**College Savings Foundation**

**Annual Membership Meeting**

**December 17, 2013**

**Washington, DC**

Present: Kyla Doyle, Fidelity Investments; Peter Mazareas, Strategic Advancement Group;; Roger Michaud, Franklin Templeton; Stacey Belford, American Century Investments; Bill Raynor, OppenheimerFunds; Elizabeth Fontaine, MEFA; Rich Polimeni, Bank of America/Merrill Lynch; Mary Morris, Virginia College Savings Plan; Chris McGee, Virginia College Savings Plan; Stefanie Mattson, State Farm; Rich Wolle, Franklin Templeton; Paul Paeglis, CollegeAdvantage; Vivian Tsai, BlackRock; Paul Curley, Asset International; Nancy Sobin, College Savings Bank; Regina Carmon, College Savings Bank

By Telephone: Deb Smith, John Hancock Financial Services; Steve Piekara, Allianz Global Investors, Joe Hurley, JFH Innovative; Rachel Biar, Nebraska College Savings Plan; Arthur Dunn, Boston Financial; Mary Nickeson, Wealth Management Systems; Tom Morgan, BlackRock; Chris Lynch, TIAA CREF; Andrea Feirstein, AKF Consulting; John Park, BlackRock

Consultants: Barbara Pate, Davis & Harman; Lynthia Romney, Romneycom; Randy Hardock, Davis & Harman; Kathy Hamor, College Savings Foundation (phone)

The meeting was convened at 11:13 am.

1. **Speaker**

Roger Michaud, Chair, opened the meeting reminding people of the speaker’s series that CSF has initiated this year and introduced Peter Mazareas. Peter introduced Mary Alice McCarthy of the New America Foundation who gave a presentation on Competency Based Education (CBE). The presentation covered what CBE is, its characteristics, what colleges and universities as providing this. It also covered the degrees offered (bachelors and masters) as well as issue in funding qualifications. When the presentation was finished, Roger thanked the ad hoc task force of Peter Mazareas, Liz Fontaine and Kathy Hamor for their work on getting speakers throughout the year.

1. **Introductions/Chairman’s Remarks**

Roger thanked everyone for joining the meeting in person and on the phone. He noted that this was a good year with much success. He also mentioned that many outside groups have reached out to CSF throughout the year.

1. **Approval of Previous Meeting Minutes**

The minutes of the 2012 annual meeting held on December 4, 2012 were reviewed and approved.

1. **Financial Report**

Mary Morris, Treasurer, reviewed the current 2013 financial report indicating that the budget has come in under budget in both the income and expenses sides. She mentioned that CSF had a successful conference with income coming in higher than expected however; the expenses came in higher than budgeted as well. There has been nothing out of the ordinary with the expenses which have stayed fairly constant. The cash on hand is just under $160,000.

1. **Media Report**

Lynthia Romney gave the report and thanked Chair, Jennifer Ieraci and Kathy Hamor for their assistance throughout the year. The goal continues to be to position CSF as a trusted resource on issues of college savings and financing, with an emphasis on the benefits of 529s as a superior product enabling American middle class families to save for their children’s college education.

In 2013, CSF publicized the following key initiatives:

* CSF Conference and Public Forum in Scottsdale, AZ
* 7th annual *State of College Savings* survey of nearly 1,000 parents across the country
* 4th annual *How Youth Plan to Fund College* survey of more than 500 16- and 17-year olds across the country
* Quarterly Data – CSF Data Findings
* 15 Year Anniversary white paper
* National broadcast interviews: Roger Michaud on ***The Willis Report*** and ***Real Wealth Radio;*** Peter Mazareas on ***Real Wealth Radio*** and ***Voice of America***
* Pitch letters on year-end gifting strategies, rising costs of college and other news

All initiatives incorporate the input of CSF officers, include intensive media outreach and talking point preparation for spokespeople. Surveys include analysis and presentation of data in chart and graph form in Executive Summaries.

