

LCB File No. T005-98

TEMPORARY REGULATION OF THE NEVADA HIGHER EDUCATION  
TUITION TRUST FUND BOARD OF TRUSTEES

Section 1. *Program Options and Coverages*

1. *Plan Types*

*The types of plans available under the Nevada Prepaid Tuition Program are:*

- (a) University Plan. The University Plan specifies that 120 credit hours (eight semesters) at a state university are purchased for the benefit of the qualified beneficiary.*
- (b) Community College Plan. The Community College Plan specifies that 60 credit hours (four semesters) at a state community college are purchased for the benefit of the qualified beneficiary.*
- (c) Community College Plus University Plan. The Community College Plus University Plan specifies that 60 credit hours (four semesters) at a state community college and 60 upper division level credit hours (four semesters) at a state university are purchased for the benefit of the qualified beneficiary.*

2. *Covered Tuition*

*Covered tuition means the mandatory charges imposed by the state community college or state university, as is appropriate to the plan which has been purchased, for enrollment of a full-time student who is classified by the community college or university as a resident of Nevada.*

*Tuition does not include parking fees, fines, out-of-state tuition, athletic fees, course specific fees such as laboratory fees, and studio fees, charges for books, supplies, room, or board, even if the state community college, state university, or other eligible institution attended by the qualified beneficiary requires all students to pay such charges. Tuition also does not include any application or entrance fees.*

*Tuition shall be calculated in one-year increments, which is the equivalent of two semesters of full-time study under a normal course load (15 semester credit hours), which leads to conference of a bachelor's degree in four years of study, or an associate's degree in two years of study.*

3. *Payment Options*

- (a) Single (lump-sum) payment*

- (b) *Extended monthly payments (until high-school graduation)*
- (c) *Five-year (60 monthly payments)*

4. *Payment Methods*

*Purchasers may make payments through a variety of means including:*

- (a) *Lump Sum Invoice*
- (b) *Monthly Coupon*
- (c) *Automated Clearing House (ACH - direct debit against bank account)*
- (d) *Payroll Deduction (as negotiated with purchaser's employer)*

5. *Default*

*Failure to make any payment within thirty (30) days of the due date shall result in default by the purchaser and suspension of the qualified beneficiary's rights under the contract. Failure to make any payment within thirty (30) days of the date due will constitute default of the contract. All rights of the qualified beneficiary under the contract may be terminated upon default. If, within 180 days of default, the purchaser pays all delinquent amounts including actuarial assessments and administrative fees, the qualified beneficiary's rights under the contract will be reinstated. If, within 180 days of default, no payment is received, the contract will be canceled.*

6. *Contract Requirements*

*Except for contracts purchased by trusts, charitable trusts, corporations, or guardianship estates, purchasers must name the qualified beneficiary in the application. All purchasers must indicate a year of matriculation and their choice of plan at time of application. Beneficiary information must be provided before contract benefits may be used. Only one qualified beneficiary is allowed per contract, and a specific qualified beneficiary can be named in only one contract.*

7. *Contract Purchasers*

*Any person, corporation, or organization may purchase a contract for a qualified beneficiary.*

**Section 2.** *Contract, Applications, and Payments*

1. *Application Processing*

(a) *Enrollment Period*

*Enrollment periods are established by the Board, and may change from year to year. The enrollment period shall commence and terminate on dates set annually by the Board and published once per week for two consecutive weeks in qualified legal and competent newspapers as defined pursuant to NRS 238.020-238.070, which are published in the*

*three most populous counties in the state. As approved by the Program, applications may be processed outside of the enrollment period.*

*After acceptance by the Board of the purchaser's Application, a Payment and Participation Schedule and Master Agreement shall be mailed to the purchaser. The contract shall be comprised of the Application, the Master Agreement, and the Participation and Payment Schedule.*

*The Application form, NPT 98-1, and the form of the Master Agreement, NPT 98-2, are hereby adopted and incorporated into these Regulations by reference.*

*(b) Application Processing Fee Requirement*

*The application fee must be paid at the time the application is received.*

*(c) Qualified Beneficiary Social Security Number Requirement*

*The contract requires a valid Social Security Number for the qualified beneficiary to receive benefits.*

