

12D.6 Repayment and ownership of payments and investment income — transfer of ownership rights.

1. *a.* A participant retains ownership of all payments made under a participation agreement up to the date of utilization for payment of qualified education expenses for the beneficiary.

b. All income derived from the investment of the payments made by the participant shall be considered to be held in trust for the benefit of the beneficiary.

2. In the event the program is terminated prior to payment of qualified education expenses for the beneficiary, the participant is entitled to a refund of the participant's account balance.

3. The qualified educational institution shall obtain ownership of the payments made for the qualified education expenses paid to the institution at the time each payment is made to the institution.

4. Any amounts which may be paid to any person or persons pursuant to the Iowa educational savings plan trust but which are not listed in [this section](#) are owned by the trust.

5. A participant may transfer ownership rights to another participant, or may transfer funds to another plan under the trust or to an ABLE account as permitted under section 529(c)(3)(C) of the Internal Revenue Code. The transfer shall be made and the property distributed in accordance with rules adopted by the treasurer of state or with the terms of the participation agreement.

6. A participant shall not be entitled to utilize any interest in the trust as security for a loan.

[98 Acts, ch 1172, §6; 99 Acts, ch 96, §2; 99 Acts, ch 114, §2; 99 Acts, ch 122, §8, 10; 2004 Acts, ch 1079, §11, 12, 17; 2018 Acts, ch 1161, §140, 141, 147, 148](#)

Referred to in [§12D.9, 422.7\(22\)\(c\)](#)

2018 amendments to subsection 1, paragraph a, and subsections 2, 3, and 5, apply retroactively to January 1, 2018, for withdrawals from the Iowa educational savings plan trust made on or after that date; 2018 Acts, ch 1161, §148