



Commonwealth Savers Plan Oversight Report

JLARC oversight of CSP

- Commonwealth Savers Plan Oversight Act* requires JLARC to
 - Oversee Commonwealth Savers Plan (CSP) on a continuing basis
 - Report on investments and other issues
 - Conduct a quadrennial actuarial analysis

*Code of Virginia, Title 30, Chapter 51.

In this presentation

Overview

Higher education access and affordability programs

Education savings programs

Disability savings programs

State-sponsored private retirement program

In this presentation: section 1

Overview

CSP administers and sponsors several savings plans

- Tax-advantaged savings for education and individuals with disabilities
 - Authorized by Internal Revenue Code and Code of Virginia
 - All 50 states have established plans
- State-sponsored retirement savings plan
 - Authorized in Code of Virginia

CSP administers 5 savings programs

Defined benefit education programs	Accounts	Assets
Legacy Prepaid529	28,790	\$2.4B
Tuition Track Portfolio	13,470	\$182.2M
Defined contribution programs	Accounts	Assets
Invest529	547,294	\$11.6B
ABLEnow	18,234	\$235.2M
Retirement savings program	Accounts	Assets
RetirePath Virginia	24,844	\$27.3M

Accounts and asset values as of March 31, 2026.

CSP sponsors 2 national adviser-sold savings programs

National adviser-sold savings programs	Accounts	Assets
CollegeAmerica education savings	2.6M*	\$105.8B
ABLEAmerica disability savings	4,885	\$100.9M

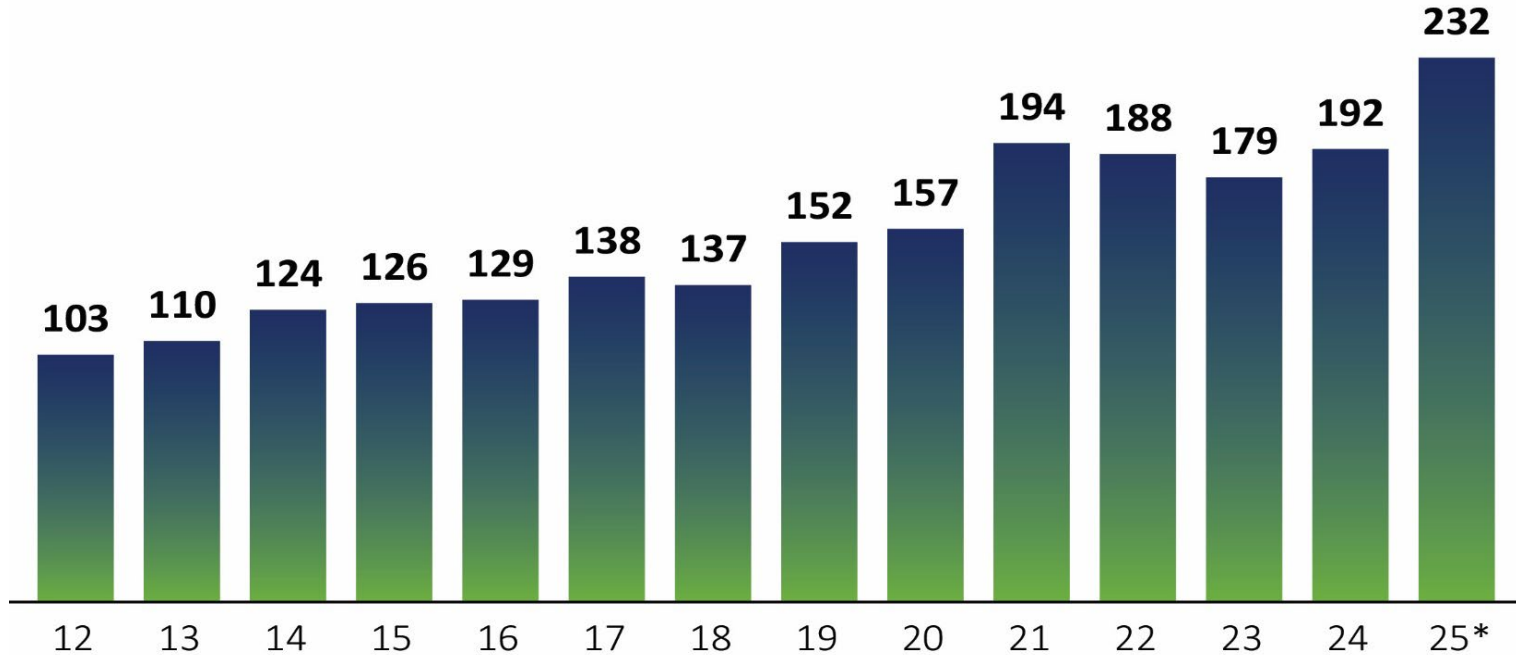
Accounts and asset values as of March 31, 2026.

