



TEXAS TUITION PROMISE FUND®

# STUDENT HANDBOOK **2016**





## CONGRATULATIONS!

Our records indicate that you are projected to graduate from high school this year. Congratulations! For some time now you've probably been thinking about college. College is a wonderful next stage in life, but it can be expensive. Because you are a Beneficiary of a Texas Tuition Promise Fund® account, a prepaid tuition program, some or all of your college tuition and required fees have been taken care of in advance.

This handbook will help you better understand the Texas Tuition Promise Fund. To get the maximum benefit from your prepaid tuition contract, we recommend that you read the handbook carefully and keep it handy. If you have any other questions, please call us at **1-800-445-GRAD (4723), Option 5**, or submit an inquiry via email by visiting [www.textastuitionpromisefund.com](http://www.textastuitionpromisefund.com), and click on "Contact Us."

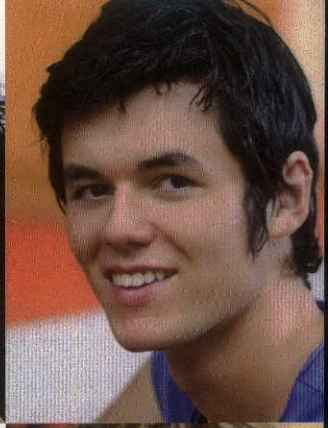
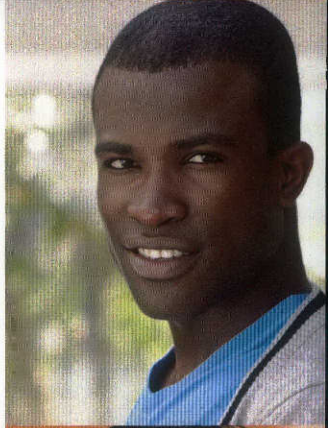
You can also access this booklet, Texas Tuition Promise Fund forms, and other Plan information on our website at [www.textastuitionpromisefund.com](http://www.textastuitionpromisefund.com). See page 14 of this handbook for information on establishing online access to view account information and information the Purchaser needs to authorize use of benefits each semester.

The screenshot shows the Texas Tuition Promise Fund website. At the top left is the logo with a star and a graduation cap, and the text "TEXAS TUITION PROMISE FUND® A Prepaid Plan as Smart as You Are." To the right are navigation links: Home | Forms & Materials | Contact Us | About Us. Below these are two buttons: "Account Owner Sign In" and "School Use Only". A search bar is on the right. A dark navigation bar contains: Explore My Options | How It Works | Enroll in the Plan | After You Enroll | Gifting | Tips & Tools. A banner below reads "Enrollment Period Opens September 1! Learn More >". The main content area features a large image of a smiling grandfather with a child on his shoulders. Text overlay says "Security. Lock in your grandchild's Texas public college tuition at today's prices. LEARN MORE". To the right are three smaller images: "I'm a Parent", "I'm a Grandparent", and "I'm interested in a Texas School". A blue button at the bottom right says "I'm ready to gift >". Below the banner are three sections: "QUICK LINKS" with a list of links (Calculator, Forms & Materials, FAQs - General, Pricing Guide, FAQs - Redeeming My Units, 2012 Student Handbook); "COMPARE TEXAS PREPAID PLANS" with a padlock icon and text about the Texas Guaranteed Tuition Plan; and "ENROLLMENT PERIOD" with a graduation cap icon and text about getting started.

