

**Minutes of AZ529, Arizona’s Education Savings Plan
Advisory Committee Meeting
December 7, 2023**

The quarterly meeting of the AZ529, Arizona Education Savings Plan Advisory Committee (Committee) was held on December 7, 2023, via Webex and in-person. Treasurer Yee called the meeting to order at 11:08 a.m.

Members Present:

The Honorable Kimberly Yee, Chair, Arizona State Treasurer
Keith Alexander, Special Assistant to the President for Community & Government Relations,
Eastern Arizona College (via WebEx)
Maria Baier, Vice President of External Affairs, Great Hearts America (via WebEx)
Susan Ciardullo, Executive Director, Life Long Learning, Inc. (via Webex)
David Eaker, Campus President, The Refrigeration School (via WebEx)
Karen Mensing, Technology Integration Facilitator, Paradise Valley Unified School District (via WebEx)
Gary Schleuger, Vice President of State Government Affairs and Relations, University of Phoenix (via WebEx)
Chris Schoenleb, North Valley Christian Academy (via WebEx)

Members Absent:

Christine Burton, Co-Founder, Burton Family Foundation
President Brian Mueller, Grand Canyon University
The Honorable Shaandiin Parrish, Council Delegate, Navajo Nation
Dr. James Rund, Senior Vice President for Educational Outreach and Student Services,
Arizona State University

Others Present:

Mark Swenson, Deputy Treasurer, ASTO
Jeff Kros, Assistant Deputy Treasurer, ASTO
Jeffrey Ong, AZ529 Plan Administrator, ASTO
Alyssa Koury, Public Information Officer, ASTO
Nick Barnhiser, Financial Systems Administrator, ASTO

I. Treasurer’s Welcome and Opening Remarks

Treasurer Yee called the December 7, 2023, quarterly meeting to order at 11:08 a.m. and welcomed the Committee members and staff attending the meeting.

She also welcomed Susan Ciardullo, Executive Director of Life Long Learning, Inc., who was appointed to be a public member representing an Arizona-based nonprofit organization, which is a new membership position on the AZ529 Plan Advisory Committee.

Ms. Ciardullo thanked the Treasurer for the opportunity. She shared about the work of Life Long Learning, Inc. and the work of the non-profit organization to provide scholarships for students to attend college.

Treasurer Yee also thanked Maria Baier for her time and service as public member on the Committee. This was Ms. Baier's last meeting representing Great Hearts America. Ms. Baier thanked the Treasurer for the opportunity to serve and remarked on the work of the Treasurer and the Committee to advance the AZ529 Plan and opportunities for future generations to save for higher education.

II. Roll Call of Committee Members

Treasurer Yee asked AZ529 Plan Administrator, Mr. Jeffrey Ong, to do a formal roll call of the Committee members.

III. Approval of Minutes of September 12, 2023, Committee Meeting

Maria Baier moved that the September 12, 2023, Committee meeting minutes be approved as distributed. Seconded by Keith Alexander. Motion carried unanimously.

IV. AZ529 Plan Performance Update

Treasurer Yee was pleased to share that on November 2, 2023, Morningstar released their annual ratings, and upgraded the AZ529 Plan to a Silver-Medalist Rating in their 2023 Morningstar 529 ratings. She reported that among the 54 plans reviewed across the country, the AZ529 Fidelity Plan was upgraded to a Silver-Medalist Rating, from a Bronze rating in 2020, 2021 and 2022, making the AZ529 Plan among the best in the country.

In Morningstar's report, Treasurer Yee noted that Fidelity has ample resources supporting the AZ529 Plan with Fidelity's longest-tenured portfolio managers and a group of researchers that make up a topnotch group worthy of an upgrade to a high rating. Also, there is greater investment experience in our Office, after the AZ529 Plan transitioned from the Commission, with thorough oversight that exceeds industry standards. This merited an upgrade to an above average rating. She thanked Fidelity, our 529 consultants and the team at the Arizona Treasury for their excellent work.

