

**PROPOSED REGULATION OF
THE BOARD OF TRUSTEES OF THE
COLLEGE SAVINGS PLAN OF NEVADA**

LCB File No. R150-03

October 29, 2003

EXPLANATION – Matter in *italics* is new; matter in brackets ~~omitted material~~ is material to be omitted.

AUTHORITY: §§1-10, NRS 353B.090.

Section 1. Chapter 353B of NAC is hereby amended by adding thereto a new section to read as follows:

As used in this chapter, “Board” has the meaning ascribed to it in NRS 353B.002.

Sec. 2. NAC 353B.090 is hereby amended to read as follows:

353B.090 “Tuition” means fees required for the enrollment of a full-time student into an eligible school, except for any amounts charged:

1. To nonresident students only;
2. As fines, application fees, entrance fees, parking fees, *technology fees*, athletic fees or studio fees, laboratory fees or other fees imposed for specific courses, whether or not charged to all students; and
3. For books, supplies, room or board, whether or not charged to all students.

Sec. 3. NAC 353B.180 is hereby amended to read as follows:

353B.180 1. A person who desires to enter into a contract must submit to the Board an application for enrollment in the Program, on a form provided by the Board, and a fee of ~~[\$60]~~ *\$100* for processing the application. The application must include:

- (a) The expected date of matriculation of the qualified beneficiary;
- (b) The desired contractual plan; and
- (c) Any other relevant information requested by the Board.

2. The Board may accept an application for enrollment in the Program which is received after the appropriate dates for enrollment established pursuant to NAC 353B.200, but not later than 60 days before the dates established pursuant to that section for enrollment during the next year, if the purchaser pays, in addition to the fee for processing the application:

- (a) The amount the Board determines would have been due if the application had been submitted on an appropriate date; and
- (b) Any additional sum the Board determines to be necessary to ensure the actuarial soundness of the Trust Fund.

3. After processing an application for enrollment in the Program, the Board will ~~mail~~ send a copy of the contract to the purchaser.

Sec. 4. NAC 353B.210 is hereby amended to read as follows:

353B.210 1. The Board will not provide any benefits pursuant to a contract:

(a) Earlier than 2 years after the date the first payment is due from the purchaser pursuant to the contract.

(b) Until:

(1) The purchaser has paid the entire amount due pursuant to the contract, including any outstanding fees and penalties; and

(2) The Board has received:

(I) The social security number of the qualified beneficiary;

(II) If the qualified beneficiary enrolls in an eligible school that is not a member of the System, at least 60 days' notice of that enrollment; and

(III) Any other information relating to the contract requested by the Board.

(c) Earlier than the expected date of matriculation of the qualified beneficiary, as specified pursuant to NAC 353B.180 or 353B.310, except that the Board may allow the commencement of those benefits not more than 2 years before that date if the qualified beneficiary ~~[graduates from]~~ *is a senior in* high school and enrolls into an eligible school before that date.

(d) Later than 10 years, excluding any period during which the qualified beneficiary is on active duty in the Armed Services of the United States, after the expected date of matriculation of the qualified beneficiary, as specified pursuant to NAC 353B.180 or 353B.310.

(e) If the provision of benefits does not commence before the qualified beneficiary attains the age of 30 years plus any period during which the qualified beneficiary was on active duty in the Armed Services of the United States.

2. If any benefits cannot be provided pursuant to a contract as a result of the provisions of paragraph (d) or (e) of subsection 1, the Board may terminate the contract and provide to the purchaser, after deducting the total amount of any fees and penalties imposed pursuant to the contract and any payments from the Trust Fund made on behalf of the qualified beneficiary, a refund of the balance of the amount paid by the purchaser pursuant to the contract, with interest on that balance in accordance with the applicable rates established pursuant to NAC 353B.200.

Sec. 5. NAC 353B.430 is hereby amended to read as follows:

353B.430 Upon the receipt of a written request signed by a purchaser and such documentation as the Board deems adequate to prove that the qualified beneficiary has died or become totally disabled, the Board will terminate the contract and provide to the purchaser, after

deducting the total amount of any fees ~~[and penalties]~~ imposed pursuant to the contract and any payments from the Trust Fund made on behalf of the qualified beneficiary, a refund of the balance of the amount paid by the purchaser pursuant to the contract, with interest on that balance in accordance with the applicable rates established pursuant to NAC 353B.200.

Sec. 6. NAC 353B.440 is hereby amended to read as follows:

353B.440 1. Upon the receipt of a written request signed by a purchaser and such documentation as the Board deems adequate to prove that the qualified beneficiary has been awarded a scholarship to attend an eligible school which ~~is~~:

~~—(a) Duplicates]~~ *duplicates* all the benefits to be provided pursuant to the contract, the Board will:

~~[(1)]~~ (a) Amend the contract to change the identity of the qualified beneficiary and waive the required fee for the change; or

~~[(2)]~~ (b) Terminate the contract and provide to the purchaser, after deducting the total amount of any fees and penalties imposed pursuant to the contract and any payments from the Trust Fund made on behalf of the qualified beneficiary, a refund of the ~~[balance]~~ *present value* of the amount paid by the purchaser pursuant to the contract, with interest on that ~~[balance]~~ *adjusted amount* in accordance with the applicable rates established pursuant to NAC 353B.200

~~. [; or~~

~~—(b) Duplicates a portion of the benefits to be provided pursuant to the contract, the Board will:~~

