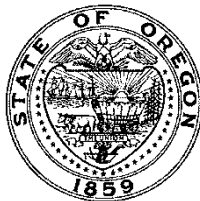


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FOR IMMEDIATE RELEASE
Feb. 26, 2009

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Oregon 529 College Savings Board to research FDIC-insured option to give families more certainty

Will ask bidders to consider adding bank-insured option to the menu of college savings options

TIGARD – Acting on a recommendation from State Treasurer Ben Westlund, the Oregon 529 College Savings Board on Thursday agreed to research the potential inclusion of a FDIC-insured bank CD option to the existing menu of state college savings programs.

The board is soliciting bids to administer the popular Oregon College Savings Plan, and will ask that those proposals discuss including a FDIC-insured option as part of that fact-finding effort.

The current contract with the program manager, OppenheimerFunds, runs through December, and the board intends to evaluate the marketplace and see if Oregonians can get a better deal.

Exploration of a FDIC option for the state's college savings platform is the latest proposal by Treasurer Westlund to strengthen the Oregon 529 College Savings Network, which provides a tax-advantaged way for families to set aside money for higher education tuition and expenses.

“In the end, Oregon will be a better place if we have a highly educated workforce,” said Treasurer Westlund. “But a college education is expensive so, in the beginning, we need to help families save and invest by providing more robust options and strong oversight.”

Seven states have started FDIC-insured savings options. Depending on the state, those are offered as one of several investment options, such as in Utah and Ohio; or as a standalone plan, such as in Arizona and Virginia. Those CDs still qualify for the favorable tax treatment under Section 529 of the Internal Revenue Code.

On a separate front, the Oregon 529 College Savings Board is supporting legislation that will create a prepaid tuition option within the state 529 network.

That option will allow families to buy tuition based on today's rates, to be used when a child reaches college. That envisioned option would cover tuition only, and would work in concert with traditional 529 plans that allow savings to be applied toward tuition, room, board, books and computers.

In other business Thursday, the Board agreed that the Oregon Treasurer and Attorney General should take whatever action is necessary -- and in the best interests of plan participants -- in connection with the Department of Justice's investigation into the management of two underlying bond funds in the Oregon 529 Network portfolio.

Those funds, the OppenheimerFunds Core Bond Fund and OppenheimerFunds Limited Term Government Bond Fund, were included in numerous portfolios, including the Conservative and Ultraconservative portfolios and both saw steep losses in 2008. The Board in January voted to terminate the funds from portfolios in the Oregon 529 College Savings Network. Those bond funds have continued to underperform in 2009.

The Board on Thursday approved the replacement index funds that will take the place of those terminated funds, and the Board also reallocated the plan's assets to reduce the risk of principal loss to investors. The new funds are the Dreyfus Total Bond Index and the Vanguard Short Term Bond Index Fund.

The new funds will be replacing the two Oppenheimer funds by the end of March. Participants will be notified of the pending switch and alerted about their options, including their ability to change their mix of investments.

Like many funds, the Oregon program saw declines in 2008 as the economy plummeted. The aggregate value declined by 23 percent, to about \$770 million as of Dec. 31.

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. Since first accepting investments in 2001, the 529 program has grown to roughly 100,000 accounts.

State Treasurer Westlund notes that investments can lose money, and families should weigh all options and risks before investing.

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