



State of Wisconsin
Department of Financial Institutions

Tony Evers, **Governor**

Cheryll Olson-Collins, **Secretary**

REGULAR COLLEGE SAVINGS PROGRAM BOARD MEETING
THURSDAY, MARCH 21, 2024

MINUTES

A meeting of the Wisconsin College Savings Program Board of Directors was held virtually via Microsoft Teams on Thursday, March 21, 2024 at 9:00 a.m.

1. Call to Order and Roll Call

Board Chair Bill Oemichen called the regular meeting of the College Savings Program Board to order at 9:02 a.m. with a quorum present.

Board Members Present Via Microsoft Teams

DFI Secretary Cheryll Olson-Collins, Bill Oemichen (Chair), Kim Shaul (Co-Chair), Eric Fulcomer (WAICU), Sen. Johnson, Susie Bauer, and Ashleigh Heard.

Others Present Via Microsoft Teams

Wilshire: Steve DiGirolamo and Felicia Bennett.

Voya: Paula Smith, Barbara Reinhard, Lanyon Blair, and James Harper.

TIAA: Regina Carmon, Jackie James, and Jeremy Thiessen.

DFI: Jessica Wetzels, Cheryl Rapp, Matt Lynch.

Other/General Public: Justin Slaughter, Lacy Fox (Sen. Johnson's Office), and Ronan O'Brien.

2. Agenda Approval and Public Posting Report

The agenda was received and staff reported that the meeting notice and agenda have been properly posted. Eric Fulcomer motioned to approve the agenda. Kim Shaul seconded the motion. The motion carried.

3. Approval of the Minutes of the December 13, 2023 Board Meeting

Susie Bauer motioned to approve the December 13, 2023, College Savings Program Board meeting minutes. Kim Shaul seconded the motion. The motion carried.

4. Administrative Reports

- a. Board Chair Comments** – Board Chair Bill Oemichen began by sharing that Board member, Ashleigh Heard's board term with the CSP has come to an end and she will be stepping off the board, effective May 1, 2024. For most of Ashleigh's board service, she served as director of Fund My Future Milwaukee, a Children's Savings Account (CSA) initiative launched by the City of Milwaukee in 2018. The program aims to provide all K5 students in Milwaukee with a CSA account to ensure that they have a chance for a future that includes higher education. Fund My Future Milwaukee uses the Edvest 529 platform as the vehicle for their investments. Bill thanked Ashleigh for her service and welcomed her comments. Ashleigh thanked the program's current staff and board members and shared that she appreciated her time serving on the board. She is

now with the organization Lead2Change but remains interested in any CSA movement in the future.

Oemichen moved on to provide a brief overview of Edvest and Tomorrow's Scholar plan data through February 2024, sharing that Edvest assets of \$5.1B (up 16.3% YOY) is the highest in the plan's history. Total accounts are at 228,962 (up 11.6% YOY) with an average account size of \$22,397 (up 11.6% YOY). He added that Tomorrow's Scholar has \$2.3B in AUM (up 10% YOY) and 162,317 accounts (stagnant YOY) with an average account size of \$20,365 (up 12% YOY).

Oemichen closed by congratulating Cheryll Olson-Collins on being formally confirmed as DFI's Secretary by the Wisconsin State Senate on 3/12 and asked her to share any comments.

- b. DFI Secretary Comments** – Secretary Cheryll Olson-Collins began her comments by thanking Bill and other Board members for attending the first College Savings Program Board meeting of 2024. The Secretary continued by announcing that on February 20th, 2024, CSP Board members Bill Oemichen, Susie Bauer, and Sen. LaTonya Johnson were officially confirmed to the College Savings Program Board by the Wisconsin Senate, and on March 12th, 2024, Kim Shaul was also confirmed to the Board. She congratulated each member and thanked them for their continued service to the program. Olson-Collins moved on to share that Financial Literacy Month and Money Smart Wisconsin Week are taking place in April, so the CSP and DFI's Office of Financial Capability are ramping up outreach. As part of this year's "Big Read" effort, Edvest materials will again be distributed in books given to more than 1,500 children across the state.
- c. Program Director Comments** – Financial Capability Director, Jessica Wetzel, thanked Secretary Olson-Collins and shared several program updates. First, Wetzel announced that the CSP already has more than a dozen outreach events scheduled for the month of April, including events with three children's museums in different areas of the state who have decided to host events dedicated to educating children and families on financial literacy and college readiness. Wetzel also shared that for the fourth year in a row the CSP, Edvest 529, and the Wisconsin Coalition on Student Debt hosted a Money Smart Wisconsin Essay Contest where graduating high school seniors in WI were invited to submit an essay on their plans for higher education, and most importantly, how they plan to finance it. This year 160 submissions were received - the most ever. Increased sponsorship will allow 15 students to receive a \$1,000 scholarship in the form of an Edvest 529 account contribution. Winners will be announced in April. Wetzel moved on to provide an update on two pieces of legislation impacting the program. First, Assembly Bill 793, passed both the house and senate unanimously as of the date of the meeting but has not yet been signed by the Governor. There are three significant changes that this bill brings: (1) increases tax-deductible amounts to \$5,000 and \$2,500 and removes the divorced parent limitation; (2) increases and streamlines the tax credit an employer may claim on contributions made to an employee's WI 529 plan; (3) and updates our definition of 'QHEE' to conform to the federal definition. Second, AB1012 would create a 'WisKids' Childrens Savings Account (CSA) program within the Wisconsin 529 College Savings Program. The potential 'WisKids' program would be administered by the DFI and the Wisconsin 529 College Savings Program with oversight from the College Savings Program Board. Under the program, every child born or adopted in Wisconsin would automatically have \$25 invested in their name through an omnibus Edvest 529 account owned by DFI. Parents may opt out of participation. Funding for marketing, administering, and seeding each account with \$25 would be drawn from the existing College