~~—(1) Provide the benefits pursuant to the contract that are not duplicated by the scholarship and pay to the purchaser the amount of the benefits that are duplicated by the scholarship; or~~

~~—(2) Terminate the contract and provide to the purchaser, after deducting the total amount of any fees and penalties imposed pursuant to the contract and any payments from the Trust Fund made on behalf of the qualified beneficiary, a refund of the balance of the amount paid by the purchaser pursuant to the contract, with interest on that balance in accordance with the applicable rates established pursuant to NAC 353B.200.]~~

2. As used in this section, “scholarship” does not include a loan.

Sec. 7. NAC 353B.450 is hereby amended to read as follows:

353B.450 **1.** Upon the receipt of a written request signed by a purchaser to terminate the contract for any reason other than as provided in NAC 353B.430 and 353B.440, the Board will terminate the contract and provide to the purchaser, after deducting the total amount of any fees and penalties imposed pursuant to the contract and any payments from the Trust Fund made on behalf of the qualified beneficiary, a refund of the ~~{balance}~~ *present value* of the amount paid by the purchaser pursuant to the contract, with interest on that ~~{balance}~~ *adjusted amount* in accordance with the applicable rates established pursuant to NAC 353B.200. *The Board will, as soon as practicable following the end of a calendar month, disburse a refund to a purchaser who has agreed to accept, in full satisfaction of a refund claim, the present value, as of the last business day of the calendar month, of the amount paid by the purchaser pursuant to the contract.*

2. If the contract was purchased before February 1, 2003, a purchaser who wishes to terminate a contract pursuant to subsection 1 may:

(a) Accept the present value of the amount paid by the purchaser pursuant to the contract, as described in subsection 1 of this section; or

(b) If the amount described in paragraph (a) of this subsection is less than 100 percent of the contract payments made by the purchaser, choose to wait until the market value Trust Fund is sufficient to provide a refund equal to 100 percent of the contract payments made by the purchaser.

Sec. 8. NAC 353B.460 is hereby amended to read as follows:

353B.460 Upon the receipt of a written *refund* request *on a form approved by the Board*, signed by a purchaser, the Board will provide to the purchaser:

1. A refund *of the present value* of any amount received for a contract which:

(a) Was paid before the date the amount was due pursuant to the contract; or

(b) Exceeds the amount due pursuant to the contract, including any overpayments resulting from an amendment of the terms of the contract pursuant to NAC 353B.010 to 353B.510, inclusive; and

2. Interest on that amount in accordance with the applicable rates established pursuant to NAC 353B.200,

↪ unless the purchaser is in default pursuant to NAC 353B.370 or payment of the refund will cause the purchaser to become in default.

Sec. 9. NAC 353B.500 is hereby amended to read as follows:

353B.500 A contract may require the purchaser to pay:

1. For a change in:

(a) The amount, time or method of payment;

(b) The contractual plan;

(c) The identity of the purchaser; *or*

(d) ~~The identity of a person designated pursuant to NAC 353B.190; or~~

~~—(e)~~ The designation of the qualified beneficiary,

↳ a fee of \$20.

2. For the replacement of any lost or destroyed documents, a fee of \$7.

3. For the payment of tuition to an eligible school other than a state community college or state university, a fee of \$25 for ~~each~~ *the first* quarter or semester for which tuition is paid. *The \$25 fee must be paid each time a beneficiary transfers to a new eligible school other than a state community college or state university.*

Sec. 10. NAC 353B.510 is hereby amended to read as follows:

353B.510 A contract may require the purchaser to pay:

1. If a ~~check~~ *payment* is returned for insufficient funds, a penalty of ~~[\$15.]~~ *\$20.*
2. If a monthly remittance is not received within 15 days after the date due, a penalty of \$15.
3. If a remittance by a lump sum is not received within:
 - (a) Fifteen days after the date due, a penalty of \$15; and
 - (b) Forty-five days after the date due, a penalty of 1 percent of the total amount due,

including the amount of all outstanding fees and penalties imposed pursuant to the contract, for each period of 30 days or portion thereof that passes after the period described in paragraph (a) until:

- (1) The total amount due is paid; or
- (2) The contract is terminated,

↳ whichever occurs earlier.

4. If a contract is terminated pursuant to NAC 353B.410, a penalty of ~~[\$250 or the total amount paid by the purchaser pursuant to the contract, excluding the amount of any fees and other penalties paid pursuant to the contract, whichever is less.]~~ *\$100.*

5. If a contract is terminated pursuant to NAC 353B.370, 353B.400, ~~[subparagraph (2) of paragraph (b) of subsection 1 of]~~ NAC 353B.440 or NAC 353B.450, a penalty ~~[of \$150 or 50 percent of the total amount paid by the purchaser pursuant to the contract, excluding the amount of any fees and other penalties paid pursuant to the contract, whichever is less.~~

~~—6.— In addition to any penalties imposed in accordance with subsection 4 or 5, for the termination of a contract pursuant to which the purchaser was required to pay by:~~

~~—(a) Remittances on a monthly basis, a contract maintenance fee of \$3 for each calendar month or portion thereof during which the purchaser was enrolled in the Program.~~

~~—(b) Remittance in a lump sum, a penalty of \$20.]~~, *if required, to the Internal Revenue Service pursuant to 26 U.S.C. § 529(c)(6) or any other applicable section of the Internal Revenue Code.*