



CollegeBoundfund 529 Program

Program Manager Search Overview

November 18, 2015

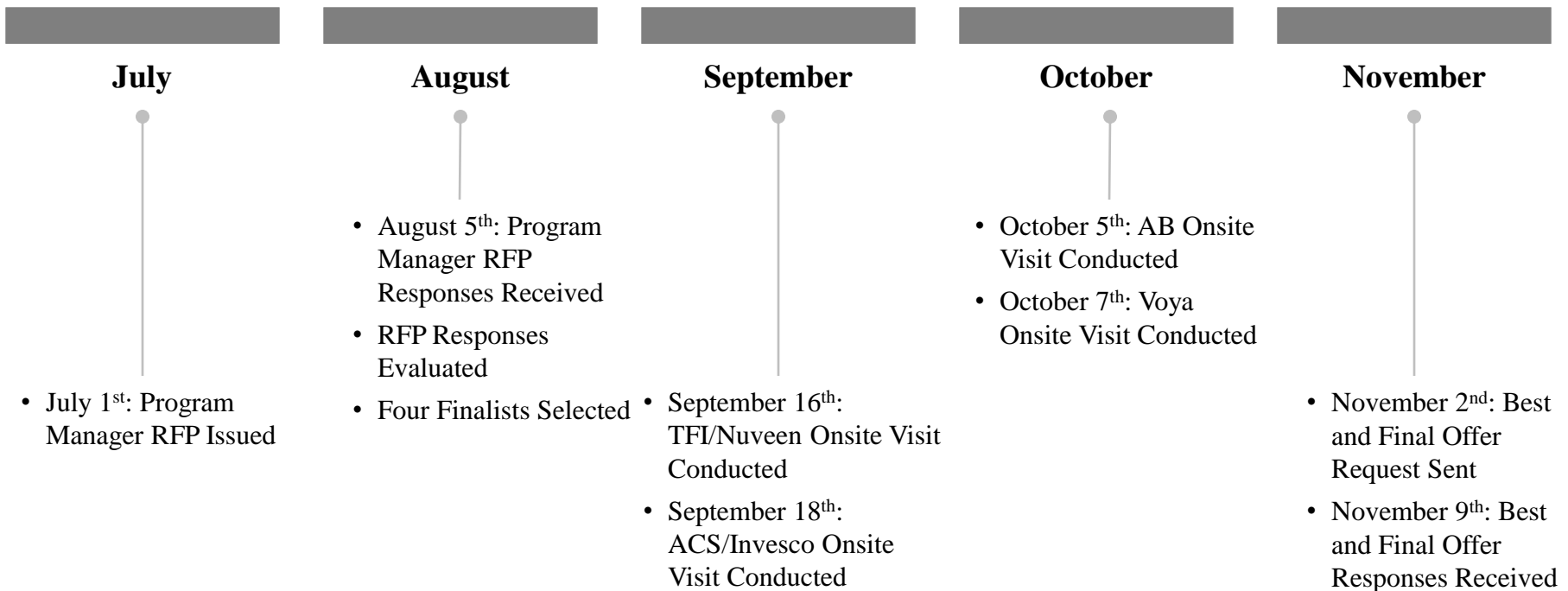
Joe Bill Wiley, Principal

Tiffany Spudich, Director, Client Relations



Program Manager Search

Timeline of Events



The Office of the General Treasurer followed a transparent Request for Proposal (“RFP”) process and conducted a thorough evaluation of each program manager RFP respondent.

- The program manager RFP was posted on the Office of the General Treasurer website, advertised in national publications and emailed to a group of qualified program managers.
- The RFP evaluation criteria was utilized to select four program manager finalists.
- Onsite visits were conducted by the Office of the General Treasurer and Capital Cities, L.L.C. (independent investment consultant) with each of the program manager finalists.
- A Best and Final Offer round was completed with the assistance of Great Disclosure, a 529 legal consultant.

Program Manager Search

Evaluation Criteria & BOFA Considerations

RFP Evaluation Criteria

Organizational Characteristics	20 points
Program Administration and Recordkeeping Services	20 points
Investment Management	20 points
Marketing and Distribution	20 points
Fees	20 points

Best & Final Offer Considerations

Convertible C Shares
Omnibus Recordkeeping Capabilities
Advisor-Sold Payments to Outgoing Program Manager
Guaranteed Dollar Commitment to Rhode Island
National Marketing Exclusivity
Marketing Dollar Commitment
ABLE Program Model
CollegeBound <i>baby</i> Commitment

- The evaluation criteria provided in the Program Manager RFP allowed four finalists to be identified.
 - Two of the seven RFP respondents were eliminated given limited 529 experience, while one firm was rejected for not meeting minimum qualifications.
- The Office of the General Treasurer arrived at Best and Final Offer considerations following onsite visits conducted with the four finalists.

