

DE 529 EDUCATION SAVINGS PLAN

2022 Q3 BUSINESS UPDATE

PLANS MANAGEMENT BOARD

DECEMBER 2022 MEETING



	Q3 2022	Q3 2021	YTD 2022	YTD 2021	Commentary	
New Accounts	444	450	1,287	1,587	• Accounts continued to reflect pre-covid trends; October accounts trended up	●
New Accounts-Delaware Residents	303	308	929	1,070	• Delaware accounts relatively flat in a down market	●
% of new accounts for beneficiary under 5	53%	47%			▪ Researching if First State, First Steps incentive may be helping	●
% of new accounts from Fidelity customers	72%	70%			• Overall Fidelity accounts down impacts DE529 accounts	●
Contributions	\$12.6 MM	\$13.3 MM	\$40.6 MM	\$49.3 MM	• 2021 strong contribution growth over '20; trends favorable to '19 and '20	●
Distributions	\$38.2 MM	\$38.9 MM				●
Assets	\$595 MM	\$739 MM			• Market movement and distributions	●
% of assets for beneficiary 14 years or older	73%	74%	73%	73%		●

2022 Highlights:

- ✓ HB145 (tax incentive legislation) signed into law
- ✓ Launch of Stable Value product (April) and removal money market fund (May)
- ✓ Expanded newborn postcard program to hospitals in all three counties
- ✓ Concurrent Resolution by General Assembly marking May 29th and DE529 Day
- ✓ DE529 Baby Race at University Delaware basketball game (February)
- ✓ Revisions to the 529 Investment Policy Statement
- ✓ Table in Legislative Hall promoting the DE529 (May)
- ✓ Launch of the ASPIRE529 program to help Delaware’s foster youth (8 awardees)
- ✓ May promotion day at the Delaware Museum of Nature and Science
- ✓ June Enchanted Garden Day at Winterthur Museum
- ✓ *Movies and Bonfires* Dewey Beach promotion (June- August)
- ✓ Launch of incentive program “First State, First Steps” on July 1st (July – Dec)
- ✓ State Fair promotional material
- ✓ DE529's Route One Rivalry between UD and DSU (9/11 football game)

2022 Highlights Cont:

- ✓ College Savings Month in September
- ✓ Lyte Scholars Program Pilot
- ✓ Revisions to 529.Delaware.gov and fidelity.com/delaware
- ✓ Morningstar Annual Rating –Bronze
- ✓ Apple Scrapple Festival and Sea Witch Parade (October)
- ✓ Truck and Tractor Day at Winterthur (October)

Upcoming Initiatives:

- Series Fund Expansion
- Direct mail to new baby list
- Promotion of state tax deduction







DE529 Education Savings Plan

Morningstar Analyst Rating

Bronze

Morningstar Pillars

Process	Positive
Performance	N/A
People	Positive
Parent	Positive
Price	Neutral

Delaware providers ample oversight worthy of an Above Average Parent rating. The state has an engaged plan management board and multiple subcommittees and leverages an investment consultant. All parties help vet changes to the plan, such as the recent addition of a stable-value fund.

New Tax Deduction for Contributions to Savings Plans

Office of the State Treasurer | State Treasurer Colleen C. Davis | Date Posted: Thursday, December 1, 2022

Listen

New Tax Deductions



DELAWARE ABLE PLAN
DEPENDABLE
Security for the future™

TREASURER COLLEEN C. DAVIS



Act now to save money when filing your 2022 tax return next year

Thanks to a new law enacted by the Delaware General Assembly, Delaware taxpayers have new opportunities to save money.

Delawareans who save for school with the **DE529 Education Savings Plan** may qualify for a new tax deduction on their state returns.

"While our office oversees the management of the State's investment portfolios, we also administer the **DE529 Education Savings Plan** which allows people to invest in the future of their loved ones," said State Treasurer Colleen Davis. "Implementing a new tax deduction for DE529 contributions strengthens our commitment to helping people achieve a quality education without facing the possibility of years of student loan payments."

Delaware tax filers are now eligible to deduct up to \$1,000 of contributions to DE529 Education Savings Plans each year on their Delaware tax return (or

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First State First Steps Program Analysis

	2021						2022						% Lift
	July	Aug	Sept	Oct	Nov	Total	July	Aug	Sept	Oct	Nov	Total	
Total DE 529 Accounts	150	149	151	105	134	689	137	146	161	147	152	743	7%
% Funded at \$100 or More	78%	73%	77%	67%	59%		82%	81%	59%	51%	45%		
Total DE 529 Accounts (Under 5)	79	74	65	51	65		67	82	62	61	68		
% Funded at \$100 or More	87%	86%	85%	78%	63%		94%	89%	89%	77%	66%		
Total Delaware (Resident/Beneficiaries) DE 529 Accounts	104	101	104	80	97	486	103	104	96	89	95	487	0.2%
% Funded at \$100 or More	75%	74%	77%	65%	60%		86%	83%	77%	69%	64%		
Total Delaware (Resident/Beneficiaries) DE 529 Accounts (under 5)	55	53	40	38	53	239	52	61	50	52	52	267	10.5%
% Funded at \$100 or More	85%	87%	83%	74%	64%		100%	90%	86%	83%	77%		

2022 VS 2021 % Funded at \$100 or More for Instate Under 5

15%	3%	4%	9%	13%
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Start saving for college with the First State, First Steps Program

"First State, First Steps" is an incentive program for Delawareans, offering a \$100 contribution to a **new** DE529 account opened before 12/31/22.



- The beneficiary must be five years of age or younger at the time of account opening
- The beneficiary must be a Delaware resident at the time the account is opened
- A minimum contribution of at least \$100.00 must be made to the DE529 account when the account is opened

Learn more at 529.delaware.gov

Summary

- Initial pilot data is showing positive trends
- Continue pilot into 2023 and reassess at the March and June meetings
- Refine marketing and promotion efforts in 2023



APPENDIX





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.

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)

Focus Timeline

2021

- ✓ RFP for Plan
- ✓ Rebranding of plan

2022

- Test Match Incentive Program (May 29th)
- 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



• Green font represent “always on” efforts