**College Savings Foundation**

**Board Meeting**

**March 8, 2016**

**Atlantic Beach, FL**

Present: Mary Morris, Virginia529; Deb Smith, John Hancock Investments; Regina Carmon, College Savings Bank; Roger Michaud, Franklin Templeton Investments; Bill Raynor, OppenheimerFunds; Kyla Michaud, Fidelity Investments; Paul Curley, Strategic Insight; Stefanie Mattson, State Farm; Corey Scheiler, State Farm; Rich Polimeni, Bank of America/Merrill Lynch; Lauren Biocchi, Voya; Rob Tirrell, Voya; Chris McGee, Virginina529; Stacey Belford, American Century Investments; Mary Nickeson, WMSI; Tom Morgan, BlackRock, Tim Gorrell, CollegeAdvantage; Vivian Tsai, TIAA; Chris Lynch, TIAA; Arthur Dunn, Boston Financial; Peter Mazareas, Invite Education; Sherri Wyatt, Virginia529

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

Chairman Mary Morris called the meeting to order at 2:15 p.m. and welcomed everyone to the Atlantic Beach.

**December 2015 Annual Board Meeting Minutes:**

The minutes from the Board meeting held on December 15, 2015 in Washington, DC were approved unanimously.

**Chair Report:**

Mary Morris welcomed everyone to Atlantic Beach and mentioned the GuideBook App for the conference. She also mentioned that CSF has been approached by Nickelodeon Jr. about being partners with them to provide content about saving for college on the Beyond the Backpack website. CSF was to meet with them at the end of the conference.

**Financial Report:**

Bill Raynor gave the financial report. He mentioned that the cash on hand is over $352,000 and there are still outstanding dues totaling $140,000. Kathy has sent reminders to CSF members whose 2016 dues are outstanding.

The Financial Report was approved unanimously by the Board.

**Bylaws Change:**

Secretary Kyla Michaud presented the proposed change in the bylaws to change the name and scope of the Industry Date Committee to the Industry Data and Research Committee with the scope including research and data. The change was accepted unanimously.

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

Chris McGee thanks CSF members for participating in the legislative planning session in January. The issues identified and reviewed during that session will establish CSF’s legislative goals for this year. Chris reviewed the legislative priorities for CSF for 2016.

Barbara Pate and Randy Hardock provided more details on the priorities. This will start the process of having clear set goals for CSF. They reviewed the following items to be included in the CSF legislative plan:

The College Savings Foundation recommends that Congress make the following changes to assist even more families prepare for the future costs of higher education:

* **Encourage More Employers to Provide Access to 529 and ABLE Plans Through Automatic Payroll Deduction:** The ease of direct employee payroll deduction has proved effective for retirement savings, charitable giving, and many other purposes. The following steps should be taken to leverage the effectiveness of direct payroll deduction for education savings:
* *Assist with employer start-up costs*: The current tax credit (of up to $500) for small employer retirement plan start-up costs (Code §45E) should be extended to small employers that establish a new program that allows employee payroll deduction into 529 or ABLE accounts.
* *Encourage employer “seed money”*: De minimis employer contributions (up to $100 annually) to a 529 or ABLE account designated by their employee should be excluded from the employee’s income under Code §132.
* *Allow tax-advantaged employer matching contributions to 529 and ABLE accounts*: Employer matching contributions to 529 and ABLE accounts should be treated in a manner similar to 401(k) contributions.
* *Provide a clear regulatory roadmap for employers*: Regulators should be encouraged to provide guidance that clarifies employer obligations in connection with such payroll deduction arrangements.
* **Remove Barriers that Discourage 529 Account Savings:** Today, many families are discouraged from saving for college because of the uncertainty associated with the potential application of the 10% penalty tax on nonqualified distributions from 529 and ABLE accounts. As a result, current exceptions from the 10% penalty tax (e.g. for disability and receipt of a scholarship) should be expanded to include:
  + *Transfers made directly from 529 accounts into IRAs for the account owner or designated beneficiary:* Any such transfers would still be subject to ordinary income taxation, would count toward the annual limits on IRA contributions, and would be subject to income eligibility requirements applicable to traditional and Roth IRAs.
  + *Transfers made directly from 529 or ABLE accounts to a charity.*
  + *Withdrawals from 529 accounts to pay student loans of the designated beneficiary or a family member.*
* **Repeal Investment Direction Limitations for 529 and Able Accounts:** 529 and ABLE accounts are subject to a rule that was originally intended to prevent day trading and similar churning within 529 plans by limiting investment direction with respect to savings in those accounts. However, IRS interim guidance has very narrowly (and inappropriately) construed the provision to severely limit most investment changes. The current IRS interpretation prevents 529 and ABLE account savers from engaging in the widely accepted and prudent investment practice of rebalancing.

