

# DE 529 EDUCATION SAVINGS PLAN

## 2023 Q3 BUSINESS UPDATE

PLANS MANAGEMENT BOARD

DECEMBER 2023 MEETING





Delaware earns an Above Average Parent rating driven by its multiple layers of oversight and engaged partners. The state's 11-member plans management board, two subcommittees, and an external investment consultant review any recommended changes to the plan.

### Morningstar's 2023 529 Ratings: Key Takeaways

- 10 plans were upgraded and seven were downgraded.
- Utah's my529 plan continues to earn a Gold Medalist Rating, a designation it has held since we debuted our ratings in 2012.
- Increased confidence in the investment teams overseeing Pennsylvania's 529 Investment Plan drove an upgrade of the plan to Gold from Silver.
- Michigan's Education Savings Program was downgraded to Silver from Gold because its Process lost some of its edge as peers have closed the gap.
- Fidelity-managed plans offered by Arizona, Delaware, and Massachusetts were upgraded to Silver from Bronze because of a combination of increased confidence in Fidelity's team and state oversight that exceeds industry standards.
- Although plans continue their efforts to lower fees, Price ratings have remained mostly stable and did not drive any rating changes this year.



## Top 10 529 Savings Plans by 3Q 2023 Assets

Top-10 529 Savings Plans by 3Q 2023 Assets (in \$B)										
Rank	State	Program Name	Primary Distributor	Program Manager (Administrator)	Assets			% Change 3Q 2023	% Change 1 Year (of Est. Total)	Market Share
					3Q 2022	2Q 2023	3Q 2023	3Q 2023	1 Year (of Est. Total)	
1	VA	CollegeAmerica	American Funds	American Funds	\$70.1	\$82.2	<b>\$78.0</b>	-5.0%	11.3%	19.1%
2	NY	New York - Direct	Vanguard	Ascensus	\$31.0	\$36.8	<b>\$35.2</b>	-4.3%	13.5%	8.6%
3	NV	Vanguard 529 Plan	Vanguard	Ascensus	\$26.0	\$30.8	<b>\$29.8</b>	-3.4%	14.6%	7.3%
4	UT	my529	State of Utah	State of Utah	\$17.4	\$20.7	<b>\$20.0</b>	-3.2%	15.1%	4.9%
5	NH	UNIQUE C.I.P.	Fidelity	Fidelity	\$15.7	\$18.4	<b>\$17.8</b>	-3.6%	13.2%	4.3%
6	CA	ScholarShare	TIAA	TIAA	\$12.0	\$13.8	<b>\$13.3</b>	-3.8%	10.5%	3.2%
7	IL	Bright Start (Direct)	UBT	UBT	\$8.4	\$10.3	<b>\$9.9</b>	-3.2%	17.6%	2.4%
8	ME	NextGen - Advisor	BlackRock	Vestwell	\$9.0	\$10.1	<b>\$9.6</b>	-5.6%	6.5%	2.3%
9	OH	CollegeAdvantage	OTTA	OTTA	\$8.0	\$9.5	<b>\$9.1</b>	-3.8%	13.9%	2.2%
10	MD	Maryland C.I.P.	T. Rowe Price	T. Rowe Price	\$7.4	\$8.6	<b>\$8.3</b>	-3.6%	12.7%	2.0%
<b>Totals</b>					<b>\$365.5</b>	<b>\$426.9</b>	<b>\$408.6</b>	<b>-4.3%</b>	<b>11.8%</b>	<b>56.5%</b>

