



February 3, 2023

Dear Grace Classical Academy Parents,

As we begin to look towards the 2023-2024 school year, we want to be sure you are aware of potential tuition-related tax saving opportunities through the Maryland 529 Plan, (<https://maryland529.com>). The information contained below is for your use; please consult your tax advisor for more information on all of these plans.

Formerly offered as a tax-advantaged savings plans specifically for college, two of the three Maryland 529 plans have been extended to tuition for private kindergarten through grade 12 institutions. Although the Maryland Prepaid College Trust Fund is not available for kindergarten through grade 12 tuition, it does allow parents to lock in college tuition rate and may be something families will want to use for the future. *We recognize that a fund called the Prepaid College Trust Fund has recently received some negative press. The plans below were not affected and are completely separate plans.*

The other two Maryland 529 plans are available for you to use to save money on the Maryland State Taxes related to tuition paid for your children in kindergarten through grade 12.

1. The Maryland College Investment Plan (<https://maryland529.com/Investment-Plan>), administered by T. Rowe Price, is a flexible plan that allows for \$25.00 initial deposit with deposits and withdrawals that are apparently very fluid. One account holder can setup several accounts, one per beneficiary (student.) Up to \$10,000 can be deducted per year from a married couples' taxable income used for these plans.
2. There is also a matching fund opportunity called **Save4College** (<https://maryland529.com/save4college>). This program is income-based, and provides State contributions of \$250.00 or \$500.00 into your Maryland College Investment Plan. The program is accessible to many families as the maximum income for a married couple is \$175,000. **The current enrollment period is open until 11:59pm on Wednesday, May 31, 2023**

We recommend watching a brief overview of the Maryland 529 Plan by clicking here <https://maryland529.com/basics-of-529-college-savings-plans>. For more information about Maryland 529 and to enroll, please visit <https://maryland529.com/ENROLL-NOW>. Enclosed is a flier with more preliminary information about the Maryland College Investment Plan and Save4College.

If you are currently using a Maryland 529 plan, please share your experience with us so that we may learn more information to pass along to our school parents and grandparents.

Gratia et veritas,

Dr. Jacqueline Hutcheson
Administrative Director



529 savings can be used for K–12 tuition



Your Maryland 529 plan is more flexible than ever. You can now use the money saved in your Maryland Senator Edward J. Kasemeyer College Investment Plan (MCIP) for tuition expenses of up to \$10,000 each year at private, public, and religious K–12 schools—giving you more options for your child's future. Using your MCIP Account to pay for K–12 tuition may be something to consider, especially if you have enough saved to fund both K–12 and college education for your child. Keep in mind that you can contribute up to a maximum aggregate Account balance of up to \$500,000 for each Beneficiary (regardless of Account Holder), across all Maryland 529 Accounts for that Beneficiary.



What you need to know

- You can use up to \$10,000 per year, per Beneficiary for tuition only.
- Distribution checks are made payable directly to the Account Holder or Beneficiary—not the K–12 private, public, or religious school.*
- Qualified distributions for K–12 tuition expenses are federally and Maryland State tax-free. If you are not a Maryland resident, you should discuss your state's tax treatment of K–12 distributions with a qualified tax professional.*
- To use your Account for K–12 tuition, simply log in to your Account or complete the distribution form on our website.
- When you request a distribution for K–12 tuition, you will receive a IRS Form 1099Q. It's the Account Holder's responsibility to maintain adequate records and receipts showing the eligibility of the expense. If you have detailed tax questions, please consult your tax professional.
- If you choose to use your MCIP Account towards K–12 tuition, now may be a good time to evaluate your investment strategy to ensure your asset allocation matches your new timeline for using your Account.

*Distributions from 529 college savings plans for elementary or secondary education tuition expenses are federally and Maryland State tax-free. Outside of Maryland, state tax treatment will vary and could include state income taxes assessed, the recapture of previously deducted amounts from state taxes, and/or state-level penalties. You should consult with a tax or legal professional for additional information.



Don't have a MCIP Account?
Visit **Maryland529.com** to open an Account today.

They'll be in college before you know it.

A MCIP Account allows you to save for education your way, with the freedom to choose how much and how often you want to invest based on your budget and goals.



In addition to K-12 schools, it can be used at nearly any college, trade/technical schools, or certified apprenticeships nationwide.



Start with as little as \$25.



Choose from a variety of investment options.



The College Investment Plan is an education savings plan managed by T. Rowe Price, an investment management firm with more than 80 years of experience.



Open an Account anytime for anyone.

Start early and involve your friends and family with the **GoTuition**[®] gifting portal, a convenient way to turn traditional gift giving into the gift of education. Visit **Maryland529.com/Gift** for more information.



Learn more at **Maryland529.com** • Call **888.4MD.GRAD (463.4723)**

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The Maryland Senator Edward J. Kasemeyer College Investment Plan Disclosure Statement provides investment objectives, risks, expenses and costs, fees, and other information you should consider carefully before investing. If you or your Beneficiary live outside of Maryland, you should compare Maryland 529 to any college savings program offered by your home state or your Beneficiary's home state, which may offer state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in such state's 529 plan. T. Rowe Price Investment Services, Inc., Distributor/Underwriter of the Maryland Senator Edward J. Kasemeyer College Investment Plan. The availability of tax benefits may be conditioned on meeting certain requirements such as residency, purpose for or timing of distributions, or other factors as applicable.