**Year End Gifting Media Pitch:**

Pitch letter outreach via email/phone offering Roger Michaud as spokesperson to national and regional print and broadcast media. Arranged interviews for Roger Michaud with:

* ***Business for Breakfast: MoneyRadio 1510,*** in morning drive time, Scottsdale, AZ.
* ***Pittsburgh Post-Gazette***
* ***Kiplinger’s*** college savings reporter Susannah Snider who is planning a 529 story in a few months
* ***St. Louis Post-Dispatch*** (prospective this week)

Pitched Mary Morris as spokesperson in Charlottesville area, resulting in appearance on ***WCAV-TV*** Thanksgiving weekend that was broadcast on three networks.

**CSF 7th Annual State of College Savings Survey of Parents:**

Launched 7th Annual State of College Savings Survey to nearly 400 print and broadcast media and over PR Newswire. Conducted intensive email and telephone follow up with personal finance, higher education and 529 reporters.

* National prime-time television interview for Roger Michaud on ***The Willis Report*,** hosted by Gerri Willis on **Fox News.**
* Story picked up in ***Columbus Dispatch, Sacramento Bee, WSAV-TV,*** among others.
* Roger conducted interview with ***Ignites***, which included survey information.
* Roger conducted interview with ***Real Wealth Radio***, which sent podcast to network of Financial Advisors in addition to posting on its website.
* CSF parents survey data from 2012 included in **CNBC.com** report on Sallie Mae study.

**2013 How Youth Plan to Fund College Survey** – distributed in April and May in advance of 5/29 Day:

Updated, crafted and distributed press release to CSF media lists and via PR Newswire (with over 335 postings to include the ***Wall Street Journal*** online). Conducted intensive follow up on CSF media lists with the following placements:

* ***Jean Chatzky’s*** website (financial editor for The Today Show and personal finance author)
* ***Kansas City Star*** (syndicated column – ***Chicago Tribune;*** ***Lexington Herald-Ledger; Modesto Bee***)
* ***Investor’s Business Daily***
* ***Financial Advisor***
* ***The Salt Lake Tribune***
* ***San Diego Daily Transcript, Academic Impressions, Ignites,*** among others.
* ***Christian Science Monitor***

**CSF Conference & Forum for Families: “Making Sense of College Costs.”**

Conducted extensive media outreach to national and regional Arizona media in advance of the CSF Conference and Forum:

* Live television spot for Roger Michaud on **Channel 3 “Arizona Family**.” Drafted a 250-word summary to post with clip on the website.
* Roger Michaud and Peter Mazareas were interviewed on **KPAZ-TV**, (Trinity Broadcasting Networks) which aired March 8, 9, 11, 12 and 14th.
* Liz Skinner of **Investment News** filed two stories from the Conference.
* Roger Michaud was interviewed by **Arizona News Radio**, accessed by 20 affiliates throughout the state.
* Families Forum event was posted on **Arizona Republic, AZFamily.com, Arizona, Parenting** and **Raising Arizona Kids,** who attended part of the Conference.

**CSF – 15th Anniversary White Paper Press Release – College Savings Month:**

Crafted and distributed press release released during College Savings Month based upon the SI 15 Year Retrospective documents, and with vital input and context from Peter Mazareas and Liz Fontaine.

**Other Media:**

* Roger Michaud quoted on 529 Day in *Ignites*.
* Roger Michaud’s 2012 interview with ***West Newsmagazine*** resulted in a cover story in the St. Louis area magazine
* Arranged in person interview for Roger Michaud with ***CCTV***. Conducted advance conversation with reporter, formerly of PBS.

**CSF Member support -** Thanks to CSF Members for including CSF in their press outreach:

* **Franklin Templeton** article, “Saving for College: A Family Affair,” picked up by **Morningstar**
* **Virginia529** planned events for 529 Day
* **TIAA-CREF** including CSF in press release
* CSF data included in press releases on Oregon 529 College Savings Network and Oklahoma College Savings Fact Sheet

**Quarterly Data Press Releases:**

Crafted and distributed press release for 3Q & 4Q 2012, 1Q-2Q-3Q- 2103 CSF reported data.

