

**RULES  
OF  
THE TREASURY DEPARTMENT  
BOARD OF TRUSTEES OF THE COLLEGE SAVINGS TRUST FUND PROGRAM**

**CHAPTER 1700-05-04  
EDUCATIONAL INVESTMENT PLAN**

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**1700-05-04-.01 IN GENERAL.**

- (1) Purpose. T.C.A. Title 49, Chapter 7, Part 8 created the Tennessee College Savings Trust Act. The Act creates a trust program, as an agency and instrumentality of the State of Tennessee, under which families and other interested persons may save and invest for the qualified higher education expenses of attending an eligible educational institution. The Program may be comprised of two (2) types of qualified tuition plans as defined in the Code, including one (1) or more educational investment plan or plans, which may consist of several different investment offerings or one (1) or more educational services plan or plans. The purpose of these rules is to establish requirements for participation, and administration of the educational investment plan as required by and consistent with the Act. The requirements for participation and administration of the educational services plan are set forth in Chapter 1700-05-01 of the Official Compilation of the Rules and Regulations of the State of Tennessee.
- (2) Definitions. For purposes of these rules:
  - (a) "Academic Term" means the school segment consisting of a single semester, quarter, term or equivalent.
  - (b) "Account" has the same meaning as set forth in T.C.A. § 49-7-802(7).
  - (c) "Account Owner" has the same meaning as set forth in T.C.A. § 49-7-802(1).
  - (d) "Account Owner's Appointee" means the person named in the Contract by the Account Owner to exercise the rights of the Account Owner under the Contract if the Account Owner dies or becomes Legally Incompetent. The Account Owner's Appointee may be the Beneficiary. The Account Owner may change the designation at any time in writing to the Board. If the Account Owner dies or becomes Legally Incompetent, the Account Owner's Appointee shall automatically become the Account Owner for purposes of these Rules and the Contract, including, but not limited to constituting the Refund Recipient.
  - (e) "Beneficiary" means an individual designated by the Account Owner and who meets the requirements of the Code.
  - (f) "Board" has the same meaning as given in T.C.A. § 49-7-802(3), which is comprised of the members described in T.C.A. § 49-7-804(a).
  - (g) "Code" has the same meaning as set forth in T.C.A. § 49-7-802(4).

(Rule 1700-05-04-.01, continued)

- (h) “Contract” means an Educational Investment Plan entered into under T.C.A. § 49-7-808 by the Board and an Account Owner to provide for the payment of Qualified Higher Education Expenses.
- (i) “Contributor” has the same meaning as set forth in T.C.A. § 49-7-802(5).
- (j) “Educational Investment Plan” has the same meaning as set forth in T.C.A. § 49-7-802(6).
- (k) “Educational Services Plan” means a plan which permits individuals, associations, corporations, trusts and other organized entities to purchase a tuition unit or units under a tuition contract entered into between a Account Owner and the Board on behalf of a designated beneficiary that entitles the beneficiary to apply such units to the payment of that beneficiary’s tuition and other educational costs as set forth in Chapter 1700-05-01 of the Official Compilation of the Rules and Regulations of the State of Tennessee. The requirements for participation, and administration of the Educational Services Plan are set forth in Chapter 1700-05-01 of the Official Compilation of the Rules and Regulations of the State of Tennessee.
- (l) “Eligible Educational Institution” has the same meaning as set forth in T.C.A. § 49-7-802(9).
- (m) “Legally Incompetent” means that an individual has been declared incompetent by a court of law. An individual shall not be considered to be Legally Incompetent unless proof thereof is furnished in such form and manner as the Board may require.
- (n) “Member of the Family” has the same meaning as “member of the family” under the sections of the Internal Revenue Code which are applicable to the Program.
- (o) “New Beneficiary” means an individual to whom rights under the Contract have been transferred pursuant to Rule 1700-05-04-.05.
- (p) “Permanent Disability” means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. An individual shall not be considered to have a Permanent Disability unless proof is furnished of the existence thereof from a health care professional in such form and manner as the Board may require. The Board must approve any finding of a Permanent Disability.
- (q) “Person” shall mean an individual, partnership, corporation, association, organization, government or governmental subdivision or agency, estate, trust or any other legal or commercial entity.
- (r) “Program” has the same meaning as set forth in T.C.A. § 49-7-802(11).
- (s) “Qualified Higher Education Expenses” shall have the same meaning as set forth in T.C.A. § 49-7-802(13).
- (t) “Redemption Value” has the same meaning as set forth in T.C.A. § 49-7-802(14).
- (u) “Refund Recipient” has the same meaning as set forth in T.C.A. § 49-7-802(15). The Refund Recipient may only be the Account Owner.
- (v) “Termination” means a discontinuance of the right to receive tuition payments or other benefits under a Contract.