*(d) Residency Requirements*

*Either the qualified beneficiary or the purchaser must be a resident of the State of Nevada at the time of enrollment into the Program. A minor child of a non-custodial parent, who is a resident, is also eligible for enrollment into the Program. All military personnel whose home address is in Nevada may also enroll into the Program.*

*(e) Maximum Age/Grade of Qualified Beneficiary*

*All age/grade validations are based on the eligibility date to enroll in the Program.*

*Qualified Beneficiaries must be in the ninth grade or below.*

*Qualified Beneficiaries must not be over 18 years of age.*

*2. Payment and Participation Schedule*

*Each purchaser, after approval of the purchaser's Application, shall receive a Payment and Participation Schedule which shall indicate the amounts and due dates of payments due to the Program from the purchaser. Payments under a contract are due as specified in the Payment and Participation Schedule.*

**Section 3. Contract Pricing**

*The Board will evaluate prices for revision annually. Following approval by the Board, all contract prices will be published annually once per week for two consecutive weeks in*

*qualified legal and competent newspapers, as defined pursuant to NRS 238.020 - 238.070, which are published in the three most populous counties in the state.*

#### **Section 4. Administrative Fee Schedule**

*The following fee schedule will apply for all advance payment contract applicants and purchasers:*

**1. Application Fee**

*Fee charged for application processing per contract.*

*\$60*

**2. NSF or Returned Payment Fee**

*Fee charged for payments returned by the financial institution.*

*\$15*

**3. Late Payment Fee (monthly)**

*Fee charged if a monthly payment is not received prior to the end of the 15 day grace period.*

*\$15*

**4. Late Payment Fee (lump sum)**

*Fee charged if a lump-sum payment is not received prior to the end of the 15 day grace period, charged each month until cancellation.*

*\$15 the first month then 1% of balance including outstanding fees every additional 30 days late.*

**5. Voluntary Cancel Fee**

*Fee charged when a purchaser elects to cancel his contract for reasons other than death or disability of the qualified beneficiary, or award of scholarship to the qualified beneficiary.*

*50% of total amount paid to the Program after deducting the contract administrative fees (excluding voluntary cancel fees), up to \$150 maximum.*

**6. Involuntary Cancel Fee**

*Fee charged when a contract is canceled due to delinquency or incorrect information.*

*50% of total amount paid to the Program after deducting the contract administrative fees (excluding involuntary cancel fees), up to \$150 maximum.*

**7. Termination Fee**

*Fee charged for contract cancellation due to misrepresentation or fraudulent information, or other reasons as determined by the Program Administrator.*

*100% of total amount paid to the Program after deducting the contract administrative fees (excluding cancel fees and termination fees), up to \$250 maximum.*

**8. Contract Maintenance Fee**

*(a) Fee charged for canceled Lump Sum Contracts.*

*\$20*

*(b) Fee charged for canceled Monthly Pay Contracts.*

*\$3 for each calendar month a contract is active.*

**9. Payment Option Change Fee**

*Fee charged for a change in payment schedule on a contract.*

*\$20*

**10. Plan Change Fee**

*Fee charged for change in plan type.*

*\$20*

**11. Purchaser Change Fee**

*Fee charged for a change of purchaser on a contract.*

*\$20*

**12. Purchaser's Appointee Change Fee**

*Fee charged for a change of purchaser's appointee on a contract.*

*\$20*

**13. Substitute Qualified Beneficiary Fee**

*Fee charged for the transfer of benefits to another qualified beneficiary.*

*\$20*

**14. Document Replacement Fee**

*Fee charged for replacing coupon books, enrollment packages, matriculation cards, matriculation booklets, et cetera.*

*\$7*

**15. Private/Out-of-State Processing Fee**

*Fee charged for each term that benefits are paid for a qualified beneficiary to a private or out-of-state school.*

