**College Savings Foundation**

**Board Meeting**

**September 18, 2012**

**Washington, DC**

Present: Peter Mazareas, Strategic Advancement Group; Roger Michaud, Franklin Templeton Investments; Mary Morris, Virginia College Savings Plan; Kyla Doyle, Fidelity Investments; Steve Jobe, savingforcollege.com; Scott Hintz, State Farm; Paul Curley, FRC; Chris McGee, Virginia College Savings Plan; Elizabeth Fontaine, MEFA; Arthur Dunn, Boston Financial Data Systems; Rich Polimeni, Bank of America/Merrill Lynch; Zeny Agullana, ScholarShare College Savings Plan; Bill Raynor, OppenheimerFunds; Stacey Belford, American Century Investments; Joe Hurley, savingforcollege.com

By Telephone: Tricia Brady, Upromise Investments; Vivian Tsai, BlackRock; Tom Morgan, BlackRock; Mary Nickeson, Archimedes Systems; Rachel Biar; Nebraska College Savings Plan; Gail Mance Rios, RIHEAA; Larry Larson, CollegeInvest; Steve Piekara, Allianz Global Investors; John Park, BlackRock

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

Chairman Roger Michaud called the meeting to order at 1:02 p.m. and welcomed everyone to the Board Meeting.

**June 2012 Board Meeting Minutes:**

The minutes from the Board meeting held on June 5, 2012 in Washington, DC were approved unanimously.

**Marketing Task Force:**

Chair Vivian Tsai gave the report. In August, CSF was given an opportunity to put an ad on the CBS Super Screen in Times Square. The Marketing Task Force worked quickly to get this done and Amy Gordona and the John Hancock team did the story boards and final version of the ad. The ad was shown to the members who attended the Board meeting and was posted on the website. It will be up through the end of November, including being up during the Macy’s Thanksgiving Day parade.

Vivian mentioned that CSF is on the web, twitter Facebook and LinkedIn. She stated that the next step for the Task Force is to come out with a messaging agenda.

The Task Force also had a banner on the CSF website for financial literacy and saving for college in April during Financial Literacy month. In addition, the final recommendations from The Hilltop Group regarding CSFs social media efforts were sent to Colleen and Vivian for their review and possible action.

**Financial Report:**

Mary Morris gave the financial report. CSF has $ 304.965.07 on hand. Mary mentioned that finances are on track and memberships are lagging a bit. She mentioned the CSF has hired Kositzka, Wicks & Company to conduct a financial audit which is expected to be completed soon. The Financial Report was approved unanimously by the Board.

**Conference Committee:**

Kyla Doyle gave the conference committee report. CSF will be holding its conference at the Firesky Resort in Scottsdale, AZ from February 12 through 14, 2013. Kyla reviewed the agenda with Scott and Kathy filling in on certain sessions. There will be a public session on Thursday, February 14th in the afternoon. This information will be included in the conference brochure.

The Save the Date is expected to go out in early October and the conference brochure in early to mid-November.

**Media Report**:

Tricia Brady and Lynthia Romney provided the update on CSF media efforts since the last board meeting. Tricia mentioned the rollout of the sixth annual State of College Savings was released in August as was the press release on the second quarter data.

Lynthia provided the rest of the report. 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 families to save for their children’s college education.

During the third quarter, CSF publicized the following key initiatives:

* CSF Sixth Annual State of College Savings Survey of parents
* Quarterly Data – 1Q 2012 Data.
* Other data continued to be sourced by media, from *Kiplinger’s* to *Dave Ramsey.*

**6th Annual State of College Savings Survey:**

Updated and launched 6th Annual State of College Survey of parents across the country, including new questions on financial advisors. This included an Executive Summary including charts and graphs to tell the story clearly.

