Montana Family Education Savings Program (MFESP)
August 1, 2011
GSL Conference Room 201A – Helena, MT
1:00-4:00 PM

In Attendance:
Committee Members: Jon Satre, John Driscoll, Paul Christofferson, Robert Minto, Lynne Egan, and Todd Buchanan
Governor’s Office: Nate Thomas with OBPP
Public: Sarah Scott from D.A. Davidson
GSL/OCHE Staff: Bruce Marks, Robin Graham, Amy Berry, and Amy DeMato

1. Welcome and Introductions:
Jon welcomed everyone to the meeting, introductions were made.

Lynne Egan Motioned: to approve the minutes from the last meeting, Robert Minto seconded.
Vote: all in favor, none-opposed.

2. MFESP & 529 Product Discussion:
- Amy Berry briefly discussed the need to start thinking about the RFP and what products the plan has requested in the past and if the plan should continue to offer a similar suite of products as the current ones.
- Jon Satre expressed his concerns about the design of the plan and its tendency to benefit those who are more affluent.
  - How can we reach people who are less inclined to invest in 529 plans?
- Robert Minto explained a few reasons why people do not want to invest in 529’s include:
  - Financial aid is greatly based upon need, so 529 plans often work against the student trying to receive funding.
  - Discussions then turned to the current economy and continued cost increases associated with attending college, many students who want to go cannot.
- Todd Buchanan gave the comprehensive prospective of less aid being available at the federal level.
  - Graduates are leaving school with greater amounts of debt.
- Sarah mentioned that the Vanguard option has been very beneficial and prior to the addition of Vanguard she typically advised people to participate in the Virginia plan.
  - There have been many questions from grandparents regarding accounts and the options available to them.
  - She reiterated that scholarships are not treated as penalties to 529 plans.
- John Driscoll related that as a grandparent the website is not very user friendly.
  - The process of rolling over or moving accounts is difficult.
  - People need to know that they can safely rollover IRAs into a college savings bank IRA.
  - The option of directly rolling-over an IRA to College Savings Bank without paying taxes on those funds is a valuable resource that is not well-known or easily found.
  - Information regarding Traditional and Roth IRA’s along with corresponding forms should be available on the MFESP website.
- Todd Buchanan inquired if we were currently doing any educational workshops. Amy Berry informed him that there are none right now, but it can be discussed further.
- Jon Satre began discussing the contract options associated with marketing
  - Amy Berry informed him that informational pamphlets are being sent home with each newborn baby, but very little response has been received.
  - Robert Minto suggested that we try and use a different vehicle, such as partnering with a group like Kiwanis or the Lions Club as we do not have enough manpower to reach as many people as we would like.
  - Paul Christofferson suggested that we try to communicate more with state employees
- Amy Berry reminded him that payroll will not automatically take money out. They can direct deposit funds into a CSB account but not to a Vanguard account, however; there are many available avenues to explore.
  - Todd Buchanan raised the question of how create an atmosphere that supports the desire and accessibility to achieving a higher education.
  - He will follow up with the Board of Regents.

- At this point Sarah began discussing different components that she would like to see on the website. She did mention that the Vanguard website is very easy to work with.
  - Granting web access for online accounts for financial advisors.
  - Adding a print format
  - Better explain the CD graph as it is confusing
  - We will strive to make our website more user friendly

- Bruce remarked that these are the sort of components we need in our RFP
- Jon Satre began discussing the products related to the Montana plan
  - Are there enough in the plan that people are generally happy with their investments?
    - We could improve on product clarity and overall product flow.
    - It would also be nice to have specific age-based and target-based products.
  - We could introduce a broker-sold product.
  - Todd will compile a list of small brokers that may be able to fill this role
    - This is something that the broker community would like to see
    - This would give brokers something to recommend if they did view the Vanguard products as “selling away”
    - Product ideas would need further research

3. **RFP Discussion:**
- In summary the RFP should include:
  - An educational aspect
  - Product mix
  - An interactive website
  - Effective methods of addressing a large group of brokers
- The main question related to the service of College Savings Bank is if we are satisfied with their service.
  - Concerns include the ability to learn the job as they go.
    - Todd Buchanan is interested in seeing what else is available to us
    - Robert Minto reminded everyone that we are currently in a transitional period and it is better to stay with the calm vs. RFP
  - We could consider trading CSB extension for services
    - Website for a program if possible
  - Are we able to extend our contract, if so for how long?
  - One option to consider is having a sole-source for CSB/Vanguard and an FRP for broker-sold.
    - There are currently 80,000 broker dealers registered in Montana
    - We will begin looking to sole sourcing options with the assistance of Cathy Swift
  - On next visit we need to inquire about resources and the error rate.

4. **Tax Reporting Review:**
- Was not discussed.

5. **Overview of annual visit to College Savings Bank:**
- The intention of the most recent trip was to review the practices and procedures that are currently in place at College Savings Bank, and to discuss the marketing opportunities and efforts to continue to grow the MFESP.
  - College Savings Bank has implemented a new online registration platform on their MFESP website.
  - College Savings Bank has also recently started recording all calls for quality control
  - They have increased security regarding personally identifiable information (PII).
  - At this time we continue to feel confident in the work they are doing.

6. **Promotional Discussion:**
- The suggestion was made to form a 529 focus group for active participation
Amy and Robin discussed the possibility of starting a giveaway program
- Details of the program still need to be discussed from a legal aspect, but the committee supported the idea of a program such as this.

Amy has had several calls with the Museum of the Rockies and the Exploration Works program about sponsorships. Possibly sending information related to saving for college home with students of varying ages as they visit.
- We would like to contact the school districts and OPI regarding this subject.

7. **Next Meeting:**
- At this point the next meeting will be determined on an “as needed” basis.