**College Savings Foundation**

**Board Meeting**

**September 24, 2014**

**Washington, DC**

Present: Roger Michaud, Franklin Templeton Investments; Kyla Doyle, Fidelity Investments; Elizabeth Fontaine, MEFA; Mary Morris, Virginia College Savings Plan; Chris McGee, Virginia College Savings Plan; Rich Polimeni, Bank of America/Merrill Lynch; Regina Carmon, College Savings Bank; Bill Raynor, OppenheimerFunds; Mary Nickeson, Wealth Management Systems; Stacey Belford, American Century Investments; Arthur Dunn, Boston Financial Data Systems; Chris Lynch, TIAA-CREF; Maria Manotok, Capital Research and Management Company; Peter Mazareas, Invite Education

Phone: Deb Smith, John Hancock Investments; Stefanie Mattson, State Farm; Rachel Biar, Nebraska College Savings Plan; George Betzios, Spectra Professional Services; Paul Curley, Strategic Insight; Rich Wolle, Franklin Templeton Investments; Nancy Sobin, College Savings Bank; Mark Chapleau, Mark Chapleau Esq.; Joe Hurley, savingforcollege.com; Scott Hintz, State Farm

Consultants: Barbara Pate, Davis & Harman; Randy Hardock, Davis & Harman; 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 Board Meeting.

**James Bergeron Presentation:**

James Bergeron, President of the National Council of Higher Education Resources (NCHER) addressed the CSF Board meeting attendees. He mentioned that NCHER has 104 members (9 are state agency members that administer 529 plans) whose mission is heling families prepare and pay for higher education. A number of NCHER members currently service student loans and a number of members are becoming third-party servicers. James discussed the main issues facing families today are the ability to repay loans/student defaults and getting the jobs necessary to get ahead.

Bergeron then discussed how CSF and NCHER could work together.

* Engage students
  + How to improve entrance and exit counseling
  + Look at a universal approach and not just for those getting loans (to include parents as well as Pell grant recipients)
  + Financial literacy
* Financial Literacy efforts
  + Very fractured; according to GAO there are 207 programs across the federal government. Many of these are not state-based.
  + Should look at these efforts in terms of pre-college; college; post-college
  + The number one issue for NCHER is how doe students and families have access to financial literacy for the debt service of loans
  + How do financial literacy programs add value? Looking at elements to see what works

James then mentioned that he would like to have CSF speakers at NCHER conferences. There is an NCHER legislative conference in Washington, DC in February and he invited CSF to speak. CSF would also look for speaking opportunities for NCHER at conferences, etc.

**March 2014 Board Meeting Minutes:**

The minutes from the Board meeting held on June 12, 2014 in Washington, DC were approved unanimously.

**Financial Report:**

Kyla Doyle gave the financial report.

She noted that CSF is on track with the budget and that there is a slight increase in membership since the last Board meeting. CSF has more than $111,462 on hand. The Financial Report was approved unanimously by the Board.

**Chair Report:**

Mary Morris discussed the follow up strategic thinking session (first one held on April 3rd in New York) would be held in Washington the day after the CSF Board meeting.

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

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

**ABLE Update**

Chris McGee said that ABLE has been a focus over the previous few weeks. Randy Hardock gave an update on ABLE. He believes that there has been a “meeting of the minds” on changes. He mentioned that CBO has a new estimate of the Ways and Means Committee bill that has been reduced by $50 million over 10 years. There was a frantic pre-recess (September – November) to get the bill done. Ultimately they were not able to get an agreement on off-setting spending cuts and tax increases to get it done. It feels like they are very close to getting an agreement on this.

There are 3 big issues with the bill:

1. Not having access to private health information
2. 1 ABLE account per person rule
3. Accounts must be established in state of residency

Another issue is that there is no investment direction rule. It is troublesome if we try to get changes to this for 529s. There was discussion on what CSF should do over the next several months about key issues in ABLE. There was consensus that CSF should communicate with Congressional staff about what needs to be done to fix these to make them work better. The recommended approach is “*having more than 15 years of experience implementing 529s, we can help make these accounts work thereby helping families.”* There are three areas that need to be addressed to make these plans work better:

1. Investment direction (there is no score). It was decided that we cannot change the $14,000/year contribution limit
2. Why are these accounts restricted to one account per beneficiary?
3. Why do these accounts need to be in the home state of the beneficiary?

