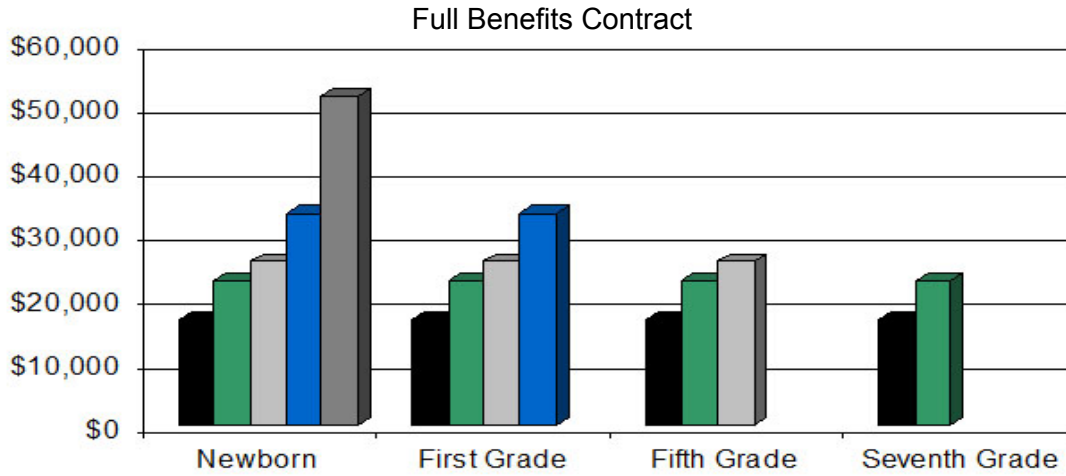
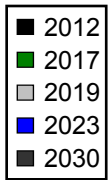
Amounts based on one year (31 semester credit hours)



# Projected Tuition Costs

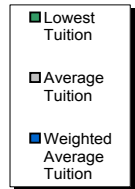
College costs are projected to increase dramatically over the next 18 years.

The chart below demonstrates how your lump sum payment for a one-year Full Benefits contract in 2011-12 compare to our projected tuition for one year when your Beneficiary reaches college age. This projection assumes tuition increases on average of 7.1 percent.

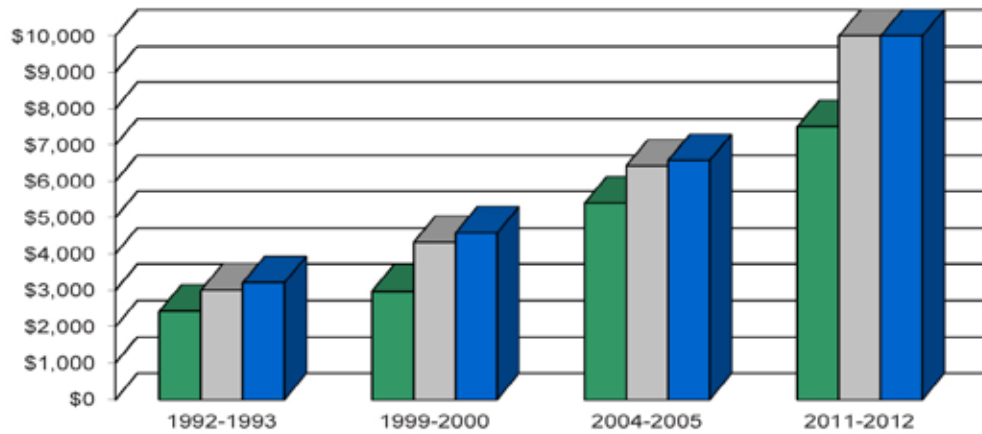


# Historic Refund Charts

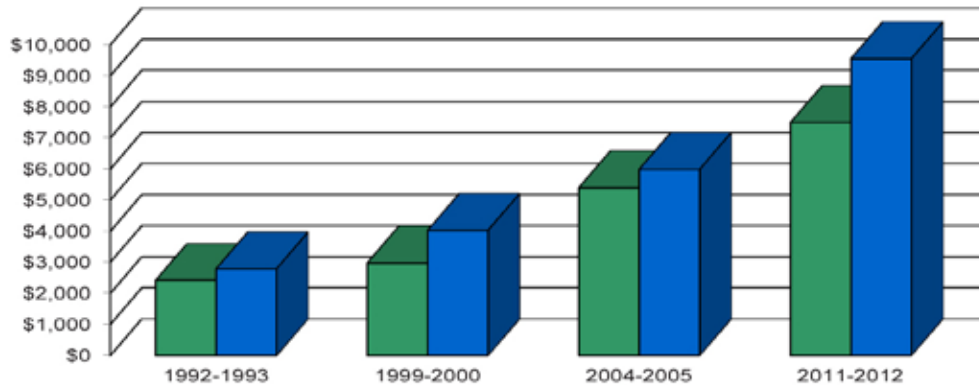
The charts below illustrate historic contract refund amounts used for calculating termination refunds when a student does not attend a Michigan public college/university.



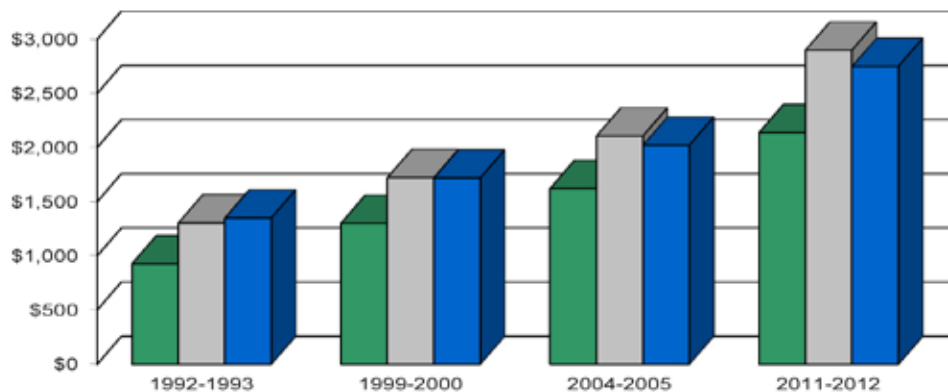
Full Benefits Contract



Limited Benefits Contract



Community College Benefits Contract



## Termination Refund Provisions Chart\*

Reason	Full Benefits Contract
ATTENDS MICHIGAN INDEPENDENT (PRIVATE) COLLEGE OR UNIVERSITY AND DIRECTS PAYMENT TO THE UNIVERSITY/COLLEGE.	Weighted average tuition of Michigan public four-year universities. Paid as necessary to cover tuition and mandatory fees.
ATTENDS OUT-OF-STATE INSTITUTION AND DIRECTS PAYMENT TO THE UNIVERSITY/COLLEGE.	Average tuition of Michigan public four-year universities. Four annual installments paid as necessary to cover tuition.
RECEIVES A FULL TUITION SCHOLARSHIP.	Average tuition of Michigan public four-year universities. Four annual installments paid to the person specified in the contract.
BENEFICIARY DIES OR IS LEARNING DISABLED.	Lowest tuition of Michigan public four-year universities. Lump sum paid within 60 days to the person specified in the contract.
BENEFICIARY DOES NOT PLAN TO ATTEND COLLEGE.	Lowest tuition of Michigan public four-year universities. Four annual installments paid to the person specified in the contract.**
ATTENDS MICHIGAN INDEPENDENT (PRIVATE) COLLEGE OR UNIVERSITY OR OUT-OF-STATE INSTITUTION BUT DOES NOT DIRECT PAYMENT TO THE UNIVERSITY/COLLEGE.	Lowest tuition of Michigan public four-year universities. Four annual installments paid to the person specified in the contract.
ATTENDS A MICHIGAN PUBLIC COMMUNITY COLLEGE.	Lowest tuition of Michigan public four-year universities. Payment is directed to the college to cover tuition and mandatory fees. Any remaining amount is refunded at the end of the fourth year to the person specified in the contract.
ANY OTHER REASON.	Lowest tuition of Michigan public four-year universities. Four annual installments paid to the person specified in the contract.**
ATTENDS A MICHIGAN PUBLIC UNIVERSITY AND DIRECTS PAYMENT TO THE UNIVERSITY.	N/A
ATTENDS A MICHIGAN PUBLIC UNIVERSITY BUT DOES NOT DIRECT PAYMENT TO THE UNIVERSITY.	N/A

\* In accordance with the MET law, refund amounts are determined in the year the contract is terminated (as allowed by the Beneficiary's expected academic year). Under the Full and Limited Benefits Contracts, the refund amounts do not change to reflect the tuition increases after the first year the contract is terminated. Under the Community College Contract, the refund amounts may be adjusted when a student attends a college/university.

