

K.A.R. 3-4-1. Definitions. In addition to the terms and definitions in K.S.A. 75-643 and K.S.A. 75-650; and amendments thereto, the following terms shall have the meanings specified in this regulation:

(a) “Participant account” means the Kansas postsecondary education savings program account established by an account owner for the benefit of a participant who is enrolled in the matching grant program.

(b) “Account owner” means the account owner or joint account owners of a participant account.

(c) “Contribution” means any deposit made by a participant to the participant’s an account owner to that account owner’s participant account during a calendar year, except any deposit that is one of the following:

(1) A rollover from another account in the Kansas postsecondary education savings program;

(2) a rollover from another state’s qualified tuition program as defined in internal revenue code section 529;

(3) a transfer from a Coverdell education savings account as defined in internal revenue code section 530; or

(4) a transfer of proceeds from a qualified U.S. savings bond as described in internal revenue code section 135(c)(2)(C).

~~(b)~~(d) “Household” means a group of individuals who are related by birth, marriage, or adoption and who share a residence.

~~(e)~~(e) “Participant” has the meaning specified in K.S.A. 75-650, and amendments thereto. Each participant shall be ~~an account owner~~ a beneficiary of a Kansas

postsecondary education savings program account, as defined in K.S.A. 75-643 and amendments thereto. ~~Each joint account owner shall separately meet the program's eligibility requirements.~~

This regulation shall be effective on and after January 1, 2010. (Authorized by and implementing K.S.A. ~~2006~~ 2008 Supp. 75-650, as amended by 2009 SB 225, sec. 1; effective, T-3-6-29-06, June 29, 2006; effective Oct. 27, 2006; amended July 6, 2007; amended P-_____.)

K.A.R. 3-4-2. Eligibility requirements. ~~(a)~~ Each ~~applicant~~ account owner shall meet the following requirements:

~~(1)~~(a) Be a resident of the state of Kansas;

~~(2)~~(b) reside in a household with a combined federal adjusted gross income for all individuals residing in the household that is not more than 200 percent of the current federal poverty level; and

~~(3)~~(c) not be claimed as a dependent on someone else's income tax return.

~~(b) Any individual who files a joint income tax return may apply individually or jointly with the other individual listed on the income tax return if that other individual also meets the program's eligibility requirements.~~

~~(c) Any set of joint account owners may apply either jointly for one matching grant or separately for one matching grant for each joint account owner. If multiple accounts are used to qualify for multiple matching grants, the same individuals shall be listed as the joint account owners of each account.~~

This regulation shall be effective on and after January 1, 2010. (Authorized by and implementing K.S.A. ~~2006~~ 2008 Supp. 75-650, as amended by 2009 SB 225, sec. 1; effective, T-3-6-29-06, June 29, 2006; effective Oct. 27, 2006; amended July 6, 2007; amended P- _____.)

K.A.R. 3-4-4. Eligibility period. Each participant shall be entitled to a matching grant equal to the amount of the ~~participant's~~ account owner's contributions to the ~~participant's~~ participant account ~~or accounts~~ for the program year in which the ~~participant's~~ account owner's application is approved. The program year shall coincide with the period designated for contributions that are eligible for the deduction pursuant to K.S.A. 79-32,117(c)(xv) and amendments thereto. Each ~~participant~~ account owner shall reapply each program year to remain eligible for the program.

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K.A.R. 3-4-5. Matching grant accounts. The matching grant funds for each participant shall be deposited in a separate account in the participant's account owner's name for the benefit of the participant, with the following restrictions:

~~(a) Only the participant shall be the account owner of the matching grant account. Joint applicants shall be joint account owners of both their joint account and the corresponding matching grant account.~~

~~(b)~~ No change in ownership of the participant's participant account or the corresponding matching grant account shall be allowed, except upon approval by the treasurer. A change in account ownership to another participant account owner who meets the eligibility requirements in K.A.R. 3-4-2 may be approved by the treasurer. A change in account ownership to any individual may be approved by the treasurer upon the participant's account owner's death, divorce, or incapacity.

~~(c)~~ ~~(b)~~ For participant accounts that are not used to participate in the matching grant program after January 1, 2010, any participant may change in the designated beneficiary for that a participant's participant account or accounts by the account owner shall cause the beneficiary for the corresponding matching grant account to be changed to the same new beneficiary. However, the designated beneficiary for the matching grant account shall always be the same as the designated beneficiary for the participant's account.

~~(d)~~ ~~(c)~~ The investment portfolio for the corresponding matching grant account shall always be the same as the investment portfolio selected for the participant's each participant account.

~~(e)~~ (d) Each request for a withdrawal from the matching grant account shall be submitted to the treasurer's office for approval. If the treasurer determines that the request is for qualified higher education expenses, then the request shall be approved. Each approved withdrawal from the matching grant account shall be paid either directly to the educational institution or to the ~~participant~~ account owner or the designated beneficiary, upon presentation of documentation acceptable to the treasurer that the ~~participant~~ account owner or designated beneficiary has paid qualified higher education expenses at least equal to the amount of the requested withdrawal. Each approved withdrawal shall be equally funded from the ~~participant's~~ participant account and the corresponding matching grant account.

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K.A.R. 3-4-6. This regulation shall be revoked on January 1, 2010. (Authorized by and implementing K.S.A. 2006 Supp. 75-650; effective, T-3-6-29-06, June 29, 2006; effective Oct. 27, 2006; amended July 6, 2007; revoked P- _____.)

K.A.R. 3-4-7. Forfeit of matching grant funds. (a)(1) Except as specified in paragraphs (a)(2) and (a)(3), funds in a ~~participant's~~ matching grant account shall be forfeited in an amount equal to either of the following:

(A) Any nonqualified withdrawal from the ~~participant's~~ corresponding participant account; or

(B) any rollover distribution to another qualified tuition plan from the corresponding participant account.

(2) If any nonqualified withdrawal or rollover distribution closes ~~the participant's~~ a participant account, the corresponding matching grant account shall be closed and its entire balance shall be forfeited.

(3) Any ~~participant~~ account owner who contributes more than the \$600 maximum matching grant amount may make a nonqualified withdrawal or rollover distribution of the excess contribution without forfeiting funds from the matching grant account.

(b) If the treasurer determines that a ~~participant~~ the account owner has made a material misrepresentation on the ~~participant's~~ application, all matching grant funds resulting from the application shall be forfeited.

(c) If a ~~participant's~~ participant account ever becomes reportable as unclaimed property under K.S.A. 58-3934 et seq. and amendments thereto or the unclaimed property laws of any other state, the remaining balance in the corresponding matching grant account shall be forfeited.

(d) For participants who are enrolled in the matching grant program on or after January 1, 2010, if the account owner changes the beneficiary of the participant account,

all funds in the corresponding matching grant account shall be forfeited regardless of when the matching grant was provided by the state.

(e) All forfeited funds shall be returned to the Kansas postsecondary education savings trust fund.

This regulation shall be effective on and after January 1, 2010. (Authorized by and implementing ~~L. 2006, ch 189, sec. 3~~ K.S.A. 2008 Supp. 75-650, as amended by 2009 SB 225, sec 1; effective, T-3-6-29-06, June 29, 2006; effective Oct. 27, 2006; amended P-_____.)