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

$42,418
Average Balance

$19.5 B
AUM

9.9%
Account Growth*

17.9%
AUM Growth*

All data as of April 30, 2021

*Calculation for Compound Annual Growth Rate is from January 1, 2012, through 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
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

Just do what's right

Engagement
Inclusion
Empowerment
Accountability
Fiduciary
**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 Goal Strategy Tactics**

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

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

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**Strategy**

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

- 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.

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**Goal**

**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.

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**Tactics**

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

Account owners’ use of my529 is maximized.

Strategy

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

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

Tactics

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

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

**Strategy**

**Tactics**

**Priority**

**Goal**

**Demonstrating the value of attaining skills training and education.**
- 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.

**Providing a content-rich, trusted resource for all individuals.**
- Developing financial literacy materials to educate prospects.

**Forming and leveraging partnerships to assist with the education process.**
- 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.
Account Growth - my529 accounts will be as ubiquitous as 401(k) accounts.

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.
- Positioning my529 to respond to new industry change or consolidation.
- Shaping 529 policy at the federal and state levels.

**Tactics**

- Search engine optimization.
- Select advertising campaigns outside of Utah.
- Broadening exposure via digital ads.
- Determining strategy for offsetting AUM consolidation being pursued by large financial firms.
- Increasing participation in national organizations.
- Working through national organizations to pass federal corporate tax incentive legislation.
9,000
New funded Utah accounts

8%
Utah children younger than 18 are my529 beneficiaries

29,000
New funded nonresident accounts
**our529 Culture** - my529 is a culture of excellence, kindness, inclusion and respect. It is among the best places to work in Utah.

Employees are personally invested in my529’s success.

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

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**

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

Implementing industry best practices.
Metrics

35 ↑
Employee Net Promoter Score

4.0 ↑
Employee engagement survey affective commitment score
Account Owner Experience - Every person who has contact with my529 has such an exceptional experience, they become our ambassadors.

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

Cultivating a premium experience for AOs.

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

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.”

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

**Tactics**

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.
2020 YEAR IN REVIEW

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

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.

Data as of December 31, 2020
In the past eight years, 50% of accounts were opened for beneficiaries age 3 or younger.
2020 Year in Review

Accounts

- **New Accounts**: 39,900
- **Closed Accounts**: 9,183
- **Median Account Balance**: $13,732
- **Average Account Balance**: $40,350

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**

- Nonresident: 57.9%
- Utah Resident: 23.6%
- Entity LPOA: 15.5%
- CSA/Scholarship: 3.0%

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

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**Withdrawals**

2020 Withdrawal dollars by month

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**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**

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**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**

Data as of December 31, 2020
**2020 YEAR IN REVIEW**

### 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.

- **$1,432** Average gifting amount
- **3.9%** of total contributions
- **61%** for beneficiaries between 0-6
- **55%** of contributions are under $100

### 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**