\*\* A \$100 termination fee is deducted from the first refund installment.

## Limited Benefits Contract

## Community College Contract

<p>Weighted average tuition of Michigan four-year public universities whose tuition costs do not exceed 105 percent of weighted average. Paid as necessary to cover tuition and mandatory fees.</p>	<p>Weighted average tuition of Michigan community colleges. Two annual installments paid as necessary to cover tuition and mandatory fees.</p>
<p>Lowest tuition of Michigan public four-year universities. Four annual installments paid as necessary to cover tuition.</p>	<p>Average tuition of Michigan community colleges. Two annual installments paid as necessary to cover tuition and mandatory fees.</p>
<p>Lowest tuition of Michigan public four-year universities. Four annual installments paid to the person specified in the contract.</p>	<p>Average tuition of Michigan community colleges. Two annual installments paid to the person specified in the contract.</p>
<p>Lowest tuition of Michigan public four-year universities. Lump sum paid within 60 days to the person specified in the contract.</p>	<p>Lowest tuition of Michigan community colleges. Lump sum paid within 60 days to the person specified in the contract.</p>
<p>Lowest tuition of Michigan public four-year universities. Four annual installments paid to the person specified in the contract.**</p>	<p>Lowest tuition of Michigan community colleges. Two annual installments paid to the person specified in the contract.**</p>
<p>Lowest tuition of Michigan public four-year universities. Four annual installments paid to the person specified in the contract.</p>	<p>Lowest tuition of Michigan community colleges. Two annual installments paid to the person specified in the contract.</p>
<p>Lowest tuition of Michigan public four-year universities. Payment is directed to the college to cover tuition and mandatory fees. Any remaining amount is refunded at the end of the fourth year to the person specified in the contract.</p>	<p>N/A</p>
<p>Lowest tuition of Michigan public four-year universities. Four annual installments paid to the person specified in the contract.**</p>	<p>Lowest tuition of Michigan community colleges. Two annual installments paid to the person specified in the contract.</p>
<p>N/A</p>	<p>Weighted average tuition of Michigan community colleges. Two annual installments paid as necessary to cover tuition and mandatory fees.</p>
<p>N/A</p>	<p>Lowest tuition of Michigan community colleges. Two annual installments paid to the person specified in the contract.**</p>

# Contract Definitions

## University Contract

(Full and Limited Benefits)

### Section and Content

1	Definitions of Contract Terms
2	MET's Obligations
3	Payment and Contract Acceptance
4	Maximum Amount of Benefits
5	Notification of Intent to Receive Educational Benefits
6	Transfer to an Immediate Family Member
7	Termination and Refunds
8	Terminations by MET
9	Annual Report
10	Contract Not Subject to Judgment or Attachment
11	Fees
12	Change of Address
13	General Terms
14	Attendance Within Two Years of Purchase

## Community College Contract

### Section and Content

1	Definitions of Contract Terms
2	MET's Obligations
3	Payment and Contract Acceptance
4	Maximum Amount of Benefits
5	Notification of Intent to Receive Educational Benefits
6	Transfer to an Immediate Family Member
7	Termination and Refunds
8	Terminations by MET
9	Annual Report
10	Contract Not Subject to Judgment or Attachment
11	Fees
12	Change of Address
13	General Terms

*These definitions apply to the University and Community College Contracts. The University and Community College Contracts are the same except for Sections 2, 6, 7 and 14.*

## SECTION 1. DEFINITIONS OF CONTRACT TERMS

(a) "Academic Year" means the undergraduate school year beginning the first semester, term, or quarter after July 15 of any year.

(b) "Act" means Act No. 316 of Public Acts of 1986, which is Michigan Compiled Law 390.1421 and following provisions.

(c) "Advance Tuition Payment Fund" means the Plan D advance tuition payment fund.

(d) "Annual Tuition Cost" means a figure determined by dividing the total in-district Tuition collected by a particular Community College for a year for credit hour courses by the total number of in-district Fiscal Year Equated Students at that particular school for that year.

(e) "Annual Undergraduate Tuition Cost" means a figure determined by dividing the total in-state undergraduate Tuition collected by a particular State Institution of Higher Education for a year by the total number of in-state Undergraduate Fiscal Year Equated Students at that school for that year.

(f) "Appointee" means the Person named in Item 11 of the Contract Signature Page, who will receive correspondence concerning the Contract and, in addition, the Person whom the Purchaser may select to be the Refund Designee (in Item 16) and/or the successor Purchaser upon the death or incapacity of the Purchaser (in Item 2).

(g) "Average Tuition Cost" means an amount determined by adding the Annual Undergraduate Tuition Cost at each State Institution of Higher Education and dividing that result by the total number of State Institutions of Higher Education for University Contracts and an amount determined by adding the Annual Tuition Cost at each Community College

and dividing that result by the total number of Community Colleges for Community College Contracts.

(h) "Beneficiary" or "Qualified Beneficiary" means the individual named in Item 1. The Beneficiary must be a Resident when the Contract Signature Page is submitted to MET.

(i) "Board" means the MET Board of Directors.

(j) "Community College" means an educational institution described in Michigan Constitution 1963, Article 8, Section 7.

(k) "Complete Credit Public Educational Institution" means a Public Educational Institution whose In-State Tuition Rate or In-District Tuition Rate does not exceed 105 percent of the Weighted Average Tuition Cost of all State Institutions of Higher Education in the Academic Year in which the Beneficiary initially enrolls at the Public Education Institution determined by MET annually.

(l) "Complete Credit State Institution of Higher Education" means a State Institution of Higher Education whose In-State Tuition Rate does not exceed 105 percent of the Weighted Average Tuition Cost of all State Institutions of Higher Education in the Academic Year in which the Beneficiary initially enrolls at a Higher Education Institution determined by MET annually.

(m) "Contract" means this MET Contract.

(n) "Disabled" or "Disability" means a limitation of an individual's learning ability resulting from an injury or disease which renders the individual incapable of participating in higher education.

(o) "Fiscal Year Equated Students" means a figure determined for each Community College by dividing one-half of the number of credit hours necessary to receive a two-year associate degree at that Community College into the number of credit hours for which in-district students were enrolled.

(p) "Higher Education Institution" means a Public Educational Institution, an Independent, Degree-granting College or University or an Out-of-State Institution of Higher Education.

(q) "Immediate Family" means the spouse, mother, father, brother, sister, legally adopted brother or sister, child, legally adopted child, niece, nephew or cousin of the first degree of the Beneficiary.

(r) "Independent, Degree-granting College or University" means a non-profit, non-public, associate or baccalaureate degree-granting higher education institution approved by the State Board of Education and located in the State.

(s) "In-District Tuition Rate" means the Tuition rate charged a student who meets the in-district residency requirements established by a particular Community College.

(t) "In-State Tuition Rate" means the Tuition rate charged a student who meets the in-state residency requirements of a particular State Institution of Higher Education.

(u) "Item" means any of those categories listed as numbers 1–27 on the Contract Signature Page.

(v) "Lowest Tuition Cost" means the lowest annual Tuition rate charged freshmen, sophomores, juniors or seniors among all annual Tuition rates at any State Institution of Higher Education for University contracts; and the lowest annual Tuition rate charged freshmen and sophomores among all annual Tuition rates at any Community College for Community College Contracts.

(w) "Mandatory Fee" means any fee, other than charges for credit hours, room and board, which a Public Educational Institution requires all students to pay as a condition of enrollment, such as registration fees. Fees which are course specific such as laboratory fees, contact hour charges, and fees based on the number of credit hours enrolled or health insurance fees are not covered under this Contract. These examples are not all inclusive of non-mandatory fees.



(x) "MET" means the Michigan Education Trust.

(y) "Monthly Purchase" means the acquisition of educational benefits by the Purchaser of the applicable percent, as specified in Section 3(g) of the Contract.

(z) "Monthly Purchase Amount" means the monthly dollar amount specified by MET for a monthly purchase contract.

(aa) "New Beneficiary" means an individual who is an Immediate Family member to whom Contract rights have been transferred.

(bb) "Out-of-District Tuition Rate" means the Tuition rate charged a student attending a Community College who does not meet the in-district residency requirements established by a particular Community College.