**AGAIN, CONGRATULATIONS ON REACHING THIS MILESTONE IN YOUR LIFE.**

**WE WISH YOU MUCH SUCCESS IN YOUR FUTURE PLANS!**



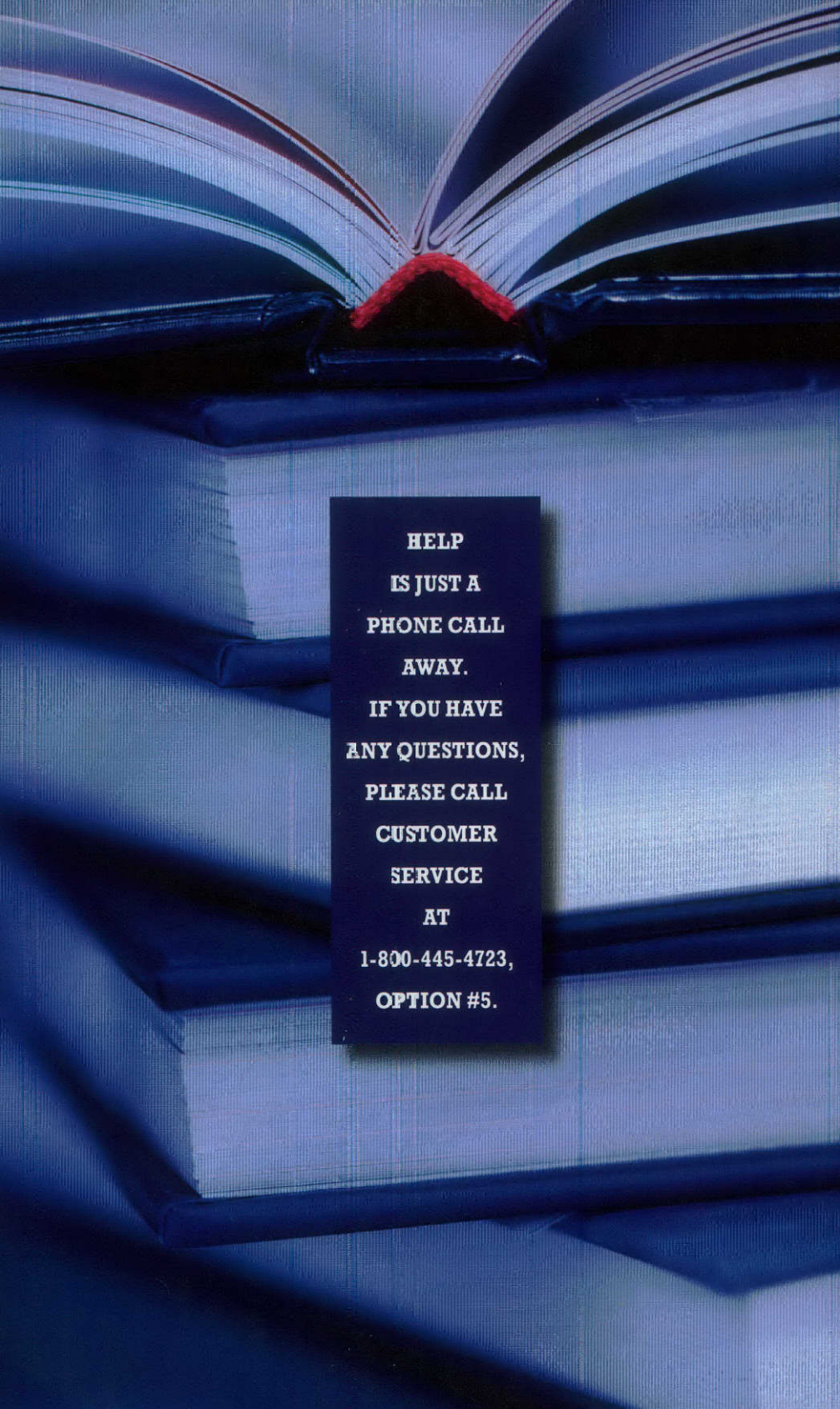


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*This material is provided for general and educational purposes only, and is not intended to provide legal, tax or investment advice. Contact your attorney or other advisor regarding your specific legal, investment or tax situation.*





**HELP  
IS JUST A  
PHONE CALL  
AWAY.  
IF YOU HAVE  
ANY QUESTIONS,  
PLEASE CALL  
CUSTOMER  
SERVICE  
AT  
1-800-445-4723,  
OPTION #5.**



## WHAT IS THE TEXAS TUITION PROMISE FUND®?

The Texas Tuition Promise Fund® (the “Plan”) is a prepaid tuition plan that allows a person to purchase one or more Tuition Units that may be applied to the payment of the Beneficiary’s undergraduate tuition and school-wide required fees at an eligible educational institution. The Texas Prepaid Higher Education Tuition Board administers the Plan. NorthStar Financial Services Group, LLC is responsible for the day-to-day operation and marketing of the Plan and is referred to herein as the Plan Manager.

When the Beneficiary — that’s you — is ready for college, the Plan covers all or a portion of undergraduate tuition and school-wide required fees at any Texas public college or university or public technical institute.

Tuition Units of any type can be used at any Texas public college or university. The number of units required will be determined by the type of Tuition Units being redeemed, the college or university that you attend, and the number of hours you are enrolled.

Tuition Units can be converted to the Transfer Value (Transfer Outside of Plan) for use at eligible career schools, Texas private colleges and universities or out-of-state colleges or universities. Transfer Value (Transfer Outside of Plan) is limited to the lesser of (1) the costs the Tuition Unit would cover at a Texas public college or university or (2) the original purchase price of the Tuition Unit plus or minus the Plan’s net investment earnings or losses on that amount.

Please note that although this handbook refers to the account as “your” account, the Purchaser is the legal owner of the account. **The handbook uses the terms “account”, “contract”, and “tuition units” interchangeably.** The terms “school-wide required fees” and “required fees” are also used interchangeably. The terms “unit” and “Tuition Unit” are used interchangeably throughout the handbook.

## WHAT IS A TUITION UNIT?

Tuition Units represent a fixed amount of undergraduate resident tuition and school-wide required fees charged by Texas public colleges and universities. The number of units needed to cover tuition and school-wide required fees varies widely depending on the school attended, but generally 100 units represent 30 semester hours, which is considered to be one academic year, at the Texas public college or university that most closely matches the pricing basis for the unit type.

## THREE TUITION UNIT TYPES

The Plan has three levels of Tuition Units (“Tuition Unit Types”), and each Tuition Unit Type is assigned a different value.



- Type I Tuition Units are indexed to the most expensive Texas public four-year college or university. The value assigned to one Type I Tuition Unit is equal to 1 percent of the cost of undergraduate resident tuition and school-wide required fees at the most expensive Texas public four-year college or university. Therefore, 100 Type I Tuition Units would cover 30 semester credit hours of undergraduate resident tuition and school-wide required fees at the most expensive Texas public four-year college or university. Less expensive Texas public colleges and universities would require fewer than 100 Tuition Units for 30 semester credit hours.
- Type II Tuition Units are indexed to the weighted average of all Texas public four-year colleges and universities. The value assigned to one Type II Tuition Unit is equal to 1 percent of the weighted average cost of undergraduate resident tuition and school-wide required fees at all Texas public four-year colleges and universities. Therefore, 100 Type II Tuition Units would cover the average cost of undergraduate resident tuition and school-wide required fees for 30 semester credit hours of undergraduate resident tuition and school-wide required fees at a Texas public four-year college. A particular school's tuition and fees may be more or less than the weighted average, however, so for some schools, 100 Type II Tuition Units will be more than enough to cover tuition and school-wide required fees for 30 hours, and in some cases, 100 Type II Tuition Units will not fully cover those costs.
- Type III Tuition Units are indexed to the weighted average of all Texas public two-year colleges (In-District). The value assigned to one Type III Tuition Unit is equal to 1 percent of the weighted average cost of in-district tuition and school-wide required fees at all Texas public two-year junior and community colleges. Therefore, 100 Type III Tuition Units would cover the average in-district cost of tuition and school-wide required fees for 30 semester credit hours at a two-year junior or community college. Again, a particular school's in-district tuition and school-wide required fees may be more or less than the average.

## **TUITION UNIT REDEMPTION VALUES**

Tuition Units of any type can be used at any Texas public two- or four-year college or university. But because each type has a different value, the number of Tuition Units required at a particular school will be different depending on the Tuition Unit type used.

Tuition Unit redemption values are set annually, on September 1 of each year and apply for the next 12 months. The values for the 2015-2016 academic year were:

**Type I = \$132.54      Type II = \$91.43      Type III = \$23.35**

The values for the 2016-2017 academic year will be available in August 2016 at [www.texastuitionpromisefund.com](http://www.texastuitionpromisefund.com) under Forms & Literature in the document entitled "Texas Tuition Promise Fund Academic Year Tuition Unit Pricing Schedule and Unit Value Redemption Guide."

## **TUITION AND SCHOOL-WIDE REQUIRED FEES**

Tuition Units can only be used to pay for resident undergraduate tuition and school-wide required fees.

School-wide required fees are only those paid by all students at a college or university as a condition of enrollment, regardless of year, major, or course of study. Please note: depending on the



school you attend, you may be required to pay fees that are not school-wide required fees and are not covered by the Plan. Examples include course-related fees such as lab fees, fees related to your major or year of study such as freshman orientation or freshman advisor fees, optional fees, graduate fees, or deposits. Although your school might use the label "required fee," a fee must meet the Plan's definition of required fee to be covered by the Plan.

