**MINUTES OF THE MEETING**

**Arkansas Section 529 Plan Review Committee**

Tuesday, August 25, 2020 at 1:00pm

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 25, 2020 at 1:00pm 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; Thomas Burchfield, Deputy Director of 529 Programs and Financial Education; Chris Scott, AR 529 Assistant; 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.

Treasurer Milligan called the meeting to order at 1:02 pm.

Treasurer Milligan then asked for a motion to approve the minutes of the June 11, 2020 meeting. Clint Rhoden moved to approve, Alisha Lewis seconded the motion, and the minutes were approved.

Fran Jansen gave her director’s report, highlighting an incentive campaign being driven through social media during August and September in which the 529 Program will match up to $25 for the first 120 new accounts opened during the promotion. She stated that as of this morning, there were 102 new accounts and $145,000 in contributions converted from the campaign. Fran also explained another campaign that will focus on newborns, which will include TV spots airing September through November in Central and Northwest Arkansas. Lastly, there will be a social media initiative featuring influencers who will post about the importance of education savings and encourage their followers to check into an Arkansas 529 plan.

Fran then presented checks and invoices paid during first quarter of fiscal year 2021 and pending invoices for approval. Clint Rhoden moved to approve, Alisha Lewis seconded the motion, and the checks and invoices were approved.

John Peace then reported on the budget for the end of fiscal year 2020, stating that the income was $26,284 over budget for a total of $496,284. Expenses were under budget by a total of $6,103. He concluded by stating that at the end of June, there was a total of $194,739.19 available in the administrative accounts.

A report from Ascensus College Savings, presented by Dave Ponder, started with news that the Arkansas 529 Trust had officially earned over one billion dollars in cumulative assets. Dave’s report continued with details on assets, contributions, withdrawals, funded accounts, average funded account size, iShares 529 assets, U-gift and U-promise. Dave stated that as of July 31, the total GIFT assets under management were $483,152,025. The presentation also reflected $29.5 million in year-to-date contributions, 30,606 funded accounts, with an average account size of $15,786. Dave also reported on the iShares Plan, stating that there was over $524 million in assets, 14,090 funded accounts, and an average account size over $37,100. Grant inquired how Arkansas’s recovery in assets compared to other states for which Ascensus serves as program manager. Dave responded that a healthy recovery was seen across the board, largely due to the lack of account owners discontinuing their automatic investment plans, and asset allocations.

Julia Ward with Vanguard gave a report to the Committee on market and portfolio performance. She stated that the US GDP as of Q2 was down 32.5%, Euro area was down 12.2%, and China’s was up 11.5% as they started to recover. Julia was quick to mention the associated recovery seen across the globe, and the Federal Reserve choosing to leave the interest rate at 0% to 0.25%. Vanguard expected very moderate growth in inflation toward the end of 2020, but nowhere near the 2% that the Federal Reserve has in mind. To provide an example of a strong volatility, Julia mentioned that in the first quarter, the DOW had its largest decline ever at -23.2%, yet in the second quarter was up 17.5%. She concluded by stating that the three-month return on all portfolios were up, anywhere from 7% to 20%.

John Park reported on the iShares Plan, stating that since the beginning of the year assets had grown in Arkansas by $47 million; the total number of financial advisors offering the plan in Arkansas had grown to 343 and that there were currently 2,850 accounts owned in Arkansas with an average account size of $16,530.

Grant Wallace briefed the committee on new business including being approached by two separate investment companies that operate a mobile app: College-Backer and Sootchy. Grant explained that both companies are interested in the 529 market space, and that due to our work with technology offerings, they wanted to explore conversations about offering our advisor-sold product via their platforms. Grant stated that he would like permission from the board to hold further exploratory conversations with both companies and potentially bring any proposals before the board in a future meeting. Clint Rhoden motioned to proceed with conversations, Alisha Lewis seconded the motion, and the motion carried.

The proposed date for the 4th Quarter meeting of 2020, as well as the first and second quarter meetings for 2021 were presented to the committee for discussion at a later time.

There being no further business, Treasurer Milligan moved to adjourn the meeting, which was adjourned at 1:43pm.

Respectfully submitted,

Fran Jansen, Director of 529 Programs and Financial Education