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**TITLE 540 INDIANA EDUCATION SAVINGS
AUTHORITY**

LSA Document #01-428(F)

DIGEST

Amends 540 IAC 1 to maintain the tax-qualified status of the Indiana CollegeChoice 529 Program by complying with the amendments to Section 529 of the Internal Revenue Code of 1986, and the provisions related thereto, as established by the Economic Growth and Tax Relief Reconciliation Act of 2001, P.L.107-16. Repeals 540 IAC 1-3-2, 540 IAC 1-5-2, 540 IAC 1-6-2, 540 IAC 1-7-3, 540 IAC 1-8-5, 540 IAC 1-8-6, 540 IAC 1-8-7, 540 IAC 1-9-2, 540 IAC 1-10-1.5, 540 IAC 1-10-1.6, and 540 IAC 1-10-3. Effective 30 days after filing with the secretary of state.

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| 540 IAC 1-7-2 | |

SECTION 1. 540 IAC 1-1-3 IS AMENDED TO READ AS FOLLOWS:

540 IAC 1-1-3 “Account” defined

Authority: IC 21-9-4-7

Affected: IC 21-9

Sec. 3. “Account” means ~~an individual~~ a trust account. (*Indiana Education Savings Authority; 540 IAC 1-1-3; filed Sep 9, 1997, 4:45 p.m.: 21 IR 84; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4104*)

SECTION 2. 540 IAC 1-1-4 IS AMENDED TO READ AS FOLLOWS:

540 IAC 1-1-4 “Account owner” defined

Authority: IC 21-9-4-7

Affected: IC 21-9; IC 30-2-8.5

Sec. 4. "Account owner" means any:

- (1) individual; ~~who is an adult;~~
- (2) emancipated minor; ~~or an individual serving as a~~
- (3) trust;
- (4) estate;
- (5) partnership;
- (6) association;
- (7) company;
- (8) corporation; or
- (9) qualified custodian under the Uniform Transfers to Minors Act (IC 30-2-8.5);

that ~~may make deposits for the benefit of an account beneficiary and~~ is designated at the time an account is opened as having the right to **select or change a beneficiary, designate a person to whom funds may be distributed from an account, and** withdraw funds from the account before the account is disbursed to or for the benefit of a beneficiary. (*Indiana Education Savings Authority; 540 IAC 1-1-4; filed Sep 9, 1997, 4:45 p.m.: 21 IR 85; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4104*)

SECTION 3. 540 IAC 1-1-6 IS AMENDED TO READ AS FOLLOWS:

540 IAC 1-1-6 "Administrative fee" defined

Authority: IC 21-9-4-7

Affected: IC 4-22-2; IC 21-9

Sec. 6. "Administrative fee" means the fee ~~charged for the following:~~ **as determined and published by the board from time to time pursuant to IC 21-9-4-7.**

- ~~(1) Opening an account;~~
- ~~(2) Cancellation of an account;~~
- ~~(3) Multiple changes of beneficiaries or account owners;~~

~~(4) As the board otherwise determines to be charged as part of the program and adopted pursuant to IC 4-22-2.~~
(*Indiana Education Savings Authority; 540 IAC 1-1-6; filed Sep 9, 1997, 4:45 p.m.: 21 IR 85; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4104*)

SECTION 4. 540 IAC 1-1-7 IS AMENDED TO READ AS FOLLOWS:

540 IAC 1-1-7 "Administrator fee" defined

Authority: IC 21-9-4-7

Affected: IC 21-9

Sec. 7. "Administrator fee" means the annual fee charged by the program administrator, ~~computed and allocated to participant account earnings on a quarterly basis:~~ **as approved and published by the board from time to time pursuant to IC 21-9-4-7.** (*Indiana Education Savings Authority; 540 IAC 1-1-7; filed Sep 9, 1997, 4:45 p.m.: 21 IR 85; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4104*)

SECTION 5. 540 IAC 1-1-7.5 IS ADDED TO READ AS FOLLOWS:

540 IAC 1-1-7.5 "Adoption agreement" defined

Authority: IC 21-9-4-7

Affected: IC 21-9

Sec. 7.5. "Adoption agreement" means the enrollment form contract or account application contract promulgated by the board from time to time. (*Indiana Education Savings Authority; 540 IAC 1-1-7.5; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4105*)