All 529 programs already prohibit day-trading and, as a result, the investment direction limitations on 529 and ABLE accounts are unnecessary and should be repealed. Alternatively, the IRS should be directed to properly interpret the existing law to allow State-administered 529 and ABLE programs to give account owners or designated beneficiaries the right to change the allocation of account assets among different broad-based investment strategies (including FDIC-insured deposits) that have been selected by the Program.

* **Expand Applicability of the existing Savers’ Credit:** The existing Savers’ Credit (which currently applies to only retirement contributions) should be extended to contributions made to 529 and ABLE accounts. This will help encourage more families with moderate and lower income to save for college.
* **Allow Tax-Free Rollovers from 529 Accounts to ABLE Accounts:** Rollovers would not be subject to penalty tax or income tax, but the amount rolled over would count toward the annual contribution limits on ABLE accounts. This will allow families that begin saving for a child’s college expenses to shift those funds to an ABLE account if the child later becomes disabled and is unable to use the funds for higher education expenses.

After reviewing these items, Barbara and Randy went over what is anticipated to happen with legislation introduced this year. They have been talking with Representative Lynn Jenkins staff regularly about legislation. Senator Burr is interested in introducing legislation in the Senate. Bill Raynor asked meeting attendees their thoughts about the legislative agenda since CSF will be meeting with Senator Burr’s staff within the next week or so. The motion to approve the legislative agenda was passed unanimously.

**Conference Committee:**

Rich Polimeni gave the report. He thanked the Conference Committee members for their efforts , the speakers and moderators for agreeing to participate and Kyla Michaud for her recommendation of the hotel. The conference agenda is a great one with a diverse range of topics. There are expected to be 140 attendees and 11 sponsors.

**Membership Committee Report:**

Rob Tirrell gave the Membership Committee. Rob mentioned that this is CSF’s best time to get new members after the conference and urged people to talk with organizations that are currently not members of CSF about joining.

**Media Report**:

Roger Michaud and Rich Polimeni provided the update on CSF media efforts. Roger mentioned that he did two television interviews that morning. He also stated that we continue to get pick up on the gifting release and will be working on the youth survey and the majority of recent activity involved the conference.

Lynthia Romney recapped the rest of the Media Committee’s efforts:

* **Gifting press release**: Continued follow up and clip appeared in *U.S. News & World Report.*
* **Congressional passage pitch letter.** Pitch letter for media that was released after passage by Congress of new 529 improvements and distributed through print and broadcast media lists. Results in December and January included the following:
  + Steve Rosen of *Kansas City Star* files story quoting Mary Morris and CSF; he had also sourced Randy Hardock for answers to his questions.
  + Kim Lankford of *Kiplinger’s* reached out to CSF and Mary Morris with several rounds of questions for her Q&A column, which ran quoting Mary. A second column is expected.
  + Deb Ziff of *US News & World Report* spoke with Randy Hardock (having quoted Mary Morris in a recent story) and published story.
* **CSF Conference**. In December and January, reached out to national personal finance and higher education reporters with pitch letter inviting them to the Conference.
* **Video Contest Press Release**. Drafted and issued press release to publicize Video Content on behalf of Marketing Task Force initiative in late December and early January.
  + Sent to extensive blogger lists in New York (parents, money savers), Boston, Chicago, Atlanta, Dallas, LA, San Francisco, Philadelphia and others.
  + Lenore Skenazy, of Free Range Kids, with a syndicated column of the same name with Creators Syndicate, asked for a tweet to tweet out to followers. Drafted tweet and got edits from Marketing Task Force and sent to Skenazy.

**Marketing Task Force:**

Co-Chairs Regina Carmon and Vivian Tsai gave the report.

Vivian reported on the video contest to engage consumers that was run in January and February. Unfortunately, we did not get pickup we wanted, but learned more about this in case there is a decision to run another one in the future.

Regina gave the report on the CSF website revamp. The smaller group within the Task Force is working on content. There will also be an effort to make the content consumer friendly and get it to a place where there is good information for consumers. The Members Only section will have two levels of access one for Board members who will have access to all information and another for General membership levels.

**Administrative Issues Task Force:**

Deb Smith and Arthur Dunn gave the report. The Task Force is focusing on Omnibus and best practices. Arthur created a strawman comparison document that took information from last year’s survey and combined it with information Arthur had. It was reviewed by the Administrative Task Force and will be sent to the Omnibus Group and Board for feedback. Arthur mentioned that there is some renewed interest at ICI around 529s and Omnibus.

**Other Issues:**

The CSF Board meetings in 2015 are being held in Washington, DC at the offices of Davis & Harman on the following dates:

* June 22 in Washington, Dc
* September 19 in New York City
* December 13 (annual Membership and Board meetings) in Washington, DC

Mary mentioned that we plan to have someone from the National College Access Network come in to talk at the Board meeting in June.

The meeting was adjourned at 3:55 p.m.