

COLLEGE FINANCIAL PLANNING

Seeing the Whole Picture



Making a 529 plan a vital piece of the financial picture

Dodd-Frank

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MUNICIPAL ADVISOR DEFINITION

- THE DEFINITION OF MUNICIPAL ADVISOR INCLUDES:
- A PERSON THAT PROVIDES ADVICE TO A MUNICIPAL ENTITY WITH RESPECT TO THE ISSUANCE OF MUNICIPAL SECURITIES, INCLUDING ADVICE WITH RESPECT TO THE STRUCTURE, TIMING, TERMS, AND OTHER SIMILAR MATTERS CONCERNING SUCH ISSUES.

APPLICATION TO 529 PLANS

- IN A WRITTEN STATEMENT TO THE SENATE BANKING COMMITTEE LAST YEAR LYNN HOTCHISS, EXECUTIVE DIRECTOR OF THE MSRB BOARD, SAID:
- “WITH THE ENACTMENT OF DODD-FRANK, THE MSRB NOW HAS AUTHORITY TO ADOPT A MORE COMPREHENSIVE SET OF RULES THAT GO BEYOND THE BROKERS MARKETING 529 PLANS TO PROFESSIONALS THAT ADVISE THE STATES ON THE STRUCTURE AND RELATED FUNDAMENTAL MATTERS RELATING TO THE OPERATION OF SUCH 529 PLANS THAT HAVE A DIRECT IMPACT ON INVESTORS AND BENEFICIARIES OF THE PLANS.”

FIDUCIARY DUTY – THE DUTY OF LOYALTY

- FROM THE INTERPRETATIVE NOTICE ON RULE G-36:
- “THE RULE G-36 DUTY OF LOYALTY WOULD REQUIRE THE MUNICIPAL ADVISOR TO DEAL HONESTLY AND IN GOOD FAITH WITH THE MUNICIPAL ENTITY AND TO ACT IN THE MUNICIPAL ENTITY’S BEST INTERESTS WITHOUT REGARD TO FINANCIAL OR OTHER INTERESTS OF THE MUNICIPAL ADVISOR.”*
- *Underlining added for emphasis.