Savings Program Trust (SIF) fund. The legislation was introduced on 1/25/2024 by Representatives Macco & Goyke and a public hearing with the Assembly Committee on Financial Institutions was held on 1/31/2024. The DFI attended a public hearing with the Assembly Committee on Financial Institutions to provide testimony in support of the bill and to answer any questions from committee members on program administration. Bill Oemichen asked Wetzel to clarify how the omnibus account works and Ashleigh Heard asked if other existing CSA programs have been consulted. Wetzel confirmed that other CSA programs were consulted, and she went on to explained that the omnibus or master holding account for WisKids would be where all funds are held for program participants, and via a record keeping platform that would need to be purchased, \$25 would be allocated to each child born.

5. Program Manager Comments (TIAA)

a. Fourth Quarter 2023 Edvest Plan Activity

Regina Carmon reviewed Edvest Q4 2023 Plan activity. Carmon started by sharing that global equities delivered strong fourth quarter returns and the plan is heading into 2024 more optimistic on the state of global economies than in 2023. Year-end AUM was at \$5.0B, an increase of 16% YOY, outpacing the direct-plan industry growth of 9.5%. Average account size increased 12% YOY to \$21,960. Q4 contributions of 134.4 million were up 20% YoY. 6,236 new accounts were opened in Q4, and total accounts at quarter-end of 227,721 was up 4% YoY. Q4 redemptions of \$77.8M were up 13% YOY. Carmon shared that 90.9% of plan withdrawals were for qualified expenses, which shows outflows are primarily being used for their intended purpose. Carmon moved on to share that Edvest Field Consultants successfully held 39 webinars; 70 Edvest At Work activities; and onboarded 9 new Workplace Savings Partners in 2023, which resulted in \$3.1M in contributions and 322 new accounts.

Jeremy Thiesen provided a very brief Q4 investment performance overview and walked the board through a recent fund and portfolio rebrand as a result of TIAA-CREF and Nuveen merging boards. Thiesen shared that effective May 1, 2024, all TIAA-CREF named Funds in the plan will be renamed to reflect the Nuveen brand. The Funds are only undergoing name changes, and investment strategies and objectives of the Funds will not change. Additionally, on May 1, the plan's "Social Choice Portfolio" will be renamed "Large Cap Responsible Equity Portfolio." The portfolio will be fully invested in the Nuveen Large Cap Responsible Equity Fund.

Fourth Quarter 2023 Edvest Marketing & Outreach Report

Jackie James reviewed Edvest marketing efforts for Q4, which included an October and year-end/Holiday bonus promotion campaign; local marketing initiatives, including publishing a FAFSA news article, soft launching a new YouTube video advertisement campaign; rural counties marketing; sponsoring mom/parent blogs; an October Account Owner email; sponsoring Holiday gift lists; and promoting the 2023 Morningstar rating. James shared that both Q4 bonus promotion campaigns were largely successful. The October campaign resulted in 1,273 new accounts (up 19% YOY) and \$21.2 million in contributions (18% increase YOY). The year-end holiday gifting campaign resulted in 1,719 new accounts (15% increase YOY) and \$29.4 million in new contributions (down 8% YOY). James also shared YouTube analytics for both campaign commercials, which were also successful. The October promo commercial received 705,202 impressions, 259,170 views, and 231 clicks. The year-end/holiday gifting commercial received 1,226,721 impressions, 417,956 views, and 449 clicks. James closed by sharing that in Q1 2024 the plan will be launching its tax-time campaign.

