



State of Wisconsin
Department of Financial Institutions

Tony Evers, **Governor**

Cheryll Olson-Collins, **Secretary-designee**

COLLEGE SAVINGS PROGRAM

REGULAR COLLEGE SAVINGS PROGRAM BOARD MEETING
WEDNESDAY, JUNE 7, 2023

MINUTES

A meeting of the Wisconsin College Savings Program Board of Directors was held in-person (with the option to attend virtually via Microsoft Teams) on Wednesday, June 7, 2023 at 9:00 a.m. at the Wisconsin Department of Financial Institutions (4822 Madison Yards Way, North Tower, Madison, WI 53705).

1. Call to Order and Roll Call

Board Chair Bill Oemichen called the regular meeting of the College Savings Program Board to order at 9:00 a.m. with a quorum present.

Board Members Present In-Person & via Microsoft Teams

DFI Secretary-designee Cheryll Olson-Collins, Bill Oemichen (Board Chair), Jason Rector (SWIB), James Zylstra (WTCS), Leah Steuer (proxy, WAICU), Sean Nelson (UW System), Sen. Latonya Johnson, Lacy Fox (Sen. Johnson's office) Susie Bauer, and Ashleigh Edgeron.

Others Present In-Person & via Microsoft Teams

Wilshire: Steve DiGirolamo.

Voya: Paula Smith and James Harper.

TIAA: Vivian Tsai, Regina Carmon, Jackie James, Jeremy Thiessen, and Jordan Jones.

DFI: Jessica Wetzel, Cheryl Rapp, Chelsea Wunnicke, Matt Lynch, and Patti Epstein.

General Public Attendees: Justin Slaughter.

2. Agenda Approval and Public Posting Report

The agenda was received and staff reported that the meeting notice and agenda have been properly posted. James Zylstra motioned to approve the agenda. Jason Rector seconded the motion. The motion carried.

3. Approval of Minutes from March 8, 2023 Board Meeting

Jason Rector motioned to approve the March 8, 2023, College Savings Program Board meeting minutes. James Zylstra seconded the motion. The motion carried.

4. Administrative Reports

a. Board Chair Comments – Board Chair Bill Oemichen began by providing a brief overview of Edvest and Tomorrow's Scholar plan data through April 2023, sharing that Edvest has \$4.58B in assets under management (AUM) (up 2.4% YOY) across 221,599 accounts (up 3.3% YOY) with an average account size of \$20,697 (down less than 1% YOY). Bill added that Tomorrow's Scholar has \$2.14B in AUM (down 9% YOY, but the highest month-end since July 2022) and 163,104 accounts (stagnant growth YOY) with an average account size of \$18,900.

- b. DFI Secretary-designee Comments** – Secretary-designee Cheryl Olson-Collins shared that CSP Board members Bill Oemichen and Susie Bauer have both accepted the Governor's invitation to serve new terms on the College Savings Program Board. She thanked them both for continuing to provide their expertise and leadership to the program and for all they have done during their past term. Olson-Collins finished by sharing that DFI is currently awaiting details on confirmations for Oemichen and Bauer and that DFI's legislative liaison is also working with the Governor's office to fill the CSP Board's vacant seat.

- c. Program Director Comments** – Financial Capability Director, Jessica Wetzel, thanked Secretary-designee Olson-Collins and shared several program updates. First, Wetzel provided a recap of the many outreach activities CSP staff has been engaged in over the past few months, including in-person presentations at state-wide conferences, parent and family 529 info sessions at libraries, schools, and community groups, a webinar for State and UW-System employees, and recognizing several of the 2023 Money Smart Wisconsin Essay Contest winners with their Edvest scholarships. Secondly, Wetzel shared that in May, the program engaged in annual due diligence meetings with Voya, BNY Mellon, and Ascensus. All meetings went very well. The program will also participate in one last due diligence meeting with TIAA this year. Wetzel moved on to remind board members that annual Morningstar plan analysis preparation will begin in July when the RFI is likely released, and that DFI's new website is officially live. She also shared that the 529.wi.gov website will be taken down in mid- to late-June as all content has been migrated to the new DFI site. Finally, Wetzel welcomed the CSP's newest staff member, Chelsea Wunnicke. Wunnicke introduced herself and provided an update on what she has been working on since joining the program and stated that she is excited to be part of the Wisconsin CSP team.

5. Program Manager Comments (TIAA)

a. First Quarter 2023 Plan Activity

Regina Carmon reviewed Edvest Q1 2023 plan activity. Carmon began by sharing that industry-wide, investors have carried over market concerns from 2022 into 2023. With continued reports of inflation, rising interest rates and failing banks, direct-sold 529 plans reported net inflows of \$2.029 billion in Q1 2023 compared to net inflows of \$3.124 billion in Q1 2022.

