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**MARCH 14, 2013**

**AGENDA ITEM 3  
ACTION ITEM**

**SCHOLARSHARE INVESTMENT BOARD**

*Resolution to Approve Increase in the Maximum Account Balance Limit for the ScholarShare Plan*

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***Recommendation***

AKF Consulting Group (AKF) and ScholarShare Investment Board (SIB or Board) staff recommend the Board adopt Resolution No. 2013-01 approving the increase in the ScholarShare maximum account balance limit from \$350,000 to \$371,000 per beneficiary.

***Background***

Internal Revenue Code Section 529 requires all qualified tuition plans to set adequate safeguards to prevent contributions in excess of those necessary to meet a beneficiary's expected qualified higher education expenses.

The current maximum account balance limit for the ScholarShare College Savings Plan (Plan) is \$350,000 and was approved by the Board in September 2010. AKF, the Board's 529 industry consultant, provided a memo that reviewed the costs for attending various institutions both in California and out-of-state and recommended that the Board approve an increase to the current maximum account balance limit. Following proposed Section 529 Treasury Regulations issued in 1998, several private letter rulings released by the Treasury allowed qualified tuition programs to base maximum contribution limits on seven years of expenses for undergraduate and graduate studies. This limit was based upon a methodology of the cost of seven years of expenses for undergraduate and graduate studies.

At the December 13, 2012 SIB meeting, Board action was not taken on the resolution to approve changes to the maximum account balance limit and the agenda item was postponed until the March 2013 meeting. Based on the information and recommendation from AKF, SIB staff recommends that the maximum account balance limit for the Plan be increased from \$350,000 to \$371,000 per beneficiary.

***Presenters***

Andrea Feirstein, Managing Member, AKF Consulting Group  
Arlene Greene, Deputy Director, ScholarShare Investment Board

**RESOLUTION NO. 2013-01**

**RESOLUTION OF THE SCHOLARSHARE INVESTMENT BOARD  
RELATING TO THE APPROVAL OF INCREASE IN THE  
MAXIMUM ACCOUNT BALANCE LIMIT FOR THE  
GOLDEN STATE SCHOLARSHARE COLLEGE SAVINGS TRUST**

**WHEREAS**, the ScholarShare Investment Board (the “Board”) was created under the provisions of Article 19 of the California Education Code commencing with Section 69980 (the “Golden State ScholarShare Trust Act” or “Act”); and

**WHEREAS**, Internal Revenue Code section 529 requires all qualified tuition plans to set adequate safeguards to prevent contributions in excess of those necessary to meet a beneficiary’s expected qualified higher education expenses; and

**WHEREAS**, Section 69982(i) of the Act provides that the Board shall have the powers and authority to set minimum and maximum investment levels; and

**WHEREAS**, the current maximum account balance limit (the “Limit”) for the Golden State ScholarShare College Savings Trust (“ScholarShare”) was set at \$350,000 by the Board in September 2010; and

**WHEREAS**, the Board’s 529 industry consultant has reviewed the cost of qualified higher education expenses using a methodology based on seven years of expenses for undergraduate and graduate studies, and recommends an increase in the Limit from \$350,000 to \$371,000 per beneficiary.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board hereby approves the change in the Limit from \$350,000 to \$371,000 per beneficiary.

Attest: \_\_\_\_\_

Chairperson

Date of Adoption: \_\_\_\_\_