(cc) "Out-of-State Institution of Higher Education" means one of the following: (i) A non-profit, baccalaureate degree-granting college or university located outside this state. (ii) A proprietary baccalaureate degree-granting college or university located outside this state that is eligible to participate in United States Department of Education student aid programs (iii) A community or junior college located outside this state that is eligible to participate in United States Department of Education student aid programs.

(dd) "Person" means an individual who is a resident of the United States, or a partnership, trust, association, corporation, or governmental subdivision existing under the laws of the United States or any state of the United States.

(ee) "Plan" or "Plan D" means this Contract and other Contracts designated as Plan D Contracts.

(ff) "Prepaid Tuition Amount" means, when referring to this Contract the lump sum paid less the processing fee or the accumulated amount of all Monthly Purchase Amounts received by MET under the Contract less the processing fee.

(gg) "Public Educational Institution" means a State Institution of Higher Education or a Community College.

(hh) "Purchaser" means the Person named in Item 6. If the Purchaser is a natural Person, he/she must be 18 years of age or older, or a trustee, or a designated custodian or minor under the Michigan Uniform Transfers to Minors Act, or be represented by a court appointed or approved conservator or guardian.

(ii) "Refund Designee" means the person named in Item 16 of the Contract Signature Page.

(jj) "Resident" means an individual who is domiciled in the State.

(kk) "State" means the State of Michigan.

(ll) "State Institution of Higher Education" means a college or university described in Michigan Constitution 1963, Article 8, Section 4, 5 or 6, or any four-year degree-granting institution established by the State in the future as a State Institution of Higher Education.

(mm) "Termination" means a discontinuation of the right to receive educational benefits at a Public Educational Institution.

(nn) "Total Contract Price" means, when referring to this Contract the accumulated amount of all Monthly Purchase Amounts including the processing fee specified in Item 26 of the Contract or, when referring to lump sum contracts which have the Total Contract Price set forth in Item 27 of the contract, the amount in Item 27 of the contract or, if incorrect, the amount that should have been in Item 27.

(oo) "Transfer" means moving Contract rights from the Beneficiary to a New Beneficiary.

(pp) "Tuition" means the undergraduate quarter, term, semester or trimester charges imposed to attend a Public Educational Institution including Mandatory Fees.

# UNIVERSITY CONTRACT (FULL AND LIMITED BENEFITS)

## SECTION 2. MET's OBLIGATIONS

(a) Upon MET's acceptance of the Contract and the Beneficiary's enrollment at a Public Educational Institution, MET will pay for one-eighth (1/8) of the credit hours required for a four-year baccalaureate degree at the Beneficiary's Public Educational Institution (for Full Benefits Contracts) or Complete Credit Public Educational Institution (for Limited Benefits Contracts) at the In-State Tuition Rate multiplied by the semesters of educational benefits acquired by the Purchaser. MET pays these educational benefits from the assets of the Plan.

(1) MET will stop providing benefits under this Contract when MET has paid the credit hours purchased, regardless of the number of credit hours the Beneficiary has accumulated toward graduation at his or her Public Educational Institution. The Beneficiary can accumulate fewer credit hours than MET has paid if the Beneficiary drops classes, fails classes, repeats classes, takes classes at another Public Educational Institution which do not transfer to the Beneficiary's Public Educational Institution or for other reasons. A standard baccalaureate degree usually consists of 120 semester credit hours (or, on average, 30 credit hours each year).

(2) MET will only pay educational benefits and provide refunds under the Contract from the assets of the Plan. The ability of MET to pay benefits and provide refunds under the Contract is not guaranteed by the State of Michigan.

### FOR LIMITED BENEFITS CONTRACTS:

(b) If a Beneficiary enrolls at a Public Educational Institution which is not a Complete Credit Public Educational Institution, MET will provide the number of credit hours MET can purchase with 105 percent of the Weighted Average Tuition Cost of all State Institutions of Higher Education based upon the Academic Year at the time of enrollment multiplied by the semesters of educational benefits acquired by the Purchaser.

(c) If a Beneficiary transfers to another Public Educational Institution, the number of credit hours the Beneficiary will have at the new Public Educational Institution will be determined at the time of transfer by:

(1) calculating the number of credit hours the Beneficiary is entitled to at the new Public Educational Institution pursuant to subsections (a) or (b), as applicable, as if he or she were just commencing receiving MET benefits using the Weighted Average Tuition Cost of all State Institutions of Higher Education and the Annual Undergraduate Tuition Cost of the new Public Educational Institution as of the Academic Year the Beneficiary first used MET benefits,

(2) calculating a percent equal to the credit hours already provided by MET for the Beneficiary divided by the total credit hours MET would have provided at that Public Educational Institution,

(qq) "Undergraduate Fiscal Year Equated Students" means a figure determined for each State Institution of Higher Education by dividing 1/4 of the number of credit hours necessary to receive a four-year baccalaureate degree at that State Institution of Higher Education into the number of credit hours for which in-state undergraduate students were enrolled.

(rr) "Weighted Average Tuition Cost" or the "Weighted Average Tuition Cost of all State Institutions of Higher Education" for University Contracts means the figure arrived by:

(1) first, multiplying the Annual Undergraduate Tuition Cost at each State Institution of Higher Education by its total number of Undergraduate Fiscal Year Equated Students;

(2) second, adding the results of subsection (1) for all State Institutions of Higher Education;

(3) third, dividing the result of subsection (2) by the total number of Undergraduate Fiscal Year Equated Students for all State Institutions of Higher Education.

"Weighted Average Tuition Cost" for Community College Contracts means the figure arrived by:

(1) first, multiplying the Annual Tuition Cost at each Community College by its total number of Fiscal Year Equated Students;

(2) second, adding the results of subsection (1) for all Community Colleges;

(3) third, dividing the result of subsection (2) by the total number of Fiscal Year Equated Students for all Community Colleges.

(ss) "Weighted Average Tuition Cost of Complete Credit State Institutions of Higher Education" means a figure arrived at by:

(1) first, multiplying the Annual Undergraduate Tuition Cost at each Complete Credit State Institution of Higher Education by its total number of Undergraduate Fiscal Year Equated Students;

(2) second, adding the results of subsection (1) for all Complete Credit State Institutions of Higher Education;

(3) third, dividing the result of subsection (2) by the total number of Undergraduate Fiscal Year Equated Students for all Complete Credit State Institutions of Higher Education.



- (3) adding the percent computed under subparagraph (2) for all Public Educational Institutions which the Beneficiary has attended,
- (4) multiplying the figure calculated under subparagraph (1) by the percent calculated under subparagraph (3), and
- (5) subtracting the amount arrived at in subparagraph (4) from the amount calculated in subparagraph (1).

(d) The Beneficiary must meet the Public Educational Institution's residency requirements to be eligible for that institution's In-State Tuition Rate. The Beneficiary is responsible for the difference between the In-State Tuition Rate and out-of-state Tuition rate. If the Beneficiary attends a Community College, MET will pay, as appropriate, the In-District Tuition Rate or the Out-of-District Tuition Rate, and contact or billing hour charges (to the extent the Out-of-District Tuition Rate and contact/billing hour charges do not exceed the Average Tuition Cost).

(e) If a Beneficiary of a four-year (or more) Contract attends a Community College for not more than two Academic Years at the In-District Tuition Rate, he or she may then attend any State Institution of Higher Education and MET will pay for the credit hours necessary for a four-year baccalaureate degree. The additional number of credit hours allowed will be calculated when the Beneficiary transfers to a State Institution of Higher Education. This subsection does not apply if the Contract has been terminated.

(f) A Beneficiary of (i) other than a four-year Contract who attends a Community College, or (ii) a four-year Contract who attends a Community College for more than two Academic years may then attend a State Institution of Higher Education, but will only receive the remaining educational benefits under the Contract. This subsection does not apply if the Contract has been terminated.

### SECTION 3. PAYMENT AND CONTRACT ACCEPTANCE

(a) Contract Acceptance: MET has no obligation to the Beneficiary until it accepts this Contract. MET will accept this Contract only after it receives:

- (1) a properly completed Contract Signature Page signed by the Purchaser, who must be 18 years of age or older, a designated custodian under the Michigan Uniform Transfers to Minors Act (UTMA) (who may name the minor as the purchaser) or a court appointed conservator or guardian, and
- (2) payment of a properly calculated Total from Item 27 of the Contract Signature Page. Payment must be in the form of a cashier's check, certified check, or money order payable to Michigan Education Trust or if enrolling online, through electronic funds transfer.