(Rule 1700-05-04-.01, continued)

- (w) "Withdrawal" means a disbursement of funds from the Account that is directed by the Account Owner to be paid to the Account Owner, an Eligible Educational Institution, or the Beneficiary.

**Authority:** T.C.A. §§ 49-7-801, 49-7-802, 49-7-802(3), 49-7-803, 49-7-805, 49-7-805(16), 49-7-807, 49-7-808, 49-7-809, 49-7-811, and 49-7-812. **Administrative History:** Emergency rule filed December 29, 2011; effective through June 26, 2012. New rule filed December 29, 2011; effective May 30, 2012. Amendments filed March 5, 2018; effective June 3, 2018.

#### **1700-05-04-.02 BOARD OPERATIONS.**

##### (1) Meetings.

- (a) **How Called.** The Board shall meet at the call of the Chair or upon written request to the Chair by four (4) members of the Board. Unless circumstances prevent, the Secretary shall notify members of the date, time and location of each meeting at least two (2) days prior to the date of the meeting. Notice of the Board meetings shall be posted in the Legislative Plaza by the Board Secretary at least forty-eight (48) hours prior to any Board meeting.
- (b) **Telephone Conference.** The Board may meet by telephone conference call upon a determination by the Board that the matters to be considered at that meeting require timely action by the Board, that physical presence by a quorum of the members is not practical within the period of time requiring action, and that participation by a quorum of the members by telephone is, therefore, necessary. Such determination, and a recitation of the facts and circumstances on which it is based, must be included in the minutes of the meeting and filed with the Office of the Secretary of State as prescribed in T.C.A. § 8-44-108. Unless circumstances prevent, the Board Secretary shall notify members of the date, time and location of any telephone conference meeting at least two (2) hours prior to the time of the telephone conference call. Notice of any meeting by telephone conference call shall be posted in the Legislative Plaza at least two (2) hours prior to any such meeting and shall state that the meeting will be conducted with some members participating by telephone. Any meeting held by telephonic means must comply with the provisions of T.C.A. § 8-44-108. Any member of the Board participating in a meeting by telephone shall be deemed present at the meeting for purposes of quorum requirements and voting, but not for purposes of determining travel expense reimbursement eligibility.
- (c) **Quorum.** Five (5) members of the Board shall constitute a quorum for the transaction of business at a meeting of the Board. Voting upon action taken by the Board shall be conducted by a majority vote of the members present at the meeting of the Board; provided five (5) Board members are present at the meeting.

##### (2) Board Officers.

- (a) **Chair.** The State Treasurer shall serve as Chair of the Board. The Chair shall preside at meetings of the Board and, together with the Board Secretary, set the agenda for each meeting. If the Chair is unable to attend a meeting of the Board, the Chair shall designate another member of the Board to preside at the meeting. The Chair shall have other duties and powers as may be assigned by the Board by majority vote.
- (b) **Secretary.** The Director of the College Savings Trust Fund Program shall be the Board Secretary. The Secretary shall keep an accurate record of the proceedings and actions of the Board. Together with the Chair, the Secretary shall set the agenda for each

(Rule 1700-05-04-.02, continued)

meeting, notify the Board members and the public of meetings and distribute appropriate materials to the Board members.

