95-457 FINANCE AUTHORITY OF MAINE

Chapter 611: MAINE EDUCATION SAVINGS PROGRAM

Summary: The Maine Education Savings Program, formerly known as the Maine College Savings Program, is established as a qualified tuition program pursuant to Section 529 of the *Internal Revenue Code of 1986*, as amended, and regulations promulgated thereunder. This rule establishes the procedures, standards and eligibility requirements for investment in accounts, into which a participant may invest funds to be used to pay qualified higher education expenses. The rule also establishes the procedures, standards and eligibility requirements of the Matching Grant Programs, the Fee Waiver or Rebate Program and the Scholarship Programs. Copies of referenced statutes are available upon request.

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1. DEFINITIONS

The following terms, some of which are defined in the *Finance Authority of Maine Act*, 10 MRSA §961 *et seq*. (the "Act") shall have the following meanings in this rule. All terms that are defined in federal requirements shall have the same meanings herein as in the federal requirements.

A. **Account**. "Account" means a repository of all contributions identified by a formal record of transactions, in respect to a particular participant and beneficiary, as applicable, established for purposes of the program.

B. **Advisory Committee**. "Advisory committee" means the advisory committee on education savings, formerly known as the advisory committee on college savings.

C. **Authority**. "Authority" means the Finance Authority of Maine, which serves as administrator of the program.

D. **Beneficiary**. "Beneficiary" means any person who: is designated by an application or participation agreement or subsequent change directed by the participant and accepted by the program to benefit from payments for qualified higher education expenses or who, as part of a scholarship program operated by a state or local governmental entity or a 501(c)(3), is the individual receiving such interest as a scholarship.

E. *[Repealed effective March 2, 2003]*

F. *[Repealed effective February 12, 2018]*

G. **Chief Executive Officer**. "Chief executive officer" means the Authority's chief executive officer or any person acting under the delegated authority and supervision of the chief executive officer.

H. **Contributions**. "Contributions" means amounts deposited to an account.

I. **Early Termination Event**. "Early termination event" means any of the following if documented as required by the Authority:

1) the death of the beneficiary;

2) the disability of the beneficiary within the meaning of Section 72(m)(7) of the *Internal Revenue Code*;

3) a qualified rollover to another qualified tuition program or a qualified ABLE program to the extent permitted under federal requirements;

4) an award of an eligible scholarship, to the extent of the amount thereof;

5) a claim of an American Opportunity tax credit or a Lifetime Learning tax credit to the extent allowable in conformance with federal requirements; or

6) attendance of the beneficiary at the United States Military Academy, the United States Naval Academy, the United States Air Force Academy, the United States Coast Guard Academy, or the United States Merchant Marine Academy, to the extent that the amount of the payment or distribution does not exceed the costs of such advanced education, as defined by Title 10 *United States Code* §2005(e)(3), as in effect on the date of enactment of Section 530(d)(4)(B)(iv) of the *Internal Revenue Code,* attributable to such attendance .

J. **Eligible Scholarship**. "Eligible scholarship" means any allowance or payment described in Section 25A(g)(2) of the *Internal Revenue Code*.

J-1a. *[Repealed effective _____, 2025]*

J-1. *[Repealed effective April 7, 2013]*

K. **Federal Requirements**. "Federal requirements" means the provisions of the *Internal Revenue Code* addressing qualified tuition plans, any regulations promulgated or, if so determined by the chief executive officer, proposed thereunder and any rulings or guidance thereunder addressed, or in the opinion of counsel, applicable to the Authority.

L. *[Repealed effective October 10, 2021]*

M. **Internal Revenue Code**. "Internal Revenue Code" means the *Internal Revenue Code of 1986*, as amended.

N. **Higher Education Act**. "Higher Education Act" means the *Higher Education Act of 1965*, as in effect on June 7, 2001.

O. **Institution of Higher Education**. "Institution of higher education" or "institution" means an institution which is described in Section 481 of the *Higher Education Act*, and which is eligible to participate in a program under Title IV of such Act. ~~Such institutions generally are accredited post-secondary educational institutions offering credit toward the attainment of associate, baccalaureate, graduate level or professional degrees or another recognized post-secondary credential.~~ Additionally, for purposes of this Chapter,

recognized postsecondary credential programs, as defined by 26 U.S.C. 529(f)(2), and apprenticeship programs registered and certified with the Secretary of Labor under section 1 of the National Apprenticeship Act (29 U.S.C. 50 et. seq.), are considered Institutions of Higher Education.

