

A \_\_\_\_\_ program or unit-prepaid program is a hybrid QTP that offers tuition units that may be redeemed in the future at a price directly tied to a tuition index. As the index increases, so does the value of the account.

Coverdell Education Savings

College Savings

Prepaid Tuition

**Guaranteed Savings**

Beginning in 2002, an educational institution may establish a Section 529 prepaid tuition plan. Besides not permitting the institution to operate a savings program, there are additional restrictions and requirements attached to an institutional QTP. These include:

Tax exclusion for qualified distribution is delayed until 2010

An institutional QTP must receive a ruling or determination from the IRS as to its qualification under Sec. 529

Assets must be placed in a trust with special protections

**B and C only**

All of the above

These are the favorite investment vehicles or college as the student approaches college-age.

Money-market funds

Treasury bills

Certificates of deposit (CDs)

Stocks

**A, B and C only**

This is a mutual fund that buys short-term debt securities, such as Treasury bills, and commercial paper.

**money-market fund**

certificate of deposit

stock fund

none of the above

**T / F** An educational institution may establish a Section 529 savings program.

**T / F** The designated beneficiary of a QTP must be a living individual and be related to the donor.

**T / F** A QTP account owner may replace the beneficiary with a new beneficiary who is a member of the family of the old beneficiary.