- (3) Delegation to State Treasurer. The Board hereby delegates to the State Treasurer the duty to carry out the day-to-day operations and responsibilities of the Educational Investment Plan, including, but not limited to, the duty to prescribe and approve the terms and conditions of any payroll deduction agreement authorized pursuant to T.C.A. § 49-7-805. In exercising such delegation, the State Treasurer shall be authorized to exercise such powers as are vested in the Board which are necessary to fulfill the delegated duties and responsibilities, and may assign any such duties and responsibilities to his staff as he deems necessary and proper. The State Treasurer may also contract for the provision of all or any part of the services necessary for the management and operation of the Plan, provided the State Treasurer or his staff is actively involved on an ongoing basis in the administration of the Plan.

**Authority:** T.C.A. §§ 49-7-804, 49-7-805, and 49-7-805(16). **Administrative History:** Emergency rule filed December 29, 2011; effective through June 26, 2012. New rule filed December 29, 2011; effective May 30, 2012. Amendments filed March 5, 2018; effective June 3, 2018.

### 1700-05-04-.03 ENROLLMENT.

- (1) Requirements. The Account Owner must fully complete the Contract, including all required signatures, and return the signed Contract to the Board to open an Account in the Educational Investment Plan. A Contract shall not become binding upon the Board and the Account Owner unless it is complete and until all of the following occur:
  - (a) Investment Selection. The Account Owner must select at least one investment option. If more than one investment option is chosen, the Account Owner must allocate the contribution among the chosen investment options. The Board may limit the number of investment options that an Account Owner may choose under any one single Contract;
  - (b) Initial Contribution. Receipt by the Board of an initial contribution of at least twenty-five dollars (\$25.00) for each investment option chosen by the Account Owner. All contributions to an Account hereunder may be made only in cash and not in property. For purposes of these Rules, "cash" means United States dollars in the form of negotiable checks (other than travelers checks, cashiers checks, starter checks and credit card convenience checks), and payments made through payroll deductions or other similar methods acceptable to the Board;
  - (c) Board Acceptance. Acceptance of the signed Contract by the Board; and
  - (d) To enable the Board to comply with the record keeping and reporting requirements of the Internal Revenue Code, disclosure of the Social Security numbers requested in the Contract is mandatory. In the case of newborns who do not yet have a Social Security number, the Board will accept the Contract conditionally for thirty (30) calendar days of receipt of the proposed Contract.
- (2) Confirmation. Upon acceptance of the Contract, the Board will send a confirmation of acceptance to the Account Owner and will credit the Account of the named Beneficiary with the amount of the initial contribution made.
- (3) Rejection. If an Account Owner fails to provide all the information required in Paragraph (1) of this Rule within thirty (30) calendar days of the Board's receipt of the proposed Contract, the Board may reject the proposed Contract and refund to the Account Owner all amounts paid thereunder, less any applicable fees. Rejection of a Contract shall not preclude the Account Owner from enrolling in the Program in the future.

(Rule 1700-05-04-.03, continued)

- (4) **Fraud.** The Board may, at its sole discretion, terminate the Contract if the Beneficiary, the Account Owner, or the Account Owner's Appointee knowingly makes any false statement, or falsifies or permits to be falsified any record or records of the Program. The amount of the refund to which the Account Owner is entitled under this Paragraph (4) shall be equal to the Redemption Value of the Account at the time the refund is made, minus any applicable fee charged by the Board.
- (5) **Inactivity.** If a period of ten (10) consecutive years passes with no contributions having been made to the Beneficiary's Account or with no correspondence from the Beneficiary, Account Owner or the Account Owner's Appointee, the Board shall report and deliver the amount of any refund payable under the Contract to the State Treasurer pursuant to T.C.A., Title 66, Chapter 29, Part 1. Prior to delivering the refund to the State Treasurer, the Board will make reasonable efforts to locate the Account Owner, Beneficiary, and the Account Owner's Appointee. The refund shall be equal to the Redemption Value of the Account at the time the refund is delivered, minus any applicable fee charged by the Board. The ten-year period shall not commence any earlier than the year the Beneficiary becomes eighteen (18) years of age, or the year the Account was established, whichever is later. Upon payment of the refund to the State Treasurer, the Board's obligations under the Contract shall cease.
- (6) **Fees.** The Board may charge fees to the Account Owner and/or collect fees from each Account for administration of the Program or for transactions under the Educational Investment Plan.
- (7) **Separate Accounting.** The Board will maintain a separate individual account for each Contract, showing the name of the Beneficiary and the Redemption Value of the Account, including any Withdrawals made from the Account.

