

# COLLEGE INVESTMENT PLAN AWARENESS CAMPAIGN

June 4, 2019

Plans Management Board



Colleen C. Davis  
State Treasurer

## Market Challenges and Opportunities

- **Low 529 Product Awareness** – Nationally 28%<sup>+</sup> of Americans are aware of 529 plans and locally 38%\* of Delaware parents are familiar with 529 plans
- **Increased Competition**- Delaware was one of the first states to offer a plan and now nearly every state offers a 529 plan and 34 states offer a tax incentive for contributing to a plan
- **Rising College Costs** – Inflation costs of obtaining a college education are expected to increase by 5% annually<sup>^</sup>

<sup>+</sup>529 Awareness Plan Survey by Edward Jones

\*2018 Fidelity College Savings Indicator

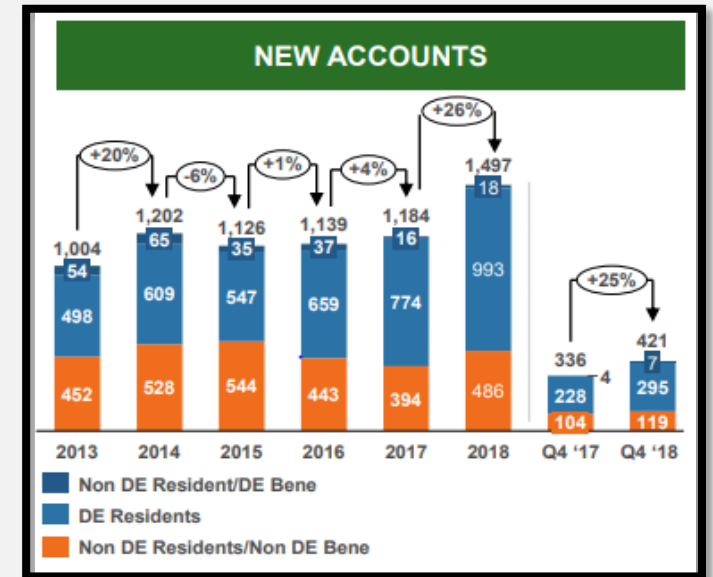
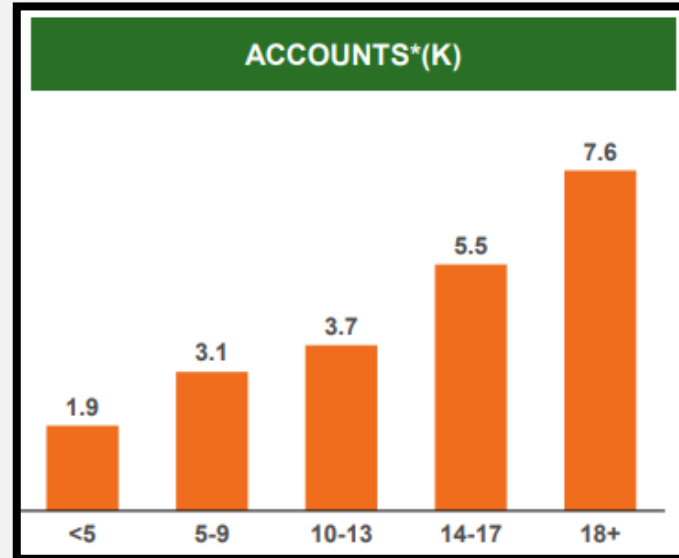
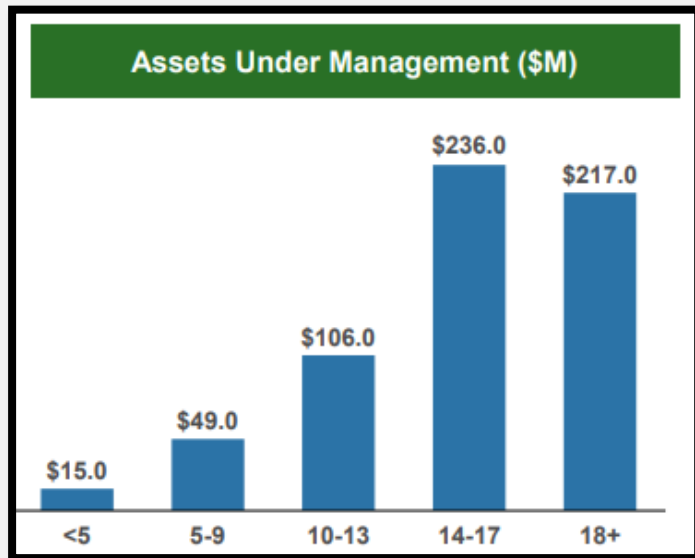
<sup>^</sup> The College Board



