**College Savings Foundation**

**Board Meeting**

**September 22, 2015**

**New York, NY**

Present: Regina Carmon, College Savings Bank; Mary Morris, Virginia529; Kyla Michaud, Fidelity Investments; Roger Michaud, Franklin Templeton Investments; Lauren Bicocchi, Voya; Stacey Belford, American Century Investments; Peter Mazareas, Invite Education; Elizabeth Fontaine, MEFA; Chris McGee, Virginia529; Tom Morgan, BlackRock; Rich Wolle, Franklin Templeton; Andrea Feirstein, AKF Consulting

Phone: Rich Polimeni, Bank of America/Merrill Lynch; Deb Smith, John Hancock Investments; Stefanie Mattson, State Farm; Bill Raynor, OppenhiemerFunds; Paul Curley, Strategic Insight; Mary Nickeson, WMSI; Rachel Biar, Nebraska College Savings Plan; Steve Piekara, Allianz Global Investors; John Stergiou, Allianz Investors; Elizabeth Yassenoff, Ohio Tuition Trust; Vanessa Curry, John Hancock; Sharmane Fleming, BlackRock

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

Chairman Mary Morris called the meeting to order at 1:05 p.m. EST and welcomed everyone to the meeting.

**March 2015 Board Meeting Minutes:**

The minutes from the Board meeting held on June 16, 2015 in Washington, DC were approved unanimously.

**Financial Report:**

Kyla Michaud gave the financial report. She reported that CSF is back on track with all membership dues collected for this year. Current cash on hand is $205,384. The Financial Report was approved unanimously by the Board.

**Chair Report:**

Mary Morris noted that CSF’s finances are in a better position than last year. Part of this is due to

changing the membership year to January first to December thirty-first. Next year will be the first year under this structure where the renewing dues will not be prorated. She also mentioned that Article II Section 4 involves Suspension and Reinstatement and states *Any Member who is in default in the payment of dues for a period of ninety (90) days after such dues become payable, may, in the absence of good cause found to exist by the Board of Directors, be suspended from membership. Any Member so suspended shall, until reinstated, forfeit all rights and privileges of membership in the Foundation; provided, however, that suspension shall not relieve a Member from the requirement of fulfilling all obligations to the Foundation theretofore incurred. A suspended Member shall be reinstated to good standing upon payment in full of all dues and other amounts owing and payable at the time of suspension.*

Mary also thanked Bill Raynor, Chris McGee and Randy for their work on CSF’s comments on ABLE. Randy’s inclusion of the investment direction section is a positive way to raise this issue with the Treasury Department.

**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.*

The Save the Date has been sent to CSF members and attendees from the 2015 conference.

Rich Polimeni reviewed suggested conference sessions with the meeting attendee.

There was a review of the draft agenda with good insight for some of the sessions from Board meeting attendees. There was also a review of the sponsorship categories as well.

Since there will not be any post-conference public or advisor sessions, it was decided that the conference sessions will last until 3 p.m. on March 10th.

**LLRA Report**

ABLE Update

Chris McGee started the report by echoing Mary Morris’s opening comments about incorporating investment direction in CSF’s comments on ABLE. Bill Raynor acknowledged the good counsel of Barbara and Randy and thanked them for their work.

* ICI letter filed with the IRS September 4, 2015, encouraging the IRS to issue interpretive guidance on the ABLE Act regulations during the pendency of their adoption and endorsing CSPN’s advocacy.
* Roundtable Discussion
* Meeting with the Social Security Administration
* Response Letter
* Public Hearing: October 14, 2015
* Next Steps

Chris mentioned that the Burr Casey amendment dealing with the state residency issue for ABLE came up during the extenders markup, but was withdrawn. He also stated that the public hearing on the regulations for ABLE will be held on October 14th.

Barbara Pate reported that Rep. Lynn Jenkins has a new staff person handling the 529 issue. She also mentioned that the 529 bill passed by the House is pending floor action in the Senate. Senate leadership doesn’t know when it will come up. It is anticipated that it will be included in a larger tax bill at the end of the year. Randy reported that there could be a government shutdown during the week following the CSF Board meeting.

Liz Fontaine mentioned that status of the Higher Education Reauthorization act is that there have been a number of hearings, but no progress on the bill yet.

Bill Raynor reminded everyone that they can send any concerns/issues pertaining to the Committee’s jurisdiction to him and Chris McGee to address.

Temporary Assistance for Needy Families (TANF). There may be a move to remove 529 accounts for eligibility.

