

ITEM 151-102 –R0411

Approval of College Savings Bank InvestorSure CD, Montana Family Education Savings Program (MFESP)

THAT

The Board of Regents of Higher Education, as trustee of the Montana Family Education Savings Program (FESP), and in accordance with Board of Regents Policy 950.2 and Sections 15-62-203 and 20-25-902, MCA, hereby approves College Savings Bank (CSB) CD products for use in the MFESP and specifically re-approves the College Savings Bank InvestorSure CD as an MFESP product under the terms of this item. The Board encourages CSB to offer InvestorSure and all MFESP products at the highest participation rates the CSB can prudently afford.

EXPLANATION

College Savings Bank requests the Board of Regents to approve the InvestorSure CD. InvestorSure is an FDIC-insured investment product that returns, based upon a formula, between 70 and 100% of the increase in the Standard & Poor's 500 at maturity. If left until maturity, the InvestorSure will never lose principal. The 70 to 100% participation rate will be announced on the day the CD is issued.

There is a statutory oversight committee assigned to the MFESP and the committee has unanimously endorsed this recommendation to the Board of Regents. The oversight committee has noted that these are challenging and unusual economic times. While the committee understands that the setting of rates falls under the purview of CSB, the committee encourages CSB to offer InvestorSure (and all MFESP products) at the highest possible participation rates the bank can prudently afford.

The InvestorSure CD is also recommended for approval by the commissioner of higher education. CSB will continue to provide annual reports to the committee and the commissioner regarding the MFESP and will provide such product performance information as the board, committee or commissioner may request. At the time of a purchase by an MFESP investor, CSB will accurately disclose all relevant product details to the investor.

ATTACHMENTS