Tuition Units may not be used to pay for other college expenses, such as dormitory, living expenses, books, course-specific fees, fees that are not school-wide fees, or other optional fees.

### **JUNIOR COLLEGE — OUT-OF-DISTRICT TUITION**

If you redeem Tuition Units at a public junior or community college, and you do not reside within the taxing jurisdiction of the junior or community college, you or your Purchaser are responsible for paying the additional tuition and school-wide required fees charged by the junior or community college to persons who do not reside within that taxing jurisdiction. You can pay the additional amount by redeeming more Tuition Units, or by other funding methods.

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### **WHEN ARE MY TUITION UNITS AVAILABLE FOR REDEMPTION?**

**I**n order to redeem Tuition Units, your account must have met the following requirements:

- Tuition Units must be paid in full
- Tuition Units must have met the three-year holding period
- Your account must have valid social security numbers for Purchaser and Beneficiary
- Your account cannot have reached the 10-year termination limit
- Your account cannot have outstanding fees or charges

#### **Installment and lump sum plans must be paid in full prior to redemption of any Tuition Units purchased under these plans.**

There is a three-year holding period for Tuition Units. You may not use a Tuition Unit earlier than the third anniversary of the date the Tuition Unit was purchased. The purchase date is determined by the first payment due date for Tuition Units purchased under a Lump Sum, Installment or Pay-As-You-Go account. For subsequent Pay-As-You-Go purchases, the purchase date is the payment receipt date.

You have up to 10 years after your projected date of high school graduation to use all Tuition Units under the Plan, otherwise your Contract will automatically be canceled. Any years you spend on active duty in U.S. military service are added to the 10-year limit to extend the time period in which benefits can be used if you provide proof of that service to the Plan prior to the automatic 10-year termination deadline.

## HOW MANY TUITION UNITS WILL I NEED TO REDEEM TO PAY MY TUITION AND SCHOOL-WIDE REQUIRED FEES?

The number of Tuition Units you will need to pay your tuition and school-wide required fee costs will depend on the cost of your particular school for the number of hours that you are enrolled and the type of Tuition Units you have. For the 2016-2017 academic year, those costs and fees, as well as the current redemption value for each type of tuition unit, will be available in August 2016 on our website, [www.texas tuition promise fund.com](http://www.texas tuition promise fund.com) under "Forms and Materials" in the document entitled "Academic Year Tuition Unit Pricing Schedule and Value Redemption Guide" ("Guide"). The Guide also will include a schedule showing the Fall 2016 cost of tuition and school-wide required fees at each Texas public college or university and how many units of each type would be required to cover the tuition and school-wide required fees at that school for 30 semester credit hours in the 2016-2017 academic year. A sample of the information included in the schedule, based on 2015-2016 numbers, is shown here:

4-YEAR OR 2-YEAR TEXAS PUBLIC COLLEGE OR UNIVERSITY	TUITION AND REQUIRED FEES 2015-2016 ACADEMIC YEAR	# OF UNITS REQUIRED*		
		TYPE I	TYPE II	TYPE III
University of Houston- Nursing Cohort	\$13,254	100.00	144.96	567.62
University of Texas Austin–Business Guaranteed	\$11,598	87.51	126.85	496.70
Texas State University San Marcos-Guaranteed	\$10,669	80.49	116.69	456.90
Texas A&M College Station-Business Guaranteed	\$10,461	78.93	114.42	448.01
Lamar University Beaumont-Guaranteed	\$10,349	78.09	113.19	443.23
Texas Tech Lubbock-Fixed Tuition	\$10,326	77.91	112.94	442.24
University of Texas Arlington-Liberal Arts	\$9,148	69.02	100.05	391.78
Tarleton State Main Campus-Business	\$8,599	64.88	94.05	368.28
Blinn College Brenham and Bryan	\$2,820	21.28	30.84	120.77
Trinity Valley Community College	\$2,340	17.66	25.59	100.21

### \*NUMBER OF UNITS REQUIRED FOR 30 SEMESTER HOUR ACADEMIC YEAR

If you were to do these calculations on your own, you would simply divide the amount of tuition and school-wide required fees for your school by the redemption value for the Tuition Unit type you have. For example, suppose your tuition and fees will be \$5,000, you have Type I Tuition Units, and for the year you are redeeming the units, the redemption value for Type I Units is \$132.54 per unit. \$5,000 divided by \$132.54 equals 37.72, so you will need 37.72 Type I Tuition Units. If your account has less than 37.72 units available, the purchaser can redeem the available units and the balance can be paid out-of-pocket. To better understand how this works, we have included some examples below for a hypothetical student we'll refer to as "Student."

**Please note that the example uses 2015-2016 academic year tuition and school-wide required fee costs and unit redemption values. When doing your calculations, be sure to use tuition costs and redemption values for the 2016-2017 academic year, which will be published in August 2016.**

### **2015 EXAMPLE – TYPE I TUITION UNITS:**

It's August 2015 and Student is starting college at the University of Houston-Nursing Cohort. Student is planning to take 15 hours per semester for his freshman year. Student has 400 Type I Tuition Units.

Student checks the **Academic Year Tuition Unit Pricing Schedule and Value Redemption Guide** (the **Guide**), and sees in the Guide that Type I Units have a redemption value of \$132.54 per unit.

Student checks "Unit Value for 4 Year Schools" in the **Guide** and finds "University of Houston-Nursing Cohort." Under the "Type I Tuition Unit" table, Student sees that he will need 100 Type I Tuition Units to cover his freshman year tuition and school-wide required fees. Student will have 300 Type I Tuition Units left over for future years.

In order to get a complete picture of costs, Student checks with University of Houston-Nursing Cohort to see what fees Student will have to pay that are not covered by Tuition Units.

### **2015 EXAMPLE – TYPE II TUITION UNITS:**

What if Student's Tuition Units were Type II instead of Type I?

For "University of Houston-Nursing Cohort":

Student would need 144.96 Type II Tuition Units (72.48 in the Fall and 72.48 in the Spring).

Student would have 255.04 Type II Tuition Units left over for future years.

### **2015 EXAMPLE – USING LESS TUITION UNITS THAN REQUIRED:**

What if Student does not have enough Tuition Units to completely cover all four years of college, and only wants to redeem Tuition Units to cover part of Student's freshman year? If Student only redeems 100 Type II Tuition Units, how much will that cover?

Student sees in the **Guide** that Type II Units have a redemption value of \$91.43 per unit.

