

## 2009 NEXTGEN ANNUAL MATCHING GRANT

### TERMS AND CONDITIONS

**Maine NextGen Account.** "Maine NextGen Account" means any NextGen account opened by a Participant (the account owner) who is a resident of Maine or for an account beneficiary who is a resident of Maine.

**Eligibility Requirements.** To receive a NextGen Annual Matching Grant (Annual Grant), the *2009 NextGen Annual Matching Grant Certification* (Grant Certification) must be received by the Finance Authority of Maine (FAME) on or before December 31, 2009. Any existing Maine NextGen Account which received contributions of at least \$50 in calendar year 2008 is eligible to receive an Annual Grant of 50% of those amounts contributed up to a maximum grant of \$200 for any one beneficiary, provided the account owner's family adjusted gross income for 2008 was \$75,000 or less.

**Family Adjusted Gross Income** means the adjusted gross income as reported on the NextGen account owner's federal income tax return for the most recently completed tax year, or as reported on Form W-2 if the account owner and the account owner's spouse, if applicable, are not required to file a federal income tax return or through such other evidence acceptable to FAME.

#### Annual Grant, Generally.

1. A 2009 Annual Grant only matches contributions deposited into an eligible NextGen account between January 1, 2008 and December 31, 2008.
2. The NextGen account owner must sign the Grant Certification to request an Annual Grant and the completed Grant Certification must be received by FAME on or before December 31, 2009, 5:00 PM EST.
3. A NextGen account or account beneficiary may not receive a NextGen Initial Matching Grant and an Annual Grant in the same year.
4. Only one NextGen account per account beneficiary may receive an Annual Grant. In the event that two or more NextGen accounts for the same beneficiary are eligible to receive an Annual Grant, the Annual Grant will be awarded to the NextGen account of the first eligible NextGen account owner to apply for the

Annual Grant in 2009. If more than one Grant Certification is received on the same day, the Annual Grant will be awarded at the discretion of FAME.

5. Initial Matching Grant awards, First Step Grant awards and Harold Alfond College Challenge Grant awards, including any earnings on grant funds, are not considered when determining eligibility and calculating Annual Matching Grants.
6. In the event a NextGen account becomes ineligible to receive future matching grants, all grants previously allocated to the NextGen account will remain allocated to that NextGen account subject to Section 7 below.
7. A NextGen account will not be eligible to retain grant funds in the following circumstances:
  - a. the NextGen account is closed; or
  - b. the amount remaining in the NextGen account after the NextGen account owner makes a nonqualified withdrawal is less than the amount which had been matched; or
  - c. the NextGen account is rolled over to another beneficiary; or
  - d. the NextGen account owner makes a lifetime transfer of the NextGen account to anyone other than the account beneficiary.

**Investment of Grant Funds.** All grant funds are invested in a NextGen portfolio at the discretion of FAME. Neither the NextGen account owner nor account beneficiary can direct the investment of grant funds. It may take up to 120 days after FAME receives the Grant Certification for grants to be credited to eligible NextGen accounts.

**Ownership of Funds.** Although allocated to a particular NextGen account, grant funds remain the property of FAME until withdrawn for qualified higher education expenses.

**Use of Grant Funds.** Grant funds, including any earnings on grant funds, will be fully used before other contributions to the NextGen account or earnings thereon, if any, are used for qualified higher education expenses. To use grant funds, the NextGen account owner must certify that such funds are being used for qualified higher education expenses on such form as required by FAME. If grant funds or earnings, if any, have been withdrawn prior to the determination that the withdrawal was fraudulent, FAME

may off set the amount fraudulently obtained from any funds remaining in the NextGen account.

**Tax Consequences.** Annual Grants have been designed so that grants, including any earnings, used for certain qualified higher education expenses will be treated as a scholarship as defined by the Internal Revenue Code. Grants can be used for tuition, fees, certain room and board expenses, books, supplies and equipment required for enrollment or attendance at the eligible institution. However, any portion of grants used as payment for room and board costs may be subject to federal and/or state income tax. Similarly, any portion of grant awards used to pay for qualified higher education expenses at schools not eligible for Title IV may not be eligible for federal and/or state tax-exempt treatment. Notwithstanding the design of the program, the Internal Revenue Service could take the position that grant awards are subject to federal income taxation in the year the grant is awarded or the year in which the funds are withdrawn. NextGen account owners and beneficiaries should consult their own tax advisor regarding the tax treatment of grant funds awarded.

**Future Matching Grants.** You may be eligible for future Annual Grants if you make additional contributions to your NextGen account in future years.

