JLARC
JOINT LEGISLATIVE AUDIT
AND REVIEW COMMISSION



# Biennial VA529 Status Report
# July 2014

## Profile: Programs Operated by VA529 as of March 31, 2014

### CURRENT STATUS

| | Program type | Assets ($ billions) | Total accounts | Virginia accounts |
|---|---|---|---|---|
| **PrePAID** | Defined benefit tuition contracts | $2.30 | 70,489 | 100% |
| **InVEST** | Defined contribution investment accounts | $2.67 | 169,745 | 85% |
| **CollegeWealth** | FDIC-insured savings accounts | $0.08 | 13,241 | 85% |
| **CollegeAmerica*** | Defined contribution investment accounts | $45.27 | 2,090,266 | 4% |

### PAST PERFORMANCE

| **PrePAID** | **1 year** | **10 year** |
|---|---|---|
| Account growth | 3% | 2% |
| Asset growth | 11% | 12% |
| Overall investment benchmark met | ✗ | ✓ |

*Current funded ratio: 110%*

| **InVEST** | **1 year** | **10 year** |
|---|---|---|
| Account growth | 11% | 12% |
| Asset growth | 20% | 21% |
| Majority of investment benchmarks met | ✗ | ✓ |

| **CollegeWealth** | **1 year** | **10 year**** |
|---|---|---|
| Account growth | 23% | n/a |
| Asset growth | 31% | n/a |
| Favorable return compared to market | ✓ | n/a |

| **CollegeAmerica** | **1 year** | **10 year** |
|---|---|---|
| Account growth | 2% | 12% |
| Asset growth | 20% | 22% |
| Majority of investment benchmarks met | ✓ | ✓ |

*CollegeAmerica is managed by VA529's private partner, American Funds, under the supervision of VA529.

**10-year data on CollegeWealth is not available. The program has only been in existence since 2007.

Note: account and asset changes are reported net of account closures and asset drawdowns to pay qualifying expenses. One year account and asset growth is total growth projected for fiscal year 2014, based on first 11 months of the fiscal year.

The Virginia College Savings Plan (VA529) is the Commonwealth's 529 qualified tuition program. 529 tuition programs are authorized by section 529 of the Internal Revenue Code and are sponsored in 49 states and the District of Columbia. 529 plans offer federal income tax advantages to encourage families to save for their children's college education. Many states, including Virginia, grant additional state tax advantages. VA529 is the largest 529 tuition plan in the country, with over $50 billion in assets and a 23 percent share of the national market. $45 billion of VA529's assets are managed by a private partner under the supervision of VA529. Approximately four percent of accounts managed by this private partner are held by Virginia residents.

VA529 was established by the General Assembly in 1994 to help make college more affordable and accessible to Virginians (§§ 23-38.75 through 23-38.87:1 of the Code of Virginia). An estimated 310,000 of VA529 accounts are held by Virginia residents. VA529 also oversees an estimated two million accounts held by out-of-state residents. Fee revenues from these out-of-state accounts help cover VA529's operating costs. This allows VA529 to charge lower fees, or no fees at all, for programs targeted at Virginia residents.

The Virginia College Savings Plan Oversight Act (§§ 30-330 through 30-335 of the Code) directs the Joint Legislative Audit and Review Commission to provide continuing oversight of VA529, including the preparation of a biennial status report. This report addresses the biennial reporting requirement.

## VA529 Manages Four College Savings Programs

VA529 offers four programs: PrePAID, InVEST, CollegeWealth, and CollegeAmerica. Each program offers a different approach for saving. Although VA529 oversees all four programs, its staff do not directly manage any investments. VA529's private partner, American Funds, is responsible for daily management and operation of the CollegeAmerica program, which is the largest of the four savings programs.

***PrePAID.*** PrePAID is a defined benefit program that offers prepaid tuition contracts for Virginia public universities and community colleges. PrePAID benefits cover normal full-time undergraduate tuition and mandatory fees at these institutions. Benefits can be used at private and out-of-state colleges and universities, but may not fully cover costs at these institutions.

