

September 14-15, 2016

**ITEM 172-102-R0916**

**Montana Family Education Savings Program Bank Plan Product Enhancements**

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**THAT**

The Board of Regents of Higher Education hereby approves the recommended change in terms of the Montana Family Education Savings Program Bank Plan CollegeSure CD and the Savings Account products.

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**EXPLANATION**

College Savings Bank (CSB), investment manager of the Montana Family Education Savings Plan Bank Plan (Bank Plan) was recently acquired by NexBank Capital Inc. (NexBank) and is in the process of transitioning its 529 accounts to the NexBank recordkeeping system. This upgraded system has required CSB to examine the terms and conditions of the CollegeSure CD and its savings account products (the Accumulator Savings Account, the CSB Savings Account, and the Honors Savings Account).

CSB is proposing the following:

- For accounts with multiple CDs with the same maturity, the CDs will be collapse into one CD based on the maturity date and the rate of return will be averaged.
- The new CDs will have a floor that guarantees the account holder will earn no less than original rate of return with the potential to earn more.
- Account holders will have the option for early withdrawal, with no penalty, if the terms are not agreeable.
- The savings account products will be combined into one product and increasing the rate of return from 0.50%/0.65% to 0.90%.

CSB presented its proposed products changes to the Plan's oversight committee (OSC) at their August 2016 meeting. The OSC unanimously recommends to the Board of Regents to accept CSB's new proposed product terms and conditions as it simplifies the products and it is advantageous to the participants.

CSB will work with Achieve Montana staff to communicate the changes to Bank Plan account owners.

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**ATTACHMENTS**

None