



**MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE  
OF THE PLANS MANAGEMENT BOARD  
August 5, 2025**

A meeting of the Audit and Governance Committee (the “Committee”) of the Plans Management Board (the “Board”) was held on August 5, 2025, at 10:00 a.m. Committee members and members of the public were able to participate using the provided dial-in information.

Committee Members Represented or in Attendance:

Mr. Peter Kennedy, Committee Chair

Mr. John Macedo

Mr. Timothy J. Snyder

Mr. Brennon Fountain, Deputy State Treasurer (on behalf of The Honorable Colleen C. Davis, State Treasurer)

Others in Attendance:

Ms. Khairat Makanjuola, Chief Operating Officer, (“OST”)

Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice

Mr. John Meyer, Director of Contributions and Plan Management, OST

Mrs. Deborah Bradl, Executive Assistant, Contributions and Plan Management, OST

Mr. Daniel Kimmel, Promotion and Outreach Program Manager, OST

Ms. Layne Taylor, Director of Policy and Communication, OST

Mr. Andrew Fiorentino, Director of Communications, OST

Mr. Earle Allen, CAPTRUST

Mr. Scott Sipple, Administrative Auditor, Office of the Auditor of Accounts (“AOA”)

Mr. Tyler Starr, Supervisor, Accounting and Auditing, Retirement Plan Services, BLS

**CALLED TO ORDER**

The meeting was called to order at 10:00 a.m.

**APPROVAL OF MINUTES**

**A MOTION was made by Mr. Macedo and seconded by Mr. Snyder to approve minutes from the Committee meeting on May 6, 2025.**

**MOTION ADOPTED UNANIMOUSLY**

**PRESENTATIONS**

*457(b) Audit Presentation*

Mr. Starr provided the Committee with the audit report for plan year 2024 and the financial highlights for the 457(b) Plan. He stated that in plan year 2024 there was a \$106 million increase in assets from approximately \$910.7 million as of December 31, 2023, to approximately \$1.02 billion as of December 31, 2024. Mr. Starr attributed the growth in assets to contributions and investment earnings being more than distributions during 2024. There was also an increase in the total number of accounts with balances from 16,280 as of December 31, 2023, to 16,509 as of December 31, 2024. Mr. Starr noted that employee

contributions increased from approximately \$45.9 million in 2023 to approximately \$49.3 million in 2024. He stated that rollovers into the plan were approximately \$4.6 million in 2024 compared to approximately \$2.5 million in 2023 and average deferrals per active participant increased from \$4,300 in 2023 to \$4,500 in 2024. Distributions from the plan were approximately \$69.6 million in 2024, an increase from \$57.4 million in 2023. Fluctuations in distributions paid from year to year are primarily due to changes in the number of participants and beneficiaries receiving eligible distributions, as well as the size of their account balances. Mr. Starr stated that there were approximately 2200 individuals who received a distribution from the plan during 2024. The average distribution amount increased from approximately \$29,000 in plan year 2023 to approximately \$32,000 in plan year 2024. Net investment income was approximately \$123.5 million in plan year 2024 compared to approximately \$128.6 million in plan year 2023. Mr. Starr stated the investment results are consistent with fluctuations in the financial market and changes in interest rates for fixed earnings investments.

Mr. Starr stated that plan administrative expenses increased from approximately \$1.4 million in 2023 to approximately \$1.8 million in 2024. Fluctuations in expenses are the result of different arrangements with the service providers, timing of vendor payments, and the changes in average assets held by the plan. Mr. Starr stated that most of the administrative fees are asset-based fees, so as average balances increase so do administrative expenses. He stated that administrative fees are less than .2 percent of net assets, which is comparable to the industry.