PrePAID is generally only open to Virginia residents. Either the account owner or beneficiary must be a Virginia resident when the account is opened. PrePAID contracts are sold in semester increments. A PrePAID contract obligates VA529 to provide defined benefits—payments for tuition and mandatory fees—when the beneficiary enrolls in college or university. VA529 must use account owner contributions, investment returns, and other revenues to meet these payment obligations. If VA529 is unable to make payments, the state has a limited responsibility to provide funding. Specifically, the governor's proposed budget must include sufficient funds to cover VA529's expenses, including PrePAID obligations. However, the General Assembly is not required to approve an appropriation that covers the program's costs.

***InVEST.*** InVEST is a defined contribution program that is sold directly to participants by VA529. InVEST accounts provide participants with market-based returns on their investments, similar to a 401(k) plan or mutual fund. Account owners may choose from 17 different investment portfolios, including evolving portfolios, which automatically adjust over time with the age of the beneficiary, and more traditional options. Funds may be used for qualifying higher education expenses, including tuition, fees, certain room and board, books, required supplies and equipment and special needs services.

InVEST is targeted at Virginia residents but is open to any investor. An estimated 85 percent of InVEST accounts are owned by Virginia residents. Because InVEST is a defined contribution program, participants bear all risks associated with their investments, including the potential loss of principal.

***CollegeWealth.*** CollegeWealth is an FDIC-insured savings program that offers accounts through VA529's partnership with two financial institutions, BB&T and Union First Market Bank. CollegeWealth participants make contributions to high-yield savings accounts through one of these two sponsor banks. The annual percentage yields that participants receive vary based on the amount saved. Funds may be used for any qualified higher education expense.

CollegeWealth is targeted at Virginia residents but is open to any participant. An estimated 85 percent of CollegeWealth accounts are owned by Virginia residents. CollegeWealth offers a fixed rate of return and is FDIC insured, so there is minimal risk of investment loss.

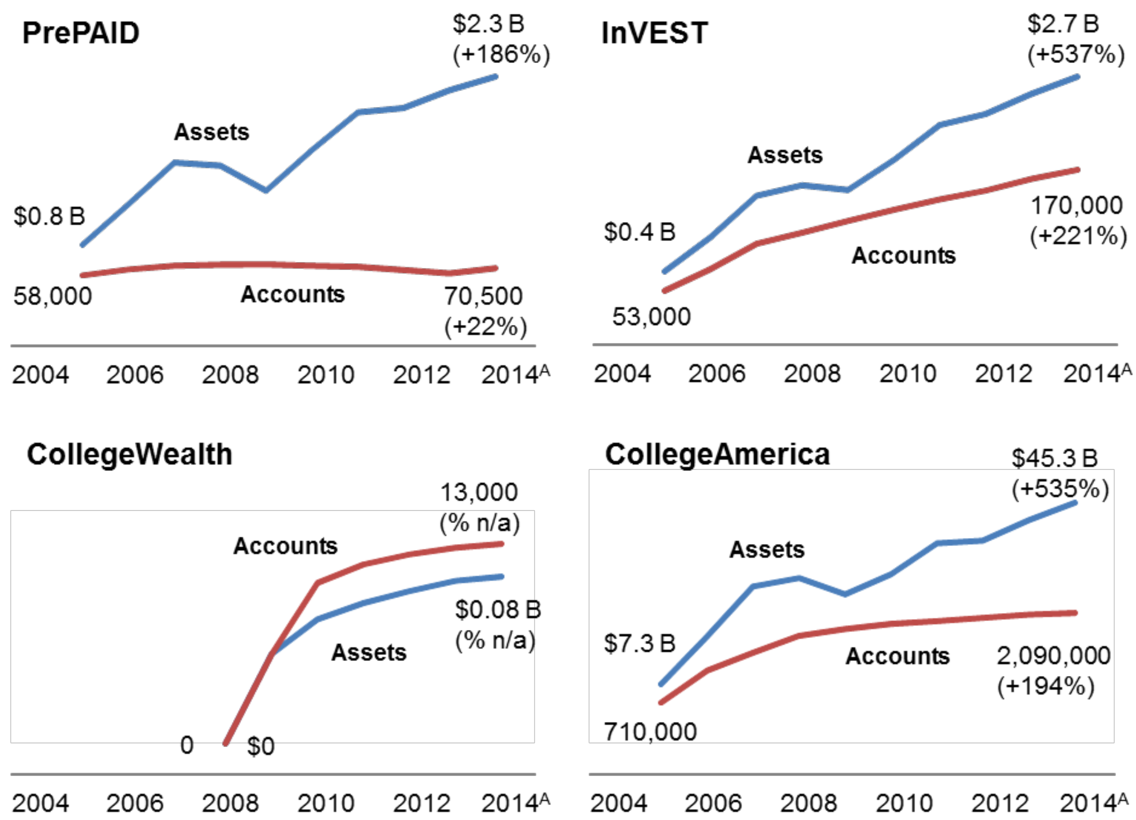
***CollegeAmerica.*** CollegeAmerica is a defined contribution program that provides participants with market-based returns on their investments. CollegeAmerica is offered in partnership with a private mutual fund company, American Funds, which is responsible for daily management and operation of the program. Investors can only access the program through a private financial advisor. They may then choose from 39 different investment portfolios. Funds may be used for any qualified higher education expense.

