

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

**LCB FILE NO. R051-201**

**The following document is the initial draft regulation proposed  
by the agency submitted on 04/24/2020**

**Sec. 1.** Chapter 353B of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 24, inclusive, of this regulation.

**Sec. 2.** The provisions of sections 3 to 24, inclusive, may be cited as the Nevada College Savings Kick Start Program Regulations.

**Sec. 3.**

1. The purposes of sections 4 to 24 inclusive, are:

- (a) To implement the intent of the legislature outlined in AB 475 (2017) to provide guidelines for enrollment in the program, including claiming an account;
- (b) To provide certain guidelines regarding parents and guardians ability to access an account and claim funds;
- (c) To provide guidelines regarding appropriate usage of the account at the time of distribution);

2. For the accomplishment of these purposes, the provisions of sections 4 to 24, inclusive, must be broadly and liberally construed.

**Sec. 4.** As used in sections 5 to 24, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 5 to 24, inclusive, have the meanings ascribed to them in those sections.

**Sec. 5.** “Beneficiary” means an eligible child who has claimed a College Kick Start Account.

**Sec. 6.** “Claimed Account” means an account created on or after July 1, 2020 that has been claimed by the parent or guardian of an eligible child.

**Sec. 7.** “Cohort” means Nevada College Kick Start student school year group.

**Sec. 8.** “Eligible Account” means an account that has not been claimed by the parent or guardian of an eligible child and has not expired.

**Sec. 9.** “Eligible child” means a pupil who is a Nevada resident upon commencement of his or her enrollment in kindergarten at a public school in this State and is a student between the first day of kindergarten and August 1st following the fourth-grade year.

**Sec. 10.** “Expired Account” means:

1. An eligible account that has not been claimed by the parent or guardian prior to August 1st following the student’s Fourth Grade year;
2. A claimed account or grandfathered account that has not been disbursed by August 1<sup>st</sup> of the sixth year after the beneficiary or grandfathered beneficiary was regularly scheduled to graduate high school.

**Sec. 11.** “Grandfathered Account” means an account established for a grandfathered beneficiary.

**Sec. 12.** “Grandfathered beneficiary” means any eligible child who attended kindergarten in a public school in this State between July 1, 2013 and June 30, 2020.

**Sec. 13.** “Incentive contribution” means additional funds a beneficiary or grandfathered beneficiary is entitled to as a result of completing a task, reaching a milestone, or meeting certain criteria as prescribed by the Board.

**Sec. 14.** “Initial contribution” means the funds that a beneficiary or grandfathered beneficiary is automatically entitled to.

**Sec. 15.** “Opt-In” means the manual process that the parent or guardian of an eligible child can use to request creation of an eligible account.

**Sec. 16.** “Opt-Out” means the manual process that the parent or guardian of an eligible child can use to forfeit an eligible account, claimed account, or grandfathered account.

**Sec. 17.** “Qualified Educational Expense” means any initial contribution and incentive contributions placed into an enrolled beneficiary or grandfathered beneficiary’s Nevada College Kick Start accounts which are intended to qualify as qualified scholarships under Section 117 of the Internal Revenue Code of 1986, as amended (the “Code”) and, as such, can only be used for qualified tuition and related expenses as defined in Section 117 (b)(2) of the Code.

**Sec. 18.** “Treasurer’s Omnibus Account” means the single pooled account that is owned and managed by the State Treasurer which holds State contributions and houses all eligible, claimed and grandfathered accounts.

**Sec. 19.**

1. The Board shall set a per pupil initial contribution rate of not less than \$50.
  - a. The Board shall review the initial contribution rate every two years consistent with the biennium budget process and consider whether the rate should be changed.
  - b. Rate change considerations must include changes in Nevada tuition rates, cost of living, inflation, and the role of the initial contribution in increasing the number of claimed accounts.
2. The Board may set an incentive contribution structure that encourages beneficiaries and grandfathered beneficiaries to save and plan for college, including but not limited to identifying tasks, milestones, and contribution rates.
  - a. The Board shall review the incentive contribution structure every year and consider whether the prescribed tasks, milestones, and rates should be changed.
  - b. Change considerations must include availability of funding for incentive contributions and evaluation of the success in increasing positive planning and saving behaviors.
3. The Treasurer’s Office shall deposit all contributions in the Treasurer’s Omnibus Account that tracks contributions by individual beneficiaries and grandfathered beneficiaries.

4. The Board shall determine the appropriate investment options for all funds held in the Treasurer's Omnibus Account, assuming the funds in the account will begin distribution following a cohort's graduation from high school.
5. Consistent with the biennium budget process the Treasurer's Office shall prepare a contributions forecast based on the number of anticipated eligible children, initial contribution rate, and incentive structure.
6. All contributions must be funded by the Endowment Account, or by gift, donation, bequest, grant or other source of money received by the Board for the purposes of the Program.
7. All funds remaining in an account upon expiration will remit to the Endowment Account.