O-1. **Maine Accounts**. "Maine account" means any account opened by a participant who is a resident of Maine or for a beneficiary who is a resident of Maine.

O-2. **Maine Administration Fee**. "Maine administration fee" means the fee calculated at the annual rate determined by contract between 0% and fifteen hundredths of one percent (.15%) of the average daily net asset value of the amounts invested in the program, received by the Authority.

P. *[Repealed effective October 10, 2021]*

Q. **Participant**. "Participant" means any person who has entered into a participation agreement pursuant to this rule.

R. **Participation Agreement**. "Participation agreement" means an agreement between a participant and the Authority providing for the establishment by the participant of an account and for the administration of each account for the benefit of the participant and of a beneficiary, as applicable.

S. **Program**. "Program" means the Maine Education Savings Program as described in and governed by the Act, the Program Act and this rule.

T. **Program Act**. "Program Act" means 20-A MRSA §11471 *et seq*.

U. *[Repealed effective March 2, 2003]*

U-1. **Program description**. "Program description" means the official offering statement for the program.

U-2. ***[****Repealed effective October 10, 2021]*

V. **Qualified Higher Education Expenses**. "Qualified higher education expenses" means such expenses defined in Section 529 of the *Internal Revenue Code* and such expenses that by reference are treated as qualified higher education expenses in Section 529, including without limitation expenses identified in Section 529(c)(7), Section 529(c)(8), ~~and~~ Section 529(c)(9) and Section 529(f).

V-1. **Resident**. "Resident" means a person who is a resident of the State of Maine for other than educational purposes or a person who is a resident of the State of Maine notwithstanding attendance at an institution of higher education outside of the State of Maine.

V-2 **Student Aid Index.** "Student Aid Index" or "SAI" means a calculation that reflects an evaluation of a student's approximate financial resources to contribute toward the student's postsecondary education for an academic year.

W. **501(c)(3)**. "501(c)(3)" means an organization described in Section 501(c)(3) and exempt from taxation under Section 501(a) of the *Internal Revenue Code*.

2. PROGRAM IMPLEMENTATION

The administration of the program is delegated to the chief executive officer.

3. ADVISORY COMMITTEE ON EDUCATION SAVINGS

A. The chair of the advisory committee is appointed annually by the chair of the Authority's board of directors. The chair shall be responsible for the conduct of each meeting.

B. The advisory committee shall elect a vice chair from among its members. The vice chair shall be responsible for the conduct of a meeting in the absence of the chair.

C. A quorum of four members must be present to conduct the business of the advisory committee.

D. The advisory committee shall provide advice to the Authority, pursuant to the Program Act, on the operation of the program and investment of the program fund and, in addition, on such other matters as the chief executive officer may request. In order to carry out the Program Act, the chief executive officer shall provide to the advisory committee, prior to implementation, proposals for selection of investment managers and consultants and other elements of fund investment and program operation, and shall report to the advisory committee from time to time concerning such matters.

4. OPENING AN ACCOUNT

A. Each applicant shall submit an application to the Authority or any agent or contractor designated by the chief executive officer on such forms and with such attachments as the chief executive officer may require.

B. The application shall contain the following:

1) The name of the proposed beneficiary, unless the account participant is a state or local governmental entity (or agency or instrumentality thereof) or a 501(c)(3). Beneficiaries may be changed to any eligible individual, as permitted by federal requirements then in effect, upon the receipt of a request of the participant in the form designated by the Authority and accepted by the program;

2) Any minimum investment required by the chief executive officer to open an account;

3) The birth date of the beneficiary, unless the account is owned by a state or local governmental entity or a 501(c)(3);

4) For individuals, the social security number or valid taxpayer identification number of the participant and the beneficiary. Distributions from accounts that lack a valid social security number or taxpayer identification number may be subject to penalties or the withholding of taxes at the time of distribution; and

5) Such other information as the Authority may require including such factual representations as the Authority may reasonably require to evidence compliance with the participation agreement, the program description and federal requirements, which representations shall be deemed, if false, to constitute unsworn falsification within the meaning of 17-A MRSA §453.