## Top 5 529 Savings Plan Program Managers by 3Q 2023 Assets

Top-5 529 Savings Plan Program Managers by 3Q 2023 Assets (in \$B)								
Rank	Program Manager (Administrator)	State(s)	Assets			% Change 3Q 2023	% Change 1 Year	Market Share (of Est. Total)
			3Q 2022	2Q 2023	3Q 2023	3Q 2023	1 Year	(of Est. Total)
1	Ascensus	16 States	\$99.4	\$116.2	<b>\$111.3</b>	-4.3%	12.0%	27.2%
2	American Funds	VA	\$70.1	\$82.2	<b>\$78.0</b>	-5.0%	11.3%	19.1%
3	TIAA	7 States	\$34.4	\$39.8	<b>\$38.1</b>	-4.1%	10.8%	9.3%
4	Fidelity	6 States	\$33.6	\$39.2	<b>\$37.6</b>	-4.0%	11.9%	9.2%
5	Union Bank and Trust	AL, IL, NE	\$22.2	\$26.1	<b>\$25.0</b>	-4.0%	13.0%	6.1%
<b>Top 5 Total</b>			<b>\$259.7</b>	<b>\$303.5</b>	<b>\$290.1</b>	<b>-4.4%</b>	<b>11.7%</b>	<b>71.0%</b>
<b>Totals</b>			<b>\$365.5</b>	<b>\$426.9</b>	<b>\$408.6</b>	<b>-4.3%</b>	<b>11.8%</b>	

Source: ISS Market Intelligence



<b>2017</b>	\$681 million
<b>2018</b>	\$624.3 million
<b>2019</b>	<i>\$684.4 million</i>
<b>2020</b>	<i>\$728.0 million</i>
<b>2021</b>	<i>\$747.3 million</i>
<b>2022 (12.31)</b>	<i>\$612.67 million</i>
<b>2023 Q3</b>	<i>\$612.0 million</i>