The Edvest plan held \$4.521B in AUM at the end of Q1 2023, which was an increase of 5% quarter over quarter (QOQ) but a 4% decrease year over year (YOY). Average account size increased by 4% QOQ to \$20,485, down 7% YOY. Q1 contributions of \$126.6 million was up 13% QOQ, down 4% YOY. 4,594 new accounts were opened in Q1, and total accounts at quarter-end of 220,703 were up 1% QOQ and up 3% YOY, including 1,513 net new accounts. Carmon noted that qualified redemptions continue to be the leading trend in distributions for the plan, with qualified withdrawals representing 98% of all withdrawals taken for the quarter. Q1 redemptions of \$110.1M was an increase of 59% QOQ and 8% YOY.

First Quarter 2023 Marketing & Outreach Report

Jackie James began by providing a YTD core marketing program recap for the board, outlining that the plan's audience is segmented into four main categories: prospective account owners, current account owners, inquirers, and new account owners. Communication is served to audiences via direct mail, email, and digital campaigns. James moved on to share that Edvest ran their annual Tax-Time campaign from February through the tax deadline in April, and that the campaign exceeded its goal for new accounts opened and total contributions. James finished by

sharing that Q2 marketing efforts will include a 529 Day bonus deposit incentive campaign. She shared goals for this campaign and will provide the Board with actuals at the next meeting.

6. Program Manager Comments (Voya Investment)

a. First Quarter 2023 Activity and Metrics

Paula Smith reviewed Tomorrow's Scholar Q1 2023 plan activity. Smith began by sharing that Q1 was a solid quarter, capped off by a strong month in April, with contributions outpacing 2022. Sales of \$64m through April 2023 were down 11% over the same period in 2022, however, April 2023 contributions surpassed April 2022. Sales were spread across 171 broker/dealers nationally, with major broker/dealer partners showing YOY growth, particularly omnibus partners like Ameriprise, Edward Jones, and Raymond James. YTD, new accounts of over 1,300 are still concentrated with younger beneficiaries and average account size is up from Q4 2022 due to strong program AUM growth. Sales in Wisconsin were up 3% YOY, with Edward Jones, Baird, Ameriprise having top sales for the state. Average account balance for Wisconsin beneficiaries is \$13K while the average account balance for beneficiaries nationwide is \$31K.

Smith moved on to share that the 2023 strategic asset allocation changes approved by the board in March 2023 were implemented on 4/26/23. Plan fees are in line with advisor-sold industry average and all changes are reflected in a brand-new program description, on the Voya/Tomorrow's Scholar website, and on marketing materials and forms. Smith also shared that Voya is on track to implement an omnibus relationship with Baird (Schwab) in 2023.

First Quarter 2023 Marketing Activity

Smith stated that Voya continues to focus on diversified marketing campaigns for 529's to increase awareness and elicit action by financial advisors. In Q1 the plan executed a tax advantages email campaign that targeted 529 advisors in Wisconsin and in top focus states as well as advisors at Ameriprise and Edward Jones. Their annual March Madness email and social media campaign continues to be their most popular campaign. In Q2 they will execute a 529 Day email, social media, and webinar campaign.

Smith finished by stating that 2023 has begun to show a noticeable improvement, with sales at several key broker/dealer partners growing YOY and plan performance ranking in the top quartile through Q1.

7. Investment Analysis & Discussion (Wilshire Associates) – CLOSED SESSION *(A motion to go into closed session at this meeting is authorized pursuant to sections 19.85(1)(e) and 19.36(5) of the Wisconsin Statutes to consider confidential strategies for the investment of public funds, including the review of risk profiles of portfolio investments.)*

- a.** Board Chair, Bill Oemichen, welcomed a motion to move into closed session. James Zylstra motioned to move into closed session. Sean Nelson seconded the motion. A rollcall vote was taken and passed unanimously. The motion carried. The Board entered closed session at 9:40am.

The Board returned to full session at 11:07am.

8. Old Business

- a. None**

9. New Business

a. 2024 Board Meeting Dates – Review & Discussion

The board reviewed proposed meeting dates for 2024 and agreed to continue meeting virtually for three of the four meetings in the coming year. Proposed 2024 CSP Board Meeting Dates:

- Thursday, March 21, 2024 – Virtual
- Wednesday, June 19, 2024 – In-Person
- Wednesday, September 18, 2024 – Virtual
- Thursday, December 5, 2024 – Virtual

10. Announcements & Action Items

a. The next meeting of the Wisconsin CSP Board will be held virtually via Microsoft Teams on Wednesday, September 20, 2023 at 9:00 a.m. CT.

b. Action Items

- Jessica Wetzel will send board members a link to the Saving For College 529 Comparison Tool.

c. Remaining 2023 Board Meeting Schedule

- Wednesday, September 20, 2023 (virtual)
- Wednesday, December 13, 2023 (virtual)

11. Adjournment

Bill Oemichen welcomed a motion to adjourn the meeting at 11:15am. Jason Rector motioned to adjourn the meeting. James Zylstra seconded the motion. The motion carried.