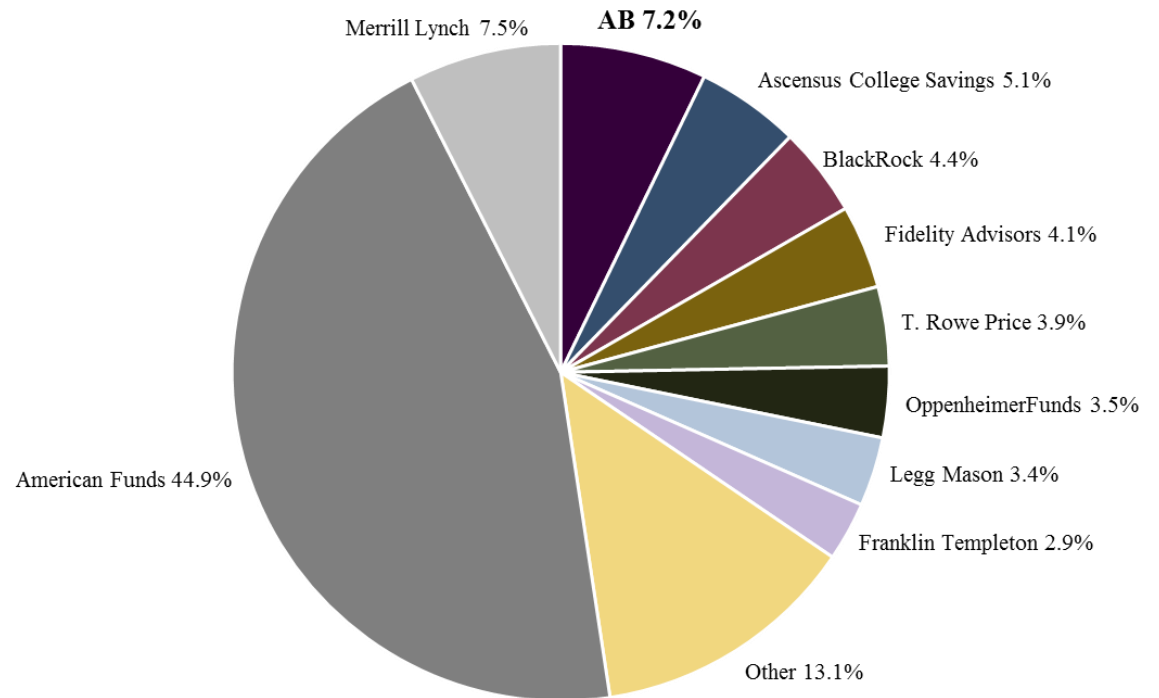
CollegeBoundfund Overview

CollegeBoundfund®

History and Market Share

- AB became the Program Manager and launched the CollegeBoundfund nationally in 2000.
- As of June 30, 2015, CollegeBoundfund was comprised of 400,000 accounts, representing \$7.4 billion in assets.
- The CollegeBoundfund now represents the third largest Advisor-sold 529 Program.*

529 Advisor-Sold Market Share by AUM



Factors Impacting the Success of 529 Programs

- **Taxes and other benefits**, such as tax deductions/credits and matching programs, are strong factors advisors and participants consider when selecting a program.
- **Early entrance** to the nationally-sold 529 space has allowed some program managers to capture a sizable market share.
- **Preferred relationships** within the various distribution channels (e.g., registered investment advisors, wirehouses and independent broker/dealers) allow program managers to successfully market programs.
- **Outside Rating Agencies** (e.g., Morningstar and Savingforcollege.com) continue to impact perception and utilization of programs.
- **Investment menu and fees** are heavily considered by advisors and participants—proprietary vs. non-proprietary funds, passive vs. active, age-based portfolios vs. individual portfolios, and complexity vs. simplicity.
- **Operational ease**, particularly omnibus recordkeeping, is expected to grow in importance by advisors as the competitive landscape evolves.