



# Terms and Conditions of Maine Grant Programs 2023

## NextGen 529<sup>®</sup>

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Please review the full Terms and Conditions for information about grant eligibility requirements and restrictions.

Visit [NextGenforME.com](http://NextGenforME.com) for the most current information.

# Harold Alfond College Challenge Grant

## (My Alfond Grant)

### Terms and Conditions for NextGen 529 Accounts

The Harold Alfond College Challenge (“HACC”), also known as My Alfond Grant, was established by the Alfond Scholarship Foundation (“ASF”). The Finance Authority of Maine (“FAME”) assists ASF with the administration of the HACC. ASF designates a \$500 grant to each eligible recipient (“Alfond Grant”), which is invested at ASF’s discretion. If a NextGen 529 (“NextGen”) account is opened naming an eligible recipient as the beneficiary of the account, the current value of the Alfond Grant may be linked to the account for reporting purposes, as follows (see also HACC Guidelines available at [NextGenforME.com/AlfondGuidelines](http://NextGenforME.com/AlfondGuidelines)).

1. **Eligibility:** The Alfond Grant may be linked to a NextGen account naming the following as the beneficiary of the account:
  - A. A child born on or after January 1, 2013, who is reported by the Maine Office of Data, Research and Vital Statistics (“MODRVS”) as a Maine resident birth, and for whom the Alfond Grant has not already been linked to a NextGen account naming the child as the beneficiary of the account; or
  - B. A child born on or after January 1, 2013, who, if not reported by MODRVS as a Maine resident birth, can prove Maine residency at birth with documentation acceptable to FAME and ASF at account opening; or
  - C. A child who was not born a Maine resident but for whom a NextGen account is opened on or before the child’s first birthday, and the child is a Maine resident at the time of account opening.
2. **Important Information**
  - A. Although linked to an account, neither the Alfond Grant nor any earnings thereon is, at any time, the property of the account owner or the beneficiary. ASF owns the grants, including any earnings thereon until a permitted withdrawal.
  - B. Alfond Grants are invested by ASF in its sole discretion. Neither the account owner nor the beneficiary may direct the investment of the Alfond Grant.
  - C. Although initial contributions may be made when opening the NextGen account, no initial contribution is required for an account eligible to have the Alfond Grant linked to it.
  - D. Only one Alfond Grant is available per account beneficiary. In the event that more than one individual opens an account for the same child, the Alfond Grant will be linked to the first account opened. In the unlikely event that multiple accounts are opened on the same day, FAME, in its sole discretion, will select the account to which to link the Alfond Grant.
  - E. Account owners should allow up to 120 days for the Alfond Grant to be linked to the account.
  - F. The Alfond Grant may only be used to pay for qualified higher education expenses of the beneficiary and will only be paid to an eligible institution of higher education. “Qualified higher education expenses” and “eligible institution of higher education” are as defined in the Internal Revenue Code of 1986, as amended. If required by FAME or ASF, the account owner must certify that the grant is being used to pay for qualified higher education expenses of the beneficiary at an eligible institution of higher education.
  - G. The Alfond Grant should be fully used for qualified higher education expenses before other contributions to the account or any earnings thereon are used.

# Harold Alfond College Challenge Grant (My Alfond Grant)

## Terms and Conditions for NextGen 529 Accounts (Continued)

- H. The Alfond Grant, including any earnings thereon, will no longer be linked to the account in the following circumstances:
    - i. The account owner changes the beneficiary; or
    - ii. The beneficiary dies; or
    - iii. The grant has not been used by the beneficiary's 28th birthday; or
    - iv. In the event of fraud or misrepresentation by the account owner; or
    - v. The account is closed, including but not limited to rollover to another state's Section 529 plan. In certain circumstances, the beneficiary may still be eligible for the Alfond Grant. Contact FAME (at 1-800-228-3734) for more information.
  - I. If Alfond Grant funds are withdrawn from an account and the withdrawal is subsequently determined to have been fraudulent, FAME may offset the amount fraudulently obtained from any funds remaining in the account.
  - J. The owner of an account to which an Alfond Grant has been linked may reverse such linkage by contacting FAME (at 1-800-228-3734). Non-refusal to link the Alfond Grant to an account constitutes the account owner's acceptance of these Terms and Conditions. An account owner cannot decline linkage if the Alfond Grant was used as the initial contribution to the account or to obtain the default investment option. If account linkage is declined, the Alfond Grant award is governed solely by the Alfond Grant Guidelines (see [NextGenforME.com/AlfondGuidelines](http://NextGenforME.com/AlfondGuidelines)).
  - K. FAME may provide non-personally identifiable account information to ASF.
  - L. **ASF may, at any time, modify, suspend or terminate the Alfond Grant.**
3. **Default Investment Option:** A NextGen Client Direct Series Account Application submitted for an account eligible to be linked to the Alfond Grant, other than an application submitted through an electronic application process, will be accepted without investment option(s) selected. However, any contributions made to the account will be 100 percent allocated to and invested in the appropriate iShares Age-Based Portfolio, managed by BlackRock, unless and until a different investment allocation for existing and/or future contributions is directed by the account owner. An application submitted through an electronic application process will **not** be accepted without investment option(s) selected.
4. **Tax Consequences:** The Alfond Grant has been designed so that the grant, including any earnings, used for certain qualified higher education expenses will be treated as a scholarship as defined by the Internal Revenue Code. The Alfond Grant can be used for tuition, fees, certain room and board expenses, books, supplies and certain equipment. However, any portion of the grant used as payment for room and board costs may be subject to federal and/or state income tax. Similarly, any portion of the grant awards used to pay for qualified higher education expenses at schools not eligible for Title IV financial aid may not be eligible for federal and/or state tax-exempt treatment. Notwithstanding the design for the grant program, the Internal Revenue Service could take the position that the grants are subject to federal income taxation in the year the grant is awarded or the year in which the funds are withdrawn. Awardees should consult their own tax advisor regarding the tax treatment of grant funds.