(b) Confirmation of Acceptance: MET will send a confirmation of Contract acceptance to the Purchaser within 90 days from MET's receipt of the Contract Signature Page. If the Purchaser does not receive confirmation, the Purchaser should notify MET in writing.

### FOR LUMP SUM CONTRACTS:

(c) Insufficient Payment: If the Purchaser pays less than the total Prepaid Tuition Amount and one-time processing fee due for this Contract, MET will notify the Purchaser. If MET sends a notice, the Purchaser shall advise MET by mail, return receipt requested, that he or she will do one of the following and, if (1) is selected, enclose payment:

- (1) pay the additional amount necessary to purchase the number of semesters specified in Item 15 of the Contract Signature Page,
- (2) accept an adjusted amount of educational benefits to reflect what the actual payment submitted could purchase when MET received the payment, or
- (3) withdraw the Contract offer. MET will then return to the Purchaser the amount paid by the Purchaser (without interest).

If MET does not receive instructions and payment (if appropriate) from the Purchaser within 20 business days of the date notice is sent, MET shall reduce the amount of educational benefits consistent with subsection (c)(2).

(d) Payment Credit: Upon acceptance of this Contract, MET shall credit the Advance Tuition Payment Fund with the amount paid less the one-time processing fee.

### FOR MONTHLY PURCHASE CONTRACTS:

(e) Monthly Purchase Amounts: If the Monthly Purchase option is selected, the Purchaser will acquire educational benefits by submitting Monthly Purchase Amounts to MET. If MET accepts the Contract, MET will advise the Purchaser of the term of the Contract, the Monthly Purchase Amount, and the dates the Monthly Purchase Amounts are due. Monthly Purchase Amounts include an amount to reflect lost MET investment return, so the total amount paid will be more than a lump sum purchase. That rate of return appears in the price chart. Payments must be made in full Monthly Purchase Amounts. Partial payments will not be accepted. The Purchaser may submit Monthly Purchase Amounts early.

(f) No Obligation To Purchase: Payment of the Monthly Purchase Amounts by the Purchaser is voluntary. MET cannot compel the Purchaser to acquire educational benefits under this Contract.

(g) Benefits Earned: The Purchaser will acquire educational benefits only for Monthly Purchase Amounts accepted by MET. Each Monthly Purchase Amount accepted by MET will earn the following percentage of the years of Tuition to be purchased by this Contract:

<u>Contract Term</u>	<u>Percent Purchased (Rounded)</u>
4 years	2.08%
7 years	1.19%
10 years	0.83%
15 years	0.56%



(h) Acceptance Of Payment: Upon acceptance of a Monthly Purchase Amount, MET will deposit the Monthly Purchase Amount in the Beneficiary's account.

(i) Late Payments: If a Monthly Purchase Amount is not paid by its due date, MET will accept the payment only if it is made within 60 days of the due date and is accompanied by a \$10.00 late fee.

(j) Failure To Make Payments: If any Monthly Purchase Amount (and any late fee due) is not paid within 60 days of its due date, the Purchaser will lose the opportunity to submit any further Monthly Purchase Amounts under this Contract. Should that occur the Purchaser has 60 days to pay the Contract in full. Thereafter, MET will not accept any payments under the Contract.

(k) Full Payment Option: As long as the Purchaser has not lost the opportunity to make monthly purchases under Section 3(j), the Purchaser may pay the Contract in full by submitting all unpaid Monthly Purchase Amounts to MET. If the Purchaser pays the entire balance due more than one year before the final payment is due, MET will provide the Purchaser an early payment discount. The Purchaser must submit a written request for a reduced early payoff amount, which will be based on the date payoff is expected to be received by MET.

(l) Contract Term: The term of monthly purchases must end before the Academic Year the Beneficiary is projected to attend a Higher Education Institution.

#### **SECTION 4. MAXIMUM AMOUNT OF BENEFITS**

A Beneficiary may not accumulate more than five years of MET educational benefits.

#### **SECTION 5. NOTIFICATION OF INTENT TO RECEIVE EDUCATIONAL BENEFITS**

(a) A Beneficiary who intends to begin using educational benefits at the start of an Academic Year must notify MET in writing by June 1 prior to that Academic Year.

(b) A Beneficiary who intends to begin using educational benefits other than at the start of an Academic Year must submit a written request to receive benefits at least three months before the requested commencement date.

#### **SECTION 6. TRANSFER TO AN IMMEDIATE FAMILY MEMBER**

(a) Any unused educational benefits may be transferred, with MET's written approval, to an Immediate Family member, if:

- (1) the Beneficiary dies or becomes Disabled, or
- (2) the Beneficiary reaches 18 years of age or receives a high school diploma.

(b) The Beneficiary must request a Transfer. A mentally disabled Beneficiary or a Beneficiary under 18 years of age must be represented by a legal guardian. If the Beneficiary has died, the Refund Designee (or, if the Refund Designee is deceased, the personal representative of the Refund Designee) may request a Transfer. The Transfer shall be subject to:



- (1) payment of a Transfer fee, if any, and
- (2) payment to MET of the amount necessary to reimburse MET for any additional expense or loss of income associated with the Transfer to an older Beneficiary.

If a Contract is transferred to an older Beneficiary who was ineligible for a Contract when the Contract was purchased, the additional amount charged will be:

(i) the highest Tuition charged at a State Institution of Higher Education among all State Institutions of Higher Education (for Full Benefits Contract) or a Complete Credit Public Educational Institution (for Limited Benefits Contract) in the enrollment period purchased minus the amount the Purchaser paid for one year of educational benefits;

(ii) add the amount determined in subparagraph (i) to the loss of investment income for the period from the date the Contract was accepted until the date of Transfer. The rate of return assumed will be the rate of return stated in the price chart;

(iii) multiply the amount determined in subparagraph (ii) by the number of years and/or fraction of year being transferred.

(3) the Person requesting the Transfer and the proposed New Beneficiary (or the parent or guardian of the New Beneficiary if the New Beneficiary is a minor) must certify in writing that no payment has been or will be made to anyone (except MET) for the Transfer.

(c) After the Beneficiary has earned more than one-half (½) of the credit hours required for the awarding of a baccalaureate degree at the Beneficiary's State Institution of Higher Education, transferred educational benefits may only be used at a Public Educational Institution or the contract terminated for a refund payable only to a Higher Education Institution. No other use or refund is permitted.

#### **SECTION 7. TERMINATION AND REFUNDS**

(a) Reasons For Termination: This Contract may be terminated upon written request to MET by the Beneficiary (or a Person with legal authority to act regarding subsection (a)(4)) if:

- (1) the Beneficiary has reached 18 years of age or has received a high school diploma and certifies that he or she will attend an Independent Degree-granting College or University and directs payment of any refund to that institution,

(2) the Beneficiary has reached 18 years of age or has received a high school diploma and certifies that he or she will attend an Out-of-State Institution of Higher Education,

(3) the Beneficiary has reached 18 years of age or has received a high school diploma and certifies that he or she will attend a Higher Education Institution with a full tuition scholarship,

(4) the Beneficiary has died or is Disabled,

(5) the Beneficiary has reached 18 years of age or has received a high school diploma and certifies one of the following:

(i) he or she does not plan to attend a Higher Education Institution,

(ii) he or she will attend an Independent Degree-granting College or University, but directs payment of the refund to the Refund Designee, or

(iii) he or she will attend a Community College, or

(6) the Board approves a Termination for any other reason.

**(b) Refund Amount:**

(1) the refund amount shall be, as appropriate, Weighted Average Tuition Cost, Weighted Average Tuition Cost of Complete Credit State Institutions of Higher Education, Average Tuition Cost, or Lowest Tuition Cost for the last full Academic Year before refund payments begin multiplied by the years of educational benefits acquired by the Purchaser. If all Monthly Purchases have not been made, MET will reduce a Monthly Purchase Contract refund accordingly (determined by multiplying the Monthly Purchases actually made by the appropriate percentage in section 3(g)). Any Termination fee will be deducted from the first refund payment.

**FOR FULL BENEFITS CONTRACTS:**

(2) if the Contract is terminated pursuant to subsection (a)(1), the refund shall be based on Weighted Average Tuition Cost.

(3) if the Contract is terminated pursuant to subsection (a)(2) or (a)(3), the refund shall be determined annually based on:



(i) if the Beneficiary directs payment to an out-of-state Institution of Higher Education or certifies that he or she will attend a Higher Education Institution with a full tuition scholarship in the coming year, Average Tuition Cost, and

(ii) for Beneficiaries not covered by subsection (b)(3)(i), Lowest Tuition Cost.