1. **Conference Committee**

Stefanie Mattson gave the report. She thanked the committee members and Kathy for their assistance in getting the conference together. Stefanie reminded people that the conference is being held from March 4 – 6, 2014 at the Mansion on Forsyth Park (can get Marriott points) in Savannah, GA. On-line registration is posted on the CSF website and there will be 2 mailings of the conference brochure as the price for 2 was not significantly higher. The CSF Board meeting will start at 1 p.m. on March 4th.

Stefanie thanked Fidelity Investments and Boston Financial for their event sponsorships. Peter Mazareas indicated that Invite Education will be a sponsor as well. There are a number of CSF members taking specially priced ads in the conference book as well.

A PowerPoint template is being developed and will be sent to moderators to share with the panelists for presentations with the deadline for presentations being February 7, 2014. There are several speakers needed to round out some of the panels. Peter Mazareas reported that Josh Henderson committed that a senior official from the Department of Education will participate in the conference on his panel. There are several potential panelists for the investment panel.

Currently, Invite Education is the only sponsor for the sponsor presentation session. As other event sponsors come on board, they will be given the opportunity to present as well.

This year CSF has decided to have a free session for financial professionals entitled *Ask the Experts.* Plans are to invite lawyers, CPAs and financial advisors to this session and ask them to bring clients to the public session that will follow. We are looking into continuing education credits for each of these professions from GA, SC and FL. A draft flyer for CSF members to use to send to wholesalers, etc. was drafted and reviewed. CSF members can use this to send out to these professionals. We discussed the idea of seeing if CSF members would like to sponsor this session for $250 each and have their material out for the professionals. Kathy will follow up with CSF members to determine the level of interest.

Chris Lynch mentioned that TIAA CREF will sponsor the public session and will be working with the public relations firm for the Georgia plan on outreach to get the public to attend the session. He mentioned that he is also working with the state to get someone from to participate in the public session to discuss the Georgia Hope program.

1. **Legislative Committee**

Bill Raynor, Randy Hardock and Barbara Pate gave the report. Bill started his remarks by thanking co-chair Zeny Agullana for her service and informed people that Zeny has taken a new position and is no longer with ScholarShare. Bill gave the state update and reported that North Carolina did away with the state income tax deduction for contributions to its 529 plan effective 1/1/2014. He mentioned that he has not heard of other states where this is happening and asked CSF members to keep CSF apprised of any state activity. He thanked the CSF consultants for their great work and recognized the invaluable contribution of the Davis and Harman team.

Barbara and Randy gave the federal legislative report. Randy started the report by discussing the Budget Deal that is expected to pass the Senate and by signed by the President. The bill increased spending over the next two fiscal years to offset the sequester and will avoid a government shutdown. The next date of significance is February 7th when Congress and the Administration are due to have a deal on the debt limit. Treasury Secretary Lew can use extraordinary measures to fund the government and if they can get to April when there will be funds coming in it will probably move the limits to later next summer. Things are fluid going forward.

With regard to tax reform, House Ways and Means Committee Chairman Camp has a bill and he could get through the committee on republican votes. It is an aggressive bill and right now House leadership is holding it from introduction. The bill has been closely held and people don’t know what is in the bill. In the Senate, Senate Finance Committee Chairman Baucus has a year left as he announced his retirement earlier this year. So far he has released three discussion drafts on areas of tax reform. Randy anticipates that the chance of tax reform next year is nil. Barbara mentioned that during CSF’s Hill visits in the morning, staff felt that there is a good chance that nothing will be done in terms of tax reform.