**Authority:** T.C.A. §§ 49-7-802, 49-7-805, 49-7-805(16), 49-7-806, 49-7-808, 49-7-809, and 49-7-812.  
**Administrative History:** Emergency rule filed December 29, 2011; effective through June 26, 2012. New rule filed December 29, 2011; effective May 30, 2012. Amendments filed March 5, 2018; effective June 3, 2018.

#### **1700-05-04-.04 CONTRIBUTIONS.**

- (1) **Who May Make Contributions.** Contributions may be made for an existing Account by an Account Owner or a Contributor; however, all contributions once made to an individual Account are pooled and are subject to the terms and conditions of the applicable Contract.
- (2) **How Contributions May be Made.** Contributions may be made only in cash and not property. For purposes of these rules "cash" has the meaning given in Rule 1700-05-04-.03(1)(b) above. Contributions may also be made in accordance with the Code as defined in T.C.A. § 49-7-802(4).
- (3) **Limit on Amount of Contributions.** Subject to Section 529 of the Internal Revenue Code and the regulations promulgated thereunder, an individual may have both an Educational Investment Plan as described in these Rules and an Educational Services Plan tuition contract as described in Chapter 1700-05-01 of the Official Compilation of the Rules and Regulations of the State of Tennessee on behalf of the same Beneficiary. In addition, more than one individual may have an Educational Investment Plan, an Educational Services Plan tuition contract, or both, on behalf of the same Beneficiary. Provided, however, that no additional contributions can be made to any contract on behalf of the same Beneficiary if at the time of the proposed contribution the total account balance of all contracts on behalf of the same Beneficiary total a certain dollar amount as determined by majority vote of the Board pursuant to Rule 1700-05-04-.02(1)(c). Such dollar amount will be set by the Board on an annual basis and shall not exceed the amount determined by actuarial estimates to be

(Rule 1700-05-04-.04, continued)

necessary to pay Qualified Higher Education Expenses for seven (7) years of undergraduate enrollment at the highest cost Eligible Educational Institution.

- (4) No Guarantee of Acceptance nor Residency Status. Contributions to an Account hereunder do not guarantee that the Beneficiary will be accepted into an Eligible Educational Institution, that the Beneficiary will graduate from an Eligible Educational Institution, nor do contributions to an Account guarantee status as a resident for determining the rate of tuition charged by an Eligible Educational Institution.

**Authority:** T.C.A. §§ 49-7-802, 49-7-805, 49-7-805(16), 49-7-806, 49-7-808, 49-7-809, and 49-7-810.

**Administrative History:** Emergency rule filed December 29, 2011; effective through June 26, 2012. New rule filed December 29, 2011; effective May 30, 2012. Amendments filed March 5, 2018; effective June 3, 2018.

