

**Dear Minnesota College Savings Plan Account Owner:**

The State of Minnesota is pleased to award matching grants for eligible contributions to the Minnesota College Savings Plan, as described in the enclosed *2009 Matching Grant Application* and *2009 Matching Grant Application Instructions*. Be sure to carefully read each document.

To qualify for a 2009 Matching Grant, your beneficiary must meet the **Eligibility Requirements** described in the enclosed documents. In addition, you must meet the following conditions:

➤ **Make your Contribution(s) by December 31, 2009.**

You must contribute at least \$200 into an account no later than December 31, 2009. Any contribution made after December 31, 2009 will not count towards a 2009 matching grant.

➤ **Complete and mail your 2009 Matching Grant Application by May 1, 2010.**

Your *Matching Grant Application* must be postmarked by May 1, 2010, must contain the appropriate signature(s) and must be accompanied by a copy of the appropriate 2009 tax return; otherwise it will be considered incomplete.

➤ **Submit the appropriate 2009 Federal Income Tax Return(s).**

A copy of the first page of the appropriate 2009 federal income tax return(s) must accompany your *Matching Grant Application*; otherwise it will be considered incomplete.

The 2009 federal tax return you submit must legibly show the tax filers name(s) and address, filing status, your account beneficiary's Social Security Number or Taxpayer Identification Number, and your account beneficiary family's 2009 federal adjusted gross income.

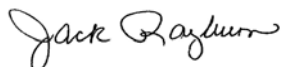
Read the enclosed instructions for the additional tax return required if the filing status checked on the 2009 federal tax return you submit is married filing separately. Also, if the 2009 federal return(s) does not show a Minnesota address for the beneficiary's family, a copy of the 2009 Minnesota individual income tax return filed by the beneficiary's family must accompany your *Matching Grant Application*.

Mail a separate *Matching Grant Application* and copy of the appropriate 2009 federal tax return(s) for each beneficiary. If you apply on behalf of more than one beneficiary, please mail each application, along with a copy of the appropriate 2009 federal tax return(s), in a separate envelope to avoid delays.

If your beneficiary qualifies for a 2009 matching grant, the award will be deposited into a separate matching grant account (linked to your Minnesota College Savings Plan account for that beneficiary). Matching grants are expected to be awarded by the State of Minnesota to qualifying beneficiaries in August 2010, regardless of when the application is received by the Plan.

We appreciate your participation in the Minnesota College Savings Plan in 2009 and commend your efforts in planning for the future education of your beneficiary.

Sincerely,



Jack Rayburn  
Manager, Minnesota College Savings Plan  
Minnesota Office of Higher Education

# 2009 Matching Grant Application



Read the enclosed **2009 Matching Grant Application Instructions** and the Plan's **Disclosure Booklet**, including any Supplement to the **Disclosure Booklet**, carefully before completing this **2009 Matching Grant Application**.

- All Account Owners must complete sections 1 – 3. Be sure to sign and date this Application.
- Additional information must be provided in sections 4 -5 if any one of the following applies:
  - (a) the Account Owner is not the Beneficiary or did not claim the Beneficiary as a dependent on his/her 2009 federal income tax return and the Beneficiary is younger than age 25 as of December 31, 2009; or
  - (b) the Account Owner is also the Beneficiary and is younger than age 25 as of December 31, 2009; or
  - (c) the Account Owner is not the Beneficiary and the Beneficiary is age 25 or older as of December 31, 2009.
- Read the **2009 Matching Grant Application Instructions** and attach a copy of the first page of the required 2009 tax return(s) and any other required attachments to this Application. Specific tax records are required to be attached to your Application to verify your Beneficiary's family federal adjusted gross income and Minnesota residency. Your Application will be considered incomplete without the appropriate tax return(s).
- Complete and submit a separate application for each Beneficiary. If you are applying on behalf of more than one Beneficiary, please mail each Application, the first page of the required 2009 tax return(s) and any other required attachments in a separate envelope.
- Your application will be considered incomplete if it is not appropriately signed, if a copy of the first page of the required 2009 federal tax return(s) is not attached and/or if it is postmarked after May 1, 2010.
- **Questions?** Call toll-free 1 877 EDU 4 MIN (1-877-338-4646).