The next step is to prepare a short one-pager and meet with: Representatives Camp, Crenshaw, Van Hollen, House Majority Leader Boehner, Senators Casey, Wyden, and Burr.

***Bobrow v. IRS***

Earlier this year the tax court determined that the IRA rollover rule, which limits rollovers to one time per year, applies to all IRAs an account holder may have (and not for each one). After the decision, Treasury provided a one-year grace period before enforcement, so accounts for 2014 are unaffected.

Randy drafted a letter for CSF review. The approach in the letter is to remind IRS that they do not have to apply the Bobrow decision to 592 plans. The next step is for Randy to call Treasury first to discuss this, get their opinion and then consider sending the letter.

**Federal Legislation**

HR 529 (Reps. Lynn Jenkins (R-KS) and Ron Kind (D-WI))

Expands the Saver’s Credit to include 529 plan contributions

Permits $600 employer contribution to employee 529 accounts

Status: Introduced, Assigned to the House Ways and Means Committee.

S 2882: Enhanced 529 – S.A.V.E. Act (Sen. Mitch McConnell (R-KY))

Introduced 09/18/14, the bill is nearly identical to HR 529.

Status: Assigned to the Senate Committee on Finance.

HR 4333 (Reps. Lynn Jenkins (R-KS) and Ron Kind (D-WI))

Makes computers a qualified higher education expense

Increases to four the number of investment directions permitted in a year

Removes distribution aggregation requirements

Permits re-deposit of college refunds

Allows Roth IRA Rollover of excess 529 balances

Status: Introduced, Assigned to House Ways and Means Committee.

HR 647/S 313: ABLE Bill (Rep. Ander Crenshaw (R-Fla)/Sen. Bob Casey (D-PA))

Achieving a Better Life Experience Act:

529-like savings accounts for qualified disability expenses

Same federal tax treatment as 529 college savings accounts

Burdensome reporting requirements

Status: Introduced, House Ways and Means Committee reported HR 647 on a voice vote/Senate Committee on Finance held a hearing on S 313.

HR 3393: Student and Family Simplification Act (Rep. Diane Black (R-TN))

Consolidates four existing education provisions: the Hope Credit, the American Opportunity Tax Credit (AOTC), the Lifetime Learning Credit, and the Tuition Deduction into a single, modernized AOTC. Passed House (227-187).

Other Federal Legislation: *S 918/HR 2155* - American Dreams Act; *HR 5554* 529s for Veterans Medical Expenses; *HR 3029* – College Savings Enhancement Act of 2013.

There was discussion about the McConnell bill (S. 2882) which is the same as the Jenkins bill and if CSF would approach both about the bill and recommend merging the bill and then rewrite the employer provisions. If this approach is approved, CSF will need to go to them in December for next year.

Congressional meetings have been scheduled for the morning of September 25th. Mary mentioned that CSF received an email from a staff member of Representative Cooper’s office regarding 529 plans and in particular, the Tennessee 529 plan. Mary spoke with Tennessee Treasurer Lillard about it and who said that he would speak to Rep. Cooper about the issues raised by the staff.

**MSRB/SEC**

Chris McGee gave the report. He mentioned that the MSRB would like organizations to share what their priorities for MSRB over the next five years. The deadline for comments is October 23, 2014.