SECTION 6. 540 IAC 1-1-9 IS AMENDED TO READ AS FOLLOWS:

540 IAC 1-1-9 “Beneficiary” defined

Authority: IC 21-9-4-7

Affected: IC 21-9

Sec. 9. “Beneficiary” means the individual to whom (or for whose benefit) all or some of the assets of an account transfer at the time the individual incurs qualified higher education expenses. **designated as the beneficiary of the account at the time the account is established or as a new beneficiary when beneficiaries are changed.** (Indiana Education Savings Authority; 540 IAC 1-1-9; filed Sep 9, 1997, 4:45 p.m.: 21 IR 85; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4105)

SECTION 7. 540 IAC 1-1-10.5 IS ADDED TO READ AS FOLLOWS:

540 IAC 1-1-10.5 “Contributor” defined

Authority: IC 21-9-4-7

Affected: IC 21-9; IC 30-2-8.5

Sec. 10.5. “Contributor” means any:

- (1) individual;
- (2) emancipated minor;
- (3) trust;
- (4) estate;
- (5) partnership;
- (6) association;
- (7) company;
- (8) corporation; or
- (9) qualified custodian under the Uniform Transfers to Minors Act (IC 30-2-8.5);

that may make deposits for the benefit of an account beneficiary. (Indiana Education Savings Authority; 540 IAC 1-1-10.5; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4105)

SECTION 8. 540 IAC 1-1-11.5 IS AMENDED TO READ AS FOLLOWS:

540 IAC 1-1-11.5 “Internal Revenue Code” defined

Authority: IC 21-9-4-7

Affected: IC 21-9

Sec. 11.5. “Internal Revenue Code” means ~~§529 of~~ the Internal Revenue Code of 1986, as amended and effective ~~August 5, 1997~~ **April 4, 2002 (26 U.S.C. 1, et seq.).** (Indiana Education Savings Authority; 540 IAC 1-1-11.5; filed Apr 1, 1998, 10:55 a.m.: 21 IR 2821; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4105)

SECTION 9. 540 IAC 1-1-11.6 IS ADDED TO READ AS FOLLOWS:

540 IAC 1-1-11.6 “Member of the family” defined

Authority: IC 21-9-4-7

Affected: IC 21-9

Sec. 11.6. “Member of the family” has the meaning as set forth in 26 U.S.C. 529*.

***26 U.S.C. 529 is hereby incorporated by reference. Copies of 26 U.S.C. 529 may be obtained from the United States Government Printing Office, 732 North Capitol Street NW, Washington, D.C. 20402 and at <http://www.access.gpo.gov/uscode/title26/title26.html>.** (Indiana Education Savings Authority; 540 IAC 1-1-11.6; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4105)

SECTION 10. 540 IAC 1-1-12 IS AMENDED TO READ AS FOLLOWS:

540 IAC 1-1-12 “Nonqualified distribution” defined

Authority: IC 21-9-4-7

Affected: IC 21-9

Sec. 12. “Nonqualified distribution” means any refund from earnings on an account that is not:

(1) used for qualified higher education expenses of the designated beneficiary;

(2) made on account of the death or disability of the designated beneficiary; ~~or~~

(3) made on account of a scholarship (or allowance or payment described in 26 U.S.C. 135(d)(1)(B) or ~~26 U.S.C. 135(d)(1)(C))~~ **26 U.S.C. 135(d)(1)(G))** received by a designated beneficiary, but only to the extent of the amount of the scholarship **(or allowance or payment described in 26 U.S.C. 135(d)(1)(B) or 26 U.S.C. 135(d)(1)(G))***; or

(4) made on account of a rollover.

