



Withdrawal Guidelines

You are not required to provide substantiation before the Plan will process this withdrawal request but it is your responsibility to substantiate withdrawals upon request of the IRS or any state or local taxing authority. You should retain receipts, invoices, relevant documents and any other information deemed adequate to substantiate that a particular expense is a qualified higher education expense or that a particular withdrawal was made on account of the death or disability of, or scholarship award to, the Beneficiary, or was due to the Beneficiary's attendance at a United States Military Academy.

If you intend to rollover funds into another Qualified Tuition Program, you must do so within 60 days of the date funds are redeemed from this Account.

A discussion the tax implications, if any, of taking a withdrawal appears in the *Disclosure Booklet*, which is available by visiting www.kysaves.com or calling 1-877-598-7878.

➤ Qualified Withdrawals

Qualified expenses include the costs of tuition, fees, books, supplies and equipment required for enrollment or attendance at an Eligible Educational Institution. Certain room and board expenses of a Beneficiary at an Eligible Educational Institution are also included, as described below.

Non-qualified expenses include commuting/travel expenses, clothing, incidental items, computer equipment and software *unless explicitly required* by the Eligible Educational Institution for the Beneficiary's course of study.³

An Eligible Educational Institution is generally an accredited postsecondary educational or vocational school that is eligible to participate in federal financial aid programs under Title IV of the Higher Education Act of 1965. Contact your school to determine if it is an Eligible Educational Institution.

Room and board expenses may be qualified if the Beneficiary is enrolled in a degree or certificate-program at least half-time. *For students living on campus in institutionally owned or operated housing*, the actual amount paid for room and board will be treated as a qualified expense. *For students living at home with parents and students not living in institutionally owned or operated housing*, the Eligible Educational Institution's "Cost of Attendance" allowance for federal financial aid purposes limits the amount of room and board that may be treated as a qualified expense. Contact your school directly for its "Cost of Attendance".

Refunds If an Eligible Educational Institution refunds any part of the Qualified Withdrawal to the Account Owner or Beneficiary, the earnings portion of the withdrawal may be considered a Non-Qualified Withdrawal unless:

- the refund is used for other Qualified Higher Education Expenses of the Beneficiary.
 - the refund was made due to the death or disability of, or receipt of a scholarship award by, the Beneficiary or was due to the Beneficiary's attendance at a United States Military Academy.
 - the refund is deposited as a contribution to a Qualified Tuition Program Account for a "member of the family" of the Beneficiary within 60 days of the withdrawal.
 - the refund was paid to the beneficiary of, or the estate of, the Beneficiary on or after the Beneficiary's death.
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➤ Non-Qualified Withdrawals

Non-Qualified Withdrawals are withdrawals that are not used to pay Qualified Higher Education Expenses and are not due to the death or disability of, or receipt of a scholarship award by, the Beneficiary nor due to the Beneficiary's attendance at a United States Military Academy; nor paid to the beneficiary of, or the estate of, the Beneficiary on or after the Beneficiary's death. You should consult the *Disclosure Booklet* about the federal and Kentucky tax consequences of taking a Non-Qualified Withdrawal.

A note about Custodial Accounts (UGMA/UTMA): Withdrawals from Custodial accounts must be for a purpose permissible under the Uniform Gifts to Minors Act (UGMA) or the Uniform Transfers to Minors Act (UTMA), respectively.

➤ Other Withdrawals

Other withdrawals are withdrawals due to the death, disability of or scholarship award to the Beneficiary, or due to the Beneficiary's attendance at a United States Military Academy. You should consult the *Disclosure Booklet* about the federal and Kentucky tax consequences of taking a Non-Qualified Withdrawal.

Keep all receipts and other documents to substantiate your expenses.

³ The American Recovery and Reinvestment Act of 2009 ("ARRA") expanded the definition of Qualified Higher Education Expenses to cover amounts paid in 2009 and 2010 for the purchase of computer equipment or software (other than software designed for sports, games or hobbies, unless such software is primarily educational in nature) or for internet access and related services. The purchased equipment, software or services must be used by the Beneficiary (including the Beneficiary's family) during any of the years that the Beneficiary is enrolled at an Eligible Educational Institution.