**Educating Hill Staff and Establishing and Maintaining Contacts**

In 2013, as part of the CSF Board meetings, the Federal Legislative Committee (“Committee”) made a number of Hill visits to educate new staff, discuss H.R. 529 (the Jenkins 529 bill), and most importantly discuss the impact of tax reform on 529 plans. These visits included the offices of Reps. Richard Neal (D-MA), Rodney Frelinghuysen (R-NJ), Matt Salmon (R-AZ), David Cicilline (D-RI), Todd Young (R-IN), Tim Griffin, (R-AR), David Reichert (R-WA), Sam Johnson, (R-TX), Pat Tiberi (R-OH), and Diane Black (R-TN). In addition, Davis & Harman met with Rep. Lynn Jenkins (R-KS), our 529 champion, and Rep. Diane Black, the chair of the Ways and Means Committee working group on education. Davis & Harman also met with key Committee staff of the Senate Finance Committee, House Ways and Means Committee, Senate Health, Education, Labor and Pensions (HELP) Committee, and House Education and the Workforce Committee, as well as with tax staff of Members of the Finance Committee and Ways and Means Committee.

**Monitoring and Responding to Education Legislative Initiatives That Could Impact 529 Plans --**In 2013, Congress continued to focus on deficit reduction and laying the groundwork for comprehensive tax reform. The Committee and Davis & Harman reviewed and closely monitored deficit reduction efforts and other legislation to assess any impact or potential opportunities with respect to 529 plans. Reports and updates were provided to the membership, and where appropriate, the Committee recommended and executed strategies with respect to certain federal legislation.

**Tax Reform and Potential Impact on 529 Plans** -- In 2013, the House and Senate tax writing committees moved beyond hearings on tax reform and began to aggressively work on tax reform.

In anticipation of tax reform consideration, Davis & Harman prepared talking points for discussion with the Legislative and Executive Committees on anticipated questions and issues that could be raised in the context of tax reform. In addition, the white papers prepared by Art Hauptman and Paul Curley were reviewed and commented on by Davis & Harman with respect to use with Hill staff and Members. The Committee and Davis & Harman also worked closely with Lynthia Romney and the Executive Committee on press releases and surveys that could be used for Hill audiences.

**House Ways and Means Committee --** In spring 2013, the House Ways and Means Committee established bipartisan working groups on various tax reform topics – including one on education chaired by Reps. Diane Black (R-TN) and Danny Davis (D-IL). Working with the Legislative and Executives Committees, Davis & Harman prepared written comments for CSF submission to the education working group, and Davis & Harman and CSF Board members met with staff of the working group to educate them on 529 plans. Davis & Harman continued to monitor the activities of the working group, including the written report compiled by the Joint Committee on Taxation, and subsequent introduction of legislation consolidating education tax incentives (H.R. 2253 and H.R. 3393). Significantly, H.R. 3393 was introduced by Reps. Diane Black (R-TN) and Danny Davis (D-IL), the chairs of the working group on education. While the bill consolidates the Hope Credit, the American Opportunity Tax Credit (AOTC), the Lifetime Learning Credit, and the tuition deduction into a single, more robust AOTC, it does not impact 529 plans. Davis & Harman visited with Rep. Black regarding the significance of H.R. 3393 in the context of the tax reform package being developed by Ways and Means Committee Chairman Dave Camp (R-MI).

**Senate Finance Committee --** Beginning in spring 2013, the Senate Finance Committee conducted a series of Members-only discussions on tax reform issues – including education tax issues. Following those discussions, Finance Committee Chairman Max Baucus (D-MT) and Ranking Member Orrin Hatch (R-UT) sent a letter to their Senate colleagues requesting input on tax reform. In consultation with the Legislative and Executive Committees, Davis & Harman prepared individual letters that CSF sent to every Senator (except Baucus and Hatch) requesting that they share their support for 529 plans with Chairman Baucus and Ranking Member Hatch. Subsequently, Chairman Baucus released several narrowly focused tax reform discussion drafts, and at this writing appears to be ready to release one focused on education tax incentives. Davis & Harman will monitor this anticipated release and depending on content recommend appropriate follow-up by CSF with Finance Committee members.