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# Delaware Plan Challenges and Opportunities

- **Approaching Age Wave-** 35% of the accounts and assets are for beneficiaries at college age (18 or older)
- **New Accounts** - New account growth has been strong with 26% year over year growth (2018 vs 2017); New Accounts more reliant on Delaware population



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## College Investment Plan Mission

- Provide State of Delaware residents with a tax advantaged voluntary savings program that promotes college readiness

## College Investment Plan Goals

1. Provide effective and efficient administration and oversight for the Delaware College Investment Plan
2. Build awareness in Delaware for the need to develop a personal financial strategy on how to fund a college education
3. Educate Delaware residents on the benefits of 529s and the Delaware College Investment Plan



# College Investment Plan Strategic Initiatives

Strategic Initiative	Status/Timeline
✓ Hire investment consultant to monitor investment performance	Engaged Cammack in Q4 2018
Engage local marketing agency to help compliment Fidelity's marketing	ABC Presentation at Q2 2019
Develop needs-based scholarship program to help Delaware residents looking to attend college	Develop between Q2-Q4 2019 Launch December '19
Draft letter from Board and Committee members supporting tax legislation to aid college savings	Draft Q4 2019 Deliver Q1 2020
Prepare to conduct a request for proposal (RFP) to review options for college investment plan managers	Q1 2020-Q3 2020



# Engage local marketing agency to help compliment Fidelity's marketing

- Utilize a Delaware agency to maximize local marketing opportunities that are not covered by Fidelity

Fidelity	ABC
<ul style="list-style-type: none"><li>• Annual marketing budget of \$280,000</li><li>• Print advertising</li><li>• Display advertising online</li><li>• Search advertising</li><li>• Outdoor advertising</li><li>• Regional Sponsorships</li></ul>	<ul style="list-style-type: none"><li>• Local influencers (i.e. daycares)</li><li>• Large employer programs</li><li>• Social media campaigns</li><li>• Public relation campaigns</li></ul>





# Develop needs-based scholarship program to help Delaware residents looking to attend college

Program	Next Steps
<ul style="list-style-type: none"><li>• Create an endowment with initial contribution amount from the administrative fund</li><li>• Program would be self sustaining with an estimated award amounts of \$30,000</li><li>• Opt to create six \$5,000 or twelve \$2,500 one time scholarships annually</li><li>• Set criteria for eligibility</li><li>• Payment made directly to institution</li><li>• Market program to help promote the Delaware College Investment Plan</li></ul>	<ol style="list-style-type: none"><li>1. Discuss with Board in June Meeting</li><li>2. Draft and submit legislation regarding standard of care language</li><li>3. Consult with Department of Education on application process</li><li>4. Determine endowment manager and platform</li><li>5. Work with Fidelity to revise fact kit and plan disclosures</li><li>6. Discuss at September Board Meeting</li><li>7. Goal to launch prior to December 2019</li></ol>





## College Investment Plan – Administrative Fund

- Account balance as of Dec 31<sup>st</sup> 2018 - \$1.7 million
- Account balance accrued over several years prior to 2016 transition to OST
- Collects revenue from administrative fee 5bps (approx. \$25k a month)
- 2019 plan expenses are forecasted to be approximately \$330k

Strategic Initiatives	Funding
Provide marketing budget for awareness campaign for 2019 launch	\$150,000 (Year 1)
Create an endowment to seed the scholarship program	\$500,000-750,000
Maintain a budget reserve of one year's expenses in the administrative fund	\$300,000-500,000



# APPENDIX



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# College Investment Plan Strategic Planning Accomplishments

