

Kansas Administrative Regulations

State Treasurer

Article 2.—Kansas Postsecondary Education Savings Program

3-2-2. Excess contributions.

(a)(1) "Excess contributions" means contributions on behalf of a designated beneficiary in excess of the maximum account balance.

(2) "Maximum account balance" means an amount equal to the average amount of the qualified higher education expenses that would be incurred by a designated beneficiary for five years of study at institutions of postsecondary education located in the midwest states, as determined annually by the state treasurer.

(b) The program manager shall establish adequate safeguards to prevent excess contributions. At a minimum, those safeguards shall include all of the following:

(1) The program manager shall identify all accounts with the same designated beneficiary.

(2) When a contribution is forwarded to the program manager, the program manager shall use the following calculation to determine whether that contribution would exceed the maximum account balance:

(A) Add the following amounts:

(i) The new contribution;

(ii) the aggregate balance of all accounts for that designated beneficiary at the end of the prior quarter; and

(iii) the sum of all other contributions made during the current quarter to any account for that designated beneficiary; and

(B) subtract the sum of all withdrawals made during the current quarter from any account for that designated beneficiary.

Any portion of the contribution that is determined in this manner to exceed the maximum account balance shall be an excess contribution.

(3) If the program manager determines that a contribution will result in excess contributions for that designated beneficiary, the program manager shall deposit only

that portion of the contribution, if any, that will not result in an excess contribution. The program manager shall return the balance of the contribution to the contributor.

(c) The program manager shall continually monitor the contributions to and aggregate balance of all the accounts for each designated beneficiary, using the following calculation:

(A) Add the following amounts:

(i) The aggregate balance of all accounts for that designated beneficiary at the end of the prior quarter; and

(ii) the sum of all contributions made during the current quarter to any account for that designated beneficiary; and

(B) subtract the sum of all withdrawals made during the current quarter from any account for that designated beneficiary.

If at any time the result of this calculation exceeds the maximum account balance, the program manager shall determine whether any portion of the amount in excess of the maximum account balance is attributable to contributions made during the current quarter. The program manager shall not be required to take any further action if the amount that created the excess is not attributable to current-quarter contributions. If any portion of the excess is attributable to current-quarter contributions, the program manager shall notify the account owner of each account creating the excess that excess contributions have been made on behalf of the designated beneficiary and that the excess contributions attributable to that account must be eliminated through a withdrawal or a rollover distribution.

(d) If, within 30 days of the date the notice is mailed to the account owner, the account owner does not submit a request for a withdrawal or rollover distribution in an amount sufficient to eliminate the excess contributions for that designated beneficiary, the program manager shall process withdrawal of the excess contributions from the affected account and shall forward the proceeds to the account owner.

(Authorized by K.S.A. 2001 Supp. 75-644 and 75-646, as amended by L. 2002, Ch. 104, Sec. 2; implementing K.S.A. 2001 Supp. 75-646, as amended by L. 2002, Ch. 104, Sec. 2; effective June 30, 2000; amended Dec. 6, 2002.)

***** Authenticated Kansas Administrative Regulation *****