## 1 Account Information *(Provide all requested information.)*

The Beneficiary's Social Security Number or Taxpayer Identification Number you provide in this section must match the Beneficiary's Social Security Number or Taxpayer Identification Number on the 2009 federal income tax return(s) you attach to this Application, and on your Minnesota College Savings Plan Account.

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<i>Provide any Fund and Trust account number from your statement</i>		<i>Daytime Telephone Number</i>	
<i>Account Owner Name (First, MI, Last, Suffix)</i>			
<i>Beneficiary Name (First, MI, Last, Suffix)</i>			
	-	-	
<i>Beneficiary Social Security Number or Taxpayer Identification Number</i>			<i>Beneficiary Date of Birth</i>

## 2 Adjusted Gross Income of Beneficiary's Family *(Check one box.)*

Refer to the first page of the 2009 federal income tax return(s) you submit with this Application to determine the federal adjusted gross income (AGI) of your Beneficiary's family, then check the appropriate box below. Your Beneficiary's Social Security Number or Taxpayer Identification Number must appear on the 2009 federal income tax return you submit.

<input type="checkbox"/> AGI \$50,000 or less (1)	<input type="checkbox"/> AGI \$50,001 - \$80,000 (2)
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## 3 Account Owner Signature *(This application must be signed or it will be considered incomplete.)*

**By signing below, I certify that:**

- I agree to the terms regarding matching grants as described in the enclosed instructions, in the *Disclosure Booklet* and any Supplement to the *Disclosure Booklet*.
- I understand the matching grant and any applicable earnings are owned by the State of Minnesota, can only be used by my Beneficiary to pay for qualified higher education expenses and that a qualified withdrawal of matching grant funds cannot be taken within three years from the date my main account was opened.
- I certify the information I have provided is true, complete and accurate, and I consent to and authorize the use of my private data as described in the enclosed instructions.

<i>Account Owner Signature</i>	<i>Date</i>

### Important Information

Read the **2009 Matching Grant Application Instructions** carefully to determine whether Sections 4 - 5 (on reverse) also need to be completed and to determine which 2009 income tax return(s) must accompany this **2009 Matching Grant Application**. This document will be considered incomplete if it is not appropriately signed, if a copy of the first page of the required 2009 federal income tax return(s) is not attached and/or if it is postmarked after May 1, 2010.



# 2009 Matching Grant Application Instructions



www.mnsaves.org

Apply by May 1, 2010, to be considered for a state matching grant on contributions made in 2009.  
Account Owners of individual, entity and Minor Trust Accounts are permitted to apply for a matching grant.

In an effort to encourage individuals to save for postsecondary education, Minnesota law allows an Account Owner of a Minnesota College Savings Plan account to apply annually for a state matching grant on behalf of the Beneficiary of the account.

The annual grant is based on contributions made during the prior year to a Minnesota College Savings Plan account for a Beneficiary of an eligible low- to moderate-income Minnesota family.

Grant funds are available after three years from the date you opened your account for the Beneficiary, and once awarded, must be used to pay for qualified higher education expenses of the Beneficiary.

## Eligibility requirements

If you own a Minnesota College Savings Plan account, you may apply annually for a state matching grant on behalf of your account Beneficiary. You *do not* need to be the Beneficiary's parent or legal guardian. To qualify for a matching grant, the following requirements must be met:

**Application:** The Account Owner must complete this *2009 Matching Grant Application* for contributions made during 2009 and submit it along with the required attachments by May 1, 2010.

**Minimum contribution:** At least \$200 must have been contributed to the account in 2009. Contributions posted to an account after December 31, 2009 will not count as a contribution for purposes of a 2009 matching grant.

**Residency:** If the Beneficiary is younger than age 25, the Beneficiary's family — parent(s) or legal guardian(s) who claimed the Beneficiary as a dependent on their federal income tax return in 2009 — must have filed a 2009 Minnesota income tax return as a Minnesota resident. If the Beneficiary is age 25 or older, the Beneficiary and spouse, if any, must have filed 2009 federal and Minnesota income tax returns as Minnesota residents.

**Family income:** The family income of the Beneficiary in 2009 must be \$80,000 or less.

For purposes of this grant, determination of the Beneficiary's family income is different depending on the Beneficiary's age as of December 31, 2009.

**If the Beneficiary is younger than age 25 as of December 31, 2009,** family income is defined as the **combined** federal adjusted gross income of the Beneficiary's parents or legal guardians who claimed the Beneficiary on their federal income tax return(s) for 2009.

