

2023 Kansas Investments Developing Scholars (K.I.D.S.) Matching Grant Program Description



Background

The K.I.D.S. Matching Grant Program was created by K.S.A. 75-650 as a part of the Learning Quest 529 Education Savings Program administered by the State Treasurer, Steven Johnson. The K.I.D.S. Matching Grant Program ("The K.I.D.S. Program") is for Kansas residents with household incomes at or below 200% of the federal poverty level. When you (the Learning Quest Account Owner) enroll your beneficiary (the student who is the participant) in the K.I.D.S. Program, the state will match the first \$600 that you contribute to your Learning Quest account during 2023. You must contribute at least \$100 during 2023 to be eligible. The matching grant funds must be used to fund the account beneficiary's qualified education expenses. The K.I.D.S. Program is limited to 1,200 participants (up to 300 from each of Kansas' four Congressional Districts). Applications are processed on a first come-first served basis and must be postmarked or received by fax no later than December 31, 2023.

Handbook Variations

This *Program Description* contains variations to your *Learning Quest Handbook* that address how your account will be registered and how withdrawals will be handled. All the other terms in your *Learning Quest Handbook* that are not addressed in this *Program Description* will apply to your K.I.D.S. Program contribution account.

Eligibility

To be eligible for a 2023 matching grant, the Learning Quest account owner(s) must not be a minor or claimed as the dependent on someone else's federal income tax return; must reside in the state of Kansas; and must have a total 2022 Federal Adjusted Gross Income for all members of the household that is greater than zero and not more than the amount listed below:

Persons in Family or Household	1	2	3	4	5	6	7	8	For each additional person, add
Income Below	\$29,160	\$39,440	\$49,720	\$60,000	\$70,280	\$80,560	\$90,840	\$101,120	\$10,280

The qualifying income thresholds are subject to change each year; the amounts in the table above are equal to 200% of the applicable federal poverty level for 2023. Your "household" is all persons related by birth, marriage or adoption who share your residence. Anyone who has resided in your household at any point during 2022 is presumed to have resided there for the entire calendar year. If that does not apply to a member of your household during 2022, you must provide additional documentation showing the dates that person resided in your household and proof of the amount of income they earned during that period. To be eligible for a 2023 matching grant, each Learning Quest account owner must apply for the matching grant using the total household income from 2022, regardless if you have been approved in the past. See additional requirements regarding income verification below and on page 2.


Joint Account Owners

If your Learning Quest account has joint account owners, each individual must be eligible to receive the matching grant. Joint owners who live in separate households will each need to submit their respective household income information to determine eligibility.

Income Verification

To verify your 2022 household federal adjusted gross income, you must provide a copy of the 2022 federal tax return for everyone in your household who is required to file a 2022 federal tax return. If you can't provide a copy of any required tax return, you must provide a tax transcript from the IRS showing federal adjusted gross income for 2022. If anyone in your household had income but did not file a tax return, you must provide a 2022 wage and income transcript from the IRS showing that person's federal adjusted gross income for 2022.

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It is your responsibility to provide all required tax returns or transcripts with your application. As a courtesy, we attempt to verify applicants' federal adjusted gross incomes through the Kansas Department of Revenue (KDOR) whether or not you provide any tax returns or transcripts with your *K.I.D.S. Program Application*. We cannot verify income through KDOR for anyone who has not filed a 2022 Kansas income tax return; and KDOR income verification may not be possible if the Kansas tax return is filed later than October 15, 2023. **KDOR income verification is attempted as a courtesy only, and we cannot guarantee that we will be able to verify your household income and approve your application based solely on KDOR's records.**

Once your application is processed, you will receive a written confirmation of approval or denial in the mail or via email. All approvals are provisional pending final verification of income and the amount of account contributions during calendar-year 2023.