**Verification.** The Grant Certification is the NextGen account owner's authorization for FAME to undertake at its discretion, investigation to verify that the NextGen account owner meets the program requirements. FAME reserves the right at all times to require evidence of eligibility to receive a matching grant and may conduct investigations to determine eligibility without obtaining additional consent from the NextGen account owner after a matching grant has been allocated to a NextGen account. In the event a subsequent investigation reveals that the matching grant was obtained through misrepresentation or fraud, FAME shall revoke the grant.



## What Else Should You Know?



### NextGen Annual Matching Grant

#### Who is Eligible:

Any NextGen account if either account owner or beneficiary is a Maine resident; and the account owner's family adjusted gross income was \$75,000 or less, as reported on the family's 2008 federal income tax return.

**The 2009 NextGen Annual Matching Grant Certification must be received by FAME on or before December 31, 2009 to receive a matching grant on contributions made in 2008.**

*Additional information about the NextGen College Investing Plan and other account servicing forms may be downloaded from the web at [www.FAMEmaine.com](http://www.FAMEmaine.com) or contact your Maine bank or financial advisor or a FAME NextGen representative for more information.*



NextGen is a section 529 plan administered by the Finance Authority of Maine. Merrill Lynch is the Program Manager and underwriter.

## How Do I Apply?

1. Complete the *2009 NextGen Annual Matching Grant Certification*. Be sure to sign the Certification.
2. Mail your completed *2009 NextGen Annual Matching Grant Certification* to FAME so that it arrives on or before December 31, 2009.

**Do NOT send copies of your tax return with the Certification.**

#### MAILING ADDRESS

NextGen College Investing Plan  
c/o Finance Authority of Maine  
5 Community Drive  
PO Box 949  
Augusta, ME 04332-0949

#### QUESTIONS?

Contact a FAME NextGen representative at [NextGen@FAMEmaine.com](mailto:NextGen@FAMEmaine.com) or call **1-800-228-3734**.

Before investing you should carefully consider the investment objectives, charges, expenses and the risks of investing in the NextGen Plan. You should also consider whether your or the beneficiary's home state offers any state tax or other benefits that are only available for investments in such state's 529 plan. Request a program description from your local bank or financial advisor or call FAME at 1-800-228-3734 and read it carefully.



NextGen College Investing Plan<sup>®</sup>

## NextGen Can Help . . .



### NextGen Annual Matching Grant

**The 2009 NextGen Annual Matching Grant Program provides eligible NextGen accounts a 50% matching grant on contributions made in 2008, up to a maximum annual award of \$200 for each beneficiary.**

*make the dream a reality!*



# NextGen College Investing Plan<sup>®</sup>

## 2009 NextGen<sup>®</sup> Annual Matching Grant Certification

**INSTRUCTIONS:** Complete this Certification to request a 2009 Annual Matching Grant for the contributions made in 2008 to your NextGen account(s). You may use one Certification for all your eligible NextGen accounts. You may copy this Certification to list additional NextGen accounts. Your Certification must be received by FAME on or before December 31, 2009 to be considered for a 2009 award. **Submit your completed Certification to FAME, PO Box 949, Augusta, ME 04332.**

### 1. ACCOUNT INFORMATION

*You must provide the following information.*

#### NEXTGEN ACCOUNT OWNER

\_\_\_\_\_  
Last Name

\_\_\_\_\_  
First Name

\_\_\_\_\_  
MI

\_\_\_\_\_  
Mailing Address

\_\_\_\_\_  
Daytime Phone:

\_\_\_\_\_  
City, State, Zip

\_\_\_\_\_  
Email:

#### NEXTGEN ACCOUNT BENEFICIARY

Account Number: \_\_\_\_\_

Beneficiary Name: \_\_\_\_\_

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Account Number: \_\_\_\_\_

Beneficiary Name: \_\_\_\_\_

#### NEXTGEN ACCOUNT BENEFICIARY

Account Number: \_\_\_\_\_

Beneficiary Name: \_\_\_\_\_

#### NEXTGEN ACCOUNT BENEFICIARY

Account Number: \_\_\_\_\_

Beneficiary Name: \_\_\_\_\_

### 2. CERTIFICATION

***You must return this signed Certification to FAME before your grant request can be processed.***

*I hereby make the following certification:*

1. My family adjusted gross income in 2008 was \$75,000 or less as reported on my 2008 federal income tax return.
2. I am or the account beneficiary is a resident of the State of Maine as of the date of this Certification.
3. I have read and agree to the Annual Matching Grant Terms and Conditions.
4. I understand the Finance Authority of Maine (FAME) may require additional information from me to verify income eligibility and residency.
5. I understand that neither the State of Maine nor the Program Manager is responsible or liable for any grant decisions made by FAME.

**X**

\_\_\_\_\_  
Signature of NextGen Account Owner

\_\_\_\_\_  
Date

INTERNAL USE ONLY