If the Beneficiary's parents are divorced, the income of the parent claiming the Beneficiary as a dependent on his or her federal return and the income of that parent's spouse, if any, is used to determine family income. Also, the parent claiming the Beneficiary as a dependent must be a Minnesota resident in order for the Beneficiary to be considered eligible for a matching grant.

A Beneficiary younger than age 25 on December 31, 2009 who was not claimed as a dependent by a parent(s) or legal guardian(s) on a 2009 federal tax return is not eligible for a grant.

**If the Beneficiary is age 25 or older as of December 31, 2009,** the **combined** federal adjusted gross income for 2009 of the Beneficiary and his or her spouse, if any, is used to determine family income.

## Required attachments

Specific tax records must accompany this *2009 Matching Grant Application* to verify the federal adjusted gross income and Minnesota residency of the Beneficiary's family. The 2009 federal income tax return(s) you submit with this Application must legibly show the tax filers name(s) and address, filing status, the Beneficiary's Social Security Number and the Beneficiary family's 2009 federal adjusted gross income.

**If the Beneficiary is younger than age 25 as of December 31, 2009,** attach a copy of the first page of the 2009 federal individual income tax return of the Beneficiary's family showing the Beneficiary as a dependent and the family's 2009 federal adjusted gross income.

The federal tax return must show your Beneficiary as the dependent in the exemptions section of the return and your Beneficiary's Social Security Number or Taxpayer Identification Number on the return must match the information on file with the Plan.

In addition:

- If the parent or legal guardian claiming the Beneficiary as a dependent is **married and filing separately**, a copy of the first page of his or her spouse's 2009 federal return must accompany this Application.
- If the 2009 federal return does not show a Minnesota address for the Beneficiary's family, a copy of the first page of the 2009 Minnesota individual income tax return filed by the Beneficiary's family must accompany this Application.

**If the Beneficiary is age 25 or older as of December 31, 2009,** attach a copy of the first page of the account Beneficiary's 2009 federal individual income tax return showing the Beneficiary's 2009 federal adjusted gross income. In addition:

- if the Beneficiary is **married and filing separately**, the first page of his or her spouse's 2009 federal return must accompany this Application .
- if the Beneficiary's 2009 federal return does not show a Minnesota address, a copy of the first page of the Beneficiary's 2009 Minnesota individual income tax return must accompany this Application.

If the required attachments are not included, your *2009 Matching Grant Application* will be considered incomplete.

## Matching grant amount

The amount of the matching grant is based on the family's federal adjusted gross income of the Beneficiary and the sum of contributions made by the Account Owner to the Beneficiary's account minus distributions during calendar year 2009.

If the Beneficiary's family's federal adjusted gross income is:

- \$50,000 or less, the matching grant is equal to 15 percent of the contributions, or
- more than \$50,000 but not more than \$80,000, the matching grant is equal to 10 percent of the contributions.

Any Beneficiary with a family adjusted gross income exceeding \$80,000 is not eligible to receive a matching grant.

Any Beneficiary who has been designated on multiple accounts cannot qualify for more than \$400 annually.

(continued)

Matching grants are dependent upon appropriations from the Minnesota Legislature, as approved by the Minnesota Governor. If the total amount of matching grants exceeds the amount appropriated, matching grant awards will be proportionately reduced. Eligibility requirements are subject to change.

### How to apply

If you are the Account Owner, complete and submit a separate *2009 Matching Grant Application* for each Beneficiary. Include a copy of the first page of the appropriate 2009 tax return(s) with each Application. (See the *Required attachments* on the preceding page for details.)

The Account Owner must complete and sign the Application in Sections 1 - 3. Additional information and signatures are also required in Sections 4 -5 in the following situations:

- If the Beneficiary is younger than age 25 as of December 31, 2009 and his or her parent or legal guardian is *not* the Account Owner, the parent or guardian who claimed the Beneficiary as a dependent on his or her 2009 federal income tax return must complete and sign Sections 4-5.
- If the Beneficiary is age 25 or older as of December 31, 2009 and is not the Account Owner, the Beneficiary must complete and sign Sections 4-5.
- If the Beneficiary is younger than age 25 as of December 31, 2009 and is also the Account Owner, the parent(s) or legal guardian(s) who claimed the Beneficiary on their 2009 federal tax return must complete and sign Sections 4-5.

