

12D.1 Purpose and definitions.

The general assembly finds that the general welfare and well-being of the state are directly related to educational levels and skills of the citizens of the state, and that a vital and valid public purpose is served by the creation and implementation of programs which encourage and make possible the attainment of higher education by the greatest number of citizens of the state. The state has limited resources to provide additional programs for higher education funding and the continued operation and maintenance of the state's public institutions of higher education and the general welfare of the citizens of the state will be enhanced by establishing a program which allows citizens of the state to invest money in a public trust for future application to the payment of higher education costs. The creation of the means of encouragement for citizens to invest in such a program represents the carrying out of a vital and valid public purpose. In order to make available to the citizens of the state an opportunity to fund future higher education needs, it is necessary that a public trust be established in which moneys may be invested for future educational use.

As used in this chapter, unless the context otherwise requires:

1. *"Account balance limit"* means the maximum allowable aggregate balance of accounts established for the same beneficiary. Account earnings, if any, are included in the account balance limit.
2. *"Administrative fund"* means the administrative fund established under section 12D.4.
3. *"Beneficiary"* means the individual designated by a participation agreement to benefit from advance payments of higher education costs on behalf of the beneficiary.
4. *"Benefits"* means the payment of higher education costs on behalf of a beneficiary by the trust during the beneficiary's attendance at an institution of higher education.
5. *"Higher education costs"* means the certified costs of tuition, fees, books, supplies, and equipment required for enrollment or attendance at an institution of higher education. Reasonable room and board expenses, based on the minimum amount applicable for the institution of higher education during the period of enrollment, shall be included as a higher education cost for those students enrolled on at least a half-time basis. In the case of a special needs beneficiary, expenses for special needs services incurred in connection with enrollment or attendance at an institution of higher education shall be included as a higher education cost.
6. *"Institution of higher education"* means an institution described in section 481 of the federal Higher Education Act of 1965, 20 U.S.C. § 1088, which is eligible to participate in the United States department of education's student aid programs.
7. *"Internal Revenue Code"* means the same as defined in section 422.3.
8. *"Iowa educational savings plan trust"* or *"trust"* means the trust created under section 12D.2.
9. *"Participant"* means an individual, individual's legal representative, trust, or estate that has entered into a participation agreement under this chapter for the advance payment of higher education costs on behalf of a beneficiary.
10. *"Participation agreement"* means an agreement between a participant and the trust entered into under this chapter.
11. *"Program fund"* means the program fund established under section 12D.4.
12. *"Tuition and fees"* means the quarter or semester charges imposed to attend an institution of higher

education and required as a condition of enrollment.

98 Acts, ch 1172, §1; 2000 Acts, ch 1163, §1, 6; 2004 Acts, ch 1079, §1, 17