Saving Now Could Help You Pay Less Later

Maryland**529**

Borrowing \$25,000 instead of saving can double the out-of-pocket cost of college.

There are many ways that a family can pay for the cost of college. But, some of those options can be more costly than others. Two of the ways that a family could choose to pay is by either saving in a 529 plan, or borrowing with loans. This example illustrates how one family could choose to pay for \$25,000 in college costs.



SAVING

A family choosing to invest about **\$86 per month for 15 years** in a 529 plan would have made a total out-of-pocket investment of about \$15,500.

With potential earnings, this could amount to \$25,000 to use toward college expenses. A hypothetical 6% annual return is assumed.

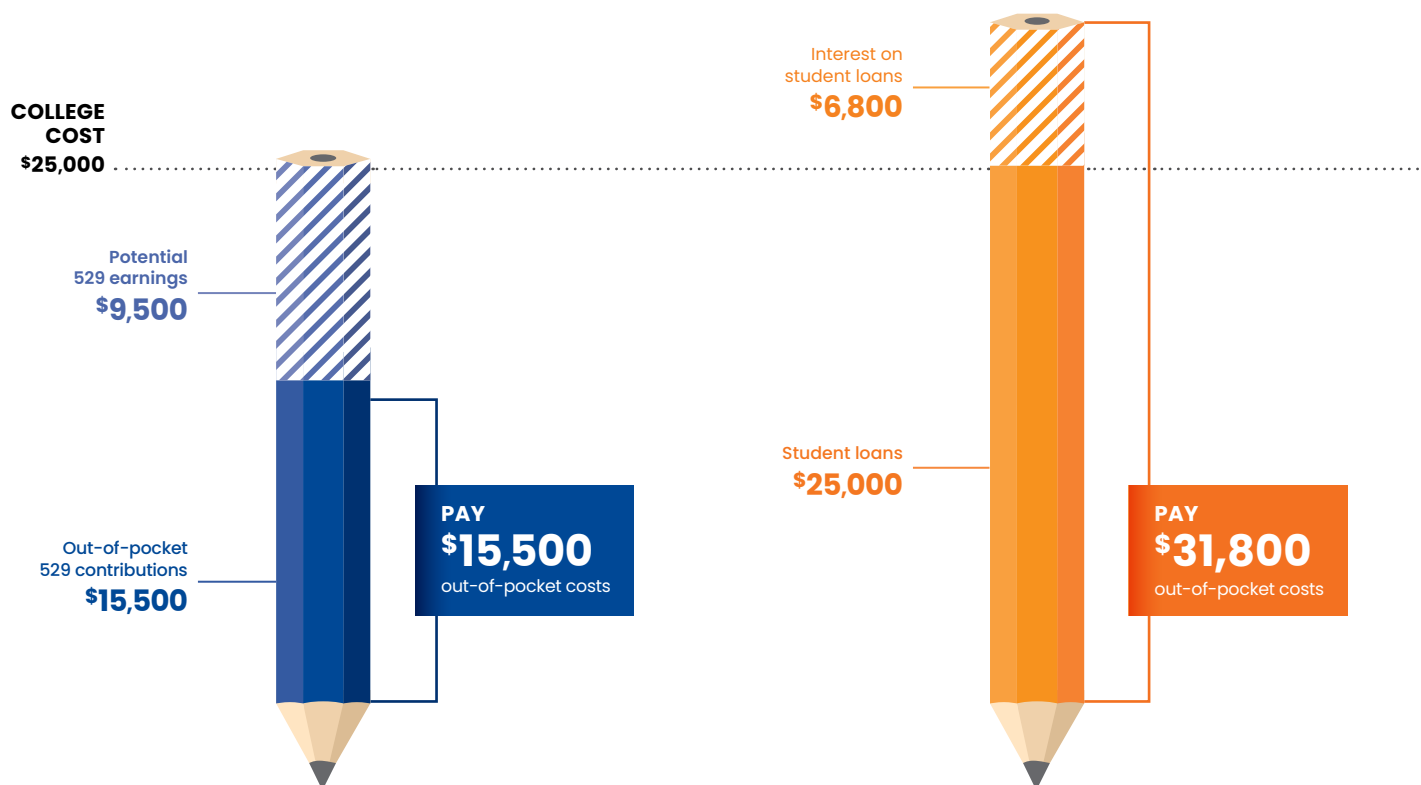


BORROWING

A family choosing to borrow might pay about **\$265 per month over 10 years** for a total out-of-pocket cost of approximately \$31,800 for \$25,000 in loans.

This assumes a 4.99% interest rate on subsidized Federal direct undergraduate loans, which do not accrue interest during college.

vs.



By saving early, you could pay
\$16,300 less out-of-pocket



READY TO
LEARN MORE? VISIT

Maryland529.com

This chart is for illustrative purposes only and does not project or predict the return of any specific investment option. Returns in a college savings plan will vary and may be higher or lower than in this example. Making automatic monthly contributions does not assure a profit or protect against loss in a declining market. This example does not consider any investment or loan origination fees. Amounts are rounded. The loan interest rate is based on a Federal direct undergraduate loan disbursed in July 2022. Other loan arrangements could have different rates or terms.