



UTAH SYSTEM OF
HIGHER EDUCATION

MEMORANDUM

TAB F

May 21, 2021

my529 Update

Background

The Utah Educational Savings Plan, dba my529, was created by the Legislature in 1996. Section 529 of the Internal Revenue Code allows for qualified tuition programs, which includes prepaid tuition and savings plans. Qualified tuition programs must be sponsored by a state or state agency. my529 was created as Utah's 529 plan and placed within the Utah System of Higher Education.

my529 is a “non-profit, self-supporting agency that administers a public trust” [UCA 53B-8a-103(2)(a)]. The Utah Board of Higher Education acting in its capacity as the Utah Higher Education Assistance Authority provides oversight of my529. Because my529 is a trust, the board and staff have a fiduciary obligation to the account owners and plan beneficiaries.

As it celebrates its 25th anniversary, my529 has become one of the pre-eminent plans in the country. It is the third largest direct-sold plan, with over \$19 billion in assets under management as of April 30, 2021. my529 is a national plan, with nearly 460,000 accounts and account owners from every state in the country.

Cybersecurity is a major focus for the organization. As a result, significant investment is made for information security, anti-money laundering and know-your-customer solutions.

Morningstar analysts have assigned a Gold rating to my529 for 10 consecutive years. Illinois and Michigan, the other Gold-rated plans, have received a gold rating for four or fewer years.

my529 continues to be one of the fastest-growing plans in the country. With the industry now well-established and mature, my529 has undertaken a strategic planning process to prepare for its future.

Discussion

The following pages present my529's simplified Mission, Vision and Values statement. The following priorities are presented with the attending strategies and tactics for meeting these priorities.

Account Growth – my529 accounts will be as ubiquitous as 401(k) accounts.

our529 Culture – my529 is a culture of excellence, kindness, inclusion and respect. It is among the best places to work in Utah.

Account Owner Experience – Every person who has contact with my529 has such an exceptional experience, they become our ambassadors.

Metrics for each of these priorities are included to measure our progress toward achieving our priorities. Our focus is on Utah account owners even though our base is national in scope.

We have strived to align our strategies and tactics, where possible, to support the priorities of the Utah Board of Higher Education.

