

Brainstorming Session Notes February 15, 2017

- **Question 1 Direct and Indirect impact of DOL fiduciary rule on 529:**
 - Fee reductions, which can be a positive on the advisor side
 - Changes in structure of A and C shares
 - Mutual fund share class pricing impacts 529s generally
 - Question is, given these changes would an advisor want to sell more or less?
 - If advisors are drawn away, then those gaps would result in a shift in assets from Direct to Advisor Plans
 - Currently so much attention to retirement and DOL rule compliance but 529s provide opportunity for a different kind of conversation and hopefully the focus would come back to 529 after dust settles
- **Question 2 How important is having a fee-based 529 platform to the industry? How would it be designed?**
 - With DOL rule and transition to more fee-based 529 platform, if not making it easier for advisors, more people will end up without advisors
 - We need to pass legislative that deems fees taken out of 529 accounts as qualified withdrawal, just as it is in the IRA space
 - Question arises whether the net effect result in two share classes – one with a trail and one without a trail
 - Most advisors would say that the 529 market is relatively small but the right level of fees are needed to keep them in the game
 - It's undeniable that businesses are moving toward to a fee-based platform. Technology will ramp up this process and omnibus is an example of this. Two percent of 529 assets are in a fee-based platform but if we get distributors involved then more assets will follow
 - It's not enough to just offer a fee-based platform – must be integrated into the broker's platform
 - There must be a distribution force that speaks to fee-based advisors because otherwise they won't "sell themselves"
- **Question 3 Recommended Approach for 529 Day and other National campaigns?**
 - An idea is to ask coaches of NCAA Collegiate teams at sporting events to make public service announcements. Unfortunately NCAA has extremely strict rules about advertisements and is extremely expensive.
 - 529 Day is great but it is a one day event. To be effective need multiple touches multiples times per year
 - Pre-record advertisements at FOX, NBC, or other news stations and release it on 529 Day nationwide
 - Use TV network to shoot Treasurer or somebody prominent
 - It seems that news is more focused on politics than 529s
 - National effort is required of which pieces are released into news outlets. News networks are always looking for content. One ups are not as effective as the entire 529 industry coming together and building a voice and awareness