* Released to extensive CSF print and broadcast media list and over PR Newswire.
* Conducted intensive telephone outreach to college and personal finance reporters across the country to include *Kansas City Star, Dallas Morning News, Kiplinger’s.*
* Arranged interviews for Roger Michaud with *Ignites, InvestmentNews*, *Wall Street Journal Radio (broadcast 8/27 three times), Real Wealth Radio* (scheduled to be released October 29). Crafted talking points and Q&A for responding to reporters’ specific areas of interest.
* Stories appeared in *U.S. News & World Report Education*, *Money Now!, Green Bay Gazette*, with the survey posted on over 300 websites including *MarketWatch, Hawaii News Now, Fox Carolina, boston.com* and *Reuters.*
* Thanks to Upromise Investments, CSF survey results were included in two press releases for College Savings Month.

**2Q Data Press Release:**

* Drafted and released 2Q 2012 Data from CSF reporting members, in coordination with Paul Curley of FRC.
* Arranged interviews with *Christian Science Monitor* and *New York Daily News. Daily News* is interested in featuring a NYC family in a story on college saving.

**Other Media Activity:**

* Crafted press release for Times Square ad.
* Arranged interview for Roger Michaud with *SmartMoney.com* on expense eligibility.
* Arranged media interview for Roger Michaud with *Business for Breakfast* on Moneyline 1510 in Scottsdale, AZ. Captured audio clip.
* Responded to question from *InvestmentNews*, which quoted on size of average accounts of advisor sold plans.
* *Kiplinger’s* picked up the high level data for a story by editor Janet Bodnar on saving for college and reducing debt.
* A statistic from our 2012 *How Youth Plan to Fund College* Survey of high school students was used in a story on *Dave Ramsey.com.*
* Graduates survey results were picked up by *The Salary Reporter*, from PayScale.com.
* Peter Mazareas quoted in thoughtful, two-part series on *Bargaineering,* also published in a London based site.

**Membership Committee Report:**

Rich Polimeni gave the membership committee report. He reviewed the potential membership list and asked if anyone had any contacts in these organizations or others to let him know.

Rich then raised the issue of a new formula for levels of Board membership which he raised in earlier meetings. He recommended that the Board consider basing the dues on the amount of assets under management and create two tiers of membership for the Board. The benefits would be the same; however the dues amount would be different. Rich proposed that for members with $1 billion or more under management, the dues would be $20,000. For those entities with assets of less than $1 billion, their dues are $10,000 until such time as the assets under management exceeded $1 billion. This was discussed and approved.

Noting concern by some members about the $20,000 level, Bill Raynor will develop talking points that can be used to support CSF membership within their organizations.

**State Legislative Statement:**

Roger Michaud mentioned that he is meeting with Stacey Belford, Mary Morris, Scott Hintz and Zeny Aguallana (who volunteered earlier) to draft and review a statement that will be taken to the Board for approval. This statement can then be sent to states when legislation is introduced.

**Legislative Committee:**

Bill Raynor, Barbara Pate and Randy Hardock discussed legislative activity.

Barbara gave the federal legislative report:

**H.R. 529**

H.R. 529 has 28 cosponsors as of 9-14-12. Members are not cosponsoring as many tax bills because of deficit concerns and also in anticipation of tax reform.

**Report on Hill meetings**

A group of CSF members met with Congressional staff from the following offices: Rep. Tom Reed, Rep. Devin Nunes, Rep. Nan Hayworth

**Year-end Legislation**

A number of tax provisions are expiring at the end of 2012, including the 2001 and 2003 tax cuts. Depending on the outcome of the election, extension of these provisions and other tax provisions could be considered in a Lame Duck session.

Without an extension of the 2001 cuts, a number of provisions affecting Coverdells will expire, including the provision that allows contributions to 529 plans and to Coverdells without incurring an excise tax. If Congress fails to act during 2012 on these provisions, there is a very high probability in 2013 that most or all (including the Coverdell/529 provision) will be extended retroactively to the beginning of the year. Nonetheless, without congressional action this year, 529 plans will need to carefully consider their responsibilities in informing potential 2013 contributors of the potential problems created.

