



State of Wisconsin
Department of Financial Institutions

Scott Walker, Governor

Jay Risch, Secretary

MINUTES OF COLLEGE SAVINGS PROGRAM BOARD

A meeting was held at the Department of Financial Institutions, 4822 Madison Yards Way, Madison, Wisconsin, on Friday, September 7, 2018 at 1:00 p.m.

MINUTES

MEMBERS PRESENT: *Alberta Darling, Dereck Drummond, Rob Kieckhefer, Sean Nelson, Bill Oemichen, Jay Risch, Kim Shaul, Cassandra Krause (for Rolf Wegenke), and Jim Zylstra.*

OTHERS PRESENT: Paula Smith, Shirley Yang, Josh Dennin, Michael Wolff, Greg Reiman, Jessica Fandrich, and Jim DiUlio.

- I. **Call to Order and Roll Call** – Chair *Bill Oemichen* called the meeting to order at 1:02 p.m., attendance was taken and a quorum was present.
- II. **Approval of Agenda** – The short agenda for today’s meeting was accepted, and staff reported that the meeting notice and agenda have been properly posted.
- III. **New Business** -- *Oemichen* outlined the single item on the agenda, the consideration of the potential suspension of a portion of the state fee collected on the assets in the Tomorrow’s Scholar college savings plan. He also referred to the materials provided to the Members earlier: an opinion from Heather MacKinnon, DFI Chief Legal Counsel on the authority of DFI to charge or change fees in the savings plans, and an analysis prepared by Jim DiUlio regarding current fees collected on the savings plans and the effect of any reduction on current and future operations.

Sec. Risch then shared his thoughts on the growth of assets in the advisor plan, to the extent that is generating fees greater than historical budgeted needs of the program. In addition, he continued, there exists a sufficient balance in the program’s non-lapsing account at the State Investment Funds (SIF) to provide a backup if needed.

Motion by *Sen. Darling*, second by *Rob Kieckhefer*.

“The College Savings Program Board will suspend a portion of the state’s administrative fee charged to the investor’s assets under management in the Tomorrow’s Scholar plan by 0.03 percent annually. The Board instructs the record keeper to adjust its process to reflect the following: The collected fee will change from 0.10 percent to 0.07 percent annually, calculated on the average daily assets. This suspension will begin as soon as practicable and continue until October 29, 2020.”

Discussion continued on the effects of the reduction, including lowering the overall cost of investment for account owners. In addition, the positive news will speak to the general public and financial media that our program continues to be sensitive to fees. With the reduction, the annual net to the program will be approximately \$1.3 million.

Vote on the motion: All aye, none opposed or abstaining. Motion carried.

Paula Smith of Voya anticipated the change could take effect on October 1. Staff will note the change through media.

Announcement from *Oemichen* that Steve DiGirolamo and Felicia Bennett of Wilshire Associates, the new investment consultants, will be on board for the November meetings. They are now working on learning the details of both plans and integrating that data into their process.

IV. Adjournment — Motion by *Darling*, second by *Schaul*. Carried. The meeting was adjourned at 1:11 p.m.