CollegeAmerica is not targeted at Virginia residents or for use at Virginia schools. Only an estimated four percent of CollegeAmerica accounts are owned by Virginia residents. Although most CollegeAmerica accounts are not held by Virginians, this program benefits the state because the fee revenues it generates are sufficient to cover all of VA529's operating expenses. CollegeAmerica is a defined contribution program, so participants bear all risks associated with their investment, including the potential loss of principal.

## VA529's Programs Have Grown and Meet Long-Term Performance Goals

VA529's four programs are structured and managed independent of one another, and must therefore be evaluated separately. The programs can be evaluated in two ways. First, programs can be evaluated by how the number of accounts and the value of assets they manage have grown over time. Second, the programs can be evaluated based on how the investments they manage have performed over the long term, relative to performance benchmarks.

**Figure 1: Account and Asset Growth in VA529 Programs**




[A] All numbers are as of the close of the fiscal year, except for 2014, which is reported as of March 31, 2014.

Note: Figure shows cumulative, year-to-year percent change in number of accounts and value of assets under management for each program. CollegeWealth was created in 2007 and did not record accounts or assets until the end of FY 2008.

Source: JLARC staff analysis of VA529 account and asset data.

## All VA529 Programs Have Grown Over the Long Term

Participation in VA529 programs is voluntary, and so the performance of these programs can be measured by the number of participants the programs attract and the value of the assets they hold. Each of VA529's four programs has experienced long-term growth in participant accounts and assets (Figure 1).

Although the PrePAID program continues to grow in terms of assets managed, the number of PrePAID accounts has leveled off in recent years. This is due to two factors. First, the number of PrePAID contracts sold each year has generally declined since 2005. This drop corresponded with increases in PrePAID contract prices, which doubled from 2002 to 2006 to account for higher tuition and fees at Virginia institutions. Second, many of the original PrePAID accounts, which were opened when the program was first established in the late 1990s, are now being closed as students finish college. These account closures have offset the addition of new accounts.

InVEST and CollegeAmerica, which are VA529's defined contribution programs, have experienced substantial growth in both accounts and assets. The number of accounts held under each program grew an average of 12 percent per year over the past ten years. During this time, InVEST assets grew an average of 21 percent per year while CollegeAmerica assets grew at a rate of 22 percent.

The CollegeWealth savings program was not established until 2007, so comparable long term data for this program is not available. The program has continued to experience steady growth since it was established.

