**College Savings Foundation**

**Board Meeting**

**June 16, 2015**

**Washington, DC**

Present: Regina Carmon, College Savings Bank; Rich Polimeni, Bank of America/Merrill Lynch; Mary Morris, Virginia529; Bill Raynor, OppenhiemerFunds; Lauren Bicocchi, Voya; Rob Tirrell, Voya; Melissa Stiles, American Century; Chris Lynch, TIAA CREF; Paul Curley, Strategic Insight; Mary Nickeson, WMSI; Peter Mazareas, Invite Education; Elizabeth Fontaine, MEFA; Chris McGee, Virginia529; John Park, BlackRock

Phone: Kyla Michaud, Fidelity Investments; Roger Michaud, Franklin Templeton Investments; Deb Smith, John Hancock Investments; Stefanie Mattson, State Farm; Kris Spazafumo, American Funds; Arthur Dunn, Boston Financial; Wayne Weber, GiftofCollege.com; Rich Wolle, Franklin Templeton; Rachel Biar, Nebraska College Savings Plan; Steve Piekara, Allianz Global Investors

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

Chairman Mary Morris called the meeting to order at 1:04 p.m. EST and welcomed everyone to the meeting.

**March 2015 Board Meeting Minutes:**

The minutes from the Board meeting held on March 3, 2015 in Austin, TX were approved unanimously.

**Financial Report:**

Kyla Michaud gave the financial report. She reported that conference income increased and the expenses are on track. Current cash on hand is $191,394.14. The Financial Report was approved unanimously by the Board.

**Chair Report:**

Mary Morris thanked everyone for their efforts on the successful conference in Austin. She mentioned it has been a good year so far with the focus on 529s. In addition, CSF’s Committees and Task Forces have been active and have good reports coming up.

**Media Report**:

Roger Michaud provided the update on CSF media efforts. He discussed CSF’s media extensive media efforts at the CSF conference in March as well as the 6th Annual Youth Survey.

Lynthia Romney discussed additional details of CSF’s media efforts since March 2015 that include:

* Aggressive national and regional outreach resulted in national and regional media attendance and placements. Onsite interviews included Mary Morris, Roger Michaud, Peter Mazareas, Andrea Feirstein:
  + Liz Skinner, *InvestmentNews*
  + Liz Weston, *Reuters* columnist
  + Katie Mangan, *Chronicle of Education*, Austin Bureau Jennifer Curington, *Community Impact Newspaper*. (attended)
  + Broadcast: *KXAN (NBC); KEYE (CBS), Fox News Good Day Austin****.***

2105 Youth Survey:

* Distributed press release to PR Newswire and media lists, to include print, broadcast and online media. Created new media lists and pitched bloggers in NY, Chicago, Washington, Dallas and LA, utilizing social media charts.
  + Conducted intensive follow-up campaign surfacing initial interest by numerous reporters (*Dallas Morning News; Private Wealth; Investors Business Daily*).
* Placements included *Business for Breakfast Money 1510*in Phoenix**;** *Prudent Money* (full program) podcast, *Financial Planning* and *Pittsburgh Post-Gazette*.
  + Prepared spokespeople Roger Michaud and Mary Morris with talking points/briefing conversation.
* Prepared *Real Wealth* radio for future interview; submitted Roger Michaud photo and bio for their library of guests.

Other:

* CSF research and past surveys quoted *(Northern KY Tribune; Colorado Credit Union*blog)

**Membership Committee Report:**

Rob Tirrell gave the Membership Committee report. Two new members have joined CSF since March – BNY Mellon and the Utah Educational Savings Program. CSF has sent emails to non-members who attended the CSF conference with the offer of reduced fees for the first year of membership. Meeting attendees reviewed the list and volunteered to reach out to the following organizations: Bill Raynor to New Mexico state plan; Mary Morris to Vanguard and T. Rowe Price; Rich Polimeni to Legg mason; John Park to Ascensus and Peter Mazareas to Intuition Systems.

Rob mentioned that the committee has meet and developed a special membership category for broker-dealers that requires a bylaws change and urged the Board to approve it.

**Bylaws Change:**

CSF Secretary Bill Raynor presented the draft changes to the bylaws that would outline the categories of membership for broker-dealer firms. As required by the bylaws, this was sent to the Board 30 days prior to the meeting. Roger described the membership categories and associated fees and walked through the changes based on the size of the firms. The Board unanimously approved the changes to the bylaws and Kathy will circulate them once they are updated.

**Conference Committee:**

Rich Polimeni and Rich Wolle gave the conference committee report. The conference will be held from March 8 – 10, 2016 at One Ocean Resort, Atlantic Beach, FL (Jacksonville). The room rate is $189 per night. The theme is *Twenty Years of 529 College Savings Success: The Answer to American Families #1 Financial Goal: Paying for College.*

Rich Wolle mentioned that CSF is trying to take a new approach for the graphics for the conference material and has reached out to fiverr.com for the material to be created. A designer has been selected and we will appraise the quality of the material once it is received.

