



**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, SEPTEMBER 20, 2023**

**MINUTES**

A meeting of the Wisconsin College Savings Program Board of Directors was held virtually on Wednesday, September 20, 2023 at 9:00 a.m. via Microsoft Teams.

**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 via Microsoft Teams

DFI Secretary-designee Cheryll Olson-Collins, Bill Oemichen (Board Chair), Jason Rector (SWIB), James Zylstra (WTCS), Eric Fulcomer (WAICU), Sean Nelson (UW System), Lacy Fox (Sen. Johnson's office) Susie Bauer.

Others Present via Microsoft Teams

Wilshire: Steve DiGirolamo.

Voya: Paula Smith and James Harper.

TIAA: Vivian Tsai, Regina Carmon, Jackie James, Keller Hoak, 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. Sean Nelson motioned to approve the agenda. Susie Bauer seconded the motion. The motion carried.

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

James Zylstra motioned to approve the June 7, 2023, College Savings Program Board meeting minutes. Susie Bauer 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 August 2023, sharing that Edvest has \$4.7B in assets under management (AUM) (up 9.2% YOY) across 113,179 accounts (up 3.5% YOY) with an average account size of \$21,159 (up 5.5% YOY). Bill added that Tomorrow's Scholar has \$2.15B in AUM (up 2% YOY) and 167,365 accounts, which is stagnant growth YOY, however the plan added well over 4,000 accounts over the last month. The average account size is \$19,603 (up 3% YOY).

- b. DFI Secretary-designee Comments** – Secretary-designee Cheryll Olson-Collins shared that DFI, TIAA, Voya, Wilshire, and CSP Board members Susie Bauer, Bill Oemichen, and Jason Rector prepared for and participated in annual Morningstar analyst interviews for each plan on September 11<sup>th</sup> (Edvest) and 12<sup>th</sup> (Tomorrow’s Scholar). In advance of each interview, DFI submitted required RFI’s for each plan as well. Olson-Collins elaborated that the program had brand new analysts, so time was spent introducing key DFI staff, covering the ways DFI and the CSP Board work with Program Managers (TIAA/Voya) and Investment Consultant (Wilshire), highlighting recent efforts and successes of each program, and answering questions posed. Overall, both meetings went very well, and the questions posed by each analyst created good conversation. Finally, Olson-Collins shared that Morningstar ratings will be announced in early November, at which time Jessica Wetzel will share outcomes with the Board via email.
- c. Program Director Comments** – Financial Capability Director, Jessica Wetzel, thanked Secretary-designee Olson-Collins and began by providing three administrative updates, including that both plans recently completed financial audits with nothing outstanding; DFI’s Investment Policy Statement is included in the Board’s supplemental meeting materials with minimal updates reflected; and that DFI completed all annual due diligence meetings after meeting with TIAA and Vanguard investment and risk management teams in late August. All 2023 operations and investment due diligence meetings went well and provided helpful insight and clarity into each plan. Wetzel moved on to share that the program has been busy with outreach activities over the past few months and is currently leveraging the fact that September is National College Savings Month. Upcoming events include employee benefit fairs, conferences put on by library, hospital, foundation, and school associations, plus unique community-based events. Finally, Wetzel informed the board that the entire 529 industry is still awaiting clarification from the IRS and Treasury on how to implement the Secure 2.0 provision that will allow for unused 529 dollars to be rolled over into a Roth IRA. The change goes into effect on January 1, 2024, so the program is currently working with TIAA and Voya on how to communicate this change to the public.

## **5. Program Manager Comments (TIAA)**

### **a. Second Quarter 2023 Plan Activity**

Regina Carmon reviewed Edvest Q2 2023 plan activity. Carmon began by sharing that investors continued to proceed cautiously during the Q2. Inflation did not reach the Fed’s target goal of 2% and the possibility of higher interest rates remained top of mind. However, 529 savers are still investing. The direct-sold 529 channel reported net inflows of \$2.724 billion in Q2 ‘23 compared to net inflows of \$3.076 billion in Q2 ‘22.

The Edvest plan held \$4.747B in AUM at the end of Q2 2023, which was an increase of 5% quarter over quarter (QOQ) and 11% increase year over year (YOY). Average account size increased by 4% QOQ to \$21,316, up 8% YOY. Q2 contributions of \$92.8 million were down 27% QOQ, but up 2% YOY. 3,915 new accounts were opened in Q2, and total accounts for the plan at quarter-end were 222,738, up 1% QOQ and up 3% YOY. Carmon noted that qualified redemptions (83.2%) lead all distribution types for the quarter, and the leading average redemption by beneficiary age is between the ages of 18-24.

Board Chair, Bill Oemichen, asked how Edvest’s qualified and non-qualified redemptions compare to other 529 plans. Carmon provided the following stats from ISS Market Intelligence prior to the meeting adjourning: In analyzing qualified and non-qualified data together, 8.2% of accounts taking distributions were non-qualified and 11.6% of distribution assets were non-

qualified as of Q2 2023. In Q2 2023, as the advisor-sold channel reported 9.3% of accounts taking distributions as non-qualified and 14.3% of distribution assets as non-qualified compared to the direct-sold channel which reported 7.8% of accounts taking distributions as non-qualified and 10.5% of distribution assets as non-qualified.