1. MSRB Announces New Resources on Disclosures Made to Muni Bondholders. (September 17, 2014): The MSRB today continued its focus on promoting timely and complete disclosure in the municipal securities market with the release of an educational podcast that emphasizes for issuers the importance of disclosures to bondholders. “Providing Disclosure Information to Investors,” provides an audio overview of issuers’ obligations to disclose key financial information to investors through the MSRB’s Electronic Municipal Market Access (EMMA®) website. <http://www.msrb.org/News-and-Events/Press-Releases/2014/MSRB-Provides-Educational-Resources-on-Disclosures-Made-to-Bondholders.aspx>
2. MSRB Announces Move of its Office Operations to Washington D.C. in 2016. (September 12, 2014): The MSRB announced that it has signed an agreement to move its office operations to Washington, D.C. when its current lease expires in 2016. The MSRB, which regulates the municipal securities market, will lease space in the Franklin Square office building at 1300 I Street, NW in the District. The MSRB’s offices are currently housed at 1900 Duke Street in Alexandria, VA. <http://www.msrb.org/News-and-Events/Press-Releases/2014/MSRB-Announces-2016-Move-to-DC.aspx>
3. MSRB Request to SEC on Most Favorable Pricing Published in Federal Register. Deadline for public comment is September 29, 2014. The MSRB’s request for approval from the SEC of a proposal to require municipal securities dealers to seek the most favorable price possible when executing transactions for retail investors has been published in the Federal Register. The “best-execution” standard for transactions in the municipal market aims to protect investors and improve the structure and efficiency of the municipal market. <http://www.gpo.gov/fdsys/pkg/FR-2014-09-08/pdf/2014-21249.pdf>
4. MSRB Asks You What It Strategic Priorities Should Be Over Next Several Years. Deadline for comments should be submitted to the MSRB no later than October 23, 2014. The MSRB, which oversees the $3.7 trillion municipal securities market, is seeking public input on its priorities to help guide the organization’s strategic direction for the next several years. The mission of the MSRB is to protect investors, state and local government issuers, other municipal entities and the public interest by promoting a fair and efficient municipal market. <http://www.msrb.org/News-and-Events/Press-Releases/2014/MSRB-Seeks-Input-on-Strategic-Priorities.aspx>

Upcoming Conferences.

CSF 2014 Conference, March 3-5, 2015, Stephen F. Austin Intercontinental Hotel, Austin Texas

Next LLRA Meeting: November 5, 2014 @ 1:30 p.m.

**Conference Committee:**

Scott Hintz and Nancy Sobin gave the report. The CSF 2015 Conference will be held from March 3-5, 2015 at theIntercontinental Steven F. Austin Hotel in Austin, Texas. The contract is signed with 90 rooms guaranteed. The room rate is $239/night.

The theme of the conference is **Career Planning and the Role of 529s.** The Committee notes that it is the *10-year anniversary of the CSF Conference*

Structure:  1 ½ day conference along with a Financial Professional session in the afternoon before the Public session

Nancy and Scott reviewed the sessions and post-conference Financial Professionals and Public sessions. Rich Polimeni will look for an advisor in Texas to be on the Financial Professionals session. Mary and Kathy reviewed a new approach to sponsorships which would be to get sponsors at various levels (Platinum, Gold, Silver, and Bronze) and have them sponsor the entire conference to include the post-conference sessions. The sponsorships would likely cover a conference event, certain amount of free registrations and an ad in the book depending on the level of sponsorship. These will be further developed and provided to the Executive and Conference Committees for approval. The cover ads would not be included in this approach.

**Membership Committee Report:**

Rich Polimeni gave the membership committee report. Rich reported that there are three new members of CSF since the last Board meeting: Voya Investments (formerly ING), GiftofCollege and Northstar Financial.

Rich mentioned that Morgan Stanley has indicated that they will be joining CSF. He also mentioned that Vanguard and Ascensus should consider joining.

Rich recommended that CSF keep its incentive of discounted membership (first year’s membership reduced by conference fees) within 60 days of the conference and that the 60 days should be enforced.

**Media Report**:

Roger Michaud and Lynthia Romney provided the update on CSF media efforts. 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 middle class families to save for their children’s college education.

Since the Board report in June, we have been conducting media outreach primarily around our annual surveys and data releases:

***How Youth Plan to Fund College* Survey:**

* Media resulting from the Youth survey but not reported at last Board meeting:
  + Tim Grant of ***Pittsburgh Post-Gazette*** wrote story on vocational school angle, quoting Mary Morris and links to cost comparison statistics from client.
  + ***Money***story quoted Mary Morrison investment trends of grandparents, including data from Youth survey.
  + ***US News & World Report*** covering Sallie Mae survey and quoting Mary Morris from *Pittsburgh Post-Gazette* story.
  + ***InvestmentNews –*** Mary Morris interviewed for story on grandparents.

**8th Annual State of College Savings survey of parents:**

Crafted press release and Executive Summary including charts and graphs. Distributed through PR newswire and through new and updated media lists of influential print, broadcast and newswire media.

