



August 31, 2011

Mr. Ronald W. Smith
Corporate Secretary
Municipal Securities Rulemaking Board
1900 Duke Street, Suite 600
Alexandria, Virginia 22314

By Email: CommentLetters@msrb.org

Re: MSRB Notice 2011-33 (July 19, 2011) – *Request for Comment on Plan to Collect Information on 529 College Savings Plans* – Response of **College Savings Foundation**

Dear Mr. Smith:

The College Savings Foundation (CSF) is a not-for-profit organization with the mission of helping American families achieve their education savings goals by working with public policy makers, media representatives, and financial services industry executives in support of 529 college savings programs. CSF serves as a central repository of information about college savings programs and trends and as an expert resource for its members as well as representatives of state and federal government, institutions of higher education and other related organizations and associations. CSF's members include state 529 plans, investment managers, broker-dealers, other governmental organizations, law firms, accounting and consulting firms, and non-profit agencies that participate in the sponsorship or administration of 529 college savings plans.

CSF is committed to providing information useful to those saving for higher education, to assist them in knowledgeably selecting a 529 program. Most importantly, CSF fully supports a transparent 529 marketplace and broad dissemination of relevant information. CSF and its members are equally dedicated to working with the Municipal Securities Rulemaking Board (MSRB) in its efforts to gain a better understanding of the industry, its participants, and its customers. MSRB Notice 2011-33 (the Notice) provides an excellent opportunity for the MSRB, CSF, and other 529 industry participants to begin a dialogue about a centralized information system. Given the importance of this issue and our desire to maximize the availability and accessibility of pertinent information, we would appreciate an opportunity to meet with the MSRB to discuss ways to best meet our mutual goals.

An item of particular interest to CSF and its members is the possibility of dissemination of primary market disclosure documents and continuing disclosure electronically at a central website, with printed versions provided upon request. Electronic dissemination facilitates faster updates to disclosure documents. A central repository, such as is currently maintained by the MSRB on EMMA, assists individuals searching for information one place to obtain information on most 529 programs. Electronic disclosure also permits a significant cost savings over the more expensive paper format and is environmentally friendly. Given the widespread reliance on the web and the fact that it has become, for a large portion of society, the medium in which news and information is obtained, electronic dissemination is the next logical evolutionary step in effective disclosure.

We understand and applaud the MSRB's goal of having a centralized system for data collection and dissemination for the 529 industry's market participants. Of course, once collected, the key to effectively sharing this data is to first and foremost consider the audience who will be using it. For purposes of responding, we assume that "Market Participants" as used in the Notice includes both 529 customers and investment professionals. Given that there are already established and authoritative 529 industry sites which collect data and distribute it to these audiences (two of which are briefly described immediately below), it will be useful to discuss whether existing sites could be relied on by the MSRB to more efficiently meet the Notice's goals. We note that EMMA currently refers viewers to the College Savings Plans Network's (CSPN) website for plan comparison materials.

CSPN's free website (www.collegesavings.org) permits those interested in college savings plans to customize reports which compare 529 programs by state or by features using a wide variety of criteria. Visitors can learn about state tax benefits and other inducements like matching programs. They can also use a slide bar to compare fees of both direct sold and advisor sold programs. Critically, the site has data from those states whose programs are not managed by dealers. Each state's plan is given a separate page where its program or programs are more fully outlined and a link is provided to each state's 529 website where disclosure documentation and other detailed information on particular programs may be found. We also note that the CSPN website includes information on all 529 programs, not just those regulated by the MSRB.

The Financial Research Corporation (FRC) (www.frcnet.com) provides both free and fee-based information geared more towards industry professionals. FRC provides, among other materials, quarterly executive-level reports and analysis on product, marketing, and distribution trends in addition to a report that provides analysis on 529 fees at the plan and investment option levels. FRC provides both qualitative and quantitative analyses of 529 plans based on industry surveys with financial advisors, investors, and interviews with senior executives. FRC also

periodically provides studies on issues relevant to 529 program managers. We believe these more technical papers and data could be useful to the MSRB in better understanding the industry and that they could be made available to the MSRB for internal use.

Using EMMA as a one stop data collection/dissemination source for both the parent who has no investment experience and the investment professional may frustrate the effectiveness of the Notice's educational goals. At present, EMMA does not include the user-friendly features of CSPN's site, such as the ability to customize reports which a parent may then tailor for his or her search for a suitable plan. Nor does it offer the commentary or reports found in FRC's online content which are valuable to, among others, the investment professional. Further, while MSRB's important role in the 529 industry is well known among state participants and investment professionals, that awareness may not extend to the general public. Accordingly, the MSRB may be a less obvious choice for individuals searching the web for information on 529 savings options. Relying on currently established, recognized, and authoritative sites for data collection and dissemination to each of these audiences permits the MSRB to avoid duplicating existing online resources, maximizes the probability that the intended audience will understand and use the data presented, and leverages the existing websites' content and know-how.

Equally important, for those searching for information about how to effectively save for higher education through a 529 plan, the data available should be directly relevant and helpful as to which plan is most appropriate for that particular person. Investment strategies, performance histories, time horizons, portfolio types, fees, state tax advantages and other similar information speak directly to the customer's risk tolerances and savings goals and are some of the data points critical to a disciplined, well-informed selection of both a 529 plan and an investment portfolio. However, other data points, such as those identified in the Notice, could prove misleading without context. Publishing portfolio asset levels and total quarterly portfolio contributions could distract a customer from a disciplined approach to selecting a portfolio in favor of simply investing where they perceive the majority of others are investing. Similarly, providing information on total quarterly outflows could lead to incorrect conclusions about the desirability of a particular plan or portfolio. What some might perceive as unusual levels of outflows from a portfolio may simply be normal seasonal distributions for qualified educational expenses.

As to the MSRB's goal of bettering its own understanding of the 529 market, CSF is eager to work with the MSRB in its efforts to achieve a higher level of understanding of our industry. As most, if not all plans, are subject to state freedom of information laws, we believe that very little of the data described in the Notice would be considered confidential. However, as described above, there is some concern that some of the data, if published, particularly without discussion or context, could be misleading to customers and would prevent them from making informed decisions. Consequently, the MSRB and 529 market participants should meet and discuss the collection and dissemination of information by the MSRB.

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We sincerely appreciate the opportunity to provide these comments to you and hope we can meet to discuss these issues in the near future.

Sincerely,

A handwritten signature in black ink that reads "Roger Michaud". The signature is written in a cursive style with a large initial "R" and a long, sweeping underline.

Roger Michaud
Chairman
College Savings Foundation