6. Program Manager Comments (Voya Investment)

a. Fourth Quarter 2023 Tomorrow's Scholar Plan Activity

Paula Smith reviewed Tomorrow's Scholar Q4 2023 Plan activity. Smith began by first touching on plan activity, stating that 2023 was a strong year, rounded out by a strong quarter, with 4Q23 contributions outpacing 2022 by 8%. Total 2023 sales of \$175m through October 2023 was up over 2022, with 3,500 new direct-held accounts opened (up 3% YOY). Average account size is approximately \$19.9K, up 11% from 2022 due to a 10% YoY growth in program AUM. Sales were spread across 177 broker/dealers nationally. In Wisconsin, sales of \$108 million throughout 2023 were in line with 2022, top sales were done through Edward Jones, Ameriprise, and LPL, and the average beneficiary account size was \$13.7K. Nationwide, most target states saw an increase in sales YOY, with top sales done through Morgan Stanley, Ameriprise, and LPL, and the average beneficiary account size was \$33.6K. Smith shared that in Q4, the plan's gifting portal surpassed \$215K in contributions received, with more than \$1.7 million in total gifts given since inception. Smith then shared that the plan will be hosting a March Madness campaign in March, and a 529 Day campaign in May to encourage advisors to help their clients take advantage of saving with a 529 plan. Voya has also updated their suite of Tomorrow's Scholar advisor materials. Smith also noted that Voya officially implemented an omnibus relationship with Baird (Schwab) which equips Voya with eight omnibus relationships.

b. Proposed Tomorrow's Scholar 2024 Investment Changes

Barbara Reinhard and Lanyon Blair proposed investment changes for the Tomorrow's Scholar. Reinhard began by sharing Voya's 2024 strategic investment themes for Tomorrow's Scholar, noting that the Voya Multi-Asset Strategies and Solutions (MASS) team believes healthy supply chains and low market rents suggest more disinflation is ahead. Proposed investment changes to the plan include:

- i. Strategic Asset Allocation Changes: (1) decrease Short Duration in favor of High Yield as capital market assumptions point to strong returns for High Yield over the next 10 years, decrease Short Duration; (2) no change to equity/bond mix.
- ii. Changes to Underlying Managers: Increase passive in more efficient asset classes to reduce overall fees (1) increase passive US Large Cap Core and reduce active Growth and Value managers, including reduction of VY T.Rowe Price Growth Equity as well as the removal of VY Invesco Comstock and Voya US High Div Low Volatility, and increase passive within International Developed Equities and remove Active Multi-Manager International Factors Fund as a result; (2) Modest reduction of Brandywine in favor of Voya Intermediate Bond due to fee and portfolio construction considerations, (3) In high yield, transition to a lower cost vehicle of the same strategy; (4) Remove VY Columbia Small Cap Value due to concerns around PM change and move proceeds to Voya Small Company.
- iii. Single Fund Changes: Remove Columbia Dividend Opps (assets mapped to Voya Large Cap Value).

If approved, the changes will reduce blended investment fees on the plan's age-based portfolios by an average of 0.02% and on risk-based portfolios by an average of 0.03%. The proposed investment changes reflect Voya's latest long-term forecasts for asset class returns, risks, and correlations; reduce blended investment fees (by as much as 5-6 bps in far dated and aggressive

portfolios); and position portfolios to keep pace with forecasted tuition inflation. If adopted, changes would be implemented on 4/24/2024.

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. Susie Bauer motioned to move into closed session. Eric Fulcomer seconded the motion. A rollcall vote was taken and passed unanimously. The motion carried. The Board entered closed session at 10:42am.

The Board returned to full session at 11:27am.

8. Proposed Tomorrow's Scholar 2023 Investment Changes - VOTE

- a. Bill Oemichen welcomed a motion to accept Voya's 2024 strategic asset allocation recommendations for the Tomorrow's Scholar plan. Eric Fulcomer motioned to accept Voya's 2024 strategic asset allocation recommendations. Susie Bauer seconded the motion. The motion carried.

9. Old Business

- a. None

10. New Business

a. Potential Updates to Administrative Rules: Review Scope Statement – VOTE

Bill Oemichen reminded the board that at their December 2023 meeting, the board voted to approve that DFI move forward with technical updates to the College Savings Program's administrative rules. DFI's Chief Legal Counsel, Matt Lynch, outlined next steps in the process of implementing technical updates to the College Savings Program's administrative rules by walking the board through a project scope statement. The statement outlined eliminating obsolete provisions, correcting cross-references, eliminating rules that are redundant with statutes, correcting errors, and modifying the structure of existing rules in non-substantive ways. Bill Oemichen welcomed a motion to accept the project scope statement for technical updates to the program's administrative rules. Susie Bauer motioned to accept the scope statement. Sen. Johnson seconded the motion. The motion carried.

11. Announcements & Action Items

- a. The next meeting of the Wisconsin CSP Board will be held in-person at the DFI's headquarters on Tuesday, June 18, 2024 at 9:00 a.m. CT.
- b. Action Items
 - i. Jessica Wetzel will send board members a link to the Edvest plan's new College Savings Connection video series.
- c. Remaining 2023 Board Meeting Schedule
 - Wednesday, September 18, 2024, at 9:00 a.m. CT. (virtual)
 - Thursday, December 5, 2024, at 9:00 a.m. CT. (virtual)

12. Adjournment

Bill Oemichen welcomed a motion to adjourn the meeting at 11:44am. Susie Bauer motioned to adjourn the meeting. Eric Fulcomer seconded the motion. The motion carried.