## PrePAID Has Met Most Investment Performance Benchmarks and Asset Allocation Goals

PrePAID investments have generally met their long-term performance benchmarks. PrePAID is a defined benefit program and so investments are managed under one portfolio. Investment performance is critical to the program's success, because earnings are used to help meet its tuition and fee payment obligations. Over the past ten years, PrePAID has had an annual investment return of 6.4 percent, which is 80 basis points higher than its benchmark (Table 1). PrePAID investments have also outperformed their five-year benchmark by 50 basis points.

**Table 1: PrePAID Investment Performance**

| | Average Annual Return on Investment | | |
|---|---|---|---|
| | **1 Year** | **5 Years** | **10 Years** |
| PrePAID Total Fund | 6.7% | 13.6% | 6.4% |
| Custom Benchmark[A] | 8.3% | 13.1% | 5.6% |
| Performance Relative to Benchmark | **–1.6%** | **0.5%** | **0.8%** |

[A] The PrePAID total fund benchmark is a custom benchmark composed of 35% MSCI ACWI Index, 15% Barclays Capital US Aggregate Index,10% Barclays US Corporate High Yield Index, 10% JPMorgan EMBI, and 30% seven other indices.

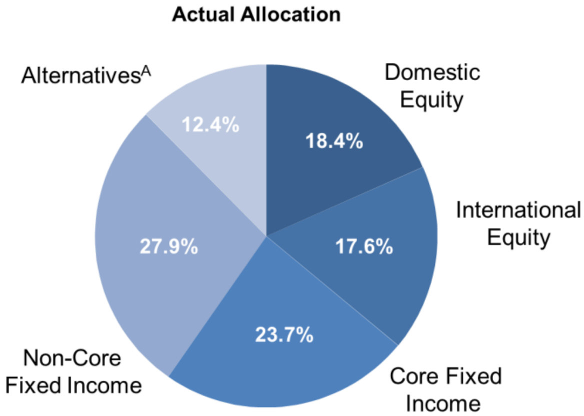
Note: Investment performance is reported net of fees paid to investment managers.

Source: VA529 investment performance report for March 31, 2014.

In the short term, PrePAID's investment returns underperformed their one-year benchmark by 160 basis points. VA529 indicated that this was due to the program's investment strategy, which seeks to minimize volatility and achieve long term investment returns. VA529 indicated this approach can result in underperformance during an up market, such as the one we have recently experienced.

In 2009, the VA529 board adopted a new asset allocation strategy for PrePAID. The purpose of the new strategy was to improve investment returns and reduce volatility. VA529 has steadily moved toward the new target asset allocations, and its current allocations are within their approved ranges (Figure 2).

**Figure 2: PrePAID Asset Allocation Compared to Targets**




| Asset class | Target allocation[B] | | In target range? |
|---|---|---|---|
| Domestic Equity | 15.0% | ±7.5% | ✓ |
| Int'l Equity | 17.5% | | |
| Core Fixed Income | 25.0% | ±5% | ✓ |
| Non-Core Fixed Income | 27.5% | ±5% | ✓ |
| Alternatives[A] | 15.0% | ±5% | ✓ |

[A] Alternatives include investments in private companies (private equity), hedge funds, and other types of investments that do not fit into traditional categories.
[B] According to VA529's investment guidelines, combined domestic and international equity must be within 7.5 percent of the combined target allocation, and other asset classes must be within 5 percent of their individual target allocation.

Source: VA529 investment performance report for March 31, 2014 and PrePAID investment guidelines.

## InVEST and CollegeAmerica Have Met Most Investment Performance Benchmarks

InVEST and CollegeAmerica are defined contribution plans, which means that investor decisions drive the overall allocation of program assets. Consequently, investment performance for these funds must be measured by examining the individual portfolios that are offered to investors. InVEST has 11 actively managed portfolios, including five that have been in existence for a decade or more. Most InVEST portfolios met their ten- and five-year performance benchmarks (Table 2). Similarly, CollegeAmerica includes 39 actively managed portfolios, 20 of which have been in existence for at least a decade. A majority of these portfolios also met their ten- and five-year performance benchmarks, but the five-year performance was not as strong.