Attachments

my529 by the numbers

459,909

Accounts

\$19.5 B

AUM

\$42,418

Average Balance

9.9%

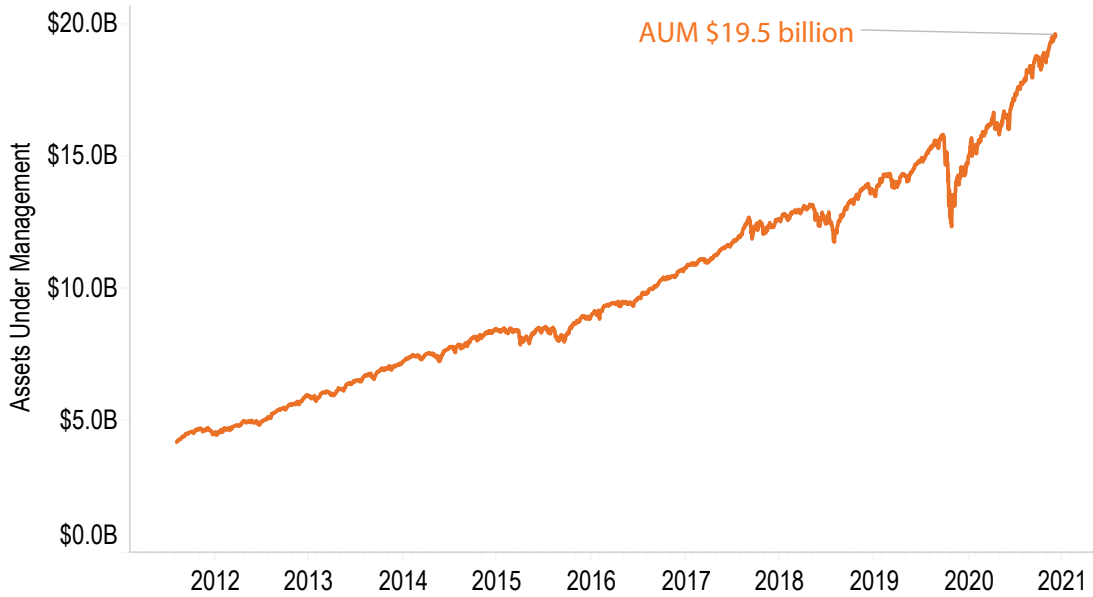
Account Growth*

17.9%

AUM Growth*

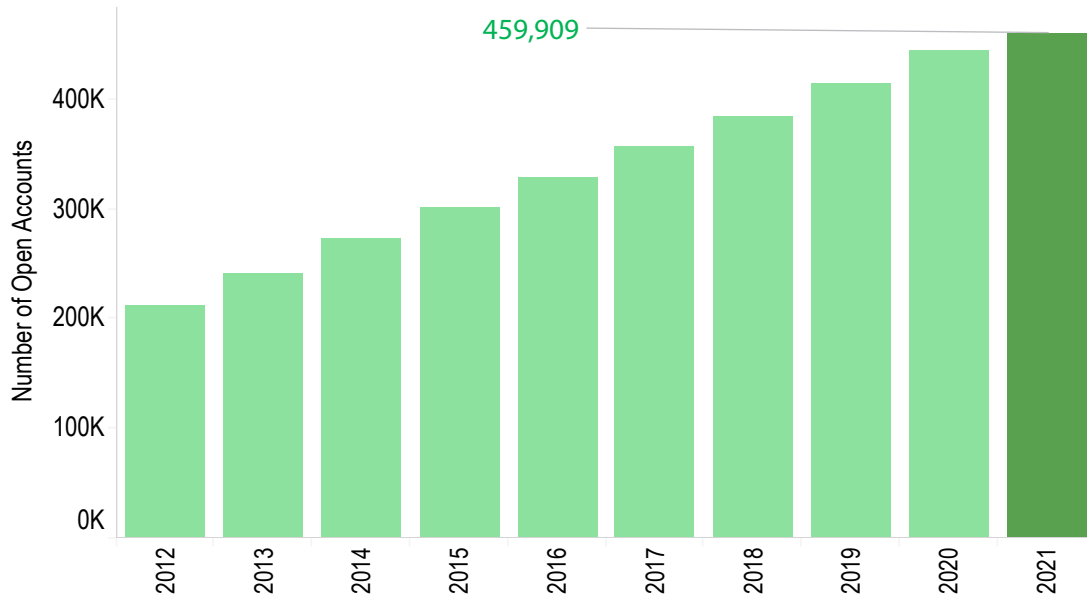
All data as of April 30, 2021

Assets under management



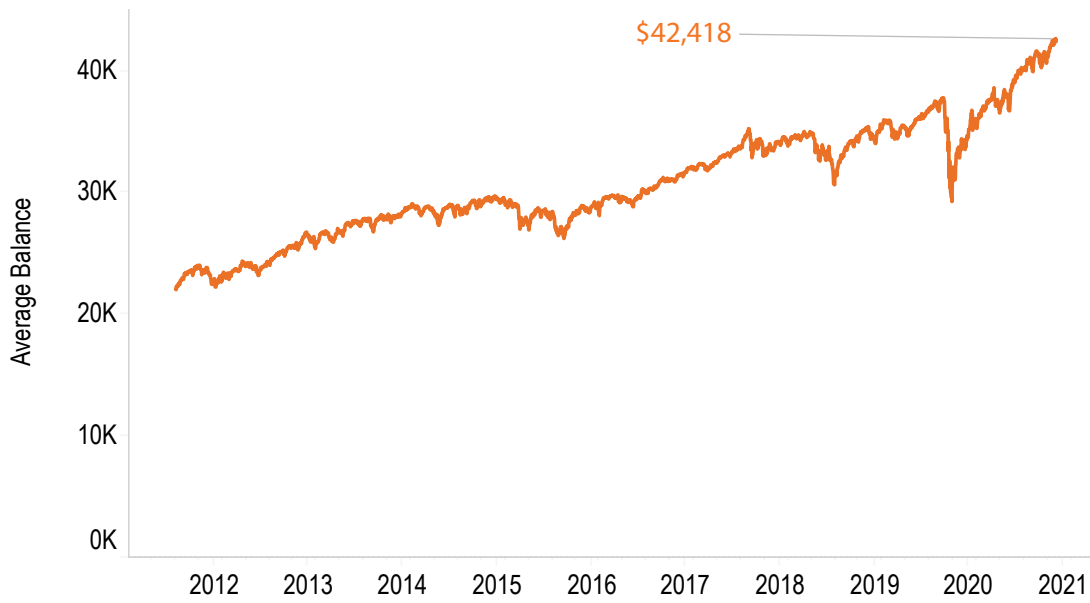
All data as of April 30, 2021

Number of open accounts



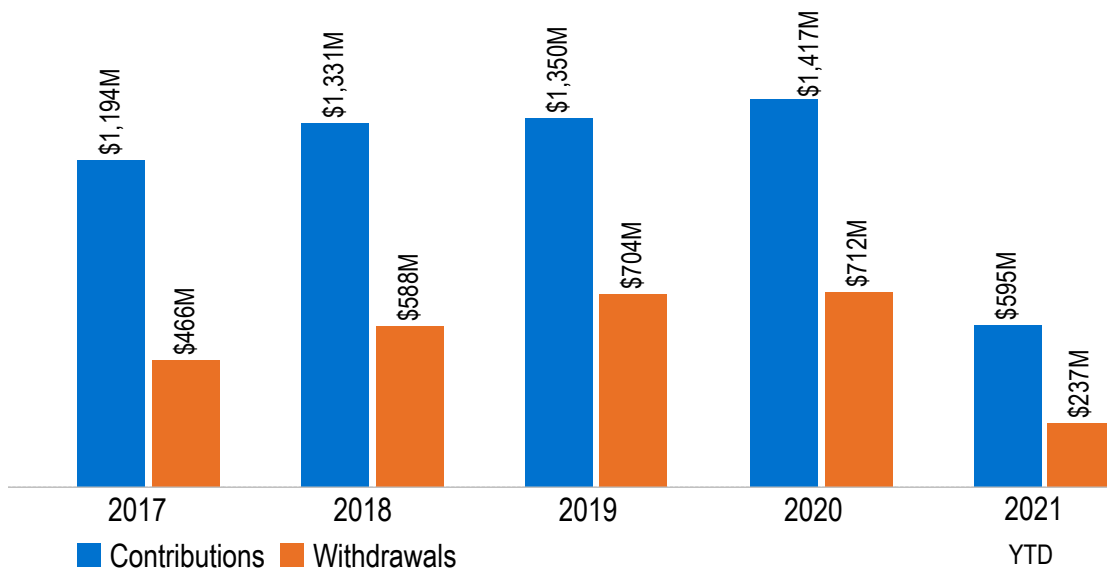
All data as of April 30, 2021

Average account balance



All data as of April 30, 2021

Contributions and withdrawals



All data as of April 30, 2021



my529[®] Annual Plan with a 2,000-Day Horizon

Mission, Vision and Values

my529 is aligned with the Utah Board of Higher Education's priorities for access, affordability and completion.

