

New Hampshire College Tuition Savings Plan Advisory Commission
Minutes of the Meeting of August 28, 2023

The August 28, 2023, meeting of the New Hampshire College Tuition Savings Plan Advisory Commission (“Advisory Commission”), held at the offices of the University System of New Hampshire in Concord, was called to order at 10:02 a.m. by Dr. Deborah Scire, Advisory Commission Chair.

Attendance:

Member	Representing	Attendance
Dr. Deborah Scire, Chair	NH College and University Council	Present
Christiana Thornton, Vice Chair	NH Higher Education Assistance Foundation	Present
Monica Mezzapelle	State Treasurer	Present
Senator Lou D'Allesandro	State Senator	Present*
Rep. Kenneth Weyler	State Representative	Present
Sr. Paula Buley	NH Higher Education Commission	Absent
Catherine Provencher	University System of New Hampshire	Absent
Shannon Reid	Community College System of New Hampshire	Present
Senator Ruth Ward	State Senator	Present
Rep. Robert Lynn	Public Member Appointed by the Governor	Present
Joseph Doiron	Governor Designee	Absent
Rep. Marjorie Smith	State Representative	Absent

* These members participated remotely as permitted under RSA 91-A:2. As a result, all votes were by roll call.

Also present at the meeting were Anthony Durkan, Ron Hazel and Elise Randazzo from Fidelity Investments (“Fidelity”), Lauren Warner and Allison Shablin from the State Treasury. Senator D’Allesandro and Dan Terio from Fidelity attended via conference call.

Review of Prior Meeting Minutes

The minutes of the May 22, 2023 meeting were presented for approval by Dr. Scire. Hearing no additional comments or corrections, Ms. Thornton moved to adopt the meeting minutes as presented. Rep. Lynn seconded the motion. Advisory Commission members voted as follows:

Member	Roll Call
Dr. Deborah Scire, Chair	Yes
Christiana Thornton, Vice Chair	Yes
Monica Mezzapelle	Yes
Senator Lou D'Allesandro	Yes
Rep. Kenneth Weyler	Yes
Sr. Paula Buley	Absent
Catherine Provencher	Abstained
Shannon Reid	Yes

Member	Roll Call
Senator Ruth Ward	Yes
Rep. Robert Lynn	Yes
Joseph Doiron	Absent
Rep. Marjorie Smith	Absent

The motion passed.

Maximum Contribution Limit

Mr. Hazel reviewed information regarding the maximum contribution limit, which the Advisory Commission reviews every year. Mr. Hazel shared that New Hampshire's maximum contribution limit is currently at \$569,123, which is highest contribution limit of all 529 plans. The average 529 Plan contribution limit is \$468,448, the median is \$402,062.

Mr. Hazel shared that New Hampshire has historically used the Dartmouth formula as one proxy to support its contribution limit calculation. This year the Dartmouth formula calculated a maximum contribution amount of \$600,271, which includes undergraduate and graduate study (7 years in total).

Treasurer Mezzapelle reiterated that the Advisory Commission has historically used the Dartmouth formula to support its decisions and that Treasury's maximum contribution calculation was slightly lower than Fidelity's, as one-time fees weren't included. The Commission has adopted Treasury's maximum contribution limit recommendation in the past, without one-time fees included. After an engaged discussion, Ms. Provencher moved to increase the Maximum Contribution Limit to \$596,925. Rep. Lynn seconded the motion. Advisory Commission members voted as follows:

Member	Roll Call
Dr. Deborah Scire, Chair	Yes
Christiana Thornton, Vice Chair	Yes
Monica Mezzapelle	Yes
Senator Lou D'Allesandro	Yes
Rep. Kenneth Weyler	Yes
Sr. Paula Buley	Absent
Catherine Provencher	Yes
Shannon Reid	Yes
Senator Ruth Ward	Yes
Rep. Robert Lynn	Yes
Joseph Doiron	Absent
Rep. Marjorie Smith	Absent

The motion passed.

Overview of the 529 Programs

529 Industry Market Update

Mr. Hazel shared that the New Hampshire 529 program remains the fourth largest in the country with \$23.3 billion in market-value assets, representing 5.5% of the market-share. The New Hampshire plans continue to trail the Virginia (\$90.3B in assets), New York (\$44.7B in assets) and Nevada (\$38.4B in assets) plans. 529 industry assets increased by 4.5% from Q1 2023 to Q2 2023 and by 9.7% year-over-year ending June 30, 2023, while New Hampshire assets increased by 4.1% and 8.4% respectively during the same time periods. U.S. equities were up 8.4% for the quarter and 18.9% year-over-year. Non-U.S. developed equities increased by 3.16% for the quarter and 17.7% year-over-year. Investment grade debt decreased by .08% for the quarter and .09% year-over-year.

Fidelity Advisor 529 Plan Review

Mr. Hazel continued his presentation providing an update of the Advisor-sold industry stating that Virginia remains the top advisor-sold plan in the country. 529 Advisor-sold plan assets increased by 4.2% from Q1 2023 to Q1 2023 and 7.2% year-over-year, while New Hampshire's FA 529 Plan assets increased by 2.6% for the quarter and by 1.8% year-over-year. As of June 30, 2023, the FA 529 plan had \$4.9 billion in market-value assets and approximately 163,100 active participant accounts.

