



August 8, 2005

VIA E-MAIL

Mr. Robert E. Feldman
Executive Secretary
Attn: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

Subject: Part 330-Accounts of Qualified Tuition Programs

Dear Mr. Feldman:

The Wisconsin Bankers Association ("WBA") wishes to comment on the interim final rule regarding deposit insurance coverage of accounts of qualified tuition savings programs under Section 529 of the Internal Revenue Code published by the FDIC in the Federal Register on June 9, 2005 (Volume 70, No. 110). The WBA is the largest trade association for financial institutions located in the State of Wisconsin, representing over 300 state and federally chartered banks, savings banks and savings and loan associations.

The WBA on behalf of its member financial institutions supports the adoption of a final rule making deposit insurance available on a "pass-through" basis for the beneficial interests of each participant in a qualified tuition program established by a state or state instrumentality under Section 529 of the Internal Revenue Code ("Section 529 Plan"). The adoption of the final rule making deposit insurance available on a "pass-through" basis would be very helpful in the State of Wisconsin where the state is actively considering a modification of the state's Section 529 Plan to accommodate the placement of funds by participants in certificates of deposit issued by FDIC insured financial institutions located in the State of Wisconsin (the "CD Option"). The successful acceptance of the CD Option in the State of Wisconsin is likely to be dependent on the availability of deposit insurance on a "pass-through" basis to participants selecting the CD Option.

More specifically, the WBA supports the adoption of a final rule which would be substantially similar to 12 C.F.R. 330.14 regarding the availability of deposit insurance on a "pass-through" basis to deposits maintained by employee

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benefit plans provided certain recordkeeping requirements are met. It appears that the interim final rule promulgated by the FDIC is substantially similar to 12 C.F.R. 330.14. For example, the WBA has confirmed with a representative of the FDIC that each participant in the state's CD Option who has a pro rata beneficial interest in all of the certificates of deposit acquired by the state trust fund would be eligible for deposit insurance coverage on a pro rata basis provided the recordkeeping requirements of 23 C.F.R. 330.5(b)(2) are met. The WBA is very encouraged by this clarification by the FDIC.

The WBA also requests clarification of the aggregation rules for deposits of a qualified tuition savings program under a Section 529 Plan. The WBA suggests that the aggregation rules be substantially similar to the aggregation rules for employee benefit plan accounts under 12 C.F.R. 330.14. As the WBA understands the rules applicable to employee benefit plan accounts, funds of a beneficiary in multiple employee benefit plans are aggregated, but funds of a beneficiary in employee benefit plans are generally not aggregated with the deposits separately held by the beneficiary in individual accounts at the same financial institution. The WBA believes this would be an important element of the FDIC's final rule because of the likelihood that participants will not be given the opportunity under the state's CD Option to select particular financial institutions for placement of his or her funds, but instead will have a pro rata interest in all of the funds deposited in financial institutions under the state's CD Option. The extent of the availability of deposit insurance to such participants should not depend on whether and the extent to which any such participant may have separately held deposits at such financial institution.

The WBA believes the final rule would be in the best interests of participants and beneficiaries of college savings accounts under the state's Section 529 Plan and permit participants to elect to place funds in certificates of deposit issued by FDIC insured financial institutions located in the State of Wisconsin. The placement of funds under the CD Option in FDIC insured financial institutions located in the State of Wisconsin should also help maintain a healthy economy in the state's local communities through the availability of funds from financial institutions participating in the CD Option.

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In summary, the WBA supports the adoption of the final rule with the additional clarification regarding the aggregation of deposits described above. Thank you for your consideration of the WBA's comments.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Bauer", with a large, stylized initial "K" that loops around the first part of the name.

Kurt R. Bauer
President and CEO

cc: Lorrie Keating Heinemann, Secretary
Wisconsin Department of Financial Institutions

Paul C. Adamsky, President
The Pineries Bank, Stevens Point, WI
and Member of the State of Wisconsin
College Savings Program Board

Thomas R. Papenthien, Executive Vice President
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