

MINUTES OF THE MEETING
Arkansas Section 529 Plan Review Committee

Thursday, March 7, 2024, 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 Thursday, March 7, 2024, at 10:00 AM in the Victory Building Conference Room, Suite 275 and via Zoom virtual meeting. Present at the meeting were Arkansas Treasurer of State Larry Walther; Stephen Bright, Chief of Staff; Eric Munson, Chief Deputy Treasurer; Heather McKim, Chief Public Affairs Officer; Mark White, Executive Director, Arkansas Teacher Retirement System; Dr. Ken Warden, Commissioner, Arkansas Division of Higher Education; Fran Jansen, Director of 529 Programs and Financial Education; Chris Scott, Manager, 529 Programs; Kim Shockley with Ascensus College Savings; John Peace with Wright, Lindsey & Jennings LLP; Pattie Davidson and Greg Walker with Landmark CPA; John Park with BlackRock; and Amanda White with Vanguard.

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

Treasurer Walther called the meeting to order at 10:06 AM.

Following introductions, Treasurer Walther asked for a motion to approve the meeting minutes from November 30, 2023. Mark White moved for approval, Dr. Ken Warden seconded the motion, and the minutes were approved.

Fran Jansen then gave the director’s report which included a joint project with Dr. Warden to email finance professionals at higher-education institutions in Arkansas regarding the Flywire 529 payment platform, and that Chris will be presenting soon to Arkansas Career and Technical Education coordinators. Chris then updated the committee on current efforts by the Federal, Legal & State Affairs (FLSA) Committee of NAST. He briefed the committee on U.S. Senate Bill 722, Freedom To Invest in Tomorrow’s Workforce Act, which would expand 529 qualified expenses to include post-secondary credentials such as licenses, certifications and certificates. He noted that the bill has strong bipartisan support and would again transform 529 plans into more of a “career savings plan.” Fran then explained that the marketing transition to Communications Group continues to prove beneficial and that we would soon launch print advertisements in various local publications. She closed her report by providing an update on the preschool graduation pilot program with Second Presbyterian Preschool stating that it had been approved by the school and will include a \$529 sweepstakes for families attending the May 9 graduation ceremony.

Fran then presented for approval checks and invoices paid during Q3 FY 2024. Dr. Warden moved to approve, Director White seconded the motion, and the checks and invoices were approved.

Next, John Peace presented a budget report for fiscal year 2024 thus far, predicting that by the end of the fiscal year income would be about \$100,000 over budget and that marketing expenses may come in \$60,000 under budget. He stated that as of the end of February, income has exceeded the expenses by \$177,000 and that the balances of the administrative accounts total \$495,356.57.

Kim Shockley then reported on Direct 529 account activity as well as Advisor Plan assets, U-gift, and U-promise. She stated that as of December 31, the Brighter Future Direct Plan assets under management were nearly \$600 million. The direct plan received \$60 million in year-to-date contributions, year-to-date withdrawals were at \$53.4 million, and there was a total of 35,002 funded accounts, with an average account size of \$16,951. Kim also reported on the Brighter Future Advisor Plan, stating that as of December 31, there was \$713 million in total assets under management, and 17,211 funded accounts, with an average account size of \$41,445.

Next, Amanda White reported on Vanguard’s 529 industry trends and market outlook. She noted that Vanguard had received many calls already regarding the 529 to Roth IRA rollover. On industry trends and market outlooks, Amanda reported the economy had been resilient, noted positive effects of higher interest rates, and predicted rate cuts in the second half of 2024.

John Park also commented on the interest in the Roth IRA rollover provision within the advisor industry. He then reported on the Arkansas-owned Brighter Future Advisor Plan stating that there were 462 financial advisors offering the plan in Arkansas and that there were currently 4,127 Arkansas-owned accounts with an average account size of \$18,592.

Pattie Davidson from Landmark provided a brief history of working with the Arkansas 529 plan and how the firm now works with 29 plans across the United States. She reported that clean opinions were issued on both 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 June 13 for the next quarterly meeting.

There being no further business, Treasurer Walther adjourned the meeting at 11:06 AM.

Respectfully submitted,

Fran Jansen, Director of 529 Programs and Financial Education