

11 KAR 17:100. Administrative fees.

RELATES TO: KRS 164A.701(6), 164A.704(1), 164A.709(4)

STATUTORY AUTHORITY: KRS 164A.701(6), 164A.704(1), (6)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 164A.704(1) requires the board to promulgate administrative regulations, set fees, and adopt procedures to implement KRS 164A.700 to 164A.709. KRS 164A.704(6) provides that the board shall develop requirements, procedures, and guidelines regarding prepaid tuition contracts. This administrative regulation establishes the administrative fees related to a prepaid tuition contract.

Section 1. Payment of Fees. (1) All fees required under this administrative regulation shall be paid in cash by means of the method of payment authorized in 11 KAR 17:050, Section 2(1)(a) through (f).

(2) A prepaid tuition contract benefit shall not be paid by the office from the fund until all applicable administrative fees have been paid by the purchaser.

(3) Upon notice to the purchaser, the office may reduce the value of the prepaid tuition contract in an amount equal to the outstanding administrative fees due from the purchaser.

Section 2. Application Fee. (1) A fifty (50) dollar application fee shall be required for each application. This fee shall be separate from any prepaid tuition contract payments due under a payment schedule and shall be nonrefundable.

(2) The board shall determine the method of payment for the application fee.

Section 3. Account Maintenance Fee. (1) All prepaid tuition contract payments shall include a nonrefundable account maintenance fee.

(2) For prepaid tuition contracts paid in a lump sum, the account maintenance fee shall be ten (10) dollars per year until enrollment of the qualified beneficiary in an eligible educational institution or termination of the contract.

(3) For prepaid tuition contracts that are paid in monthly installments, the account maintenance fee shall be one (1) dollar per month until enrollment of the qualified beneficiary in an eligible educational institution or termination of the contract.

Section 4. Termination Fee. (1) A fee of \$150 or fifty (50) percent of the total tuition plan payments made, whichever is less, shall be assessed against the purchaser for the termination of a prepaid tuition contract. The fee shall be exclusive of all other administrative fees.

(2) This fee shall be waived if the prepaid tuition contract is terminated due to the death or disability or scholarship of the qualified beneficiary.

Section 5. Change in Beneficiary Fee. (1) A fee of twenty (20) dollars shall be assessed to transfer the benefits of a prepaid tuition contract to a new beneficiary.

(2) The fund shall waive this fee if:

(a) The designation of a new beneficiary is due to the death, disability, or receipt of scholarship of the original qualified beneficiary; and

(b) The purchaser:

1. Requests waiver of this fee by written request to the fund; and

2. Includes sufficient documentation of the death, disability, or receipt of scholarship of the original qualified beneficiary.

Section 6. Change in Purchaser Fee. (1) A fee of twenty (20) dollars shall be assessed to

transfer the rights and obligations of a prepaid tuition contract to a new purchaser.

(2) The fund shall waive this fee if:

(a) The designation of the substitute purchaser is due to the death or disability of the purchaser; and

(b) The substitute purchaser:

1. Requests waiver of this fee in a written request; and

2. Includes sufficient documentation of the death or disability of the purchaser.

Section 7. Change in Payment Schedule Fee. A fee of ten (10) dollars shall be assessed for any change to a payment schedule requested by a purchaser.

Section 8. Other Prepaid Tuition Contract Changes Fee. A fee of ten (10) dollars shall be assessed for any other change not specifically listed in 11 KAR 17:060 that is made to a prepaid tuition contract requested by a purchaser.

Section 9. Late Payment Fee. A fee of ten (10) dollars shall be assessed each month for each payment made past its scheduled date.

Section 10. Returned Payment Fee. A fee of fifteen (15) dollars shall be assessed for any payment made to the fund that is returned to the purchaser for insufficient funds or other reason which causes the payment not to be processed. This fee shall apply to all prepaid tuition contract payments and administrative fee payments that are returned.

Section 11. Document Replacement. (1) In accordance with KRS 61.874(3) and 61.876(3) and 200 KAR 1:020, a fee of ten (10) cents per page shall be assessed for each document that the purchaser requests.

(2) For documents requiring additional postage beyond the rate for a first class letter and for documents requiring overnight delivery, an additional fee shall be assessed equal to the cost of postage, not to exceed fifteen (15) dollars.

Section 12. Late Notice Fee. (1) A fee of twenty (20) dollars shall be assessed for any notice required under 11 KAR 17:070, Section 1(1), which is received later than the deadline established by the board.

(2) This fee shall be paid by the purchaser before any tuition shall be paid to an eligible educational institution on behalf of the qualified beneficiary. (30 Ky.R. 765; 1197; eff. 12-1-2003; 31 Ky.R. 378; 698; eff. 11-5-2004; Crt eff. 9-28-2018.)