Additionally, Treasurer Yee noted that in just over 37 months, since the AZ529 Plan transferred from the Arizona Postsecondary Education Commission to the ASTO, there were 33,632 new AZ529 accounts with total plan assets at \$1.89 billion, an increase of 16.6%.

Treasurer Yee asked Mr. Ong to provide an AZ529 Plan Performance Update. Mr. Ong stated that as of October 31, 2023, total AZ529 Plan Assets Under Management were \$1.89 billion, up 9.1% Year Over Year, and total AZ529 Plan accounts were at 105,144, up 5.5% Year Over Year.

He reported that Arizona residents held 51.8% of total Assets and 57.9% of total Accounts, with the rest held by Non-Residents. Fidelity remains the largest AZ529 provider, with

68% of Assets and 69.3% of Accounts. Goldman Sachs remains the second largest provider, holding 31.8% of Assets and 30.1% of Accounts. College Savings Bank holds the remaining 0.3% of Assets and 0.6% of Accounts.

Also, Mr. Ong shared that the AZ529 Plan was upgraded to a Silver-Medalist rating in Morningstar's 2023 529 Ratings, upgraded from a Bronze rating in 2020, 2021 and 2022.

Specifically, Mr. Ong reported that the Plan received higher marks in the People and Parent categories for 2023. Morningstar noted that Fidelity has ample resources supporting the AZ529 Plan with Fidelity's longest-tenured portfolio managers and a group of researchers that make up a topnotch group worthy of a people pillar upgrade to a high rating.

Also, Morningstar noted the greater investment experience after the transition from the Commission to the State Treasurer's Office overseeing the plan—with the investment risk management committee providing thorough oversight that exceeds industry standards. This merited an upgrade to an above average parent rating.

Mr. Ong shared that Morningstar reviews 529 plans based on four Pillars, which are Process, People, Parent and Price. The Process, People and Price pillar pertain more to the 529 program manager, in this case, Fidelity. The Parent pillar pertains to ASTO as administrator of the AZ529 plan and its partners, including consultants.

Finally, Mr. Ong provided a marketing update on the AZ529 Plan. For October, the monthly marketing efforts delivered 535,820 total impressions, 3,720 total clicks and a click through rate of .69%. All the tactics—including pre-roll, display, retargeting and social media outperformed impression goals overall by 8%. The Spanish-speaking audience continued to be the most engaged audience overall with our advertisements at a .94% click through rate.

Specifically for social media, Mr. Ong reported there were 284,540 total impressions and a .77% click through rate. The social media marketing had the message: Prepare for the Reality of their Dreams—reaching 84,719 people. Grandparents had the highest engagement with an .84% click through rate.

Additionally, Mr. Ong reported that in September, Treasurer Yee visited Basis Phoenix South Primary School to talk to 60- 5th grade students about their dream jobs and future education and encourage them to write about it for the AZ529 Essay Contest. She also led a STEM building activity to see which team could build the tallest structure using pool noodles—this activity taught teamwork and communication.

At the National 529 Conference in Orlando, Florida, Treasurer Yee was invited to be a panelist to share her perspectives on the trends coming up in the industry as a 529 administrator. This was a great opportunity for the Treasurer to talk about her focus on reaching the underserved communities, success at growing the AZ529 plan, and improving outreach to the Spanish and Navajo-speaking communities in Arizona.

At the inaugural Arizona Award for Excellence in Teaching Financial Literacy, Treasurer Yee recognized three outstanding teachers who are advancing the principles of financial literacy to their students in Arizona. She also talked about the importance of the AZ529 Plan and how education savings are closely tied to lessons about financial literacy and preparing for students for their future careers.

In October, the Treasurer visited Brophy College Preparatory in Phoenix to talk about our Office's commitment to supporting workforce training, opportunities, resources and education for young entrepreneurs. She also signed a proclamation to declare October 17th as Arizona Youth Entrepreneur Day to celebrate the students' potential, dreams and future impact on our economy and country.

At the Women Leading Government Conference in Mesa, the Treasurer shared her personal journey into politics and the work the Office is doing to manage more than \$64.7 billion in taxpayer dollars each year. She also shared the importance of the AZ529 Plan and how all families can save for education.

