

**164A.709 Termination of prepaid tuition contract or account -- Transfer of funds -
- Operations of Commonwealth postsecondary education prepaid tuition trust
fund and the Tuition Account Program Office to end on June 30, 2030.**

- (1) A purchaser may terminate a prepaid tuition contract at any time upon written request to the office.
- (2) Upon termination of a prepaid tuition contract at the request of a purchaser, the office shall pay from the fund to the purchaser:
 - (a) The value of the prepaid tuition account or, if the contract has not been paid in full, a pro rata amount calculated according to the portion of the plan that had been paid, if the contract is terminated for the death of the qualified beneficiary or the disability of the qualified beneficiary that, in the opinion of the office, would make attendance by the beneficiary at an eligible educational institution impossible or unreasonably burdensome;
 - (b) The amounts paid on the purchaser's prepaid tuition contract if the contract is terminated and a request for refund is made before July 1 of the qualified beneficiary's projected college entrance year. The board may determine a rate of interest to accrue for payment on the amount otherwise payable under this paragraph;
 - (c) For a prepaid tuition account terminated after June 30 of the qualified beneficiary's projected college entrance year and prior to June 27, 2019:
 1. The value of the prepaid tuition account for the 2014-2015 academic year for accounts with a utilization period end date prior to 2012; or
 2. The value of the prepaid tuition account at the end of the account's utilization period plus three percent (3%) per annum for a maximum of two (2) years thereafter, or the applicable tuition plan value increase, whichever is less, for accounts with a utilization period end date of 2012 or later; or
 - (d) For a prepaid tuition account terminated after June 30 of the qualified beneficiary's projected college entrance year and on or after June 27, 2019, the value of the prepaid tuition account at the time of termination.
- (3) All refunds paid shall be less any benefits previously paid from the plan and any administrative fees as determined by the board. The office may impose a fee upon termination of the account for administrative costs and deduct the fee from the amount otherwise payable under this section.
- (4) If a qualified beneficiary is awarded a scholarship that covers tuition costs included in a prepaid tuition contract, the purchaser may request a refund consisting of the amount of the value of the prepaid tuition account, not to exceed the amount of the scholarship.
- (5) If the purchaser wishes to transfer funds from the prepaid tuition account to the Kentucky Educational Savings Plan Trust, the purchaser may do so under administrative regulations promulgated by the board and the board of directors of the Kentucky Educational Savings Plan Trust under KRS 164A.325. The transfer amount shall be calculated in the same way a refund is determined in accordance

with this section.

- (6) If the purchaser wishes to transfer funds from the prepaid tuition account to another qualified tuition program as defined in 26 U.S.C. sec. 529(b)(1), the purchaser may do so under administrative regulations promulgated by the board. The transfer amount shall be calculated in the same way a refund is determined in accordance with this section.
- (7) The board may terminate a prepaid tuition contract at any time due to the fraud or misrepresentation of a purchaser or qualified beneficiary with respect to the prepaid tuition contract.
- (8) All operations of the Commonwealth postsecondary education prepaid tuition trust fund and the Tuition Account Program Office shall end on June 30, 2030. On or before that date, any remaining prepaid tuition account funds that have not been utilized, transferred to another qualified tuition program, or refunded upon the request of the purchaser shall be refunded to the purchaser in accordance with subsection (2) of this section.

Effective: June 27, 2019

History: Amended 2019 Ky. Acts ch. 9, sec. 3, effective June 27, 2019. -- Amended 2014 Ky. Acts ch. 34, sec. 4, effective July 15, 2014. -- Amended 2006 Ky. Acts ch. 252, Pt. XXXI, sec. 7, effective April 25, 2006. -- Amended 2005 Ky. Acts ch. 162, sec. 8, effective July 1, 2005. -- Amended 2002 Ky. Acts ch. 25, sec. 7, effective July 15, 2002. -- Created 2000 Ky. Acts ch. 163, sec. 7, effective July 14, 2000.