**Tax Reform – Senate Finance Committee Hearing on Education Tax Incentives**

The House Ways and Means Committee and the Senate Finance Committee are continuing hearings on tax reform. The Senate Finance Committee held a hearing on tax reform and education tax incentives on July 25, 2012. Much of the discussion during the hearing centered around the complexity of the education tax incentives and whether or not there should be consolidation of the various provisions. There also was discussion about the impact of federal financial aid programs on tuition costs. College savings plans were mentioned several times, with one witness suggesting they benefit upper income families the most, and one witness noting that college savings plans are the only education tax incentives that are consistent with tax reform principles and tax policy. CSF submitted a statement for the hearing record.

**ABLE Legislation**

S. 1872 (Casey) has 30 cosponsors as of 9-14-12; H.R. 3423 (Crenshaw) has 204 cosponsors as of 9-14-12. The bills would allow States to create independent and separate new 529 ABLE plans that could be used to pay various expenses of disabled individuals.

The disability community strongly supports the legislation and is actively seeking cosponsors. CSPN has produced a draft of comments on the legislation. The expectation is that CSF will provide independent (but coordinated) comments.

Key issues for discussion are whether those comments should:

* Focus exclusively on fixing problems with the current separate 529 ABLE accounts (as in the CSPN comments);
* Propose a simpler approach that would not require States to establish new ABLE 529 plans, but rather would expand the qualified distribution definitions for all existing 529 savings (or other plans) to allow distributions for the same expenses for disabled individuals that are currently contained in the bills;
* Do both, i.e., keep the separate ABLE structure (with problems fixed), but also expand the distribution rules.

Bill Raynor started the discussion on the ABLE legislation, stating that a small group of people met with Randy Hardock that morning to review it. Acknowledging the strong support for the bill, Bill recommended that CSF go over Randy’s recommendations and then take a vote on whether to strongly support the bill. Among the changes Randy recommended a provision be added to the current rules and refers to ABLE to enable distributions from 529 plans.

Bill then discussed the process going forward. He recommended that CSF not wait until the next Board meeting to make a decision about its involvement with the ABLE legislation. He stated that there will be a draft with recommended changes that will be handed to the sponsors and if these changes are made, CSF will support the bill.

Randy will develop the language and send it to the smaller group. Once that is finalized, it will then be sent to the Board and will be followed by a Board phone meeting where a voice vote will be taken. This approach was approved and Bill urged members to reach out to him regarding the legislation.

**Regulatory and Legal Affairs Committee:**

Chris McGee gave the report and provided the updates below:

1. MSRB / SEC
   1. SEC releases risk alert on “Pay-To-Play” Prohibitions under MSRB rules (08/31/12). <http://www.sec.gov/news/press/2012/2012-173.htm>
   2. SEC releases Statement on the Regulation of Money Market Funds by Commissioners Daniel M. Gallagher and Troy A. Paredes (08/28/12). <http://www.sec.gov/news/speech/2012/spch082812dmgtap.htm>
   3. MSRB 08/07/12 release on statistics on second quarter 2012 municipal market trading data, continuing disclosure documents submitted, and other relevant data. <http://www.msrb.org/News-and-Events/Press-Releases/2012/MSRB-Publishes-Quarterly-Municipal-Market-Statistics-Q2.aspx>
   4. MSRB publishes Notice 2012-40 – Request for Comment on Draft Proposal to Collect 529 College Savings Plan Data. <http://www.msrb.org/Rules-and-Interpretations/Regulatory-Notices/2012/2012-40.aspx>
   5. Treasury’s John Cross tapped as head of SEC Office of Municipal Securities. <http://www.bondbuyer.com/issues/121_149/sec-taps-john-cross-to-head-new-muni-office-1042591-1.html>
   6. SEC Report on the Municipal Securities Market. <http://sec.gov/news/studies/2012/munireport073112.pdf>
   7. MSRB announces new Board Members. <http://www.msrb.org/News-and-Events/Press-Releases/2012/MSRB-Announces-New-Board-Members-for-Fiscal-Year-2013.aspx>
   8. MSRB Statement on SEC Report on the Municipal Securities Market. <http://www.msrb.org/News-and-Events/Press-Releases/2012/MSRB-Statement-on-SEC-Report-on-the-Municipal-Securities-Market.aspx>
   9. SEC Recommend Improvements to Help Investors in Municipal Securities Market. <http://www.sec.gov/news/press/2012/2012-147.htm>
   10. MSRB Quarterly Meeting. <http://www.msrb.org/News-and-Events/Press-Releases/2012/MSRB-Holds-Quarterly-Meeting-July-2012.aspx>
   11. MSRB news on Online 529 Disclosure.
   12. MSRB Chair Testifies at Congressional Hearing on the Impact of the Dodd-Frank Act on Municipal Finance. <http://www.msrb.org/News-and-Events/Press-Releases/2012/MSRB-Chair-Testifies-at-Congressional-Hearing-on-the-Impact-of-the-Dodd-Frank-Act.aspx>
   13. MSRB Provides Guidance to Underwriters on Implementation of New Obligations to State and Local Governments. <http://www.msrb.org/News-and-Events/Press-Releases/2012/MSRB-Provides-Guidance-to-Underwriters-on-Obligations-to-State-and-Local-Governments.aspx>
   14. MSRB Requests Comment on Proposal to Limit Dealers from Providing Consents on Behalf of Bondholders. <http://www.msrb.org/News-and-Events/Press-Releases/2012/MSRB-Requests-Comment-on-Proposal-to-Limit-Dealers-from-Providing-Consents-on-Behalf-of-Bondholders.aspx>
   15. MSRB Seeks Approval of Rule Change to Improve Price Transparency for “Not Reoffered” Municipal Securities. <http://www.msrb.org/News-and-Events/Press-Releases/2012/MSRB-Seeks-Approval-for-Rule-Change-to-Improve-Price-Transparency-for-Not-Reoffered-Securities.aspx>
   16. Educational Materials on MSRB Rule G-17 Now Available. <http://www.msrb.org/News-and-Events/Press-Releases/2012/Educational-Materials-on-MSRB-Rule-G-17-Now-Available.aspx>
   17. MSRB Enhances Online Directory of Rules. <http://www.msrb.org/msrb1/pdfs/MSRB-Rules-Page-Enhancement-June-2012.pdf>
   18. MSRB Receives SEC Approval to Implement Measures to Strengthen Regulation of Broker's Brokers. <http://www.msrb.org/News-and-Events/Press-Releases/2012/MSRB-Receives-SEC-Approval-to-Implement-Measures-to-Strengthen-Regulation-of-Brokers-Brokers.aspx>
   19. MSRB Subscription Products for Historical Information and Documents Now Available. <http://www.msrb.org/Rules-and-Interpretations/Regulatory-Notices/2012/2012-33.aspx>
   20. MSRB Publishes Report on Municipal Variable Rate Securities Interest Rate and Trading Data. <http://www.msrb.org/News-and-Events/Press-Releases/2012/MSRB-Publishes-Report-on-Municipal-Variable-Rate-Securities-Interest-Rate-and-Trading-Data.aspx>
   21. MSRB Reminder of June 16, 2012 Effective Date Regarding Amendments to Rule G-9 on Preservation of Records. <http://www.msrb.org/Rules-and-Interpretations/Regulatory-Notices/2012/2012-32.aspx>
   22. MSRB Reminder of Upcoming Change to Transaction Reporting Requirements and Availability of Technical Specifications. <http://www.msrb.org/Rules-and-Interpretations/Regulatory-Notices/2012/2012-30.aspx>
   23. MSRB Seeks Comment on Enhancing Price Transparency for Large Trades. <http://www.msrb.org/News-and-Events/Press-Releases/2012/MSRB-Seeks-Comment-on-Enhancing-Price-Transparency-for-Large-Size-Trades.aspx>
   24. MSRB Seeks Comment on Disclosure of Payments in Connection with New Issues of Municipal Securities. <http://www.msrb.org/News-and-Events/Press-Releases/2012/MSRB-Seeks-Comment-on-Disclosure-of-Payments-in-Connection-with-New-Issues-of-Municipal-Securities.aspx>
   25. MSRB Launches Online Investor Toolkit. <http://www.msrb.org/News-and-Events/Press-Releases/2012/MSRB-Launches-Online-Investor-Toolkit.aspx>
   26. MSRB Receives SEC Approval on Revised Definition of Sophisticated Municipal Market Professional. <http://www.msrb.org/News-and-Events/Press-Releases/2012/MSRB-Receives-SEC-Approval-on-Revised-Definition-of-Sophisticated-Municipal-Market-Professional.aspx>
   27. SEC Chairman Schapiro’s April 25th testimony before House Committee on Financial Services, Subcommittee on Capital Markets and Government Sponsored Enterprises.
   28. MSRB- New Protections for State and Local Governments. <http://www.msrb.org/News-and-Events/Press-Releases/2012/MSRB-Creates-New-Protections-for-State-and-Local-Governments.aspx>
   29. MSRB Reminds Dealers About Limits on Redacting Liquidity Facility Documents. <http://www.msrb.org/News-and-Events/Press-Releases/2012/MSRB-Reminds-Dealers-of-Limits-on-Redactions-of-Liquidity-Facility-Documents.aspx>
   30. MSRB Requests Comment on Simplifying New Issue Submission Requirements for Underwriters. <http://www.msrb.org/News-and-Events/Press-Releases/2012/MSRB-Requests-Comment-on-Simplifying-New-Issue-Submission-Requirements.aspx>
   31. MSRB Encourages Voluntary Disclosure of Bank Loans by State and Local Governments. <http://www.msrb.org/News-and-Events/Press-Releases/2012/MSRB-Encourages-Voluntary-Disclosure-of-Bank-Loans-by-State-and-Local-Governments.aspx>
2. U.S. Department of Education GEAR-UP Proposed Priorities response
3. U.S. Senate Committee on Finance’s 07/25/12’s tax reform hearing on Education Tax Incentives

