



State of Wisconsin
Department of Financial Institutions

Tony Evers, **Governor**

Cheryll Olson-Collins, **Secretary**

COLLEGE SAVINGS PROGRAM

REGULAR COLLEGE SAVINGS PROGRAM BOARD MEETING
THURSDAY, DECEMBER 5, 2024

MINUTES

A regular meeting of the Wisconsin College Savings Program Board of Directors was held virtually via Microsoft Teams on Thursday, December 5, 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 9:01 a.m. with a quorum present.

Board Members Present Via Microsoft Teams

DFI Secretary Cheryll Olson-Collins, Bill Oemichen (Chair), Jason Rector (SWIB), James Zylstra (WTCS), Eric Fulcomer (WAICU), Charles Saunders (Universities of Wisconsin), Susie Bauer, Ryan McGuire, Sen. LaTonya Johnson.

Others Present Via Microsoft Teams

Wilshire: Steve DiGirolamo & Felicia Bennett

Voya: Paula Smith and James Harper

TIAA/TFI: Vivian Tsai, Regina Carmon, Jordan Jones, Jeremy Thiessen, Lucas Hartman

DFI: Jessica Wetzell, Cheryl Rapp, Chelsea Wunnicke, Matt Lynch

General Public Attendees: Lacy Fox (Sen. Johnson's office)

2. Agenda Approval and Public Posting Report

The agenda was received and staff reported that the meeting notice and agenda have been properly posted. The proposed agenda was approved unanimously by the board.

3. Approval of Minutes - September 18, 2024 Board Meeting

Eric Fulcomer motioned to approve the September 18, 2024, College Savings Program Board meeting minutes. Susie Bauer seconded the motion. The motion carried.

4. Administrative Reports

a. Board Chair Comments – Bill Oemichen gave a brief overview of Edvest and Tomorrow's Scholar plan data through October 2024, sharing that Edvest has \$5.56B in assets under management (AUM) (up 23.9% YOY) across 234,960 accounts (up 4.7% YOY) with an average account size of \$23,680 (up 18.4% YOY). He added that Tomorrow's Scholar has \$2.39B in AUM (up 18% YOY) across 163,204 accounts (no change YOY), with an average account size of \$21,464 (up 19% YOY). Oemichen went on to welcome the College Savings Program Board's newest Governor-appointment member, Ryan McGuire, who thanked Bill and shared that he is looking forward to working on and supporting the College Savings Program. Oemichen closed by

reminding board members who have not yet completed their annual ethics training or who do not receive this annual training through their professional positions, to please stay online after the meeting adjourns for an ethics refresher delivered by Matt Lynch, DFI's Chief Legal Counsel.

- b. DFI Secretary Comments** – Secretary Cheryll Olson-Collins began her comments by thanking everyone for attending the last College Savings Program Board meeting of 2024. She then shared that in late October Morningstar released their 2024 529 Plan rankings where Edvest received a Bronze rating – the eleventh year in a row that the Edvest plan has received a best-in-class rating – though a downgrade from the previous year's ranking of Silver. She also noted that the Tomorrow's Scholar plan retained its Negative rating, noting that vast majority of advisor-sold 529 plans continue to land on Morningstar's Negative and Neutral list. She closed by saying that Jessica Wetzel, Program Director, will share more insight into these results.
- c. Program Director Comments** – Financial Capability Director, Jessica Wetzel, thanked Secretary Olson-Collins and provided more information on the 2024 Morningstar results, noting that the Edvest plan received "Average" or "Above Average" scores across all rating pillars, plus a positive Price pillar rating, and the Tomorrow's Scholar plan received a score of "Average" across all rating pillars, including an improvement in Voya's Process rating, and discussed ideas for what the program can focus on in 2025 to improve both plan's ratings. Wetzel went on to share that tax deductible amounts for contributions to a Wisconsin 529 plan for the 2025 tax year will increase to \$5,130 from \$5,000 for single and married filing joint, and to \$2,560 from \$2,500 for married filing separate and reminded board members that there is no longer a divorced parent deduction limitation in place. Comments were concluded with three marketing updates, including the New York Times highlighting Wisconsin's 529 employer tax credit, the program's most recent College & Career Industry Profile that highlighted a family using an Edvest 529 account to pay for an apprenticeship program, and that two winners of the College Savings Plans Network national "Dream Job" sweepstakes are Wisconsin residents.

