
TUITION TRUST AUTHORITY (TTA)

- Requires the Tuition Trust Authority to establish, within the Variable College Savings Program, a "default investment option" to benefit contributors who are first-time investors or have low to moderate incomes.

Default investment option

(R.C. 3334.19)

The act requires the Tuition Trust Authority (TTA) to establish a "default investment option" within its Variable College Savings Program for contributors who are first-time investors or have low to moderate incomes. The act itself does not describe or define the term "default investment option," but it likely refers to an investment plan that does not require the investor to choose from among savings instruments or plan administrators or to make periodic decisions whether to transfer money among investment options. The act does not specify whether the intent is simply for TTA to market the default option as one choice, or to restrict investors with certain characteristics (such as low or moderate incomes) to the default option.

The TTA is a state agency under the purview of the Chancellor of the Board of Regents. It operates two college savings programs that correspond to the types permitted by federal tax law: (1) a guaranteed savings program, which is now closed to new investors, and (2) a variable savings program. Under the Variable College Savings Program, an individual contributes money to an investment account managed by the state, or its agent, for the benefit of the beneficiary. Assets of the Variable Program are invested in savings accounts, life insurance or annuity contracts, securities, bonds, or other investment products. Because the program is market-based, it generally provides a variable rate of return and contributors assume all investment risk.