MISSION

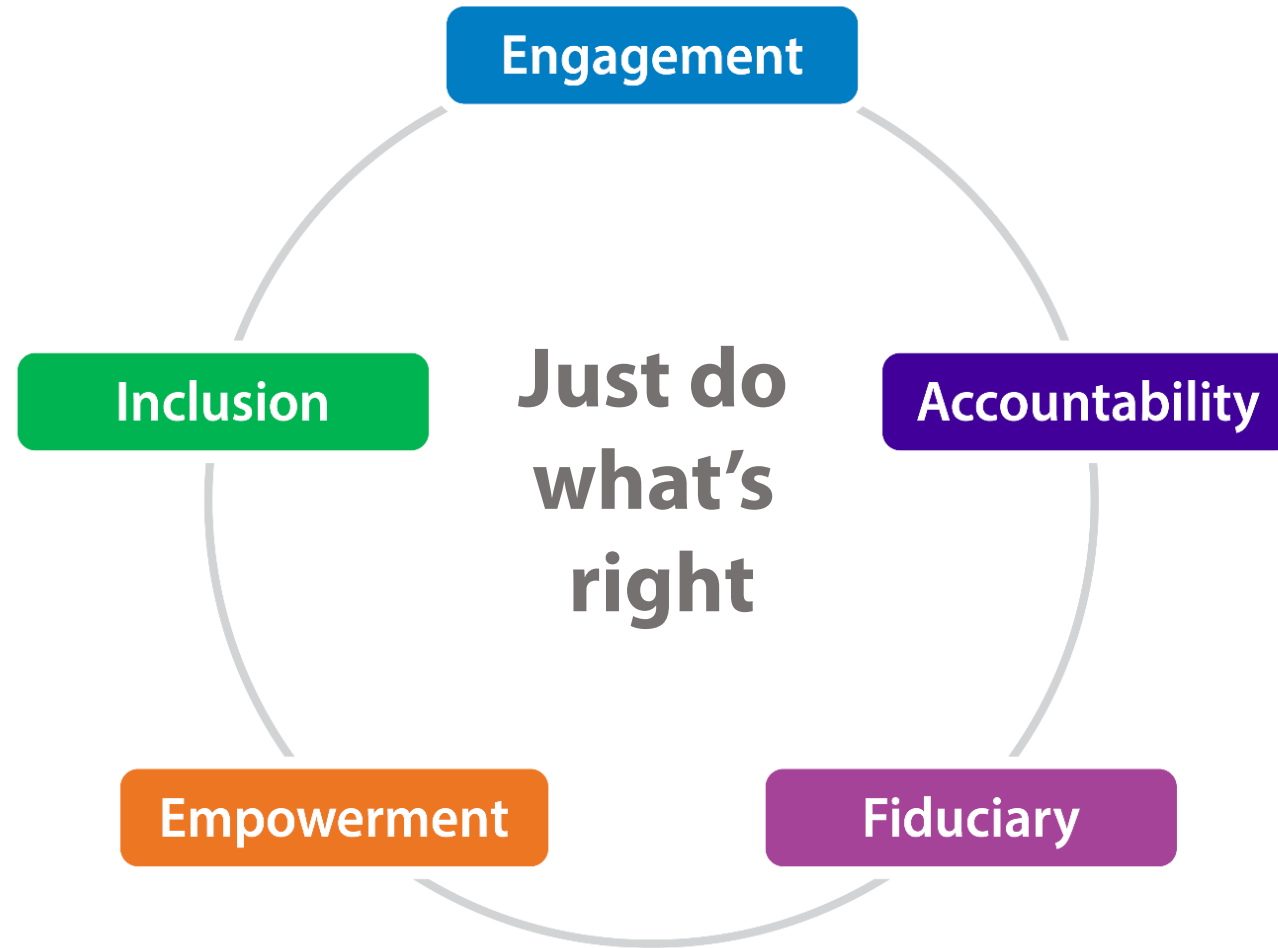
my529 helps families save for education.

OUR VISION

Make my529 the nation's plan of choice for families investing for education and an organization in which employees take pride.



OUR VALUES



OUR PRIORITIES

Account Growth - my529 accounts will be as ubiquitous as 401(k) accounts.

our529 Culture - my529 is a culture of excellence, kindness, inclusion and respect. It is among the best places to work in Utah.

Account Owner Experience - Every person who has contact with my529 has such an exceptional experience, they become our ambassadors.

Priority

Account Growth - my529 accounts will be as ubiquitous as 401(k) accounts.

Goal

Avenues for identifying and onboarding new account owners (AO) are enhanced and cultivated.

Strategy

Constructing a way for employees in every Utah business to take advantage of a my529 account.

Tactics

- Formalizing a service model to support and expand B2B.
- Creating an automated process for my529 and businesses to exchange electronic files (AO names and contribution amounts) to capture employee payroll deduction information.

**Increasing diversity among Utah AOs.
(Access/Affordability)**

- Collaborating with nonprofit organizations supporting underserved communities to bring awareness of and participation in my529.
- Explore the formation of a Utah Children Savings Account program with a philanthropic or nonprofit partner.
- Add demographic questions to account owner transactions to develop a baseline data set.

Cultivating a premium experience for prospects.

- Gathering information and mining data to improve the prospect experience.
- Planning my529.org website redesign to improve prospect experience.

Priority

Account Growth - my529 accounts will be as ubiquitous as 401(k) accounts.

Goal

Account owners' use of my529 is maximized.

Strategy

Changing behavior of AOs to increase savings amounts, consistency, frequency and legacy account ownership. (Affordability/Completion)

Tactics

- Deciding my529's promotion and match philosophy and commitment level.
- Tracking promotion efficacy.