5. PARTICIPATION AGREEMENTS

A. The Authority will enter into a participation agreement with all participants.

B. The participation agreement may include the following:

1) The name and address of the participant and the beneficiary;

2) *[Repealed effective January 14, 2006]*

3) *[Repealed effective January 14, 2006]*

4) *[Repealed effective December 3, 2001]*

5) Any obligations of the Authority, the participant and the beneficiary;

6) A summary of the fees and penalties that may be assessed against the account, the participant or the beneficiary;

7) The manner in which funds may be withdrawn and by which the ownership rights of the account may be transferred;

8) Provisions for periodic reporting of the status of participant accounts;

9) Such other information as the Authority may determine to be necessary or appropriate, including such factual representations as the Authority may reasonably require to evidence compliance with the participation agreement, the program description, and federal requirements, which representations shall be deemed, if false, to constitute unsworn falsification within the meaning of 17-A MRSA §453.

C. Participation agreements may be amended from time to time. Changes that affect the ownership and registration (*e.g.*, mailing address, name of beneficiary) of the account must be submitted by the participant in the form and manner designated by the Authority.

6. LIMITATIONS ON CONTRIBUTIONS

A. No participant or beneficiary may directly or indirectly direct the investment of any contributions or of any other amounts held by the program. A member of the advisory committee will not be deemed to be directly or indirectly directing the investment of any account on which the member is the participant. At the time a participant opens an account, a participant may choose among any account investment options offered by the Authority and may alter such choices in accordance with federal requirements, as permitted by the Authority.

B. A participant may contribute to an account by making cash contributions, which may be in the form of electronic funds transfer or employer payroll deduction.

C. Contributions may be made at any time subject to any minimum and maximum contribution requirements.

D. Total contributions to an account may not exceed the amount projected to be necessary to pay qualified higher education expenses of the beneficiary to attend: (i) five years of undergraduate enrollment based on the average tuition and fees and room and board for four year private nonprofit colleges and universities in New England, as published by the College Board, or, if the College Board does not publish such data, by any other similar organization selected by the chief executive officer, provided, that in no event shall such amount exceed five times the actual amount then necessary to pay qualified higher education expenses of the beneficiary if enrolled as an undergraduate student in the most expensive program at a high cost private university in New England selected by the chief executive officer; and (ii) two times the actual amount then necessary to pay qualified higher education expenses of the beneficiary if enrolled as a graduate student in the most expensive program at a high cost private university in New England selected by the chief executive officer. The Authority may announce a lower maximum contribution amount. A contribution to an account will be prohibited if the contribution would cause the total of all account balances maintained on behalf of a beneficiary to exceed the total amount necessary to pay qualified higher education expenses, limited as described in the first sentence of this subsection.

7. OWNERSHIP OF CONTRIBUTIONS AND EARNINGS

A. The participant shall retain ownership of all contributions made under any participation agreement and earnings on those contributions up to the date of withdrawal.

B. In the event the participation agreement is terminated by the participant prior to payment of qualified higher education expenses, the participant shall retain ownership of all contributions made under the participation agreement and a right to receive earnings (less any applicable taxes and/or penalties, administrative fees and investment losses) on all contributions to the program account.

C. An institution of higher education shall own payments made to it for qualified higher education expenses at the time each is made to the institution except to the extent the institution is required to refund such payments in accordance with its refund policies.

8. WITHDRAWALS

A. To withdraw funds the participant must request a withdrawal in the format currently approved by the Authority. The participant is responsible for the maintenance of records evidencing the use of any withdrawal for qualified higher education expenses. The Authority has no obligation to maintain records evidencing the use of any withdrawal.

B. Upon receipt of a proper withdrawal request, the Authority’s designated agent or contractor will make distributions to the participant, the beneficiary, the specified institution of higher education for the benefit of the beneficiary, or to other distributees as may be directed by the participant and determined permissible by the Authority and its designated agent or contractor from time to time.

C. *[Repealed effective June 4, 2002]*

D. *[Repealed effective June 4, 2002]*

E. *[Repealed effective June 5, 2016]*

9. PARTICIPATING FINANCIAL INSTITUTIONS

[Repealed effective October 10, 2021]

10. ADMINISTRATION AGREEMENTS

The Authority may enter agreements with and designate agents for, without limitation, assistance with the implementation, operation, distribution, marketing, investment, and administration of the program, including terms and conditions the chief executive officer determines to be necessary or appropriate.