**Sec. 20.**

1. To identify eligible children for the purposes of establishing eligible accounts, schools, districts, and/or the Department of Education shall transfer files containing all necessary and appropriate student data for the upcoming cohort to the Treasurer's Office.
  - a. The Treasurer's Office and the Department of Education, at minimum, shall have a Memorandum of Understanding that describes the specific data to be shared, and the process, timeline, and restrictions for sharing such.
  - b. If a parent or guardian had previously requested that their student's directory information be treated as confidential by the school, they must request to Opt-in to the Program on a form prescribed from the Treasurer's Office for an account to be created.
2. The Treasurer's Office shall determine a unique Program ID number for each eligible child.
3. At a minimum, within 90 days after an eligible account is established, the Treasurer's Office, or its designee, shall make a good faith effort to communicate to each eligible child's parent or guardian. The initial communication will contain, at minimum:
  - a. Student's name,
  - b. Program ID number,
  - c. Instructions on how to claim the account, and
  - d. A description of the program and its benefits.

**Sec. 21.**

1. The Treasurer's Office shall maintain a web portal that allows beneficiaries and grandfathered beneficiaries to view their account balance and contributions.

**Sec. 22.**

1. An eligible account must be claimed by the eligible child's parent or guardian prior to August 1st following the student's fourth-grade year or it will be deemed forfeited and expired.

2. To claim an account, the parent or guardian of the eligible child must register the account using the web portal prescribed by the Treasurer's Office using the eligible child's Program ID Number or by any one of the additional methods prescribed by the Treasurer's Office.
3. At least 90 days prior to expiration, the Treasurer's Office, or its designee, shall make a good faith effort to notify the eligible child's parent or guardian of impending expiration of an eligible account and step(s) they can take to claim the account prior to expiration. This will serve as the final notification to parents or guardians prior to account expiration.
4. Accounts may be voluntarily closed by:
  - a. Completing a State Treasurer's office Opt-Out form; or
  - b. Allowing the Account to expire.
5. Accounts shall not be transferred or sold to other individuals.

**Sec. 23.**

1. A beneficiary or grandfathered beneficiary may request a distribution from their account by submitting a Disbursement Request, in the process and timeline prescribed by the Board, to the Treasurer's Office, or its designee, after the student has graduated from high school and is attending an eligible education institution as defined by 26 USC 529(e)(5).
2. A distribution must be for a qualified educational expense and will be paid directly to the eligible educational institution as defined by 26 USC 529(e)(5).
3. The Treasurer's Office will make one distribution of College Kick Start funds per enrolled beneficiary and grandfathered beneficiary. Any funds remaining after the distribution is paid shall be deemed expired.

**Sec. 24.**

The Treasurer's Office may develop partnerships with private, nonprofit, or governmental organizations to provide, directly or indirectly, additional incentive contributions for enrolled beneficiaries or grandfathered beneficiaries, including matching contributions that provide a savings incentive based on specific actions taken or other criteria.

**Sec. 25.** Amend the following sections to comply with current federal law (Internal Revenue Code Section 529)

**NAC 353B.615 Opening of account; selection of investment option; reassignment of accounts under age-based investment option. (~~NRS 353B.310~~NRS 353B.310)**

1. To open an account, an applicant must submit to the Plan Investment Manager a completed application and:
  - (a) An initial contribution; or
  - (b) A designation of an alternative method of funding approved by the Plan Investment Manager.
- ~~2. The acceptance by the Plan Investment Manager for processing of an application and an initial contribution or the designation of an alternate method of funding does not constitute the agreement of the Plan Investment Manager to open an account.~~

32. An applicant must select an investment option in which all contributions to the account will be invested. After an account has been opened, the account owner may not change the investment option for the account, except as permitted by 26 U.S.C. § 529 and any regulations, rulings, announcements or other guidance issued pursuant thereto.

43. Under the age-based investment option, reassignment of accounts to different “Years-to-College” portfolios will, with regard to those accounts in which the age of the designated beneficiary makes such reassignment appropriate, occur in accordance with the investment policies of the Program.

(Added to NAC by St. Treasurer by R185-01, eff. 4-5-2002; A by R041-03, 10-29-2003; R054-09, 10-27-2009)

**NAC 353B.655 Limitation on contributions; maximum aggregate balance for designated beneficiary; return of excess contributions. (NRS 353B.310)**

1. A contribution to an account established for a designated beneficiary will not be accepted to the extent the contribution would cause the total account balance of all accounts in all Plans under the Program for the same designated beneficiary to exceed the amount necessary to provide for the qualified higher education expenses of the designated beneficiary.

2. The Board will establish the maximum aggregate balance for the accounts of a designated beneficiary and will, from time to time, revise the maximum aggregate balance as it determines necessary.

3. If any contribution would cause the total account balance of all accounts in all Plans under the Program for the same a designated beneficiary to exceed the maximum aggregate balance for the accounts of a designated beneficiary established by the Board, the excess money will be rejected and returned to the contributors in order of receipt.

