

**Connecticut Higher Education Trust (“CHET”) Advisory Committee
Minutes of the 2015 Meeting
December 3, 2015, 1:30 pm**

Members Present:

Richard D. Gray, Deputy Treasurer, Office of the State Treasurer
Kerry Kelley, Office of Policy and Management (representing the OPM Secretary)
Christopher Foster, Board of Regents for Higher Education
Scott Ciecko, Office of Higher Education (representing the Executive Director)
Representative Andrew Fleischmann, House Chair, Education Committee
Representative Tim Ackert, Ranking Member, Education Committee
Senator Antonietta Boucher, Ranking Member, Education Committee
Billy Taylor (representing the House Chair, Finance, Revenue & Bonding Committee)
Jessica Inacio (representing the Senate Chair, Finance, Revenue & Bonding Committee)
Chris Zavagnin (representing the Ranking Senate Member, Finance, Revenue & Bonding Committee)
Patrick Torre, Vice President of Finance, University of New Haven

Members Absent:

Julie Savino, Dean of Students Financial Assistant, Sacred Heart
Margaret A. Malaspina, Director of Financial Aid, Capital Community College
Senator Andrea L. Stillman, Senate Chair, Education Committee

Others Present:

Mike Noone, President, TIAA-CREF Tuition Financing Inc.
Kerry Alexander, Senior Director, TIAA-CREF Tuition Financing Inc.
Elizabeth McLaughlin, Program Marketing Manager, TIAA-CREF Tuition Financing Inc.
Glenn Friedman, Manager, Asset Allocation and Investment, TIAA-CREF Tuition Financing Inc.
Jeffrey Cohan, Assistant Vice President and Director, 529 Plans, The Hartford Funds
Michael Myers, Assistant Director, 529 Plans, The Hartford Funds
David Barrett, Communications Director, Office of the State Treasurer
Mary Phil Guinan, Assistant Treasurer for Policy, Office of the State Treasurer
Joanne Dombrosky, Principal Investment Officer for Fixed Income, Office of the State Treasurer
Emily Bjornberg, Executive Assistant, Office of the State Treasurer
Corey SeaQuist, Policy Analyst, Office of the State Treasurer
Lisa Lorenzetti, Executive Secretary, Office of the State Treasurer
Claire Shaughnessy, CFA, Partner, Hewitt EnnisKnupp, Inc.

Vacant Appointment:

Finance officer from a public institution of higher education

Call to Order

At 1:34 p.m., in his capacity as acting Chair, Deputy Treasurer Richard Gray called the meeting to order.

Welcoming Remarks and Introductions

Mr. Gray greeted the Committee. He then asked attendees to introduce themselves. Deputy Treasurer Gray made introductory remarks and called for a motion to accept the minutes of the meeting of December 4, 2014. Senator Boucher moved acceptance, the motion was properly seconded, and the motion passed.

Presentation by TIAA-CREF Tuition Financing, Inc.

Mr. Gray introduced Kerry Alexander, Senior Director of TIAA-CREF Tuition Financing, Inc. (“TIAA-CREF” or “TFI”). Mr. Alexander began by introducing Glenn Friedman, Manager of Asset Allocation and Investment, and Elizabeth McLaughlin, Program Marketing Manager, as part of Connecticut’s dedicated CHET Direct team.

Mr. Alexander explained TIAA-CREF is a Fortune 100 financial services company with \$834 billion in assets under management. TFI launched in 1999, and manages eleven state 529 plans across the country. TFI has served as the program manager for CHET Direct since 1999 and its current contractual period runs through March 2020. He stated that plan assets were currently valued in excess of \$2.2 billion with 102,023 accounts, and an average account size is \$22,304 per account. During 2015, account owners made withdrawals of \$138 million in qualified withdrawals to pay for college, \$6.1 million of non-qualified withdrawals, and \$16.6 million of outbound rollovers.

