

Connecticut Higher Education Trust (“CHET”) Advisory Committee **DRAFT**
Minutes of the 2017 Meeting
March 30, 2017, 1:30 pm

Members Present

Lawrence A. Wilson, Deputy Treasurer, Office of the Treasurer (representing Denise L. Nappier, State Treasurer and Trustee, CHET)

Kerry Kelley, Office of Policy and Management (representing Benjamin Barnes, Secretary, Office of Policy and Management)

Keith Norton, Executive Director, Office of Higher Education

Gail Lavielle, State Representative, Ranking Member Education Committee

Patrick Torre, Vice President of Finance, University of New Haven

Shannon Sarver, University Financial Assistance, Sacred Heart University

Ryan Wolfe, on behalf of State Representative Christopher Davis, Ranking Member, Finance Revenue and Bonding Committee

Margaret Malaspina, Director of Financial Aid, Capitol Community College

Chris Zavagnin, on behalf of State Senator Scott Frantz, Co-Chair, Finance Revenue and Bonding

Others Present

Assistant Treasurer for Policy Mary Phil Guinan, Office of the Treasurer

Joanne Dombrosky, Principal Investment Officer, Office of the Treasurer

Director of Communications David Barrett, Office of the Treasurer

Emily Bjornberg, Office of the Treasurer

Lydia Neals, Office of the Treasurer

Glenn Friedman, TIAA

Kerry Alexander, TIAA

Elizabeth McLaughlin, TIAA

Jeff Cohan, The Hartford

Mike Myers, The Hartford

Allison Mortensen, The Hartford

Claire Shaughnessy, Aon Hewitt Investment Services

Diane Smola, Aon Hewitt Investment Services

Call to Order

Deputy Treasurer Lawrence A. Wilson called the annual meeting to order at 1:36 p.m.

Welcoming Remarks

Deputy Treasurer Wilson thanked the committee for attending the annual meeting, highlighted a few of CHET’s accomplishments over the last four months, particularly the reduction in CHET Direct’s program management fee, the allocation changes being made in 2017, and the bronze medal from Morningstar, which puts CHET in the top half of 529 plans across the country.

Adoption of Minutes

Deputy Treasurer Wilson made a motion for adoption of the minutes of the November 22, 2016 meeting of the CHET Advisory Committee. The motion was seconded by Margaret Malaspina. The minutes were unanimously approved.

Presentation by The Hartford Funds

Deputy Treasurer Wilson introduced the presenting team from the Hartford. Mr. Cohan began by talking about CHET Advisor today, which has \$420 million in assets under management and \$71 million withdrawn for college expenses. Sales have been relatively consistent annually, with about \$80 million in sales for each of the past two years.

Mr. Cohan said that he is excited about a planned reduction in fees for A shares, from 5.5 percent to 2.5 percent. He further discussed portfolio construction, stating that The Hartford plans to revise age bands to create a more gradual path toward college for account owners.

Mr. Cohan introduced Allison Mortensen, who began stated that in general in 2016, returns were pretty good across the board and all the portfolios had significant pickup in the second half of the year. Supplementing Ms. Mortensen's remarks, Mr. Cohan discussed the CHET Advisor 0 - 8 portfolio, one of the larger portfolios, noting that a five-year return averaging 9 percent is a positive return for the college saver.

On the marketing side, Mr. Cohan said that CHET Advisor reaches out to financial advisors, trying to get them to really make college saving a part of their clients' financial planning practice. He said that you will not see CHET Advisor on the side of a bus or on a TV commercial.

He said that the team attends the annual meeting of financial advisors and that for the first three or four years, advisors were kind of wondering who they were and what they were doing there but now they are having a lot more conversations with advisors to make CHET Advisor part of their portfolio.

In response to a question from Mary Phil Guinan about a program at People's Bank, Mr. Cohan said that they train tellers to recognize opportunities when they spot potential CHET account owners.

State Representative Lavielle asked about how heavy the competition is and what the competitive advantages are when speaking with financial advisors.

Mr. Cohan said that competition is intense. A key advantage is the state tax deduction. But he noted that it is challenging to compete against strong programs such as the one sold in Virginia or the one sold through Merrill Lynch.

Presentation by TIAA Tuition Financing, Inc.

Deputy Treasurer Wilson then introduced Kerry Alexander of TIAA.

Mr. Alexander started the presentation by saying that CHET Direct has grown to more than \$2.5 billion in assets. TFI's job, he said, is to make sure people know about CHET and know that Connecticut has a high quality product.

Mr. Alexander next presented changes in investment options, including changes in the way ages are tracked. He said that age band options shift to more conservative as the student approaches college. He reported that the fees have come down and currently 97 percent of the investment options have a total fee structure under 50 basis points

Mr. Alexander discussed the growth of CHET Baby Scholars and also reported that TIAA has won the Lipper Award again.

Ms. McLaughlin discussed marketing for 2017. She said that one of the big changes is that TFI is working with a company called Epsilon for all of its digital marketing and some direct mail. She explained that Epsilon is a top data company and will help TFI grow accounts. She said the firm will help get the right message out to the right people at the right time.

Ms. McLaughlin said another new program is CHET Gift Cards, which will be available at Babies 'r Us or Toys 'r Us or online. She said that if you want to get a gift card to give to your niece, nephew or family member or friend, you can go online and have a gift card mailed to you so you can have a physical card to wrap and give it as a gift. She said their field representative will have the cards with him to hand out at events.

Another marketing program that Ms. McLaughlin discussed is a television ad, developed in 2016, that will be used for an awareness campaign. Regarding social media, Ms. McLaughlin said that CHET just launched a Spanish language Facebook page that is getting some traction with the Hispanic community.

She said that CHET Baby Scholars is a fabulous thing to take out to the community and is attracting more signups – 7 percent of new births. She said that CHET Advance Scholarship gets freshman and their parents thinking about saving for college. She said that CHET Big Dream ends on March 31, and typically has as many as 5000 entries

Presentation by Office of the Treasurer

Deputy Treasurer Wilson proposed the date of April 13, 2018 at 1:30 p.m. as the next annual CHET Advisory Committee meeting date. A motion to accept this date was made by Ryan Wolfe and seconded by Kerry Kelley. The motion passed unanimously.

Adjournment

Gail Lavielle made a motion to adjourn the meeting which was seconded by Ryan Wolfe. The meeting adjourned at 2:45 p.m.

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