**MINUTES OF THE MEETING**

**Arkansas Section 529 Plan Review Committee**

Tuesday, June 8, 2021, at 10:00 AM

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, March 16, 2021, at 10:00 AM in the Victory Building Conference Room, Suite 275 and via Zoom virtual meeting. Present at the meeting were Grant Wallace, Chief Deputy Treasurer, serving as proxy for Treasurer of State Dennis Milligan; Clint Rhoden, Director of the Arkansas Teacher Retirement System; Alisha Lewis, serving as proxy for Arkansas Department of Higher Education; Fran Jansen, Director of 529 Programs and Financial Education; Chris Scott, Manager, AR 529 Programs; Stacy Peterson, Communications Director for the State Treasurer’s office; Dave Ponder with Ascensus College Savings; John Peace with Dover Dixon Horne; John Park with BlackRock; Julia Ward with Vanguard; Brooke Vines and Bill Brookshire with Vines/Brookshire; and, Kelsey Smith and Ike Smith with Brand Catalyst Company (formerly NWA Brand).

Grant Wallace called the meeting to order at 10:01 AM.

Grant then asked for a motion to approve the minutes of the March 16, 2021 meeting. Clint Rhoden moved for approval; Grant seconded the motion, and the minutes were approved.

Bill Brookshire reported on Vines/Brookshire’s traditional marketing efforts over the course of the last year. He stated that many factors contributed to positive outcomes: working more closely with Brand Catalyst Company, changing strategy and audience identification, developing new creative, and using artificial intelligence to optimize campaigns. He believes the combined marketing efforts helped increase 529 assets by $200 million in nine months to reach $1 billion in assets.

Kelsey Smith followed by reporting on Brand Catalyst’s social media marketing efforts highlighting performance, messaging, tracking improvements, best performing creative, and audience. She highlighted conversions, reaches, likes, and impressions, noting how the financial uncertainty brought on by the pandemic negatively influenced these numbers, as many communities were thrown into financial uncertainty. Kelsey also mentioned that despite some setbacks from the circumstances of the pandemic and changes to the Facebook platform, we still managed to have a strong year.

Fran Jansen then gave the director’s report, beginning with an update on an Arkansas 529 survey, the results of which were used to create a formal report on the Arkansas 529 plan. Vines/Brookshire assisted in the development of the report which highlights statewide awareness of the 529 plan and overall preparedness for college savings. The report will be released in conjunction with 529 Day.

Fran then informed the committee about an effort to encourage the opening of new accounts using an Arkansas 529 sweepstakes. Any new account opened between May 17, 2021and June 30, 2021 will be eligible for a drawing to win one of five $529 contributions into the new account. Fran explained that she would be appearing on local media outlets to promote both the 529 report and the 529 sweepstakes.

Closing out her report, Fran stated that efforts were being made to contact HR directors of state agencies to ensure they were aware that 529 was eligible for state payroll deductions.

Grant followed with an update on state legislation that was passed relating to the 529 plan, namely: apprenticeship programs and student loan repayments will be added as a qualified expense, and that the name of the plan was changed from the “Arkansas Tax-Deferred Tuition Savings Program” to the “Arkansas Brighter Future Plan.”

Next, Fran presented for approval checks and invoices paid during the fourth quarter of fiscal year 2021. Grant Wallace moved for approval; Clint Rhoden seconded the motion. The checks and invoices were approved.

Fran reported that Invite Education had presented a proposed amendment to the contract regarding the “AR College Saver” initiative with Arkansas Student Loan Authority, Arkansas Division of Higher Education, and the Treasurer’s office. The proposed amendment would extend the contract for an additional year yet require no additional funding. She explained the remaining payment would be separated into two payments, one-half of the remaining balance for each year. Clint Rhoden moved to approve the contract amendment, Alisha Lewis seconded the motion, and the contract amendment was approved.

Fran then told the committee that it was time to re-negotiate the contracts with Vines/Brookshire and Brand Catalyst Company and informed the committee that final agreements would come before them at a later meeting for approval.

John Peace then reported on the budget for the third quarter of fiscal year 2021, stating that the Vanguard income was $53,000 more than anticipated for the entire year, $76,000 under budget in total expenses and current balances in the administrative accounts totaling $146,130.50.

The next report came from Dave Ponder with Ascensus College Savings. Dave reported on assets, contributions, withdrawals, funded accounts, average funded account size, iShares 529 assets, U-gift and U-promise. He stated that as of May 31, the total GIFT assets under management were $567,645,940. He noted that the GIFT plan received $16.2 million in year-to-date contributions, had a total of 32,062 funded accounts, with an average account size of $17,704. Dave also reported on the iShares Plan, stating there was more than $653 million in total assets under management, 15,162 funded accounts, with an average account size of $43,093, bringing the total assets under management to $1,221,026,245.

John Park reported on the iShares Plan, stating that assets for Arkansas iShares account owners had grown by about $55 million since the end of 2020; the total number of financial advisors offering the plan in Arkansas had grown to 386 advisors, and that there were currently 3,065 Arkansas-owned accounts with an average account size of $19,342.

Julia Ward with Vanguard gave a report on market conditions and a review of the age-based portfolios. She stated that in respect to forecasts for US growth and inflation, Vanguard had increased the numbers based on the pace of approaching heard immunity from COVID-19 and the vaccination rate. Speaking about age-based portfolio performance, Julia reported that the equity-heavy portfolios had begun to revert to more normal performance patterns. She also provided a quick update on the target enrollment portfolios, reminding the committee that these portfolios eliminated the need for an account owner to identify their own risk tolerance, that the target allocations are much more frequently changed, and are done so to a lesser degree.

As order of new business Grant Wallace advised that with the legislative-approved name change, we now have the opportunity to rebrand the Arkansas 529 plan. Fran reported that her team had been working with Ascensus on possible new names.

Grant moved that the committee rebrand the “Arkansas 529 Plan” to the “Arkansas Brighter Future Direct Plan” and “Brighter Future Advisor Plan”. Clint Rhoden seconded the motion, and the rebranding was approved. David Ponder advised that the rebranding is projected to go live on January 1, 2022.

Dave said that Ascensus would begin working on the changes for both the direct and advisor sold plans and informed the committee that in addition to the rebranding, Ascensus would also be taking ownership of the website for the advisor sold plan.

Fran Jansen then proposed a potential date for the next meeting of Tuesday, August 31st.

There being no further business, Grant Wallace moved to adjourn the meeting, which was adjourned at 11:33 AM.

Respectfully submitted,

Fran Jansen, Director of 529 Programs and Financial Education