For "University of Houston-Nursing Cohort", the Guide shows that tuition and school-wide required fees for 30 hours is \$13,254 (\$6,627 per semester). If Student uses 100 Type II Tuition Units (50 per semester), which have a redemption value of \$91.43 per unit, the Tuition Units will cover \$9,143 (\$4,571.50 per semester).

The difference between University of Houston-Nursing Cohort tuition and school-wide required fees (\$13,254) and the redemption value of Student's Type II Tuition Units (\$9,143) is \$4,111 (\$2,055.50 per semester):

Student will have to pay the remaining \$4,111 from another source, but the account will have 300 Type II Tuition Units left over for future years.



### **2015 EXAMPLE – TYPE III TUITION UNITS AND OUT-OF-DISTRICT STUDENT:**

Student has 200 Type III Tuition Units and wants to attend Blinn College. Student lives in Washington County, which means Student lives in the taxing jurisdiction for Blinn College.

Student sees on page one of the **Guide** that Type III Units have a redemption value of \$23.35 per unit. In-District Tuition for 30 hours at Blinn College is \$2,820 (\$1,410 per semester).

$$\$2,820 / \$23.35 = 120.77 \text{ Tuition Units}$$

If Student takes 30 hours (15 per semester), Student will need 120.77 Type III Tuition Units (60.385 per semester) to pay for tuition and school-wide required fees.

### **REDEMPTION OF TUITION UNITS**

Each year, Texas public two- and four-year colleges and universities (University of Texas – Austin, Texas A&M, Texas Tech, Austin Community College, e.g.) are required to provide tuition and school-wide required fee grids to the Plan reflecting costs by school (Engineering, Business, etc.) by number of hours enrolled (1 through maximum number of hours offered by the school). Those grids are the basis for determining how many Tuition Units you will need to redeem to pay your tuition and school-wide required fees. The assigned value of your Tuition Unit type (equal to the sales price for that type of unit in the year of redemption) is divided into the cost of tuition and school-wide required fees at the school that you will be attending for the number of hours that you are enrolled to determine how many of your Tuition Units will have to be redeemed to pay those costs.

Texas public colleges and universities must accept the Tuition Units as payment in full for tuition and school-wide required fees for the number of hours covered by the Plan. If you redeem Tuition Units at a public junior or community college, and you do not reside within the taxing jurisdiction of the college, the Purchaser must either redeem additional tuition units to cover the difference or you or your Purchaser are responsible for paying the additional tuition and school-wide required fees charged by the college to persons who do not reside within that taxing jurisdiction.

**In order to avoid cancellation of classes, those costs not covered by the Plan should be paid by the Beneficiary or the Purchaser by the deadline set by the college or university.**

## HOW MUCH TUITION AND SCHOOL-WIDE REQUIRED FEES\* WOULD BE COVERED AT A TEXAS PUBLIC COLLEGE OR UNIVERSITY BY 100 TUITION UNITS?

(Assuming 30 semester credit hours)

TYPE OF COLLEGE	TYPE I TUITION UNITS	TYPE II TUITION UNITS	TYPE III TUITION UNITS
Most expensive Texas public college	<b>All tuition and school-wide required fees.</b>	<b>Some.</b> You make up the difference.	<b>Some.</b> You make up the difference.
Texas public college less expensive than the most expensive Texas public college	<b>All tuition and school-wide required fees.</b> Fewer units would need to be redeemed than if Beneficiary attended the most expensive Texas public school.	<b>Depends on school selected.</b> If the school is above the weighted average cost, you make up the difference.	<b>Some.</b> You make up the difference.
Texas public college above weighted average cost	<b>All tuition and school-wide required fees.</b>	<b>Some.</b> You make up the difference.	<b>Some.</b> You make up the difference.
Texas 4-year public college at weighted average cost	<b>All tuition and school-wide required fees.</b>	<b>All tuition and school-wide required fees.</b>	<b>Some.</b> You make up the difference.
Texas 4-year public college below weighted average cost	<b>All tuition and school-wide required fees.</b>	<b>All tuition and school-wide required fees.</b>	<b>Some.</b> You make up the difference.
Texas 2-year public college at weighted average cost	<b>All tuition and school-wide required fees.</b>	<b>All tuition and school-wide required fees.</b>	<b>All tuition and school-wide required fees.</b> If you are a non-resident of the taxing jurisdiction and the college charges a higher fee to non-residents, you make up the difference in cost.
Texas 2-year public college below weighted average cost	<b>All tuition and school-wide required fees.</b>	<b>All tuition and school-wide required fees.</b>	<b>All tuition and school-wide required fees.</b> If you are a non-resident of the taxing jurisdiction and the college charges a higher fee to non-residents, you make up the difference in cost either by redeeming additional units or paying the difference out of pocket.

\* Tuition Units may be used to pay for undergraduate tuition and required fees only. "School-wide fees" or "Required fees" are only those fees imposed on *all students* as a condition of enrollment. Please note: depending on the school you attend, you may be required to pay fees that are not school-wide required fees and are not covered by the Plan. Examples include course-related fees, such as lab fees, fees related to your major or year of study, such as freshman orientation or freshman advisor fees, optional fees, graduate fees, or deposits. Although your school might use the label "required fee," a fee must meet the Plan's definition of required fee to be covered by the Plan. Tuition Units may not be used to pay for other college expenses such as dormitory, living expenses, or books. Tuition Units may not be used to pay for graduate school.

Please visit [www.texastuitionpromisefund.com](http://www.texastuitionpromisefund.com) to view the most recent Tuition Unit Value redemption charts included at the back of the *Academic Year Tuition Unit Pricing Schedule and Value Redemption Guide* located under Forms & Materials on the website.

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## HOW DO I ESTABLISH ONLINE ACCOUNT ACCESS?

The Purchaser and Beneficiary can both establish account access using their account number and social security number following these simple steps:

**Go to our website at [www.texastuitionpromisefund.com](http://www.texastuitionpromisefund.com) and click on "New? Register Now" in the ACCOUNT OWNER SIGN IN block.**

Follow the instructions to:

- Step **1.** Enter your account number
- Step **2.** Enter your social security number
- Step **3.** Click "Continue" and follow the instructions to establish your password

**Note: The account number can be found on the confirmation that the Purchaser received when the account was established, on the Purchaser's annual statement, or by calling us at 1-800-445-4723, Option #5.**

Once the Purchaser and Beneficiary have established online account access, they can log into the account at any time (with the exception of downtimes related to outages or routine maintenance), to view information about the number and types of Tuition Units purchased, any amounts due, and the number of each type of units that have met the three-year holding period and are available for redemption.