# Initial Matching Grant

## Terms and Conditions

1. A \$100 Initial Matching Grant (IMG) is available to Maine accounts opened and funded between January 1, 2023, and December 31, 2023, with the minimum required initial contribution for a beneficiary not previously named as the beneficiary of a NextGen account.
2. Either the NextGen account owner or account beneficiary must be a Maine resident (Maine account) at the time the IMG is awarded.
3. Notwithstanding the general eligibility provisions under Sections 1 and 2, a beneficiary eligible for or who has received the Alford Grant may receive an IMG only if an account is opened and the minimum required initial contribution is made before the child's first birthday.
4. Once awarded, the IMG, and any earnings thereon, remains allocated to the NextGen account, subject to other provisions herein.
5. Limit one IMG per beneficiary. In the event that multiple NextGen Account Applications are received on the same day for the same beneficiary, a NextGen account will be selected for the IMG award at the discretion of FAME.
6. FAME will credit the IMG to an eligible NextGen account only after the account is opened, account number assigned, and the minimum initial contribution is made to the account. It may take up to eight weeks to process the award. Once awarded to a NextGen account, the IMG remains allocated to that NextGen account, subject to Section 8 below.
7. IMG funds, including any earnings, may not be transferred to another beneficiary.
8. IMG funds, including any earnings, are forfeited in the following circumstances:
  - A. The NextGen account is closed, including rollover to another state's Section 529 plan; or
  - B. The beneficiary dies; or
  - C. The amount remaining in the NextGen account after the account owner makes a non-qualified withdrawal is less than the amount that has been matched; or
  - D. In the event of fraud or misrepresentation by the account owner.
9. **FAME may, at any time, modify or terminate Initial Matching Grants.**

See Grants in General on page 7.

# Automated Funding Grant

## Terms and Conditions

1. Any Maine account that has not previously received the Automated Funding Grant (AFG) is eligible for a one-time \$100 AFG after any automated funding service option available to NextGen accounts\* is or has been elected. The AFG will be awarded after the account has received six consecutive automated contributions, no less than quarterly in frequency. It may take up to eight weeks to process the award.
2. Either the account owner or account beneficiary must be a Maine resident (Maine account) at the time the AFG is awarded.
3. Once awarded, the AFG, and any earnings thereon, remains allocated to the NextGen account, subject to other provisions herein.
4. AFG funds, including any earnings, may not be transferred to another beneficiary.
5. The AFG is limited to one per eligible beneficiary. Among multiple accounts for one beneficiary eligible for the AFG, the account which receives the first contribution will receive the AFG. If more than one account receives a contribution on the same day for the same beneficiary, FAME will assign the account to receive the AFG.
6. AFG funds, including any earnings, are forfeited in the following circumstances:
  - A. The NextGen account is closed, including rollover to another state's Section 529 plan; or
  - B. The beneficiary dies; or
  - C. The amount remaining in the NextGen account after the account owner makes a non-qualified withdrawal is less than the amount that has been matched; or
  - D. In the event of fraud or misrepresentation by the account owner.
7. **FAME may, at any time, modify or terminate the AFG.**

\*Currently, automated funding may be in the form of electronic transfers from a bank account or employer payroll direct deposit. Minimum contribution amounts are subject to change.

See Grants in General on page 7.