11. FEES AND PENALTIES

A. Each participation agreement may provide for an annual administrative fee based on amounts in the program fund accrued daily at an annualized rate not to exceed 1%. Such fees may be used only for program purposes including administrative expenses, the refunding of fees paid by participants or any class of participants, the matching of contributions made by participants or any class of participants, the use of funds to provide scholarships to beneficiaries attending institutions of higher education, or any other purpose allowed under the Act or the Program Act. Customary and usual investment costs may be deducted from the program fund in connection with the investment thereof and are not included in the administrative fees. Customary and usual account maintenance fees may be deducted from an individual account opened by a participant who is not a Maine resident, unless it is opened on behalf of a beneficiary who is a Maine resident.

B. Except upon the occurrence of an early termination event, if the participant makes a withdrawal for any purpose other than the payment of qualified higher education expenses, the participant must pay an additional tax or other penalty as provided in federal requirements. Notwithstanding the foregoing, payment of the additional tax does not apply to withdrawals or portions thereof used to pay for qualified higher education expenses that are subsequently refunded to a beneficiary by an institution of higher education and timely recontributed to an account in accordance with federal requirements.

C. *[Repealed effective December 3, 2001]*

D. If the Authority determines that the participant or the beneficiary has made any material misrepresentations on the application form, in requests for disbursements or in any other communications with the Authority or with the Authority's designated agents or contractors in their capacities on behalf of the program, the account may be involuntarily liquidated by the Authority and any such misrepresentations shall be deemed to constitute unsworn falsification within the meaning of 17-A MRSA §453. If the Authority liquidates any account pursuant to this provision, the participant will be entitled to a

disbursement subject to a penalty of 15% of the portion of the disbursement attributable to investment earnings on amounts contributed to the account.

E. Any additional tax payable shall be payable directly to the United States Department of Treasury in accordance with federal requirements.

F. When a penalty is assessed the chief executive officer may (i) require that the amount of the penalty be set off from any funds remaining in the account; (ii) collect penalties by retaining a sufficient balance in an account to pay the amount of the penalty; or (iii) collect any unpaid penalties through a set off against Maine income tax refunds pursuant to 36 MRSA §5276-A. This provision will only be applicable to penalties assessed under section 11.D.

G. All penalties are in addition to all State and federal taxes that may be due on the distribution.

12. WITHDRAWALS FOR PURPOSES OTHER THAN QUALIFIED HIGHER EDUCATION EXPENSES

A. A participant may withdraw funds from the account, subject to the penalties or additional tax identified in section 11. Any investment losses will be deducted from the principal amount of contributions. In addition, a fee may be levied by the Authority to reasonably compensate the Authority for its costs incident to the participant's account.

B. *[Repealed effective July 1, 1999]*

C. Except as otherwise specifically provided herein, only the participant for each account may close an account or direct a withdrawal.

D. Distributions under this section will not be made to anyone other than the participant for each account, unless the participant properly directs the Authority's designated agent or contractor to provide the distribution to another distributee and such instruction is accepted by the agent or contractor.

E. *[Repealed effective June 4, 2002]*

F. *[Repealed effective June 4, 2002]*

G. The Authority may notify the participant of any account in which a balance remains: (i) upon graduation of the beneficiary from an institution of higher education; (ii) upon the completion of any five year period, subsequent to the initial qualified withdrawal, during which period no withdrawal is made; (iii) upon the completion of the last period of beneficiary usage projected when an account is established; or (iv) upon determination by the Authority that no eligible beneficiary exists, of the amount of such balance and may request directions from the participant as to the application of such balance. If the participant fails to provide such direction with respect to all or part of such balance within 75 days, the Authority may close the account and disburse all amounts remaining to the participant.

13. TRANSFER OF OWNERSHIP

A. The participant may transfer ownership rights of an account to another eligible participant, provided the transfer is accomplished without consideration. All requests for substitution of a participant must include:

1) The account number;

2) The name, address, social security number or valid taxpayer identification number, and telephone number of the new participant;

3) *[Repealed effective June 4, 2002]*

4) Such evidence of verification, including, without limitation, the signature of the participant, as may be accepted by the Authority's designated agent or contractor; and

5) Such other information as the Authority may require.

