

Thomas, Georgie

From: Claude, Abram [Abram.Claude@fmr.com]
Sent: Monday, May 24, 1999 4:44 PM
o: Andrew R. Peterson (E-mail); Ed MacKay (E-mail); Georgie Thomas (E-mail); Hannah McCarthy (E-mail); Ingrid Lemaire (E-mail); Martha Gooze (E-mail); Mary Milliken (E-mail); Michael Cryans (E-mail); Mike Ablowich (E-mail); Richard A. Gustafson (E-mail); Sylvia Larsen (E-mail)
Cc: Joe Riley (E-mail)
Subject: 5-24 Advisory Commission Meeting Minutes

The following are the minutes from the 5-24 phone call. There will be no call on June 7, since that is the date of the next Advisory Commission (in person) meeting.

Commission Members Attending: Georgie Thomas, Ingird Lemaire, Mike Cryans, Ed MacKay
Fidelity Attendees: Abram Claude, Elaine Fazekas, Leslie Bonnyman & Leslie Walden (Corp Communications)
RY&P: Joe Riley, Mary Jane Walsh

MISC

- **Financial Aid:** The DOE has issued its opinion on how 520 Investment Plans will be treated with regard to financial aid. It has ruled that they are NOT a child's assets, but the assets of the participant. This provides the most favorable financial aid treatment. As directed by Georgie Thomas, Fidelity will request a ruling from the DOE specifically for the UNIQUE plan. This will be done by Fidelity on behalf of the three plans it manages. Here is a URL: <http://montana.collegesavings.com/mtusdoeltr.shtml> that connects to the letter
 - **In School Distribution:** Joe Riley will initiate efforts to organize the in-school (elementary and middle school) distribution of UNIQUE literature.
- Auditor:** Fidelity will provide several suggestions for auditors to conduct the independent audit of the UNIQUE plan to the Advisory Commission at the next meeting.

PR

- **Anniversary Event/Concord Market Days:** Leslie Bonnyman provided an update on the progress with the anniversary event. See the attached memo for more detail.



MktDaysoutline.doc

- **Attitude Survey:** Leslie Walden noted that the survey on parental attitudes (undertaken nationally and in NH) is near completion. The schedule is such that press kits will go out the week of June 7 and interviews for Georgie Thomas could begin later that week.
- **Recent Media Coverage:** UNIQUE was covered in the Foster Daily Democrat in NH. Articles mentioning UNIQUE have also appeared in USA Today, Chuck Jafee's finance column in the Boston Globe and the Chicago Tribune, and a Steve Mitchell by-lined piece appeared in the recent issue of the National Association of Taxplanners professional journal. Clips will be available at the next commission meeting.

MARKETING

- **Radio Ads:** Elaine Fazekas reviewed the radio buy for the NH campaign which kicks off today. She addressed the question raised by Sylvia Larson and Ingird Lemaire concerning how Concord is covered. Although no radio station that broadcasts from Concord was used (the station in Concord skewed to a younger age than the target profile), Concord is reached through other stations. See attachment for stations utilized).



Radio Flight 1999.doc

- Annual Report: Also reviewed, the plans for the annual report (which should be issued 30 days after the plan's year end, which is 9/30). The annual report will have financials for the plan, an auditor's opinion, performance information, and a letter from the trustee. Commission members on the call recommended that commentary from the portfolio manager be included as well. Fidelity would like to print the annual report at the same time as the new Fact Kit. Both must be sent to existing investors in UNIQUE.
- Elaine closed by noting that she will be moving to another position in Fidelity at the end of this week, and thanked the commission for the opportunity to work on this program. Abram noted that the Fidelity CIT team will miss Elaine, and that efforts have begun to find someone to take her position.

LEGISLATION

- Bankruptcy Bill: Fidelity continues to work with the National Association of State Treasurers (NAST) Lobbyist and with TIAA-CREF's Washington Office to include 529 assets in the bankruptcy bill congress is working on. It appears that the Senate will include (the House did not). Given that one could place assets for the same beneficiary in numerous state plans, achieving success may require a cap on what can be protected per beneficiary. This is reasonable since the bankruptcy protection is sought to protect the beneficiary in case of an emergency, and not to open a loophole for shielding assets from creditors.
- Senate Finance Committee Tax Bill: Recently Senator Roth announced what will be included in this year's tax bill. The good news is that it includes tax exemption for qualified distributions, adds first cousin to the definition of family member, and allows for rollovers between plans without changing the beneficiary. Less attractive is that it permits private universities to establish 529 prepaid plans. The bad news is that the Ed IRA is once again lumped in with the same bill that has 529. The Ed IRA contribution limit is increased to \$2,000, but the controversy is that it can be used for K-12 private school as well as college. The K-12 provision in last year's legislation (known as the Coverdell Amendment), led to a Presidential veto. It could well do so again.
- NH Endowment Legislation: The House Bill on the endowment legislation may require disclosure in UNIQUE offering materials that some portion of the basis point fees may be used for the endowment fund. The actual wording of the bill seems more directed than the legislative intent. Senator Larsen will see what can be done in conference with the House.

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