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## HOW DOES THE PURCHASER AUTHORIZE PAYMENT TO A TEXAS PUBLIC COLLEGE OR UNIVERSITY?

**Only the Purchaser can authorize payment (redemption of units).**

Once account access is established and the Beneficiary is ready to attend a Texas public college or university, the Purchaser must authorize payment each semester by any of the following:

- Complete the Benefits Authorization online; or
- Print, complete and submit the Benefits Authorization Form found on our website under the Forms section; or
- Contact customer service at **1-800-445-4723, Option #5**, to request a copy of the form that the Purchaser will need to complete and submit.



1. To authorize payment online, the Purchaser can log into the account on the website at [www.texastuitionpromisefund.com](http://www.texastuitionpromisefund.com). Once the Purchaser has logged into their online account, select the BENEFITS INFORMATION tab

ACCOUNT SELECTION | ACCOUNT INFORMATION | FINANCIAL INFORMATION | **BENEFITS INFORMATION** | MAINTAIN PROFILE

2. From the BENEFITS INFORMATION page, click the following quick link

**Quick links you will need to manage your TTPF Benefits:**

- [FAQs – Redeeming My Units](#)
- [View, download or print the TTPF Student Handbook](#)
- [Authorize payment of benefits to an In-State TX Public university or community college](#)
- [Authorize Transfer value for payment to a TX Private, Out-of-State or Career school](#) (transfer value)
- [Calculate estimated payment to TX Private, Out-of-State or Career school](#) (transfer value)
- [Calculate the Free Application for Federal Student Aid \(FAFSA\) value](#) (what's this?)

3. The Purchaser should complete the following steps to authorize use of benefits at the Texas public college or university the Beneficiary is attending, including identification of the school, the term (for instance Fall, Spring, Summer I, or Summer II), and the year (for instance 2016), and the student identification number provided on the billing from the school

**(1) Select the school to which benefits are to be paid:**

School Name:

**(2) Provide the term and academic year for which you are authorizing benefit payments for the above institution:**

Term:

Year:

**(3) Provide your Beneficiary's Student Identification Number provided by the above institution:**

Student ID:

**(4) Specify a limit for the number of tuition units to be redeemed for this academic year and term, if desired:**

Authorized Units:

**(5) Verify your e-mail address:**

- Keep this e-mail  
 Change e-mail

**(6) Would you like your Beneficiary to receive e-mail confirmation of this authorization from TTPF?**

- Yes  
 No

4. Confirm the information entered

**Benefit Payment Request:**

School: Alamo Comm Coll  
Term: SPRING  
Academic Year: 2013  
Student ID: 99999999999999  
Authorized Units: Use all available mature units necessary to cover tuition and required fees billed.

E-mail:  
Your e-mail: [REDACTED]

**Confirmation**  
By clicking "I Agree", you are authorizing billing by and payment of TTPF benefits to the above institution for the specified term and year, based on the availability of units and in accordance with the terms of the TTPF Plan Description & Master Agreement.

5. Print a copy of the confirmation for your records by clicking Print on the following screen

**Benefit Payment Authorization:**

School: Alamo Comm Coll  
Term: SPRING  
Academic Year: 2013  
Student ID: 99999999999999  
Authorized Units: Use all available mature units necessary to cover tuition and required fees billed.

You will receive an e-mail confirming this activity at the email address on file for your TTPF contract. Please print a copy of this page for your records by using the "Print" button below.

**Is this beneficiary also enrolling at another school for the same term?**  
[Click here](#) if you want to submit authorization for this beneficiary at another school for the same term.

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**If this confirmation was submitted in error or if you need to revoke this authorization:**

- Resubmit your authorization for the correct school and/or term. [Click here to resubmit](#)
- Fax or mail a signed, written request by the purchaser requesting to revoke this authorization.

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**The Purchaser MUST authorize payment each semester.** Authorizations should be completed at least 30 days prior to the start of classes to ensure timely payment. You should notify the college or university that you are attending that you will be using the Texas Tuition Promise Fund as payment for all or some of your tuition and school-wide required fees. You should pay any amounts that will not be covered by the Texas Tuition Promise Fund prior to the payment deadline in order to avoid late fees assessed by the college or cancellation of your classes.

The Purchaser has the option of using all Tuition Units that are currently available at the time of Benefits Authorization for redemption up to the amount necessary to pay your tuition and school-wide required fees for that semester or designating a specific number of the available Tuition Units to redeem that semester. The Purchaser can designate a specific number of Tuition Units that is less than the total units available in Section III of the Benefits Authorization Form. Designation of a Tuition Unit cap can be entered through the online Benefit Authorization process.

You should notify the billing office of your school that you intend to use the Texas Tuition Promise Fund so that they are aware that you are using the Plan. If you are attending a Texas public college or university, once the Purchaser has completed the Benefit Authorization process, the information is made available electronically to the school so that they are aware that you are using your Plan.

The school will bill the Plan after the add/drop period. The Plan will issue payment directly to the school. The Plan will pay the school within 30 days of receiving a correct billing. Effective January 1, 2015, any refunds from the college or university of amounts paid by the Plan may be recontributed to your account within 60 days of the date of the refund check without being subject to taxes and the additional 10 percent federal tax penalty (for example, if the Beneficiary withdraws from the school and the school refunds a portion of the tuition and required fees paid by the Plan, that amount may be recontributed to the account).

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### **WHAT IF I GO TO A CAREER SCHOOL, A TEXAS PRIVATE COLLEGE OR UNIVERSITY OR OUT-OF-STATE COLLEGE OR UNIVERSITY?**

**I**f you attend an eligible career school, Texas private college or university, or out-of-state college or university, you can apply the Transfer Value of your Tuition Units towards the cost of tuition and school-wide required fees. Transfer Value (Transfer Outside of Plan) is limited to the lesser of (1) the costs the Tuition Unit would cover at a Texas public college or university or (2) the original purchase price of the Tuition Unit plus or minus the Plan's net investment earnings or losses on that amount.

**Payment of Transfer Value must be made by the Plan directly to an eligible Texas private college or university, career school, or out-of-state college or university. The Plan can only pay up to the amount of undergraduate tuition and school-wide required fees billed by the institution.**

To calculate the estimated current Transfer Value of Tuition Units to be used or to request payment to a Texas private college or university, career school, or out-of-state college or university, the Purchaser can do the following

- Sign into the account online;
- Calculate the current Transfer Value for a specific number of available Tuition Units; and
- Complete, print, sign and submit the Transfer Value Payment Authorization Form found on our website under the Forms section; or
- Contact customer service at 1-800-445-4723, Option #5, for information about the Transfer Value of your Tuition Units.

