**Section 2775.50 Contract Terms and Conditions**

a) Contract Types

The program shall offer purchasers at least two different types of contracts: a public university plan and a community college plan. Additional contract plans may be offered. All contract types shall cover registration fees.

1) The public university plan specifies that no more than 9 terms, or 135 credit hours, at an Illinois public university may be purchased for the benefit of a qualified beneficiary. Applicants may choose to purchase as little as one term, or 15 credit hours, at a time.

2) The community college plan specifies that no more than 4 terms, or 60 credit hours, at an Illinois community college may be purchased for the benefit of a qualified beneficiary. Applicants may choose to purchase as little as one term, or 15 credit hours, at a time.

3) No more than an aggregate of 135 credit hours of benefits may be purchased on behalf of any qualified beneficiary.

b) Contract Benefits

1) The registration fees contracted for by the purchaser shall be paid directly to the institution at the time of enrollment of the qualified beneficiary. The credit hours purchased may be used during any term of postsecondary undergraduate enrollment. A social security number or taxpayer identification number must be on file prior to payment of benefits.

2) No contract benefits may be received by a qualified beneficiary of an Illinois prepaid tuition contract earlier than three years from the due date of the first contract payment.

3) No interest in all or any portion of a contract may be used as security for a loan.

c) Contract Requirements

1) Purchasers must name a qualified beneficiary in the application, except as provided in the Disclosure Statement and Master Agreement. Only one qualified beneficiary is allowed per contract. A separate accounting will be provided for each designated beneficiary.

2) In the event duplicate applications for the same qualified beneficiary are processed, the application processed first shall be deemed valid and the remaining application or applications shall be deemed valid, if and only if, they provide for registration fees not already covered by previous applications.

3) The purchaser does not have to designate the postsecondary institution that the qualified beneficiary is expected to attend.

4) The benefits of a contract may be used in advance of the selected matriculation date indicated in the application with no penalty or additional cost. However, to utilize a contract prior to the selected matriculation date, the purchaser must pay the contract in full before changing the matriculation date.

5) The qualified beneficiary must enroll in an eligible institution and request disbursement of any benefits within ten years after the projected enrollment date. This ten year limitation may be extended at the Commission's sole discretion upon purchaser's application for extension to the Commission. Any time spent by the qualified beneficiary in active military service shall not count as part of the time period for receiving contract benefits under all contract plans.

6) The purchaser and qualified beneficiary are prohibited from directing the investment of any contributions to the program.

d) Change of Purchaser and Change of Qualified Beneficiary

1) The purchaser of a contract may be changed upon written request of the original purchaser and the new purchaser. The new purchaser must meet the requirements of a qualified purchaser contained in the master agreement other than the residency requirement. (See Section 2775.30(a).)

2) Upon written request, contract benefits may be transferred by the purchaser to a new qualified beneficiary prior to actual use. The new qualified beneficiary must be a member of the family of the original qualified beneficiary but need not meet the residency requirement. (See Section 2775.30(a).)

e) Benefit Portability and Conversion Between Illinois Public Universities and Illinois Community Colleges

1) Public university plan benefits may be converted for usage at community colleges and community college plan benefits may be converted for usage at public universities.

2) Benefits shall be converted by referencing the relative current average mean-weighted credit hour value of registration fees purchased under the contract. The benefit conversions shall be authorized on a term-by-term basis and no fee shall be assessed for conversion of benefits among in-State public institutions.

f) Benefit Portability and Conversion to Nonpublic Institutions of Higher Education

1) Public university plan and community college plan contract benefits may be converted for payment of registration fees at nonpublic institutions of higher education.

2) Benefits shall be converted by referencing the current average mean-weighted credit hour value of registration fees purchased under the contract. Each term, the Commission shall transfer this amount to the nonpublic institution of higher education on behalf of the qualified beneficiary.

(Source: Amended at 37 Ill. Reg. 9554, effective July 1, 2013)