



## State of Connecticut Office of the Treasurer

DENISE L. NAPPIER  
TREASURER

CHRISTINE SHAW  
DEPUTY TREASURER

### Connecticut Higher Education Trust ("CHET") Advisory Board Minutes of Annual Meeting December 6, 2012 1:30 p.m.

#### Members Present:

Chair Christine Shaw, Deputy Treasurer, Office of the State Treasurer (representing State Treasurer Denise L. Nappier)  
James Blake, Executive V.P. of Finance & Administration, Southern Conn. State University  
Senator Antonietta "Toni" Boucher, Ranking Member, Education Committee  
Colleen Flanagan Johnson, Connecticut State Colleges and Universities (representing Dr. Philip E. Austin, President, Connecticut Board of Regents for Higher Education)  
Rep. Andrew Fleischmann, Co-Chair, Education Committee  
Kerry Kelley, Office of Policy and Management (representing Secretary Benjamin Barnes)  
Margret A. Malaspina, Director of Financial Aid, Capitol Community College  
Representative Jason Rojas (representing Representative Patricia Widlitz, Co-Chair, Finance, Revenue, Bonding Committee)  
Julie Savino, Dean of Student Financial Assistance, Sacred Heart University  
Ryan Wolfe (representing Representative Sean Williams, Ranking Member, Finance, Revenue and Bonding Committee)

#### Members Absent:

Senator Eileen Daily, Co-Chair, Finance, Revenue and Bonding Committee  
Julie L. Dolan, Vice President Finance, Fairfield University  
Representative Marilyn Giuliano, Ranking Member, Education Committee  
Senator Andrew Roraback, Ranking Member, Finance, Revenue & Bonding Committee  
Senator Andrea L. Stillman, Co-Chair, Education Committee

#### Others Present:

Kerry Alexander, Senior Director, TIAA-CREF Tuition Financing, Inc.  
Pamela Bartol, Assistant Investment Officer, Office of the State Treasurer  
Jeffrey Cohan, Assistant Vice President and Director, 529 Plans, The Hartford Financial Services Group, Inc.  
Joanne Dombrosky, Principal Investment Officer for Fixed Income, Office of the State Treasurer

Elizabeth McLaughlin, Program Marketing Manager, TIAA-CREF Tuition Financing, Inc.  
Pamela McNulty, Vice President, Marketing and Sales, TIAA-CREF Tuition Financing, Inc.  
Edwin Mihalho, President of Tuition Financing, TIAA-CREF Tuition Financing, Inc.  
Michael Myers, Assistant Director, 529 Plans, The Harford Financial Services Group, Inc.  
Lydia Neals, Secretary, Office of the State Treasurer  
Winnie Scalora, Executive Secretary, Office of the State Treasurer  
Claire Shaughnessy, Principal, Hewitt EnnisKnupp, Inc.  
Diane Smola, Senior Consultant, Hewitt EnnisKnupp, Inc.

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### **Call to Order**

At 1:37 p.m. Deputy Treasurer Christine Shaw called the meeting to order.

### **Welcoming Remarks and Introductions**

Ms. Shaw announced that State Treasurer Denise L. Nappier could not attend due to a conflict in her schedule. She then provided opening remarks.

Ms. Shaw asked members to confirm receipt of the Financial and Annual Reports. All members acknowledged that the reports had been received. Next, Ms. Shaw announced that she would table the approval of the minutes until later in the meeting.

### **Presentation by TIAA-CREF Tuition Financing, Inc.**

Ms. Shaw introduced Kerry Alexander, Senior Director of TIAA-CREF Tuition Financing, Inc. ("TIAA-CREF TFI"). Mr. Alexander began by introducing Edwin Mihalho, President of Tuition Financing; Elizabeth McLaughlin, Program Marketing Manager; and Pamela McNulty, Vice President Marketing and Sales, at TIAA-CREF. Ms. McNulty announced that this was her last official meeting for CHET and that she was now leading the marketing and sales program for the CHET programs. Mr. Alexander presented a financial and marketing overview of the CHET Direct Sold plan. He noted that TFI managed plans within eleven states. Mr. Alexander stated that Morningstar rated CHET as a medalist, which is assigned only to the top third plans. Next, he commented on CHET's 2012 statistics, investment performance, investment option usage, online transactions, and average annual returns. He said that the average savings had been \$20,000 per year.