**Please note Net investment earnings or losses continue to accrue until the day the Plan Manager processes your transfer request.**



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## **CAN I USE MY ACCOUNT FOR ONLINE OR CORRESPONDENCE COURSES, STUDY ABROAD, OR CERTIFICATE COURSES/PROGRAMS OFFERED BY TEXAS PUBLIC COLLEGES AND UNIVERSITIES?**

**M**any Texas public colleges and universities offer undergraduate courses to enrolled students through online or distance learning. In most cases, Tuition Units can be redeemed to pay for these courses the same way Tuition Units are redeemed to pay for on-campus courses.

Texas junior colleges offer a variety of certificate programs. Generally, Tuition Units can be redeemed to pay for undergraduate for-credit courses, including courses offered in certificate programs.

Texas junior colleges offer certain continuing education courses that are not for-credit courses. Generally, Tuition Units cannot be redeemed to pay directly for these courses. Your Purchaser can transfer the Transfer Value of your Tuition Units to a 529 Savings Plan Account, such as the Texas College Savings Plan®. The Purchaser can authorize distributions from the 529 Savings Plan Account to pay for these types of courses. Transfer Value (Transfer Outside of Plan) is limited to the lesser of (1) the costs the Tuition Unit would cover at a Texas public college or university or (2) the original purchase price of the Tuition Unit plus or minus the Plan's net investment earnings or losses on that amount.

The account may be used for study abroad programs if the student is enrolled in college credit courses that participate in the U.S. Department of Education Federal Financial Aid Program. If the study abroad program is sponsored by a Texas public college or university, the Purchaser should submit payment authorization for that school and term. The school would then bill the Plan. If the Texas public college or university study abroad program is administered through a third party vendor, the Purchaser can submit a Refund Request Form for a partial refund to cover the cost of the program. If the study abroad program is through an out-of-state or private college or university, the Purchaser will need to submit a Transfer Value Payment Authorization Form along with a detailed statement from the college or university.

You can check online or contact customer service at 1-800-445-4723, Option #5, for information about the Transfer Value of your account.

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## **CAN I USE THE PLAN FOR DUAL ENROLLMENT WHILE I AM STILL IN HIGH SCHOOL?**

**Y**es. "Dual enrollment" is the term used for college credit courses taken while attending high school. If you are in high school, upon the Plan's receipt of a written request from the Purchaser, your Tuition Units can be used to pay undergraduate tuition and school-wide required fees at Texas public two- and four-year colleges and universities.

If you take dual credit courses at an eligible career school, Texas private college or university, or out-of-state college or university, you can apply the Transfer Value of your Tuition Units towards the cost of tuition and school-wide required fees. Transfer Value (Transfer Outside of Plan) is limited to the lesser of (1) the costs the Tuition Unit would cover at a Texas public college or university or (2) the original purchase price of the Tuition Unit plus or minus the Plan's net investment earnings or losses on that amount.

You can check online or contact customer service at 1-800-445-4723, Option #5, for information about the Transfer Value of your account.

In order to redeem Tuition Units while you are still in high school, your account must have met the following requirements:

- Tuition Units must be paid in full
- Installment and lump sum plans must be paid in full
- Tuition Units must have met the three-year holding period
- Your account must have valid social security numbers for Purchaser and Beneficiary
- Your account cannot have reached the 10-year termination limit
- Your account cannot have any outstanding fees or charges

It is important to note that using your Plan for dual enrollment while you are in high school will accelerate the 10-year termination deadline. That deadline is normally 10 years from your projected high school graduation date; however, if you use your Plan for dual enrollment, the projected high school graduation date will be amended to reflect the year in which you begin using your contract.

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## HOW LONG DO I HAVE TO USE MY TUITION UNITS?

**Y**ou have up to 10 years after your projected date of high school graduation to use all Tuition Units, otherwise the account will be canceled. Any years you spend in active U.S. military service are added to the 10-year limit to extend the time period in which benefits can be used if you provide proof of that service to the Plan prior to the automatic 10-year termination deadline. Please see the information above about how the deadline will be impacted by dual enrollment.

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## WHAT IF I WON'T USE MY ACCOUNT (BECAUSE I DECIDED NOT TO GO TO COLLEGE, I RECEIVED A SCHOLARSHIP, OR SOME OTHER REASON)?

**I**f, for some reason, the Beneficiary will not use all or any of the Tuition Units, the Purchaser of the account can:

- Change the Beneficiary of the account to a member of the family
- Request a refund
- Transfer Tuition Units to another qualified 529 plan

## CHANGE OF BENEFICIARY

The Purchaser can change the Beneficiary of an account in the Plan to a person who meets the residency requirement on the date of the change and who is a "member of the family" of the current Beneficiary. Members of the current Beneficiary's family include the Beneficiary's:

- spouse
- child, grandchild, great-grandchild, or their spouse
- sibling or step-sibling, or their spouse
- parent, grandparent, or their spouse

- spouse's parent or sibling, or their spouse
- niece or nephew (a child of the Beneficiary's sibling, but not a child of a brother- or sister-in-law), or their spouse
- aunt or uncle, or their spouse
- first cousin

For purposes of this definition, a legally adopted child of an individual shall be treated as the child of such individual by blood and a half-brother or half-sister is treated as a brother or sister. There are no fees for a change of Beneficiary and there are no penalties associated with a change of Beneficiary provided the change is in compliance with Section 529 of the Internal Revenue Code. However, a change of Beneficiary might have significant gift tax or generation-skipping transfer tax consequences. The Purchaser should consult with a tax advisor prior to changing the Beneficiary.

For more detail on change of Beneficiary, see the Plan Description and Master Agreement available at <https://www.texastuitionpromisefund.com/Forms/Download?id=2480>

## REFUNDS

A Purchaser may cancel or terminate a Contract and apply for a refund, with refund amounts based on the circumstances of a cancellation or termination. The amount will be based on whether Tuition Units have met the three-year holding period requirement at the time a refund is requested or whether the Tuition Units expired by exceeding the 10-year limit. The Purchaser may request up to two refunds in a 12-month period.

**Reduced Refund Value.** For Tuition Units that do not meet the three-year holding period requirement, the Purchaser may receive the Reduced Refund Value which will be the lesser of:

- a. the amount paid by the Purchaser or other contributor to purchase any unused Tuition Units under the Contract; or
- b. the amount paid for any unused Tuition Units, plus or minus the portion of the total net earnings or losses on assets of the Plan attributable to that amount.