***26 U.S.C. 135 is hereby incorporated by reference. Copies of 26 U.S.C. 135 may be obtained from the United States Government Printing Office, 732 North Capitol Street NW, Washington, D.C. 20402 at <http://www.access.gpo.gov/uscode/title26/title26.html>. (Indiana Education Savings Authority; 540 IAC 1-1-12; filed Sep 9, 1997, 4:45 p.m.: 21 IR 85; errata filed Nov 20, 1997, 3:15 p.m.: 21 IR 1350; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4105)**

SECTION 11. 540 IAC 1-1-13 IS AMENDED TO READ AS FOLLOWS:

540 IAC 1-1-13 “Penalty” defined

Authority: IC 21-9-4-7

Affected: IC 21-9

Sec. 13. “Penalty” ~~means a ten percent (10%) penalty on all earnings in each account distributed as part of any nonqualified distribution. has the meaning set forth in 26 U.S.C. 529.~~ **(Indiana Education Savings Authority; 540 IAC 1-1-13; filed Sep 9, 1997, 4:45 p.m.: 21 IR 85; filed Apr 1, 1998, 10:55 a.m.: 21 IR 2822; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4105)**

SECTION 12. 540 IAC 1-1-14 IS AMENDED TO READ AS FOLLOWS:

540 IAC 1-1-14 “Program” defined

Authority: IC 21-9-4-7

Affected: IC 21-9-3

Sec. 14. “Program” means ~~the Indiana family college savings~~ **any plan or program established under and operated by the authority pursuant to and in accordance with 26 U.S.C. 529 and IC 21-9-3.** *(Indiana Education Savings Authority; 540 IAC 1-1-14; filed Sep 9, 1997, 4:45 p.m.: 21 IR 86; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4106)*

SECTION 13. 540 IAC 1-1-16 IS AMENDED TO READ AS FOLLOWS:

540 IAC 1-1-16 “Qualified higher education expenses” defined

Authority: IC 21-9-4-7

Affected: IC 21-9

Sec. 16. “Qualified higher education expenses” has the meaning ~~as set forth in the Internal Revenue Code of 1986, as defined in section 11-5 of this rule, subject to any limitations applicable under IC 21-9- 26 U.S.C. 529.~~ **(Indiana Education Savings Authority; 540 IAC 1-1-16; filed Sep 9, 1997, 4:45 p.m.: 21 IR 86; filed Apr 1, 1998, 10:55 a.m.: 21 IR 2822; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4106)**

SECTION 14. 540 IAC 1-1-16.5 IS ADDED TO READ AS FOLLOWS:

540 IAC 1-1-16.5 “Rollover” defined

Authority: IC 21-9-4-7

Affected: IC 21-9

Sec. 16.5. “Rollover” means any distribution that, within sixty (60) days of such distribution, is transferred:

(1) under the program to another account established for such designated beneficiary under 26 U.S.C. 529 that is subject to the law of another jurisdiction provided that such distribution or transfer does not occur within twelve (12) months from the date of any previous distribution or transfer to any account established under 26 U.S.C. 529 for the benefit of such designated beneficiary; or

(2) to the account of another beneficiary who is a member of the family of the designated beneficiary provided that the account of the other beneficiary is part of the program or subject to the law of another jurisdiction and 26 U.S.C. 529.

(Indiana Education Savings Authority; 540 IAC 1-1-16.5; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4106)

SECTION 15. 540 IAC 1-5-1 IS AMENDED TO READ AS FOLLOWS:

540 IAC 1-5-1 Beneficiary change

Authority: IC 21-9-4-7

Affected: IC 21-9; IC 30-2-8.5

Sec. 1. (a) Except for an account owner who made a contribution to an account as a qualified custodian under the Uniform Transfers to Minors Act (IC 30-2-8.5), an account owner may change a beneficiary by submitting to the program administrator a request to change the beneficiary. The new beneficiary must be eligible for participation under 540 IAC 1-4 and be a member of the family of the beneficiary being changed. The request to change a beneficiary shall accompany the evidence, as specified by the program administrator, that the proposed beneficiary is a member of the family of the beneficiary being changed.

(b) An individual shall be considered a member of the beneficiary’s family pursuant to the Internal Revenue Code of 1986, as defined in section 11.5 of this rule: 540 IAC 1-1-11.6. *(Indiana Education Savings Authority; 540 IAC 1-5-1; filed Sep 9, 1997, 4:45 p.m.: 21 IR 87; filed Apr 1, 1998, 10:55 a.m.: 21 IR 2822; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4106)*

SECTION 16. 540 IAC 1-6-1 IS AMENDED TO READ AS FOLLOWS:

540 IAC 1-6-1 Transfer

Authority: IC 21-9-4-7

Affected: IC 21-9; IC 30-2-8.5

Sec. 1. (a) An account owner may transfer ownership at any time upon request to the program administrator. The new account owner must be an individual eligible for participation under 540 IAC 1-3. ~~and a member of the family of the beneficiary or an ex-spouse of the account owner transferring ownership. The request to transfer ownership of the account shall accompany the evidence, as specified by the program administrator, that the proposed account owner is a member of the family of the beneficiary or an ex-spouse of the account owner transferring ownership.~~ If an account owner is a qualified custodian under the Uniform Transfers to Minors Act (IC 30-2-8.5), then upon the termination of the custodianship, as provided in IC 30-2-8.5, the beneficiary of such account shall be deemed the new account owner.

