

**164A.709 Termination of prepaid tuition contract or account -- Transfer of funds.**

- (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 if the contract is terminated for:
    1. The death of the qualified beneficiary; or
    2. 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; or
    3. A request made on or after July 1 of the initial projected year of enrollment of the qualified beneficiary; and
  - (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 initial projected year of enrollment. The board may determine a rate of interest to accrue for payment on the amount otherwise payable under this paragraph.
- (3) At the option of the purchaser, the value of the prepaid tuition account may be carried forward to another academic year or distributed by the fund upon the purchaser's request.
- (4) All refunds paid shall be net of 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.
- (5) 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.
- (6) 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.
- (7) 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.
- (8) 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.

**Effective:** April 25, 2006

**History:** 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.