**MINUTES OF THE MEETING**

**Arkansas Section 529 Plan Review Committee**

Tuesday, August 30, 2022, 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, August 30, 2022, at 10:00 AM in the Victory Building Conference Room, Suite 275 and via Zoom virtual meeting. Present at the meeting were 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; Grant Wallace, Chief Deputy Treasurer; 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 Wright, Lindsey & Jennings LLP; John Park with BlackRock; and Julia Ward with Vanguard.

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

Treasurer Milligan called the meeting to order at 10:04 AM.

The Treasurer then asked for a motion to approve the meeting minutes from June 21, 2022. Clint Rhoden moved for approval, Alisha Lewis seconded the motion, and the minutes were approved.

Fran Jansen gave the director’s report. She highlighted the ‘Kids of Summer’ social media contest, where followers were encouraged to post pictures of their children “acting out” their desired future career. The winner of the contest received $250 towards an existing 529 account. Fran then informed the committee that in September, our social media channels would be promoting National College Savings Month and that the Brighter Future 529 plan would have a booth at the State Employee Benefits. She also advised that in October she would be attending a national 529 conference in Orlando.

Fran then presented for approval checks and invoices paid during first quarter of fiscal year 2023. Clint Rhoden moved to approve, Treasurer Milligan seconded the motion, and the checks and invoices were approved.

Next, Fran presented the fiscal year 2023 budget for approval. Grant added that spending would be frozen at 50% of any of the line items to ensure the next Treasurer would have adequate appropriations to operate the program for the remainder of the fiscal year. Clint Rhoden moved for approval, Alisha Lewis seconded the motion, and the fiscal year 2023 budget was approved.

Dave Ponder reported on assets, contributions, withdrawals, funded accounts, average funded account size, Advisor Plan 529 assets, U-gift, and U-promise. He stated that as of August 26, the Brighter Future Direct Plan assets under management were $525,834,995. He noted that the direct plan received $34.2 million in year-to-date contributions, year-to-date withdrawals were at $25.2 million, and we had a total of 33,520 funded accounts, with an average account size of $16,229. Dave also reported on the Brighter Future Advisor Plan, stating as of July 31, there was $640 million in total assets under management, 16,409 funded accounts, with an average account size of $39,022.

Next, Julia Ward reported on 529 industry trends, economic influences and forecasts, and portfolio performance. She advised that it has been a turbulent quarter, with equity markets down across the board, performing at historic lows, and predicted that the volatility would continue through the end of the year. Julia advised that our portfolio performances for one year or less were negative but were tracking the composites very tightly.

John Park reported on the Brighter Future Advisor Plans stating that assets had decreased 8% since the end of 2021 due to volatility in the market. He noted that in comparison, the S&P had a 17% decrease during the same time. Highlighting Arkansas-owned accounts, he reported the total number of financial advisors offering the plan in Arkansas had grown to 429 advisors and that there were currently 3,783 Arkansas-owned accounts with an average account size of $17,657. He closed by briefing the committee on upcoming glidepath enhancements for the advisor plan that would balance objectives of wealth accumulation, minimizing volatility, and accounting for tail-risk.

Grant advised the committee that the structure of the enhancements BlackRock would be making are like that of Vanguard’s with the Target Enrollment Portfolios and asked if there were any concerns before proceeding with Glidepath enhancements. Alisha and Clint advised that they did not have any concerns.

John Peace then reported that the administrative fees from the plans were about $100,000 for the first two months of the fiscal year and expenses were about $142,000 with the largest being a settlement payment to Central 25. John said that the current balance of the Southern Bancorp account was about $180,000 and the First Security account was around $17,000.

There being no further business, Treasurer Milligan adjourned the meeting at 10:42 AM.

Respectfully submitted,

Fran Jansen, Director of 529 Programs and Financial Education