B. On the death of the participant on an account, if the participant has so elected, the account will be transferred to the designated successor named in the participation agreement or otherwise, in writing, and that designated successor will become the new participant. If no one is designated as a successor, the account will be treated as provided in the then current Program Description or in such manner as the Authority and its designated agent or contractor shall determine.

C. *[Repealed effective December 3, 2001]*

D. Neither the participant nor the beneficiary may use any rights to or interest in the account as security for a loan, including as security for a loan to purchase such interest in the program.

14. TAX CONSEQUENCES

Withdrawals from accounts for qualified distributions are exempt from taxation by the State of Maine pursuant to 36 MRSA §5122(2)(J). In addition, any portion of a withdrawal used to pay for the qualified higher education expenses of a beneficiary at an institution of higher education and subsequently refunded and recontributed to an account for the beneficiary within 60 days of the refund in accordance with federal requirements is not subject to Maine income tax to the extent not included in federal adjusted gross income in accordance with federal requirements.

15. APPEAL

In the event that there is a dispute between a participant or beneficiary and the chief executive officer, the decision of the chief executive officer shall be final agency action appealable to the Maine Superior Court.

16. WAIVER OF RULE

The chief executive officer may waive any requirement of this rule, except to the extent that the requirement is mandated by the Act, the Program Act or federal requirements, in cases where the deviation from the rule is insubstantial and is not contrary to the purposes of the program.

17. CONFLICT OF INTEREST

No member of the advisory committee may vote on any matter in which the member or any organization the member works for has a conflict of interest or which may be perceived as a conflict of interest.

18. USE OF MAINE ADMINISTRATION FEE

The Authority may use any amounts received from the Maine Administration Fee charged to participants first to pay all costs of program administration, including the maintenance of a reserve for administrative expenses in any amount the Authority may determine to be necessary from time to time, and for such other purposes as are allowed by the Program Act. The Authority may use the remaining amounts to fund each of the following programs: the fee rebate or waiver program; the matching grant programs; and the scholarship programs.

A. **Matching Grant Programs**

1) The Authority may award matching grants to Maine accounts to encourage the opening of accounts, to encourage contributions to accounts, and/or to encourage the use of automated account funding service options. The Authority shall determine the amount of matching grants from time to time and may establish terms and conditions for receiving and using matching grants, including but not limited to minimum contribution amounts, limitations on numbers of accounts eligible per beneficiary, maximum annual or account lifetime grant amounts, limitations on accounts eligible to receive matching grants, restrictions on the use of matching grants, and timing of grant awards.

2) *[Repealed effective April 7, 2013]*

3) *[Repealed effective March 6, 2003]*

3A) *[Repealed effective March 6, 2011]*

3B) *[Repealed effective April 7, 2013]*

4) Matching Grant Programs Generally

a) *[RESERVED]*

b) *[Repealed effective April 7, 2013]*

c) *[Repealed effective April 7, 2013]*

d) Although allocated to a particular account, matching grant funds will remain the property of the Authority until withdrawn for qualified higher education expenses at an institution of higher education. Matching grant funds, including earnings on matching grant funds eligible for use should be fully used before other contributions to the account or earnings thereon are used for qualified higher education expenses at an institution of higher education. To use matching grant funds, the participant must certify that such funds are being used for such qualified higher education expenses in such manner as required by the Authority.

e) All matching grant funds will be invested at the discretion of the Authority. The participant has no ability to direct the investment of matching grant funds.

f) *[Repealed effective April 7, 2013]*

g) In the event a participant is no longer eligible to receive a matching grant because the account is no longer a Maine account, all matching grants allocated will remain allocated to that account, but that account will not be eligible to receive future matching grants, unless the account becomes eligible again.

h) The Authority reserves the right at all times to require evidence of eligibility to receive a matching grant and may conduct audits to determine eligibility without obtaining additional consent from the participant after a matching grant has been allocated to an account. In the event a subsequent audit reveals that the matching grant was obtained through the submission of erroneous information, the Authority may immediately revoke the matching grant. If matching grant funds have been withdrawn prior to the determination that the application or request for withdrawal contained erroneous information, the Authority may deduct the amount so obtained from any funds remaining in the account.

i) Matching grant funds, including earnings, if any, will be returned to the Authority in the following circumstances:

(i) The account is closed;

(ii) The account is transferred to another beneficiary; or

(iii) *[Repealed effective March 6, 2011]*

(iv) The amount remaining in the account after the participant makes a nonqualified withdrawal is less than the amount that had been matched.