4. The balance in all accounts for that designated beneficiary under the Nevada Higher Education Prepaid Tuition Program will be included in calculating whether the maximum aggregate balance has been exceeded.

(Added to NAC by St. Treasurer by R185-01, eff. 4-5-2002; A by R041-03, 10-29-2003)

**NAC 353B.665 Distributions: Procedure; classification; restriction. (NRS 353B.310)** 1. An account owner may request a distribution of money from the account by submitting to the Plan Investment Manager not less than 3 business days before the date of the requested distribution a completed distribution request form and such other information as required by the Board or a Plan Investment Manager. The Plan Investment Manager will begin processing properly completed distribution request forms upon receipt. A designated beneficiary may not withdraw money from an account.

~~2. A distribution from an account will be classified as a:~~

~~(a) Nonqualified withdrawal;~~

~~(b) Qualified withdrawal;~~

~~(c) Qualified withdrawal because of the death or disability of, or a scholarship awarded to, a beneficiary;~~  
~~or~~

~~(d) Rollover distribution.~~

~~3. A distribution may only be arranged by the account owner and only in accordance with NAC 353B.665 to 353B.695, inclusive.~~

(Added to NAC by St. Treasurer by R185-01, eff. 4-5-2002; A by R054-09, 10-27-2009)

~~**NAC 353B.670 Distributions: Required notification. (NRS 353B.310) When a Plan Investment Manager makes a distribution of money from an account pursuant to NAC 353B.665 to 353B.695, inclusive, the Plan Investment Manager shall notify the account owner:**~~

~~1. Of the portion of the distribution that is attributable to investment gains in the account;~~

~~2. — That a distribution from an account for any reason other than a qualified withdrawal, a qualified withdrawal because of the death or disability of, or a scholarship awarded to, a beneficiary, or a rollover distribution may be subject to federal tax on the portion of the distribution attributable to investment gains in the account; and~~

~~3. — That it is the responsibility of the account owner to determine his or her liability for federal tax, if any, on the distribution.~~

~~— (Added to NAC by St. Treasurer by R185-01, eff. 4-5-2002; A by R041-03, 10-29-2003; R054-09, 10-27-2009)~~

~~— **NAC 353B.675 Qualified withdrawals. (NRS 353B.310)**~~

~~1. — A qualified withdrawal is a withdrawal of money from an account to pay for the qualified higher education expenses of the designated beneficiary, or because of death, disability or scholarship, as permitted by 26 U.S.C. § 529 or any regulations, rulings, announcements or other guidance issued pursuant thereto. An account owner may request a qualified withdrawal by submitting to the Plan Investment Manager a completed distribution request form.~~

~~2. — When requesting a qualified withdrawal, the account owner, and the designated beneficiary if required by the Plan Investment Manager, must sign the distribution request form and provide such additional information as may be requested by the Plan Investment Manager. — (Added to NAC by St. Treasurer by R185-01, eff. 4-5-2002; A by R054-09, 10-27-2009)~~

**NAC 353B.680 Refund of all or part of qualified distribution. (NRS 353B.310)** A refund from a higher education institution of all or part of a ~~qualified~~ distribution that is used to pay for qualified higher education expenses of a designated beneficiary must contributed to be paid by the higher education institution to the Plan Investment Manager for credit ~~to the appropriate accounts for~~ that designated beneficiary within 60 days after the date of the refund and cannot exceed the refunded amount.

(Added to NAC by St. Treasurer by R185-01, eff. 4-5-2002; A by R054-09, 10-27-2009)

**NAC 353B.690 Rollover distributions to account in qualified tuition program of another state or to another account in Program; return of excess money. (NRS 353B.310)** 1. Except as otherwise provided in subsection 2, if a qualified tuition program of another state allows rollover contributions or an ABLE program allows rollover contributions, an account owner may authorize a direct rollover distribution from an account in the Program to an account in the qualified tuition program of the other state or to an ABLE program for the same designated beneficiary or for a different designated beneficiary who is a member of the family of the designated beneficiary of the account in the Program out of which the rollover distribution is being made.

2. A rollover distribution pursuant to subsection 1 for the same designated beneficiary will be permitted only once in any 12-month period or as otherwise permitted by 26 U.S.C. § 529 and any regulations, rulings, announcements or other guidance issued pursuant thereto.

3. An account owner may authorize a direct rollover distribution from an account in the Program to another account in the Program so long as the designated beneficiary of the other account is a member of the family of the designated beneficiary of the account out of which the rollover distribution is being made. If the rollover distribution that is deposited in an account causes the total account balance of all accounts for a designated beneficiary to exceed the maximum aggregate balance for the accounts of a designated beneficiary established by the Board pursuant to NAC 353B.655, the excess money will be rejected and returned.

4. When authorizing a rollover distribution, the account owner must complete the forms and make such disclosures of financial information as required by the Plan Investment Manager and the Board.

(Added to NAC by St. Treasurer by R185-01, eff. 4-5-2002; A by R041-03, 10-29-2003; R054-09, 10-27-2009)