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**DECEMBER 19, 2019**

**AGENDA ITEM 6  
ACTION ITEM**

**SCHOLARSHARE INVESTMENT BOARD**

*Resolution to Approve Changes to the ScholarShare Administrative Performance Criteria*

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***Recommendation***

ScholarShare Investment Board (SIB or Board) staff recommends that the Board adopt Resolution No. 2019-09 approving changes to the ScholarShare Administrative Performance Criteria (Benchmarks).

***Background***

The Board most recently approved changes to the Benchmarks in December 2011, following the completion of the program management transition to TIAA-CREF Tuition Financing, Inc. (TFI) in November 2011. The Benchmarks serve as performance goals for the program manager for customer service areas, such as correspondence and customer relationships, confirmation and statements, enrollment kit processing, check processing, account processing, website, call center, tax reporting, and systems.

With the upcoming record-keeper transition to Ascensus College Savings Recordkeeping Services, LLC (Ascensus) scheduled for completion in late-January 2020, the Plan manager, TFI, and SIB staff are proposing changes to the Benchmarks. The proposed changes, as outlined in redline in Exhibit A, were proposed by TFI and reviewed by SIB staff and consist of modifications to reflect the upcoming record-keeper change to Ascensus, including its existing systems and processes. Upon Board approval, the revised Benchmarks would be effective upon the completion of the record-keeper transition on January 27, 2020.

***Presenter***

Linda English, Senior Director, TIAA-CREF Tuition Financing, Inc.  
Bernard McCrossan, Senior Director, TIAA-CREF Tuition Financing, Inc.  
Jean Seidel, Director, Operations, TIAA-CREF Tuition Financing, Inc.

## RESOLUTION NO. 2019-09

### RESOLUTION OF THE SCHOLARSHARE INVESTMENT BOARD RELATING TO THE APPROVAL OF CHANGES TO THE SCHOLARSHARE ADMINISTRATIVE PERFORMANCE CRITERIA

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

**WHEREAS**, the Board adopted the ScholarShare Administrative Performance Criteria (the “Benchmarks”) for the ScholarShare 529 College Savings Plan (the “Plan”) to measure the program manager’s administrative performance relative to pre-established performance criteria;

**WHEREAS**, the record-keeper retained by the program manager, TIAA-CREF Tuition Financing, Inc. (“TFI”), for the Plan will transition to Ascensus College Savings Recordkeeping Services, LLC (“Ascensus”) on January 27, 2020; and

**WHEREAS**, changes to the Benchmarks have been proposed by TFI to reflect the upcoming change in record-keeper for the Plan.

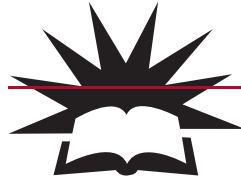
**NOW, THEREFORE, BE IT RESOLVED**, that the Board hereby approves the changes to the Benchmarks for the Plan as proposed by TFI and reviewed by SIB staff and as shown in redline in the revised Benchmarks (Exhibit A).

**BE IT FURTHER RESOLVED** that this Resolution becomes effective on January 27, 2020.

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

Date of Adoption:

**EXHIBIT A**



**SCHOLARSHARE 529 COLLEGE SAVINGS PLAN  
ADMINISTRATIVE PERFORMANCE CRITERIA  
(EFFECTIVE AS OF JANUARY 27, 2020)**

**ADOPTED BY THE SCHOLARSHARE INVESTMENT BOARD ON DECEMBER 19, 2019  
~~DECEMBER 8, 2011~~**

**These benchmarks represent minimum performance standards. The ScholarShare Investment Board fully expects the program manager to make every effort to exceed these standards.**

**Correspondence and Customer Relationships Financial – New Accounts, Contributions, Redemptions**

**Financial Correspondence:**

All correspondence related to financial transactions and dealing with service and account administration issues, including but not limited to, account processing and changes to accounts. Most ~~financial~~ correspondence is system generated letters ~~or~~ confirmation statements.

- Accuracy ~~-(Correspondence):~~ Quality controls are performed on the financial and non-financial correspondence before it is sent to participants. No accuracy measurement is tracked since the letters are mostly system generated.
- Accuracy (Transactions): 98% of new accounts set up and transactions/items processed accurately.
- Timeliness: 99% of all items processed on day of receipt prior to the New York Stock Exchange (NYSE) close if in good order, or if received in good order after the NYSE close or on a non-business day, the next business day. ~~95% of financially related correspondence is sent within 3 business days of receipt.~~

Note: For items not received in good order, best efforts are made to promptly contact the Account Owner to resolve the matter either by phone or in writing.

**Non-Financial Correspondence:**

All ~~correspondence dealing with service and account administration issues, including, but not limited to, account processing and changes to accounts~~. Most non-financial correspondence is system generated letters.

