**MINUTES OF THE MEETING**

**Arkansas Section 529 Plan Review Committee**

Tuesday, July 31st, 2018 at 9:00am

Victory Building Conference Room, Suite 275 -- Little Rock, AR 72201

A meeting of the Arkansas Section 529 Plan Review Committee (“Committee”) was held on Tuesday, July 31st , 2018 at 9:00am in the Victory Building Conference Room, Suite 275. Present at the meeting were Treasurer Dennis Milligan; Director George Hopkins of the Arkansas Teacher Retirement System; Grant Wallace with the Treasurer’s Office; Director of 529 Programs and Financial Education Emma Willis; AR 529 Assistant Chris Scott; Jonathan Coleman of the Arkansas Department of Higher Education; John Peace with Dover Dixon Horne; Mary Ryan and Kim Stockton with Vanguard;

The press was notified in compliance with the Freedom of Information Act.

Treasurer Milligan called the meeting to order at 9:04 am and asked for a motion to approve the minutes of the April 25th, 2018 meeting, George Hopkins moved to approve, Jonathan Coleman seconded the motion, and the minutes were approved.

Emma Willis made a report regarding initiatives highlighting the progress on the mobile app. Specifically plans for the next update which include the ability to make changes to the account as well as enrolling directly from the app itself.

Emma asked for approval for an additional $12,500 to the marketing budget for promotional items. George Hopkins moved to approve, Jonathan Coleman seconded the motion, and the motion carried.

Emma again asked for approval for a $5,000 grant for an Arkansas Coalition of Marshallese seed initiative. Emma explained that ACOM received such success with their initiative to seed 529’s for the Marshallese community with the University of Arkansas’ school of Social Work that they needed additional funds to cover the demand of the response. George Hopkins moved to approve, Jonathan Coleman seconded the motion, and the motion carried.

Emma concluded her request for approvals with one to move funds from secondary administrative accounts to the primary administrative account at Southern Bancorp. Specifically, she asked to move $116,000 from the First security and $100,000 from the Bank of the Ozarks secondary administrative accounts into the Southern Bancorp administrative account. George Hopkins moved to approve, Jonathan Coleman seconded the motion, and the motion carried.

Emma presented Checks and Invoices for the 4th quarter of fiscal year 2018 and 1st quarter of fiscal year 2019 for approval. Grant Wallace noted that missing from the handout provided to the board were the Travel Visa invoice for $1,667 and the CSPN and NAST membership dues in the amount of $4,100. George Hopkins moved to approve the checks and invoices, as well as the additions mentioned. Jonathan Coleman seconded the motion, the motion carried.

Emma Willis and Grant then started a discussion on the national 529 campaign opportunity that CSPN was seeking contributions for. CSPN was seeking $30,000 for each billion dollars of assets under management. Emma then suggested the committee contribute to the national campaign effort to the effect of $30,000 paid over a two-year timeframe or a one time contribution of $17,500. Grant Wallace stated that he was leaning towards the $30,000 contribution as he envisioned us getting close to a billion dollars of assets under management. George Hopkins moved to approve the request for the national campaign in the amount of $30,000 over two years, Jonathan Coleman seconded the motion, and the motion carried

John Peace with Dover Dixon Horne reported on the budget. Specifically, John discussed the 2018 Fiscal Year-end figures, stating that the income was $60,000 over budget and that the programming expenses (peer financial programing program, gift of college partnership, and mobile app development) were not in the initial 2018 Fiscal Year budget proposal. He stated that even with those additional items, the committee was in line what was budgeted.

A report on the Ascensus College Savings as well as the iShares Plan was presented by Emma Willis due to Dave Ponder and John Park’s absence. The report detailed assets, contributions, withdrawals, funded accounts, average funded account size, iShares 529 assets, U-gift and U-promise. As of the end of July, the total GIFT assets under management were $404,227,503. The presentation also reflected $21.7 million in year to date contributions, 27,366 funded accounts, with an average account size of $14,771. Dave also reported on the iShares Plan, stating that there was $412,253,671 in assets, 11,339 funded accounts, and an average account size of $37,592.

Mary Ryan and Kim Stockton with Vanguard made a report highlighting the Portfolio Options for k-12 Investing, considering the recent changes on a federal law extending the tax benefits of 529 plans to k-12 education savings. Kim Stockton highlighted that the k-12 savers have a different approach to saving as opposed to the college savers, considering the time frame the funds will be withdrawn. Kim stated that Vanguard suggests using a variety of portfolio options, using the individual options in the plan based on risk and time horizon. This allows Vanguard to leverage their existing methodology, simplify choices for investors, and mitigate the risk of investors using age-based options, which are designed for higher-education savings, not k-12 time horizons.

Kim went on to say that the time horizons and portfolios are based on Vanguard’s suggested moderate glide path. Investors would select an asset allocation based on the number of years until they’ll need the money and their comfort level with risk.

Kim said these options were aimed at keeping these investments separate from the 529 college glide path and helping investors to make the decision, given that the time horizon is nebulous.

George Hopkins asked for additional information as to how the k-12 glide path and college path of the plan would function as parallels.

Emma requested from Vanguard, in the interest of time, that a visual aid be prepared to help better explain how a k-12 glide path and college path could exist parallel to each other and how that would be managed.

Mary Ryan with Vanguard then made a report highlighting the Portfolio and underlying fund performance, Vanguard’s economic market outlook, and underlying fund details. Specifically, Mary stated that the aggressive growth portfolios one year return was up over 20%, while the moderate and conservative on year returns were 20.45% and 19.90% respectively.

The date for the 4th Quarter meeting of 2018 will be determined at a later time.

There being no further business, Treasurer Milligan moved to adjourn the meeting and the meeting adjourned at 9:54am.

Respectfully submitted,

Emma Willis, Director of 529 Programs and Financial Education