(b) An individual shall be considered a member of the beneficiary’s family pursuant to the Internal Revenue Code of 1986 as defined in section 11.5 of this rule: *(Indiana Education Savings Authority; 540 IAC 1-6-1; filed Sep 9, 1997, 4:45 p.m.: 21 IR 87; filed Apr 1, 1998, 10:55 a.m.: 21 IR 2822; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4106)*

SECTION 17. 540 IAC 1-7-1 IS AMENDED TO READ AS FOLLOWS:

540 IAC 1-7-1 Administration

Authority: IC 21-9-4-7

Affected: IC 21-9

Sec. 1. For each new account opened, an ~~administrative fee of ten dollars (\$10) shall be charged to the account owner.~~ An account owner shall make an initial deposit for each account opened in an amount not less than fifty dollars (\$50). (*Indiana Education Savings Authority; 540 IAC 1-7-1; filed Sep 9, 1997, 4:45 p.m.: 21 IR 88; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4107*)

SECTION 18. 540 IAC 1-7-2 IS AMENDED TO READ AS FOLLOWS:

540 IAC 1-7-2 Administrator fee charge

Authority: IC 21-9-4-7

Affected: IC 21-9

Sec. 2. The program administrator shall charge an annual administrator fee, ~~in such amount as agreed to by the authority, to which shall~~ be computed and allocated to account owners' account earnings. ~~on a quarterly basis.~~ (*Indiana Education Savings Authority; 540 IAC 1-7-2; filed Sep 9, 1997, 4:45 p.m.: 21 IR 88; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4107*)

SECTION 19. 540 IAC 1-8-1 IS AMENDED TO READ AS FOLLOWS:

540 IAC 1-8-1 Contributions

Authority: IC 21-9-4-7

Affected: IC 21-9

Sec. 1. Contributions by an account owner **or contributor** shall be made in cash only, with available contribution payment options determined by the authority. These options may include such methods as payroll deductions, electronic funds transfer, or other such methods as the authority determines. (*Indiana Education Savings Authority; 540 IAC 1-8-1; filed Sep 9, 1997, 4:45 p.m.: 21 IR 88; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4107*)

SECTION 20. 540 IAC 1-8-2 IS AMENDED TO READ AS FOLLOWS:

540 IAC 1-8-2 Contribution amount

Authority: IC 21-9-4-7

Affected: IC 21-9

Sec. 2. An account owner **or contributor** must specify an amount to be contributed according to the contribution option chosen by the account owner in the adoption agreement. All contributions must be in an amount not less than twenty-five dollars (\$25). (*Indiana Education Savings Authority; 540 IAC 1-8-2; filed Sep 9, 1997, 4:45 p.m.: 21 IR 88; errata filed Nov 20, 1997, 3:15 p.m.: 21 IR 1350; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4107*)

SECTION 21. 540 IAC 1-8-3.5 IS ADDED TO READ AS FOLLOWS:

540 IAC 1-8-3.5 Contribution procedure

Authority: IC 21-9-4-7

Affected: IC 21-9

Sec. 3.5. Any contributor may make a contribution to an existing account on behalf of an account owner to the extent permitted by 26 U.S.C. 529, provided that a contribution form identifying the applicable account owner and account is completed and submitted and any other requirements of the program administrator in connection with such contribution, or series of contributions, are fulfilled. (*Indiana Education Savings Authority; 540 IAC 1-8-3.5; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4107*)

SECTION 22. 540 IAC 1-8-4 IS AMENDED TO READ AS FOLLOWS:

540 IAC 1-8-4 Maximum account contributions

Authority: IC 21-9-4-7

Affected: IC 21-9

Sec. 4. Contributions cannot be made to any account which would result in the total of all account ~~balances~~ **contributions** held on behalf of one (1) beneficiary to exceed ~~one hundred fourteen thousand five hundred forty-eight dollars (\$114,548), including accrued earnings up through the date of such contribution.~~ **This the maximum account contribution amount set by the board pursuant to a formula or other methodology adopted by the board from time to time and as published by the board from time to time pursuant to IC 21-9-4-7. The maximum account balance contribution amount shall be adjusted annually pursuant to a formula or other methodology adopted by the board from time to time. In the event that total account balances contributions for a single beneficiary exceed the maximum account balance contribution amount due to new contributions, the excess amount shall be refunded to the account owner or owners, pro rata, without penalty. Notwithstanding the foregoing, it shall be permissible for the maximum account balance to be exceeded if such excess is caused solely by the accrual of earnings to one (1) or more accounts held on behalf of a single beneficiary.** *(Indiana Education Savings Authority; 540 IAC 1-8-4; filed Sep 9, 1997, 4:45 p.m.: 21 IR 88; filed Oct 10, 2000, 3:06 p.m.: 24 IR 375; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4107)*

SECTION 23. 540 IAC 1-9-1 IS AMENDED TO READ AS FOLLOWS:

540 IAC 1-9-1 Cancellation

Authority: IC 21-9-4-7

Affected: IC 21-9

Sec. 1. An account owner may at any time cancel an adoption agreement by submitting to the program administrator notice to terminate agreement. ~~An administrative fee of twenty-five dollars (\$25) shall be charged to an account owner for the cancellation of an account.~~ *(Indiana Education Savings Authority; 540 IAC 1-9-1; filed Sep 9, 1997, 4:45 p.m.: 21 IR 89; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4107)*

SECTION 24. 540 IAC 1-9-2.5 IS ADDED TO READ AS FOLLOWS:

540 IAC 1-9-2.5 Premature cancellation

Authority: IC 21-9-4-7

Affected: IC 21-9

Sec. 2.5. An account may be terminated by the program administrator at the direction of the board if the account has a balance of less than five hundred dollars (\$500) and no contributions have been made within the preceding calendar year. Notwithstanding the foregoing, if distributions of at least five hundred dollars (\$500) are paid from the account for qualified higher education expenses within the preceding calendar year, the account shall not be subject to cancellation. The board shall instruct the program administrator as to such cancellations from time to time. *(Indiana Education Savings Authority; 540 IAC 1-9-2.5; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4108)*

SECTION 25. 540 IAC 1-9-2.6 IS ADDED TO READ AS FOLLOWS:

540 IAC 1-9-2.6 Interruption of attendance

Authority: IC 21-9-4-7

Affected: IC 21-9

Sec. 2.6. If, following the submission of a notice to use program benefits, the beneficiary interrupts his or her attendance at an institution of higher education, the account owner shall submit a notice to delay program benefits. Interruption of attendance shall mean failure to enroll for the next academic period,

excluding summer sessions. Upon receipt of notice, the administrator shall suspend the requirements set forth in section 2.5 of this rule for a period of two (2) years. Upon the expiration of one (1) year, the account is subject to cancellation if the account has a balance of less than five hundred dollars (\$500) and contributions are not resumed unless qualifying distributions are again resumed. The board shall instruct the program administrator as to such cancellations from time to time. (*Indiana Education Savings Authority; 540 IAC 1-9-2.6; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4108*)

SECTION 26. 540 IAC 1-9-2.7 IS ADDED TO READ AS FOLLOWS:

540 IAC 1-9-2.7 Cancellation notice and procedure

Authority: IC 21-9-4-7

Affected: IC 21-9

Sec. 2.7. Prior to cancellation for failure to maintain an appropriate balance, make required contributions, or to resume attendance, appropriate notice, as established by the board, shall be given to the account owner with an opportunity to cure. (*Indiana Education Savings Authority; 540 IAC 1-9-2.7; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4108*)

SECTION 27. 540 IAC 1-9-3 IS AMENDED TO READ AS FOLLOWS:

540 IAC 1-9-3 Refund

Authority: IC 21-9-4-7

Affected: IC 21-9

Sec. 3. (a) If the adoption agreement is canceled by the account owner **(unless the cancellation is the result of a rollover) or by the board for failure to maintain an appropriate balance, make required contributions, or to resume attendance, the account owner, or the beneficiary if the account owner so directs,** is entitled to a refund. Any portion of the refund attributable to earnings is subject to the penalty for a nonqualified distribution.