Increasing engagement through existing or new channels.

- Running advisor firm engagement campaigns (e.g. zero balance accounts, increased gifting limits, non-activity).
- Providing CE presentations to professional groups and associations (e.g. lawyers, accountants, doctors, advisors, SHRM).

Priority

Account Growth - my529 accounts will be as ubiquitous as 401(k) accounts.

Goal

Utahns and nonresidents are educated on the concept and benefits of owning a my529 account.

Strategy

Demonstrating the value of attaining skills training and education. (Access)

- Creating materials that demonstrate the value of education.
- Developing a tech, trade and community college marketing campaign.
- Generating campaigns around salaries v. cost of education that apply to all industries and professions.

Tactics

Providing a content-rich, trusted resource for all individuals. (Access)

- Developing financial literacy materials to educate prospects.

Forming and leveraging partnerships to assist with the education process. (Access)

- Collaborating with financial literacy programs to promote my529 as a savings opportunity with a tax credit benefit.
- Tap into atypical financial advisors who serve diverse communities.

Priority

Account Growth - my529 accounts will be as ubiquitous as 401(k) accounts.

Goal

my529's brand is solidified and maintained as an industry leader and national plan that benefits all Utahns.

Strategy

Leveraging national recognition to provide the best exposure and account growth opportunities for my529.

Tactics

- Search engine optimization.
- Select advertising campaigns outside of Utah.
- Broadening exposure via digital ads.

Positioning my529 to respond to new industry change or consolidation.

- Determining strategy for offsetting AUM consolidation being pursued by large financial firms.

Shaping 529 policy at the federal and state levels.

- Increasing participation in national organizations.
- Working through national organizations to pass federal corporate tax incentive legislation.



Metrics

9,000

New funded
Utah accounts

8%

Utah children younger than
18 are my529 beneficiaries

29,000

New funded
nonresident accounts

Priority

our529 Culture - my529 is a culture of excellence, kindness, inclusion and respect. It is among the best places to work in Utah.

Goal

Employees are personally invested in my529's success.

Strategy

Supporting employees in their quest for personal and professional skill development at my529 or elsewhere along individual career paths.

- Including discussions about available training and education opportunities in annual employee evaluations and performance plans.
- Succession planning for director, manager and supervisory positions.

Extending accountability for the Annual Plan with a 2000-Day Horizon to all my529 employees.

- Formulating employee performance plans around this annual plan.
- Regular annual plan progress updates.

Welcoming every employee. Valuing their ideas, input, feedback and celebrating their accomplishments.

- Formalizing process to track, prioritize and respond to employee feedback.
- Partner with Human Resource Management to provide a report to the UHEAA Board about workplace diversity.
- Collaborating and sharing achievements among my529 teams.
- Fostering open communication.

Promoting workforce resilience through mental fitness.

- Providing mental health awareness training to all managers and directors.
- Defining the workplace of the future and how remote work fits in.

Tactics



Priority

our529 Culture - my529 is a culture of excellence, kindness, inclusion and respect. It is among the best places to work in Utah.

Goal

my529 embodies its fiduciary role.

Strategy

Foster a culture of compliance and risk management.

- Creating a formal enterprise risk management plan with a designated risk officer.
- Annual employee training on compliance, risk and fiduciary responsibilities.

Tactics

Implementing industry best practices.

- Evaluating internal operation processes and implementing recommendations for efficiencies.
- Deciding my529's philanthropy philosophy and commitment level.

Metrics

35 ↑

Employee Net
Promoter Score

4.0 ↑

Employee engagement survey
affective commitment score

Priority

Account Owner Experience - Every person who has contact with my529 has such an exceptional experience, they become our ambassadors.

Goal

my529 understands and curates the best account owners journey for the best experience.

Strategy

Cultivating a premium experience for AOs.

Tactics

- Gathering information and mining data to improve the AO experience.
- Planning a new my529.org website to improve the AO experience.
- Understanding advisor groups' needs to enhance their experience.

Developing and improving AO journey, touchpoints and feedback.

- Embedding feedback surveys along the AO journey.
- Formalizing a process to track, prioritize and respond to feedback.

Priority

Account Owner Experience - Every person who has contact with my529 has such an exceptional experience, they become our ambassadors.

Goal

Account owner tools, information and services are continually evaluated and evolving.

Strategy

Incorporating new technologies and products to enhance account usage and to meet AOs "where they are."

Tactics

- Honing mobile capabilities and web responsiveness.
- Implementing new contribution collection and withdrawal disbursement methods.
- Introducing new account owner interaction approaches.

Communicating with clarity and plain language.

- Focusing on plain language in the Program Description and all other communication materials.

Providing best of class investment options.

- Transitioning Age-Based to Enrollment Date investment options.

Metrics

70 ↑

Account Owner Net
Promoter Score

Summary

As it was for most of the people on planet Earth, 2020 was a trying time for the staff of my529.

When COVID-19 forced a shelter-at-home status for Utahns in March, my529 made a seamless transition to a telework model. Within a week, the entire staff had the capability of working from home. Business continued without interruptions. We brought new accounts online and account owners were able to conduct transactions as they normally would.

Other emergencies would follow, including a 5.7-magnitude earthquake and a hurricane-force windstorm. As of December 31, 2020, about 90-95% of my529 employees continue to work remotely each day. A few staff members rotate to perform in-office duties.

Despite the challenges, my529 staff were able to accomplish several major projects.

Account owner portal update

- Deployed a new account owner portal.
- Simplified the online account sign up process.

Two-Factor Authentication (2FA)

- Implemented 2FA for stronger protection of account owner information.
- Approximately 160,000 out of 214,000 account owners have signed up for 2FA to date.

