

SEED FOR OKLAHOMA KIDS

SAVINGS MATCH TERMS

"AGI" means the amount reported as federal adjusted gross income on an OK tax return for a given year (whether filed as single, married, joint, head of household, or widowed).

"DHS Benefits" means Food Stamps, Medicaid, or Temporary Assistance for Needy Families benefits received from the Oklahoma Department of Human Services.

"Eligible Educational Institution" means an accredited, postsecondary educational institution offering credit toward a bachelor's degree, an associate's degree, a graduate level or professional degree, or another recognized postsecondary credential, including certain proprietary institutions and postsecondary technical or vocational schools and certain institutions in foreign countries.

"OCSP" means the Oklahoma College Savings Plan.

"OK Tax Return" means an Oklahoma State Income Tax Return.

"Qualified Higher Education Expenses" includes tuition, fees, certain room and board expenses, and the cost of books, supplies, and equipment required for the enrollment or attendance of Your Child at an Eligible Educational Institution.

"Savings Match" means money that the State may contribute to Your Child's SEED OK Account based on deposits into Your Account during 2008, 2009, 2010 and 2011.

"SEED OK Account" means the OCSP account opened and owned by the State which names Your Child as beneficiary.

"SEED OK \$100" means the \$100 minimum initial contribution automatically deposited into Your Account by the State if Your Account is opened by April 15, 2008.

"State" means the State of Oklahoma.

"Study" means the SEED for Oklahoma Kids Study.

"Study Participant" means the individual who agreed to participate in and has completed the Study phone interview.

"Your Account" means the OCSP account opened by the Study Participant naming Your Child as beneficiary.

"Your Child" means the child identified by name and Social Security Number on the SEED OK Account.

Savings Match Eligibility Requirements. To be eligible for the Savings Match, the Study Participant must meet the following three requirements:

1. **Your Account.** The Study Participant must open Your Account and name Your Child as beneficiary.
2. **Match Eligibility Form.** The Study Participant must complete, sign and return the Match Eligibility Form and, if applicable, the Self Certification Form in order for the State to verify eligibility for the Savings Match.

3. **AGI or Receipt of DHS Benefits.** The Study Participant's AGI must be below \$43,500 for the year specified in the *Savings Match Details* below. If the Study Participant was not required to file an OK Tax Return for the specified year because the gross income was below the amount required for filing, then the Study Participant must have received DHS Benefits during that same year to be eligible for the Savings Match.

See *Savings Match Details* for more information regarding AGI ranges and receipt of DHS Benefits. See also *Non-Filers of OK Tax Return* to find out how Study Participants who were not required to file an OK Tax Return for a specified year and did not receive DHS Benefits during such year may still be eligible for the Savings Match.

The State will notify the Study Participant if these Savings Match Eligibility Requirements change during the Study.

Savings Match Details. Savings Match amounts will be based on (1) the Study Participant's AGI, and (2) deposits made into Your Account during 2008, 2009, 2010, and 2011, provided the Study Participant meets the Savings Match Eligibility Requirements set forth in these Savings Match Terms. If the Study Participant's AGI is:

- below \$29,000, or the Study Participant was not required to file an OK Tax Return and received DHS Benefits, the Savings Match rate will be \$1.00 for \$1.00, with a maximum of \$250 per year, and a total maximum of \$1,000 in four years;
- \$29,000 or more, but less than \$43,500, the Savings Match rate will be \$0.50 for \$1.00 with a maximum of \$125 per year, and a total maximum of \$500 in four years; or
- \$43,500 or more, the Study Participant is not eligible for the Savings Match.

Savings Match amounts will be based on (1) the Study Participant's AGI for the year specified below, provided the Study Participant filed an OK Tax Return for such year, or (2) if not required to file, the Study Participant's receipt of DHS Benefits during such year:

- 2006 AGI or receipt of DHS Benefits, for deposits in 2008
- 2007 AGI or receipt of DHS Benefits, for deposits in 2009
- 2008 AGI or receipt of DHS Benefits, for deposits in 2010
- 2009 AGI or receipt of DHS Benefits, for deposits in 2011

The SEED OK \$100 will not be considered for purposes of calculating the Savings Match.

AGI ranges may increase in future years. The State will notify the Study Participant if these *Savings Match Details* change during the Study.

Deposits and Timing of the Savings Match. The Savings Match will be deposited into the SEED OK Account during the

calendar quarter after which a deposit is made into Your Account.