**Table 2: InVEST and CollegeAmerica Investment Performance**

| | Percent of Benchmarks Met | | |
|---|---|---|---|
| **Program** | **1 Year** | **5 Years** | **10 Years** |
| InVEST | 30% | 88% | 100% |
| CollegeAmerica | 61% | 59% | 93% |

Note: Only actively managed portfolios, including InVEST's age-based evolving portfolios, are included in this analysis. InVEST uses a single custom benchmark for each of its actively managed portfolios. CollegeAmerica uses several benchmarks for each of its portfolios, including Lipper, S&P, and other industry indices. The one-year analysis includes all but two recently created InVEST and CollegeAmerica portfolios. Five- and ten-year analyses include fewer portfolios than the one-year analysis because several portfolios were only recently created.

Source: JLARC staff analysis of VA529 investment performance report and the American Funds CollegeAmerica investment performance report for March 31, 2014.

InVEST and CollegeAmerica portfolios have been less successful in meeting short-term benchmarks. Most notably, InVEST's actively managed portfolios only met 30 percent of their benchmarks for the past year. VA529 indicated that this is because, as with the PrePAID program, the investment strategy for most InVEST portfolios is to minimize volatility and achieve long term investment returns. Consequently, portfolios may not perform as well during up markets. A majority of the CollegeAmerica portfolios exceeded their one-year benchmarks, but did not perform as well as they have over the long term.

### CollegeWealth Rates Compare Favorably to Similar Savings Options

The CollegeWealth program does not manage market investments, but the rates of return it offers participants compare favorably to those offered under similar savings options. The returns offered by CollegeWealth range from 2.00 to 2.25 percent annual percentage yield. The return varies depending on which of the program's two banking partners is used—BB&T or Union First Market—and the amount deposited. CollegeWealth's rates of return compare favorably to those offered by similar 529 savings programs in other states (Table 3). The program's rates are also superior to non-529 savings options. CollegeWealth yields are twice the current national average for a five-year certificate of deposit, and several times higher than the national average for a money market or savings account.

**Table 3: CollegeWealth Rate of Return**

| | | Non-529 Alternatives | |
|---|---|---|---|
| **CollegeWealth** | **Other 529 Savings Programs** | **Money Market & Savings Accounts** | **5-Year Certificates of Deposit** |
| 2.00–2.25% | 0.05%–2.00% | 0.11% (national average) | 0.88% (national average) |

Note: Rates of return are given by annual percentage yield. Savings programs similar to CollegeWealth are offered in 17 other states; rates for these other programs are as of October 31, 2013. National averages for money market, savings accounts, and five year certificates of deposit are as of June 12, 2014.

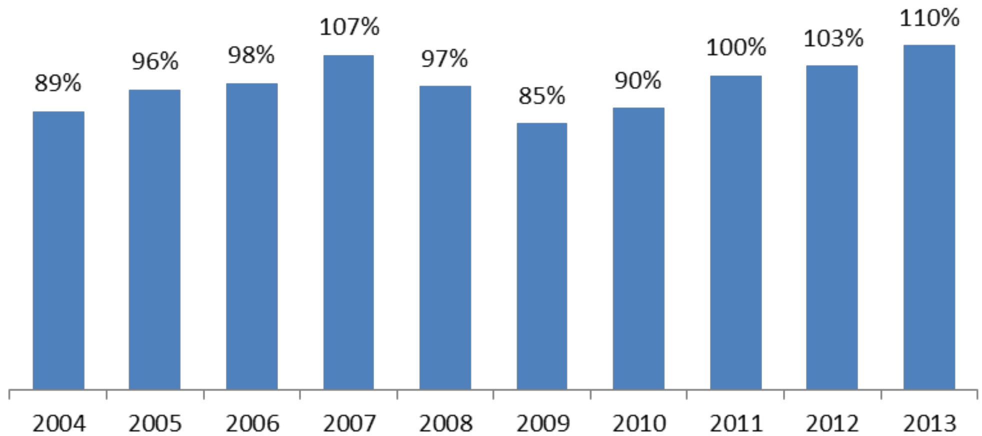
Source: JLARC staff analysis of VA529 savings rate information and Bankrate.com query reports.

