



State of Wisconsin
Department of Financial Institutions

Tony Evers, **Governor**

Wendy K. Baumann, **Secretary-designee**

REGULAR COLLEGE SAVINGS PROGRAM BOARD MEETING
WEDNESDAY, MARCH 19, 2025

MINUTES

A meeting of the Wisconsin College Savings Program Board of Directors was held virtually via Microsoft Teams on Wednesday, March 19, 2025 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-designee Wendy Baumann, Bill Oemichen (Chair), Eric Fulcomer (WAICU), Jason Rector (SWIB), Paul Hammer (WTCS), Charles Saunders (Universities of Wisconsin), Sen. LaTonya Johnson, Susie Bauer, Mayra Alaniz, and Ryan McGuire.

Others Present Via Microsoft Teams

Wilshire: Steve DiGirolamo

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

TIAA: Regina Carmon, Jackie James, Vivian Tsai, Jeremy Theisen, Hannah Cheng, Cassidy Crawford, Lucas Hartman

DFI: Jessica Wetzel, Cheryl Rapp, Chelsea Wunnicke, Catherine Haberland, Craig Heilman, Matt Lynch

Other/General Public: Justin Slaughter, Ryan Lashua (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. Susie Bauer motioned to approve the agenda. Eric Fulcomer seconded the motion. The motion carried.

3. Approval of the Minutes of the December 5, 2024 Board Meeting

Susie Bauer motioned to approve the December 5, 2024, College Savings Program Board meeting minutes. Sen. LaTonya Johnson seconded the motion. The motion carried.

4. Administrative Reports

- a. Board Chair Comments** – Bill Oemichen provided a brief overview of Edvest and Tomorrow's Scholar plan data through February 2025, sharing that Edvest assets were up 12.7% YOY to \$5.78B showing strong growth. Total accounts are at 239,617, up 4.7% YOY, with an average account size of \$24,117, up 7.7% YOY. Gross contributions of \$109 million are up 10.9% over the prior year, and \$121 million in redemptions is an 8% increase YOY. He added that Tomorrow's Scholar has \$2.45B in AUM, up 8% YOY and 159,100 accounts, which is down 2% YOY. Average account size is \$22,021, up 8% YOY. \$44 million in gross contributions, \$67 million in redemptions.

Oemichen went on to share that Cheryl Olson-Collins retired from state service in early February, which means the DFI has a new Secretary-designee and the CSP board has a new member, Wendy K. Baumann, who will introduce herself after a few updates.

Oemichen recognized and thanked outgoing board member, Sen. Johnson, who served on the College Savings Program Board since 2021 as a Governor-appointed member. He thanked her for her support of the program, most recently supporting Assembly Bill 793 which was passed into law in 2024 and responsible for increasing tax-deductible amounts on contributions to a Wisconsin 529 plan, removing the divorced parent tax-deductible limit, and increasing the tax credit employers may claim on contributions to an employee's Wisconsin 529 plan. Sen. Johnson thanked the CSP board for its recognition and acknowledged the importance of this work.

Oemichen went on to welcome new board member, Paul Hammer, who was appointed Executive Vice President of the Wisconsin Technical College System in January 2025 by WTCS President Layla Merrifield. Hammer is filling the CSP board's Wisconsin Technical College System ex-officio seat previously filled by Jim Zylstra who recently retired. Hammer thanked the CSP board for the welcome and expressed the value that the Edvest 529 plan has had for his family.

Oemichen introduced DFI's new Secretary-designee, Wendy K. Baumann. Bauman was appointed to this role by Gov. Evers and comes to the DFI after serving as President and Chief Visionary Officer at the Wisconsin Women's Business Initiatives Corporation since 1994. Oemichen concluded his update by welcoming Secretary-designee Bauman to the DFI and CSP board and welcomed her to introduce herself.

- b. DFI Secretary Comments** – Secretary-designee Baumann began her comments by thanking Oemichen and the DFI team for orienting her to the College Savings Program. Baumann continued by summarizing her previous experience as President and Chief Visionary Officer at the WWBIC; a mission lender, providing quality business and financial education and support, and providing access to fair and responsible capital. She also noted previous experience with Wisconsin technical colleges, and she noted the personal importance of higher education to her background and how she used 529 accounts for her family.
- c. Program Director Comments** – Financial Capability Director, Jessica Wetzel, thanked Secretary-designee Baumann and shared program updates. First, Wetzel announced that the CSP has several outreach events scheduled for the month of April, in honor of Financial Literacy Month and Money Smart Wisconsin Week, some of which will utilize The Big Read, a way to share financial literacy themed books with children. This year we distributed 1,000 books with Edvest materials to libraries across the state. Thirty new libraries signed up to receive outreach kits, allowing for passive outreach that is geographically diverse. Other notable events will take place at children's museums in multiple locations. Wetzel also shared that for the fifth 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 304 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. Cheryl Rapp leads this effort for CSP team.

