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AS GUARANTEED TUITION PLAN
2007 STUDENT HANDBOOK

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Texas Prepaid Higher Education Tuition Program
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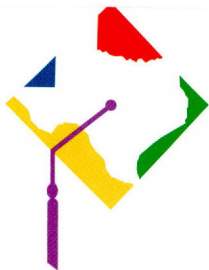
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Dallas Public Library**CONGRATULATIONS!**

Welcome to the Texas Guaranteed Tuition Plan. This is your high school graduating year, and for some time now you have been thinking about college. College is a wonderful stage in life, but college costs can be expensive. With the Texas Guaranteed Tuition Plan, the prepaid tuition program, you will not have to worry about paying for tuition and required fees, as a substantial investment in your educational future has already been paid. So now you can concentrate on more important things, such as your studies.

This handbook was designed with you in mind: the purpose is to help you understand what the Texas Guaranteed Tuition Plan is, and how you can get the maximum benefit from your prepaid tuition contract. Please read the information contained in this handbook carefully. Most questions regarding payment for tuition and fees are addressed in the booklet. However, if you have any other questions, please call us at:

1-800-445-GRAD (4723), option 2

or visit our website:

www.tgtp.org

In addition to having an electronic copy of this handbook, Texas Guaranteed Tuition Plan forms and other information about the Plan, our Web site also allows a contract purchaser to view account information and to update his or her address and the address of the contract beneficiary (student).

From all the staff at the Texas Guaranteed Tuition Plan, congratulations on reaching this point in your academic career. We wish you much success in college and afterwards.



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Please note that the Texas Guaranteed Tuition Plan is not affiliated with Texas Guaranteed Student Loan Corporation. The Texas Guaranteed Student Loan Corporation, also known as “Texas Guaranteed” or “TG,” administers the Federal Family Education Loan Program, a federally sponsored program that provides low-interest loans to students and their parents to pay for education beyond high school. TG also provides information, tools, and solutions to students, schools and lenders to help simplify the higher education loan process. It does not, however, have any role in the Texas Guaranteed Tuition Plan, a program of the Texas Prepaid Higher Education Tuition Board.

GENERAL INFORMATION

The *Texas Guaranteed Tuition Plan* is one of two different qualified tuition programs offered by the Texas Prepaid Higher Education Tuition Board. The board also offers Tomorrow's College Investment Plan, which is a section 529 college saving plan that can be used to pay for tuition and fees, room and board, and other related higher education expenses.

The *Texas Guaranteed Tuition Plan*, the state's prepaid tuition program, pays for undergraduate tuition and required fees to colleges on your behalf each academic term that you are enrolled. The college can be public or private or even approved accredited proprietary institutions. Required fees are those fees mandatory as a condition of enrollment for all students attending a college, regardless of major or program of study. **The *Texas Guaranteed Tuition Plan* does not cover course-specific fees, deposits, or optional fees such as adviser, lab, or graduate fees. The *Texas Guaranteed Tuition Plan* only covers tuition and required fees, not room and board, computers, books, transportation, or any other incidental expenses.**

The *Texas Guaranteed Tuition Plan* has four different college plans, which were sold in increments of one year or 30-32 credit hours depending on plan type and year contract was purchased. Along with this handbook you should have received a letter that states which type of plan you have. Please review the letter and then read on to find out about your benefits.

The junior and public senior college plans pay the actual cost of tuition and required fees when you attend a public college in Texas:

- **Junior College:** up to 64 credit hours.
 - **Junior-Senior College:** up to 64 credit hours for Junior College, and up to 64 credit hours for Senior Public College, for a total of 128 credit hours.
 - **Public Senior College:** up to 160 credit hours.
 - **Private College:** up to 160 credit hours.
- Important Note on the Private College**





Plan: The private college plan pays the estimated average cost of tuition and required fees at private colleges and universities in Texas. If tuition and required fees at the selected private college or university exceed the estimated statewide private college average, the purchaser or

beneficiary is responsible for making up the remaining balance of the costs.

Thus, if your college is more expensive than the estimated average for your private plan, you'll have to make up the difference. If it's less expensive, we'll issue a refund to the purchaser of the contract (you are the beneficiary) for the difference of the amount due to your college and the average private college rate.

FYI – There is no dollar value placed on an account. All accounts are measured by credit hours. We estimate that one year of college is the equivalent of 32 credit hours. Though the Plan doesn't stipulate a minimum or maximum hour usage per term, your contract terminates when you have used the maximum number of credit hours purchased on your contract.

