**College Savings Foundation**

**Board Meeting**

**June 22, 2017**

**Washington, DC**

Present: Kyla Michaud, Fidelity Investments; Bill Wostoupal, Northstar; Deb Smith, John Hancock Financial Services; Peter Mazareas, Invite Education; Rich Polimeni, Bank of America/Merrill Lynch; Regina Carmon, College Savings Bank; Elizabeth Fontaine, MEFA; Paul Curley, Strategic Insight; Chris McGee, Virgina529; Scott May, Franklin Templeton Investments; Tracy Zeigler, Bank of America/Merrill Lynch; Jordan Forbes, Virginia529; Rob Tirrell, VOYA

By Telephone: Roger Michaud, Franklin Templeton; Steve Piekara, Allianz Global Investments; Maria Manotok, Capital Research and Management; Rich Wolle, Franklin Templeton; Mary Nickeson, DST; Vivian Tsai, TIAA; Rachel Biar, Nebraska College Savings Plan

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

Chair Rich Polimeni called the meeting to order at 1:10 p.m.

**Chairman’s Remarks:**

Rich Polimeni welcomed everyone to the meeting and mentioned that there is a lot going on in the industry that just saw $266 billion invested in 529s in the first quarter of 2017. He mentioned that there still seems to be a divide between the advisor and direct sold plans as well as a change in program managers in two states. Rich provided an update on the status of refunds for those who could not make the 2017 conference due to weather. He said that the Executive Committee decided to give each person who registered and could not attend a $500 credit towards the 2018 conference along with a free CSF membership for the remainder of 2017. He stated that CSF is looking into event insurance that would cover this should it happen in 2018.

**March 2017 Board Meeting Minutes:**

The minutes from the Board meeting held on March 14, 2017 in Charleston, SC were unanimously approved.

**Financial Report:**

Treasurer Vivian Tsai gave the financial report. There is $415,707.81 cash on hand and expenses are in line with the approved budget with the exception of expenses for public relations where CSF pays for a package deal for issuing press releases through PR Web which is much less expensive than PR Newswire and expenses associated for getting clips of radio and TV coverage that is posted on the CSF website. We will continue to keep an eye on this expense throughout the rest of the year. Through negotiation, CSF was able to bring down the cost of the deposit for the 2018 conference and plans to purchase event insurance for the conference. The financial report was approved unanimously.

**LLRA Committee:**

Chris McGee gave the report.

Barbara Pate gave an overview of what is happening with the tax reform bill. She said that it will not be easy. Senate Committee on Finance Chair, Orrin Hatch has put out a request for all stakeholders to submit their requests for tax reform and recommended that CSF submit a response to this. While tax reform will not be easy and it is still unsure as to whether this will happen, it is expected that there will be tax cuts at the very least.

Randy Hardock explained why the healthcare bill is being considered before the tax reform bill. First it is a higher priority for the republicans and second, the bill has $1 trillion of tax cuts offset by $1 trillion of spending cuts. This would provide $1 trillion in the bank for future tax cuts. The Healthcare bill will dominate over the next month.

Randy reported that earlier in the week, House Speaker Paul Ryan gave a speech about the tax bill, where he said “nothing new” and that tax reform is a high priority. Regarding timing, the White House plan will come out in September and there will be Congressional hearings in July. The Senate is gearing up to start work on its tax reform bill.

Randy further mentioned that all of the good items are out there in the President’s budget and the House blueprint has some unpopular items to pay for the cuts. The need to pay for reform increased the likelihood for Roth-type proposals in retirement and Randy reminded people that Speaker Ryan said they will protect retirement.

The Senate Healthcare bill includes massive HSA improvements; doubling the amount one can put in an HAS and discontinuing the tie to health insurance deductibility.

Congress is looking at the tax credit side of education financing. These proposals have long had bipartisan support and can raise revenue.

Rep. Jenkins bill does not include penalty-free rollovers and needs to be included. It is recommended that we ask them to include this, letting an employer match either a 401(k) or 529 contributions and make the savers tax credit more generous.

The motion to move forward on support to include the following items in the tax reform bill was passed unanimously:

* 529 plans in employer plans
* Changes to FASFA
* Investment direction changes
* 529 account distributions can be used for higher education loan repayment
* Tax-free rollovers to retirement accounts
* Tax-free rollover to ABLE accounts
* Savers’ credit for 529s
* Clarification of distribution timing

Barbara raised the issue of using 529s for K-12 and whether CSF would support it. It was decided that CSF would be agnostic about it.