Chris pointed out a recent event featuring President Obama and Education Secretary Arnie Duncan. Someone asked about 529 plans and Secretary Duncan responded very favorably about them and mentioned that he has them for his children. Chris suggested we reach out to the Education Department about 529 issues.

MSRB/SEC

1. MSRB on 9/8/15 announced that the Municipal Advisor Representative Qualification Exam (Series 50) will be administered as a pilot exam January 15, 2016 – February 15, 2016. The exam registration window will be available beginning on September 21, 2015 and closing on January 14, 2016. During the enrollment window, municipal advisors can use the Financial Industry Regulatory Authority’s (FINRA) Form U10 to enroll their municipal advisor professionals. For more information regarding the Series 50 pilot exam, see the MSRB’s Regulatory Notice 2015-15.
2. MSRB on 9/3/15 announced it is linking the effective date of its new “best-execution” rule for retail investor transactions to the publication of implementation guidance so that municipal securities dealers will have sufficient time to review the forthcoming guidance. The MSRB filed documents with the Securities and Exchange Commission (SEC) to establish the effective date of the new rule four months from the publication date of the MSRB’s implementation guidance. MSRB Rule G-18, on best execution, with related amendments to MSRB Rules G-48 and D-15, requires dealers to seek the most favorable terms reasonably available for their retail customers’ transactions. Read the full press release.

