

Ben Westlund
State Treasurer
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Contact: James Sinks
503-508-0737 (cell)
James.Sinks@state.or.us

Board selects TIAA-CREF to administer tax-advantaged Oregon College Savings Plan, which helps families invest for a better future

Participants in the state-sponsored 529 plan are seeing accounts rebound in 2009

TIGARD – Saving for college has never been a better idea.

Soon, one of the nation’s most-respected financial firms will help Oregon families do it.

The Oregon 529 College Savings Board on Thursday unanimously selected New York-based TIAA-CREF Tuition Financing Inc. as the new administrator for the Oregon College Savings Plan. The decision came after an intensive three-month-plus effort to research the six companies that submitted bids to run the popular program.

The Oregon College Savings Plan is the option in the Oregon 529 College Savings Network that is made available directly to the public, and as of June 30 it had 52,672 accounts that totaled \$415.3 million.

The contract with the current administrator of the Oregon College Savings Plan expires at the end of 2009. That administrator, OppenheimerFunds Inc., did not submit a bid.

The detailed evaluation of finalists considered a range of factors, including their financial history, customer service capabilities, investment expertise, and commitment to keep costs low for Oregon families.

“We are excited about the Oregon College Savings Plan,” said State Treasurer Westlund. “Now more than ever, saving for college is a great idea, and this important tool will continue to help families invest for a better future.”

The State Treasurer is the chairman of the Oregon 529 College Savings Board.

Families won't need to do anything during the transition, which will occur in early 2010.

TIAA-CREF is the administrator of college savings plans in eight states, with assets totaling \$5.4 billion.

Thursday's decision was isolated to the administration of the plan, which includes bookkeeping, maintaining the Internet infrastructure and providing the family of funds. Decisions about funds and asset allocation will be made at a future meeting.

Oregon 529 College Savings Board member Carl Vance, who sat on the evaluation committee that spent months vetting the applicants and ultimately recommended TIAA-CREF, said the company will be a good fit.

"In TIAA-CREF, we will have an extremely low-cost provider with significant experience who will be flexible," Vance said. "It will be a great benefit to Oregon 529 investors."

Vance is the chief financial officer at Lewis and Clark College and represents private colleges on the board.

In a separate decision, the Board selected the MFS 529 Savings Plan to be the sole administrator of the broker-sold options in the Oregon 529 College Savings Network. Some of those accounts are now administered by OppenheimerFunds.

Also Thursday, the Board received a report on the financial performance of the Oregon 529 College Savings Network. Thanks to the financial market rebound in the second quarter of this year, the combined value of accounts in the network grew by more than \$125 million, from \$743.6 million to \$869.6 million.

There are 118,562 accounts in the network, and the system has added roughly 2,500 in 2009.

The Oregon 529 College Savings Network allows families to invest for college and receive Oregon tax deduction of as much as \$4,000 a year. The dollars and any investment gains can then be used tax-free for higher education expenses.

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