Mr. Alexander also presented an overview of the 2013 marketing initiatives and the newly enhanced website. He commented on the investment option contribution totals for CHET and noted the increase in contributions in 2012 versus 2011. He spoke about the year-over-year comparison of withdrawals and noted that about 86.5% of withdrawals were used for college. Mr. Alexander commented on the growth trajectory of the CHET Plan.

Ed Mihalho, President of Tuition Financing for TIAA-CREF, provided a market overview and commented on the continued market uncertainty, including the fiscal cliff, the housing market, Europe's sovereign debt and China's economy -- all of which have had an impact on CHET.

Next, he spoke about CHET's conservative managed allocation, moderate managed allocation and aggressive managed allocation. Mr. Mihallo spoke about CHET's investment options that are available to clients. He commented on CHET's performance and noted that its conservative managed allocation outperformed its benchmark for all measured time periods since inception. Next, Mr. Mihallo reported on CHET's fees and expenses for the conservative, moderate and aggressive managed allocation options.

Beth McLaughlin spoke about CHET's holistic marketing approach, which is implemented throughout the year. She commented on the marketing channels and tactics that were used, CHET's public relations and advertising campaign timing, and the targeted audience. Ms. McLaughlin highlighted CHET's marketing through television, radio, digital media, print and direct marketing. She spoke about CHET's major campaigns and promotions.

Ms. McNulty stated that TIAA-CREF, in conjunction with AARP, also marketed CHET within eleven states. She said that while CHET had primarily been taken advantage of by Connecticut residents, out-of-state individuals were increasingly interested in the Connecticut plan because of its lower fees and competitive rates.

### **Acceptance of the Minutes from December 8, 2011**

Ms. Shaw called for a motion to accept the Minutes of the December 8, 2011 meeting.

On a motion made by Representative Andrew Fleischmann and seconded by Senator Antonietta Boucher, the members accepted the Minutes of December 8, 2011.

### **Presentation by The Hartford Financial Services Group, Inc.**

Ms. Shaw introduced Jeff Cohan, Assistant Vice President and Director of 529 Programs at The Hartford Financial Services Group, Inc. ("The Hartford"), and asked him to provide an overview of the CHET Advisor Sold program.

Mr. Cohan began by introducing Michael Meyers, Assistant Director of 529 Programs, and he commented on The Hartford's team that supported the 529 Advisor Sold program. Next, Mr. Cohan provided highlights on the program, which was launched in October 2010. He presented the plan overview and spoke about the investment options and the three share classes available for investment.

Mr. Cohan also spoke about The Hartford's CHET Advisor Sales and Marketing program, and noted that its partnering firms focused on marketing CHET's 529 programs at different times within the year. He reported that The Hartford's goal for the first year of the program was \$30 million, and noted that sales were up 34% year-over-year and that new accounts increased by 19% to date. He added that the program was still too young to have distributions. Mr. Cohan then provided a breakdown by beneficiary age, and noted that the largest percentage was with two-year olds. He highlighted CHET's top 20 selling broker dealers since inception, including: Merrill Lynch; Edward Jones; Morgan Stanley Smith Barney, LLC; ING Financial; and Lincoln Financial, among others.

Mr. Cohan commented on the marketing strategy for 2013, and stated that it included initiatives to increase expectations with financial advisors, the pursuit of advisors outside of Connecticut with in-state clients, and efforts in the employer channel. He said that the sales goal in 2013 was \$85 million. In closing, Mr. Cohan detailed the investment options.

### **Comments**

Deputy Treasurer Shaw opened the floor for comments. She thanked the members of the legislative members of the Advisory Board and the General Assembly for its support of CHET and, in particular, for passage of Connecticut's tax deduction for CHET. Discussion continued regarding the advantage of Connecticut's tax credit for CHET versus other state's options, and about ideas to further market CHET.

Discussion continued regarding the advantage of Connecticut's tax credit for CHET versus other states' options.

Members and guests discussed ideas to further market CHET to new mothers/fathers, grandparents and others; tactics to assure that clients continued steadfast re-contributions during the current turbulent economic times; and the need to monitor withdrawals which were rising due to the increase in public and private postsecondary education costs. There was also discussion regarding demographics of CHET participants. Finally, discussion also focused on Morningstar's national "Bronze" rating of the CHET program and how to further improve the plan.

Ms. Shaw announced that the date for the 2013 CHET Annual Advisory Meeting was set for December 5, 2013.

### **Adjournment**

With no further comments or questions, Ms. Shaw called for a motion to adjourn.

At 3:10 p.m., on a motion made by Representative Fleischmann and seconded by Senator Boucher, the CHET Advisory Board meeting adjourned.