## PrePAID Program Is Actuarially Sound

PrePAID is a defined benefit program, and as a result VA529 is statutorily required to maintain adequate assets to cover its future liabilities. VA529 manages the program in a manner that is similar to how the Virginia Retirement System (VRS) manages the state's pension funds. Like VRS, VA529 retains a private actuary to perform an annual valuation of the PrePAID program.

According to the findings of the VA529 actuary, the PrePAID program appears to be actuarially sound. PrePAID's funded status was 110 percent at the end of fiscal year 2013. Over the past ten years, PrePAID's funded status has not been lower than 85 percent (Figure 3). This low point occurred at the end of the 2007-2009 recession, when there were major declines in the domestic and international equities markets that affected many of the program's investments.

**Figure 3: PrePAID Funded Status**




Note: Reflects funded status as of the close of the fiscal year.

Source: VA529 actuarial valuations.

JLARC's oversight statute requires an independent audit of the PrePaid program every four years. In 2013, JLARC commissioned Gabriel Roeder Smith and Company (GRS) to perform the first of these audits. GRS confirmed that PrePAID was actuarially sound, most notably concluding that the program "has sufficient assets (including the value of future installment payments due under current contracts) to cover the actuarially estimated value of the tuition obligations under those contracts (including any administrative costs associated with those contracts)."

The GRS audit identified several items for VA529 to consider in order to improve its actuarial assumptions for the PrePAID program. First, VA529 could consider lowering the program's annual investment return assumption of 6.75 percent to a more conservative return assumption. Second, VA529 could consider adopting a graded schedule of tuition increases that starts at 7.5 percent for the near term but grades down over time to a lower, more sustainable rate. The audit also found that the program's account forfeiture assumption (two percent) is much more conservative than recent experience (ten percent), and could be adjusted.[1]

VA529 has not reduced its investment return assumption for PrePAID because it believes the assumption is appropriately conservative. VA529 staff stated that the current 6.75 percent assumption closely tracks the historical 6.7 percent return that the program has averaged since it was created in 1996. Additionally, VA529 staff noted that the rate is thoroughly reviewed every year by the VA529 board, investment advisory committee, and investment consultant.

VA529 has not changed its tuition increase assumption to a graded schedule that decreases over time. Staff indicated that VA529 prefers to use their more conservative assumption, which is currently a static 7.5 percent annual growth rate. This rate is slightly above the historical average for tuition growth and provides a cushion against volatile and unpredictable tuition increases. Staff noted that the

[1] The forfeiture assumption is the assumed proportion of PrePAID accounts that will be forfeited, or cashed out, without receiving program benefits.

VA529 tuition increase assumption is reviewed annually and approved by its board and its audit and actuarial committee.

VA529 is in the process of reviewing its forfeiture assumption, as recommended by the GRS audit. VA529's actuary is reviewing the forfeiture assumption and will present findings for consideration to the VA529 audit and actuarial committee in July 2014.

## PrePAID Contracts Restructured to Improve Affordability

PrePAID contract prices have steadily increased over the past ten years, which may make them less affordable for many Virginians. For example, when the PrePAID program was established in 1996, the cost of a one-year university contract purchased for a kindergarten-aged child was $3,839. Since then, the cost of the same contract has more than tripled to $14,800, mainly due to growth in higher education tuition and fees. PrePAID contracts have become less affordable to middle and lower-income families, and contract sales have steadily declined.