*\$25*

**Section 5. Contract Cancellation and Refund Processing**

**1. Cancellations**

*A contract may be cancelled or terminated due to:*

- (a) Delinquency (involuntary)*
- (b) Fraud (involuntary)*
- (c) Transfer (voluntary)*
- (d) Death or Disability of Qualified Beneficiary (voluntary)*
- (e) Request of Purchaser (voluntary)*
- (f) Award of Scholarship to Qualified Beneficiary (voluntary)*

**2. Refund Reasons**

*Upon request of the purchaser, refunds may be processed in the following situations:*

- (a) Contracts with overpayments*
- (b) Voluntary cancellation*
- (c) Involuntary cancellation*
- (d) Death or disability of qualified beneficiary*
- (e) Scholarship awarded to qualified beneficiary*
- (f) Plan Conversions*

**3. Overpayment Refunds**

*Purchasers with contracts that are overpaid or that have been paid prior to the date required may request that all or a portion of such amounts be refunded. A refund cannot be processed by the Program if the requested refund will cause the contract to become*

*delinquent. Overpayment refund requests must be submitted in writing and be signed by the purchaser.*

**4. *Voluntary Cancellation Request Authorization***

*Voluntary cancellations must be submitted in writing and be signed by the purchaser.*

**5. *Death or Disability of Qualified Beneficiary Refund***

*If the qualified beneficiary dies or becomes totally disabled, the Program will provide a refund upon presentation of adequate documentation of death or disability. No cancellation fee will be assessed for such refunds. Such refunds shall be for the amount paid into the Program plus interest at the Program interest rates.*

**6. *Death of Purchaser***

*If a purchaser dies, the Purchaser's Appointee or the Personal Representative of the purchaser's estate may request cancellation and refund of the contract or direct the Program to substitute another person as the purchaser of the contract. If the purchaser's appointee requests a refund, the refund will be made payable to the purchaser's appointee. If the Personal Representative of the purchaser's estate requests a refund, the refund will be made payable to the purchaser's estate.*

**7. *Cancellation (Termination) for Fraud***

*If a contract is canceled for fraud, the termination fee will be assessed. The amount paid to the Program by the purchaser, less the contract administrative fees and the termination fee, will be refunded automatically to the purchaser.*

**8. *Scholarship Refunds***

**(a)** *If a qualified beneficiary receives a scholarship, the purchaser may obtain a refund.*

**(b)** *If the purchaser provides proof to the Program that the scholarship will render the contract unusable, the contract may be canceled, and the cancellation fee will be waived. The contract may be transferred to a substitute qualified beneficiary, with the substitute qualified beneficiary fee waived, or the contract may be refunded with the cancellation fee waived.*

**(c)** *If the purchaser provides proof to the Program that the scholarship does not cover the same benefits as the contract, the purchaser may:*

- (i)** *Elect to use benefits as originally planned, or*
- (ii)** *Cancel the contract*

**(d)** *If the purchaser provides proof to the Program that the scholarship is a full tuition scholarship:*

- (i) *the contract will be cancelled*
  - (ii) *no cancellation fee will be assessed;*
  - (iii) *refund will be provided for each term to which said scholarship applies;*
- (e) *If the purchaser provides proof to the Program that the scholarship is a partial tuition scholarship, the refund will equal the amount of the partial tuition scholarship.*
- (f) *A loan is not considered a scholarship.*
- (g) *All scholarship refunds will be paid to the purchaser.*

9. *Refund Amount Defined*

(a) *Except as otherwise provided in these Regulations, the amount which shall be refunded in the event of contract cancellation shall be the sum of all contract payments paid to date, less all applicable fees and any amounts paid by the Program on behalf of the qualified beneficiary. The resulting amount shall accrue interest at the rate determined by the Board.*

(b) *Annually, the Board shall determine the applicable interest rate considering the investment return realized for that year by the investments held by the trust and the investment expenses incurred by the trust during that year. The Board shall publish the applicable interest rate annually once per week for two consecutive weeks in qualified legal and competent newspapers, as defined pursuant to NRS 238.020 - 238.070, which are published in the three most populous counties in the state.*

10. *Refund Requests*

*Refund requests must be submitted in writing and be signed by the purchaser.*

**Section 6. Contract Changes**

1. *Contract Change Requests*

*Contract changes occur when the plan type, payment option, or projected maturity year is changed. Because changes affect the Payment and Participation Schedule, they will affect the financial status of a contract, therefore, contracts may be overpaid or underpaid.*