Eligible Contributions

The K.I.D.S. matching grant only applies to contributions made directly by the eligible account owner(s). Contributions from third parties (including from entities owned by an eligible account owner), contributions through third-party gifting websites (such as Ugift), earnings from rewards programs (such as Upromise), and rollovers from 529 plans sponsored by other states are not eligible for a K.I.D.S. matching grant.

Account Setup and Match Processing

Open an account online at www.learningquest.com and select the Account type of K.I.D.S. Contribution Individual Account or K.I.D.S. Contribution Account (joint owner). You'll then be prompted to enter the income for all household members. Be sure to list anyone who resided in your household during 2022 (not 2023). If submitting a paper *K.I.D.S. Program Application*, please submit a paper *Learning Quest Application* as well (rather than completing the online process).

Once you are approved to participate in the K.I.D.S. Program, we will open two Learning Quest accounts based on the *Learning Quest Application* you submit along with the *K.I.D.S. Program Application*. The first Learning Quest account will be registered as your "Contribution Account," and it will hold your match-eligible contributions. The second account will be registered as your "Match Account," and it will hold the matching grant funds that you will receive each January from the State of Kansas. The beneficiary that you designate and the investment portfolio that you select on the *Learning Quest Application* will be used for both accounts. You may change the investment option, but the changes will be applied to both accounts. Certain restrictions apply to changes to account owners and beneficiaries, and in general you cannot change the beneficiary of an account without forfeiting all match funds (subject to certain exceptions). See K.A.R. 3-4-5.

Once you have contributed the maximum grant eligible amount of \$600 in a calendar year, any additional contributions will be invested in a separate unrestricted account registered identically to your Contribution Account.

In January, the Kansas State Treasurer's Office will review contributions made during the prior year through December 31 by account owners who have been provisionally approved, to determine the amount of matching grant funds that applicants are eligible to receive. To receive the matching grant funds, you must contribute a minimum of \$100 per year. Match contributions will be made equal to your contributions up to \$600 per year and will be deposited no later than January 31 of the following year (pending final income and contribution verification). **If you withdraw any funds from your account at any time during 2023, you will not be eligible to receive a 2023 matching grant** for contributions to any account for the same designated beneficiary.



Qualified Withdrawals of the Matching Grant Funds

To make a withdrawal from your Match Account in future years, you will have to provide documentation to the Kansas State Treasurer's Office that the beneficiary has incurred qualified higher education expenses at any college, university, community college or technical college that is accredited to receive federal financial aid. Subject to limitations, you may also take a qualified withdrawal for tuition at a K-12 institution, and for repayment of qualified student loans. See the *Learning Quest Handbook* for more information on "Qualified Higher Education Expenses" and "Eligible Educational Institutions." You can either submit receipts for expenses that you have paid or submit a bill from the eligible institution if you are requesting a check made payable to the institution. Qualified withdrawals will be processed by withdrawing 50% of the requested amount from your Contribution Account and 50% from your Match Account. This will ensure that your money and the state's money are spent equally to pay for the beneficiary's qualified expenses. **If you take a withdrawal from your contribution account, you will not receive a matching grant for contributions to any account for the same designated beneficiary during the same year.** Requests for withdrawals must be submitted in writing on the *K.I.D.S. Program Withdrawal Form* that can be obtained from the Kansas State Treasurer's Office, American Century Investments or at learningquest.com/kids.

Nonqualified Withdrawals and Rollovers

At any time, you can request a nonqualified withdrawal from your Contribution Account, but you will forfeit an equal amount from your Match Account. Additionally, you will not receive a matching grant for contributions to any account for the same designated beneficiary during the same year. The remaining balance in your Match Account will be treated as earnings for the purpose of calculating the earnings portion of a non-qualified withdrawal from any account for the same beneficiary. The earnings portion of a non-qualified withdrawal is subject to federal and state taxation and a 10% federal penalty tax. Requests for withdrawals must be submitted in writing on the *K.I.D.S. Program Withdrawal Form* that can be obtained from the Kansas State Treasurer's Office, American Century Investments or at learningquest.com. **You will not be allowed to make a non-qualified withdrawal from your Match account.**

If you request a rollover to another 529 plan from your Contribution account, you will forfeit an equal amount from the Match account. If you roll over the entire balance in your Contribution account, then the entire Match account will be forfeited back to the state.