Fee reduction

- Effective October 1, my529 reduced the Administrative Asset Fee for 12 of 13 investment options.
- The reductions benefited 99% of accounts, and my529 accounts will collectively save \$2.2 million annually.

Vanguard Institutional Total Stock Market Index Fund

- Transitioned to a new share class to reduce fees.
- The transition collectively saves account owners approximately \$500,000 annually.

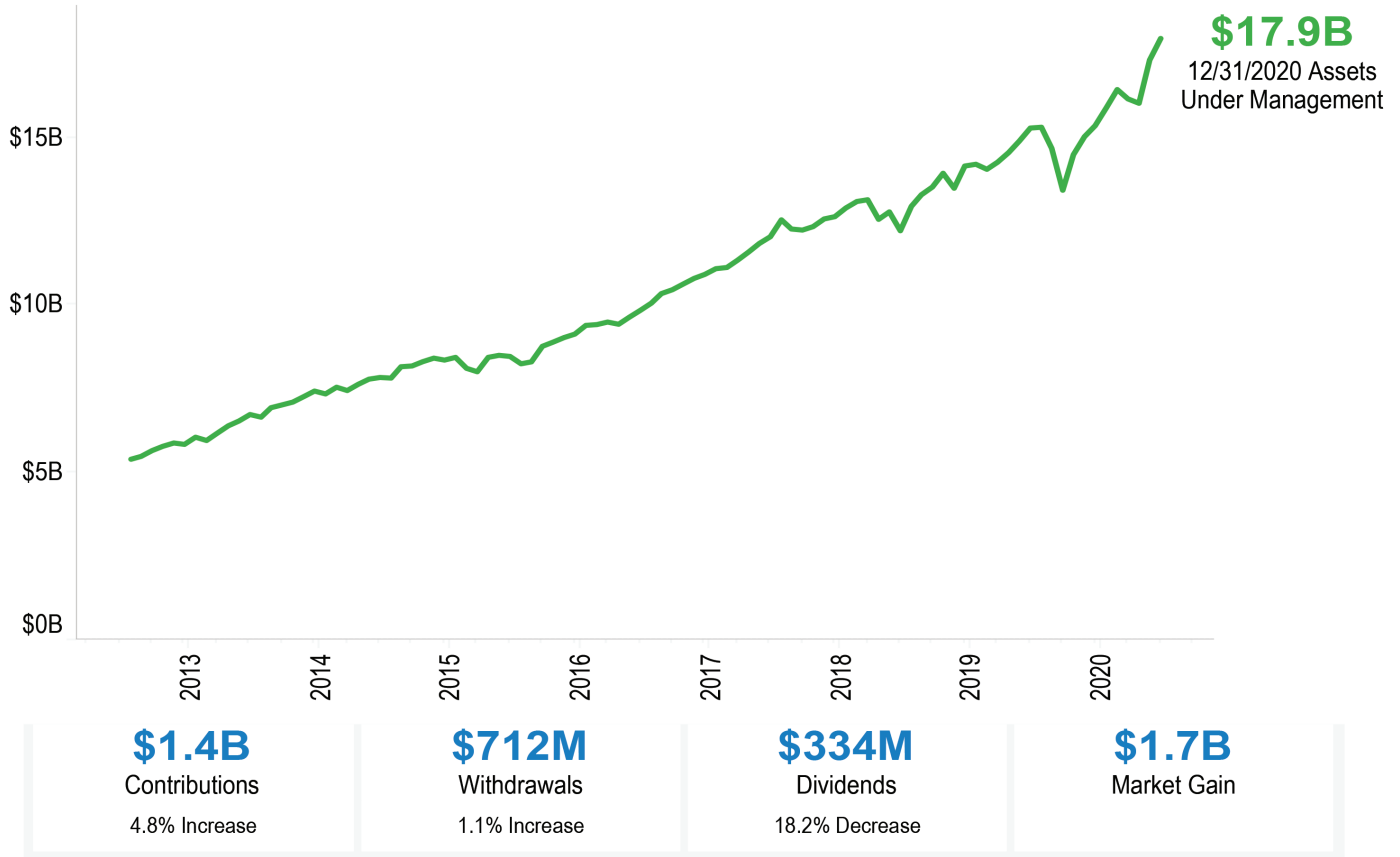
Marketing and outreach efforts

- Our statewide brand awareness campaign advanced efforts to grow Utah business.
- Shifted to virtual presentations at traditional outreach events.
- Implemented the Make Your Mark scholarship campaign online.

Following are various metrics that show where my529 stood at the end of 2020.

Key Metrics

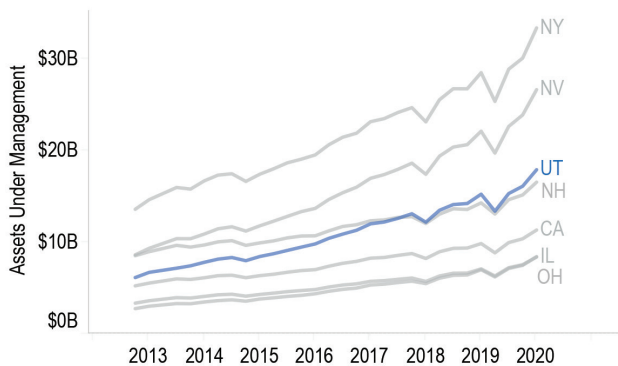
Assets under management



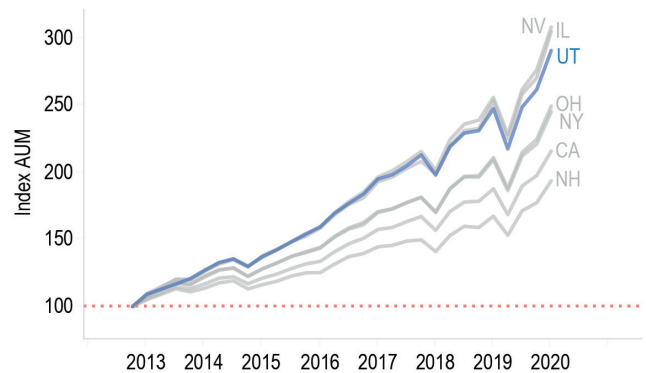
The COVID-19 pandemic precipitated a large swing in assets under management. Total market gains equaled \$1.7 billion. Dividends were down for the year, due to capital gains distributions and low interest rates.

