

A secure college savings plan

The MFESP Bank Plan gives you FDIC Insurance
and Principal Protection





With stable and secure savings options, the MFESP Bank Plan can prepare you for the rising cost of college

A college education is more than an emotional investment in our children. While we all, as parents and grandparents, dream of a future doctor, architect or lawyer, obtaining a higher education offers our children real, tangible assets that they can rely upon throughout their lives.

Launched in 1998, in conjunction with the Program Manager, College Savings Bank, the Montana Family Education Savings Program was developed to encourage and make possible the attainment of an accessible, affordable postsecondary education. The MFESP Bank Plan aims to provide safe investments to families in Montana and throughout the country.

"The road of life twists and turns and no two directions are ever the same. Yet our lessons come from the journey, not the destination."

— Don Williams, Jr.

We save for college because we want to see them have the best future possible

Work Advantages

- The average annual income of a college graduate is 64% higher than the average annual income of a high school graduate. Over a 40-year career the difference can total in the millions!
- In 2009, the US economy experienced staggering unemployment rates that touched all job sectors, education levels and career paths. However, the unemployment rate for an individual with a college degree was 87% lower than those with only a high school diploma.

Life Advantages

- 68% of college graduates enjoy employer-provided health insurance, but only 50% of people with a high school diploma hold the same benefit.
- Bachelor's degree recipients ages 25 to 34 are more than three times less likely to smoke cigarettes, 59% less likely to be obese and 59% more likely to routinely exercise.

The rising cost of college

Since 2000, the cost of higher education has increased at an average rate of 5.31%, according to the College Board's Independent College 500® Index (IC 500®), published annually by The College Entrance Examination Board.

➤ In 2000-2001, it cost \$24,088 for one year of tuition, fees, room and board at the average private U.S. college measured by the IC 500. In 2010-2011, one year of private college expenses increased to \$40,408. In 15 years, it is projected that one year of private college expenses will cost \$87,803.

The chart below details tuition prices for the years 2006 through 2011 in both private and public colleges. In this short period of time, college costs rose by as much as \$7,000.

Year	Private College (with room and board)	Private College (tuition only)	Public College (with room and board)	Public College (tuition only)	Ivy League (with room and board)
2006-2007	\$33,270	\$24,932	\$12,837	\$5,804	\$43,740
2007-2008	\$35,272	\$26,512	\$13,558	\$6,191	\$45,853
2008-2009	\$37,208	\$28,042	\$14,364	\$6,591	\$47,626
2009-2010	\$38,799	\$29,247	\$15,212	\$7,050	\$49,443
2010-2011	\$40,408	\$30,404	\$16,140	\$7,605	\$51,562

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Source (chart): Private College Costs based on the Independent College 500® Index produced by the College Entrance Examination Board. Public College Costs based on the Digest of Education Statistics produced by the U.S. Department of Education. For a complete index of current year expenses for all of the 500 schools listed in the IC 500, visit www.collegesavings.com.

Source: 2009 annual averages for persons age 25 and over. Earnings are for full-time wage and salary workers. Bureau of Labor Statistics, Current Population Survey. Education Pays 2010: The Benefits of Higher Education for Individuals and Society is the third Education Pays report from the College Board.



Give them a savings option you can be sure about

One of the best ways you can prepare your child for the years ahead is by giving them a solid foundation for college expenses. With the MFESP Bank Plan, you won't face any of the risks of the equity market. Your deposits will remain secure so your mind can rest easy.

CollegeSure® CD

With a 23 year history, the CollegeSure CD has a proven track record of helping families, like yours, save for future higher education costs.

- The CollegeSure CD is a variable rate CD indexed to college costs. It pays an annual percentage yield tied to the rise in college costs as measured by the IC 500.
- The CollegeSure CD provides safety and flexibility. Maturities range from 1 to 22 years and each CollegeSure CD is FDIC-insured up to \$250,000 per depositor, so your principal is protected.

The chart below illustrates how an initial investment of \$1,000.00 over a 5-year term will yield a greater return when invested in the CollegeSure CD as compared to an average National Fixed Rate CD.