Tax Issues

It is our belief that the state's contribution to your Match Account will not be treated as income to you due to the restrictions we have placed on Match Account. We will treat the balance in your Match Account as earnings when reporting your contributions and earnings on *IRS Form 1099Q* when a withdrawal is made from any account for the same designated beneficiary. This means that if you make a nonqualified withdrawal from any account for the same designated beneficiary, the amount of the matching grant and any earnings in the Match Account will be used to determine the earnings portion of the withdrawal that is subject to state and federal taxation and the federal 10% penalty tax. We have not received a confirmation of this understanding from the Internal Revenue Service, and we encourage you to consult a tax advisor about the taxability of the matching grant.

Additional Requirements and Contact Information

Other requirements continue to apply to the Learning Quest and K.I.D.S. Program pursuant to various state and federal statutes, regulations, and rules. For example, see K.S.A. §§ 75-640 through -649 (Learning Quest postsecondary education program statutes); K.S.A. § 75-650 (K.I.D.S. Program Statutes); K.A.R. 3-4-1 through -7 (K.I.D.S. Program Regulations); and 26 U.S.C. § 529 (federal statute governing qualified tuition plans).

If you have questions about the K.I.D.S. Program, you can contact the Kansas State Treasurer's Office at 1-866-504-5898 or by email at LQ@treasurer.ks.gov or contact American Century Investments at 1-800-579-2203.

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2023 Kansas Investments Developing Scholars (K.I.D.S.) Program Application



Use this application to apply for the State of Kansas' Matching Grant Program.

- Complete and mail, with this form, a *Learning Quest Account Application* for **EACH** beneficiary listed in Step 1 that doesn't already have a Learning Quest account.
- Make sure to list ALL members of your household related by marriage or birth in Step 3, including children, even if their income is \$0.
- Your *K.I.D.S. Program Application* must be postmarked or received by fax by **December 31, 2023**. Contributions must also be postmarked or made online by **December 31, 2023**.
- All taxpayers listed in Step 3 must sign the *Disclosure Authorization Form*.
- If you have questions, please contact the Kansas State Treasurer's Office at 1-866-504-5898 or by email at LQ@treasurer.ks.gov or call American Century Investments at 1-800-579-2203.
- Print clearly, preferably in capital letters and black ink. Mail the forms to the address below. Do not staple.

Return this form and any other required documents to:

Learning Quest
P.O. Box 29202
Shawnee Mission, KS 66201-9202

Fax: 1-617-559-8901

For overnight delivery or registered mail, send to:

Learning Quest
1001 E 101st Terrace, Suite 200
Kansas City, MO 64131

1 Participant (Beneficiary) Information

List the beneficiary(s) whose education expenses will be paid from the account(s). You may list more than one beneficiary if their accounts are owned by the same Account Owner(s). Include the Learning Quest Account number for each beneficiary that already has a Learning Quest Account. We will move any eligible current year contributions to your new K.I.D.S. Contribution Account(s). We will also move your recurring contributions or Payroll Deduction, if applicable, to the new account.