#### **1700-05-04-.05 ACCOUNT MAINTENANCE.**

- (1) Update Account Information. The Account Owner or any person authorized by the Account Owner may make changes and updates to the Account information as needed. These changes include, but are not limited to, addresses; legal name; phone numbers; email addresses; and changes to the designation of the Account Owner's Appointee. The changes must be provided in writing or via electronic means acceptable to the Board.
- (2) Change of Beneficiary. Subject to the conditions set forth in Paragraph (5) below, the Account Owner shall have the right to change the Beneficiary of the Account at any time provided the New Beneficiary is a "Member of the Family" of the original Beneficiary, as such term is defined in Rule 1700-05-04-.01(2). If the Board has chosen to charge an application fee pursuant to Rule 1700-05-04-.03(6), then an application fee must be paid to change the Beneficiary of the Account.
- (3) Reallocation of Funds Among Investment Options. Subject to the conditions set forth in Paragraph (5) below, the Account Owner shall have the right at any time to reallocate funds among investment options under a Contract held for a single Beneficiary provided there is at least twenty-five dollars (\$25.00) in each surviving investment option at the conclusion of the reallocation.
- (4) Transfer of Account Funds. Subject to the conditions set forth in Paragraph (5) below, the Account Owner shall have the right at any time to transfer all or a portion of the funds in the Beneficiary's Account to an Account for a different Beneficiary provided the New Beneficiary is a "Member of the Family" of the original Beneficiary, as such term is defined in Rule 1700-05-04-.01(2). If the transfer is for a portion of funds in the original Account, the transfer will be permitted so long as at the time the transfer is completed by the Board the existing Beneficiary and the new Beneficiary will each have at least twenty-five dollars (\$25.00) in their respective accounts. If the New Beneficiary does not have an existing Account and if the Board has chosen to charge an application fee pursuant to Rule 1700-05-04-.03(6), then an application fee must also be paid to open the new Account for the New Beneficiary. In addition and subject to the conditions set forth in Paragraph (5) below, the Account Owner shall have the right to transfer all or a portion of the funds in the Beneficiary's Account to another account held for the same Beneficiary. If the Board has chosen to charge a transfer fee pursuant to Rule 1700-05-04-.03(6), then a transfer fee must be paid to transfer the funds.
- (5) Conditions. Any change of Beneficiary, reallocation of funds among investment options, or transfer of funds under this Rule is subject to the following conditions:
  - (a) The request must be made in writing, signed by the Account Owner and, if applicable, must state the name and Social Security number of the proposed New Beneficiary. If

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the request is for the reallocation of funds among investment options, the written request must specify the dollar amount to be reallocated and the selected investment option(s). If the request is for a transfer of funds to an existing Account, the written request must state the Account number to which the transfer is to be made;

- (b) Payment of any applicable fees charged by the Board pursuant to Rule 1700-05-04-.03(6);
  - (c) The Account Owner certifies in writing that no payment other than the above fees paid to the Board has been or will be made to anyone for a change of beneficiary or transfer of funds; and
  - (d) Transfers or changes in Beneficiaries under this Rule shall not be permitted to the extent that they would constitute excess contributions under Rule 1700-05-04-.04(3).
- (6) Eligibility for Use. Any funds in the Account of a New Beneficiary may be used immediately, provided the funds have been on deposit in the original Beneficiary's Account for the twenty-one (21) day period prescribed in Rule 1700-05-04-.06(1) below.
- (7) Limit on Reallocation of Funds Among Investment Options. The Account Owner may reallocate funds among investment options once per calendar year or at such other times as permitted under Section 529 of the Internal Revenue Code and the regulations promulgated thereunder.

**Authority:** T.C.A. §§ 49-7-802, 49-7-805, 49-7-805(16), 49-7-808, and 49-7-809. **Administrative History:** Emergency rule filed December 29, 2011; effective through June 26, 2012. New rule filed December 29, 2011; effective May 30, 2012. Amendment filed April 11, 2014; effective September 28, 2014. Amendments filed March 5, 2018; effective June 3, 2018.

#### **1700-05-04-.06 WITHDRAWALS.**

- (1) Eligibility. Once a Beneficiary has been accepted for enrollment in an Eligible Educational Institution, the Account Owner may begin using funds on deposit in the Account for the payment of Qualified Higher Education Expenses of the Beneficiary. For purposes of these Rules, including for any payments or refunds provided for in Rule 1700-05-04-.06(4) below, funds shall not be deemed on deposit in the Account until the twenty-first (21st) day following receipt of the respective funds by the Board. If the Account Owner desires the Board to send payment directly to the Eligible Educational Institution where the Beneficiary is enrolled, the notification must include the name and address of the Institution and the amount of funds needed to pay the Qualified Higher Education Expenses. Failure to provide sufficient notice prior to the start of the Academic Term in which the funds would be used may result in an untimely payment being made to the Institution.
- (2) Written Request. Any Withdrawal requests must be made in writing by the Account Owner or via other means acceptable to the Board, including electronic means.
- (3) Amount and Timing of Withdrawal. Subject to Rules 1700-05-04-.06(4) and 1700-05-04-.09 below, the Withdrawal amount will equal the amount requested, not to exceed the Redemption Value of the Beneficiary's Account at the time the Withdrawal is processed. The Withdrawal amount will be paid within sixty (60) calendar days of receipt by the Board of the request required in Subparagraph (2) of this Rule above.
- (4) Types of Withdrawals.
  - (a) Withdrawals for Qualified Higher Education Expenses. The Account Owner may direct payment to the Account Owner, the Beneficiary, or an Eligible Educational Institution as

