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**DECEMBER 12, 2013**

**AGENDA ITEM 7  
ACTION ITEM**

**SCHOLARSHARE INVESTMENT BOARD**

*Resolution to Approve Changes to Marketing Performance Criteria for the ScholarShare College Savings Plan*

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***Recommendation***

ScholarShare Investment Board (SIB or Board) staff and SIB's 529 industry consultant, AKF Consulting Group (AKF), recommend that the Board adopt Resolution No. 2013-10, approving changes to the Marketing Performance Criteria (Benchmarks) for the ScholarShare College Savings Plan (Plan) and authorizing the Executive Director to execute an amendment to Agreement No. SIB 15-10 (Contract) to reflect the approved changes.

***Background***

SIB annually reviews TIAA-CREF Tuition Financing, Inc.'s (TFI) marketing performance relative to pre-established performance criteria. The Benchmarks for the Plan relate to account and asset-based measures and are outlined in the Contract with TFI for program management services. Per the Contract, TFI may propose and request further modifications taking into consideration industry norms and national trends. Also outlined in the Contract are remedies should TFI fail to meet the annual Benchmarks. These remedies include submission of a revised marketing plan and/or increase in TFI's annual marketing commitment.

Although the contract includes Benchmarks as proposed by TFI, SIB and TFI jointly propose modifications to the Benchmarks for the Plan. The proposed Benchmarks are outlined in the Marketing Performance Criteria chart (Exhibit A) and provide more defined measures related to the growth in Plan accounts and assets. AKF has provided a memo (Exhibit B) outlining its review of the proposed Benchmarks.

Pending resolution approval by the Board and amendment approval by the Department of General Services, the effective period for the revised Benchmarks will be calendar year 2013.

***Presenters***

Arlene Greene, Deputy Director, ScholarShare Investment Board  
Stanley Zeto, Manager, ScholarShare Investment Board  
Andrea Feirstein, Managing Director, AKF Consulting Group  
Chris Lynch, Director, TIAA-CREF Tuition Financing, Inc.

**RESOLUTION NO. 2013-10**

**RESOLUTION OF THE SCHOLARSHARE INVESTMENT BOARD  
RELATING TO THE APPROVAL OF CHANGES TO THE  
MARKETING PERFORMANCE CRITERIA FOR THE  
SCHOLARSHARE COLLEGE SAVINGS PLAN**

**WHEREAS**, the ScholarShare Investment Board (the “SIB” or “Board”) was created under the provisions of Education Code Section 69980 et seq. (the “Golden State ScholarShare Trust Act” or “Act”); and

**WHEREAS**, the Board is authorized by Education Code Section 69981(c)(2) to enter into agreements or contracts necessary for the administration of the ScholarShare Trust; and

**WHEREAS**, Education Code Section 69981(c)(10) of the Act provides, in part, that the Board may authorize the Executive Director to enter into contracts on behalf of the Board or conduct any business necessary for the efficient operation of the Board; and

**WHEREAS**, the Board has previously entered into agreements to receive program management services, and the Board is currently under contract with a program manager, under Agreement No. SIB 15-10 (the “Agreement”); and

**WHEREAS**, the Agreement outlines annual marketing performance criteria (the “Benchmarks”) for the ScholarShare College Savings Plan (the “Plan”) that the program manager is expected to meet; and

**WHEREAS**, the Agreement permits the program manager to propose modifications to the Benchmarks which SIB may accept or reject, or may request further modifications, taking into consideration industry norms and national trends; and

**WHEREAS**, the SIB staff and the program manager propose modifications to the Benchmarks, as outlined in Exhibit A of this resolution.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board hereby approves the changes to the Benchmarks for the Plan as proposed by SIB staff and the program manager in Exhibit A of this Resolution, and authorizes the Executive Director to prepare, execute, and take whatever steps necessary to obtain all required approvals for an amendment to the Agreement.

Attest: \_\_\_\_\_  
Chairperson

Date of Adoption: \_\_\_\_\_

**EXHIBIT A**



**MARKETING PERFORMANCE CRITERIA**

MEASUREMENT	PERFORMANCE CRITERIA		
TOTAL NEW ACCOUNTS OPENED	NUMBER OF NEW ACCOUNTS OPENED IN CURRENT CALENDAR YEAR	EXCEEDS	NUMBER OF NEW ACCOUNTS OPENED IN PRIOR CALENDAR YEAR
TOTAL NEW CONTRIBUTIONS COLLECTED	TOTAL NEW CONTRIBUTIONS COLLECTED IN CURRENT CALENDAR YEAR	EXCEEDS	TOTAL NEW CONTRIBUTIONS COLLECTED IN PRIOR CALENDAR YEAR
TOTAL ASSETS	ANNUAL GROWTH RATE OF TOTAL PLAN ASSETS AT THE END OF THE CURRENT CALENDAR YEAR	EXCEEDS	ANNUAL GROWTH RATE OF TOTAL ASSETS FOR INDUSTRY DIRECT-SOLD 529 PLANS* AT THE END OF THE CURRENT CALENDAR YEAR
TOTAL ROLLOVERS	PERCENTAGE OF PLAN ACCOUNTS CLOSED ANNUALLY DUE TO ROLLOVERS TO OTHER STATE 529 PLANS	LESS THAN	2% OF TOTAL PLAN ACCOUNTS AT THE END OF THE CURRENT CALENDAR YEAR

\*As reported by the Financial Research Corporation