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BOARD of REGENTS
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AGENDA
LOUISIANA TUITION TRUST AUTHORITY
Wednesday, April 26, 2023
9:30 a.m.

Claiborne Building, 1st Floor
Louisiana Purchase Room 1-100
1201 North Third Street
Baton Rouge, Louisiana

- I. Call to Order
- II. Roll Call
- III. Public Comments
- IV. Approval of the Minutes
- V. Consent Agenda
 - A. Approval of Rulemaking – Rulemaking to implement the SECURE 2.0 Act of 2022 and to amend Section 315 to add the applicable interest rates for the START Saving Program for calendar year ending December 31, 2022.
- VI. Adjournment

LATTA Members: Dr. Kim Hunter Reed, Chair, David Aubrey, Christian Creed, Blake R. David, Sen. Cleo Fields, Randy L. Ewing, Stephanie A. Finley, Rachel Kincaid, Robert W. Levy, Phillip R. May, Jr., Rep. Buddy Mincey, Darren G. Mire, Wilbert D. Pryor, T. Jay Seale III, Gary N. Solomon, Jr., Terrie P. Sterling, Collis B. Temple III, Felix R. Weill, Judy A. Williams-Brown, John Williams, Catarena M. Lobre, *Student*

Note: The Board of Regents and any committee thereof reserve the right to enter into Executive Session, if needed, in accordance with R.S. 42:11 *et seq.*



START SAVING PROGRAM

LOUISIANA'S 529 COLLEGE SAVINGS PLAN
— A PROGRAM OF THE BOARD OF REGENTS —

Minutes Louisiana Tuition Trust Authority (LATTA) January 9, 2023

The Louisiana Tuition Trust Authority (LATTA) met on Monday, January 9, 2023, at 10:42 a.m. in the Claiborne Building, Louisiana Purchase Room, 1201 North Third Street, First Floor, Baton Rouge, Louisiana. Commissioner Reed called the meeting to order., and the roll was called.

LATTA Members Present

Dr. Kim Hunter-Reed, Chair
Regent David Aubrey
Regent Christian Creed
Regent Randy Ewing
Ms. Rachel Kincaid
Regent Robert Levy
Regent Catarena Lobré
Regent Phillip May
Regent Darren Mire
Regent Wilbert Pryor
Regent T. Jay Seale
Regent Gary Solomon
Regent Terrie Sterling
Regent Felix Weill
Regent Judy Williams-Brown


Staff Members Present

Dr. Sujuan Boutté
Rhonda Bridevaux
Robyn Lively

LATTA Members Absent

Regent Blake David
Senator Cleo Fields
Regent Stephanie Finley
Rep. Buddy Mincey
Regent Collis Temple
Mr. John Williams

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Fifteen members were present, which represented a quorum, and there was no public comment.

On motion of Regent Levy, seconded by Regent Seale the LATTA approved the minutes from the August 24, 2022, meeting.

CONSENT AGENDA

- A. Approval of Final Rulemaking – To allow for the transfer from a START Saving Program account to a START K12 account without penalty.

Dr. Sujuan Boutté, Executive Director of the Louisiana Office of Student Financial Assistance (LOSFA), indicated that at its August 24, 2022, meeting the Board of Regents authorized publication of a Notice of Intent to allow for the transfer from a START Saving Program account to a START K12 account without penalty. The LOSFA Advisory Board recommends that the Board of Regents authorize publication of the final rule.

On motion of Regent Ewing, seconded by Regent May, the LATTA approved the Consent Agenda item.

There being no further business, on motion of Regent Williams-Brown, with a second by Regent Sterling, the meeting adjourned at 10:45 am.

Agenda Item V.A.

Consent Agenda: Approval of Rulemaking

Rulemaking to implement the SECURE 2.0 Act of 2022 and to amend Section 315 to add the applicable interest rates for the START Saving Program for calendar year ending December 31, 2022.

Background:

The Setting Every Community Up for Retirement Enhancement 2.0 Act of 2022 (SECURE 2.0) was signed into law on December 29, 2022, as part of the Consolidated Appropriations Act of 2023. It made several changes to federal income tax laws, including one change to Internal Revenue Code (IRC) Section 529A (the Achieving A Better Life Experience Act (ABLE)) and a change to Section 529 (college savings plans, including the START Saving Program).

This rulemaking:

- When first passed, the ABLE Act required that an individual must have been diagnosed with a qualifying disability prior to attaining the age of 26. SECURE 2.0 amended this age requirement by increasing it to age 46 beginning with tax years beginning on or after December 31, 2025. Section 507 of the rulemaking implements this amendment.
- SECURE 2.0 added provisions that will allow a START beneficiary to transfer funds in a START Saving Account to a Roth Individual Retirement Account (IRA) under limited circumstances as indicated below:
 - The account must have been open for at least 15 years prior to the date of the requested transfer;
 - The transfer may only include funds that were contributed at least 5 years prior to the date of the requested transfer;
 - Any transfer must be made directly to the operator of the IRA (i.e., a direct trustee-to-trustee transfer);
 - No more than the annual Roth IRA contribution limit may be transferred in a year, and only the difference between other contributions and the maximum allowable annual contribution may be transferred –
 - The maximum allowable account contribution is determined by the Internal Revenue Service (IRS) annually, currently \$6,500 for the 2023 calendar year;
 - No more than \$35,000 may be transferred to a Roth IRA from a START Savings Account during the beneficiary's lifetime.

In addition to implementing the provisions of SECURE 2.0 applicable to the START Saving Program, the proposed rulemaking adds the interest rates to be applied to deposits in the START Saving Plan's principal protection option and to be applied for eligible Earnings Enhancements for the tax year ending December 31, 2022.

LSA R.S. 17:3095E(2) requires the State Treasurer to determine and report to the Louisiana Tuition Trust Authority the total earnings and the rate of return achieved on deposits in the Louisiana Education Tuition and Savings Fund (the "Fund") and, based upon that report, the Authority, with the approval of the State Treasurer, shall establish the rate of interest to be applied to the accumulated funds in the START accounts of record and to credit the appropriate amount of interest earnings to each such account. LSA R.S. 17:3093D(1)(f) requires the Authority to adopt

rules that include the interest rates approved by the state treasurer to be paid on START Accounts of record at the close of each calendar year.

The compilation of quarterly reports received from the State Treasurer for the year ending December 31, 2022, indicate that on an average daily balance of deposits of \$367,939,959.42, the Fund earned \$3,582,314.61. Further, the compilation of quarterly reports of the State Treasurer indicate that the Savings Enhancement Fund, which contains the Earnings Enhancements annually appropriated by the state legislature, earned \$307,639.78 on an average daily balance of \$23,233,920.44. The State Treasurer has notified the Authority by letter dated February 10, 2023, that the approved, calculated interest rate for deposits was 0.97% and for Earnings Enhancements was 1.32%.

LOSFA Advisory Board Recommendation

The LOSFA Advisory Board and the ABLE Account Advisory Council recommend that the Louisiana Tuition Trust Authority authorize publication of the final rule.