Representative Boucher requested a breakdown of the number of qualified withdrawals for in-state colleges and for out-of-state colleges. Mr. Alexander explained that he could only supply information for tuition requests by account owners who directed TIAA-CREF to send payment directly to the college as opposed to the account owner, and that he would share his findings with committee members.

Mr. Alexander then introduced Glenn Friedman, who provided a financial overview of the plan. Mr. Friedman discussed CHET’s current investment options, which include managed allocation, active, and passive options. Mr. Friedman spoke about three pending additions: the BlackRock Strategic Income Opportunities Fund (BSIX) to the age-based band, the U.S. Equity and International Index options, and finally, the Harding Loevner International Equity portfolio under active investment options.

Next, Mr. Alexander introduced Beth McLaughlin, who gave an update on the marketing program. She stated that plan perspective is mature and shifting focus on the new generation, driving new account growth. Ms. McLaughlin explained that CHET is marketed through direct television spots, radio, social media such as YouTube, print and direct marketing. She described CHET’s major campaigns and promotions: the CHET Dream Big! competition, which continues to be flagship program and is in its eighth year; the Hartford’s Camp Courant Backpack Donation program; and the CHET *Advance* Scholarship Program where 400 students have received scholarships. She also touched upon the CHET Baby Scholars Program and noted that through June 2015, 1,900 families contributed \$413,000 into customer accounts. CHET has also partnered with Read to Grow, working through hospital volunteers

that educate families on the importance of reading at an early age and relaying information on opening a CHET account.

It was asked that if the reduction in school enrollments had any effect on the CHET Baby Scholar's program, which Ms. McLaughlin replied there were no identifying trends presently.

Presentation by The Hartford Funds

Mr. Gray introduced Jeff Cohan, Vice President of 529 Programs at The Hartford Funds, and asked him to provide an overview of the CHET Advisor program.

Mr. Cohan began by introducing Michael Meyers, Assistant Director of 529 Programs, and commented on The Hartford's team that supported the 529 Advisor-sold program. He reminded the Committee that CHET Advisor was sold exclusively by financial advisors to residents of the State of Connecticut. Next, Mr. Cohan provided highlights of the program, which launched in October 2010. He announced that there were currently \$340 million in assets under management and 21,029 active accounts, with 2,000 Financial Advisors actively selling the plan. He explained the plan had a growth of 5%, and was steadily building momentum.

He further explained the Advisor-sold plan's three investment classes: A, C and E. Class A has an upfront sales charge; Class C has no upfront sales charge but has a contingent deferred sales charge for withdrawals made within one year of deposit; and Class E is only available to certain groups associated with Hartford Life and has no sales charge or deferred sales charge. He highlighted CHET's top 20 selling broker dealers.

Mike Myers then spoke about The Hartford's CHET Advisor sales and marketing program, noting that its partnering firms focused on marketing CHET's 529 programs at different times within the year such as:

- Quarter 1 - Tax Awareness
- Quarter 2 - 529 Awareness/Graduation
- Quarter 3 - Back to School
- Quarter 4 - Holiday Gifting

Mr. Cohan stated that the marketing strategy for 2016 includes continued focus on the Baby Scholars. There are approximately 5,000 advisors in Connecticut and about 2,300 have sold CHET Advisor. Typically the holiday season sees the highest contributions due to gift giving and year-end tax preparations.

Comments

Deputy Treasurer Gray thanked the members of the Advisory Committee and the General Assembly in particular for its support of CHET and the tax deduction for Connecticut taxpayers. He then opened the

floor for comments.

Committee Member Bjornberg mentioned if it was possible for an employer/employee tax deduction to be available. Senator Boucher stated that it would be something to be brought up at the next session.

Mr. Gray announced the date for the 2015 CHET Annual Advisory Meeting, which is scheduled for December 3, 2015.

Adjournment

With no further comments or questions, Mr. Gray called for a motion to adjourn.

At 3:22 p.m., on a motion made by Kerry Kelley and seconded by Senator Boucher, the CHET Advisory Committee meeting adjourned.