5. Program Manager Comments (TIAA)

a. Fourth Quarter 2024 Edvest Plan Activity

Regina Carmon introduced herself as TIAA Edvest Relationship Manager. She reviewed Edvest Q4 2024 Plan activity. Year-end AUM was at \$5.67B, an increase of 13% YOY, outpacing the direct-plan industry growth of 12.1%. Average account size increased 8% YOY to \$23,773. Q4 contributions of \$153 million, up 14% YoY. 6,320 new accounts were opened in Q4, and total accounts at quarter-end of 238,571 were up 5% YoY. Q4 redemptions were at \$83.9M and Edvest recently passed the milestone of \$3 Billion in total redemptions. Carmon shared that 96.2% of plan withdrawals were for qualified expenses, which shows outflows are primarily being used for their intended purpose. Rollovers out of Edvest totaled \$4.4 Million, which includes \$1.9 million to Roth IRA rollovers. Rollovers into the plan totaled \$8.4 million, or 6% of total contributions, up 20% YoY. Carmon moved on to share that in Q4 2024 Edvest Field Consultants successfully held 13 webinars; 36 Edvest At Work activities; and onboarded five new Workplace Savings Partners, which resulted in a 2024 total of \$3.9M in contributions and 294 new accounts. Lastly, adding the Vanguard money market fund as a single fund option to the Edvest investment lineup, along with the new enrollment year portfolio, will take place on March 21, 2025. The website and forms will be updated, and a new Plan Description has been provided to participants.

Fourth Quarter 2024 Edvest Marketing & Outreach Report

Jackie James reviewed Edvest marketing efforts for Q4, which included a holiday/year-end bonus offer promotion campaign; local marketing initiatives, including sending an email to grandparents about holiday gifting, launching a Milwaukee Kickers sponsorship, and adding a tax benefits landing page to the website. James shared that the Q4 holiday bonus promotion campaign was a success with 1,980 new accounts (up 15% YOY) and \$35.7 million in contributions (21% increase YOY), and nine earned media spots. James also shared that three new College Savings Connections videos launched during the quarter. James closed by sharing that in Q1 2025 the plan will be launching its tax-time campaign with strategies and goals.

6. Program Manager Comments (Voya Investment)

a. Fourth Quarter 2024 Tomorrow's Scholar Plan Activity

Paula Smith reviewed Tomorrow's Scholar Q4 2024 Plan activity. She began by stating that 2024 was the strongest sales year since 2021, with contributions up 19% YoY. Total 2024 sales of \$209M with AUM at \$2.4B. 52% of contributions come from omnibus partners, and sales were spread across 178 broker/dealers nationally. Ameriprise, Edward Jones, Morgan Stanley LPL, Baird, and Osaic were top broker/dealers. In 2024, over 3,700 new direct-held accounts were opened (up 4% YOY) plus 4,500 omnibus accounts. Average account size is approximately \$21.7K, up 9% from 2023. In reference to Oemichen's data report at the top of the meeting, Smith noted that the reduction in total accounts reported is due to the clearing of \$0 accounts from omnibus partners which can take some time. Smith moved on to share that nationally, direct-sold 529 plans have been outpacing advisor-sold for about ten years and that Voya recently added two new staff positions to support 529 sales and education. In 2024, Tomorrow's Scholar showed an 18.8% growth in sales vs the advisor-sold industry average of 14.7%. In Wisconsin, 2024 sales of \$111 million were up 3% YoY, top sales were done through Edward Jones, LPL, and Ameriprise, and the average beneficiary account size was \$13.4K. Nationwide, nearly all target states saw an increase in sales YOY, with top sales done through Morgan Stanley, Ameriprise, and Schwab, and the average beneficiary account size was \$41.6K. In 2024, the plan's gifting portal saw \$1.4M in contributions received, including \$422K received during the

gifting campaign in November and December. In 2024 the plan saw \$1.4M in Roth IRA rollovers by 246 account owners.

Smith moved on to provide a brief marketing update, first noting that the plan intends to launch a mobile application in 2025 for investors that will provide mobile-friendly account access and allow certain account actions. Additionally, during the quarter, Tomorrow's Scholar engaged in LinkedIn advertising, an email campaign, and hosted a webinar to promote year-end gifting. Upcoming efforts include a 529 Day webinar and webinars with individual broker/dealers throughout the year, a tax benefits email campaign, and a popular March Madness campaign in March.

b. Proposed Tomorrow's Scholar 2025 Investment Changes

Barbara Reinhard and Lanyon Blair proposed investment changes for the Tomorrow's Scholar plan. Reinhard began by sharing more about the Voya Multi-Asset Strategies and Solutions (MASS) team that has been running their 529 programs since 2012. The Tomorrow's Scholar glidepath uses higher equity allocation during early years, reduces risk in later stages, and has nine age bands which allow for a smoother glidepath. Voya's MASS team believes true diversification comes from not only traditional asset classes, but also an array of investment managers, a blend of active and passive and non-traditional asset classes. Reinhard noted that market considerations for 2025 include volatility due to a new political administration and economic growth showing signs of slowing in early 2025.