(v) *[Repealed effective April 7, 2013]*

j) *[Repealed effective April 7, 2013]*

k) *[Repealed effective March 6, 2011]*

l) *[Repealed effective April 7, 2013]*

B. **Fee Rebate or Waiver Program**

1) The Authority may rebate to Maine accounts or provide a waiver of an amount approximately equal to the Maine administration fee charged to that account as measured on the last business day of each month for each month of the previous calendar year. Such amount will approximately equal the Maine administration fee, subject to any minimum rebate or waiver amount which the Authority may establish. Any fee rebate or waiver will be applied to the account annually. Only accounts with an account balance of $1000 or more and an investment option subject to the Maine administration fee at the end of the calendar year are eligible to receive a fee rebate or waiver.

C. **Scholarship Programs**. The Authority may establish one or more program accounts to fund scholarships to Maine beneficiaries.

1) **Access Scholarships**

a) Scholarships may be awarded to individuals attending an institution of higher education:

(1a) who, are attending on a part-time basis, as established by the policy of the institution of higher education, and file a Free Application for Federal Student Assistance (FAFSA) on or before May 1 (or the first business day after May 1); or

(1b) who are attending full-time or on a part-time basis as established by the policy of the institution of higher education and file a FAFSA after the first business day after May 1;

(2) who are matriculated as undergraduates;

(3) *[Repealed effective July 13, 2004]*

(4) *[Repealed effective June 5, 2006]*

(5) who are residents of Maine and have graduated from an approved secondary school (or matriculated at an approved post-secondary school prior to high school graduation) or successfully completed a general education development examination or its equivalent;

(6) who, if filing a FAFSA after May 1, have not previously received a NextGen Access Scholarship or a Maine State Grant award and are entering students at the institution of higher education attended by the students; and

(7) who have a Student Aid Index that is not greater than the applicable Student Aid Index that is set annually by the Authority for individuals who file a FAFSA on or before May 1

(or the first business day after May 1) and a Student Aid Index for individuals who file a FAFSA after the first business day after May 1.

b) Scholarships may be in an amount for full-time students and for part-time students set annually by the Authority, not to exceed the beneficiary's cost of tuition, fees, books, supplies and required equipment at the institution of higher education attended by the beneficiary.

c) Scholarships may be awarded to Maine students attending out-of-State institutions of higher education located in states that provide grants to residents of that state which may be used at Maine institutions of higher education.

d) *[Repealed effective June 5, 2006]*

e) If a recipient of an award withdraws from an institution and the student is entitled to a refund of tuition, fees, or other charges, the institution shall make a repayment of the award directly to the Authority.

2) **Special Opportunity Scholarships**. The Authority may designate a NextGen Scholarship account to be used to provide scholarships to individuals in Maine's incumbent workforce. These scholarships may be used in a program for training or attaining specialized skills in a program that may lead to a certificate or degree. The Authority may require that an employer provide matching funds. The designation of each situation as eligible will be made by the chief executive officer.

3) **Special Occasion Scholarships**. The Authority may designate a NextGen Account in an amount to be determined annually by the members of the Authority to be used for scholarships in an amount not to exceed $1000 per student to be awarded by the Authority.

4) **Enhanced Need Scholarships**

a) Scholarships of up to an amount that is set annually by the Authority may be awarded to individuals with a Student Aid Index that is greater than the greatest Student Aid Index to receive a Maine State Grant award with priority given to the next lowest Student Aid Index as determined by the Authority.

b) Scholarships may be awarded to Maine residents who have graduated from a secondary school or the equivalent who have been accepted into an institution of higher education pursuing a first baccalaureate degree.

c) The award of the scholarship must not cause the recipient's financial assistance to exceed the cost of attendance as published by the institution of higher education the recipient will attend.

d) Scholarships will be awarded based on the priority established in Section 18.C(4)(a) up to an aggregate amount determined by the members of the Authority's board of directors annually.