*94% of CollegeAmerica participants are not Virginia residents.

CSP administers 2 defined benefit college savings programs

- Legacy Prepaid529
 - Closed to new participants in 2019 but continues to pay benefits to existing participants
- Tuition Track Portfolio (TTP)
 - Opened in 2021 as successor to Legacy Prepaid529
 - Pays the same weighted-average tuition benefit regardless of college attended
- Programs combined into single Defined Benefit 529 (DB529) Fund for actuarial and investment purposes

DB529 fund has funded status of 232% and actuarial surplus of \$1.5 billion



*Percent funded status as of December 31, 2025. All other years as of June 30.

CSP adopted framework to assess surplus funds, which JLARC is monitoring

- CSP adopted framework to determine how much surplus funding can be allocated for higher education access and affordability programs
- Amount depends on assumptions CSP uses in framework
- JLARC monitors framework to ensure it does not understate available surplus funds

In this presentation: section 2

Higher education access and affordability programs

2022 JLARC report found DB529 surplus funds could support higher ed access & affordability

- \$1.3 billion (2022) in surplus funds available if allocated over several years
- Return funds to Legacy Prepaid529 account holders
- Support access and affordability programs
 - Grants and scholarships for high financial need students
 - Progression bonuses
 - Financial emergency assistance
 - Support services

2022 JLARC report recommended creating a dedicated fund; SCHEV to allocate surplus funds

- Dedicated fund would provide flexibility and long-term funding source for access and affordability programs
 - Similar to endowment model
- SCHEV should make allocations from dedicated fund subject to uses authorized in statute
- Dedicated fund assets could remain in DB529 Fund and be managed by CSP

Board has allocated surplus funds for higher ed. access but does not have authority to spend them

- Board has allocated approximately \$1B* in DB529 surplus funds for access and affordability programs as of June 30, 2026
 - Expects to allocate additional \$175M by Dec. 31, 2026**
- Substantial additional surplus funds could be allocated over time
 - DB529 Fund has over \$2B in assets as of July 1, 2026, not including \$1B for access and affordability
- No surplus funds have been spent because CSP has not received appropriation authority

*Includes investment returns. **Amount of additional allocation to be determined using CSP's framework.

Several recent legislative efforts have attempted to direct use of surplus funds

- 2025 session
 - Four bills (not enacted): authorized funds for scholarships, other access and affordability programs, and refunds
 - Appropriation Act: directed a joint subcommittee that did not meet
- 2026 session
 - Two bills (not enacted): authorized funds for scholarships
- Governor's budget (2025 and 2026) proposed using funds for VMSDEP (General Assembly removed)

VMSDEP: Virginia Military Survivors & Dependents Education Program

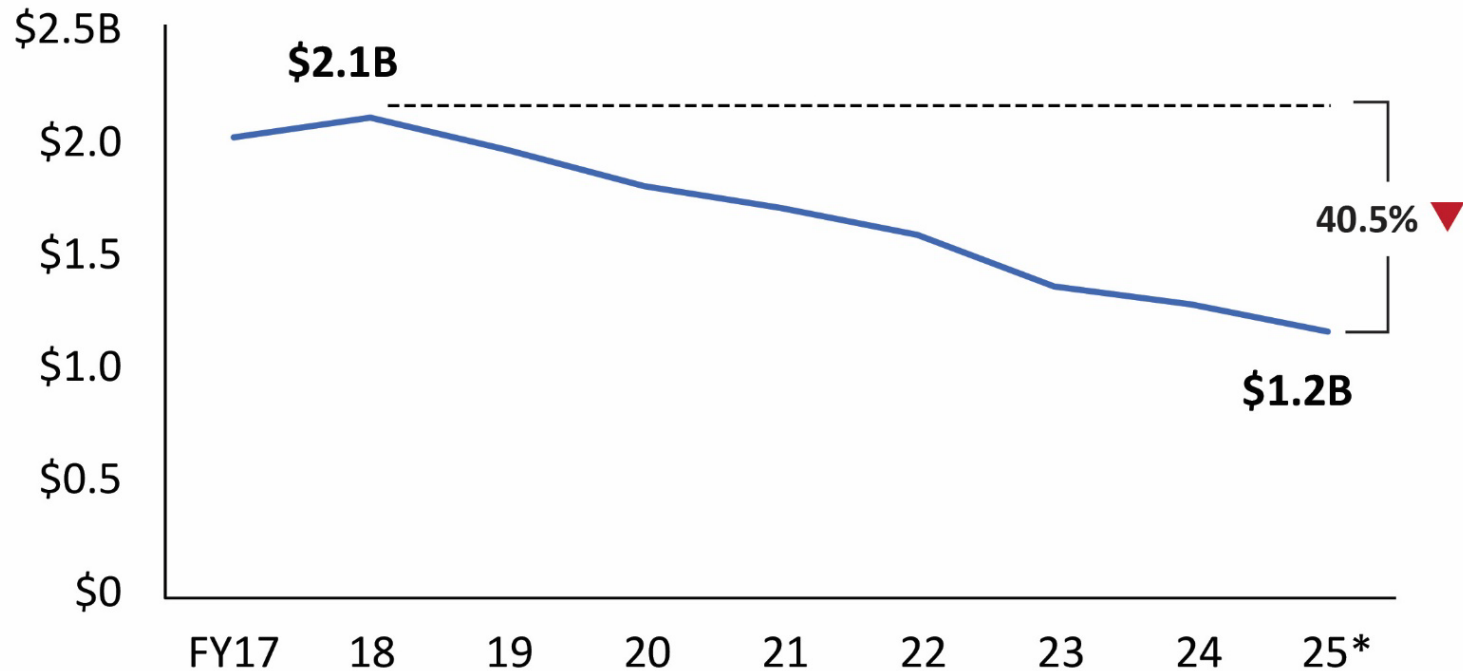
CSP used BEX to allocate operating funds for access and affordability partnerships