1. MSRB on 9/2/15 announced it sought approval from the SEC to apply to municipal advisors the limitations on business-related gift-giving that currently apply to municipal securities dealers. The proposed amendments to [MSRB Rule G-20](http://links.govdelivery.com:80/track?type=click&enid=ZWFzPTEmbWFpbGluZ2lkPTIwMTUwOTAyLjQ4Njc4NzgxJm1lc3NhZ2VpZD1NREItUFJELUJVTC0yMDE1MDkwMi40ODY3ODc4MSZkYXRhYmFzZWlkPTEwMDEmc2VyaWFsPTE3NTQ0NjI5JmVtYWlsaWQ9Y21jZ2VlQHZpcmdpbmlhNTI5LmNvbSZ1c2VyaWQ9Y21jZ2VlQHZpcmdpbmlhNTI5LmNvbSZmbD0mZXh0cmE9TXVsdGl2YXJpYXRlSWQ9JiYm&&&100&&&http://www.msrb.org/Rules-and-Interpretations/MSRB-Rules/General/Rule-G-20.aspx) aim to address conflicts of interest that may arise from the giving of gifts or gratuities in connection with municipal advisory activities. [Read the rule filing](http://links.govdelivery.com:80/track?type=click&enid=ZWFzPTEmbWFpbGluZ2lkPTIwMTUwOTAyLjQ4Njc4NzgxJm1lc3NhZ2VpZD1NREItUFJELUJVTC0yMDE1MDkwMi40ODY3ODc4MSZkYXRhYmFzZWlkPTEwMDEmc2VyaWFsPTE3NTQ0NjI5JmVtYWlsaWQ9Y21jZ2VlQHZpcmdpbmlhNTI5LmNvbSZ1c2VyaWQ9Y21jZ2VlQHZpcmdpbmlhNTI5LmNvbSZmbD0mZXh0cmE9TXVsdGl2YXJpYXRlSWQ9JiYm&&&101&&&http://www.msrb.org/~/media/Files/SEC-Filings/2015/MSRB-2015-09.ashx?la=en). [View the full press release](http://links.govdelivery.com:80/track?type=click&enid=ZWFzPTEmbWFpbGluZ2lkPTIwMTUwOTAyLjQ4Njc4NzgxJm1lc3NhZ2VpZD1NREItUFJELUJVTC0yMDE1MDkwMi40ODY3ODc4MSZkYXRhYmFzZWlkPTEwMDEmc2VyaWFsPTE3NTQ0NjI5JmVtYWlsaWQ9Y21jZ2VlQHZpcmdpbmlhNTI5LmNvbSZ1c2VyaWQ9Y21jZ2VlQHZpcmdpbmlhNTI5LmNvbSZmbD0mZXh0cmE9TXVsdGl2YXJpYXRlSWQ9JiYm&&&102&&&http://www.msrb.org/News-and-Events/Press-Releases/2015/MSRB-Seeks-Approval-to-Apply-its-Gifts-Rule-to-Municipal-Advisors.aspx).
2. MSRB Responds to Comments on Proposed Rule G-42 on Municipal Advisor Duties. August 13, 2015. The MSRB announced that they submitted a letter to the SEC responding to issues raised by commenters about proposed MSRB Rule G-42, on duties of non-solicitor municipal advisors. The MSRB also filed several clarifying and other minor amendments to the text of the proposed rule, which are explained in detail in the MSRB’s letter. The amendments revise the MSRB’s April 2015 rule filing in which the MSRB sought approval from the SEC of new Rule G-42.
3. MSRB Core Operational Hours. August 24, 2015, The MSRB announced that changes to the MSRB’s information facilities to better align the language of the information facilities to the MSRB’s administration of these systems are operative today (see MSRB Notice 2015-11). Among other things, these changes include adding references to the MSRB core operational hours of 7:00 a.m. to 7:00 p.m. Eastern Time on business days. All manuals and specifications for the MSRB’s systems have been updated to clarify the availability of MSRB Support during core operational hours.
4. BNA - Lawmakers Mull Tweak in Tax-Favored Accounts for Disabled. August 25, 2015. After winning a nine-year fight to create tax-favored accounts for the disabled in 2014, advocates are already pushing to reverse what they see as one of the benefit's main shortcomings. The Achieving a Better Life Experience Act, better known as the ABLE Act, requires taxpayers to live in the state in which the account is established. That limitation sets the accounts—outlined in tax code Section 529A—apart from similar accounts for college savings, for instance, and ought to be changed, according to the National Down Syndrome Society. The NDSS is lobbying lawmakers to remove the residency requirement, which lawmakers added to the legislation in 2014 to reduce the cost to the government. Sens. Richard M. Burr (R-N.C.) and Bob Casey (D-Pa.), have picked up the cause. Supporters of the ABLE Act view the change as a way to make the accounts more comparable to other accounts in Section 529, which aren't taxed on earnings. The ABLE accounts are for health-related expenses, while Section 529 accounts for college are used to cover tuition, fees, books and other expenses, and can be opened in any state or more than one state. “Our families move, just like other families,” Sara Weir, president of the NDSS, told Bloomberg BNA Aug. 25. Although the residency requirement may not affect a great number of taxpayers, Weir said, “it's not so much about scale as adaptability.” ‘Technical Fix.' Congress passed the ABLE Act along with so-called tax extenders at the end of 2014. To trim the potential cost to the government—both through forgone tax revenue and federal outlays—lawmakers restricted the accounts to residents of the state in which they are established. Advocates went along with that limitation at the time in order to see a top legislative priority through to enactment, Weir said. Supporters figured they could address the issue later, she said. “This is definitely a technical fix,” Weir said. The residency question is part of a broader effort to make the 529A accounts more like their college-savings cousins. State governments have pushed the Internal Revenue Service to make the ABLE Act accounts run more or less the same as the college accounts, as the agency implements the new law (149 DTR G-1, 8/4/15). In estimating the costs of the ABLE Act in 2014, the congressional Joint Committee on Taxation said that limiting the accounts in various ways—a departure from earlier-introduced legislation—would significantly reduce the cost to the government. The JCT said the legislation would cost $2.1 billion from 2015 to 2024, although lawmakers provided budget offsets. Although action on tax extenders is high on the congressional agenda into the fall, the legislative path for changing the law isn't clear. Burr and Casey proposed to tack the change onto the expired tax provisions at a Finance Committee markup July 21. Sticking with prior policy, the committee entertained few changes in tax law at that point, putting off any deeper considerations until the House and Senate negotiate a final measure. Thanks to Barbara for sharing this!
5. MSRB Proposed Annual Fee Increase. August 28, 2015. The MSRB is proposing, among other things an annual fee increase under Rule A-12 from $500 to $1,000 (link found below). A description of the increase (and a mention of 529 plans) is found in the first column on page 52354 of the Notice. The rule is scheduled to take effect on Oct 1. Link to Notice: <https://www.federalregister.gov/articles/2015/08/28/2015-21296/self-regulatory-organizations-municipal-securities-rulemaking-board-notice-of-filing-and-immediate?utm_campaign=subscription+mailing+list&utm_medium=email&utm_source=federalregister.gov>
6. *Proposed MSRB Rule G-42 Moves to Additional Phase of Rulemaking*. August 7, 2015. The MSRB announced that the SEC has ordered the MSRB’s proposed rule to establish core standards of conduct for municipal advisors into an additional phase of the rulemaking process. Proposed MSRB Rule G-42, which the MSRB filed with the SEC for approval in April 2015, is designed to serve as the cornerstone of the MSRB’s developing regulatory framework for municipal advisors that was outlined in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. <http://www.msrb.org/News-and-Events/Press-Releases/2015/Proposed-MSRB-Rule-G-42-Moves-to-Additional-Phase-of-Rulemaking.aspx>
7. IRS Releases Draft of ABLE Tax Form Instructions. <http://www.irs.gov/pub/irs-dft/i5329--dft.pdf> . *Thanks to Barbara for sharing this!*
8. MSRB Extends Deadline for First Submissions of 529 College Savings Plan Data. June 30, 2015. The MSRB announced that it is extending by 60 days the date the first submissions of information about 529 college savings plans are due to the MSRB under its Rule G-45. Recently adopted Rule G-45 requires underwriters of 529 college savings plans to provide the MSRB with information regarding their plans’ assets, contributions, withdrawals, fees and cost structure. The first submissions are now due October 28, 2015. <http://www.msrb.org/News-and-Events/Press-Releases/2015/MSRB-Extends-Deadline-for-First-Submissions-of-529-Plan-Data.aspx>