**Reduced Refund Value.** Can be less than the amount paid for the purchase of Tuition Units at the time of refund if there have been periods of negative returns on the Plan's investments. Any outstanding fees imposed by the Plan would be subtracted from the total refunded amount. Reduced Refund Value does not include the application fee and does not include any state provided or procured matching contributions or any earnings on state provided or procured matching contributions. The Purchaser may request up to 2 refunds in a 12-month period.

**Refund Value.** For all Tuition Units held that do meet the three-year holding requirement, the Purchaser will receive the Refund Value. Refund Value means an amount equal to the total purchase price of unused Tuition Units to be refunded from the Contract, plus or minus adjusted annual net earnings or losses on contributions made to purchase the Tuition Units that are being refunded. Adjusted annual net earnings on contributions are computed at an earnings rate set by the Board that is up to 2 percent less than the actual net investment return for the Plan for each of the years the



Contract is in effect, provided that in no event shall the annual net earnings on the contributions ever exceed 5 percent annually. Earnings may be paid with a refund only if the Board determines that such payment will not adversely affect the actuarial soundness of the Plan. Any outstanding fees imposed by the Plan would be subtracted from the total refund amount. Refund Value does not include any state provided or procured matching contributions or any earnings on state provided or procured matching contributions.

For more detail on limitations on refunds, see the Plan Description and Master Agreement available at <https://www.texas tuition promise fund.com/Forms/Download?id=2480>.

If the following event occurs	"Reduced Refund Value" <sup>1</sup>	"Refund Value" <sup>1</sup>
<b>Voluntary Cancellation —</b> Before Three-Year Holding Period requirement is met	X	
<b>Voluntary Cancellation —</b> After Three-Year Holding Period requirement is met		X
<b>Cancellation due to Scholarship, Death or Disability of Beneficiary</b>		X
<b>Unused Tuition Units —</b> Held for 3 years or more		X
<b>Cancellation due to Default</b>	X	
<b>Cancellation due to Expiration of Tuition Units-10 years after projected date of graduation from high school</b>		X

(<sup>1</sup>Refund Value will be limited to include only adjusted annual net earnings, including any negative earnings, that have accrued under the Contract up until the date the Contract has been terminated.)

## TRANSFER TO ANOTHER 529 PLAN

A Purchaser may transfer or roll over all of the value of a Contract to another Section 529 Plan sponsored by Texas or by another state or other authorized entity, in accordance with Section 529 to be used to pay expenses not covered by the Texas Tuition Promise Fund such as room and board, course-specific fees, fees related to major or year of study, graduate school, books, and computer equipment. The value of the Contract at the time of a direct rollover/transfer is the Transfer Value. Transfer Value (Transfer Outside of Plan) is limited to the lesser of (1) the costs the Tuition Unit would cover at a Texas public college or university or (2) the original purchase price of the Tuition Unit plus or minus the Plan's net investment earnings or losses on that amount. Transfer Value does not include any state provided or procured matching contributions or any earnings on state provided or procured matching contributions. Any outstanding fees imposed by the Plan would be subtracted from the total transferred amount.

To apply for a direct rollover/transfer, the Purchaser must complete and submit any required forms at least 30 days prior to the effective date of the rollover/transfer. Upon request by the Plan Manager, the Purchaser must provide any additional information necessary to complete the rollover/transfer. While rollovers and transfers may often be achieved without imposition of federal income tax or the additional 10 percent federal tax, they can in some cases have substantial

income tax or transfer tax consequences. Please see the Plan Description and Master Agreement available at <https://www.texastuitionpromisefund.com/Forms/Download?id=2480> for information on the tax treatment and implications of rollovers and transfers.

### **MARKET RISKS ASSOCIATED WITH REFUNDS AND ROLLOVER TRANSFERS**

If a refund or rollover transfer is requested, the amount of a refund or rollover may be affected by the Plan's net investment returns (gains or losses). The Refund Value or Transfer Value can be less than the purchase price if there have been periods of negative net returns on the Plan's investments. There is no guarantee that all of the payments made to a Contract will be refunded if there have been periods of negative net returns on the Plan's investments.

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### **TEXAS MATCH THE PROMISE FOUNDATION<sup>SM</sup>**

**I**f you have been awarded a scholarship or matching units by the Texas Match the Promise Foundation, certain actions taken by your Purchaser regarding the account would result in forfeiture of any scholarship or matching units awarded. Actions that could impact the award include change of Beneficiary, cancellation, refund, or downgrade to fewer or a less expensive type of Tuition Units.

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### **WHAT IF I RECEIVE A SCHOLARSHIP?**

**I**f you receive a scholarship, the Purchaser can:

- Keep your unused Tuition Units for later use.
- Change the Beneficiary of your contract to a member of the current Beneficiary's family who meets the residency requirement on the date of change. See the Plan Description for details and consult your tax advisor to determine whether such a change creates a taxable gift or other adverse tax consequences for the Purchaser or Beneficiary.
- Transfer the Transfer Value of unused Tuition Units to a 529 college savings plan, such as the Texas College Savings Plan<sup>®</sup> so that the money can be used for fees that are not school-wide required fees, books, room and board, or graduate school. Transfer Value is limited to the lesser of (1) the costs the Tuition Unit would pay to a Texas public college or university, or (2) the original purchase price of the Tuition Unit plus or minus the Plan's net investment earnings or losses on that amount.
- Request a Refund of the "Refund Value." Refunds made due to a documented scholarship receive the Refund Value, even if they do not meet the three-year holding period requirement. Refunds made due to scholarships can still be subject to federal income tax, but are exempt from the 10 percent federal tax penalty (to the extent the refund does not exceed the amount of the scholarship). Purchasers should retain documentation of the scholarship and education expenses for tax purposes.

The Purchaser may request a scholarship refund by submitting a completed Refund Form that can be found on our website under the Forms section.

Refund Value means an amount equal to the total purchase price of unused Tuition Units to be refunded from the Contract, plus or minus adjusted annual net earnings or losses on contributions made to

purchase the Tuition Units that are being refunded. Adjusted annual net earnings on contributions are computed at an earnings rate set by the Board that is up to 2 percent less than the actual net investment return for the Plan for each of the years the Contract is in effect, provided that in no event shall the annual net earnings on the contributions ever exceed 5 percent annually. Earnings may be paid with a refund only if the Board determines that such payment will not adversely affect the actuarial soundness of the Plan. Any outstanding fees imposed by the Plan would be subtracted from the total refund amount. Refund Value does not include any state provided or procured matching contributions or any earnings on state provided or procured matching contributions.

