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**TITLE 540 INDIANA EDUCATION SAVINGS
AUTHORITY**

LSA Document #02-307(E)

DIGEST

Temporarily amends 540 IAC 1-7-2, 540 IAC 1-8-2, 540 IAC 1-9-2.6, and 540 IAC 1-10-1 to clarify how the fee paid to the administrator of the Indiana CollegeChoice 529 Program is calculated, to clarify the initial and subsequent minimum contribution requirements of the Indiana CollegeChoice 529 Program, to eliminate any notice and cancellation of account requirements due to interruption of attendance, and to eliminate the once a month limitation on distributions from an account. Authority: IC 21-9-4-7. The original emergency document, LSA Document #02-256(E), as printed at 26 IR 59, effective August 29, 2002, expires November 27, 2002. Effective November 28, 2002.

SECTION 1. Notwithstanding 540 IAC 1-7-2, the program administrator shall charge an annual administrator fee, which shall be based on the value of the assets of the portfolio. The term "portfolio" means the investment selected by the account owner to which account contributions are allocated.

SECTION 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, other than initial contributions defined in 540 IAC 1-7-1, must be in an amount not less than twenty-five dollars (\$25).

SECTION 3. Notwithstanding 540 IAC 1-9-2.6, if the beneficiary interrupts his or her attendance at an institution of higher education, a beneficiary and/or account owner is not required to notify the administrator, and such interruption of attendance shall not cause the cancellation of such beneficiary's account except as provided in 540 IAC 1-9-2.5, if applicable. Interruption of attendance shall mean failure to enroll for the next academic period, excluding summer sessions.

SECTION 4. Notwithstanding 540 IAC 1-10-1, for payment 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 shall be paid:

- (1) directly to the eligible educational institution;**
- (2) to the beneficiary as directed by the account owner; or**
- (3) to the account owner.**

Payment shall be subject to a minimum distribution amount of fifty dollars (\$50).

SECTION 5. SECTIONS 1 through 4 of this document expire February 28, 2003.

LSA Document #02-307(E)

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