***Business for Breakfast - Money Radio* 1510** in Phoenix

***Forbes*** – placement with focus on Millennials

***Pittsburgh Post-Gazette*** – placement with focus on 2- year colleges

***Financial Advisor*** – placement

***Business Journal*** (Youngstown, OH) story picked up from press release

***Kiplinger’s* –** interview with Mary Morris (still awaiting story)

Chase/Reyna Gobel – interview with Mary Morris (still awaiting story)

Just prior to survey release, ***Atlanta-Journal Constitution*** included 2013 Parents survey data in a back to school savings story.

Worked with Marketing Task Force to supply key facts for social media. Submitted updated charts of Youth and Parents Surveys for FB and LI postings.

Prepared press release on 2nd quarter data and distributed to various media.

Pamela Yip from ***Dallas Morning News*** expressed interest in story.

Roger mentioned that the Committee would like to generate ideas for other surveys and asked people to contact him if there are any new ones. The Committee would like get the word out that 529 plans can be used for more than just 17 and 18 year olds. He discussed conducting a survey of people to determine their level of knowledge about using 529s for more than that age group. There was a discussion about this and the Committee will work on a survey as well as ways to reach the appropriate audience for taking the survey.

**Data Committee:**

Rich Wolle gave the report. He mentioned that the 2nd quarter 2014 data was release earlier in September. The Data Committee met several times since the last meeting and discussed the MSRB G-45 data efforts. Once the guide for the data is drafted by MSRB, the Data and Legislative, Legal and Regulatory Affairs and Administrative Task Force would meet to review and provide comments.

The Committee also looked at data elements that would be useful to members. It was decided that the Committee will look into this further. It was also recommended that the Committee work on all data related to college financing and provide it to members on the Members Only part of the CSF website.

**Marketing Task Force:**

Co-Chair Regina Carmon gave the report. Regina noted that with regard to social media, we are making headway with new fans.

**Social Media Reach:**

As of Sept. 19, there has been steady growth. Facebook is up to 89 Likes (10 new in 2014); and Twitter is up by 30 Followers (105 new followers in 2014) for a total of 257.

**Infographics:**

Interesting data points taken from CSF surveys have been ‘dripped’ via Twitter, LinkedIn and Facebook.

**Advisor Survey:**

* ***Team***: Regina Carmon, Marcos Cordero, Kathy Hamor, Peter Mazareas, Lynthia Romney, Vivian Tsai, Martha Kortiak Mert, Wayne Weber
* ***Survey Target Audience***: FAs, RIAs, IARs, CPAs, Estate Planning Attorneys
* ***Tentative Survey Launch***: January 2015
* ***Results Revealed***: Late January 2015. Use results as an outreach lure to the Financial Professional and Public Sessions during CSF 2015 Conference (Austin, TX)
* ***Purpose of Survey.*** As per the U.S. Government Accountability Office’s report on 529s, only 3% of American families have a 529. (Lynthia) Parent Survey revealed more parents of children under 18 are using 529s—30%. The survey will help us:
  + Discover who they are and do we help more families get involved from the advisory perspective.
  + Discover why financial professionals are not selling 529s and if those reasons are seen consistently throughout the respondents.
  + Discover what the industry can do to resolve the problem.
* ***Reaching our target audience:***
  + (Marcos/Martha) SFC.com has approx. 15k advisors on their mailing list and offered the use of their list.
  + Contact financial planning trade magazines (Inv. News), with the option to:
  + Social Media: Identify and contact LinkedIn groups
  + Reputable Bloggers (i.e., Michael Kitces)
* ***Survey Questions*.** Survey will be comprised of 12-13 questions. The initial step will be to take an inventory of current advisor surveys conducted by other firms—Legg Mason, Edward Jones, Fidelity—and assess the types of question being asked to generate our own.
* ***Next Steps*.** Team members volunteered to work on the following:
* Vivian: Research various trade organizations and magazines, AICPA to get price quotes
* Martha: Research existing surveys
* Regina: Research social media groups (LinkedIn)
* Team: Organize all survey questions provided by Martha’s research
* Smaller Team (Vivian, Kathy, Regina, Lynthia): Work on survey outline

**Administrative Issues Task Force:**

Arthur Dunn gave the report and stated that plans are to work with a small subset of the Board about what we want to do and align it with interests of the organization.

**Other Business:**

Mary mentioned that CSF was holding Congressional meetings on the morning of the 25th and for those attending, please meet at the offices of Davis & Harman at 9:15.

The meeting was adjourned at 4:25 p.m.