#### *529 Education Savings Plan Audit Presentation*

Mr. Starr provided the Committee with the audit report for plan year 2024 and the financial highlights for the 529 Education Savings Plan. Mr. Starr stated that 529 fiduciary net position increased by \$28 million from approximately \$652 million as of December 31, 2023, to approximately \$680 million as of December 31, 2024. The increase was due primarily to an increase in investment earnings with a net investment income of \$61 million. Mr. Starr also noted that contributions to the plan were approximately \$116 million in plan year 2024, while withdrawals were approximately \$149 million in the same year. Mr. Starr noted that there were 6,700 participants who made withdrawals from their accounts in plan year 2024. He further stated that investment expenses increased from approximately \$2.8 million in 2023 to approximately \$2.9 million in 2024. Mr. Starr stated that the increase in expenses is due to changes in plan assets during plan year 2024. Furthermore, there were 26,000 accounts with balances in plan year 2024 versus 24,500 accounts with balances in plan year 2023. Mr. Starr stated there were approximately 3,400 new accounts in plan year 2024 versus approximately 3,000 new accounts in plan year 2023.

**A MOTION was made by Mr. Macedo and seconded by Mr. Snyder to approve the 457(b) and the 529 Education Savings Plan Trust audit reports for plan year 2024 and defer recommending same to the Board until the December 2025 Board meeting, at which time all 2024 reports will be recommended to the Board for approval.**

**MOTION ADOPTED UNANIMOUSLY**

#### *Discussion Regarding Escheatment and the Plans*

Mr. Meyer provided an update regarding escheatment and its relation to the plans. He summarized the memo that was circulated at the previous Committee meeting detailing the four programs, including DE EARNs, which the Board will start overseeing starting in January 2026. OST worked in conjunction with Committee members, Deputy Attorney General Staib, and Ice Miller to address the complexities surrounding this topic and the plans. Mr. Meyer reviewed Q2 recommended actions with the Committee.

The Committee agreed after a lengthy discussion to circle back to Ice Miller for clarification on their recommendation.

*Discussion Regarding Feedback for First-Year Extension on Memoranda of Understanding (“MOU”) with the Office of Auditor of Accounts (“AOA”)*

Mr. Meyer provided an update regarding the MOU with AOA. He stated that the AOA is in its second year of a two-year contract that covers the 2023 and 2024 plan year audits. The contract includes two one-year extension options. Mr. Meyer stated that the intention is to obtain feedback from the Committee and provide the feedback to AOA in advance of the initial contract term expiring at the end of 2025. Following discussion, the Committee agreed to recommend that AOA exercise the first one-year contract extension with the current audit firm.

*Update Regarding SECURE Act 2.0 Provisions*

Mr. Meyer provided an update on the mandatory SECURE Act 2.0 provisions to the Committee. OST continues to work with Payroll, Human Resources, Statewide Technology and Voya to implement the catch-up provision for participants aged 50 and up, which will start January 1, 2026. This provision allows participants over age 50 whose income is over \$145,000 and who want to make a catch-up contribution to their account to do so as a Roth contribution. OST will work with Voya regarding the process and procedures required to implement this provision.

*Legislative Updates*

Mr. Meyer provided legislative updates to the Committee. He stated SB20 was introduced to the Delaware General Assembly to bring back the state match. This bill had bipartisan support in the Senate Finance Committee, but did not make it out of committee for a full vote. OST will continue to pursue this legislation with the next legislative session. Mr. Meyer also stated that the federal One Big Beautiful Bill will have some impact on the 529 plan, such as the ability for participants to use such funds for credentialing. Also, account holders will see the private school tuition eligible expense limit increase from \$10,000 per year to \$20,000 per year.

**PUBLIC COMMENT**

No member of the public was present for comment.

**Executive Session**

No Executive Session was held.

**NEXT MEETING**

The next meeting of the Committee is scheduled for November 4, 2025.

The next meeting of the Board is scheduled for September 9, 2025.

**ADJOURNMENT**

**Meeting was adjourned at 11:45 a.m.**

Respectfully submitted,

E-Signature \_\_\_\_\_

Pete Kennedy, Chair for the Audit and Governance Committee