- BEX is an administrative adjustment approved by DPB, not through appropriation process
- CSP made several BEX allocations in recent years
 - FY21: \$7.5M
 - FY22: \$8.0M
 - FY25: \$25M
- 2025 Appropriation Act prohibited CSP from making additional access and affordability commitments

In this presentation: section 3

Education savings programs

Total actuarial liabilities of DB529 programs have declined in recent years



DB529 programs are Legacy Prepaid529 and TTP.

*Actuarial liabilities as of December 31, 2025. All other years as of June 30.

New TTP program has performed as CSP expected, but CSP needs to explain it better

- TTP accounts and assets growing faster than similar programs in other states
- Consumers struggle to understand the program*
 - Potential or new participants find program “units” abstract
 - Existing participants uncertain whether savings are on track
- CSP plans to enhance marketing and communication efforts to improve program understanding

*Based on focus groups held by CSP.

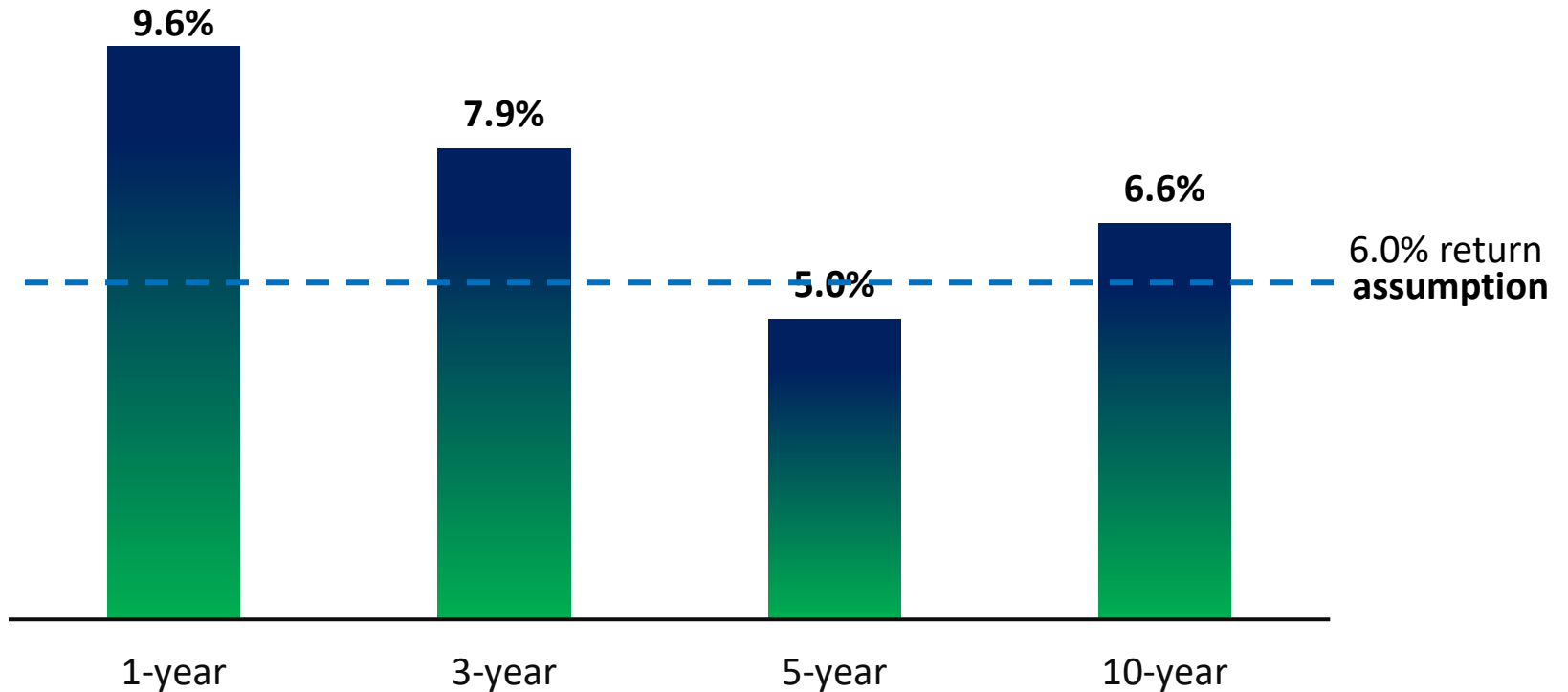
Asset classes showed mixed performance, and total fund underperformed for all periods

