DE 529 EDUCATION SAVINGS PLAN 2022 Q3 BUSINESS UPDATE

PLANS MANAGEMENT BOARD

DECEMBER 2022 MEETING



DE529 PLANS- 2022 Q3 BUSINESS UPDATE



| | 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)

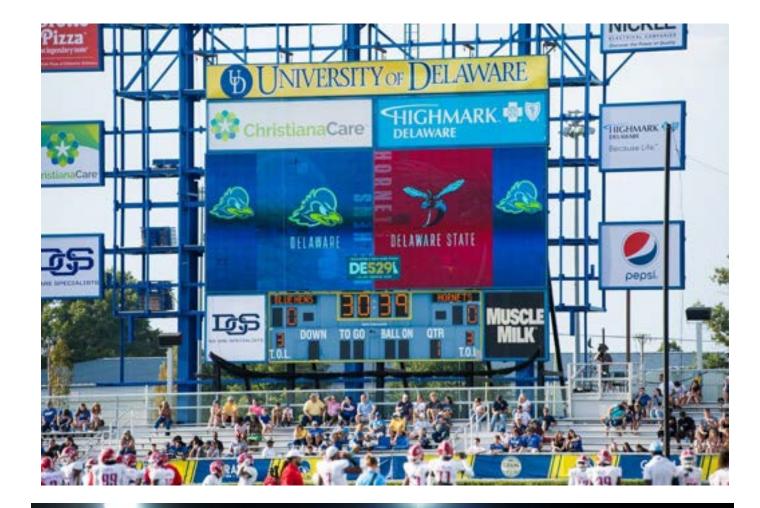
Upcoming Initiatives:

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



529 PLAN- 2022 Q3 BUSINESS UPDATE

















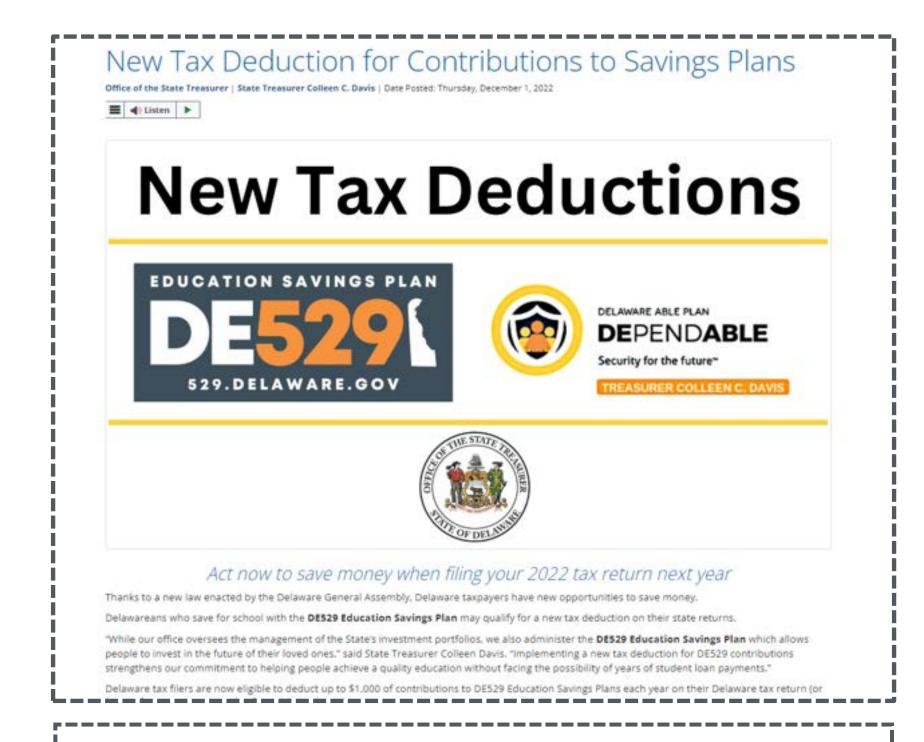




DE529 Education Savings Plan

| 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.









First State First Steps Program Analysis

| | 2021 | | | | | 2022 | | | | | | | |
|--|------|-----|------|-----|-----|-------|------|-----|------|-----|-----|-------|--------|
| | July | Aug | Sept | Oct | Nov | Total | July | Aug | Sept | Oct | Nov | Total | % Lift |
| 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%



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



529 PLAN- STRATEGIC OBJECTIVES (APPROVED BY BOARD SEPTEMBER 2021)



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

FFICE OF STATE TREASURER - COLLEEN DAV