(4) if this Contract is terminated pursuant to subsection (a)(4), (a)(5), or (a)(6) the refund shall be based on Lowest Tuition Cost.

**FOR LIMITED BENEFITS CONTRACTS:**

(5) if the Contract is terminated pursuant to subsection (a)(1), the refund shall be based on Weighted Average

Tuition Cost of Complete Credit State Institutions of Higher Education.

(6) for all other terminations, the refund shall be based on Lowest Tuition Cost.

(7) a refund shall not, in total, be less than the Prepaid Tuition Amount.

**(c) Refund Payment Procedure:**

(1) a refund under subsection (a)(1) or (a)(5)(iii) shall be made to the Beneficiary's Higher Education Institution to pay Tuition and Mandatory Fees. However, the total amount paid shall not exceed the maximum refund due. MET will pay the Refund Designee any portion of the refund remaining on August 15 of the fourth year following the last full Academic year before the refund commenced, unless deferred by the Beneficiary in writing.

(2) a refund under subsections (a)(2), (a)(3), (a)(5)(i), (a)(5)(ii), or (a)(6), shall be divided by four and made in four annual installments as follows:

(i) if an annual installment is to be paid to the Higher Education Institution, the annual installment will be distributed as necessary to pay Tuition;

(ii) any balance remaining after paying Tuition for an Academic Year shall be paid at the end of the Academic Year to the Refund Designee unless deferred by the Beneficiary in writing;

(iii) or any annual installment not paid to a Higher Education Institution during the year shall be paid at the end of the Academic Year to the Refund Designee unless deferred by the Beneficiary in writing;

(iv) if payment is directed to the Refund Designee, the annual installment will be paid by August 15.

(3) for a refund under subsection (a)(4), a lump sum refund shall be paid within sixty (60) days after MET's approval of the Termination.

(d) Adjustment for Benefits Received: Any refund shall be reduced by the amount of educational benefits paid by MET before termination. If the Contract is terminated under subsections (a)(2), (a)(3), (a)(5)(i) or (ii) or (a)(6), the reduction shall be made in equal amounts against each annual installment.

(e) Terminated Contract: Once a Contract has been terminated and MET has paid a full or partial refund, the Contract cannot be reinstated.

(f) Limitation of Right to Terminate and Receive a Refund: Termination of this Contract and payment of a refund will be restricted if the Beneficiary has completed more than one-half (1/2) of the credit hours required by the Beneficiary's State Institution of Higher Education for the awarding of a baccalaureate degree. The Contract can be terminated for a refund payable to a Higher Education Institution as defined in this Contract. Any terminated refund amount not paid to a Higher Education Institution is forfeited. This subsection shall not, however, preclude a graduate of a Community College, who has not enrolled in a State Institution of Higher Education from terminating a Contract.

(g) Notice of Termination: A Beneficiary who requests a refund under subsections (a)(1), (2), (3), (5), or (6) must give MET written notice by July 15 prior to the Academic Year in which the refund payments are to commence or the refund may not be available at the start of the Academic Year.

(h) Before the Beneficiary reaches 18 years of age or has received a high school diploma, the Purchaser may request that the Board terminate the Contract. If the request is made less than 12 months after acceptance of the Contract and the MET Board, in its discretion, approves the request, the Purchaser will receive the Prepaid Tuition Amount, less the rate of general investment loss, if any, for Plan D Contracts. If the request is made more than 12 months after acceptance of the Contract and the MET Board, in its discretion, approves the request, the Purchaser will receive the Prepaid Tuition Amount.

## **SECTION 8. TERMINATIONS BY MET**

(a) Fraud: MET will terminate the Contract and refund the amount paid by the Purchaser less a Termination fee and educational benefits used, if any of the following have been fraudulently stated on a Contract Signature Page or otherwise:

- (1) the age of the Beneficiary or Purchaser,
- (2) the grade of the Beneficiary,
- (3) the Academic Year which the Beneficiary is to receive benefits under the Contract,
- (4) the residency of the Beneficiary at the time the Contract is submitted to MET, or
- (5) other matters as determined by the Board.

(b) FIFTEEN YEARS TO USE BENEFITS:

(1) FIFTEEN (15) YEARS AFTER THE JULY 15 IMMEDIATELY BEFORE THE ACADEMIC YEAR SPECIFIED IN ITEM 21 OF THE CONTRACT SIGNATURE PAGE, MET WILL TERMINATE THIS CONTRACT AND WILL NOT PAY ANY FURTHER EDUCATIONAL BENEFITS.

(2) At that time, MET will pay the Refund Designee the Prepaid Tuition Amount to the extent it exceeds any educational benefits or refund paid under the Contract. MET may pay the refund at the end of the Academic Year in which the Beneficiary has completed all credit hours acquired under the Contract.

(c) Actuarial Unsoundness: To protect Purchasers and Beneficiaries, an actuarial review of the Plan shall be made annually. If a nationally recognized actuary determines that Plan D does not have sufficient funds to ensure the actuarial soundness of the Plan and the Board determines that there are insufficient numbers of new Contracts to ensure the actuarial soundness of Plan D, MET shall terminate all Plan D Contracts and prorate the assets of Plan D among the existing Contracts. If Plan D is liquidated, the amount to be returned is uncertain and could be less than the Prepaid Tuition Amount. Upon Termination pursuant to this

subsection, MET will stop providing educational benefits from the Plan and will pay refunds determined as follows:

(1) MET will calculate the Contract's "Asset Value," which is the amount paid by the Purchaser less any educational benefits or refunds paid by MET.

(2) The refund will be a percentage of the amount of the total Plan assets after liquidating all of the Plan investments. The percentage is determined by dividing the Asset Value of this Contract by the Asset Value of all Plan Contracts. The refund shall be applied, at the option of the Refund Designee, either toward the purposes of this Contract for the Beneficiary or paid to the Refund Designee.

## **SECTION 9. ANNUAL REPORT**

MET will have an accounting of MET assets prepared annually and make it available to the Purchaser.

## **SECTION 10. CONTRACT NOT SUBJECT TO JUDGMENT OR ATTACHMENT**

It is the intent of the parties that this Contract shall not be subject to any judgment or attachment against the Purchaser, the Beneficiary, or any other Person.

## **SECTION 11. FEES**

(a) The Board may impose fees for the purpose of administering MET. For two fees, the Board has established these maximum amounts:

Transfer fee	\$100.00
Termination fee	\$200.00

(b) The Termination fee and any other applicable charge shall be deducted from the first refund payment.

## **SECTION 12. CHANGE OF ADDRESS**

The Purchaser or the Appointee shall notify MET in writing of any change of address of the Purchaser, the Beneficiary or the Appointee.



## **SECTION 13. GENERAL TERMS**

(a) This Contract is offered pursuant to the Act and the administrative rules promulgated under the Act. This Contract should be read so that it meets the requirements of Section 529 of the United States Internal Revenue Code, any successor provision, and any applicable Internal Revenue Service regulation.

(b) Nothing in the Act or this Contract shall be construed as a promise or guarantee by MET or the State that a Beneficiary will be admitted to any or a particular Public Educational Institution, will be allowed to continue to attend a Public Educational Institution after having been admitted, or will graduate from a Public Educational Institution.

(c) This Contract may not be sold for any reason. This Contract may not be used as security for any loan.

(d) The Purchaser may change the Appointee upon written request to MET.

(e) If the Purchaser has designated the Beneficiary as the Refund Designee, the Purchaser cannot change that designation.

(f) This Contract represents the entire understanding of the parties to this Contract and may not be modified except in writing signed by the Purchaser and an authorized MET representative.

(g) If any portion of this Contract shall be found to be invalid or unenforceable by any court, that portion shall be severed from the Contract and the remainder of the Contract will remain in full force.

(h) The captions in this Contract are for convenience only and in no way limit the intent of any provision of this Contract.

(i) This Contract is to be interpreted under the laws of the State.



**Questions?**

**Call 1-800-MET-4-KID**

**(800-638-4543)**

**or visit [www.SETwithMET.com](http://www.SETwithMET.com)**

## **SECTION 14.**

### **ATTENDANCE AT A PUBLIC EDUCATIONAL INSTITUTION WITHIN TWO YEARS OF PURCHASE**

(a) If a Beneficiary of a Full Benefits Contract is expected to enter college within two years of purchase, Prepaid Tuition Amount shall be based on the tuition at the State Institution of Higher Education with the Highest Annual Undergraduate Tuition Cost.