Liz prepared and reviewed a briefing paper regarding the treatment of 529 college savings assets in financial aid. It is recommended that federal methodology would exclude all 529 assets. The Board unanimously supported this proposal.

1. Legislation & Pre-Legislative Matters

**K-12 Scholarship Program**. Per an update from Randy Hardock on 5/18/17: A Virginia K-12 scholarship program (65% state tax credit) is mentioned in a white paper on how school voucher tax shelters undermine public education. This is getting some attention in tax press and we will want to monitor since it could come up if the K-12 debate heats up (a Rubio bill to give a Federal tax credit for private school scholarships is mentioned). See accompanying press report at end of Agenda.

**HR529 529 and ABLE Account Improvement Act of 2017** – 1) Creates gross income exclusion for employer contribution to an employee’s 529 and ABLE account of up to $100 per year (inflation adjusted annually); 2) Permits 529 funds to be used for education loan payments or charitable contributions; 3) Permits tax-free rollovers between 529 and ABLE accounts; and 4) Clarifies that investment rebalancing is not an investment direction. (Rep. Lynne Jenkins R-KS)

**S\_\_\_\_\_\_\_ Boost Savings for College Act** – Not yet introduced but expected at some point this session. Most recent version of this bill, S2869 was introduced in the 114th Congress by Sen. Richard Burr.

**HR675 EPIC Act** – permits 529 funds to pay for elementary and secondary education expenses (Rep. Patrick Henry, R-NC)

**HR716 Enhancing Educational Opportunities for All Students Act** – also permits 529 funds to pay for elementary and secondary education expenses. Also allows payment of home school expenses from Coverdells and removes dollar limitation on Coverdell contributions but amount saved cannot exceed qualified education expenses. (Rep. Luke Messer, R-IN)

**HR283 Student Debt Repayment Fairness Act** - permits 529 funds to be used for education loan payments. (Rep. Elise Stefanik, R-NY)

**S806/HR1880 Bill to Amend Higher Education Act to ensure College for All** (Sen. Bernard Sanders, I-VT / Rep. Pramila Jayapal, D-WA). Goal is to eliminate tuition and fees at public four-year colleges and universities for students from families that make up to $125,000 per year. The bill would also make community college tuition-free for all income levels.

**S817/HR1874 ABLE Age Adjustment Act** - Increases the age threshold for eligibility from 26 to 46. (Sen. Robert Casey D-PA / Rep. Tony Cardenas D-CA-29)

**S816/HR1897 ABLE Financial Planning Act** - Permits tax-free rollovers of amounts from qualified tuition plans (529 plans) to qualified ABLE programs.

(Sen. Robert Casey, D-PA / Rep. Cathy McMorris Rodgers, R-WA)

**S818/HR1896 ABLE to Work Act** - Amends §529A to allow: (1) an ABLE account beneficiary to make contributions to an ABLE account equal to the lesser of such beneficiary’s compensation or an amount equal to the federal poverty line for a one-person household, and (2) a retirement savings tax credit for contributions to an ABLE account. (Sen. Richard Burr, R-NC / Rep. Cathy McMorris Rodgers, R-WA)

**HR1656 HELP (Higher Education Loan Payments) for Students and Parents Act**- Expands tax exclusion for employer-provided educational assistance programs to exclude from the gross income of an employee: 1) employer payments of Higher Ed loans incurred by the employee and 2) any dependent 529 contributions made by employer (currently max. exclusion is $5,250). (Rep. Patrick Meehan, R-PA)

1. MSRB & Other News

**MSRB’s New Strategic Goals**. On June 19th, the MSRB released its new strategic goals. “We are emerging from an intense period of rulemaking driven in part by the imperatives of the Dodd-Frank Act and the 2012 Securities and Exchange Commission Report on the Municipal Securities Market,” said MSRB Executive Director Lynnette Kelly. “It’s an appropriate time for the MSRB to shift our focus and assist regulated entities with their compliance efforts. Our updated goals prioritize initiatives such as issuing guidance, advisories and FAQs that will support that endeavor.” The MSRB’s updated strategic goals are: Facilitate industry understanding of and compliance with MSRB rules through rule guidance, clarification and education in support of market efficiency.

1. Further evolve the EMMA website into a comprehensive transparency platform that meets the needs of municipal market participants and the public.
2. Optimize the use and dissemination of municipal market data to further support market transparency and inform regulation.
3. Leverage the MSRB’s unique perspective and expertise as an independent self-regulatory organization.
4. Promote financial sustainability by assessing fair and equitable fees, diversifying funding sources and spending responsibly.