Mr./Mrs./Ms.	Beneficiary's first name	Middle initial	Beneficiary's last name
Beneficiary's U.S. Social Security number		Current Learning Quest Account number	
Mr./Mrs./Ms.	Beneficiary's first name	Middle initial	Beneficiary's last name
Beneficiary's U.S. Social Security number		Current Learning Quest Account number	
Mr./Mrs./Ms.	Beneficiary's first name	Middle initial	Beneficiary's last name
Beneficiary's U.S. Social Security number		Current Learning Quest Account number	
Mr./Mrs./Ms.	Beneficiary's first name	Middle initial	Beneficiary's last name
Beneficiary's U.S. Social Security number		Current Learning Quest Account number	
Mr./Mrs./Ms.	Beneficiary's first name	Middle initial	Beneficiary's last name
Beneficiary's U.S. Social Security number		Current Learning Quest Account number	

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2 Account Owner Information

List the individual(s) who will be the Account Owner(s) of the Learning Quest Account(s). If you list more than one person, each person must meet the eligibility requirements of the K.I.D.S. Program.

Mr./Mrs./Ms. Account Owner's first name Middle initial Account Owner's last name

Account Owner's U.S. Social Security number

Account Owner's street address Apartment/Unit

City State ZIP

Congressional District County

Email Address

Telephone number (daytime) Telephone number (evening)

Mr./Mrs./Ms. Joint Account Owner's first name Middle initial Joint Account Owner's last name

Joint Account Owner's U.S. Social Security number

Joint Account Owner's street address Apartment/Unit

City State ZIP

3 Household Members

Please list below all individuals, including children, related by marriage or birth living in the household along with the Federal Adjusted Gross Income from their 2022 income tax return, (including if it was zero).

If you are providing Federal Adjusted Gross Income from a joint tax return, please enter the full income amount next to the taxpayer's name and enter \$0 for the other taxpayer.

If the joint Account Owner resides in a household different than the Account Owner, please provide a separate sheet with the Federal Adjusted Gross Income for members of the Joint Account Owner's household.

All Account Owners, household members and children must be listed below.

Account Owner's name

\$ Adjusted gross income

Account Owner's Social Security Number

Household member's name

\$ Adjusted gross income

(If this member is a joint taxpayer with the Account Owner, please enter the joint taxpayer's name, and \$0. The full income amount should be provided above.)

Household member's Social Security Number

Household member's name

\$ Adjusted gross income

Household member's Social Security Number

Household member's name

\$ Adjusted gross income

Household member's Social Security Number

Household member's name

\$ Adjusted gross income

Household member's Social Security Number

Household member's name

\$ Adjusted gross income

Household member's Social Security Number

Total

\$

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4 Household Members Signature(s)

Each Account Owner must sign the *K.I.D.S. Program Application*. Each taxpayer must sign the *Disclosure Authorization Form* on Page 4.

By signing this application, I certify that all of the information on this application, and as may be otherwise provided in connection with this application, is accurate, and that I have read and understood the 2023 K.I.D.S. Matching Grant Program Description.

_____	_____
Account Owner's signature	Date

_____	_____
Joint Account Owner's signature	Date

For Official Use Only

_____	_____
Approved by	Date

5 Disclosure Authorization Form

Income verification through the Kansas Department of Revenue requires filing of a 2022 Kansas tax return. See important information in the *Program Description* under "Income Verification."

I hereby authorize the Kansas Department of Revenue to confirm the amount of my Federal Adjusted Gross Income from my 2022 Kansas Income Tax Return with the Kansas State Treasurer's Office for the purpose of my participation in the Kansas Investments Developing Scholars Matching Grant Program.

I understand that KDOR income verification is performed as a courtesy only, and the Kansas State Treasurer's Office cannot guarantee that it will be able to verify household income and approve applications based solely on KDOR's records.

_____	_____
Account Owner's name (Please print)	Date

_____	_____ _____ _____ _____ _____ _____ _____ _____ _____ _____
Taxpayer's signature	Social Security number

_____	_____ _____ _____ _____ _____ _____ _____ _____ _____ _____
Joint Taxpayer's signature (if any)	Social Security number

_____	_____ _____ _____ _____ _____ _____ _____ _____ _____ _____
Signature of additional taxpayer residing in household	Social Security number

_____	_____ _____ _____ _____ _____ _____ _____ _____ _____ _____
Signature of additional taxpayer residing in household	Social Security number