2. *Pay-off Request Eligibility*

*A purchaser may request to payoff an extended monthly payment contract or a five-year payment contract. Purchasers may not request a locked-in pay-off amount if the contract is canceled, paid-in-full, has a lump-sum payment option or is in suspended status.*

3. *Change of Qualified Beneficiary*



*Upon the request of the purchaser, the qualified beneficiary of a contract may be changed to another member of the family of the qualified beneficiary. Such transfer may only be made prior to the usage of any benefits under a contract. The transfer to a substitute qualified beneficiary is limited to individuals who are younger than the qualified beneficiary, or no more than three years older than the qualified beneficiary, without assessment of an additional advance payment contract price. If transfer to a substitute qualified beneficiary more than three years older than the qualified beneficiary is desired, application must be made to the Board. The Board may assess an additional amount to ensure the actuarial soundness of the Program.*

## **Section 7. Requirements for Contract Usage and Contract Conversion**

### **1. Qualified Beneficiary Social Security Number Eligibility Requirements**

*If the Program does not have the social security number of the qualified beneficiary for a contract, the benefits of the contract may not be used.*

### **2. Qualified Beneficiary Delinquency Eligibility Requirements**

*If a contract is not paid in full, including fee balances, the contract is ineligible for matriculation.*

### **3. Qualified Beneficiary Notice of Intent to Use Benefits**

*If a qualified beneficiary intends to attend an other eligible institution, notification must be provided to the Program no later than 60 days prior to enrollment.*

### **4. Usage Period**

*Benefits may be used for up to 10 years after the projected maturity date or the actual college entrance date. Benefits may be used up to two years in advance of the original projected maturity date, if the qualified beneficiary is an accelerated student. Any time spent by the qualified beneficiary as an active duty member of the U.S. Armed Services will be added to the 10 year period. The age limit of the qualified beneficiary at the beginning of the usage period is 30 years of age or under, except in the case of exemptions for military service.*

### **5. Minimum Maturity Period**

*A contract must have been purchased and in effect for at least two years prior to receipt of tuition benefits. In addition, the qualified beneficiary must not have completed the 9th grade of his or her secondary school, or be over 18 years of age prior to contract purchase. Upon approval by the Program, an accelerated student may use the benefits of a contract up to two years prior to the projected enrollment date.*

## **Section 8. Matriculation and Conversions**

1. *The benefits of community college plans, community college plus university plans, or university plans, as appropriate, may be used at:*

- (a) *University of Nevada, Reno*
- (b) *University of Nevada, Las Vegas*
- (c) *Community College of Southern Nevada*
- (d) *Western Nevada Community College*
- (e) *Truckee Meadows Community College*
- (f) *Great Basin College*

2. *Eligibility for Plan Conversions*

(a) *After September 1, and if no usage has occurred by the qualified beneficiary's senior year in high school, the purchaser may elect to change the plan type.*

(i) *From a university plan to a community college plan;*

(ii) *From a university plan to a community college plus university plan; or*

(iii) *From a community college plus university plan to a community college*

*plan*

(b) *An actuarial assessment will be charged for plan upgrades.*

(i) *From a community college plan to a community college plus university*

*plan;*

(ii) *From a community college plan to a university plan; or*

(iii) *From a community college plus university plan to a university plan*

3. *Conversion of Benefits for Use at Other Eligible Institutions*

*A qualified beneficiary may utilize the benefits of a contract at other eligible institutions. To be eligible for use of contract benefits, such other eligible institution must be accredited. Funds shall be transferred for use at said other eligible institution each academic period (quarter or semester) at a rate equal to the current in-state tuition. The difference between the cost of attending such other eligible institution and the amount paid by the Program is the responsibility of the qualified beneficiary. A qualified beneficiary may also elect to transfer back into a state community college or state university. In this case, the Program will pay the amount invoiced, up to the maximum number of hours, which remain unused under the applicable plan.*

