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TITLE 540 INDIANA EDUCATION SAVINGS AUTHORITY

Proposed Rule LSA Document #02-287

DIGEST

Amends 540 IAC 1-7-2, 540 IAC 1-8-2, 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, and to eliminate limitations on frequency of distributions from an account. Repeals 540 IAC 1-9-2.6. Effective 30 days after filing with the secretary of state.

540 IAC 1-7-2 **540 IAC 1-9-2.6**
540 IAC 1-8-2 **540 IAC 1-10-1**

SECTION 1. 540 IAC 1-7-2, AS AMENDED AT 25 IR 4107, SECTION 18, 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, which shall be ~~computed and allocated to account owners' account earnings.~~ **based on the value of the assets of the portfolio. As used in this section, "portfolio" means the investment selected by the account owner to which account contributions are allocated.** (*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 2. 540 IAC 1-8-2, AS AMENDED AT 25 IR 4107, SECTION 20, 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, **other than initial contributions defined in 540 IAC 1-7-1**, 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 3. 540 IAC 1-10-1, AS AMENDED AT 25 IR 4108, SECTION 28, 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 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 ~~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 4. 540 IAC 1-9-2.6, AS ADDED AT 25 IR 4108, SECTION 25, IS REPEALED.

Notice of Public Hearing

Under IC 4-22-2-24, notice is hereby given that on January 22, 2003 at 11:00 a.m., at the Indiana Education Savings Authority, One North Capitol, Suite 444, Indianapolis, Indiana the Indiana Education Savings Authority will hold a public hearing on proposed amendments that finalize prior emergency rules that define administrator fee, clarify initial and subsequent contribution amounts, and eliminate limitations on frequency of account distributions. Copies of these rules are now on file at the Indiana Education Savings Authority, One North Capitol, Suite 444 and Legislative Services Agency, One North Capitol, Suite 325, Indianapolis, Indiana and are open for public inspection.

Susan Loftus
Executive Director
Indiana Education Savings Authority