

May 24-25, 2012

**ITEM 155-102-R0512**

**Approval of Family Education Savings Program Savings Account Product**

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**THAT**

The Board of Regents of Higher Education, pursuant to its authority as trustee of the Montana Family Education Savings Program, hereby approves the "Honors Savings Account" as a savings account option offered by College Savings Bank to participants of the Montana Family Education Savings Program.

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**EXPLANATION**

College Savings Bank (CSB), the program manager of the Montana Family Education Savings Program (MFESP), has long offered a savings account and an accumulator account in conjunction with the CD products within Montana's Section 529 plan. CSB would now like to offer an "Honors Savings Account," which will be a variable rate savings account indexed to a multiple of the United States Fed Funds target rate (Fed Funds). The account is anticipated to be a high yield, stand-alone savings product, i.e., it will not be tied to a CD product.

CSB will set the terms for the offering of this product, consistent with their obligations as the product designer. CSB hopes to be able to offer this account at or near the rates offered by the highest-yielding FDIC-insured savings accounts within the industry, but CSB will require flexibility to adjust the rates at CSB's discretion, as frequently as daily based on market conditions. Initially, the product is expected to be offered only on-line.

The new product has been reviewed by the MFESP Oversight Committee and is recommended for approval by the Committee. The Commissioner's MFESP staff also recommends approval.

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**ATTACHMENTS**

None