Rich Polimeni reviewed suggested conference sessions with the meeting attendee. The sessions being considered are:

* Opening Session -- Reflecting on 20 Years of 529 – What have we Seen and Where are we going? 4 distinct “generations” of 529 plans
* Legislative and Regulatory Update including the upcoming Presidential election
* Landscape –
* Marketing – acquisition and engagement touch points; anything on the direct sold side of the business that continues to work and has measurable results; Seed accounts in Virginia and California; follow up from Wabash, the Virginia Commitment scholarship program
* Matching grant programs – how many, how are they doing, are they continuing to grow?
* Omnibus Status – how effective and successful has it been?
* New Ways to Grow the Industry – *Audience break out?*
* Broker-Dealer Session
  + RIA issues/concerns
  + Role of robo advisors
  + Share Class, Suitability and Pricing
* ABLE – Status and Future
  + Who is adopting ABLE?
  + Role of Direct Sold/Advisor Sold
  + Rep. from Disability Community
* Investment session:
  + 2 to 3 member companies – what do they see going forward in the economy
  + What are you optimistic about in the future?
  + Capital Market Assumptions – how various fund managers are thinking about construction at a high level
* State of Program Managers – *attendee participation?*
  + What state do they represent
  + What are their distribution channels
  + What has been their most successful campaign
  + What is their best new product
  + What is their biggest challenge
* Consumer Sentiment – what are they thinking, how have attitudes changed since 2008, where do we go to target any change? *Outside expert*
* Paying for College and how 529s fit in?
* US Parents Top Financial Concern – Gallop Poll
* Policy Considerations around Paying for College --- HEA
* Invite Senator Rubio/Former Governor Jeb Bush?
* Appealing Keynote Speaker – Larry Sabato from UVA to discuss upcoming Presidential Election
* Trends in Going to College – why aren’t people interested in attending? Gap Year?

There was a discussion about inviting families who were first involved in 529 plans and get an update from them about how effective the plans were. It was then decided that there could be videos of these running throughout the conference. There was also a discussion about getting one of the first commercials that ran about 529 plans. Another suggestion about how to bring the theme into the conference sessions is to have each session describe where the particular session topic was 20 years ago and the changes seen in 20 years.

Since there will not be any post-conference public or advisor sessions, it was decided that the conference sessions will last longer on the last day.

**Data Committee:**

John Park gave the report and mentioned that CSF is working on getting the scope of data that CSF would like to have. Mary added that the Executive Committee met with Strategic Insight about the type of research CSF would like to have. CSF is looking at having SI conduct surveys on demographic trend data; omnibus and what the experience has been and reaching out to employers about offering 529 plans and why they would or would not do this.

**Marketing Task Force:**

Co-Chair Regina Carmon gave the report. She provided the results of the survey of financial advisors and their use of 529 plans the CSF conducted in February. She mentioned that CSF should coordinate its media efforts with social media so information can be deployed through multi-channel touch points. With this in mind, CSF members said that they could use the social media graphics from various CSF surveys and in the future these will be provided to CSF members for their use.

Regina discussed the Task Force’s efforts with the CSF Website Redesign. An initial meeting was conducted to discuss the following next steps:

* Site should include content portraying CSF as a thought leader adding value to families and advisors about college savings.
* What should we keep from current site
  + Latest News & Features
  + Research
* What should be added?
  + Rotating Banner on Homepage
    - Did you knows, based on Survey results
    - Conf. Registrations
  + Based on FA Survey (Q. 16):
    - 529 Plans & Tax Rules Rules/Credits/HOPE Scholarships/Lifetime Learning Credits
    - 529 Plans & Financial Aid
    - Differences among state 529 Plans
  + Member’s Only Section
    - Bylaws
    - One-Stop Toolkit
    - Facts and Stats
    - Calculators
  + Factsheets
    - Cost to borrow $10k
    - Cost to save $10k
    - Definition of wealthy class
* Create 5 Major Buckets for website content
* Share thoughts on websites doing it right/Considerations for layout ideas

CSF members were urged to review the website and provide suggestions for the redesign.

**Administrative Issues Task Force:**

Deb Smith gave the report. The Task Force created a user/best practices group to help with the industry efforts with Omnibus. There are approximately 40 members of this group. The Omnibus group had its first call and identified two issues:

1. Reporting
2. Broker dealer changes

In implementing omnibus, firms have learned that reporting requirements are often specific to each state and the group recommended that standard reporting requirements be developed. The group is also looking at how firms are handing the issue when customers make changes.

Deb mentioned that ICI has a similar goal and created a task force as well. She is looking into the possibility of CSF and ICI working together on this.

Regarding the RIA, there is a challenge involving the wrap fee and trying to take it from the 529 account as a non-taxable event. The Task Force sent this issue to the LLRA Committee for their consideration and input as it may involve reaching out to regulators or legislators.

Randy recommended that firms may want to get a private letter ruling on this and if that is the case, each firm will need to apply for this separately. He also thought that this should be reviewed along with other issues with ABLE accounts since this fee would be charged to those accounts as well.

There was a ten-minute break in the meeting.

