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College Savings Board hires investment consultant to provide independent oversight of '529' college funds

New statistics show that Oregon families continue to invest and open new accounts

TIGARD – In keeping with a pledge to improve Oregon’s college savings plans, State Treasurer Ben Westlund and the Oregon 529 College Savings Board on Thursday added a new layer of independent oversight to help families who are investing for their children’s education.

After a formal national search and interview process and a request for proposals, the Board voted to hire Portland-based firm RV Kuhns & Associates Inc. as investment consultant, subject to contract negotiations.

Firms that submitted formal proposals were weighed based on several factors including organizational strength, asset allocation expertise, experience, and fund research capabilities.

The third-party, independent investment consultant will provide the Board with an evaluation of funds that will be made available to Oregon plan participants. The consultant also will work with the Office of the State Treasurer’s investment division to help review proposals from firms that are submitting bids to manage the Oregon College Savings Plan. Those proposals are due by May 5.

Currently, in accordance with 529 industry norms nationally, Oregon’s plan managers also serve as the investment consultant.

That means that program managers and their subsidiaries administer investor accounts, advise and select mutual funds, and also have the responsibility to monitor those funds and report changes or suggested modifications back to Oregon.

There are two separate college savings plans in the Oregon 529 College Savings Network. One of those includes both the direct-to-the-public Oregon College Savings Plan and an advisor-sold product and is managed by OppenheimerFunds. The second plan is administered by MFS Investment Management.

Thursday's vote advances Treasurer Westlund's goal to strengthen the Oregon 529 plan with increased professional oversight of those making the investments.

"I am committed to Oregon families and strengthening their college savings plan," Treasurer Westlund said. "We are building trust, and families who are saving for their children's futures need to know we have checks and balances."

Treasurer Westlund also thanked board members for their work in recent months to facilitate changes in the plan and their passion and diligence to making college more accessible and affordable for Oregon students.

In other business Thursday, the Board received quarterly updates on total investments in the Oregon 529 College Savings Network, and an update on the transfer of assets in March from two OppenheimerFunds bond funds into two index-based funds.

The Board voted in January to remove assets from those funds.

In addition, statistics released Thursday show that families continue to open accounts and invest in the Oregon 529 College Savings Network, with an increase of 1,455 accounts during the first three months of 2009.

Almost \$35 million was contributed between January 1 and March 31.

There were a total of 117,192 accounts as of March 31, which represented a total of 106,982 individuals with accounts opened in their names. Total assets in the Network as of March 31 were \$743.6 million.

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.

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

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