If you have not finished using all your credit hours when you graduate from college, you can apply them to a graduate or a professional degree before the termination of the contract. However, the *Texas Guaranteed Tuition Plan* will not pay the price of graduate tuition and required fees; it will pay the average credit-hour rate for undergraduate tuition and required fees (as if you had been enrolled in an undergraduate program for that term).

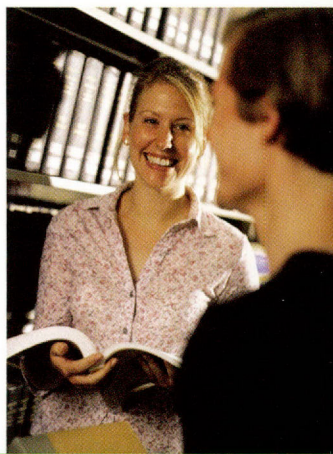
If you don't intend to pursue further higher education after graduation, the contract purchaser(s) can request a refund for the remaining hours. The value of the remaining hours will be calculated at the Texas average rate of tuition and required fees at the time of cancellation. Please contact our customer service representatives for instructions on requesting cancellations due to graduation from college.

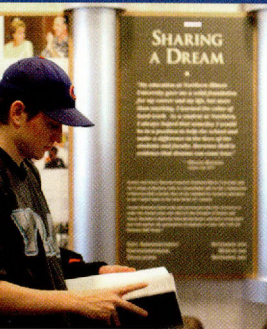
You must redeem your *Texas Guaranteed Tuition Plan* benefits within a ten-year period beginning on the date you graduate from high school. The only exception for this rule is if you are an active-duty member of the U.S. Armed Services. In that case, any time you spend on duty will be added to the ten-year period.

HOW DOES IT WORK?

Each fall and spring semester, the bursar or third party billing office at the colleges and universities in Texas receives a roster of eligible *Texas Guaranteed Tuition Plan* beneficiaries. When you register at the college or university, **you must notify their billing office** that you have a *Texas Guaranteed Tuition Plan* account. For this purpose, enclosed in this packet is a *Texas Guaranteed Tuition Plan identification card*. Just as a school doesn't know from semester to semester if you will be paying with a check or credit card, they also need to know each semester if you will be using the *Plan* to pay for tuition and required fees. Never assume the school knows to invoice the *Plan* or that the *Plan* will be paying for the full amount due each semester. Even \$10.00 due to the school for costs not covered by the *Plan* could cause loss of classes. You should present your card to the billing office every semester (or every academic term), unless the college gives you other instructions. You have received two I.D. cards. You should make an extra copy for your records in case the originals are misplaced. If you need a replacement, please call the *Texas Guaranteed Tuition Plan* at 1-800-445-GRAD (4723), option 2.

If you decide not to use your *Plan* for any given semester, notify the billing office at the institution you are attending. You have ten years from high school graduation to use the hours purchased at the *Texas Guaranteed Tuition Plan* on your behalf. The *Plan* does not mandate which semesters you use the *Plan* to pay for tuition and required fees or the amount of hours you elect to take each term.





The college will bill the *Texas Guaranteed Tuition Plan* for tuition and required fees on your behalf; you will be required to pay any additional charges. Your *Texas Guaranteed Tuition Plan* account can be used for special terms, such as summer and mini sessions. Colleges and universities bill the *Texas Guaranteed Tuition Plan* after the “add and drop” period. The hours billed will be deducted from your account.

Your account must be paid in full, including any outstanding fees, before we pay any amount to your college. Also, your account cannot be processed without a valid social security number or current permanent address. Please verify your name, social security number and address as it appears on our system. Check with the purchaser of your contract to confirm they received a paid in full letter for your contract.

If you withdraw from school after the registration period, but before classes begin, **you must notify the billing office** at your school so that the *Texas Guaranteed Tuition Plan* will not be billed, otherwise these hours will be deducted from your account. You will be responsible for any fees associated with withdrawal. There will be no adjustment to your account for hours dropped after the *Texas Guaranteed Tuition Plan* has paid an invoice on your behalf. Any refund under these circumstances will be between you and the school.

In January of each year, the purchaser of your contract will receive a statement that lists distributions made by the *Plan* on your behalf. This “usage” statement will detail invoices paid, the credit hours and required fees deducted and remaining on your contract. Please verify the distributions agree with credits received at the institutions each term. If there are any discrepancies, please call the *Texas Guaranteed Tuition Plan* at 1-800-445-GRAD (4723), option 2. Customer Service staff are available to discuss your account.