<http://www.msrb.org/News-and-Events/Press-Releases/2017/MSRB-Announces-New-Strategic-Goals.aspx>

**Morningstar Not Publishing Industry Landscape This Year**. On May 25th, Morningstar published an article entitled “What’s New with 529 Plans” (<http://news.morningstar.com/articlenet/article.aspx?id=810327>) and later confirmed to Andrea Feirstein that they will not be publishing its usual industry landscape review.

**Fiduciary Rule Takes Effect**. Wall Street Journal 5/22/17 article – Fiduciary Rule to Take Effect June 9 With No Further Delay, Labor Secretary Says. By Lisa Beilfuss <https://www.wsj.com/articles/fiduciary-rule-to-take-effect-june-9-with-no-further-delay-labor-secretary-says-1495507489>

**529 Blog by Roger Michaud**. Blog article written by Roger Michaud on 5/22/17 discussing tips and strategies to help fund a college education, including a new platform leveraging the concept of crowdfunding. [http://us.beyondbullsandbears.com/2017/05/22/spryng-into-saving-for-college/](https://linkprotect.cudasvc.com/url?a=http://us.beyondbullsandbears.com/2017/05/22/spryng-into-saving-for-college/&c=E,1,q68Hqf5dTOc4iZeiQDBtoI9I9KLO-Ja1YiFmRRVKrkscLqIk6l2EynRYJhSiNY6eBbLN47bFxhwGcqtdn2FSTPrLDq5uYBJvPzgA58-QWg,,&typo=1) For complete text, see article at end of agenda.

**A friendly reminder from the MSRB on compliance**. On 5/8/17 the MSRB announced that it is reminding municipal advisor firms of their obligation to ensure that every individual associated with the municipal advisor firm is qualified in accordance with the rules of the MSRB. Pursuant to [MSRB Rule G-3](http://links.govdelivery.com:80/track?type=click&enid=ZWFzPTEmbXNpZD0mYXVpZD0mbWFpbGluZ2lkPTIwMTcwNTA4LjczMTE2NjIxJm1lc3NhZ2VpZD1NREItUFJELUJVTC0yMDE3MDUwOC43MzExNjYyMSZkYXRhYmFzZWlkPTEwMDEmc2VyaWFsPTE2OTIyODI1JmVtYWlsaWQ9Y21jZ2VlQHZpcmdpbmlhNTI5LmNvbSZ1c2VyaWQ9Y21jZ2VlQHZpcmdpbmlhNTI5LmNvbSZ0YXJnZXRpZD0mZmw9JmV4dHJhPU11bHRpdmFyaWF0ZUlkPSYmJg==&&&100&&&http://msrb.org/Rules-and-Interpretations/MSRB-Rules/General/Rule-G-3.aspx), an associated person of a municipal advisor firm who engages in municipal advisory activities on behalf of the municipal advisor firm is required to be qualified as a “municipal advisor representative” by passing the Municipal Advisor Representative Qualification Examination (Series 50). After September 12, 2017, only an associated person of a municipal advisor firm who has passed the Series 50 exam can engage in municipal advisory activities on behalf of the municipal advisor firm. [Read the full notice](http://links.govdelivery.com:80/track?type=click&enid=ZWFzPTEmbXNpZD0mYXVpZD0mbWFpbGluZ2lkPTIwMTcwNTA4LjczMTE2NjIxJm1lc3NhZ2VpZD1NREItUFJELUJVTC0yMDE3MDUwOC43MzExNjYyMSZkYXRhYmFzZWlkPTEwMDEmc2VyaWFsPTE2OTIyODI1JmVtYWlsaWQ9Y21jZ2VlQHZpcmdpbmlhNTI5LmNvbSZ1c2VyaWQ9Y21jZ2VlQHZpcmdpbmlhNTI5LmNvbSZ0YXJnZXRpZD0mZmw9JmV4dHJhPU11bHRpdmFyaWF0ZUlkPSYmJg==&&&101&&&http://msrb.org/~/media/Files/Regulatory-Notices/Announcements/2017-09.ashx).

1. ABLE Updates

CSF has received an invoice for dues to the ABLE Alliance for Financial Empowerment (AAFE). As a reminder, during an earlier Board meeting CSF decided to join for a quarter to determine whether or not it would join. There is another group, ABLE National Resource Center, that has also been formed. After review and discussion, it was decided that Chris McGee would look into the ABLE National Resource Center to determine the amount for dues and CSF will look into the possibility of joining both organizations.

