

NJBEST MATCHING GRANT PROGRAM

On June 29, 2021, Governor Murphy signed P.L. 2021, c. 128, which was effective immediately. Section 2.a. of this law established a one-time grant of up to \$750 in a dollar-for-dollar match of the initial deposit to a NJBEST or Franklin Templeton 529 College Savings Plan account when the account is initially opened by a taxpayer with a household adjusted gross income between \$0 - \$75,000.

TERMS AND CONDITIONS

DEFINITIONS:

Household AGI: The account owner's adjusted gross income and, if applicable, the account owner's spouse's adjusted gross income.

Matching Grant Escrow Account: During the three-year holding period, the matching grant will be held in a separate 529 matching account with the same registration as the standard 529 account.

Standard 529 Account: NJBEST/Franklin Templeton 529 College Savings Plan Account opened directly by the Account Owner for the new beneficiary.

Three-year holding period: The three-year period from the initial contribution date during which the shares purchased with the initial contribution amount that was matched are required to be held in escrow.

CONDITIONS:

Eligibility Requirements:

To qualify for a matching grant, the following eligibility requirements must be met:

- **Residency:** The Account Owner must be a New Jersey resident.
- **Income:** The matching grant program is available to account owners with a household AGI between \$0 - \$75,000.
 - Income verification will be based on tax return transcripts for the year prior to the application year.
- **Matching Grant Amount:** Up to \$750 in a dollar-for-dollar match of the initial deposit into the NJBEST or Franklin Templeton 529 Account.

This means that if an account owner's initial deposit is \$500 the match will be \$500. If the initial deposit is \$1000 the match will be \$750.

How to Apply:

To receive a matching grant from HESAA, account owners must apply online on HESAA's website within one year of opening their standard 529 account.

1. Open a new standard 529 account and deposit the initial contribution into the account.
 - Each beneficiary is only entitled to one matching grant.
 - Plan accounts opened on or after 6/29/21 will be considered for the matching grant. Any accounts opened prior to this date will not qualify.

- Note: Establishing a new portfolio position within an existing plan is not considered opening a new plan.
- 2. Visit <https://www.hesaa.org/Pages/NJBESTMatchingProgram.aspx> and review all eligibility requirements prior to completing the application.
- 3. Complete the HESAA Matching Grant Application and provide the following backup:
 - Internal Revenue Service tax return transcripts for the year prior to the application year.
 - If no tax returns were filed for the year requested, account owners may provide HESAA with documented proof, received through a Federal or State agency, of taxable and/or untaxed income, including, but not limited to, an IRS tax and wage transcript, receipt of unemployment insurance benefit payments, child support, alimony, welfare payments, Social Security benefits, SSI, or one benefit from any of the following Federal programs: SNAP, TANF, WIC or housing assistance.

Matching Grant Approval Process:

1. HESAA will verify account has been opened and the amount of the initial deposit.
2. HESAA will verify that the household AGI meets the established limits.
3. Within 60 days of approving the account owner's application, HESAA will provide Franklin Templeton with the matching NJBEST Grant.
4. Franklin Templeton will deposit those funds into a Matching Grant escrow account.

Requirements to Maintain Match:

- The standard 529 account needs to remain open and the shares purchased with the initial contribution amount that was matched may not be withdrawn for a minimum of three years following initial contribution into the account owner's account. If any portion of the shares purchased with the initial contribution for which a matching grant was provided (up to \$750) is withdrawn by the Account Owner during such three year period for any reason (including in connection with a Qualified Withdrawal), the entire matching grant is forfeited.
- Three years after the initial contribution date, if the account owner meets the above requirement, the matching grant in an amount no less than the initial contribution plus any earnings on the matching grant escrow account will be transferred from the matching grant escrow account to the account owner's account.
 - At the end of the three-year period, if the matching account's value is less than the amount that was matched, HESAA will make the matching account whole within 30 days of matching account transfer.
 - Once the matching grant amount has been transferred to the account owner's account, there are no longer any restrictions.

Treatment of Matching Grant Escrow Account:

- The Account Owner will not have access to the matching grant escrow account.
- Once approved and funded by HESAA, the matching grant escrow account will be invested in the same portfolio(s) and allocated as originally instructed by account owner when completing new account application.

- When a request is made to exchange/reallocate portfolio investment selections on the account owner's standard 529 account, instructions will automatically be applied to the matching grant escrow account.
 - If investing in an age-based portfolio, the matching grant escrow account will be included in the standard age base rebalance each quarter.
 - The account owner will not have the ability to request that the matching grant escrow account be invested in different portfolios than their standard 529 account.
- Maintenance of contact details (address of record, phone number, email address) will automatically carry over from the account owner's standard 529 account to their matching grant escrow account.

Account Owner & Beneficiary Changes:

During the three-year holding period for the matching grant a request to change the account owner or beneficiary would automatically mirror over to the 529 match account.

- Beneficiary Changes:
 - If the new beneficiary has already received a matching grant from HESAA, they are not eligible to receive the match again. Therefore, the grant amount would be forfeited if the initial contribution shares were exchanged to a beneficiary who already received a match within the three-year holding period.
 - This policy only applies to the initial contribution share amount that is subject to the three-year holding period. The account owner may submit a beneficiary change request for any additional shares in the 529 account.
- Account Owner Changes:
 - Changes to the account owner are allowed during the three-year match holding period as long as the new account owner is also a resident of New Jersey. If the new account owner is not a New Jersey resident, the match amount would be forfeited back to HESAA.

Transition of Match to the Standard 529 Account:

- Three years after the initial contribution date, if the account owner meets the above requirement, the matching grant in an amount no less than the initial contribution plus any earnings on the initial contribution will be transferred from the matching grant escrow account to the account owner's account.
- At the end of the three-year period, if the matching grant escrow account's value is less than the amount that was matched, HESAA will make the matching grant escrow account whole within 30 days of matching account transfer.
- Once that transfer occurs, the account owner will have full control over the amount as a part of their standard 529 account.

Match Forfeiture:

Match amount will be forfeited upon any of the following scenarios during the three-year holding period:

- Withdrawal or rollover out of the shares purchased with the initial contribution amount that was matched by HESAA within three years from the initial contribution date.
 - Any contributions made over the amount that was matched are available for withdrawal without forfeiting the match amount.
- Account Closure.
- Beneficiary change to a beneficiary who has already received a matching grant.
 - Any shares purchased over the share amount that was matched are free to move to another account with a different beneficiary without forfeiting the match.
- Account Owner change to an account owner that is not a resident of New Jersey.