5. Program Manager Comments (Voya Investment Management)

a. Third Quarter 2024 Tomorrow's Scholar Plan Highlights

Paula Smith reviewed the Tomorrow's Scholar program for the 3rd Quarter. She began by noting the plan is already seeing a strong start to Q4, with October contributions up more than 60% year-over-year (YOY) and year-to-date (YTD) contributions outpacing 2023 by 18%. Sales of \$166M through October 2024 were spread across 179 broker/dealers nationally. She noted that nine out of Voya's top 10 broker/dealer partners by sales experienced YOY sales growth and YTD more than 54% of contributions come from omnibus and omnibus-lite partners. Smith shared that more than 2,980 new direct-held accounts have been opened YTD, up 4% from 2023 and noted that this amount excludes accounts opened with omnibus partners, which are difficult to track but mean that the total new account is likely greater given the size of our omnibus partner relationships. Average account size across the plan is more than \$21.4k, up 19% from 2023.

Smith also provided the following administrative and operations updates to the plan, including enhancements made to e-forms that further streamline online account applications by giving advisors full control of the enrollment process; operations due diligence meetings held with the College Savings Program (CSP) staff and BNY which resulted in BNY providing CSP staff with full demos on both the Active Advisor Portal and the Investor Portal; Tomorrow's Scholar was one of a handful of advisor-sold plans rated with High Honors by "SavingforCollege" which

looks at a 529 plan's performance, ease of use, saving success, and program delivery; the plan will implement the change approved by the CSP board at their September 2024 meeting to replace the Northern Small Cap Value fund with American Century Small Cap Value fund in February of 2025.

Smith closed by providing the board with an update on adjustments to the plan's age-based naming convention that aim to make advisor/participant option selection easier to determine. She showed that official names of the plan's age-based portfolios will remain the same, but descriptors will be added to the website and educational materials that more clearly articulate the number of years before the beneficiary is expected to enroll in higher education (years to enrollment). Language noting that age-based options are generally designed to help families save for postsecondary education expenses and may not be appropriate for K-12 time horizons (common practice across the industry) will also be added. The board appreciated these changes and felt that they will help plan participants and advisors more clearly see how the age bands correspond to when a beneficiary might expect to use their savings.

Third Quarter 2024 Marketing & Outreach Report

Smith explained that marketing efforts for Q3 focused on diversified marketing campaigns to increase 529 plan awareness and open new accounts by eliciting action from financial advisors. Results were shared from the College Savings Month campaign in September. Currently in progress is a year-end gifting campaign, which started in early November, focusing on engaging with advisors in Wisconsin and their focus states via email, social media, and through educational webinars, to promote contributing to a 529 plan as a lasting gift.

6. Program Manager Comments (TIAA/TFI)

a. Third Quarter 2024 Edvest Plan Highlights

Regina Carmon provided an update on the Edvest 3rd Quarter plan activity. Carmon stated that the plan held \$5.6 billion in total assets as of October 31, 2024, which is an increase of 4% QoQ and 24% YOY. Q3 contributions of \$99.9 million were up 13% YOY, with most contributions coming into the plan via ACH. During the quarter, 4,295 new accounts were opened, bringing total accounts in the plan to 234,103 as of October 2024, up 5% YOY. Carmon shared qualified distributions from the plan comprised 95.2% of all distributions for the quarter. She wrapped by showing Q3 efforts of Edvest's two dedicated Field Consultants, stating that they successfully held 9 webinars, conducted 88 one-on-one consultations, 12 Edvest-At-Work lead generating activities, and onboarded eight new Workplace Savings Partners/Edvest At Work. These efforts resulted in \$896,478 of AUM for Q3 and \$3.1 million as of 9/30/2024.

Third Quarter 2024 Marketing & Outreach Report

Regina Carmen reviewed Edvest's marketing efforts for Q3, in place of Jackie James who could not be at the board meeting. Efforts for the quarter included the launch of a College Savings Month campaign which resulted in 1,647 new accounts (an increase of 33% YOY) and \$33 million in contributions (an increase of 15% YOY). The program also continues to develop and promote "College Savings Connection" videos with positive engagement and grow the brand's social media presence. Carmon finished her marketing update by previewing Q4 efforts, sharing that the plan will focus on a bonus campaign in November/December that will focus on holiday gifting, tracking new community engagement efforts, and planning for a successful 2025.

b. Proposed Edvest Investment & Asset Allocation Adjustments for 2025

Jeremy Thiessen began by sharing that TFI has completed this year's asset allocation study to evaluate the overall investment strategy for Edvest with primary focus on a review of capital market assumptions, an analysis of manager implementation across the investment program, a review of Enrollment Year Portfolios and all Static Portfolios for the plan, and the simulated probability of outpacing tuition inflation in the Enrollment Year Portfolios. Based on this review, TFI recommended the addition of a standalone Money Market Fund to the investment menu for the Edvest 529 plan and no changes to the plan's current glide path asset allocations and static allocations.