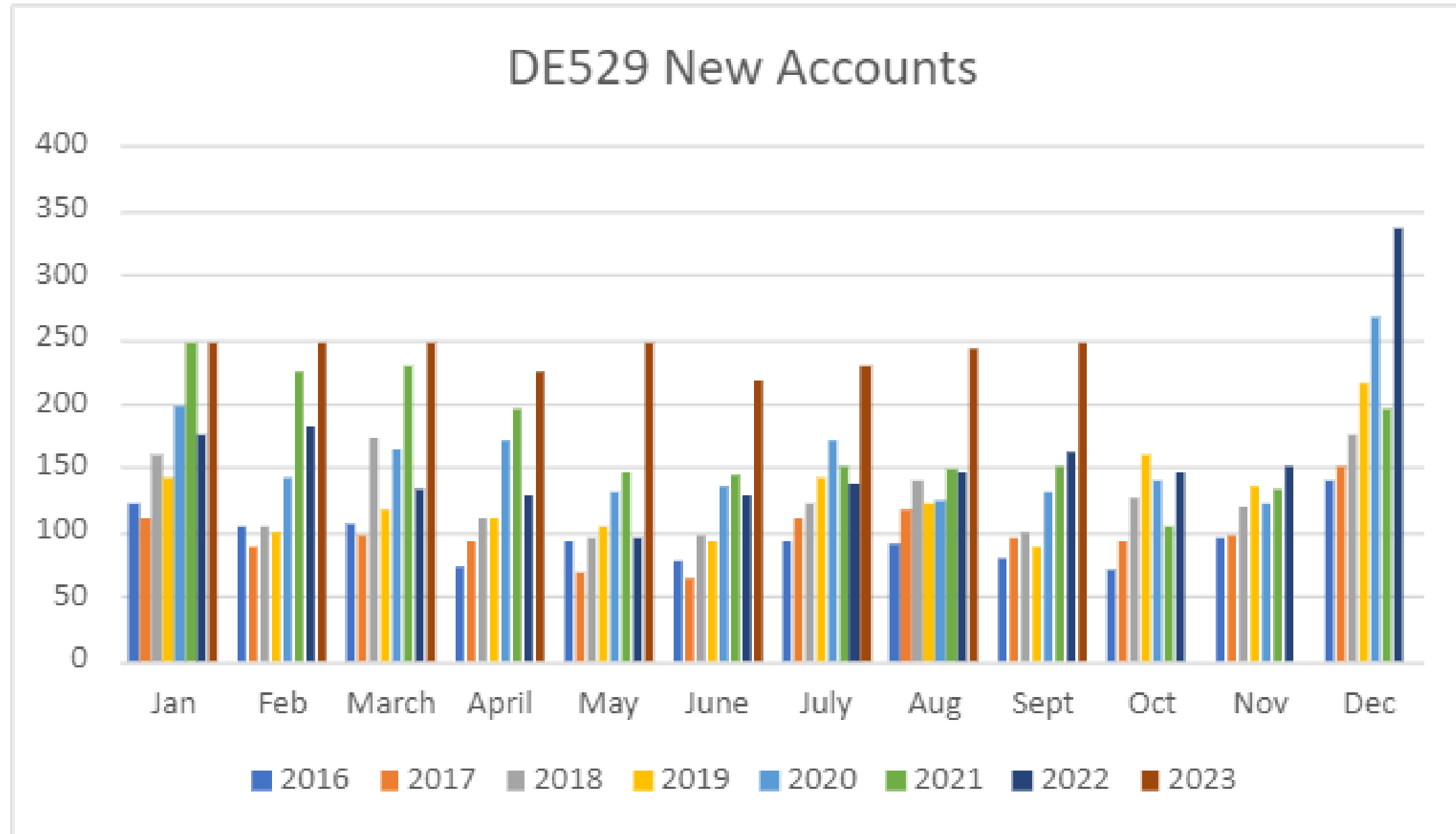
**Aged Based Portfolios**

- **\$415.4 million or 68% of total plan assets**
- *Active Age-Based* (\$288.7 million or 47% of total assets)
- *Blend Age- Based* (\$16.5 million of 3% of total assets)
- *Index Age-Based* (\$110.2 million or 18% of total assets)

**Static Portfolios /Individual Funds/ and Bank Deposit Portfolio**

- **32% of total plan assets**
- \$196.6 million

**As of 9.30.23**



- ***New accounts continue to grow year over year (40%)***
- ***One of the fastest growing direct-sold plans in the country***

DE 529 New Accounts

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total	YOY
2016	121	104	106	72	92	77	92	91	80	71	94	140	1,140	
2017	111	88	98	92	69	63	110	117	96	92	97	151	1,184	
2018	160	105	174	110	95	97	121	140	99	126	120	175	1,522	22%
2019	141	100	118	111	103	93	143	122	88	160	135	216	1,530	1%
2020	197	142	165	172	131	135	170	125	130	140	121	266	1,894	19%
2021	247	225	228	195	147	145	150	149	151	105	134	196	2,072	9%
2022	176	182	134	128	95	128	137	146	161	147	152	337	1,923	-8%
2023	248	246	247	224	247	218	229	242	248				2,149	40%