Effective July 1, 2006, prepaid section 529 qualified tuition plans, such as the *Texas Guaranteed Tuition Plan*, will be considered assets of the student’s parents for federal financial aid

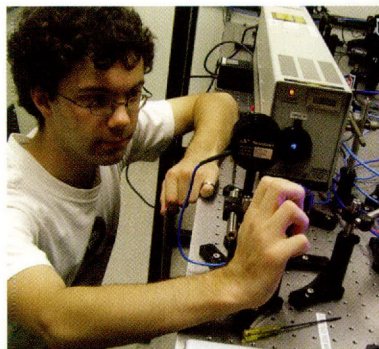
determination purposes. Although prepaid and college savings plans are both section 529 qualified tuition plans, prepaid plans were previously considered a student resource, which resulted in a dollar-for-dollar reduction in the student's financial need. The Deficit Reduction act of 2005 corrected this inequity and made both types of section 529 plans handled consistently for financial aid purposes.

WHAT IF YOU DECIDE NOT TO GO TO COLLEGE?

You have ten years from high school graduation to use your Plan. If at any point it is decided that you, as beneficiary, are not going to attend college, the purchaser of the contract may decide to transfer the funds to another beneficiary or cancel your contract. After a beneficiary is 18 years of age or has graduated from high school, the purchaser may receive the hours purchased at the average rate for tuition and required fees in the state of Texas for the type of plan purchased minus cancellation and administrative fees.

TUITION AND REQUIRED FEES

Tuition and required fees are charged consistent of all students at a college or university as a condition of enrollment. Required fees are paid (1) on a **credit-hour basis** or (2) on a **semester basis** depending on how the fee is charged at the institution. The *Texas Guaranteed Tuition Plan* will pay the credit-hour fees up to the maximum number of credit hours covered by your contract (maximum of 160). The *Texas Guaranteed Tuition Plan* will pay for up to ten semesters of fees assessed on a per semester basis. Two semesters of fees are purchased for each contract year. Half a fee term is deducted for each summer session. No fee term is deducted for mini sessions or multiple invoices paid in the same semester.





Example:

4 Year Public Senior College Plan-
128 credit hours and 8 fee terms

As an undergraduate student in business, you enroll for the Fall semester at the University of Texas at Austin for 18 hours. The following semester (Spring) you enroll for 16 hours.

You have used 34 hours of tuition and fees assessed on a credit-hour basis. You have also used 2 semesters of required fees assessed on a semester basis. Your remaining balance is: 6 semesters of fees paid on a semester basis, and 94 hours of tuition and fees paid on a credit-hour basis.

Note: 1996 contracts were based on 30 hours a year with the total for a 4 year senior college plan of 120 hours.

SCHOLARSHIP RECIPIENTS

If you accept a scholarship that covers tuition and required fees in full, the purchaser of your contract may receive a refund equal to the amount of tuition and required fees that the *Texas Guaranteed Tuition Plan* would have paid the institution under your plan type. The amount of the refund will not exceed the sum of the tuition and required fees at your college or the amount the *Plan* would have paid the school on your behalf for any given term. Scholarship refunds can be issued each academic term to the purchaser as long as the scholarship is in effect.

If you accept a scholarship that partially covers tuition or required fees, the purchaser of your contract may receive a refund equal to the amount of the partial scholarship when the *Plan* pays the balance owed to the school. The sum of the amount paid by the *Plan* to a Texas public college or university and the scholarship refund must equal that college's normal tuition and required fees for the hours enrolled. For semesters in which most of the tuition and required fee charges are covered

by scholarships, you have the option of paying the charges due yourself and saving your contract hours for future use.

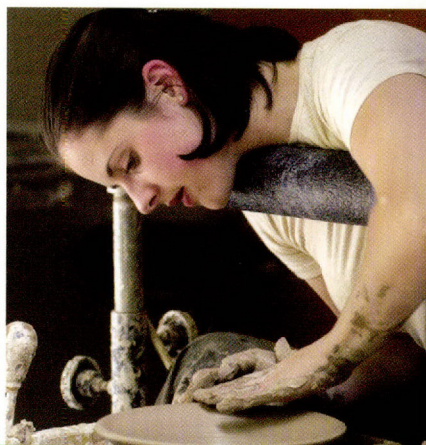
The purchaser may decide not to use the Plan for the semester the scholarship(s) are covering tuition and required fees at your college. In the case of a partial scholarship, paying the portion not covered by the scholarships directly to the school and not requesting a refund will save the hours on your contract for later use. Funds may still be sent to your college from the Texas Guaranteed Tuition Plan in addition to scholarships. Please work with the college billing office for optimal use of scholarships and Texas Guaranteed Tuition Plan distributions.