### **Second Quarter 2023 Marketing & Outreach Report**

Jackie James reviewed Edvest's marketing efforts for the 2nd Quarter, which included the launch of Edvest's 2023 '529 Day' bonus contribution campaign. The effort resulted in 754 new accounts and \$7.559 million in contributions, both of which exceeded results of the 2022 '529 Day' campaign. James clarified that there was a reporting issue on new accounts opened as a result of the 2022 '529 Day' campaign, which has since been fixed. The 2023 '529 Day' campaign utilized a tiered bonus offer, which differs from past bonus promotions, where new accounts opened with \$250 (and recurring contributions of \$50 or more per month for six months) would receive a \$50 bonus contribution from the plan, and new accounts opened with \$500 (and recurring contributions of \$50 or more per month for six months) would receive a \$100 bonus contribution from the plan. James noted that individuals who participated in the '529 Day' promotion overwhelmingly opted for the higher initial contribution amount (\$500) to receive the \$100 bonus.

Q3 2023 marketing and promotion efforts will focus on a College Savings Month campaign in September which will be promoted through a combination of direct mail, email, digital, earned media, social media, banner ads, digital video, and grassroots activities via Edvest's two dedicated field consultants and DFI. Additionally, in Q3 Edvest is hosting a summer Instagram sweepstakes (to encourage more engagement on Instagram since Edvest recently joined the platform), sending monthly birthday email to AO's, running connected TV ads, promoting an article focused on withdrawing 529 funds, and promoting TIAA's participation on a podcast episode of 'Grown Up Stuff' dedicated to 529 college savings plans.

## **6. Program Manager Comments (Voya Investment)**

### **a. Second Quarter 2023 Activity and Metrics**

Paula Smith reviewed Tomorrow's Scholar Q2 2023 plan activity. Smith began by sharing that Q2 was a solid quarter, capped off by a strong month in July, with contributions outpacing 2022. Sales of \$100m through July 2023 were down 7% over the same period in 2022 (vs. industry wide advisor-sold decline of 10% YTD), however, July 2023 contributions surpassed July 2022 which could suggest a strong start to the coming quarter. Sales were spread across 174 broker/dealers nationally, with major broker/dealer partners showing YOY growth and additional growth coming from RW Baird and Merrill Lynch. YTD, new accounts of over 2,000 are still concentrated with younger beneficiaries and average account size is up 3% due to strong program AUM growth. Top sales in Wisconsin for the quarter were done by Edward Jones, Baird, and Ameriprise, while top sales nationwide are attributed to Morgan Stanley, Ameriprise, and Merrill. The average account balance for Wisconsin beneficiaries is \$14K while the average account balance for beneficiaries nationwide is \$31K.

Smith moved on to share that in partnership with BNY Mellon, Voya plans to launch the 'Active Investor' mobile app in Q4 2023, allowing investors to access accounts on the go. She also shared that as of June 2023, advisor may now use the advisor portal to: Initiate and change automatic investment plans; Process additional purchases; Request 529 distributions to the owner, student or

college; Change account owner address and other information; View trade details. Finally, Smith added that Voya is working on finalizing an omnibus relationship with Baird (Schwab) in 2024.

### **Second 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 Q2 the plan executed a '529 Day' email, social media, and webinar campaign that targeted 529 advisors in Wisconsin and in top focus states as well as advisors at Ameriprise and Edward Jones. Upcoming marketing efforts for the year include a College Savings Month campaign and year-end gifting campaign.

Smith finished by stating program AUM has rebounded strongly in 2023, aided by solid sales and a strong start to Q2 2023, with YoY growth at several key broker/dealer partners.

**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. Sean Nelson motioned to move into closed session. Kim Shaul seconded the motion. A rollcall vote was taken and passed unanimously. The motion carried. The Board entered closed session at 9:47am.

The Board returned to full session at 10:29am.

**8. Old Business**

- a. None

**9. New Business**

**a. Ethics Refresher**

Matthew Lynch, DFI's Chief Legal Counsel, provided an annual overview of key ethics laws for Board members, including information on Corruption (Wis. Stat. s. 19.45); Conflicts of Interest (Wis. Stat. s. 19.46); Influence by Lobbyists (Wis. Stat. s. 13.625); Public Records (Wis. Stat. ss. 19.32 to 19.35); and Open Meetings (Wis. Stat. ss. 19.82 to 19.98).

**10. Announcements**

- a. The next meeting of the Wisconsin CSP Board will be held virtually via Microsoft Teams on Wednesday, December 13, 2023 at 9:00 a.m. CT.
- b. Jessica Wetzel shared that the June 2024 Board meeting will be rescheduled from Wednesday June 19, 2024, to Tuesday, June 18, 2024, to avoid the Juneteenth holiday. And updated calendar invitation will be sent out to all regular attendees.

**11. Adjournment**

CSP Board Vice Chair, Kim Shaul, welcomed a motion to adjourn the meeting at 10:47am. Eric Fulcomer motioned to adjourn the meeting. Sean Nelson seconded the motion. The motion carried.