**Membership Committee Report:**

Kathy gave the report for Committee Chair, Rob Tirrell. She mentioned that the Utah Educational Savings Program has joined CSF. There was a discussion about creating a targeted list of potential members that could be circulated so CSF members could assist with outreach. There was also a discussion that, based on the new membership categories for Broker Dealers that people could reach out to any of them attending the Strategic Insight conference the week after the CSF Board meeting.

**Data Committee:**

Mary gave the report for Committee Chair, John Park. She mentioned that CSF is still working on trying to decide what research is needed and plans to meet again with Strategic Insight either towards the end of this year or beginning of next with some ideas about research projects

**Media Report**:

Roger Michaud provided the update on CSF media efforts. He discussed CSF’s recent efforts with the release of the 9th annual State of College Savings survey and the new approach CSF is taking by staggering the release of the results. In August there was a release regarding an overview of the findings, in September, a release on the level of savings by age of the beneficiary for College Savings Month and in November there will be a release on gifting.

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

General Media:

Mary Morris interviewed with CNN Newsource at CSF office that appeared in over 80 sources in print, broadcast and online including regional network TV stations.

2105 State of College Savings Survey:

August: Issued press release over PR Newswire and over CSF print, broadcast, online and blogger lists. Arranged interviews and provided preparation for:

* + ***Pittsburgh Post-Gazette*** and ***Milwaukee Wisconsin Journal Sentinel*** (Mary Morris)
	+ ***Business for Breakfast*** (Money Radio 1510) – (Roger Michaud)
	+ ***Home & Family Finance*** – Roger Michaud (Radio America Network, and will air twice on AFN and 177 military installations.)
	+ Peter Newman at ***Kansas City Moneyline - KMBZ-AM*** (Mary Morris)
* Tom Anderson used data in ***CNBC*** story which was picked up in ***Benefits Pro***.
* Story picked up on ***iSchoolGuide***:
* Bob Brooks on ***Prudent Money*** was to report on the survey findings.
* Provided Q&A for Roger to use on ***Real Wealth Radio*** interview.
* Putnam Investment column featured survey results.

**Marketing Task Force:**

Co-Chair Regina Carmon gave the report. The Task force is working on a redesign of the CSF website and has made significant progress. While the redesign is in process, the current website is being updated with much of it being moved to archives. CSF will be looking for proposals for the redesign from various developers.

Based on a conversation at the June Board meeting, the Task Force is also working on an effort to get videos on how Americans use 529s, success stories, etc. for use at the conference in March. The part of the Task Force working on this will have a meeting by the end of the week.

**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. The Task Force has focused its efforts on this group since the previous Board meeting. The Task Force has created a survey about Omnibus and will send it to all CSF members for their input.

Deb Smith has also connected with Patrick Hurley of OppenheimerFunds who is leading a similar effort at ICI and has similar issues. Deb and Patrick plan to connect periodically to go over any new developments and make sure both groups are working towards the same goal.

**Affiliated Relationships 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. A group consisting of Liz Fontaine, Peter Mazareas and Kathy Hamor have met to work on this further.

Liz Fontaine gave a report on efforts CSF is undergoing to establish relationships with other organizations.  Liz provided a report that included a list of organizations with which CSF would initially like to affiliate.  Plans are to have an evening reception after the annual meetings on December 15th in Washington, DC and invite these organizations to attend and learn more about CSF.

She asked that CSF members review the document and provide some input on the following:

1. What organizations should CSF align itself with?  In particular, there is a heading for organizations with which CSF’s affiliation could provide good opportunities for CSF members; please provide some input on this section as well as the others.
2. Do you or anyone in your organization have contacts in any of these organizations?

The meeting was adjourned at 4:30 p.m.