Proposed 2025 investment changes to the plan include:

i. Strategic Asset Allocation Changes

1. Increase allocations:

- a. Fixed Income: Age-Based Options Age 0-4; Age 5-8; all Risk-Based Options
- b. US Large Blend: Age-Based Options Age 0-4; Age 5-8; Risk-Based Options Aggressive Growth and Growth Plus
- c. International Developed Equities: majority of Options
- d. Core Fixed Income: Risk and Age-Based Options except Age 9-10, 16, 17 and 18+
- e. Short Duration: Age-Based Options Age 15, 16, 17 and 18+

2. Decrease allocations:

- a. US Large Blend: Age-Based Options Age 11-12; Age 15; Risk-Based Options Balanced – Ultra Conservative
- b. US Large Growth and Value: Age-Based Age 0-4; Age 5-8; and Age 16
- c. US Mid Cap: Age-Based Age 0-4; Risk-Based Options Aggressive Growth – Balanced
- d. US Small Cap: Age-Based Options Age 0-4; Risk-Based Option Growth Plus
- e. Emerging Market Equities: Age-Based Options Age 0-4; Age 5-8; Risk-Based Option Growth Plus
- f. Global Real Estate: Age-Based Options Age 0-4, 5-8 and 9-10; Risk-Based Options Aggressive Growth and Growth Plus
- g. Core Fixed Income: Age-Based Options 16, 17 and 18+
- h. International Bonds: majority of Risk and Age-Based

- i. TIPS: Risk-Based Ultra Conservative
- ii. Changes to Underlying Managers:
 - 1. VY T. Rowe Price Growth Equity I – reallocate to Voya Large Cap Growth
 - 2. Nuveen Bond Index Fund – transition to Voya Intermediate Bond and VY Brandywine Global – Bond Portfolio
 - 3. VY CBRE Global Real Estate I – remove remaining allocation to global real estate in risk-based portfolios
 - 4. Voya Global Bond Fund I – Remove allocation to international bonds
- iii. Single Fund Changes: Add Fidelity Global ex-US Index (FSGGX); Add Fidelity U.S. Bond Index (FXNAX)

Board members Charles Saunders and Jason Rector posed questions for Voya regarding the plan's allocation to US large growth and US large value, expected returns on international equity, and if international bonds are included in core fixed income. There was also discussion around how the proposed changes will impact expected returns for each age group and using a growth/value style. Reinhard and Blair explained the MASS team's position and philosophy behind these decisions.

If approved, the changes will reduce blended investment fees on the plan's age-based portfolios and risk-based portfolios by an average of 0.01%. The proposed investment changes reflect Voya's latest long-term forecasts for asset class returns, risks, and correlations; reduce blended investment fees on average; and position portfolios to keep pace with forecasted tuition inflation. If adopted, changes would be implemented on April 28, 2025.

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. Chuck Saunders seconded the motion. A rollcall vote was taken and passed unanimously. The motion carried. The Board entered closed session at 10:39am.

The Board returned to full session at 11:37am.

8. Proposed Tomorrow's Scholar 2025 Investment Changes - VOTE

- a. Bill Oemichen welcomed a motion to accept Voya's 2025 investment changes for the Tomorrow's Scholar plan. Paul Hammer motioned to accept Voya's 2025 strategic asset allocation recommendations. Susie Bauer seconded the motion. The motion carried.

9. Old Business

- a. None

10. New Business

- a. None

11. Announcements & Action Items

- a. The next meeting of the Wisconsin CSP Board will be held in-person at the DFI's headquarters on Wednesday, June 18, 2025 at 9:00 a.m. CT.
- b. Action Items
 - i. Jessica Wetzel will send board members Wilshire's 2024 Landscape Report for feedback.
- c. Remaining 2025 Board Meeting Schedule
 - Wednesday, September 17, 2025, at 9:00 a.m. CT. (virtual)
 - Wednesday, December 10, 2025, at 9:00 a.m. CT. (virtual)

12. Adjournment

Bill Oemichen welcomed a motion to adjourn the meeting at 11:42am. Susie Bauer motioned to adjourn the meeting. Wendy Baumann seconded the motion. The motion carried.

DRAFT