Average Fixed Rate CD Compared to the CollegeSure CD (Assuming a 5-year term and \$1,000.00 initial deposit)					
	Average National Fixed Rate*		CollegeSure CD		
Date	Balance	APY	Balance	APY	Projected College Inflation
3/7/11	\$1,000.00		\$1,000.00		
3/7/12	\$1,016.50	1.65%	\$1,016.50	2.15%	4.15%
3/7/13	\$1,033.27	1.65%	\$1,038.35	2.65%	4.65%
3/7/14	\$1,050.32	1.65%	\$1,065.87	3.15%	5.15%
3/7/15	\$1,067.65	1.65%	\$1,099.45	3.65%	5.65%
3/7/16	\$1,085.27	1.65%	\$1,139.58	4.15%	6.15%
	Total Return	Average APY	Total Return	Average APY	Average College Inflation
	\$85.27	1.70%	\$139.58	2.79%	5.15%

* National fixed rate CD statistics provided by Federal Deposit Insurance Corporation (FDIC) Weekly National Rates and Rate Caps: <http://www.fdic.gov/regulations/resources/rates/index.html>



InvestorSure® CD

Losing principal in the stock market is a real risk, but not with the InvestorSure CD.

- Unlike many investments, the InvestorSure CD does not risk principal when held to maturity. It is indexed to the Standard & Poor's® 500 Composite Stock Index (S&P 500®).
- Should the value of the S&P 500 decline over the investment period, you will receive your full investment back at maturity. Funds held to maturity will also receive a percentage of the average increase in the S&P 500 based upon a specific formula.
- InvestorSure CDs will pay, based on a specific formula, between 70% and 100% of the increase in the S&P 500 at maturity as determined by averaging the closing value of the S&P 500 over the 20 quarterly observations throughout the term of the CD. The averaging further protects your investment from wide swings in the S&P 500 as your investment approaches maturity. The 70% to 100% participation rate is determined on the day the CD is issued.

InvestorSure CD: 20-Year, 10-Year and 5-Year Historical Rates of Return**

Issue Date	2/86-11/05	2/96-11/05	2/01-11/05
Maturity Date	2/91-11/10	2/01-11/10	2/06-11/10
Number of CDs	80	40	20
Average APY	3.79%	2.44%	1.73%
Taxable Equivalent Earnings**	5.27%	3.38%	2.40%

Fixed Rate CDs

Fixed Rate CDs are a convenient way to save for a college education while earning competitive rates.

- Fixed Rate CDs are a dependable investment option, with maturity options of both 1- and 3-year.
- Each Fixed Rate CD provides the safety of FDIC insurance while earning a fixed rate of return for the entire term of the CD.
- Your rate of return is determined when the CD is opened, so you will be able to calculate the exact value of your account at maturity.

Fixed Rate CD Interest Rate 3-Year History***

	2008****	2009	2010
College Savings Bank 1-Year	3.24%	1.25%	0.63%
Treasury 1-Year	1.74%	0.47%	0.32%
College Savings Bank 3-Year	3.60%	2.46%	1.85%
Treasury 3-Year	2.28%	1.43%	1.16%

** The InvestorSure CD was introduced to the market on February 1, 2008. Historical analysis is purely hypothetical and applies the current product upside payment formula to a period of time in which the product was not available.

*** Reflects the daily average rates for each CD maturity.

**** The Fixed Rate CD was first offered on April 22, 2008. Therefore, 2008 rates are presented as of that date forward.

Tax benefits to make your savings plan even more convenient

The MFESP Bank Plan provides all of the in-state and Federal benefits of a tax-advantaged 529 program, with the additional benefits of FDIC insurance and principal protection.

- Any U.S. taxpayer, regardless of income, may establish a tax-favored 529 college savings account for anyone to help pay for higher education expenses, including themselves.³
- There are no in-state use restrictions.
- The proceeds can be used at any eligible college, university, proprietary or vocational school worldwide.⁴
- Account owner can control assets and how they are used.
- Earnings grow tax-free and distributions to pay qualified education expenses are tax-free.
- Anyone can participate and there are no income limitations.
- Montana taxpayers are entitled to a \$3,000 deduction to gross income per taxpayer, or \$6,000 for those married, filing jointly based on contributions.⁵ Participants also benefit through tax-free gifting.
- If the child does not go to college you can change the beneficiary to a family member of the beneficiary, penalty free.