(b) If the Beneficiary covered by subsection (a) does not attend the State Institution of Higher Education with the highest Annual Undergraduate Tuition Cost, MET may refund the difference between the Prepaid Tuition Amount and the Tuition (if less) paid to a Public Educational Institution by MET, if the Board determines the refund won't adversely affect the Plan's actuarial soundness. This subsection does not apply if the Contract has been terminated.

# COMMUNITY COLLEGE CONTRACT

## SECTION 2. MET's OBLIGATIONS



(a) Upon MET's acceptance of the Contract and the Beneficiary's enrollment at a Community College, MET will pay for one-quarter (1/4) of the credit hours required for a two-year associate degree at the Beneficiary's Community College at the In-District Tuition Rate multiplied by the semesters of educational benefits acquired by the Purchaser. MET pays these educational benefits from the assets of the Plan.

(1) MET will stop providing benefits under this Contract when MET has paid the credit hours purchased, regardless of the number of credit hours the Beneficiary has accumulated toward graduation at his or her Community College. The Beneficiary can accumulate fewer credit hours than MET has paid if the Beneficiary drops classes, fails classes, repeats classes, takes classes at another Community College which do not transfer to the Beneficiary's Community College or for other reasons. A standard associate degree usually consists of 60 semester credit hours.

(2) MET will only pay educational benefits and provide refunds under the Contract from the assets of the Plan. The ability of MET to pay benefits and provide refunds under the Contract is not guaranteed by the State of Michigan.

(b) The Beneficiary must meet the Community College's residency requirements to be eligible for that institution's In-District Tuition Rate. The Beneficiary is responsible for the difference between the In-District Tuition Rate and Out-of-District Tuition rate.

## SECTION 3. PAYMENT AND CONTRACT ACCEPTANCE

(a) Contract Acceptance: MET has no obligation to the Beneficiary until it accepts this Contract. MET will accept this Contract only after it receives:

(1) a properly completed Contract Signature Page signed by the Purchaser, who must be 18 years of age or older, a designated custodian under the Michigan Uniform Transfers to Minors Act (UTMA) (who may name the minor as the Purchaser) or a court appointed conservator or guardian, and

(2) payment of a properly calculated Total from Item 27 of the Contract Signature Page. Payment must be in the form of a cashier's check, certified check, or money order payable to Michigan Education Trust or if enrolling online, through electronic funds transfer.

(b) Confirmation of Acceptance: MET will send a confirmation of Contract acceptance to the Purchaser within 90 days from MET's receipt of the Contract Signature Page. If the Purchaser does not receive confirmation, the Purchaser should notify MET in writing.

## FOR LUMP SUM CONTRACTS:

(c) Insufficient Payment: If the Purchaser pays less than the total Prepaid Tuition Amount and one-time processing fee due for this Contract, MET will notify the Purchaser. If MET sends a notice, the Purchaser shall advise MET by mail, return receipt requested, that he or she will do one of the following and, if (1) is selected, enclose payment:

(1) pay the additional amount necessary to purchase the number of semesters specified in Item 15 of the Contract Signature Page,

(2) accept an adjusted amount of educational benefits to reflect what the actual payment submitted could purchase when MET received the payment, or

(3) withdraw the Contract offer. MET will then return to the Purchaser the amount paid by the Purchaser (without interest).

If MET does not receive instructions from the Purchaser and, if appropriate, payment within 20 business days of the date notice is sent, MET shall reduce the amount of educational benefits consistent with subsection (c)(2).

(d) Payment Credit: Upon acceptance of this Contract, MET shall credit the Advance Tuition Payment Fund with the amount paid less the one-time processing fee.

## FOR MONTHLY PURCHASE CONTRACTS:

(e) Monthly Purchase Amounts: If the Monthly Purchase option is selected, the Purchaser will acquire educational benefits by submitting Monthly Purchase Amounts to MET. If MET accepts the Contract, MET will advise the Purchaser of the term of the Contract, the Monthly Purchase Amount, and the dates the Monthly Purchase Amounts are due. Monthly Purchase Amounts include an amount to reflect lost investment return, so that the total amount paid will be more than a lump sum purchase. That rate of return appears in the price chart. Payments must be made in full Monthly Purchase Amounts. Partial payments will not be accepted. The Purchaser may submit Monthly Purchase Amounts early.

(f) No Obligation To Purchase: Payment of the Monthly Purchase Amounts by the Purchaser is voluntary. MET cannot compel the Purchaser to acquire educational benefits under this Contract.

(g) Benefits Earned: The Purchaser will acquire educational benefits only for Monthly Purchase Amounts accepted by MET. Each Monthly Purchase Amount accepted by MET will earn the following percentage of the years of Tuition to be purchased by this Contract:

<u>Contract Term</u>	<u>Percent Purchased (Rounded)</u>
4 years	2.08%
7 years	1.19%
10 years	0.83%
15 years	0.56%

(h) Acceptance Of Payment: Upon acceptance of a Monthly Purchase Amount, MET will deposit the Monthly Purchase Amount in the Beneficiary's account.

(i) Late Payments: If a Monthly Purchase Amount is not paid by its due date, MET will accept the payment only if it is made within 60 days of the due date and is accompanied by a \$10.00 late fee.

(j) Failure To Make Payments: If any Monthly Purchase Amount (and any late fee due) is not paid within 60 days after its due date, the Purchaser will lose the opportunity to submit any further Monthly Purchase Amounts under this Contract. Should that occur, the Purchaser has 60 days to pay the Contract in full. Thereafter, MET will not accept any payments under the Contract.

(k) Full Payment Option: As long as the Purchaser has not lost the opportunity to make payments under Section 3(j), the Purchaser may pay the Contract in full by submitting all unpaid Monthly Purchase Amounts to MET. The Purchaser may submit Monthly Purchase Amounts early. If the Purchaser pays the entire balance due more than one year before the final payment is due, MET will provide the Purchaser an early payment discount. The Purchaser must submit a written request for a reduced early payoff amount, which will be based on the date payoff is expected to be received by MET.

(l) Contract Term: The term of monthly purchases must end before the Academic Year the Beneficiary is projected to attend a Higher Education Institution.

#### **SECTION 4. MAXIMUM AMOUNT OF BENEFITS**

A Beneficiary may not accumulate more than five years of MET educational benefits.

#### **SECTION 5. NOTIFICATION OF INTENT TO RECEIVE EDUCATIONAL BENEFITS**

(a) A Beneficiary who intends to begin using educational benefits at the start of an Academic Year must notify MET in writing by June 1 prior to that Academic Year.

(b) A Beneficiary who intends to begin using educational benefits other than at the start of an Academic Year must submit a written request to receive benefits at least three months before the requested commencement date.

#### **SECTION 6. TRANSFER TO AN IMMEDIATE FAMILY MEMBER**

(a) Any unused educational benefits may be transferred with MET's written approval to an Immediate Family member, if:

- (1) the Beneficiary dies or becomes Disabled, or
  - (2) the Beneficiary reaches 18 years of age or receives a high school diploma.
- (b) The Beneficiary must request a Transfer. A mentally disabled



Beneficiary or a Beneficiary under 18 years of age must be represented by a legal guardian. If the Beneficiary has died, the Refund Designee (or, if the Refund Designee is deceased, the personal representative of the Refund Designee) may request a Transfer. The Transfer shall be subject to:

- (1) payment of a Transfer fee, if any, and
- (2) payment to MET of the amount necessary to reimburse MET for any additional expense or loss of income associated with the Transfer to an older Beneficiary.

If a Contract is transferred to an older Beneficiary who was ineligible for a Contract when the Contract was purchased, the additional amount charged will be:

- (i) the highest Tuition charged at a Community College among all Community Colleges in the enrollment period purchased minus the amount the Purchaser paid for one year of educational benefits;
- (ii) add the amount determined in subparagraph (i) to the loss of investment income for the period from the date the Contract was accepted until the date of Transfer. The rate of return assumed will be the rate of return stated in the price chart;
- (iii) multiply the amount determined in subparagraph (ii) by the number of years and/or fraction of year being transferred.

(3) the Person requesting the Transfer and the proposed New Beneficiary (or the parent or guardian of the New Beneficiary if the New Beneficiary is a minor) must certify in writing that no payment has been or will be made to anyone (except MET) for the Transfer.

(c) Only a Transfer to an Immediate Family member is allowed.

