

April 15, 2011

ITEM 151-101 -R0411

Removing the InvestorSure CD (as approved by the Board of Regents in September of 2007) from the list of qualified Montana Family Education Savings Program (MFESP) investments

THAT

The Board of Regents of Higher Education, as trustee of the Montana Family Education Savings Program, and in accordance with Board of Regents Policy 950.2 and Sections 15-62-203 and 20-25-902, MCA, hereby removes the InvestorSure CD previously approved in September of 2007 as an eligible investment option offered by College Savings Bank (CSB) within the MFESP.

EXPLANATION

The Board of Regents is responsible for approving the expansion, elimination, or modification of investment options within the MFESP. The Board took such action in September of 2007 and approved the InvestorSure CD product subject to numerous conditions relating to the fees, the amount of the pre-payment penalty, the cap on performance, and other such conditions. The conditions were included to provide clarity to a complex product. As approved, however, the conditions appeared to transfer the authority to set rates, fees, and other terms of the InvestorSure CD to the Board of Regents, resulting in confusion as to CSB's authority over its product. The authority to set rates, fees, and other relevant terms falls within the purview of College Savings Bank, as the product provider. The purpose of this Item, therefore, is to remove the InvestorSure CD as specifically approved by the Board in September of 2007 from the suite of allowable MFESP investment options.

A separate related Board item will be presented that, if approved, will reinstate the InvestureSure CD without specific terms, rates, and conditions.

ATTACHMENTS

ITEM 136-102-R0907 (previous item).