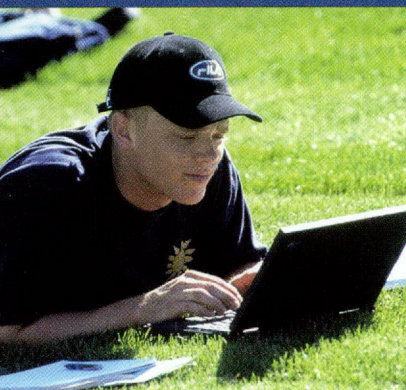
To receive refunds from the Plan, proof of the scholarship must be submitted in the form of a copy of the letter received from the granting foundation or any other medium acceptable to the Board. Enrollment verification will be needed each term prior to refunding the scholarship.

OUT-OF-STATE INSTITUTIONS

You must notify the Texas Guaranteed Tuition Plan in writing 60 days in advance of your intent to enroll in an out-of-state college. After we receive your notification, we will send a third party bill letter to the school. This letter will contain billing instructions and the amount that the Texas Guaranteed Tuition Plan will pay per credit hour on your behalf. The rates quoted in the third party bill letter are good for an academic year. The letter will be automatically sent each summer reflecting current available hours and new rates when there has been a distribution the previous academic year to an out-of-state college.

During registration, you should contact your school's billing office to establish invoicing for the Texas Guaranteed Tuition Plan. If the college has not





received the third party bill letter from our office, please have someone call the Texas Guaranteed Tuition Plan at 1-800-445-GRAD (4723), option 2. **You are responsible for letting the billing officers know that they need to send an invoice to the Texas Guaranteed Tuition Plan on your**

behalf. Contact us immediately if there are any problems regarding payment to the school.

The Texas Guaranteed Tuition Plan will pay the college after receipt of an invoice. There is a \$25 processing fee deducted from the payment to the out-of-state school for each term funds are disbursed on your behalf.

You are required to pay the school the difference in tuition and required fees that exceed the amount the Texas Guaranteed Tuition Plan will pay on your behalf. The program will transfer to the out-of-state school an amount equaling the average rate for tuition and required fees at Texas colleges for the type plan you have and the number of hours taken each term. If the out of state tuition and required fees are less than the Texas average rate per plan type multiplied by the hours enrolled, then the hours deducted will be prorated to pay the invoice in full. Your fund is depleted by hours.

PROPRIETARY INSTITUTIONS

The Texas Guaranteed Tuition Plan will pay tuition and required fees at a Texas proprietary institution according to the average rate for your college plan type for the number of hours taken each term. The Texas Guaranteed Tuition Plan can pay directly to any proprietary institution approved by the Texas Higher Education Coordinating Board.

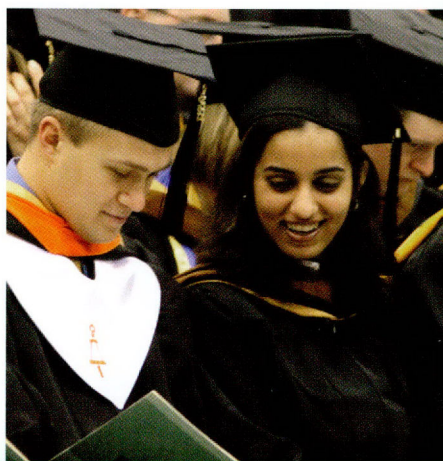
TAXES

Beginning January 2002, earnings on qualified 529 tuition programs, such as the *Texas Guaranteed Tuition Plan*, became exempt from federal income tax if they were used for qualified higher education expenses. You will receive a 1099Q Form from the *Texas Guaranteed Tuition Plan* in January of each year notifying you of the amount distributed on your behalf and designating what portion of the distribution was earnings for the previous calendar year. This 1099Q information will be used in preparing your income tax return.