Jordan Jones presented the board with TFI's screening process for selecting a Money Market Fund and discussed three finalists for the board to consider: Dreyfus Preferred Treasury Money Market Fund, State Street Treasury Money Market Fund, Vanguard Treasury Money Market Fund. The funds were compared based on their strategies around goals, types of securities held, parent company, and expense ratio. Jeremy noted that each of the funds would be a good option for the Edvest plan but stated that TFI's investment team had a slight preference for the Dreyfus Preferred Treasury Money Market Fund. Wilshire noted the fact that the three funds are quite similar and that the Vanguard option offered the best expense ratio of the three options.

TFI noted that implementation of any approved changes will go live late Q1 or early Q2 of 2025.

7. Investment Analysis & Discussion (Wilshire Associates) – CLOSED SESSION*

- a.** Board Chair, Bill Oemichen, welcomed a motion to move into closed session. James Zylstra motioned to move into closed session. Susie Bauer seconded the motion. A rollcall vote was taken and passed unanimously. The motion carried. The Board entered closed session at 10:26am.

The board returned to full session at 11:19am.

**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.*

8. TIAA Proposed 2025 Investment & Allocation Adjustments - VOTE

- a.** Board Chair, Bill Oemichen, welcomed a motion to accept TIAA's recommendation to make no change to the plan's glidepath and static portfolio asset allocations for 2025. Charles Saunders motioned to accept. Jason Rector seconded the motion. The motion carried.
- b.** Board Chair, Bill Oemichen, welcomed a motion to accept adding the Vanguard Treasury Money Market Fund to the Edvest plan as a standalone investment option. Susie Bauer motioned to accept. James Zylstra seconded the motion. The motion carried.

9. Old Business

- a. None**

10. New Business

- a. College Savings Plans' Maximum Account Contribution Annual Increase**

Board Chair, Bill Oemichen, and Program Director, Jessica Wetzel, reviewed a proposal to adjust

the maximum Wisconsin 529 plan account contribution limit (as the sum of all Wisconsin plan accounts for the same beneficiary) from \$567,500 to \$589,650 effective January 1, 2025. Oemichen reminded the board that in accordance with state statute, before December 31st of each year the board is required to review a measure of college tuition and fees calculated by the College Board (or other comparable source) and use that factor to adjust the maximum account contribution permitted for a single beneficiary in all Wisconsin 529 plans. The annual increase shall be equal to a percentage that is not less than the most recently published national average tuition and fees percentage increase at private, nonprofit four-year institutions. Wetzel then presented to the board the review of college tuition inflation that was conducted and how the recommended amount was calculated based on the College Board's October 2024 publication. Susie Bauer moved to increase the maximum account balance to \$589,650 effective January 1, 2025. Charles Saunders seconded the motion. The motion carried.

b. Proposed Change to Edvest 529's Minimum Subsequent Contribution Amount

Program Director, Jessica Wetzel, shared that Wisconsin Administrative Code, Chapter DFI-CSP 1, gives the Board the opportunity to established and adjust the minimum amount required to open a Wisconsin 529 plan and the minimum amount of any additional contributions made to a Wisconsin 529 plan. To provide greater flexibility to families of varying financial means wanting to save for a beneficiary's college and career training with a 529 plan, Wetzel shared that the program is making a recommendation to the board to consider changing the minimum subsequent contribution amount to an Edvest 529 account to "any dollar amount" via all accepted contribution methods (ex: check, ACH, payroll, and online gifting/Ugift). If approved, the adjustment would not change the initial \$25 contribution minimum required to open an Edvest 529 account and makes no change to the Tomorrow's Scholar plan. The effective date would be late Q1 or early Q2 2025 and TFI has confirmed that there are no operational issues with implementing the change.

Board Chair, Bill Oemichen, welcomed a motion to accept changing the minimum subsequent contribution amount to an Edvest 529 account to "any dollar amount" via all accepted contribution methods. Jason Rector moved to approve the adjustment. Susie Bauer seconded the motion. The motion carried.

11. Announcements

- a. The next meeting of the Wisconsin CSP Board will be held virtually via Microsoft Teams on Wednesday, March 19, 2025, at 9:00 a.m. CT.
- b. 2025 Board Meeting Schedule
 - Wednesday, March 19, 2025 – Virtual (9:00am - 12:00pm)
 - Wednesday, June 18, 2025 – In-Person (9:00am - 12:00pm)
 - Wednesday, September 17, 2025 – Virtual (9:00am - 12:00pm)
 - Wednesday, December 10, 2025 – Virtual (9:00am - 12:00pm)

12. Adjournment

Bill Oemichen thanked everyone for a great year and welcomed a motion to adjourn the meeting at 11:36am. Eric Fulcomer motioned to adjourn the meeting. Charles Saunders seconded the motion. The motion carried. Oemichen reminded board members who have not yet completed their annual

ethics training to please stay online after the meeting adjourns for an ethics refresher delivered by Matt Lynch, DFI's Chief Legal Counsel.