#### **SECTION 7. TERMINATION AND REFUNDS**

(a) Reasons For Termination: This Contract may be terminated upon written request to MET by the Beneficiary (or a Person with legal authority to act regarding subsection (a)(4)) if:

- (1) the Beneficiary has reached 18 years of age or has received a high school diploma and certifies that he or she will:
  - (i) attend a State Institution of Higher Education or an Independent, Degree-granting College or University,
  - (ii) attend an Out-of-State Institution of Higher Education, or
  - (iii) attend a Community College or Higher Education Institution with a full Tuition scholarship,
- (2) the Beneficiary has died or is Disabled,
- (3) the Beneficiary has reached 18 years of age or has received a high school diploma and certifies that he or she will not attend a Community College or a Higher Education Institution, or
- (4) the Board approves a Termination for any other reason.



(b) Refund Amount:

(1) the refund amount shall be, as appropriate, Weighted Average Tuition Cost, Average Tuition Cost, or Lowest Tuition Cost for the last full Academic Year before refund payments begin multiplied by the years of educational benefits acquired by the Purchaser. If all Monthly Purchases have not been

made, MET will reduce a Monthly Purchase Contract refund accordingly (determined by multiplying the Monthly Purchases actually made by the appropriate percentage in Section 3(g)). Any Termination fee will be deducted from the first refund payment.

(2) if the Contract is terminated pursuant to subsection (a)(1), each installment shall be determined annually and the refund shall be based on:

(i) if the Beneficiary directs payment to a State Institution of Higher Education or an Independent, Degree-granting College or University, Weighted Average Tuition Cost,

(ii) if the Beneficiary directs payment to an Out-of-State Institution of Higher Education or if the Beneficiary will attend a Community College or Higher Education Institution with a full tuition scholarship, Average Tuition Cost, and

(iii) for Beneficiaries not covered by (i) or (ii), Lowest Tuition Cost.

(3) if this Contract is terminated pursuant to subsection (a)(2), (a)(3), or (a)(4) the refund shall be based on Lowest Tuition Cost.

(4) a refund shall not, in total, be less than the Prepaid Tuition Amount.

(c) Refund Payment Procedure:

(1) a refund under subsection (a)(1)(i) shall be made to the Beneficiary's Higher Education Institution to pay Tuition and Mandatory Fees. However, the total amount paid shall not exceed the maximum refund due.

(2) a refund under subsections (a)(1), (a)(3), or (a)(4) shall be divided by two and made in two annual installments as follows:

(i) if an annual installment is to be paid to the Higher Education Institution, the annual installment will be distributed as necessary to pay Tuition (and Mandatory Fees for subsection a(1)(i) refunds);

(ii) any balance remaining after paying Tuition for an Academic year shall be paid at the end of the Academic Year to the Refund Designee unless deferred by the Beneficiary in writing;

(iii) or any annual installment not paid to a Higher Education Institution during the year shall be paid at the end of the Academic year to the Refund Designee unless deferred by the Beneficiary in writing;

(iv) if payment is directed to the Refund Designee, the annual installment will be paid by August 15.

(3) for a refund under subsection (a)(4), a lump sum refund shall be paid within sixty (60) days after MET's approval of the Termination.

(d) Adjustment for Benefits Received: Any refund shall be reduced by the amount of educational benefits paid by MET before termination. If the Contract is terminated under subsections (a)(1), (a)(3), or (a)(4) the reduction shall be made in equal amounts against each annual installment.

(e) Terminated Contract: Once a Contract has been terminated and MET has paid a full or partial refund, the Contract cannot be reinstated.

(f) Notice of Termination: A Beneficiary who requests a refund under subsections (a)(1), (3), or (4) must give MET written notice by July 15 prior to the Academic Year in which the refund payments are to commence or the refund may not be available at the start of the Academic Year.

(g) Before the Beneficiary reaches 18 years of age or has received a high school diploma, the Purchaser may request that the Board terminate the Contract. If the request is made less than 12 months after acceptance of the Contract and the MET Board, in its discretion, approves the request, the Purchaser will receive the Prepaid Tuition Amount, less the rate of general investment loss, if any, for Plan D Contracts. If the request is made more than 12 months after acceptance of the Contract and the MET Board, in its discretion, approves the request, the Purchaser will receive the Prepaid Tuition Amount.

## SECTION 8. TERMINATIONS BY MET

(a) Fraud: MET will terminate the Contract and refund the amount paid by the Purchaser less a Termination fee and educational benefits used, if any of the following have been fraudulently stated in a Contract Signature Page or otherwise:

(1) the age of the Beneficiary or Purchaser,

(2) the grade of the Beneficiary,

(3) the Academic Year which the Beneficiary is to receive benefits under the Contract,

(4) the residency of the Beneficiary at the time the Contract is submitted to MET, or

(5) other matters as determined by the Board.

(b) FIFTEEN YEARS TO USE BENEFITS:

(1) FIFTEEN (15) YEARS AFTER THE JULY 15 IMMEDIATELY BEFORE THE ACADEMIC YEAR SPECIFIED IN ITEM 21 OF THE CONTRACT SIGNATURE PAGE, MET WILL TERMINATE THIS CONTRACT AND WILL NOT PAY ANY FURTHER EDUCATIONAL BENEFITS.

(2) At that time, MET will pay the Refund Designee the Prepaid Tuition Amount to the extent it exceeds any educational benefits or refund paid under the Contract. MET may pay the refund at the end of the Academic Year in which the Beneficiary has completed all credit hours acquired under the Contract.

(c) Actuarial Unsoundness: To protect Purchasers and Beneficiaries, an actuarial review of the Plan shall be made

annually. If a nationally recognized actuary determines that Plan D does not have funds sufficient to ensure the actuarial soundness of the Plan and the Board determines that there are insufficient numbers of new Contracts to ensure the actuarial soundness of Plan D, MET shall terminate all Plan D Contracts and prorate the assets of Plan D among the existing Contracts. If Plan D is liquidated, the amount to be returned is uncertain and could be less than the Prepaid Tuition Amount. Upon Termination pursuant to this subsection, MET will stop providing educational benefits from the Plan and will pay refunds determined as follows:

(1) MET will calculate the Contract's "Asset Value," which is the amount paid by the Purchaser less any educational benefits or refunds paid by MET.

(2) The refund will be a percentage of the amount of the total Plan assets after liquidating all of the Plan investments. The percentage is determined by dividing the Asset Value of this Contract by the Asset Value of all Plan Contracts.

The refund shall be applied, at the option of the Refund Designee, either toward the purposes of this Contract for the Beneficiary or paid to the Refund Designee.

## **SECTION 9. ANNUAL REPORT**

MET will have an accounting of MET assets prepared annually and make it available to the Purchaser.

## **SECTION 10. CONTRACT NOT SUBJECT TO JUDGMENT OR ATTACHMENT**

It is the intent of the parties that this Contract shall not be subject to any judgment or attachment against the Purchaser, the Beneficiary, or any other Person.

## **SECTION 11. FEES**

(a) The Board may impose fees for the purpose of administering MET. For two fees, the Board has established these maximum amounts:

Transfer fee	\$100.00
Termination fee	\$200.00

(b) The Termination fee and any other applicable charge shall be deducted from the first refund payment.

## **SECTION 12. CHANGE OF ADDRESS**

The Purchaser or the Appointee shall notify MET in writing of any change of address of the Purchaser, the Beneficiary or the Appointee.

## **SECTION 13. GENERAL TERMS**

(a) This Contract is offered pursuant to the Act and the administrative rules promulgated under the Act. This Contract should be read so that it meets the requirements of Section 529 of the United States Internal Revenue Code, any successor provision, and any applicable Internal Revenue Service regulation.

(b) Nothing in the Act or this Contract shall be construed as a promise or guarantee by MET or the State that a Beneficiary will be admitted to any or a particular Public Educational Institution, will be allowed to continue to attend a Public Educational Institution after having been admitted, or will graduate from a Public Educational Institution.

(c) This Contract may not be sold for any reason. This Contract may not be used as security for any loan.

(d) The Purchaser may change the Appointee upon written request to MET.

(e) If the Purchaser has designated the Beneficiary as the Refund Designee, the Purchaser cannot change that designation.

(f) This Contract represents the entire understanding of the parties to this Contract and may not be modified except in writing signed by the Purchaser and an authorized MET representative.

(g) If any portion of this Contract shall be found to be invalid or unenforceable by any court, that portion shall be severed from the Contract and the remainder of the Contract will remain in full force.

(h) The captions in this Contract are for convenience only and in no way limit the intent of any provision of this Contract.