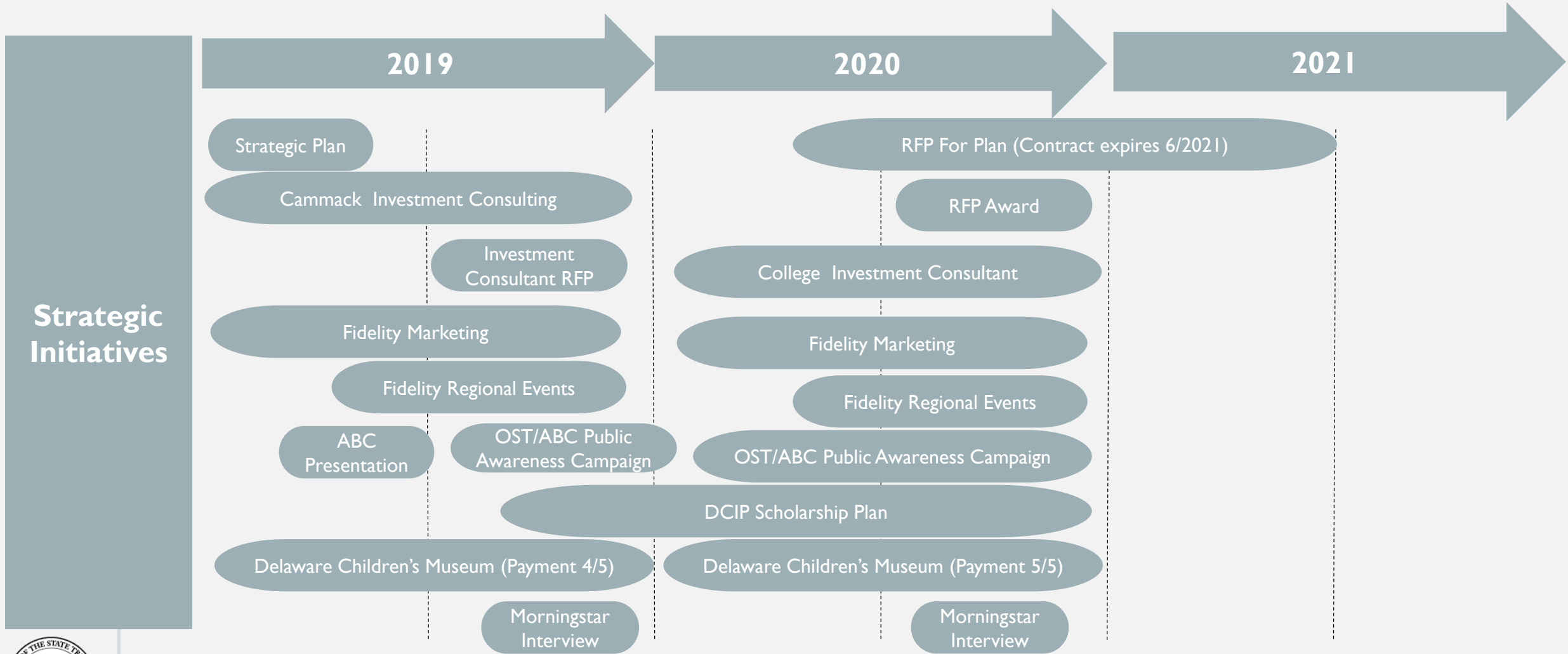
## Key Milestones

- Plans Management Board Created / College Plan Transitions to OST (July 2016)
- Morningstar upgraded plan to “Bronze” (October 2016)
- Delaware Children’s Museum Legacy Agreement (July 2017)
- Modification to Fidelity Agreement October 2017 (extends term from 2018 to June 2021)
- Redeploy Fidelity marketing budget to support regional events (2018)
- Eligible expenses now include up to \$10,000 per year in K-12 tuition expenses (January 2017)
- Investment Committee Reporting Package Revisions (March 2018)
- Amendment of 529 Plan Trust - Administrative Fund (March 2018)
- Fidelity strategic planning proposal (March 2018)
- Board approval of mission statement (June 2018)
- Fidelity survey introduction and Aloysius Butler & Clark discussion (September 2018)
- Fidelity and Sallie Mae Survey Review and College Readiness Discussion (December 2018)
- Cammack Agreement as Investment Consultant for 529 Plan (December 2018)

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# College Investment Plan Milestones



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