

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

Tuesday, March 7, 2023, 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 7, 2023, at 10:00 AM in the Victory Building Conference Room, Suite 275 and via Zoom virtual meeting. Present at the meeting were Eric Munson, Chief Deputy Treasurer (Designee for Treasurer of State Mark Lowery); Rod Graves, serving as proxy for 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, 529 Programs; Dave Ponder with Ascensus College Savings; John Peace with Wright, Lindsey & Jennings LLP; John Park with BlackRock; Pattie Davidson and Greg Walker with Landmark CPA; and Amanda White and Jaime Fairchild with Vanguard.

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

Eric Munson called the meeting to order at 10:04 AM and explained to the committee that Treasurer Lowery had an unexpected conflict arise and that he would be the Treasurer’s designee.

Eric then asked for a motion to approve the meeting minutes from November 29, 2022. Rod Graves moved for approval, Alisha Lewis seconded the motion, and the minutes were approved.

Fran Jansen then gave the director’s report, highlighting a January meeting with the human resources team at the North Little Rock School District about adding employee payroll deductions into 529 accounts as an employee benefit, and working with Ascensus marketing to create a 529 employee payroll deduction brochure. Fran noted that she plans to use the brochure during outreach efforts with HR directors at state agencies and Arkansas companies. She ended her report by announcing that 529 will be a 2023 sponsor for the Arkansas Travelers and the Northwest Arkansas Naturals baseball teams.

Next, Fran requested approval to add Treasurer Lowery as an authorized signer on the “Arkansas Tax-deferred Tuition Savings Program” administrative bank accounts, explaining that it was necessary with former treasurer Milligan’s departure from the committee. She noted that, if approved, Treasurer Lowery would join Arkansas Division of Higher Education Director Maria Markham and Arkansas Teacher Retirement System Director Clint Rhoden as one of three authorized signatories. ATRS designee Rod Graves moved for approval, Alisha Lewis seconded the motion, and the motion was approved.

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

Next, Fran presented for approval an amendment to the committee’s Program Management Agreement and asked David Ponder to briefly explain the purpose of the amendment. David summarized that Ascensus seeks to change the vendor they currently use to mail account owner statements and activity confirmations. He said the new vendor would be able to provide more efficient and higher quality services. Rod Graves moved to approve, Alisha Lewis seconded the motion, and the motion 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 February 28, the Brighter Future Direct Plan assets under management were \$532,511,155. He noted that the direct plan received \$12.36 million in year-to-date contributions, year-to-date withdrawals were at \$10 million, and we had a total of 34,020 funded accounts, with an average account size of \$15,652. Dave also reported on the Brighter Future Advisor Plan, stating as of February 28, there was \$637 million in total assets under management, 16,827 funded accounts, with an average account size of \$37,864. Upon inquiry from Eric Munson, John Park provided a brief history of the Brighter Future Advisor plan to explain substantial growth within the advisor plan.

Next, Amanda White reported on Vanguard's 529 industry trends, market outlooks, and portfolio performance. She mentioned that the number of plans moving to target enrollment portfolios are decreasing and also discussed the recently passed SECURE Act 2.0. Speaking on financial markets, she mentioned that inflation was at a 40-year high, there were rapid interest rate increases, and equity and fixed-income markets closed lower for the year. For portfolio performance, Amanda stated that the only positive performer for the year was the 'income' portfolio

Reporting on the Brighter Future Advisor plans, John Park highlighted the various investment options available, the growth of the advisor plan since year-end 2017, and contributors to the growth. Highlighting Arkansas-owned accounts, he reported that there were 452 financial advisors offering the plan in Arkansas and currently 3,950 Arkansas-owned accounts with an average account size of \$16,890. John mentioned that the industry has unanswered questions regarding the 529 and Roth IRA rollover provision within SECURE Act 2.0 but expects clarification to be provided before that provision becomes effective.

John Peace then reported on the period beginning July 1, 2022, through February 28, 2023, stating that income was a bit less than projected due to market fluctuations, expenses were in line with what was budgeted, and that at the end of February the committee had \$230,767.17 in the administrative accounts. Responding to a prior request from Treasurer Lowery, John provided a brief history of prior attempts to amend IRS code 529 to permit some homeschool expenses as qualified expenses, and why they had not been successful in the past. He did indicate that with Republicans having a majority in congress, another bill attempting this change could be filed.

Pattie Davidson from Landmark provided a brief history of working with the committee, and how the firm now works with 29 529 plans across the United States. She concluded by stating that clean opinions issued on both the Arkansas plans. Greg then presented the June 30 audit reports on the Direct and Advisor sold plans, discussing the scope of the services provided, the independent auditor's report, management's discussion and analysis, and basic financial statements.

For new business, Fran proposed dates in June, August, and November for the remaining 2023 quarterly meetings.

There being no further business, Eric Munson adjourned the meeting at 11:13 AM.

Respectfully submitted,

Fran Jansen, Director of 529 Programs and Financial Education