(i) This Contract is to be interpreted under the laws of the State.



**Questions?**

**Call 1-800-MET-4-KID**

**(800-638-4543)**

**or visit [www.SETwithMET.com](http://www.SETwithMET.com)**

# Contract Price Charts

Prices effective May 1, 2012 through August 31, 2012.  
(1 Semester equals 15 credit hours)

## LUMP SUM PURCHASE PLAN

Contract Type (Age as of 12/1/11/Grade as of Fall 2011)	Cost/Lump Sum 1 Sem. (1/2 yr)	Cost/Lump Sum 2 Sem. (1 yr)	Cost/Lump Sum 3 Sem. (1 1/2 yrs)	Cost/Lump Sum 4 Sem. (2 yrs)	Cost/Lump Sum 5 Sem. (2 1/2 yrs)	Cost/Lump Sum 6 Sem. (3 yrs)	Cost/Lump Sum 7 Sem. (3 1/2 yrs)	Cost/Lump Sum 8 Sem. (4 yrs)
Full Benefits (Newborn to Adult)	\$8,312	\$16,624	\$24,936	\$33,248	\$41,560	\$49,872	\$58,184	\$66,496
Limited Benefits (Newborn to Adult)	\$6,697	\$13,394	\$20,091	\$26,788	\$33,485	\$40,182	\$46,879	\$53,576
Community College Benefits (Newborn to Adult)	\$1,549	\$3,098	\$4,647	\$6,196				

## 4 YEAR MONTHLY PURCHASE PLAN (48 MONTHS)

Contract Type (Age as of 12/1/11/Grade as of Fall 2011)	Cost/Monthly 1 Sem. (1/2 yr)	Cost/Monthly 2 Sem. (1 yr)	Cost/Monthly 3 Sem. (1 1/2 yrs)	Cost/Monthly 4 Sem. (2 yrs)	Cost/Monthly 5 Sem. (2 1/2 yrs)	Cost/Monthly 6 Sem. (3 yrs)	Cost/Monthly 7 Sem. (3 1/2 yrs)	Cost/Monthly 8 Sem. (4 yrs)
Full Benefits (Newborn to 8th Grade)	\$199	\$398	\$597	\$796	\$995	\$1,194	\$1,393	\$1,592
Limited Benefits (Newborn to 8th Grade)	\$160	\$320	\$480	\$640	\$800	\$960	\$1,120	\$1,280
Community College Benefits (Newborn to 8th Grade)	\$37	\$74	\$111	\$148				

## 7 YEAR MONTHLY PURCHASE PLAN (84 MONTHS)

Contract Type (Age as of 12/1/11/Grade as of Fall 2011)	Cost/Monthly 1 Sem. (1/2 yr)	Cost/Monthly 2 Sem. (1 yr)	Cost/Monthly 3 Sem. (1 1/2 yrs)	Cost/Monthly 4 Sem. (2 yrs)	Cost/Monthly 5 Sem. (2 1/2 yrs)	Cost/Monthly 6 Sem. (3 yrs)	Cost/Monthly 7 Sem. (3 1/2 yrs)	Cost/Monthly 8 Sem. (4 yrs)
Full Benefits (Newborn to 5th Grade)	\$125	\$250	\$375	\$500	\$625	\$750	\$875	\$1,000
Limited Benefits (Newborn to 5th Grade)	\$101	\$202	\$303	\$404	\$505	\$606	\$707	\$808
Community College Benefits (Newborn to 5th Grade)	\$23	\$46	\$69	\$92				

## 10 YEAR MONTHLY PURCHASE PLAN (120 MONTHS)

Contract Type (Age as of 12/1/11/Grade as of Fall 2011)	Cost/Monthly 1 Sem. (1/2 yr)	Cost/Monthly 2 Sem. (1 yr)	Cost/Monthly 3 Sem. (1 1/2 yrs)	Cost/Monthly 4 Sem. (2 yrs)	Cost/Monthly 5 Sem. (2 1/2 yrs)	Cost/Monthly 6 Sem. (3 yrs)	Cost/Monthly 7 Sem. (3 1/2 yrs)	Cost/Monthly 8 Sem. (4 yrs)
Full Benefits (Newborn to 2nd Grade)	\$97	\$194	\$291	\$388	\$485	\$582	\$679	\$776
Limited Benefits (Newborn to 2nd Grade)	\$78	\$156	\$234	\$312	\$390	\$468	\$546	\$624
Community College Benefits (Newborn to 2nd Grade)	\$18	\$36	\$54	\$72				

## 15 YEAR MONTHLY PURCHASE PLAN (180 MONTHS)

Contract Type (Age as of 12/1/11)	Cost/Monthly 1 Sem. (1/2 yr)	Cost/Monthly 2 Sem. (1 yr)	Cost/Monthly 3 Sem. (1 1/2 yrs)	Cost/Monthly 4 Sem. (2 yrs)	Cost/Monthly 5 Sem. (2 1/2 yrs)	Cost/Monthly 6 Sem. (3 yrs)	Cost/Monthly 7 Sem. (3 1/2 yrs)	Cost/Monthly 8 Sem. (4 yrs)
Full Benefits (Newborn to Age 3)	\$75	\$150	\$225	\$300	\$375	\$450	\$525	\$600
Limited Benefits (Newborn to Age 3)	\$60	\$120	\$180	\$240	\$300	\$360	\$420	\$480
Community College Benefits (Newborn to Age 3)	\$14	\$28	\$42	\$56				

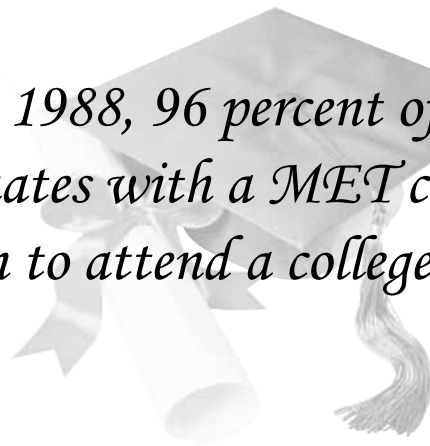
Monthly purchase contracts must be completely paid before the beneficiary is expected to enter college. Four-year monthly purchase plans can be purchased for beneficiaries in grades 8 and below; Seven-year monthly purchase plans can be purchased for beneficiaries in grades 5 and below; Ten-year monthly purchase plans can be purchased for beneficiaries in grades 2 and below; and Fifteen-year monthly purchase plans can be purchased for beneficiaries age 3 years and below. **Monthly purchase amounts include 7.01 percent rate of return, therefore the total amount paid will be more than if paid by lump sum.**

## Academic Year Chart

Use age as of December 1, 2011 and grade in school as of September 2011 to arrive at the academic year the Beneficiary/child is expected to attend college.

Age/Grade	Expected Academic Year
Newborn (December 1, 2011 or after)	2030
Newborn (before December 1, 2011)	2029
1	2028
2	2027
3	2026
4 or older and not in school	2025
Kindergarten	2024
1st Grade	2023
2nd Grade	2022
3rd Grade	2021
4th Grade	2020
5th Grade	2019
6th Grade	2018
7th Grade	2017
8th Grade	2016
9th Grade	2015
10th Grade	2014
11th Grade	2013
12th Grade	2012
College Student and above	2012

*Since 1988, 96 percent of high school graduates with a MET contract have gone on to attend a college or university.*



## Easy Steps to Enroll

1. Read the program information and Contract terms.
2. Complete the Contract Signature Page or online Contract Purchase at [www.SETwithMET.com](http://www.SETwithMET.com).
3. Determine your payment amount.
4. Make a check or money order payable to "Michigan Education Trust."
5. Submit signed Contract Signature Page and check or money order to MET.

## Contract Processing Fee Chart

**\*\* Enroll Early and Save \*\***

### Enroll Online

December 15, 2011 through August 31, 2012

Contract Processing Fee \$25 (save \$35)

### Enroll by Mail

December 15, 2011 through August 31, 2012

Contract Processing Fee \$60

### Monthly Purchase Contracts

#### Contacts Received by

January 31, 2012

April 30, 2012

August 31, 2012

#### Monthly Payments Begin

February 25, 2012

May 25, 2012

September 25, 2012

## Questions?

Call 1-800-MET-4-KID or visit [www.SETwithMET.com](http://www.SETwithMET.com).



4326 (Rev. 12-11)  
Printing authorized by Public Act 316 of 1986, as amended.  
6,000 copies printed at a cost of \$3,229.47. Each copy cost \$0.54.