**Policy on Membership with Other Organizations:**

During the 2014 strategic thinking sessions, one of the decisions reached is that CSF should reach out to other organizations. This led to a discussion of whether to create a more formal relationship and if so, what would that look like. It was recommended that a reciprocal, ex-officio membership relationship be considered. This could promote information dissemination among the members of the groups.

Some of the organizations being considered are:

SIFMA

ICI

FSI (Financial Services Institute)

NCHER

Elder Care Attorneys

College Board

Other education groups

Liz Fontaine, Peter Mazareas and Kathy will create a list of organizations and present them at the next Board meeting.

**Legislative, Legal and Regulatory Affairs Committee:**

Chris McGee and Bill Raynor gave the report. Chris acknowledged the great work that Barbara Pate and Randy Hardock did in drafting the investment director letter which was discussed in the meeting. Bill acknowledged the LLRA Committee members’ participation as well as Randy and Barbara for their leadership and work.

Update:

Barbara gave an update on S. 335/H.R. 529. She stated that the Senate wants to pass it, but need to find a vehicle for it to fit into. There seems to be a bit of partisan bickering over the bill. There seem to be two possible avenues for bringing this up. The Majority Leader is looking for an opportunity to bring it up which could be under UC (Unanimous Consent) or stick it on another bill.

Tax Reform:

The Senate Finance Committee has been addressing tax reform through working groups and the report is expected to be out June 26th. CSF submitted comments to the appropriate working group. Tax reform is not expected to happen this year or next, but there may be a consolidation of education tax credits.

HEA:

Look for changes to the FAFSA in the bill

Randy then reviewed the Round II Legislative Package for changes to 529 plan and attendees provided comment.

Randy also reviewed the Investment Direction Draft Letter to send to Treasury. The next steps include getting people from the disability community to sign onto the letter (ABLE will be affected by this) and then send it to Treasury. It was unanimously approved to go forward with the letter.

ABLE Update:

Chris McGee gave the update. 19 states have passed ABLE with 6 bills on governors’ desks for signature. 15 other states are in the legislative process on ABLE; 9 states have no bills 20 states either name the Treasurer or 529 program as the entities to run the ABLE program.

When the federal regulations come out (Barbara indicated that they are expected to be out on June 19th), CSF should take a more active role in commenting on them. CSF will continue to follow and be involved in ABLE.

MSRB/SEC/MISC

1. *MSRB Requests Comment on Alternative Standard of Independence for Investor Representative on its Board* (June 11, 2015). The MSRB is requesting comment on a proposal to modify the application of the standard of independence for the one public member of its Board of Directors designated to be representative of institutional or retail investors in municipal securities. Comments should be submitted to the MSRB no later than July 13, 2015. <http://www.msrb.org/News-and-Events/Press-Releases/2015/MSRB-Seeks-Comment-on-Alternative-Standard-of-Independence-for-Investor-Representative-on-its-Board.aspx>

b. *MSRB Publishes First Quarter 2015 Municipal Market Statistics* (May 19, 2015). On 05/19/15, the MSRB released municipal market statistics for the first quarter of 2015, showing a sharp decline in trading compared to a year earlier. Municipal securities trading volume fell 13 percent in the first quarter of 2015 to $618.5 billion, down from $709.8 billion in the first quarter a year ago. Historically, first quarter municipal trading volume has dipped an average of 12.4 percent annually since 2008. <http://www.msrb.org/News-and-Events/Press-Releases/2015/MSRB-Publishes-First-Quarter-2015-Municipal-Market-Statistics.aspx>

c. MSRB Making Public Finance Ratings from Moody’s Investors Service available on EMMA starting June 1, 2015 (May 15, 2015). <http://emma.msrb.org/>

Webinars/Seminars:

a. Education and Outreach Seminar, July 28, 2015, 3:00 – 5:00 (ET), Presented by the MSRB & The Municipal Forum of New York; Marriott New York Downtown, Grand Ballroom, 85 West Street, New York, New York 10006. Also available by webcast. <https://event.on24.com/eventRegistration/EventLobbyServlet?target=reg20.jsp&eventid=882622&sessionid=1&key=ED615B544E9D504F0EB51F10ED50CF28&sourcepage=register>

State/Litigation Updates:

1. In re Guardianship of Gabriella, \_\_\_ N.Y.S.3d \_\_\_\_ (2015), 105 N.Y.Slip Op. 25107 (Dutchess County Surrogate’s Court 2015). Thank you Elizabeth Yassenoff! (attachment)

Upcoming Conferences:

a. 529 Conference, September 28-30, 2015, Orlando, Florida. <http://www.529conference.com/>

Next LLRA Meeting: July 15, 2015 @ 1:00 p.m. EDT

**Other Issues:**

There was a discussion about a new company, Sidewalks (an affinity program where a portion of money spent at local retailers go into a 529 plan), has been reaching out to CSF members giving the impression that Kathy Hamor, Executive Director of CSF, supports the program. The situation was clarified to let CSF members know that Kathy met with the person starting the program, but did not give CSF support or her own support to the program. Kathy will reach out to them and ask them to discontinue using her name to imply support for the program.

The meeting was adjourned at 4:45 p.m.