**No later than May 1, 2010**, mail the Application, including all required attachments to: Minnesota College Savings Plan, P.O. Box 55134, Boston, MA 02205-5134. If you are applying on behalf of more than one Beneficiary, mail each Application, including all required attachments, in a separate envelope. Your Application will be considered incomplete if it is not appropriately signed, if the required tax return(s) is not attached and/or if it is postmarked after May 1, 2010.

Applications will be processed during May – July. You will not receive any notice from the Plan until all Applications are reviewed for eligibility and the grants are awarded to all eligible accounts. If the grant is awarded, it will be deposited into a separate matching grant account (linked to your account for the Beneficiary) in August. If you do not receive confirmation of your grant by August 31, please contact the Plan for assistance.

### Use of matching grants

The matching grant and any earnings in the matching grant account are owned by the State of Minnesota until used for qualified higher education expenses of the Beneficiary. These funds cannot be used to pay for nonqualified expenses.

To withdraw funds, you must submit a qualified withdrawal form, which will also authorize a withdrawal of funds from your account for the Beneficiary. Funds will be withdrawn proportionately from your account and the matching grant account to satisfy the qualified withdrawal request. You cannot request a withdrawal of grant funds within three years of the date you opened your account for the Beneficiary.

Under certain circumstances, the matching grant may be fully or partially forfeited. These circumstances include:

- if you transfer funds from your account or you change the account's Beneficiary;
- if the Beneficiary dies or becomes disabled;
- if the Beneficiary is awarded a tuition scholarship or is admitted to a United States service academy;
- or if you make a nonqualified withdrawal from your account.

The grant may also be forfeited if you provide false information on the Account Application, or on this *2009 Matching Grant Application* that results in a grant.

### Tax considerations

The matching grant program is designed so the grant and any earnings used for certain qualified higher education expenses while the Beneficiary is pursuing a degree will be treated as a scholarship and will not be subject to federal or Minnesota state income tax. Consequently, certain restrictions apply to these accounts.

If the award is used for tuition, fees, books, supplies and equipment required for enrollment or attendance at the eligible educational institution, it is not likely to be subject to federal or Minnesota state income tax.

If any portion of the award is used for payment of room and board costs, the amount of the matching grant used for such purposes will be subject to federal and Minnesota state income tax. The student (Beneficiary) must report that amount as income in the tax year it was withdrawn when filing his or her federal tax return.

Similarly, any portion of a matching grant used to pay for qualified higher education expenses at a correspondence school may not be exempt from federal or Minnesota state income tax.

The Internal Revenue Service and/or the Minnesota Department of Revenue could take the position to tax matching grants in the year the grant is awarded. You and the Beneficiary of the account should consult a tax advisor regarding the tax treatment of matching grants.

### Use of information

The information provided on this Application is private information.

The private data provided, or which must be reviewed in connection with this Application, includes Social Security Number or Taxpayer Identification Number and federal and Minnesota income tax return data.

Agencies of the State of Minnesota and the program manager, TIAA-CREF Tuition Financing, Inc., will use or review the information according to state law to determine eligibility for a matching grant. Your Social Security Number or Taxpayer Identification Number is required to verify your identity as the Account Owner and is used as an identifier for the account to ensure all necessary data are accurately recorded. The Social Security Number or Taxpayer Identification Number and the identity of the person(s) whose family income is used to meet eligibility requirements are required if they are not the Account Owner's. Social Security Number(s) or Taxpayer Identification Number(s) are also used for federal and state tax administration purposes.

Private information cannot be disclosed to third parties without your informed consent or the consent of the person to whom it pertains, unless required by state or federal law. The Beneficiary's Social Security Number or Taxpayer Identification Number will be provided to any eligible educational institution that receives a direct distribution of qualified higher education expenses for the Beneficiary so the institution can verify the Beneficiary's identity.

### Questions?

- **Visit [www.mnsaves.org](http://www.mnsaves.org)** for Plan information, including account forms and Account Access.
- **Call toll-free 1 877 EDU 4 MIN** (1-877-338-4646) 7:00 a.m. to 7:00 p.m. CT (TTY users may call Minnesota Relay at 711.)
- **Write to the Plan** Minnesota College Savings Plan PO Box 55134 Boston MA 02205-5134