my529 compared to top 7 direct-sold plans

Assets Under Management



Indexed Assets Growth

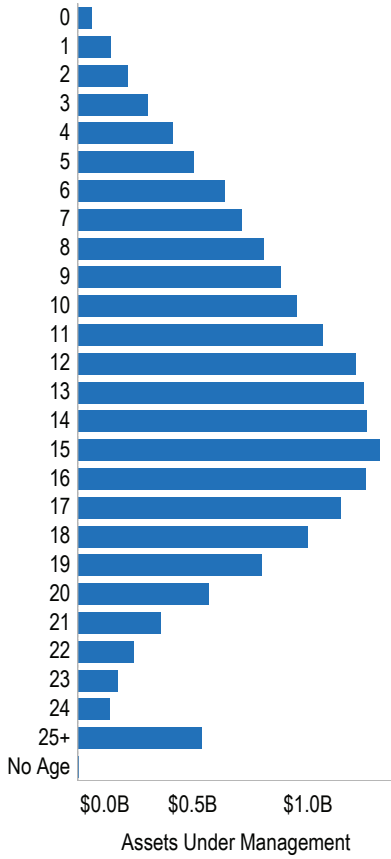


my529 is the third largest direct-sold 529 plan for assets under management. Of the top seven direct-sold plans, only the Nevada Vanguard 529 Plan and the Illinois Bright Start College Savings Program had faster growth.