(b) Before a cancellation and refund due to the death of a beneficiary is made, an account owner must provide the program administrator a copy of the beneficiary's death certificate or other proof of death acceptable under state law. Before a cancellation and refund due to the disability of a beneficiary is made, an account owner must provide to the program administrator written certification from a qualified and licensed physician that the beneficiary cannot reasonably attend school. Before a cancellation and refund due to receipt of a scholarship (or allowance or payment as described in 26 U.S.C. 135(d)(1)(B) or 26 U.S.C. 135(d)(1)(C)), an account owner must provide the program administrator proof of receipt of a scholarship (or allowance or payment) and the amount of the scholarship (or allowance or payment):

~~(c)~~ **(b)** Funds that are refunded to an account owner, **or the beneficiary if directed by the account owner,** pursuant to this section shall be reported to the appropriate taxing authorities for the tax year in which such refund is made. (*Indiana Education Savings Authority; 540 IAC 1-9-3; filed Sep 9, 1997, 4:45 p.m.: 21 IR 89; errata filed Nov 20, 1997, 3:15 p.m.: 21 IR 1350; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4108*)

SECTION 28. 540 IAC 1-10-1 IS AMENDED TO READ AS FOLLOWS:

540 IAC 1-10-1 Benefit payment

Authority: IC 21-9-4-7

Affected: IC 21-9

Sec. 1. For payment of benefits from the trust to begin, the account owner shall submit a notice to use program benefits. The payment of benefits shall be made only for qualified higher education expenses, or shall be subject to applicable penalties for nonqualified distributions. All qualified higher education expenses **charged directly by the eligible educational institution** shall be paid:

(1) directly to the eligible educational institution; ~~All other expenses charged by third parties shall be paid~~

(2) to the beneficiary as directed by the account owner; or

(3) to the account owner. ~~upon receipt of proof of payment of the expense by the account owner.~~

~~Payment made on a reimbursement basis shall be permitted only to two (2) times per academic period. shall be limited to once a month and subject to a minimum distribution amount of fifty dollars (\$50).~~ *(Indiana Education Savings Authority; 540 IAC 1-10-1; filed Sep 9, 1997, 4:45 p.m.: 21 IR 90; filed Apr 1, 1998, 10:55 a.m.: 21 IR 2823; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4108)*

SECTION 29. 540 IAC 1-10-4 IS ADDED TO READ AS FOLLOWS:

540 IAC 1-10-4 Rollover distributions

Authority: IC 21-9-4-7

Affected: IC 21-9

Sec. 4. An account owner may transfer the account funds pursuant to a rollover made in accordance with 26 U.S.C. 529. Upon the receipt by the administrator of a rollover notice from the account owner, the administrator shall transfer all of the account funds to the account designated in the rollover notice. *(Indiana Education Savings Authority; 540 IAC 1-10-4; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4108)*

SECTION 30. 540 IAC 1-12-2 IS AMENDED TO READ AS FOLLOWS:

540 IAC 1-12-2 Investment direction

Authority: IC 21-9-4-7

Affected: IC 21-9

Sec. 2. An account owner or beneficiary shall ~~not be permitted to~~ direct the investment of any contributions or the earnings on any ~~contribution~~. contributions only in accordance with 26 U.S.C. 529 and the terms of the program. *(Indiana Education Savings Authority; 540 IAC 1-12-2; filed Sep 9, 1997, 4:45 p.m.: 21 IR 90; filed Jul 8, 2002, 1:51 p.m.: 25 IR 4109)*

SECTION 31. THE FOLLOWING ARE REPEALED: 540 IAC 1-3-2; 540 IAC 1-5-2; 540 IAC 1-6-2; 540 IAC 1-7-3; 540 IAC 1-8-5; 540 IAC 1-8-6; 540 IAC 1-8-7; 540 IAC 1-9-2; 540 IAC 1-10-1.5; 540 IAC 1-10-1.6; 540 IAC 1-10-3.

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Incorporated Documents Filed with Secretary of State: Sections 135 and 529 of the Internal Revenue Code of 1986 (26 U.S.C. 529).