5) **Gold Star Scholarships**

a) **Eligibility**

(1) Any dependent child of a member of the U.S. armed services killed while deployed in support of combat operations in Iraq or Afghanistan during such period of time as may be determined by the Authority from time to time, as certified by the State of Maine Bureau of Veteran's Services, provided the child is a resident of Maine on the date of the parent's death and under the age of 22;

(2) The family of the eligible child must provide any information the Authority needs to open the account on or before close of business on such date as may be set by the Authority;

(3) The child must be otherwise eligible to be the beneficiary of an account;

(4) For purposes of eligibility for a Gold Star Scholarship, the Authority will determine whether the deceased parent was a resident of the State based on the facts of that individual's situation. In making that determination the Authority will consider:

(a) Whether the deceased parent lived in Maine prior to active duty in the United States armed services;

(b) Where the deceased parent paid taxes; and

(c) Where the deceased parent maintained a driver's license.

For purposes of (a) and (b) above, the Authority will take into consideration whether and when the deceased parent was deployed prior to deployment to support combat operations in Afghanistan or Iraq.

b) **Amount of Scholarship**. A Gold Star scholarship account will be opened by the Authority for each eligible child within 60 days of the Authority learning of the eligibility of the child and receiving the information necessary to open the account. For the initial round of scholarships, the Authority shall allocate an amount of up to $250,000 to eligible accounts, with the amount awarded to each account based on the age of the child who is the beneficiary of the account, such that each account beneficiary will receive an approximately equal amount on the beneficiary's 18th birthday, assuming the investment return of the principal plus portfolio (or other substantially equivalent guaranteed return or stable value investment option, in the event the Authority no longer offers the principal plus portfolio) as of the day of the investment in making the present value calculation. For subsequent rounds of scholarships, the amount awarded to each eligible account shall be based on the age of the child who is the beneficiary of the account such that the

value of the account at the time of the beneficiary's 18th birthday is an amount determined in the discretion of the Authority for that round of scholarships, assuming the foregoing investment return. If the child is 18 years or older, the account will be fully funded at inception.

c) **Use of funds**. The amounts contributed to each Gold Star Scholarship account, will be available to the beneficiary only upon certification that the funds sought to be withdrawn will be used for qualified higher education expenses at an institution of higher education and may not be used for amounts in excess of the beneficiary's cost of attendance. The Authority may undertake investigation to assure that the Gold Star Scholarship recipient is enrolled in an institution of higher education.

d) **Termination of Accounts**. In the event there has been no request for withdrawal of funds from a Gold Star Scholarship account prior to the beneficiary's 29th birthday, the account shall be terminated as of the beneficiary's 29th birthday. If the beneficiary has withdrawn funds from the account prior to the beneficiary's 29th birthday, the beneficiary may continue to withdraw funds until the beneficiary's 35th birthday, at which time the account will be terminated. In the event the account is terminated while funds remain in the account, all remaining funds shall be returned to the authority to be used for program purposes.

STATUTORY AUTHORITY:
10 MRS §969-A; 20-A MRS §11485

EFFECTIVE DATE (Original Chapter):
December 9, 1998

CORRECTION:
December 30, 1998 – removal of "s will be subject to penalties." from §13.C. as authorized by a December 28, 1998 memo from Assistant Attorney General Crombie Garrett.

AMENDED:
July 1, 1999 (Amendment 1)
March 4, 2001 (Amendment 2)
December 3, 2001 (Amendment 3)
June 4, 2002 (Amendment 4)
March 2, 2003 (Amendment 5)

NON-SUBSTANTIVE CORRECTION:
March 18, 2004 – restored missing quotation mark in 1.N.

AMENDED:
July 13, 2004 – filing 2004-262 (Amendment 6)
July 21, 2005 – filing 2005-158 (Amendment 7)
January 14, 2006 – filing 2006-10 (Amendment 8)
June 5, 2006 – filing 2006-232 (Amendment 9)
May 12, 2007 – filing 2007-184 (Amendment 10)

February 5, 2008 – filing 2008-61 (Amendment 11)
June 13, 2010 – filing 2010-222 (Amendment 12)
March 6, 2011 – filing 2011-61 (Amendment 13)
April 7, 2013 – filing 2013-078 (Amendment 14)
June 5, 2016 - filing 2016-100 (Amendment 15)
February 12, 2018 – filing 2018-022 (Amendment 16)
January 15, 2019 – filing 2019-009 (Amendment 17)
October 10, 2021 – filing 2021-211 (Amendment 18)

APAO ACCESSIBILITY CHECK: December 16, 2025

AMENDED:
December 20, 2025 – filing 2025-245 (Amendment 19)