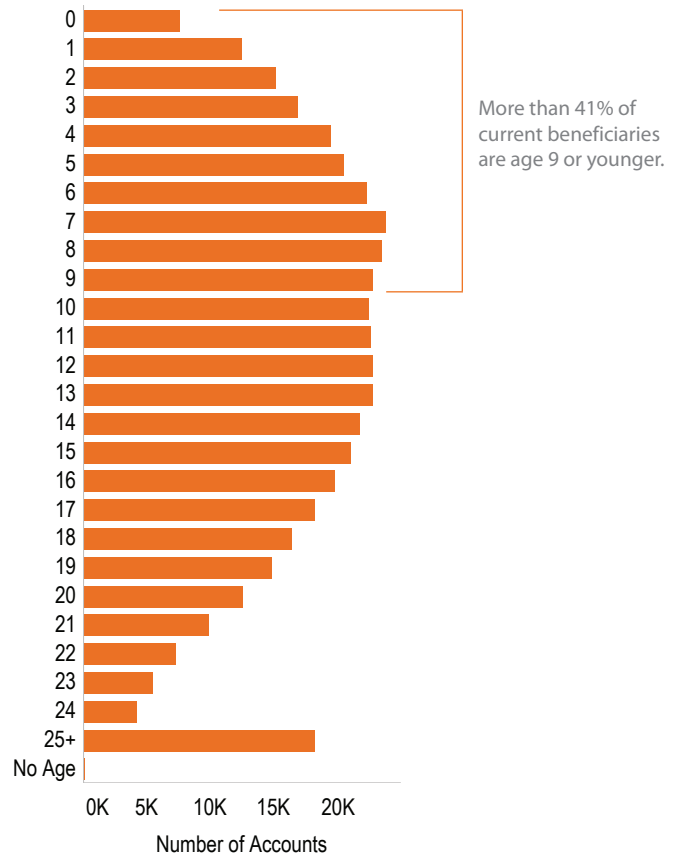
2020 YEAR IN REVIEW

Assets and accounts by beneficiary age

ASSETS BY BENEFICIARY AGE

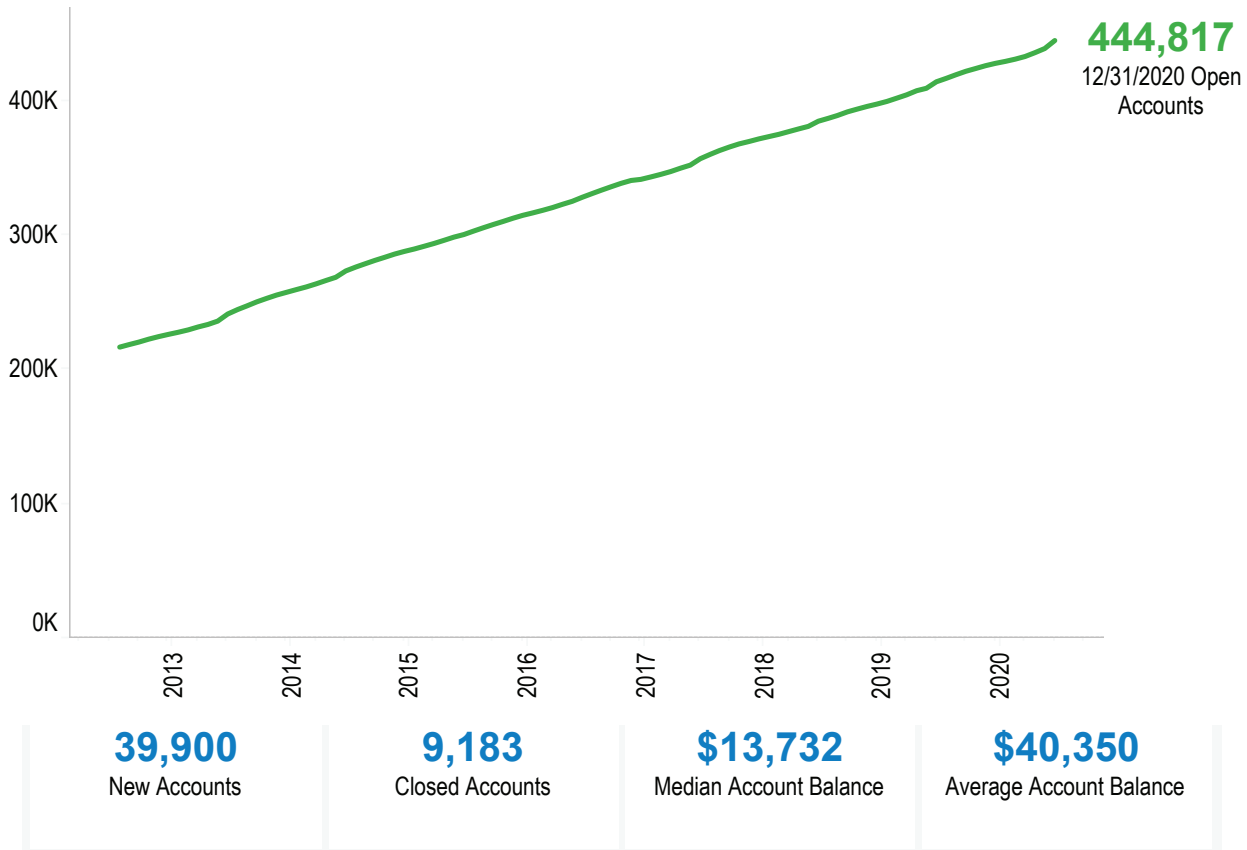


ACCOUNTS BY BENEFICIARY AGE



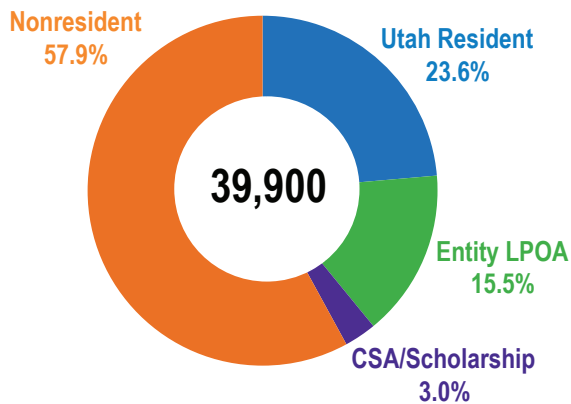
In the past eight years, 50% of accounts were opened for beneficiaries age 3 or younger.

Accounts

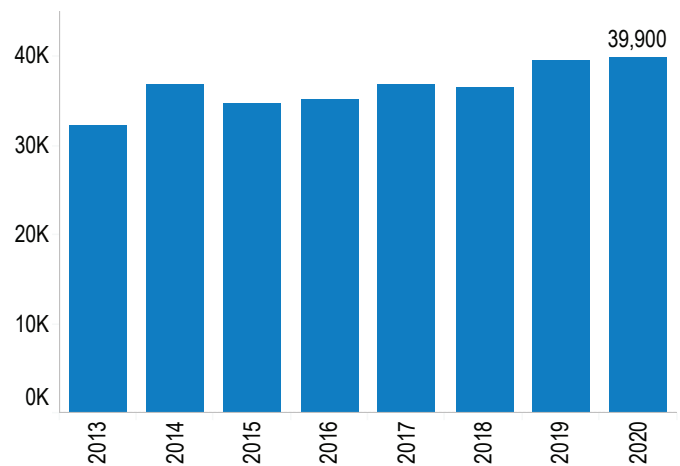


The number of total open accounts increased 6.9% from 2019. my529 saw a record number of new accounts in 2020 with an increase of 0.7% over 2019.

2020 new accounts



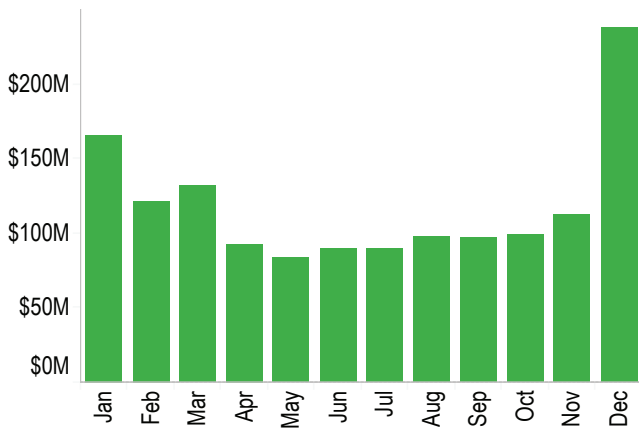
New accounts by year



From 2014 to 2018, new accounts were relatively flat. Focused marketing efforts and FinTech contributed to the recent increase of new accounts in 2019 and 2020.