**ABLE Accounts** – In the 113th Congress, Rep. Ander Crenshaw (R-FL) and Senator Bob Casey (D-PA) again introduced legislation (H.R. 647 and S. 313), the Achieving a Better Life Experience (ABLE) Act of 2013, creating tax free savings accounts for individuals with disabilities. The bipartisan bills have the strong support of the disability community. The legislation is drafted as a new subsection of section 529 of the Internal Revenue Code, creating ABLE Accounts for disabled individuals that would generally be treated in the same manner as 529 savings plans. The Legislative Committee and Davis & Harman have carefully tracked the legislation in anticipation of possible inclusion in a tax reform package. In addition, the Legislative Committee held joint calls with CSPN to discuss language and possible joint recommendations for modification. Davis & Harman prepared an analysis of issues raised in the ABLE legislation which were discussed in a July 2013 meeting with ABLE stakeholders. Davis & Harman also responded to inquiries regarding the legislation from a number of Hill offices as well as private-sector stakeholders.

**Transaction Tax --** The Committee and Davis & Harman continued to monitor activity on transaction tax proposals and any potential impact on 529 plans. Legislation imposing a transaction tax was introduced in 2013 (S. 410, H.R. 880), but has not gained traction.

**Other Legislation --** The Committee and Davis & Harman monitored and reported to the membership on a number of other legislative initiatives including:

**H.R. 1911, the Bipartisan Student Loan Certainty Act of 2013**, which sets federal student loan interest rates based on the 10-year Treasury note rate.

**H.R. 1032, the Making College Affordable Act of 2013**, which increases the age limit for beneficiaries of Coverdells and increases the maximum contribution limit in any taxable year from $2,000 to $10,000.

**H.R. 2965, the Help Kids Save for College Act of 2013**, which excludes from the gross income of an employee amounts, up to $1,000, paid by an employer to a qualified college savings assistance plan for a designated beneficiary.

**Higher Education Act Reauthorization** -- In 2013, the House Education and the Workforce and the Senate HELP Committee conducted a series of hearings to prepare for the Higher Education Act Reauthorization. Davis & Harman monitored a number of the hearings -- particularly with respect to student loans and grants.

**Other Activities:**

**GAO Study on 529 Plans** – In fall 2011, the Government Accountability Office was asked to study the tax treatment of 529 plans. The report entitled: “*A Small Percentage of Families Save in 529 Plans*” was released in December 2012. In early January 2013, the Legislative Committee and Davis & Harman reviewed and discussed the GAO report and the appropriate CSF response to certain inaccurate statements made in the report. Davis & Harman prepared materials for use at the February 2013 Board meeting with representatives from GAO.

**Department of Treasury Consideration of Guidance on Frequency of Investment Changes** -- In May 2013, Davis & Harman submitted a letter to the IRS and Department of Treasury on behalf of CSF requesting that the investment change issue be put on the Treasury-IRS 2013-2014 Guidance Priority List. To date, Treasury has not indicated any intention to provide administrative relief.

**Department of Treasury proposed regulations under IRC section 1411 regarding the 3.8% net investment income tax imposed on certain individuals, estates, and trusts --** Davis & Harman worked with the Regulatory Committee to develop CSF comments regarding the treatment of IRC section 529 plans and Coverdell education savings accounts under IRC section 530.

**Monitoring Trade Association Activities associated with education issues** -- In 2013, Davis & Harman monitored activities and events of numerous trade associations and organizations to determine potential impact on 529 plans and to review other areas of interest to the membership. These areas included, among others, borrowing issues and costs of college.

The meeting was temporarily stopped for a break for lunch at 1:10 and resumed at 1:30.

1. **Industry Data Committee**

Mary Morris, Chair of the Data Committee gave the report. Data collection and reporting has been going well thanks to Asset International and the suppliers of data.

