

Maryland529

formerly College Savings Plans of Maryland

The Honorable Brian E. Frosh
Maryland Attorney General
200 St. Paul Place
Baltimore, Maryland 21202
opinions@oag.state.md.us

Re: Applicability of the Maryland Abandoned Property Act to Maryland 529 Accounts

Dear Attorney General Frosh:

Maryland 529 is an independent State agency that oversees two college savings programs, the Maryland Senator Edward J. Kasemeyer Prepaid College Trust and the Maryland Senator Edward J. Kasemeyer College Investment Plan, as well as a disabilities savings program, the Maryland Achieving a Better Life Experience program (Maryland ABLÉ).

Each of Maryland 529's programs have a distinct purpose and the timing for when an account may be opened, or distributions requested, will vary. Both the College Investment Plan and ABLÉ Program are permitted to be used throughout the life of the beneficiary and an account holder may change the beneficiary at any time. The Prepaid College Trust provides for accounts to be used within ten years of the projected date of enrollment of a beneficiary, plus the number of years of tuition purchased. The Prepaid Trust timeline may be extended for active military service. Absent a waiver, failure to use Prepaid Trust benefits within the timeline will result in the account being terminated, which stops the accrual of any earnings attributable to the account, but does not trigger a distribution of the funds.

In December 2019, the Office of Legislative Auditors issued a finding with respect to the applicability of the State's abandoned property statute to Maryland 529. Specifically, the audit provided:

Recommendation 5

We recommend that Maryland 529 obtain a formal legal opinion regarding the applicability of the Maryland Abandoned Property Act to its accounts, and establish processes to implement the Act consistent with that opinion (repeat).

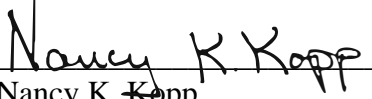
On behalf of Maryland 529 and its Board, we are seeking the opinion of the Maryland Attorney General for the following questions:

1. Does the Maryland Abandoned Property Act apply to accounts in the programs overseen by Maryland 529?
2. If so, please provide Maryland 529 guidance on how to apply the Maryland Abandoned Property Act to Maryland 529 accounts. For example, what analysis should


Maryland 529 perform to determine the proper owner of the funds and the date on which accounts would be considered abandoned?

The assistance of the Attorney General's Office in response to this request is appreciated.

Sincerely,



Nancy K. Kopp
Board Chair, Maryland 529



Erin Layton
Executive Director, Maryland 529

cc: Maryland 529 Board
Meghan Marek, Assistant Attorney General