## **Section 9. Tax Reporting Forms**

1. *1099 Reporting*

*A 1099 form will be sent each year post marked no later than January 31.*

**2. *Beneficiaries to Receive 1099s***

*The qualified beneficiary will receive a 1099 each year that benefits are disbursed. A net taxable amount will be reflected on the 1099 when the amount of funds paid by the Program exceeds the contribution paid by the purchaser.*

**3. *Purchasers to Receive 1099s***

*The purchaser will receive a 1099 when:*

- (a) the benefits are converted to a lesser plan;*
- (b) a scholarship refund is processed;*
- (c) the purchaser receives interest on a cancellation due to death or disability of the qualified beneficiary; or,*
- (d) interest is earned on a refund.*

**4. *1099 Usage Information***

*The 1099 form reflects the total benefits disbursed. A usage statement is also provided that displays the allocable cost basis and the taxable gain for the contract. Only the taxable gain is reported to the Internal Revenue Service by beneficiaries and purchasers as income. The taxable gain is calculated based on the date the invoice was paid by the Program.*

**Section 10. *Definitions***

*The following definitions apply to Sections 1 through 9:*

- 1. "Accelerated Student" means a qualified beneficiary who has graduated from high school and has enrolled in college courses in advance of his or her estimated matriculation date.*
- 2. "Accredited" means a postsecondary educational institution that has met the standards required by an accrediting body recognized by the United States Department of Education.*
- 3. "Automated Clearing House (ACH)" means a payment method involving direct debiting of a purchaser's account at a specific financial institution. Once authorized by the purchaser and the financial institution, the system will initiate, via an ACH transaction file, debits from the purchaser's account to the payee's (Program's) account.*

4. *"Contract" means the contract between a purchaser and the Program. The contract includes the Master Agreement, the Application submitted by the purchaser, and the Payment and Participation Schedule sent to the purchaser by the Program.*
5. *"Enrollment" means the period of time established by the Board, when applications for the Program can be accepted.*
6. *"Extended Monthly Payments" means a payment option that allows purchasers to make monthly payments until the qualified beneficiary graduates from high school. The number of payments for this option will vary depending on the qualified beneficiary's age or grade.*
7. *"Lump-sum" means a payment option that consists of a single lump sum payment amount for the entire purchase.*
8. *"Matriculation" means the date when the qualified beneficiary begins attending a Post Secondary Educational Institution.*
9. *"Other Eligible Institution(s)" means:*
  - (a) An accredited college, community college, or university in Nevada which is not part of the state system; or*
  - (b) An accredited college, community college, or university located in a state other than Nevada.*
10. *"Payment option" means the three methods by which a purchaser can pay for the contract.*
11. *"Contract Change" means a change in the plan type, payment option, or maturity year of a contract.*
12. *"Purchaser" means the person signing the contract documents, who controls the contract and acquires education benefits for a qualified beneficiary under the terms and conditions of the contract documents. The purchaser may be any legally recognizable entity, such as a trust, guardianship estate, corporation (for-profit or non-profit), or foundation. The purchaser receives any refunds related to the contract. The purchaser shall not be the same person as the qualified beneficiary.*
13. *"Purchaser's Appointee" means the person named in this contract (Or on similar documents later filed with the Board) by the purchaser, who shall enjoy a right of survivorship in the event of the purchaser's death. The purchaser's appointee may receive contract information but has no right to direct contract changes, conversions, change of qualified beneficiary, contract cancellations, or to receive any refund. The purchaser's appointee shall not be the same person as the qualified beneficiary.*

14. *"Qualified Beneficiary" means an individual designated by the purchaser as the individual on whose behalf the education benefits purchased will be applied towards the payment of tuition as defined in this contract. A specific qualified beneficiary can be named in only one (1) contract.*
15. *"Refund" means the amount due to the purchaser whose contract has been canceled.*
16. *"State Community College" means:*
  - a. *Community College of Southern Nevada;*
  - b. *Western Nevada Community College;*
  - c. *Truckee Meadows Community College; or*
  - d. *Great Basin College*
17. *"State University" means:*
  - a. *University of Nevada, Reno; or*
  - b. *University of Nevada, Las Vegas*