Mr. Hazel reported that in Q2 2023, new account growth was up 5% compared to the same quarter last year. Q2 2023 contributions were down 2% compared to the same quarter last year, while Q2 2023 distributions were up 7% compared to the same quarter last year. Q2 2023 distributions by NH residents were up 20% compared to the same quarter last year.

Direct-sold (UNIQUE) 529 Plan Review

Mr. Durkan provided an update on the 529 Direct-sold space, reporting that Direct-sold plan assets increased 4.7% from Q1 2023 to Q2 2023 and 11.2% year-over-year, while the NH UNIQUE Plan increased by 7% and by 10.3% respectively during the same time periods. As of June 30, 2023, the UNIQUE plan had approximately \$18.6 billion in market-value assets and approximately 763,000 total active participant accounts. Active participant accounts are defined as accounts with a balance.

Q2 2023 new account growth increased by 27% compared to Q2 2022 and new account contributions increased 24%. Total contributions increased by 11% compared to the same quarter last year while overall distributions increased by 15% during the same time period. Distributions by New Hampshire residents also increased by 16% for Q2 2023 as compared to Q2 2022.

Q1 2023 Investment Review

Ms. Randazzo provided an overview of the capital markets as well as an update of the Plan's performance during Q2 2023.

During the quarter, active and blend age-based portfolios underperformed their benchmarks. Manager selection in Non-U.S. equities, U.S. Equities and U.S. investment grade debt contributed while an underweight to U.S. equities detracted.

Over the one year period, results were mixed across vintages but most active and blend age-based portfolios outperformed benchmarks. Underweight to and manager selection within U.S. investment grade debt contributed. Manager selection within U.S. equities and Non-U.S. equities also helped while an underweight to U.S. equities detracted.

Over the three year period, active and blend age-based portfolios outperformed their benchmarks as a result of underlying manager performance.

Over the five-year period, active age-based portfolios underperformed their benchmarks primarily due to an underweight in U.S. Equities.

Fidelity Index Portfolios performed in line with benchmarks over all periods.

Dashboard Review as of June 30, 2023

Treasurer Mezzapelle presented the semi-annual update of the Dashboard Report as of June 30, 2023 including the following:

- Revenue estimates were updated by Fidelity projecting that revenues would reach \$18.6 million, \$18.4 million, and \$18.7 million in calendar years 2023, 2024, and 2025, respectively.
- Ending plan assets were also updated projecting \$23.5 billion, \$22.4 billion, and \$22.9 billion in 2023, 2024, and 2025, respectively. Note: Commission revenue is derived from average plan assets.

Update of Endowment Trust Fund, and Scholarship Disbursements

Treasurer Mezzapelle provided an update of the Endowment Trust Fund and Scholarship Disbursements through Q4 of fiscal year 2023, highlighting that the trust fund had received \$17 million in assessment revenue from Fidelity and generated nearly \$689,000 in investment earnings. Additionally, the endowment trust fund had also incurred \$515,180 in administrative expenses consisting of: 1) investment management fees of \$60,301, 2) Treasury overhead allocation of \$39,955, 3) \$6,455 in membership dues paid to the College Savings Plan Network and College Savings Plan Network, 4) \$2,500 in membership dues paid to the College Savings Foundation, 5) \$405,951 paid to PwC for the audits of the UNIQUE and FA529 Plans and 6) \$18 in supplies. As of June 30, 2023, the Endowment Trust Fund had a balance of \$16.9 million. Since program inception, the endowment trust fund has collected \$244.1 million in assessment revenue and has disbursed over \$233.2 million in scholarship funds.

Update of Governor’s Scholarship Program

Treasurer Mezzapelle provided an update of the Governor’s Scholarship Program and reviewed the Statement of Revenues, Expenditures, and Changes in Fund Balance as of June 30, 2023. At the beginning of fiscal year 2023, the fund had approximately \$15.1 million and we ended the year with a balance of \$13.1 million. Of the \$13.1 million, approximately \$5.8 million is unrestricted and the remaining \$7.4 million is restricted as it has already been awarded to students in prior academic years. Final scholarship results were also reviewed, indicating that a total of \$2.3 million for 1,817 Governor’s Scholarship recipients were disbursed to participating institutions in fiscal year 2023.

State Legislation Update

Treasurer Mezzapelle reported there were no legislative updates at this time.

Proposed 2023 Meeting Dates

Dr. Scire presented the proposed 2024 meeting dates: March 11, 2024, May 20, 2024, August 26, 2024, and December 9, 2024 Ms. Thornton moved to approve the proposed meeting dates, and Rep. Weyler seconded the motion. Advisory Commission members voted as follows:

Member	Roll Call
Dr. Deborah Scire, Chair	Yes
Christiana Thornton, Vice Chair	Yes
Monica Mezzapelle	Yes
Senator Lou D'Allesandro	Yes
Rep. Kenneth Weyler	Yes
Sr. Paula Buley	Absent
Catherine Provencher	Yes
Shannon Reid	Yes
Senator Ruth Ward	Yes
Rep. Robert Lynn	Yes
Joseph Doiron	Absent
Rep. Marjorie Smith	Absent

The motion passed.

Other Business

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The Advisory Commission discussed the possibility of meeting before the December 4th meeting to review upcoming changes to the FAFSA and other federal financial aid provisions. The State Treasury will coordinate the special meeting.

Dr. Scire adjourned the meeting at 11:25 a.m.

Note: The next regular meeting is scheduled for Monday, December 4, 2023.

DRAFT