Application fees will not be refunded.

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## **CAN I USE THE PLAN FOR GRADUATE SCHOOL?**

**N**o. Your Texas Tuition Promise Fund cannot be used for graduate school. However, the Purchaser can transfer the Transfer Value (Transfer Outside of Plan) of your Tuition Units to a qualified 529 savings plan account, such as the Texas College Savings Plan®, and the proceeds can be used to pay for expenses not covered by the Plan such as fees that are not school-wide required fees, books, room and board, or graduate school tuition. The Transfer Value (Transfer Outside of Plan) is limited to the lesser of (1) the costs the Tuition Unit would cover at a Texas public college or university or (2) the original purchase price of the Tuition Unit plus or minus the Plan's net investment earnings or losses on that amount.

You can check online or contact customer service at 1-800-445-4723, Option #5, for information about the Transfer Value of your account.

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## **HOW DOES HAVING A TEXAS TUITION PROMISE FUND ACCOUNT AFFECT FINANCIAL AID?**

**W**hether your account will affect your eligibility for federal financial aid depends on who the Purchaser is and your relationship to the Purchaser. Also, laws related to federal student aid change frequently. You should check the latest information on the Department of Education's website at [www.fafsa.com](http://www.fafsa.com), particularly the Federal Student Aid Handbook, to see how you should report your account on your Free Application for Federal Student Aid (FAFSA).

**For Texas state-funded financial aid, the value of your Tuition Units will not be considered assets, income, or resources in determining eligibility.**

For school-based financial aid, the effect of being a Purchaser or Beneficiary of an account varies from institution to institution.



## ARE THE DISTRIBUTIONS FROM MY ACCOUNT TAXABLE?

**Q**ualified withdrawals are not subject to federal income tax.

If you withdraw more than your adjusted qualified higher education expenses for any tax year, or use a refund for anything other than qualified higher education expenses (a nonqualified withdrawal), a portion of the nonqualified withdrawal may be subject to federal and, if applicable, state income tax, and may be subject to an additional 10 percent federal tax. If a nonqualified withdrawal was distributed to your school for your benefit, you will be responsible for the tax. Otherwise, the account Purchaser will be responsible for the tax. Distributions will be reported to the Internal Revenue Service (IRS) on Form 1099Q as follows:

IRS FORM 1099Q TYPE OF DISTRIBUTION	TAXABLE PARTY
Payments to Colleges and Universities	Beneficiary
Scholarship Refund	Purchaser
Voluntary Cancellation Refund	Purchaser
Involuntary Cancellation Refund	Purchaser

Generally, withdrawals due to the Beneficiary's death, disability, receipt of a scholarship (to the extent the withdrawal does not exceed the scholarship amount), attendance at a U.S. Military Academy, or use of Education Tax Credits are not subject to the additional 10 percent tax. Purchasers are advised to keep documentation of expenses for tax purposes and to review IRS Publication 970 with their tax advisers. For more details, please see the Plan Description and Master Agreement available at <https://www.texastuitionpromisefund.com/Forms/Download?id=2480>.

## WILL I RECEIVE ANNUAL STATEMENTS OF MY ACCOUNT ACTIVITY?

**Q**uarterly and annual statements will be provided to Purchasers to reflect Contract activity. A Purchaser may also view contract activity by accessing the Plan website at [www.texastuitionpromisefund.com](http://www.texastuitionpromisefund.com). A Purchaser has 60 days to notify the Plan Manager of any errors.

Protecting Your Contract. The Plan uses reasonable procedures to confirm that transaction requests are genuine. The Purchaser may be responsible for losses resulting from fraudulent or unauthorized instructions received by the Plan Manager provided the Plan Manager reasonably believes the instructions were genuine. To safeguard your Contract, please keep your Contract information confidential. Contact the Plan Manager immediately if you believe there is a discrepancy between a transaction you performed and the confirmation or annual statement you Purchaser received, or if you believe someone has obtained unauthorized access to your Contract.

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## **HOW DO I FILE A COMPLAINT WITH THE TEXAS PREPAID HIGHER EDUCATION TUITION BOARD?**

To file a complaint about the program or for a copy of the Board's complaint procedures, call 1-800-445-4723, Option #5, or send a letter to:

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

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## **TEXAS PREPAID HIGHER EDUCATION TUITION BOARD**

**The Honorable Glenn Hegar**

Chair  
Texas Comptroller  
Austin, Texas

**Mr. Joe Colonna**

Dallas, Texas

**Mr. Ben Streusand**

Spring, Texas

**Ms. Toni Anne Dashiell**

Burnet, Texas

**Mr. Michael Truncale**

Beaumont, Texas

**Mr. Brian Haley**

Austin, Texas

**Ms. Deborah Zuloaga**

El Paso, Texas

## OTHER QUESTIONS?

**F**or more information, contact the Texas Tuition Promise Fund at  
1-800-445-GRAD (4723), Option #5

or access your account information by visiting

<http://www.texastuitionpromisefund.com>

We can also be reached at:

P.O. Box 44305

Jacksonville, FL 32231-4305

Only the Purchaser may direct rollovers, contract changes, withdrawals, and changes in the Designated Beneficiary.

Participation in the Texas Tuition Promise Fund does not guarantee admission to any college or university.

The Texas Tuition Promise Fund® is established and maintained by the Texas Prepaid Higher Education Tuition Board. NorthStar Financial Services Group, LLC, is the Plan Manager. Some states offer favorable tax treatment to their residents only if they invest in the state's own 529 plan. A Purchaser should consider, before purchase, whether their or their designated Beneficiary's home state offers any state tax or other benefits that are only available for investments in such state's qualified tuition program and should consult their tax advisor. The contracts are not deposits or other obligations of any depository institution. Neither a contract nor any return paid with a refund is insured or guaranteed by the FDIC, the state of Texas, the Texas Prepaid Higher Education Tuition Board, any other state or federal governmental agency or NorthStar Financial Services Group, LLC or its affiliates. The contracts have not been registered with the U.S. Securities and Exchange Commission or with any state.

Purchasers should carefully consider the risks, administrative fees, service and other charges and expenses associated with the contracts, including plan termination and decreased transfer or refund value. The Plan Description and Master Agreement contain this and other information about the Plan, and may be obtained by visiting [www.texastuitionpromisefund.com](http://www.texastuitionpromisefund.com) or calling 1.800.445.GRAD (4723), Option #5. Purchasers should read these documents carefully before purchasing a contract.

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