**9) Membership Committee**

Rich Polimeni, Co-Chair of the Membership Committee gave the report. He mentioned that it was a tough year in terms of membership. CSF lost several long-term members this year and has 3 new members. He announced that Capital Research and Management Company (American Funds) has joined CSF. He reported that there are positive developments where several organizations have said that they plan to join CSF around the time of the conference next year.

Rich stressed that many members join CSF for the legislative activities and added that legislation does not happen overnight. It is the ongoing work of CSF that is important and helps drive these efforts. He mentioned the meetings on the Hill and press activities are critical to these efforts.

**10) Legal and Regulatory Committee**

Chris McGee, Chair of the Legal and Regulatory Committee, gave the report.

Chris stated that MSRB has proposed an information gathering rule. The SEC them looked at it and opened theirs back up for public comment. CSF submitted comments along the lines of what ICI submitted. He mentioned that ICI had some great points. Among them are that the MSRB has created an over-expansive definition of underwriter and that they have not yet released the instruction manual for Form G-45 which is critical for fully understanding what is being proposed.

Chris reported that a professor at Cornell, Vicki Bogan is releasing a research study in a forthcoming issue of Contemporary Economic Policy. The hypothesis is that the more generous the state tax benefits are, the higher the fees charged by the program managers. She uses data that is 6 to 10 years old. Further, she uses a long algorithm to proof a point and uses the term ‘kickback’ to describe fees paid to the state. He is concerned that citizens are getting academic articles that are not flattering to our industry and are often incorrect. Chris has spoken to one accounting firm to determine if they could do a white paper about this. While their fees are high, $50,000, he feels that we should look into this as we need to start addressing these issues to have another viewpoint for the public.

The case in New Mexico, Lu v. New Mexico that concerned losses that occurred to investments in 529s during the financial crisis has been settled.

Roger thanks Chris and Mary for all of the work they do behind the scenes in response to MSRB and the SEC.

**11) 529 Administrative Issues Task Force**

Arthur Dunn gave the report. The task Force started the year by identifying 4 issues and got a good number of members to work on the task force. Arthur has created a survey about the issues and priorities for the task force. The survey will be sent to CSF members for response in early 2014 so the Task Force can start addressing these issues.

**12) Marketing Task Force**

Rich Wolle, Co-Chair of the Marketing Task Force gave the report. The Task Force did a lot in social media over the year.

Regina Carmon presented an opportunity to do a google doodle for 529 day. Regina has reached out to Google about this and the Task Force is working on getting a point of contact at Google to contact about this. Vivian provided an update and mentioned that there is a form that we need to fill out. The Task Force will then decide whether it is better to have CSF alone or CSF and members reach out to Google about this.

Social Media Efforts:

FACEBOOK:

·         73 fans with the reach of over 35K (friends of fans)

·         18 new Facebook “Fans” during the calendar year

·         388 engagements (including clicks or shares) during the calendar year

·         59% of our fans are female vs. 41% male

·         Most Popular Age Group: 18-24 and 35-44 years old

TWITTER:

·         141 followers (+22 since last report)

·         63 Tweets (+5 tweets since last report)

LINKEDIN:

·         140 connections

·         84 new connections in 2013 followed us

·         18+ posts (note: LinkedIn doesn’t track historical posts; estimate only)

RECAP OF MEDIA PRESENCE - 2013

1st Quarter – Times Square presence in NYC (through end of March)   
2nd Quarter–Indy 500 529 day activity / video  
3rd Quarter– CSF Study (The College Cost Conundrum: 529 Plans - A 15-Year Retrospective)   
4th Quarter– Gifting pitch release on 11/8

OTHER

Upcoming CSF Conference: Get the word out via social media

CSF social media avenue: #hashtags and real-time tweeting

Rich asked CSF members to spread the word about the conference using social media (enrollment is now open)

**13) Other Business**

Roger mentioned a conversation he had with Randy a few years ago about CSF reaching out to other groups. He mentioned that perhaps this is something for which CSF could put together an ad hoc task force to reach out to other organizations.

The meeting was adjourned at 2:00 p.m.