PrePAID contracts could only be purchased in one-year increments until 2013, when VA529 introduced semester contracts. Semester contracts reduced the lowest "buy in" price by half. For example, in 2014 a PrePAID participant could purchase a one-semester contract for a kindergarten-aged child for $7,400. Under the old structure, the lowest "buy in" price was $14,800 for a one-year contract. The introduction of semester PrePAID contracts appears to have significantly contributed to the recent 24 percent increase in sales of PrePAID contracts.

## InVEST and CollegeAmerica Fees Reduced and Partnership Extended

InVEST and CollegeAmerica charge administrative fees to their participants. VA529 relies largely on fee revenues from these programs to fund its operations. Over the past two years, VA529 lowered the fees charged by the programs in order to maintain its competitive position in the marketplace. VA529 indicated that these fee reductions will not adversely affect its ability to meet budgeted expenses.

InVEST administrative fees were reduced from 20 to 15 basis points in December 2013.[2] According to VA529 staff, InVEST fees were already competitive with fees charged by similar 529 programs in other states. However, several other states had reduced fees below what InVEST charged. InVEST fees were therefore reduced to keep them among the lowest in the nation. This fee reduction directly benefits Virginia residents, who constitute approximately 85 percent of InVEST account holders.

In March 2014, CollegeAmerica administrative fees were reduced from 9 to 7 basis points, and an annual $10 flat fee was waived. These changes bring CollegeAmerica's administrative fees into line with the national average for the advisor-sold 529 investment programs that it competes against. (Unlike direct-sold programs, such as InVEST, advisor-sold programs like CollegeAmerica can only be accessed through a financial advisor.) Along with the fee reduction, a new pricing structure was introduced that will gradually reduce CollegeAmerica fees further as

[2] InVEST fees generated $4.4 million in revenue in fiscal year 2013, which was sufficient to cover approximately half of the program's operating expenses. Remaining program expenses are paid for by CollegeAmerica fee revenues.

the value of the program's assets increases.[3] This scaled pricing structure is intended to ensure that the program's fees remain competitive while protecting the revenues it generates for VA529.

VA529 extended its contract with American Funds for managing and operating the CollegeAmerica program through 2040. The CollegeAmerica partnership is valuable because its fee revenues are sufficient to cover all of VA529's operating costs. CollegeAmerica generated $35.6 million in fee revenues for VA529 in fiscal year 2013. By comparison, VA529's total operating budget for that year was $21 million. As required by state law, excess fee revenues are deposited into the PrePAID program's investment fund, which benefits the program's funded status.

## VA529 Operating Expenses Have Grown Due to Staff and Marketing Costs

VA529's operating expenses have increased by $3.6 million, or 19 percent, over the past four years. These higher operating costs have been primarily driven by increased staff and marketing expenses (Table 4). VA529 indicated that these higher expenditures, which have been approved in the Appropriation Act, were necessary to support its growing operations.

VA529's staff (personal services) costs increased over the past four years by $3.2 million, or 38 percent. The increase was mainly due to the addition of 25 new staff positions. These included 12 new information technology positions, four customer service positions, four investment management positions, and three administrative positions. The creation of these new positions raised VA529's staffing level from 80 full-time equivalent positions in fiscal year 2012 to 105 in fiscal year 2015.

**Table 4: Change in VA529 Operating Expenses Over Past Four Years**

| Budget Category | FY 2012 | FY 2015 | Change | Percent |
|---|---|---|---|---|
| Personal Services[A] | $8.4 M | $11.7 M | $3.2 M | 38% |
| Marketing and Communications | 2.5 | 4.1 | 1.6 | 66 |
| Professional Services | 2.2 | 2.8 | 0.6 | 25 |
| Facilities and Leases | 1.2 | 1.3 | 0.1 | 11 |
| Information Technology | 1.4 | 1.3 | –0.1 | –7 |
| Other Expenses[B] | 3.3 | 1.5 | –1.8 | –55 |
| **Total** | **$19.0 M** | **$22.6 M** | **$3.6 M** | 19% |

[A] Personal services includes all expenses related to staff compensation.