(Rule 1700-05-04-.06, continued)

an advance payment or as reimbursement for Qualified Higher Education Expenses. Third party documentation to substantiate the request shall not be required unless otherwise provided for in Section 529 of the Internal Revenue Code or the regulations promulgated thereunder.

- (b) **Withdrawals for Non-Qualified Higher Education Expenses.** The Account Owner may direct a Withdrawal from the Account for the payment of non-Qualified Higher Education Expenses provided the funds have been on deposit in the Account for at least twenty-one (21) calendar days and provided there is at least one hundred dollars (\$100.00) in the Account once the Withdrawal is made. Such a Withdrawal may be made without causing termination of the Contract and without requiring the Refund Recipient to establish that the Withdrawal will be used for Qualified Higher Education Expenses. The earnings portion of Withdrawals made for non-Qualified Higher Education Expenses could be subject to federal taxation as prescribed under the sections of the Internal Revenue Code and the regulations promulgated thereunder which are applicable to the Program.
- (c) **Scholarship Refund.** If a Beneficiary is the recipient of a scholarship, allowance or payment described in Section 25A(g)(2) of the Internal Revenue Code that the Board determines cannot be converted into money by the Beneficiary, the Account Owner may request a Withdrawal of all or a portion of the funds in the Account. The Account Owner must furnish information about the scholarship, allowance or payment to the Board. If the scholarship, allowance or payment has a duration that extends beyond one (1) Academic Term, the Account Owner may request a refund in advance of the scholarship payment. The amount of the refund payable to the Account Owner will be equal to the Redemption Value of the Beneficiary's Account that is not needed to cover the future Qualified Higher Education Expenses on account of the scholarship, allowance or payment minus any applicable fee(s) charged by the Board.
- (d) **Contract Termination and Refund.** Except as provided in Paragraph (4)(c) of this Rule above, a Contract may not be terminated for any reason except under one of the following circumstances: (i) the Beneficiary has died or suffers from a Permanent Disability; (ii) the Beneficiary is age eighteen (18) or older and has decided not to attend an Eligible Educational Institution; (iii) the Beneficiary has completed the requirements for a degree that is less than a bachelor's degree at an Eligible Educational Institution and the Beneficiary does not plan to pursue further education; (iv) the Beneficiary has completed the bachelor's degree requirements at an Eligible Educational Institution; or (v) the Redemption Value of the Account equals one hundred dollars (\$100.00) or less and no contributions have been deposited to the Beneficiary's Account for a period of at least twenty-one (21) consecutive days. The Contract termination request must be accompanied with documentation acceptable to the Board to substantiate the reason for Contract termination. In the event a Contract is terminated due to the Permanent Disability or death of the Beneficiary, the amount of the refund paid to the Account Owner shall be equal to the Redemption Value of the Account at the time the refund is made. In the event a Contract is terminated under any of the conditions described in items (ii) – (v) above, the amount of the refund paid to the Refund Recipient shall be equal to the Redemption Value of the Account at the time the refund is made, minus any applicable fee charged by the Board. The Actual termination of the Contract will not occur until all funds in the Beneficiary's Account have been refunded.
- (e) **Rollovers out of the Program.** The Account Owner may rollover all or a portion of the funds in the Beneficiary's Account to an account established for the same Beneficiary or another Beneficiary under another qualified tuition program established under Section 529 of the Internal Revenue Code by making a rollover request to the Board on such forms as may be prescribed by the Board. If the rollover is for the benefit of



(Rule 1700-05-04-.06, continued)

another Beneficiary, the Beneficiary to whose Account the funds are being transferred must be a "Member of the Family" of the original Beneficiary, as such term is defined in Rule 1700-05-04-.01(2). Any rollover under this Rule shall be administered in accordance with the applicable rollover provisions of the Internal Revenue Code. Any rollover made under this Paragraph shall be equal to the amount requested, not to exceed the Redemption Value of the Beneficiary's Account, minus any applicable fees charged by the Board pursuant to Rule 1700-05-04-.03(6) above. The Redemption Value of the Account shall be determined as of the date the rollover is made.