TIPS ON THE BEST USE OF YOUR PLAN BENEFITS

Fee Terms: There are two fee terms covered per year purchased with the *Texas Guaranteed Tuition Plan*. Fee terms cover those fees that are a condition of enrollment and are charged at the same rate per semester. In other words, they do not fluctuate with the number of semester hours taken. A fee term is deducted with each semester invoice processed (with summer sessions depleting at $\frac{1}{2}$ a fee term per session). You may decide to not use the *Texas Guaranteed Tuition Plan* to pay for courses taken at summer school or a junior college if you feel it is not the best use of your *Plan* benefits. It may be the best use of your plan to pay the school directly and save those hours and fees for a later semester at a college that may have higher tuition and required fee charges.

Dual Enrollment: Dual enrollment is the term used for taking college credit courses while attending high school. The *Texas Guaranteed Tuition Plan* disburses funds on a per hour basis and will pay for college credit courses taken during high school. Your account





must be paid in full, including any outstanding fees before funds can be disbursed to your college. The earlier you use the *Plan* the less gain you may see from your purchased per hour rate and the per hour rate paid to the institution.

It may not be the best use of your plan to disburse earlier than the projected date of graduation. You may want to save those hours for use at a later date.

Out of Plan Usage: The *Texas Guaranteed Tuition Plan* will pay even when you attend a school that is not in your selected plan. For instance, if you use a senior college plan to pay for courses taken at a junior college, the *Plan* will pay the billed amount for the number of hours taken. The number of hours depleted from the plan will be converted to subtract fewer senior college hours. For example, if you take 15 hours at a junior college where the tuition and fees are billed at \$700.00, the actual hours depleted from the plan would be 3.68 (or \$700.00 divided by \$190.18) based on the 2006-2007 Texas average rate for a public senior college plan of \$190.18 per credit hour.

If you use junior college hours to pay tuition and required fee charges at a Texas public university, the hours will be depleted as necessary to cover the full tuition and fee charges at the university. For example, if you take 15 hours at a public university where the tuition and fee charges are \$3,000.00, the actual hours depleted from the contract would be 39.25 (or \$3,000.00 divided by \$76.43) based on the 2006-2007 Texas average rate for junior college contracts of \$76.43 per credit hour.

If you have a junior or senior college plan and attend a private or proprietary institution, the amount paid by the *Plan* will be the actual number of hours enrolled multiplied by the

average rate for your type of plan. For example, if you have a senior public plan and are taking 15 hours at a private university where the tuition and fee charges are \$9,000, the Plan would pay \$2852.70 (15 hrs. X \$190.18). If the tuition and required fee charges are greater than the average rate payment, you will need to make payment directly to the school for the amount not covered by the Texas Guaranteed Tuition Plan.

Quarter Schools: When the Texas Guaranteed Tuition Plan pays on a semester basis a student usually takes two semesters per year (Fall & Spring). If the Plan disburses at the actual number of hours taken each quarter for three quarters per year, the plan would be depleted at a faster rate than originally expected. This may not be the best use of your plan. The Texas Guaranteed Tuition Plan pays quarter schools at .666666 (or 2/3) semester hour per 1-quarter hour taken. In this way, the Plan may disburse for the full number of years purchased on your behalf. For example, if you take 15 hours for 2 semesters, you would be using 30 credit hours in one year from your plan. If you take 15 hours each quarter for 3 quarters, you would use (15 X .666666 or 10 X 3 quarters) 30 semester hours off your plan in one year.

2 Year Junior and 2 Year Senior College Plans:

If an invoice is presented on a Junior/Senior College Plan (2+2 contract), the junior college hours pay out first. When the junior hours are depleted, the senior hours will begin to be disbursed. If junior college hours are used at a Texas public community college they will disburse hour for hour taken. If those same hours are used out of state, at a private or proprietary institution, they will disburse at hours enrolled multiplied by the average rate. If junior college hours are used at an in-state public university, they will pay actual tuition and fee charges and be depleted at an accelerated rate. Similar logic will apply once junior college hours are depleted and university hours are used.

The Texas Prepaid Higher Education Tuition Board

TEXAS COMPTROLLER
Susan Combs
Chair
Austin, Texas

QUESTIONS?

Contact the Texas Guaranteed Tuition Plan at
1-800-445-GRAD (4723), Option 2
or visit www.tgtp.org

We can also be reached at:

P. O. Box 13407
Austin, Texas 78711-3407
Fax number (512) 475-0081







TEXAS GUARANTEED TUITION PLAN

For additional information, please call
1-800-445-4723, option 2.

You may also write the Texas Tomorrow Funds at:

Texas Prepaid Higher Education Tuition Board
Texas Comptroller of Public Accounts
P.O. Box 13407
Austin, Texas 78711-3407

Our internet address is:
www.tgtp.org

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