- ~~Accuracy:~~ Quality controls are performed on the non-financial correspondence before it is sent to participants. No accuracy measurement is tracked since the letters are mostly system generated.
- ~~Timeliness:~~ 99% of non-financial correspondence is resolved within 7 business days of receipt.

**E-mail Inquiries:**

- ~~Accuracy:~~ TFI will review all emails for accuracy before they are sent.
- ~~Timeliness:~~ 85% of e-mail inquiries are responded to within 1 business day of receipt of e-mail; 100% are responded to within 2 business days.

**Service Concerns and Compliance Inquiries:**

All ~~service concerns or complaints are responded to by TFI with oversight from a Registered Principal.~~

- ~~Accuracy:~~ Quality controls are performed by a Registered Principal before the response letter is sent to participants.
- ~~Timeliness:~~ 100% of service concerns and complaints are resolved within 7 business days of receipt. For more complex issues, an initial response will be sent within 7 business days.

**Service Concerns and Compliance Inquiries**

All service concerns or complaints are responded to by TFI with oversight from a Registered Principal. Quality controls are performed by a Registered Principal before the response letter is sent to participants.

- Timeliness: 100% of service concerns and complaints are responded to within seven (7) business days.

<b>Check Processing</b>	<p><b>Checks:</b>  <del>Checks received in good order before 1:00 PM PT (4:00 PM ET) will receive the Net Asset Value (NAV) for the day of receipt of check. Checks received in good order after 1:00 PM PT (4:00 PM ET) will receive the NAV for the following day.</del></p> <ul style="list-style-type: none"> <li><del>* <b>Accuracy:</b> 98% of checks received are accurately posted to a matching account with the correct amount and with the day of receipt's trade date.</del></li> <li><del>* <b>Timeliness:</b> 98% of the checks received in good order are posted to the participant's account by the business day after receipt with the prior day's trade date.</del></li> </ul>
<b>Confirmations and Statements</b>	<p><b>Daily Confirmations:</b>  Mailed every time ScholarShare participants make an account transaction.</p> <ul style="list-style-type: none"> <li><del>* <b>Accuracy:</b> 98% of confirmations are accurate upon distribution.</del></li> <li><del>* <b>Timeliness:</b> 100% of daily confirmations are mailed within <u>five (5)</u> business days following the transaction.</del></li> </ul> <p><u>Note: Confirmations are not sent for each payroll direct deposit or recurring contributions.</u></p> <p><b>Quarterly/Annual Account Statements:</b>  <u>100% of statements (three (3) quarterly and one (1) annual statement) are prepared and delivered via mail, posting to the online account and/or electronic notification (email) to each Account Owner within five (5) business days following the transaction date or quarter end in keeping with the regulatory requirements.</u>  <u>Mailed after each calendar quarter.</u></p> <ul style="list-style-type: none"> <li><del>* <b>Accuracy:</b> 98% of statements are accurate upon distribution.</del></li> <li><del>* <b>Timeliness:</b> 100% of statements are mailed within 5 business days following the end of the quarter/year.</del></li> </ul>
<b>Tax Reporting</b>	<p><b>Federal Tax Reports:</b></p> <ul style="list-style-type: none"> <li><del>* <b>Accuracy:</b> 100% of federal tax reports mailed to distributees and to the IRS are accurate.</del></li> <li><del>* <b>Timeliness:</b> <u>100% of IRS 1099-Q forms shall be prepared and distributed in accordance with Applicable Law which at this time requires the forms to be prepared and distributed by January 31<sup>st</sup> of the following calendar year.</u> <del>98% of federal tax reports are mailed to distributees by January 31<sup>st</sup>.</del></del></li> </ul> <p><b>State Tax Reports:</b></p> <ul style="list-style-type: none"> <li><del>* <b>Accuracy:</b> 100% of state tax reports mailed are accurate.</del></li> <li><del>* <b>Timeliness:</b> 98% of state tax reports are mailed to the Franchise Tax Board by February 28<sup>th</sup> (via tape) or by March 31<sup>st</sup> (via electronic transmission) in accordance with State Tax law.</del></li> </ul>
<b>Enrollment Kit Processing</b>	<p><b>Enrollment Kits Mailed:</b></p> <ul style="list-style-type: none"> <li><del>* <b>Timeliness:</b> 98% of enrollment kits are mailed within <u>five (5)</u> business days of receiving the request.</del></li> </ul>
<b>Call Center</b>	<p><b>Answer Time - Within <u>3530</u> Seconds:</b>  85% of customer calls are answered within <u>3530</u> seconds.</p> <p><b>Abandonment Rate:</b>  Less than <u>2%3%</u> of customer calls are abandoned (when a caller hangs up after connecting, but before speaking with a representative).</p>