[B] Other expenses include Administrative Services; Meetings, Conferences, and Training; Supplies and Materials; Professional Development, Memberships, and Subscriptions; and SOAR Virginia. SOAR Virginia is an early commitment scholarship program that provides students with a range of assistance. Funding for SOAR was reduced from $2 million to $0 in the 2015 budget, which accounts for the overall reduction in spending under the Other Expenses category.

Note: Dollar amounts may not add due to rounding.

Source: VA529 budget documents and 2012 and 2014 Appropriation Acts.

[3] CollegeAmerica fees are scheduled to be reduced to 6 basis points when the value of assets under management reaches $50 billion, and to 5 basis points when asset value reaches $70 billion. A similar scaled structure was in place prior to the change, but the fee amounts were higher.

VA529 staff indicated that staffing increases were necessary to support its information technology and program management needs. New technology staff were needed to move forward on over 100 back-logged projects, many of which have been deferred for more than two years. Staff reported that additional customer support and investment management staff were needed to keep pace with the growing number of accounts and assets held under its four college savings programs. Marketing and other administrative positions were added to continue growing the VA529 programs.

VA529's marketing costs increased over the past four years by $1.6 million, or 66 percent, not including compensation of VA529's marketing staff. Increased marketing spending occurred in the areas of advertising, sponsorships, and promotions. Spending on advertising has increased because VA529 has increased its television advertising. Whereas VA529 had previously only advertised on television in some Virginia markets in the four months surrounding the PrePAID open enrollment period, it is now advertising in all of the state's major markets year-round. In addition, VA529 has entered into several new sponsorships with major universities, state agencies, professional sports teams, and the public broadcasting corporation. VA529 has also increased marketing for promotional ventures, such as its "529 day" activities on May 29 of each year.

VA529 staff reported that increased spending was necessary to meet its mission of educating Virginians on college savings options and to support the continued growth of its programs. The increase in spending on marketing activities reportedly occurred after a long period where the marketing budget was stagnant; consequently, the increase that has occurred over the last four years may appear unusually large.

## Legislation Gives VA529 More Flexibility to Manage Operations

The 2014 General Assembly passed legislation that gives VA529 additional flexibility to manage its operations. Under the 2014 Appropriation Act, the VA529 board can now approve supplemental compensation for the CEO without having to first gain the governor's approval. This authority was requested to give the board additional flexibility to attract and retain qualified CEOs. It is modeled after the authority that was given to the VRS board by the 2013 General Assembly. Although the VA529 board is empowered to grant additional compensation to the CEO, it is still constrained by VA529's appropriation limit.

The 2014 Appropriation Act also gave VA529 the authority to directly distribute funds managed by InVEST to the program's participants. Previously, these funds had to pass through the state treasury. Treasury disbursement of InVEST funds is not necessary, because they are investor-owned funds, not state funds. VA529 indicated that passing these funds through the treasury had resulted in unnecessary delays in distributing payments.

Finally, the 2014 General Assembly passed legislation designating VA529 as a "body politic and corporate" (House Bill 203 and Senate Bill 215). This new legal status gives VA529 the authority to invest in unregistered securities, which are stocks and bonds that are not yet available for purchase by the general public. The Securities Exchange Commission regulations allow only "qualified institutional buyers" to purchase these securities. As a "body politic and corporate," VA529 now meets this standard. VA529 indicated that buying securities before they are publically traded will give it better access to new investment opportunities at lower prices. The change does not appear to create any new legal liabilities for VA529.

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This report is published biennially by the Joint Legislative Audit and Review Commission in fulfillment of the Virginia College Savings Plan Oversight Act (Chapter 51 of Title 30 of the Code of Virginia). The statute requires JLARC to oversee and evaluate the Virginia College Savings Plan (VA529) and regularly update the legislature on oversight findings.

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