

**Minutes of AZ529, Arizona's Education Savings Plan
Advisory Committee Meeting
April 8, 2022**

The quarterly meeting of the AZ529, Arizona Education Savings Plan Advisory Committee (Committee) was held on April 8, 2022, via Webex and in-person. Treasurer Yee called the meeting to order at 11:07 a.m.

Members Present:

The Honorable Kimberly Yee, Chair, Arizona State Treasurer
Dr. David Doré, President of Campuses and Executive Vice Chancellor, Pima Community College
Keith Alexander, Special Assistant to the President for Community & Government Relations, Eastern Arizona College
Dr. James Rund, Senior Vice President for Educational Outreach and Student Services, Arizona State University
Gary Schleuger, Vice President of State Government Affairs and Relations, University of Phoenix
Karen Mensing, Technology Integration Facilitator, Paradise Valley Unified School District
The Honorable Myron Lizer, Vice President of the Navajo Nation
Maria Baier, Vice President of External Affairs, Great Hearts America
Christine Burton, Co-Founder, Burton Family Foundation

Members Absent:

Len Munsil, President, Arizona Christian University
David Eaker, Campus President, The Refrigeration School

Others Present:

Mark Swenson, Deputy Treasurer, Arizona State Treasurer's Office, ASTO
Jeffrey Ong, AZ529 Plan Administrator and Legislative Liaison, ASTO
Shaandiin Parish, AZ529 Plan Marketing Coordinator, ASTO
Nick Barnhiser, Financial Systems Administrator, ASTO
Deborah Gomez, Executive Consultant, ASTO
Christine Stoll, Executive Director, Idaho College Savings Program

I. Treasurer's Welcome and Opening Remarks

Treasurer Yee called the April 8th, 2022, quarterly meeting to order at 11:07 a.m. Treasurer Yee welcomed the Committee members and staff attending the meeting via Webex and in-person.

II. Roll Call of Committee Members

Treasurer Yee asked AZ529 Plan Administrator & Legislative Liaison, Mr. Jeffrey Ong, to do a formal roll call of the Committee members. Nine Committee members confirmed their presence for the meeting.

III. Approval of Minutes of November 29, 2021, Committee Meeting

Dr. David Doré moved that the November 29, 2021, Committee meeting minutes be approved as distributed. Seconded by Ms. Karen Mensing. Motion carried unanimously.

IV. Success of IDEal Idaho College Savings Program

Treasurer Yee welcomed The Honorable Julie A. Ellsworth, Idaho State Treasurer and Christine Stoll, Executive Director of the IDEal Idaho College Savings Program (IDEal). Ms. Ellsworth was unable to join because of technical difficulties. However, Ms. Stoll provided an overview of the program.

She also addressed how the IDEal program is marketed through multiple approaches including hiring Ascensus, Vanguard and working with local marketing firms. However, Ms. Stoll stated that she and her staff take the primary lead in marketing the program. They also have a multi-channel approach to marketing including being positioned as a thought-leader for the media, partners and financial institutions to post content that is worthwhile, so they come to them about stories for financial literacy.

Another approach is marketing directly to target audiences including grandparents, account owners, moms and dads, business owners and CPAs with messages directly targeted to each one. Ms. Stoll also mentioned they have boots on the ground including a field representative, herself and a half-time person to present to community events, chamber events and families. She stated the more they can be in front of people to help answer their questions, the better it is for opening accounts. They also focus on testimonials to have other people tell their story when there is a family, CPA or business to talk about how great the program is. They also do paid, spot and earned media and rely on a lot of data to measure and evaluate their approaches.

Ms. Stoll also provided an overview of outreach to groups including working with business owners to help develop a no-cost payroll direct deposit as well as a state incentive if employers contribute to an account. The message is different depending on the target audiences.

She also encouraged the Advisory Committee to focus on three areas. The first area is to write a marketing plan which includes branding, messaging, colors and fonts. This will focus on key stakeholders and audiences with specific messages for them and how they will be reached through different media channels. Another focus area is goal setting based on what to accomplish. These are metric driven with specific tactics to help grow the Program. These goals are revisited and adapted when necessary. Finally, the third area is building relationships which takes time, but is very important. Partnerships are important to get the word out for little to not cost via social media and events. This also includes making information easily available for posting or re-distributing.

Ms. Stoll also mentioned they create specific quarterly campaigns including Back-To-School and College Savings Month, year-end gift giving, tax season and graduation events. Another important point is determining the value-add the Program can offer including increasing tax deductions, expanding uses the Program for student loans or offering

matching grants including SNAP benefits and housing. Finally, she stated it's important to create partnerships by joining and participating in professional networking and organizations including higher education, financial education.

Treasurer Yee thanked Ms. Stoll for her presentation and notated the similarities between Arizona and Idaho. She also mentioned the importance of advancing the marketing to the professional organizations. Treasurer Yee asked about SNAP benefits and housing in Idaho and whether that was a change in Idaho legislation or was there a partnership created with an agency. Ms. Stoll said she would have to get that information, but it has been something that's been very popular among families.

