

ITEM 140-105-R0908

Approval for Montana Family Education Savings Program (MFESP) to Explore Participation in the Utah Educational Savings Program (UESP).

THAT:

The Board of Regents of Higher Education authorizes the Commissioner of Higher Education and the Montana Family Education Savings Program (MFESP) to explore participation in the Utah Educational Savings Program (UESP), which would allow MFESP members to take advantage of index and other funds available in the Utah plan.

EXPLANATION:

The Montana Family Education Savings Program Oversight Committee has voted to recommend that the Board of Regents authorize Commissioner Stearns to enter into an agreement with the Utah Educational Savings Program (Utah's 529 program) so that Montana investors can participate in the Utah program as an approved Montana 529 investment option. This innovative arrangement would allow Montanans to invest in some of the lowest cost, lowest fee, investment products in the nation. Among other investment products, Utah offers Vanguard index funds. By administering its own program, Utah is able to offer its products at fees which are among the lowest in the country. A partnership between the two 529 programs would allow these low fees to be passed on to Montana investors, providing a better return on their college savings investment while allowing the same tax benefits as Montana's current 529 investment offerings. The commissioner's staff is working with representatives of the UESP to ensure the arrangement complies with state and federal law. The arrangement will require final approval of the board of regents.