<p><b>Systems</b></p>	<p><b>Availability:</b> In the event of a system wide outage, TFI will notify the State within <u>one-(1)</u> calendar day of the event. Unless impossible under the circumstances, TFI will notify the State of system outages in advance and will provide the State with estimates for how long systems will be down.</p> <p><u>All services and websites visible to Account Owners shall be available 98% of the time, 24 hours per day and 365 days per year exclusive of scheduled maintenance. The processing system (i.e., record keeping, web and phones) cannot be unavailable for more than 45 minutes per month during 8:00 AM – 7:00 PM PT (M-F, not including New York Stock Exchange Holidays)</u></p> <p><b>Nightly Cycle Timeliness:</b> 98% of nightly files are processed before 8:00 AM PT. the following day.</p>
<p><b>Account Processing</b></p>	<p><b>New Accounts:</b> <del>New accounts that are opened using a Plan Enrollment Form (paper).</del></p> <ul style="list-style-type: none"> <li><del>▪ <i>Accuracy:</i> The new account accuracy rate will be no less than the National Quality Review (“NQR”) average.*</del></li> <li><del>▪ <i>Timeliness:</i> 95% of new ScholarShare accounts are processed the day received if all documentation is received in good order.</del></li> </ul> <p><b>Redemptions:</b> <del>Withdrawals that are processed using a Plan Redemption Form (paper).</del></p> <ul style="list-style-type: none"> <li><del>▪ <i>Accuracy:</i> The withdrawal accuracy rate will be no less than the National Quality Review (“NQR”) average.*</del></li> <li><del>▪ <i>Timeliness:</i> 95% of withdrawals are processed the day received if all documentation is received in good order.</del></li> </ul>
<p><b>Reports</b></p>	<p><b>Weekly Reports:</b> All agreed upon Plan statistics and metrics will be provided in weekly reports to the State. These reports will be received by the State no later than Wednesday of each week.</p> <p><b>Monthly Reports:</b> All agreed upon Plan statistics and metrics will be provided in monthly reports to the State. These reports will be received by the State no later than <u>seven (7)</u> business days from the end of the month.</p> <p><b>Quarterly Reports:</b> All agreed upon Plan statistics and metrics will be provided in quarterly reports to the State. These reports will be received by the State no later than 45 business days from the end of the quarter.</p>

<b>Deadlines, Inquiries, and Document Review</b>	<ul style="list-style-type: none"> <li>• When a deadline is mutually agreed to by TFI and the State, that deadline will be met without exception. TFI and the State may agree upon a requested extension in writing, by letter or e-mail. This provision refers to all materials and projects generated by TFI, including reports, updates, marketing materials, and Web site updates.</li> <li>• Inquiries or requests for information made by the State of TFI will be addressed by TFI within <u>five (5)</u> days of the initial request, unless another date is mutually agreed to in writing.</li> <li>• TFI will allow the State to review and approve all final copies of all form letters, Web pages, annual reports and any other documents that will be distributed to or viewed by participants or the public, before these documents are sent out.</li> <li>• When TFI provides the State with documents to be reviewed, TFI will allow the State a minimum of <u>five (5)</u> business days for review, unless otherwise mutually agreed upon in writing.</li> </ul>
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Note: TIAA-CREF Tuition Financing, Inc. (TFI) constantly strives for excellence in all client experiences. The Performance Measurement standards are designed as a benchmark and service strategies are based upon dynamic forecasting models that factor in variables such as, but not limited to, historical volumes, trends and season peaks. Again, while striving for excellence, these benchmarks may be deemed unreasonable if there is an unexpected increase in volume due to unforeseen events such as market incidents, natural disasters, etc. Through our subcontractor Ascensus, we will continue to engage National Quality Review (NQR), an independent third party, to evaluate elements of processing and call center quality including, but not limited to accuracy, timeliness and completeness of information.

~~\* TIAA-CREF Tuition Financing, Inc. has contracted with Boston Financial Data Systems to meet or exceed the National Quality Review (NQR) monthly average accuracy percentage for all 529 financial transactions. NQR is an independent, third party quality reviewer. Each month, NQR performs quality reviews throughout the financial services industry and develops an accuracy average for various financial transactions. BFDS uses two types of quality reviews to ensure that they meet or exceed the NQR accuracy average. The first is a quality control review performed by a second transaction representative. The 529 transaction is reentered into the system by another representative and must match exactly before it is approved. The second quality review is performed by an independent Quality Assurance Team within BFDS. They randomly review a percentage of transactions on the day after they are completed. Feedback is provided to both the representative who made the error and their manager so that appropriate training can take place if necessary. Any corrections needed are made to the participant's account.~~