

12I.3 Participation agreements for trust.

The trust may enter into participation agreements pursuant to the following terms and agreements:

1. *a.* Unless otherwise permitted under section 529A of the Internal Revenue Code, the treasurer of state shall allow only one participation agreement per designated beneficiary.

b. Unless otherwise permitted under section 529A of the Internal Revenue Code, the account owner must also be the designated beneficiary of the account. A person other than the account owner may enter into a participation agreement and have signature authority over the account on behalf of the account owner in accordance with section 529A of the Internal Revenue Code and regulations promulgated under that section.

c. The treasurer of state shall set an annual contribution limit and account balance limit to maintain compliance with section 529A of the Internal Revenue Code. A contribution shall not be permitted to the extent it exceeds the annual contribution limit or causes the aggregate balance of the account established for the designated beneficiary to exceed the applicable account balance limit.

d. The maximum amount that may be deducted per year for Iowa income tax purposes by an individual for contributions on behalf of any one designated beneficiary that is a resident of this state shall not exceed the maximum deductible amount determined for the year pursuant to [section 12D.3, subsection 1](#).

e. Participation agreements may be amended to provide for adjusted levels of contributions based upon changed circumstances or changes in disability-related expenses.

f. Any person may make contributions pursuant to a participation agreement on behalf of a designated beneficiary under rules adopted by the treasurer of state.

g. Any funds retained in a medical assistance special needs trust pursuant to [chapter 633C](#), or in a supplemental needs trust pursuant to [chapter 634A](#), may be transferred to the Iowa ABLE savings plan trust account of a designated beneficiary who is also the beneficiary of any such trust, in accordance with the applicable provisions of [chapters 633C, 634A](#), and [this chapter](#).

2. The execution of a participation agreement by the trust shall not guarantee in any way that future disability-related expenses will be equal to projections and estimates provided by the trust or that the account owner or designated beneficiary is guaranteed any of the following:

a. A return of principal.

b. A rate of interest or other return from the trust.

c. Payment of interest or other return from the trust.

3. *a.* A designated beneficiary under a participation agreement may be changed as permitted under rules adopted by the treasurer of state upon written request of the account owner as long as such change would be permitted by section 529A of the Internal Revenue Code.

b. Participation agreements may otherwise be freely amended throughout their terms in order to enable account owners to increase or decrease the level of participation, change the designated beneficiary, and carry out similar matters as authorized by rule.

4. Each participation agreement shall provide that the participation agreement may be canceled upon the terms and conditions, and upon payment of applicable fees and costs set forth and contained in the rules adopted by the treasurer of state.

[2015 Acts, ch 137, §78, 162, 163; 2021 Acts, ch 136, §3 – 5; 2022 Acts, ch 1021, §4](#)

Referred to in [§422.7\(24\)\(a\)](#)

Unnumbered paragraph 1 amended