

# DE 529 EDUCATION SAVINGS PLAN

## 2021 Q4 BUSINESS UPDATE

PLANS MANAGEMENT BOARD

MARCH 2022 MEETING



## Program Summary:

Delaware’s 529 Plan, also known as DE529, is sponsored by the State of Delaware and managed by Fidelity Investments. The Plan provides tax-advantaged accounts designed to help parents, grandparents and others pay for education expenses, reducing the possibility of debt. Contributions can be invested in portfolios tailored to a person’s age or the investor’s ability to identify an asset allocation strategy.

## DE529 goals:

- Grow accounts
- Increase Contributions
- Build a top tier plan

## Target audience:

Parents with kids 0-12 years + Grandparents, in the state of Delaware

## Fourth Quarter (2021) Highlights:

- **New accounts were down by 17%** in Q4 2021 vs Q4 2020 while the industry was up 5%; new accounts for year up 9%
- 65% of new accounts in Q3 were opened by an **existing Fidelity customer**, versus 70% in Q3 of 2021
- 49% of new accounts opened in Q4 2021 **were for children under age 5**
- There was a **10% decrease in new accounts for Delaware residents in Q4** and for the year was up 17% over 2020
- Total **contributions in the quarter were up 10%** vs Q4 2020 while the industry increased by 23%
- **December contributions totaled \$6.89 million; the highest monthly total for the plan since 2016**
- **Overall assets in the plan** were up 3% from 2020 at \$747 million which trailed the industry by 2%
- **Distributions from the plan increased 32%** over Q4 2020 resulting in net sales of - \$26 million
- Morningstar reaffirmed the plan’s **“Bronze” medal rating** in October

## Recent and Upcoming Initiatives:

- Partnerships with hospital and newborn packets in progress
- Match incentive pilot program to be launched in 2022
- Stable value investment product launched in Q2
- HB145 (tax incentive legislation) included in Governor’s State of the State address.

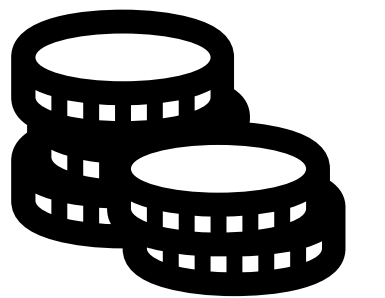
## 2021 vs 2020



**New accounts**  
**+ 9%**

- 47% of new accounts opened in 2021 **were for children under age 5**

**Contributions**  
**+22%**



**Distributions**  
**+ 32%**

- 73% of assets are for beneficiaries older than 14 years old

# APPENDIX



## ① GROW ACCOUNTS

**Goal One – Further Optimize Fidelity Marketing and DE529 Plan Marketing Spend**

**Goal Two – Test and Implement a Match Incentive Program**

**Goal Three – Establish Partnerships with Top Three Birthing Hospitals in Delaware**

**Goal Four –Partner with Delaware Public Schools**

**Goal Five –Workplace Messaging**

## ② INCREASE CONTRIBUTIONS

**Goal One – Support HB145 Tax incentive legislation within Delaware to attract additional contributions**

**Goal Two – Test and Implement a Match Incentive Program**

**Goal Three –Collaborate with Fidelity on Gifting Tool Promotion and Employer Contributions**

## ③ BUILD TOP TIER PLAN

**Goal One – Create a “State Collective” of Fidelity 529 Plans**

**Goal Two – Continue to Strengthen Oversight with Board and Committees**

**Goal Three – Implement Strategy for Administrative Fee Balances**

**Goal Four –Pass HB145 Tax Incentive**

**Goal Five –Scholarship Pilot (Foster Youth)**

- *Green font represent “always on” efforts*

## Focus Timeline

### 2021

- ✓ RFP for Plan
- ✓ Rebranding of plan

### 2022

- Test Match Incentive Program (May 29<sup>th</sup>)
- Support HB145 Tax Incentive
- Top birthing hospital partnerships
- Implement strategy for administrative fee balances
- Scholarship Pilot

### 2023

- Workplace messaging/employer campaigns
- Match Incentive Program assessment
- Collaborate with Fidelity on workplace
- Promotion of gifting tool
- Host virtual “State Collective” Summit
- Scholarship Pilot

### 2024

- Morningstar Medal Assessment
- Scholarship Pilot