Chris mentioned that MSRB issues notice 2012-40 last month that is making EMMA the official collection and dissemination site for 529 plans. This is the first notice on details about how MSRB wants to collect and take data as well as the methodology it will use. A joint CSF /CSPN letter was submitted on Friday, September 14th.  MSRB will eventually determine these issues. Currently, the data collected will not be publicly disseminated. The data will be publicly disclosed down the road. Chris is reaching out to Larry Sandor to have meetings about these issues. MSRB acknowledges that EMMA is not the most user friendly site.

MSRB will not make a decision about access/disclosure this year.

The final definition of municipal advisors is still outstanding. As a reminder, Dodd Frank raised this issue by the SEC regarding Board and Committee members being considered municipal advisors. The SEC has received many comments on this and it is anticipated that this will not be done. However the SEC still has not ruled on it.

**Data Committee:**

Mary Morris gave the report. Data collection and analysis efforts are going along nicely. There are an increased number of CSF members reporting data to FRC.

As a result of the MSRB notice on data collection there is a need to look at industry data standards and getting more clarity. This includes definitions and clarity of account, distributions, etc.

A question arose about what is the correct number of 529 accounts. According to Paul Curley of FRC, the number is 10.1 million.

**Administrative Issues Task Force:**

Arthur Dunn gave the report and stated that the CSPN operations project teams were dormant over the summer and started to work on projects now. Arthur is contacting them regarding challenges they faced when implementing the projects. He is also finding out if there are nay issues that they wanted to work on and have not, as of yet, done so.

**By-Laws Review Committee:**

Rich Polimeni mentioned the several meetings held on this and discussed the changes that were provided to meeting attendees. He stated that the changes were minor. Rich will set up on final call within the next few weeks. A vote will be taken at the December Board meeting.

**Summit**

Peter Mazareas gave the report and went over the agenda for the summit that is being held on December 5th at the Mayflower hotel in Washington, DC. He mentioned that Art Hauptman has been hired to prepare a white paper on the factors surrounding the high cost of college. Paul Curley from FRC has been contacted to work on a white paper about 15 years of 529s.

The meeting was adjourned at 3:06 p.m. EST