1. State Updates

The Pennsylvania legislature is again considering whether to limit the personal state income tax deductibility of 529 contributions to only those contributions made to the PA529 College Savings Program.  They’ve considered this proposal at least once before in their 2011-12 session.  Link to bill: HB 1385 [http://www.legis.state.pa.us/cfdocs/billinfo/billinfo.cfm?syear=2017&sind=0&body=H&type=B&bn=1385](https://linkprotect.cudasvc.com/url?a=http://www.legis.state.pa.us/cfdocs/billinfo/billinfo.cfm%3fsyear%3d2017%26sind%3d0%26body%3dH%26type%3dB%26bn%3d1385&c=E,1,7qnD-FSLQOxZyt2HfGEbNxaEMOGHiZ--cFB2yZYMXThck7sL1vl8uXZO4XPn-eyauvBcCO4iHxXo2x0ptFtGvysKGLzVcqrynAc5cPuXeq2sg-YT2TTvJyogyA,,&typo=1)

1. The next LLRA Meeting is scheduled for July 12, 2017.

**Conference Committee:**

Deb Smith gave the report.

**When:**

March 20 – 22, 2018

**Where:**

Hotel Palomar in Phoenix

100 rooms

$239/night

**Other:**

Obtaining insurance for cancellation or for people who are unable to attend due to weather, etc. The committee will decide what level of terrorism coverage to get. Basic coverage (up to $140,000) is $500 with additional costs for acts of terrorism coverage.

***Limited Terrorism Extended Terrorism Full Terrorism***

$500 $570 $640

**Theme:**

*Working Together Towards Tomorrow with 529 Plans: Trends, Growth Strategies and Opportunities*

**App:**

CSF will offer the option of a conference book or App and will go with Guidebook

**Sessions:**

* 45 minutes is good with longer sessions depending on topic
* Pattern of panels and individual speakers dispersed throughout agenda

**Suggested Topics:**

* Legislative Update – 2 sessions:
  + One on tax reform from a high level of the politics and likely passage and the second part an in-depth look at the bill
  + One on other pieces of legislation affecting 529 plans. i.e. HEA Reauthorization; Warner bill; Wyden bill, etc.
* Distribution Strategies – best practices, difference between direct and advisor-sold; technology – people using this instead of an advisor and how to reach out to a new generation.
* “People on the Street” session. Have this after lunch on the 21st. Assign numbers to people and have them go off in groups and get answers to questions. This part will last about 40 minutes. Come back to the conference and report in on what they learned. Thinking about making this the 2nd session on Thursday morning.
  + Plan to assign conference attendees to groups and provide that information as well as questions when they register
  + Give people (public) something or participating – perhaps a key chain with a small piggy bank with the CSF logo on it
  + Get clipboard with CSF logo in them
  + Get releases from participants so we can use pictures/recordings/statements in at conference and any social media efforts\

Further discussion about this resulted in suggestions to ask questions ahead of time and recommended that the Committee further define how this would work.

* Marketing outreach success stories (how to acquire new accounts - who is having success
* Research Session
* What’s happening with Advisor-sold plans:
  + Recommendations for Future
  + Developments in plans (T-shares; C-shares)
* Session about Millennials:
  + How to approach/marketing
  + Bring in a few experts with research on communicating on how to talk and market to millennials
* Making 529 plans more accessible to lower and middle income Americans
  + CSAs and research
  + CFED; Aspen Institute
  + Meeting the needs of the underserved populations
* Keynote speaker or larger panel:
  + Address the issue of the Value of a College Degree
  + Either have a single speaker or panel made up of author of WSJ piece (Richard Vedder); someone from the NY Fed (WSJ used stat that 40% of recent college graduates are “underemployed,” often for a long time); College Planner who works with parents and how they address this issue

A review of sponsorship material and ad pricing for CSF members resulted in those staying the same as previous years. Kathy has reached out to the graphic designer who will start working on material for the conference beginning with the Save the Date.

**Membership Committee:**

Rob Tirrell gave the report. There are no new members after the conference. The Membership Committee will get together and think of a proactive strategy for getting new members. Paul Curley suggested reaching out to consultants in the prepaid space, etc. We need to get a list of these people/companies to reach out to them in the future.

**Media Committee:**

Rich Polimeni gave the report. Rich mentioned the press releases issued in the second quarter including the Youth Survey and thanked Lynthia Romney for doing a great job lining up media to cover CSF. Lynthia gave a detailed update.