How Savings Match Eligibility is Verified. By signing and returning the Match Eligibility Form, the Study Participant authorizes the Oklahoma Tax Commission and Department of Human Services to release certain information to the State. The State will review only the information necessary to determine Savings Match eligibility. The State reserves the right to require additional evidence of eligibility for the Savings Match, and will notify the Study Participant under such circumstances. In the event it is determined that the Savings Match was obtained through misrepresentation or fraud, the State shall have the right to revoke any previously deposited Savings Match amounts.

Multiple OCSF Accounts. If the Study Participant owns more than one OCSF account naming Your Child as beneficiary, the State will designate the first account opened as Your Account, as evidenced by the date the account is opened. Your Account will be the only account used for purposes of determining the Savings Match. OCSF Accounts opened by the Study Participant for other children will not be eligible for the Savings Match.

Non-Filers of OK Tax Return. Study Participants who have not filed an OK Tax Return for tax years 2006, 2007, 2008, or 2009 and who have not received DHS Benefits during such year(s) may still meet the Savings Match Eligibility Requirements. In order to meet the Savings Match Eligibility Requirements, the reason for not filing an OK Tax Return for a specified year must be because the Study Participant either: (1) filed a tax return in another state, or (2) was not required to file a tax return in any state. In such cases, the Study Participant must complete, sign, and return the Match Eligibility Form and Self-Certification Form, along with any documentation specified therein (see *Savings Match Documents*). The State will use these forms and documentation to determine whether the Study Participant meets the Savings Match Eligibility Requirements.

Investment. SEED OK Account funds will be invested in the OCSF Balanced Option. The Balanced Option allocates funds among a combination of equity, real estate, and fixed-income mutual funds in accordance with the investment policy adopted by the State. Neither the Study Participant nor Your Child will be permitted to exercise any investment discretion over the SEED OK Account. All investment options carry some degree of risk that could result in loss of investment. Please refer to the OCSF Disclosure Booklet for more information.

Account Statements. Account statements for the SEED OK Account will be mailed to Your Child after each quarter. A confirmation for deposits and withdrawals will also be mailed to Your Child each time a deposit or withdrawal is made from the SEED OK Account.

Tax Considerations. The Savings Match has been designed so that the Savings Match amounts and any earnings thereon, which are used to pay for Qualified Higher Education Expenses while Your Child is pursuing a degree, will not be subject to federal income taxation. Notwithstanding the design of the Savings Match program, the Internal Revenue Service could take the position that the Savings Match and any earnings thereon are subject to federal income taxation in the year the Savings Match is deposited or any earnings thereon are earned. Study Participants are encouraged to consult with their personal tax advisors regarding the federal and state treatment of this Savings Match program. No 1099-G will be produced for the Savings Match amounts.

Qualified Withdrawals. SEED OK Account funds may only be withdrawn to pay for Qualified Higher Education Expenses at an Eligible Educational Institution. All withdrawals must be approved by a designated authorized representative of the State. Pending approval, SEED OK Account funds will be sent directly to Your Child's Eligible Educational Institution. Funds approved for withdrawal will only be sent to Your Child's Eligible Educational Institution upon receipt of a form from Your Child certifying that such funds are being used for Qualified Higher Education Expenses.

The State will retain ownership of all SEED OK Account funds until either: (1) a distribution is made to an Eligible Educational Institution for payment of Qualified Higher Education Expenses, or (2) an event of forfeiture occurs as set forth below. See *Forfeiture of Savings Match*.

Restrictions on Withdrawals. SEED OK Account funds cannot be transferred to another person or withdrawn, transferred, or rolled over to another college savings plan account. Withdrawals, transfers, or rollovers out of Your Account will not affect the status of the Savings Match.

Forfeiture of Savings Match. The Savings Match, including any earnings, will be retained by the State if Your Child:

- chooses not to attend an Eligible Educational Institution or has not incurred a Qualified Higher Education Expense by age 30;
- dies or becomes permanently disabled such that Your Child is unable to attend an Eligible Educational Institution; or
- receives a full scholarship such that the funds are no longer needed.

All forfeited Savings Match amounts will be transferred to the State for use in future awards or for other educational purposes as determined by the State.

Savings Match Documents. Additional copies of the Savings Match Terms and Match Eligibility Form, and the Self-Certification Form, can be obtained via the State website at www.treasurer.ok.gov (click the SEED for Oklahoma Kids link) or by calling 1-866-SEED4OK (1-866-733-3465).