(March 31, 2026)

Asset class (% of fund)	1-year	3-year	5-year	10-year
Fixed income (54.7%)	✓	✓	✓	✗
Public equity (19.5%)	✓	✗	✗	✗
Private equity (17.0%)	✗	✗	✗	✗
Real estate (8.8%)	✓	✓	✓	✗
Total fund	✗	✗	✗	✗

✓ = Return met or exceeded benchmark ✗ = Return below benchmark

CSP exceeded long-term return assumption in all time periods but 5-year timeframe



Participation and assets in defined contribution education savings programs increased

- **Invest529** investment accounts are sold directly by CSP (approximately 88% owned by Virginia residents)
 - Number of accounts grew 8.9% per year*
 - Assets grew 13.2% per year (\$11.6 billion in total assets)
- **CollegeAmerica** investment accounts are sold by advisers (approximately 6% owned by Virginia residents)
 - Number of accounts grew 1.8% per year*
 - Assets grew 8.1% per year (\$105.8 billion in total assets)

*Average annual growth in number of unique program accounts between FY17 and FY26.

Invest529 met or exceeded benchmarks for all periods; CollegeAmerica missed in shorter term (March 31, 2026)

Program	1-year	3-year	5-year	10-year
Invest529	✓	✓	✓	✓
CollegeAmerica	✗	✗	✓	✓

- ✓ Returns met or exceeded benchmarks for majority of options
- ✗ Returns did not meet or exceed benchmarks for majority of options

In this presentation: section 4

Disability savings programs

ABLE programs offer tax-advantaged savings for individuals with disabilities

- **ABLEnow** accounts are sold directly by CSP (launched in 2016)
 - 18,234 accounts and \$235.1 million in assets
- **ABLEAmerica** accounts are sold by advisers (launched in 2018)
 - 3,035 accounts and \$101 million in assets
- Majority of ABLEnow and ABLEAmerica investment options met or exceeded benchmarks

Accounts, assets, and performance as of March 31, 2026.

In this presentation: section 5

State-sponsored private retirement program

RetirePath has grown rapidly, and investments met or exceeded benchmarks

- Substantial growth in accounts and assets since FY24
 - Accounts nearly tripled to ~24,500
 - Assets increased nearly seven-fold to more than \$27.3M
- All options met or exceeded benchmarks in the 1-year, 3-year, and since inception timeframes*

Accounts and assets as of March 31, 2026. *Investment option inception was 2023 or later, so 5- and 10-year periods are not available.

2026 General Assembly expanded RetirePath to additional employers

- Employers with 5+ employees required to participate if they do not already offer a retirement program (HB 176/SB 149)
 - Estimated to reach up to an additional 357,000 employees
- CSP to onboard employers in two waves in fall 2026

Two federal initiatives may affect RetirePath starting January 2027

- Saver's Match will provide eligible savers a 50 percent federal match (up to a maximum of \$1,000)
 - CSP working on how to integrate into RetirePath
- TrumpIRA.gov will allow individuals not already covered by employer-sponsored retirement plans to open an IRA
 - Not intended to replace state-run retirement savings programs but could cover similar individuals

JLARC staff for this report

Kimberly Sarte, Associate Director

Alexandra Jansson, Principal Legislative Analyst for
Ongoing Oversight

Appendix: Total fund performance

Asset class (% of total fund)	1-year	3-year	5-year	10-year
Total fund	9.56	7.86	5.01	6.61
Benchmark	11.03	9.58	5.94	7.56
Fixed Income (54.7%)	6.84	7.36	3.34	4.07
Benchmark	6.29	6.86	3.01	4.44
Public equity (19.5%)	20.72	17.02	8.53	10.97
Benchmark	20.52	17.10	9.35	11.56
Private equity (14.7%)	9.72	4.17	10.89	13.79
Benchmark	22.04	19.47	14.74	15.82
Real estate (15.4%)	3.80	-0.90	3.49	3.24
Benchmark	2.92	-4.25	2.51	3.88