Roger Michaud recommended that CSF consider doing a survey of millennials – those with children and those without to learn more about savings patterns, etc. It was agreed that CSF would conduct this survey. Bill Wostoupal and Scott May offered to doing an initial survey of their staffs as they have many millennials working there. It was agreed that CSF would do this.

The media committee’s second quarter activities include:

2017 CSF Conference:

CSF was profiled in four broadcast placements in Charleston, using the expertise of Rich Polimeni, Mary Morris and Roger Michaud. Video clips are posted on CSF website:

* Rich Polimeni told NBC affiliate WCBD-TV in Charleston what parents can do to save early and avoid costly student debt. The reporter/camera came to the conference to capture background footage and interview Rich.
* Roger Michaud appeared on ABC-TV affiliate "Good Morning Charleston" WCIV to speak on how 529s help parents -- including middle and lower-income parents -- save for college.
* Roger appeared on FOX affiliate WTAT-TV on how 529 college savings plan help families including grandparents save for college.
* Mary Morris told viewers of CBS affiliate WCSC-TV about strategies for saving through 529s and funding college
* Collaborated with office of State Treasurer Curtis Loftis, Jr. including drafting a press release welcoming CSF to Charleston, which they posted on the website and distributed on the local news wires.
* Connected Liz Weston of *NerdWallet* by phone to Andrea Feirstein on the topic of 529 state tax breaks and who was then quoted in a syndicated story.

High School Survey:

* Collaborated with, Executive Committee, Marketing Task Force and Davis & Harman to update the questions for CSF’s eighth annual *How Youth Plan to Fund College* survey of high school students. Careful analysis of information including cross-tabulation of results were included in final press release
* Distributed press release on PRWeb and customized emails to national print and broadcast media covering personal finance, higher education and parenting, to include bloggers. PRWeb produced some 200 postings including AP news online sites.
* Developed Infographic depicting key findings in colorful one-page visual.
* Intensive email and telephone pitching campaign allowed us to touch base with key reporters with *Forbes, Market Watch, Money Sense, Financial Advisor, Thomson Reuters* and others. A new *Forbes* column cites CSF’s 2016 survey results.
* Arranged interviews and produced talking points for spokespeople. Placements to date:
  + *Pittsburgh Post-Gazette –* interview with Rich Polimeni. Column is syndicated.
  + *Business for Breakfast 1510 Money Radio* - interview with Rich Polimeni
  + *Bob Brooks’ Prudent Money*
  + Steve Rosen column on “*Kids and Money” for Tribune.com,* a syndicated column expected following extensive interview with Roger Michaud.

Nick Jr. Partnership:

* Drafted and distributed via PR Web a press release announcing CSF’s and Nick, Jr.’s collaboration connecting visitors of Nick Jr,’s Family Engagement with a link to CSF’s website.

CSF Member Media:

* Responded to Merrill Lynch inquiry for college savings story to be released to 900,000 investors. Spoke with writer on his questions and drafted answers based on input from Rich Polimeni.

**Marketing Task Force:**

Regina Carmon gave the report. Kathy Hamor reported on the partnership between CSF and Nick Jr. Beyond the Backpack website. CSF issued a press release about it and put up a welcome page to people coming over from Nick Jr. The Marketing Task Force finalized a Social Media Posting policy and also is looking to hire a part-time social media coordinator. Kathy posted it on Indeed.com and in less than 2 days, CSF has received over 50 resumes. Regina asked the Board and CSF members to look at the positon description and see if they could recommend anyone for the position.

**529 Administrative Issues Task Force:**

Scott May gave the report. He mentioned that the Task Force had its first call last month and discussed DTCC enhancements, ICI Administrative Task Force and during an open forum discussed advisory fees; Class C shares and how do firms handle them; dealer resignations and how do firms handle those; and with 529 distributions, how is the coding done which includes the timing of the distribution.

The Task Force will meet via call on a quarterly basis.

**CSPN Strategy:**

Arthur Dunn provided Rich Polimeni with an overview of What CSPN plans to do over the next several years. CSF would like to work with them on some of these items in the future.

**America Saves Week 2018:**

Peter Mazareas provided an overview of America Saves Week which is organizes by the Consumer Federation of America. Peter and John Hupalo noted that there was a lack of information about college savings and will be leading efforts for a college savings day during that week. Peter will keep CSF informed of these efforts going forward.

**Next Board Meeting:**

September 26th at 1 p.m. (Franklin Templeton Offices in NYC). Dinner that evening

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