At the Family Fun and Expo at McDowell Mountain Ranch Park, AZ529 staff talked to about 60 families who had questions about the AZ529 Plan—including tax benefits, how the investment savings work, and also about the upcoming rollovers from a 529 plan into a Roth IRA that starts in January 2024.

In Phoenix, Treasurer Yee spoke to the Indian American International Chamber of Commerce to celebrate the successful Indian American business community and their contributions to our state's economy. She also shared that it's never too early to start saving with an AZ529 Plan. Next slide please.

Also in October, the AZ529 Plan hosted another successful AZ529 Essay Writing Contest Awards Ceremony. Treasurer Yee recognized 20 winners—5th and 6th grade students representing each county from district, charter, private, tribal and homeschools from across Arizona. Essay contest judges had a lot of work to do—selecting just 20 winners out of 886 total essay entries. The winners received a certificate and a giant check for \$529 towards a new or existing AZ529 Plan.

At the Fall Resource Fair at Creighton Family Resource Center, families stopped by the AZ529 table not only for Halloween treats, but also to learn more about the AZ529 Plan with Spanish language pamphlets.

In November, Treasurer Yee acknowledged and thanked our veterans for their service and sacrifice at the Unified Arizona Veterans monthly meeting. Financial Literacy Task Force Member, Reggie Yates invited the Treasurer to that meeting. Treasurer Yee also shared ASTO's efforts to outreach to the veteran's community to provide financial literacy resources and also information about the AZ529 Plan as a way for all families to invest in their future education.

Finally, Mr. Ong shared that on the Seth Leibsohn Radio Show in Phoenix, the Treasurer spoke about how our Office is continuing to safely and wisely invest taxpayer money. It was also a great opportunity to share how she's focused on continuing to grow the AZ529 Plan.

V. Committee Discussion and Next Steps

Treasurer Yee shared with Committee Members that there were a record 886 total entries submitted to the AZ529 Essay Writing Contest from Arizona 5th and 6th grade students from across the state representing district, charter, private schools, tribal schools and homeschools. She thanked the 18 wonderful judges, including Committee Members, Karen Mensing, David Eaker and Chris Schoenleb, for all their time and efforts evaluating all of these entries. During the awards ceremony, 18 winners were able to attend to receive their certificate and a giant check for \$529 for their AZ529 Plan account.

Treasurer Yee also discussed the 3rd annual AZ529 "Future Career Art Contest" will start on January 29, 2024. This contest is open to all Arizona K-6th grade students to draw a picture that shows what their dream job is and how they plan on achieving it in the future. A total of 14 winners to receive \$529 towards a new or existing AZ529 Plan. All entries must be submitted to az529.gov/2024artcontest-- by March 3rd.

Finally, Treasurer Yee reported that on January 22, 2024, herself along with Financial Literacy Task Force Member, Sharon Lechter, will present at the next State Board of Education Meeting. They'll be discussing next steps to advance financial literacy requirements, especially among high school students. Treasurer Yee stressed the importance of taking another look at increasing these high school standards and starting financial literacy in the earlier grades as well. She invited all members to attend the meeting on January 22nd at 9AM at the State Board of Education meeting, on the 3rd floor of the Capitol Executive Tower.

Treasurer Yee asked any members with any new ideas or ways to advance the AZ529 Plan, to please reach out to staff, including advancing any new legislative ideas.

VI. Call to the Public

Treasurer Yee opened the floor for public comment via the Webex chat feature. There was no public comment.

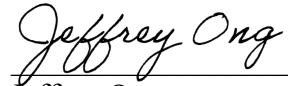
VII. Treasurer's Closing Remarks and Notice of Next Meeting

Treasurer Yee announced the future quarterly meeting for Tuesday, March 5, 2024 at 10 a.m.

VIII. Adjournment

With no further business to discuss, Maria Baier made a motion to adjourn the meeting. Seconded by Susan Ciardullo. The meeting was adjourned at 11:34 a.m.

Respectfully Submitted by:



Jeffrey Ong
AZ529 Plan Administrator

Approved by:



Kimberly Yee
Chair

March 5, 2024

Date