Contributions

2020 Contribution dollars by month

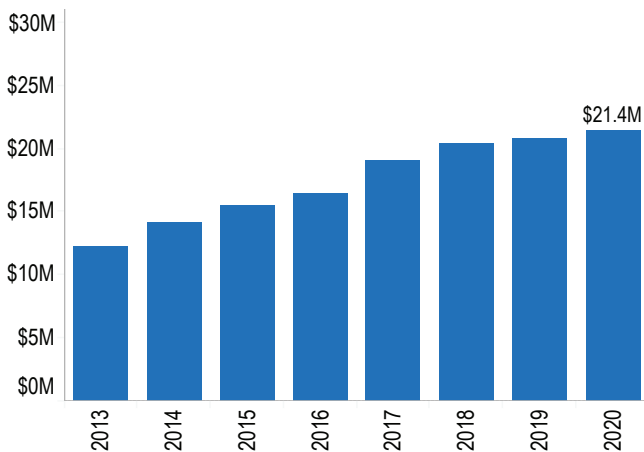


Fees

A legacy of low fees

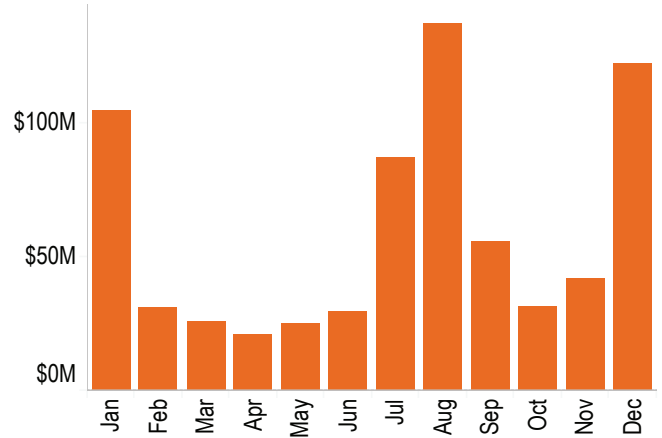
This is the fourth consecutive year my529 has reduced the Administrative Asset Fee. my529 has lowered fees seven out of the last eight years. Rising assets under management have allowed my529 to collect more fee revenue despite lower fees.

Fees by year



Withdrawals

2020 Withdrawal dollars by month



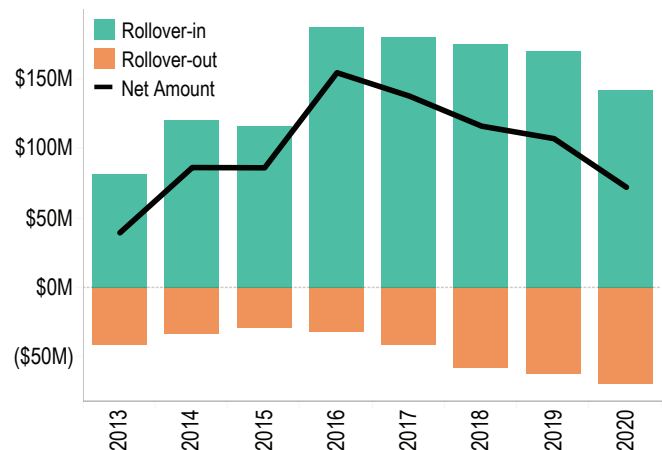
Rollovers

Cumulative net rollovers trending down

The aggregate annual net rollover totals have been experiencing a downward trend in recent years. The total net rollover amount in 2020 was \$72 million, down year-over-year from \$107 million in 2019.

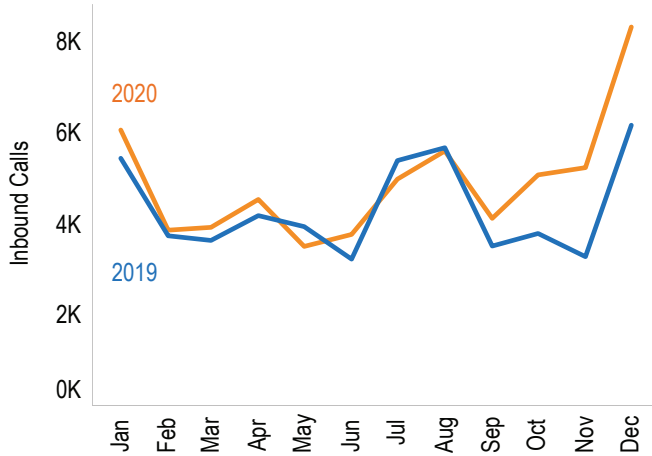
While a small number of account owners leave to chase lower fees or follow financial advisors' guidance, the majority of account owners leave to consolidate assets with other investment accounts or to take advantage of state tax benefits.

Rollovers by year



Call center numbers

Inbound calls by month



Starting in October, calls increased due to the rollout of the new account owner portal and year-end transactions.

Gift program

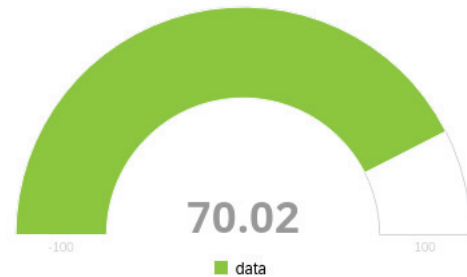
Gifting has increased steadily over the last few years.

<p>\$1,432</p> <p>Average gifting amount</p>	<p>3.9%</p> <p>of total contributions</p>
<p>61%</p> <p>for beneficiaries between 0-6</p>	<p>55%</p> <p>of contributions are under \$100</p>

Outside evaluations

Account owner net promoter score

In 2020, my529 began surveying account owners regarding their experience with my529 with the goal to have a NPS greater than 70. In the fourth quarter, we reached the goal with a cumulative NPS of 70.02.



Morningstar Gold

Utah's my529 has earned Morningstar's top rating for 10 years straight, a consecutive run longer than any other plan in the 529 industry. Out of 61 plans evaluated in 2020, my529 was one of only three plans to earn Gold.

my529[®] is now a
TEN