Take the next step

The savings options available in the Bank Plan offer you convenient and affordable ways to save:

- Open your Bank Plan account with as little as \$250, or invest regularly through Payroll Direct Deposit or Automatic Direct Deposit from your financial institution.
- There are no checks to write, stamps to buy or deposit slips to fill out. Change the amount or frequency of your deposits at any time. As a direct deposit customer, you'll receive quarterly statements to keep you apprised of your progress.
- Payroll Direct Deposit allows you to have \$25 or more deducted from your paycheck and deposited into your Bank Plan account.
- Automatic Direct Deposit allows you to set up transfers of \$25 or more monthly or \$250 from your account at another financial institution to your Bank Plan account.

To learn more, visit collegesavings.com/montana and click on the products tab.

³ Higher education expenses include tuition, fees, textbooks, supplies and equipment required to attend an eligible institution. If the student's enrollment qualifies for at least half time, room and board expenses are also eligible up to a specified level.

⁴ Eligible colleges include virtually all accredited, public, nonprofit and proprietary postsecondary educational institutions.

⁵ Subject to recapture if the funds are withdrawn from the program within three years.



» Getting started is easy...

Mail

If you prefer, you can complete the enclosed Enrollment Form and return it with your initial contribution as follows:

Mail to:

MFESP Bank Plan
c/o College Savings Bank
PO Box 3769
Princeton, NJ 08543

For overnight mail:

MFESP Bank Plan
c/o College Savings Bank
5 Vaughn Drive, Suite 100
Princeton, NJ 08540

Make checks and electronic transfers payable to:
MFESP, CSB as Manager

Online

Online enrollment makes getting started even more convenient. Visit www.collegesavings.com/montana/enroll.csb to get started today.

Questions?

If you should need further assistance, contact a Client Service Representative toll-free at **1.800.888.2723**, Monday through Friday, 9 a.m. to 6 p.m. Eastern time. You can also email questions or comments to montana@collegesavings.com.



Contact and service

MFESP Bank Plan
College Savings Bank
P.O. Box 3769
Princeton, NJ 08543

Client service

1.800.888.2723
9 a.m. to 6 p.m. Eastern time
montana@collegesavings.com

collegesavings.com/montana

For more information about the MFESP Bank Plan (Bank Plan), call 1.800.888.2723 or visit www.mfesp.com to obtain a Disclosure Statement that discusses investment objectives, risks, charges, expenses, and other important information; read and consider it carefully before investing. If you are not a Montana taxpayer, consider before investing whether your or the beneficiary's home state offers any state tax or other benefits that are only available for investments in such state's qualified tuition program. In addition, you should periodically assess, and if appropriate, adjust your Section 529 Plan investment choices with your time horizon, risk tolerance, and investment objectives in mind.

The Bank Plan is sponsored by the State of Montana and administered by the Montana Board of Regents of Higher Education, as sole trustee of the Montana Family Education Savings Trust (Trust). College Savings Bank serves as Program Manager for the Investment Plan and the Bank Plan.

College Savings Bank, as Program Manager, supports all aspects of the day-to-day operations of the Bank Plan, including marketing, recordkeeping and administrative support. The Bank Plan offers four portfolios that invest in either a College Savings Bank issued CD or a savings account. CDs may be subject to early withdrawal penalties. Generally, contributions to and earnings on investments in the Bank Plan are insured by the FDIC on a pass-through basis to each account owner up to the maximum amount set by federal law, currently \$250,000. Under the FDIC regulations, accounts that have the same owner and the same designated beneficiary will be combined for purposes of the \$250,000 limitation. Please refer to the MFESP 529 Plan Disclosure Statement and the Bank Plan Disclosure Statement(s) for additional information.

Tax and other penalties may apply to non-qualified withdrawals from a MFESP account. You should consult your financial, tax, or other adviser to learn how state-based benefits (or limitations) will apply to your specific circumstances. The Bank Plan is not insured by the State of Montana, nor is the principal and interest invested in the plan thereon guaranteed by the State of Montana.

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