

**MINUTES OF THE MEETING**  
**Arkansas Section 529 Plan Review Committee**

Tuesday, November 29, 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, November 29, 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; Curtis Carter, serving as proxy for 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, 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 Christy Miller with Vanguard.

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

Treasurer Milligan called the meeting to order at 10:02 AM.

Treasurer Milligan started the meeting by reminding the committee that this would be the last board meeting under his administration. He stated that he has been honored to work with each and every member of the committee, and admired the teamwork displayed to grow the program to what it is today.

The Treasurer then asked for a motion to approve the meeting minutes from August 30, 2022. Alisha Lewis moved for approval, Curtis Carter seconded the motion, and the minutes were approved.

Fran Jansen also thanked the committee for the work that they have accomplished together thus far, and for welcoming her as the new director of 529 programs two and half years ago. She then gave the director’s report, highlighting recent attendance at the state employee benefits fair, the Arkansas Early Childhood Association conference and a 529 conference in Orlando. Fran stated that upcoming marketing efforts will focus on end-of-year giving and tax benefits.

Fran then presented for approval checks and invoices paid during second quarter of fiscal year 2023. Curtis Carter moved to approve, Alisha Lewis seconded the motion, and the checks and invoices were approved.

Next, Fran presented for approval the FY 2022 audit engagement letter from Landmark CPA. John Peace reminded the committee that Landmark has conducted an annual audit of both the direct and advisor-sold plans in accordance with government auditing standards for the past several years. He advised that he had reviewed the engagement letter and found it to be in good order. Alisha Lewis moved for approval, Curtis Carter seconded the motion, and the engagement letter was approved.

Fran also presented for approval an engagement letter from Vines/Brookshire for contract marketing services from January 2023 through June 2023. Fran explained that Treasury staff wanted a continuity in traditional, digital, and public relation services through the transition period, allowing the new administration some time to determine if they would like to continue with the services provided. Alisha Lewis moved for approval, Curtis Carter seconded the motion, and the engagement letter was approved.

Dave Ponder then presented for consideration allowing AR 529 to be offered on the Betterment platform. He explained that Betterment is a ‘robo-advisor’ industry leader serving 750,000 clients with \$33 billion in assets under management with the ideal 529 demographics of younger, more engaged clients looking for investment guidance. He cited that Betterment currently has approximately 3,000 Arkansas resident clients and if a Betterment user chooses to enroll in the 529 plan, there would be a one-time \$9.25 acquisition cost to be paid through the marketing funds at Ascensus. Dave clarified that there are no set terms with the implementation, so if the acquisition costs started to become a burden on the budget, we could exit the agreement. Alisha Lewis moved for approval, Curtis Carter seconded the motion, and the Betterment implementation was approved.

Dave Ponder then 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 October 31, the Brighter Future Direct Plan assets under management were \$503,066,701. He noted that the direct plan received \$46.78 million in year-to-date contributions, year-to-date withdrawals were at \$38.6 million, and we had a total of 33,633 funded accounts, with an average account size of \$14,957. Dave also reported on the Brighter Future Advisor Plan, stating as of October

31, there was \$603 million in total assets under management, 16,607 funded accounts, with an average account size of \$36,345.

Next, Christy Miller reported on Vanguard's formal annual review by stating the transition from age-based portfolios to target enrollment portfolios went flawlessly and she did not recommend any changes at this time. Speaking to market outlook, she stated that Vanguard predicts a recession beginning in the second quarter of next year. Regarding portfolio performance, Christy noted that while negative one-year returns were exhibited, there are still four- and five-year positive returns.

In his report, John Park highlighted improvements made to the advisor-sold plan including the state tax deduction and introduction to broker-dealer share classes, which played a role in more than doubling the assets. Speaking to market outlooks, he shared information on production constraints influence on inflation, a recession's influence on inflation, and the rate of inflation on developed economies. Reporting on the Brighter Future Advisor plans, he stated that total assets had decreased 13% since the end of 2021 due to the market correction. Highlighting Arkansas-owned accounts, he reported that the total number of financial advisors offering the plan in Arkansas had grown to 443 advisors and that there were currently 3,783 Arkansas-owned accounts with an average account size of \$16,259. He closed by saying that while markets are going up and down, the most important thing is that saving behavior is increasing.

John Peace then reported that for the period beginning July 1, 2022 through November 28, 2022, expenses were in line with the budget, but income was understandably down due to the administrative fees being influenced by the account size. He noted that the budget report did not include Vanguard's November payment but would be added later. John stated the balance in both administrative accounts totaled \$203,051.58.

There being no further business, Treasurer Milligan adjourned the meeting at 10:45 AM.

Respectfully submitted,

Fran Jansen, Director of 529 Programs and Financial Education