V. Staff Update on AZ529 Plan Performance and Marketing Activities

Treasurer Yee acknowledged the efforts of the Treasury staff and was pleased to announce that since October 2020, in just over 17 months of taking over administration of the AZ529 Program, there has been such great progress in growing the plan with 17,351 new AZ529 Plan accounts through Arizona. The assets have grown to \$1.95 billion an increase of 20.6% during the 17th month time frame.

Treasurer Yee asked Mr. Ong to provide an AZ529 Plan Performance Update. Mr. Ong stated that as of February 28, 2022, total AZ529 Plan Assets Under Management were up 7.1% Year Over Year to \$1.95 billion. Total AZ529 Accounts in February were also up 6.6% Year Over Year to 98,494.

As Mr. Ong outlined, Fidelity remains the largest AZ529 provider, with 61.4% of Assets and 62.2% of Accounts. Ivy remains the second largest provider, holding 36.4% of Assets and 35.4% of Accounts. College Savings Bank holds the remaining 2.2% of Assets and 2.4% of Accounts. Arizona residents held 47.6% of total Assets and 53.2% of total Accounts, with the rest held by Non-Residents.

Additionally, Mr. Ong shared with the Committee that a new provider for the AZ529 Advisor Sold Plan was unanimously approved on February 28. The Arizona State Board of Investment approved an initial five-year agreement with Ascensus College Savings Recordkeeping Services, LLC to serve as the new program manager/recordkeeper and Goldman Sachs Asset Management, LP to serve as asset manager and distributor of the AZ529 advisor sold plan.

Mr. Ong stated that the transition of plan accounts and assets are expected to occur by the end of June 2022 from Ivy Investments, which has served as an AZ529 advisor program manager since 2001, and began transitioning accounts after its parent company, Macquarie declined to extend its AZ529 program manager contract. The Ascensus/Goldman Sachs investment menu will consist of individual portfolios providing a range of asset classes for choice and diversification, target risk portfolios ranging from conservative to aggressive risk/return profiles including active, quantitative and passive strategies; and year of enrollment portfolios, based upon time horizon, with a progressive glide path to provide a smooth transition for account owners to mitigate market timing risk.

Finally, Mr. Ong provided an update on legislation affecting the Committee. The Treasurer's Office worked with Senator Leach to sponsor Senate Bill 1160 which adds one public member and one member representing a private school or organization, offering instruction to K-12 students, to the AZ529 Advisory Committee. Mr. Ong stated that the Governor signed the bill on March 25 and will become law 90 days after the Legislature adjourns.

Treasurer Yee thanked Jeffrey for the update and asked the committee to consider additional members to suggest adding to the AZ529 Committee as the legislation goes into effect 90 days after the Legislature adjourns which would be in the Fall.

Treasurer Yee asked Ms. Parrish to provide an AZ529 Plan Marketing Update. Ms. Parrish shared the AZ529 marketing trends for the past quarter. Over the last quarter, AZ529 social media accounts have accumulated 1.3 million total impressions and an average of 318,000 average impressions per month. For the quarter, there were 5,460 total clicks which averages to 1,370 clicks per month. Spanish speaking parents had the highest engagement during the quarter. She stated that Facebook outperformed Instagram each month.

Ms. Parrish also notified the Committee that the AZ529 Radio and Television campaign ended this quarter. The campaign ran through July through December 2021, and the ROI was 12:1 and it ran through the Arizona Broadcaster Association education program.

She also announced that the AZ529 Future Career Art Contest was launched to recognize April as Financial Literacy Month. All Arizona students in K-5th grade are invited to participate and 12 winners will be selected to win \$529 towards a new or existing AZ529 Plan and the deadline to submit entries is on May 8, 2022.

Treasurer Yee stated that the contest will be marketed to every county across Arizona and help students realize the importance of saving for their education. She asked for judges to be available for the contest.

VI. Committee Discussion and Next Steps

Treasurer Yee thanked staff for presenting and asked the Committee for any questions or ideas on promoting and raising awareness of the AZ529 Plan.

Treasurer Yee asked the Committee to consider serving on a new sub-committee to explore possible new plan outreach strategies and making recommendations to the full Advisory Committee. She asked members to reach out to staff to let them know of their interest and reminded them there are a variety of great opportunities to market the AZ529 Plan.

Member Karen Mensing volunteered to be a judge for the AZ529 Art Contest. Treasurer Yee talked about the great growth we've seen since translating the AZ529 materials to the Spanish and Navajo languages.

VII. Call to the Public

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

VIII. Treasurer’s Closing Remarks and Notice of Next Meeting

Treasurer Yee announced the next meeting on June 21 and listed the other tentatively scheduled Advisory Committee dates.

IX. Adjournment

With no further business to discuss, Treasurer Yee adjourned the meeting at 11:55 a.m.

Respectfully Submitted by:



Jeffrey Ong
AZ529 Plan Administrator
& Legislative Liaison

Approved by:



Kimberly Yee
Chair

July 15, 2022

Date