

**256Q.08 ACCOUNT DISTRIBUTIONS.**

Subdivision 1. **Qualified distribution methods.** (a) Qualified distributions may be made:

(1) directly to participating providers of goods and services that are qualified disability expenses, if purchased for a beneficiary;

(2) in the form of a check payable to both the beneficiary and provider of goods or services that are qualified disability expenses; or

(3) directly to the beneficiary, if the beneficiary has already paid qualified disability expenses.

(b) Qualified distributions must be withdrawn proportionally from contributions and earnings in an account owner's account on the date of distribution as provided in section 529A of the Internal Revenue Code.

Subd. 2. **Distributions upon death of a beneficiary.** Upon the death of a beneficiary, the amount remaining in the beneficiary's account must be distributed pursuant to section 529A(f) of the Internal Revenue Code.

Subd. 3. **Nonqualified distribution.** An account owner may request a nonqualified distribution from an account at any time. Nonqualified distributions are based on the total account balances in an account owner's account and must be withdrawn proportionally from contributions and earnings as provided in section 529A of the Internal Revenue Code. The earnings portion of a nonqualified distribution is subject to a federal additional tax pursuant to section 529A of the Internal Revenue Code. For purposes of this subdivision, "earnings portion" means the ratio of the earnings in the account to the total account balance, immediately prior to the distribution, multiplied by the distribution.

**History:** 2015 c 71 art 7 s 51