

College Tuition Savings Plan Advisory Commission  
Minutes of Meeting Held: December 13, 1999  
State House, Room 103

The twenty seventh meeting of the College Tuition Savings Plan Advisory Commission (the Commission) was called to order at 9:07 a.m., with Chairman Senator Larsen presiding. The following Commission members were present which resulted in a quorum:

<u>Member</u>	<u>Represents</u>
Michael A. Ablowich	Budget Director, Office of Governor, Representing the Governor
Richard A. Gustafson	President, New Hampshire College, Representing College and University Council
Sylvia Larsen	Senator from Concord
Ingrid Lemaire	Director of Public Relations, NH Higher Education Assistance Foundation
Edward MacKay	Vice Chancellor for Budget and Planning, University System of New Hampshire
Mary Milliken	Business Administrator, Representing Regional Community Technical College System
Georgie A. Thomas	State Treasurer, Treasury Department
O. Alan Thulander	Representative from Frankestown

The following members were absent:

Mike Cryans	Public Member from Hanover Appointed by the Governor
Martha Gooze	Public Member from Durham Appointed by the Governor
Edward Gordon	Senator from Bristol
Hannah M. McCarthy	President, Daniel Webster College, Representing Postsecondary Education Commission
Andrew R. Peterson	Representative from Peterborough

The first item on the agenda was the minutes of October 4, 1999. O. Alan Thulander moved to approve the minutes, seconded by Ingrid Lemaire. The minutes passed unanimously.

Abram Claude of Fidelity stated that as of November 1999, the Unique Plan had 32,728 in total accounts of which 1,732 were new accounts in November alone. Market value of assets

amounted to \$188,973,330. David Pearlman, legal counsel for Fidelity, went over the latest objection to the private letter ruling, the timing of a refund of money by a customer when scholarship money is received after the initial distribution. Mr. Pearlman expected all objections to be resolved by the end of December.

Ed Nigro of Fidelity reported that the intermediary plan is still in the development phase and Fidelity had budgeted significant dollars for its development in the year 2000. They have begun their economic model. Nigro hopes to make the agenda of the business acceptance committee at Fidelity in February 2000 with a summer 2000 launch. Merrill Lynch and Salomon Smith Barney currently have intermediary offerings from the states of Maine and Colorado.

Abram Claude explained another area of business is the implementation of employee investment services (EIS), as part of 401 K plans to small employers throughout the state. Ed MacKay asked if they would be offering these services to 403 B companies. Mr. Claude stated they had not focused on that at this time. A customer can do both the Roth Education IRA and the Unique Plan. Both would be offered in the EIS plan. The subject of the college tuition savings plan money coming out of pre-tax income similar to other retirement plans was discussed. It was decided that even though that would be beneficial, total tax exemption of gains was higher on the wish list for this plan. It was discussed that Georgie Thomas and Senator Larsen would send a letter to the BIA in New Hampshire regarding the EIS plan.

Other promotional efforts were continuing. David Pearlman has done a number of speaking engagements including the estate planning council. Abram Claude completed the 2<sup>nd</sup> annual survey on awareness of 529 plans. The percentage of awareness was higher than they had hoped at 10 % nationally and 17% instate. On December 7<sup>th</sup> the Governor opened an account for her new granddaughter in the college tuition savings plan. Eric Nottonson of Fidelity went over the various trade journals such as Smart Money and the Wall Street Journal in which articles have appeared. Fidelity will be surveying current customers, to determine whom they are drawing into the plan. They know that 25% were current Fidelity Customers and 75% were not. The average debt per student per school is \$20,000, further evidence that these plans are necessary.

Georgie Thomas reviewed a presentation of states with savings or prepaid plans. All but 4 states currently have some sort of program. Ms. Thomas also reviewed the endowment sub committee meeting. At that time there were \$115,000 in fees in the account and a \$50,000 audit fee expenditure to be paid, leaving \$65,000 (+/-) in the account. Some discussion ensued as to building a nest egg or spending the surplus. It was determined to give out \$5,000 this year, a final determination to be made in March 2000, with 5 \$1,000.00 scholarships given.

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Rules probably will need to be in place to accomplish this.

The next full commission meetings were set for January 31<sup>st</sup> at 9:00 a.m.<sup>1</sup>, March 27<sup>th</sup> at 9:00 a.m., May 1<sup>st</sup> at 9:00 a.m.<sup>1</sup>, September 11<sup>th</sup> at 9:00 a.m.<sup>1</sup>, and November 27<sup>th</sup> at 9:00 a.m.<sup>1</sup>. The meeting adjourned at 11:23 a.m.

<sup>1</sup> All of these meetings are investment subcommittee meetings followed by 10:00 a.m. regular meetings.