**Authority:** T.C.A. §§ 49-7-802, 49-7-805, 49-7-805(16), 49-7-809, 49-7-811, and 49-7-812.

**Administrative History:** Emergency rule filed December 29, 2011; effective through June 26, 2012. New rule filed December 29, 2011; effective May 30, 2012. Amendments filed April 11, 2014; effective September 28, 2014. Amendments filed March 5, 2018; effective June 3, 2018.

#### **1700-05-04-.07 REPORTING AND NOTICE.**

- (1) Reporting. A statement listing the activity, selected investment options, and Redemption Value of the Account will be sent to the Account Owner periodically. The frequency of such statements will be set by the Board. If a payment has been made from an Account, the Board will report to the Beneficiary or the Account Owner, whichever is applicable, information about such payments to assist in determining that person's tax liability. The report will be furnished by no later than January 31st of the calendar year following the calendar year in which the payment was made. Disclosure documents will also be prepared by the Treasurer and made available to the Account Owner prior to the Account Owner opening an Account.
- (2) Notice. Notice from the Program or Board, including but not limited to, Account statements, tax forms, and information about the Program, a Contract or an Account, may be in any form acceptable to the Board, which may include, but may not be limited to, notice and reporting by electronic means.

**Authority:** T.C.A. §§ 49-7-802, 49-7-805, 49-7-805(16), and 49-7-809. **Administrative History:** Emergency rule filed December 29, 2011; effective through June 26, 2012. New rule filed December 29, 2011; effective May 30, 2012. Amendments filed March 5, 2018; effective June 3, 2018.

#### **1700-05-04-.08 CONTRACT DESIGNATIONS MAY NOT BE DEFEATED BY WILL.**

- (1) The right of a Beneficiary or Account Owner to receive benefits in accordance with a Contract shall not be defeated or impaired by any statute or rule of law governing the transfer of property by will or by intestate succession.

**Authority:** T.C.A. §§ 49-7-802 and 49-7-805(16). **Administrative History:** Emergency rule filed December 29, 2011; effective through June 26, 2012. New rule filed December 29, 2011; effective May 29, 2012. Amendments filed March 5, 2018; effective June 3, 2018.

#### **1700-05-04-.09 PLAN TERMINATION.**

- (1) If the Board determines that the Educational Investment Plan is, for any reason, financially unfeasible, or is not beneficial to the citizens of Tennessee or to the State itself, then the Board, pursuant to T.C.A. § 49-7-823, may terminate the Contracts. Subject to Paragraphs (2) and (3) of this Rule below, the amount of the refund to which the Account Owner is entitled shall be equal to the Redemption Value of the Account at the time the refund is made.
- (2) Notwithstanding any other provision to the contrary, refunds and other benefits payable under a Contract shall be deemed to be due and payable only to the extent that moneys are

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available therefore to the credit of the Educational Investment Plan, and neither the State nor the Board shall be liable for any amount in excess of such sums.

- (3) Should the Educational Investment Plan be terminated by the Board and the assets of the fund prove to be less than would be required to fully pay all obligations of the Plan in full, the Board shall first defray all administrative expenses of the Plan. The Board shall then reduce payments owed pursuant to a Contract, pro rata, to the degree necessary to bring the total disbursement of the Educational Investment Plan within the amount of the remaining funds.

**Authority:** T.C.A. §§ 49-7-802, 49-7-805, 49-7-805(16), 49-7-823, and 49-7-824. **Administrative History:** Emergency rule filed December 29, 2011; effective through June 26, 2012. New rule filed December 29, 2011; effective May 30, 2012. Amendments filed March 5, 2018; effective June 3, 2018.