# NextStep Matching Grant

## Terms and Conditions

1. Any Maine account is eligible for a 30 percent match on contributions made to the account, up to a \$300 match per year. A contribution is considered made when received and posted as described in the NextGen 529 Program Description. A contributor must allow sufficient time for mail and processing. The NextStep Matching Grant (NMG) will be awarded in the calendar year following the previous calendar year's contributions. An account must receive at least \$50 in contributions in a calendar year and have a balance of at least \$25 on the last business day of the calendar year to receive the match.
2. Either the account owner or account beneficiary must be a Maine resident (Maine account) at the time the NMG is awarded.
3. The NMG is limited to one per eligible beneficiary. Among multiple accounts for one beneficiary eligible for the NMG, the account which receives the first contribution will receive the NMG. If more than one account receives a contribution on the same day for the same beneficiary, FAME will assign the account to receive the NMG.
4. Once awarded, the NMG, and any earnings thereon, remains allocated to the NextGen account, subject to other provisions herein.
5. NMG funds, including any earnings, may not be transferred to another beneficiary.
6. NMG funds, including any earnings, are forfeited in the following circumstances:
  - A. The NextGen account is closed, including rollover to another state's Section 529 plan; or
  - B. The beneficiary dies; or
  - C. The amount remaining in the NextGen account after the account owner makes a non-qualified withdrawal is less than the amount that had been matched with the NMG; or
  - D. In the event of fraud or misrepresentation by the account owner.
7. Contributions received to qualify for the IMG (including the amount of the IMG) do not count toward the NMG.
8. **FAME may, at any time, modify or terminate the NMG.**

See Grants in General on page 7.

# Grants in General

The following provisions are part of the Terms and Conditions and apply to the Initial Matching Grant, the Automated Funding Grant and the NextStep Matching Grant (collectively, "Maine Matching Grants").

**Investment of Grant Funds:** All grant funds will be invested at the discretion of FAME. Neither the account owner nor the beneficiary has the ability to direct the investment of grant funds. Maine Matching Grants awarded by FAME are invested in the 0-15-year age band, followed by a 16+ year age band, based upon the age of the beneficiary. Investments involve risk. Grants may lose value.

**Ownership of Grant Funds:** Although allocated to a particular NextGen account, grant funds are not the property of the account owner or the beneficiary and may only be withdrawn for qualified higher education expenses at an eligible institution of higher education. Grant funds will only be payable to an eligible institution of higher education on behalf of the beneficiary. 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.

**Use of Grant Funds:** To use grant funds, the NextGen account owner must certify that such funds are being used for qualified higher education expenses at an eligible institution of higher education, as required by FAME. If grant funds are withdrawn and the withdrawal is subsequently determined to have been fraudulent, FAME may offset the amount fraudulently obtained from any funds remaining in the NextGen account.

**Tax Consequences:** Grant awards have been designed so that the grant, 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 certain equipment. 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 financial aid may not be eligible for federal and/or state tax-exempt treatment. Notwithstanding the design of the grant programs, 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.

**Verification:** Acceptance of grant funds is the 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 grant and may conduct investigations to determine eligibility without obtaining additional consent from the NextGen account owner or beneficiary after a grant has been credited to a NextGen account. In the event that a subsequent investigation reveals that the grant was obtained through misrepresentation or fraud, FAME may revoke the grant.

**Refusal:** The account owner of an eligible NextGen account who does not wish to receive any grant automatically awarded to an account must contact FAME in writing to request that the grant not be awarded (if the request is received prior to awarding) or that the grant funds and any earnings be rescinded (if the request is received after the grant has been awarded).

**Not Eligible:** Grants will not be awarded to accounts established as scholarship accounts by state or local governments or 501(c)(3) organizations.



**FAME**  
FINANCE AUTHORITY OF MAINE

## **NextGen 529**

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*NextGen 529 is a Section 529 plan administered by the Finance Authority of Maine (FAME). You may obtain the NextGen 529 Program Description by requesting a copy from your financial professional, visiting [NextGenforME.com](http://NextGenforME.com) or calling the program manager at 1-833-336-4529. The Program Description should be read carefully before investing.*

*The Program Description contains more complete information, including investment objectives, charges, expenses and risks of investing in NextGen 529, which you should carefully consider before investing. If you are not a Maine resident, you also should consider whether your or your designated beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in such state's 529 plan.*

*NextGen 529 accounts are not bank deposits and are not insured by the Federal Deposit Insurance Corporation (FDIC). Returns on investments in NextGen 529 accounts are not guaranteed or insured by the State of Maine, FAME or any NextGen 529 service providers. NextGen 529 participants assume all investment risk of an investment in NextGen 529, including the potential loss of principal and liability for tax penalties that are assessable in connection with certain types of withdrawals of amounts invested in NextGen 529.*

*Vestwell State Savings, LLC is the program manager, The Bank of New York Mellon is the program custodian, BlackRock Advisors, LLC is the program investment manager, and BlackRock Investments, LLC, Member FINRA, is the program distributor and underwriter.*

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