Q3 comparison

First month of incentive was July 2022



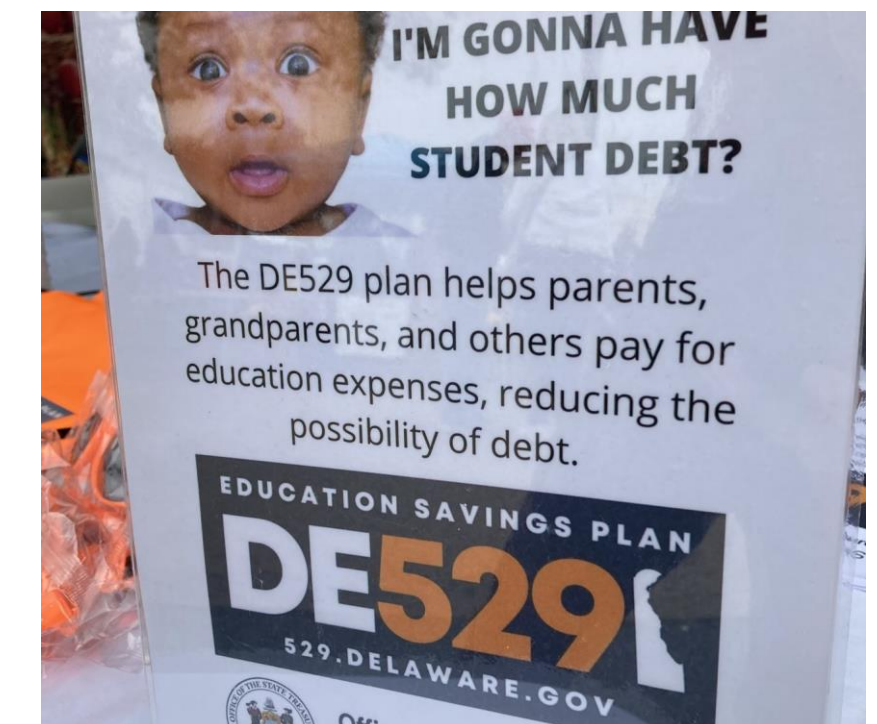
2021-2022 - No Incentive Program													
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
DE529 Accounts	150	149	151	105	134	196	176	182	134	128	95	128	1,728
DE529 Accounts (Under 5)	79	74	65	51	65	96	72	89	72	72	42	50	827
Out of State Accounts	46	48	47	25	37	91	55	64	50	35	26	33	557
Out of State Accounts (Under 5)	24	21	25	13	12	38	19	27	17	20	7	12	235
Delaware (Resident/Beneficiaries) DE529 Accounts	104	101	104	80	97	105	121	118	84	93	69	95	1,171
Delaware (Resident/Beneficiaries) DE 529 Accounts (under 5)	55	53	40	38	53	58	53	62	55	52	35	38	592

2022-2023 - Incentive Program													
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
DE529 Accounts	137	146	161	147	152	337	248	246	247	224	247	218	2,510
DE529 Accounts (Under 5)	67	82	62	61	68	206	117	115	106	104	110	96	1,194
Out of State Accounts	34	42	65	58	57	95	99	130	116	90	120	69	975
Out of State Accounts (Under 5)	15	21	12	9	16	43	35	44	35	31	44	29	334
Delaware (Resident/Beneficiaries) DE529 Accounts	103	104	96	89	95	242	149	116	131	134	127	149	1,535
Delaware (Resident/Beneficiaries) DE 529 Accounts (under 5)	52	61	50	52	52	163	82	71	71	73	66	67	860

2023-2024 - Incentive Program													
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
DE529 Accounts	229	242	248										719
DE529 Accounts (Under 5)	102	124	114										340
Out of State Accounts	99	92	101										292
Out of State Accounts (Under 5)	38	35	35										108
Delaware (Resident/Beneficiaries) DE529 Accounts	130	150	147										427
Delaware (Resident/Beneficiaries) DE 529 Accounts (under 5)	64	89	79										232

- Continuing to monitor the program**
- **Growth in overall accounts**
  - **Attracting more Delaware residents with a beneficiary age 5 or under**
  - **Lift in the funding % of Delaware residents with beneficiary aged 5 or under**

# 529 PLAN- PROMOTION AND OUTREACH







# 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**

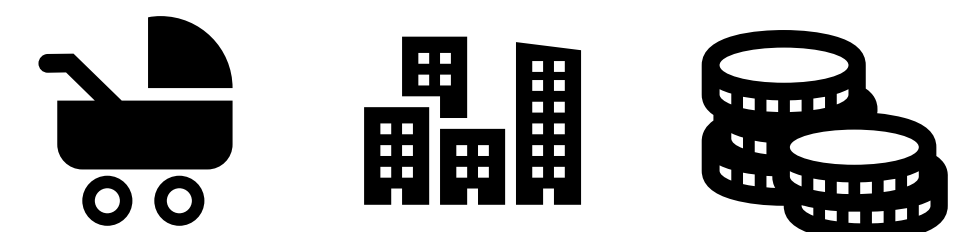
- ✓ Test Match Incentive Program (May 29<sup>th</sup>)
- ✓ Support HB145 Tax Incentive
- ✓ Top birthing hospital partnerships
- Implement strategy for administrative fee balances
- ✓ Scholarship Pilot

**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



• Green font represent “always on” efforts