Keystone Scholars



2023-2024 ANNUAL REPORT

Dear Fellow Pennsylvanians:

Keystone Scholars has been helping families begin their savings journey for their child's future education since 2019. The program continues to be a national model for Children's Savings Accounts (CSA). With the initial $100 Keystone Scholars deposit for a child's higher education, Pennsylvania lets families know that we support their child from the very beginning and that we believe in the bright future ahead. I'm pleased to share highlights of the program in this report.

Keystone Scholars deposits are provided to every baby born to, or adopted by, a Pennsylvania family in 2019 and after. The money is invested by Treasury and will be accessible to the child after their 18th birthday to help pay for a variety of collegiate and career training expenses – including community college, four-year universities, technical training and apprenticeships.

As of June 30, 2024, more than 672,000 Keystone Scholars accounts were funded, totaling more than $67 million. Research shows that children with education savings, like that provided by Keystone Scholars, are three times more likely to enroll in a two- or four-year college or university and four times more likely to graduate.

But Keystone Scholars is about much more than money. The program aims to help parents maintain high expectations for their child's future education, cultivate a college-bound or future-focused identity in children, and prompt parents to start saving early.

This year we celebrated the program's fifth anniversary, and it's very clear that Keystone Scholars is working! About 20 percent of new PA 529 College and Career Savings Program (PA 529) accounts opened in the fiscal year ending June 30, 2024, were opened by families with Keystone Scholars accounts. More than ten percent of Keystone Scholars accounts have been claimed, about 27 percent of those families have opened their own PA 529 account – and these families have already saved more than $100 million in those companion PA 529 accounts.

Keystone Scholars is helping families of all income levels start saving, as demonstrated by the fact that 7.5 percent of low- to moderate-income families who have claimed their Keystone Scholars accounts have also opened their own PA 529 account, with the average balance exceeding $2,900.

Treasury continues to increase outreach efforts through our great community partners and our strong relationships with other state agencies. I'll give you a few examples. We've worked with the Department of Health to reach participants of the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) via text message. This effort led to a 300 percent increase in claimed WIC Keystone Scholars accounts. Partnerships were also strengthened with the Department of Human Services and Department of Education, and we look forward to working with them even more closely. A huge thanks is owed as well to our amazing partners in the General Assembly for their continued support and promotion of Keystone Scholars!

Treasury's Keystone Scholars experts continue to advocate for strong CSA policy and share best practices through leadership on a national scale including as part of the CSA working group of the College Savings Plans Network. Keystone Scholars also served as a national model for the 401Kids Savings Account Act of 2024, co-sponsored by U.S. Senator Bob Casey, which aims to create CSAs for children across the country.

The future is bright for Pennsylvania, and I can't wait to see all that our Keystone Scholars will accomplish in the years to come. We'll continue our outreach efforts to make sure every family knows about their Keystone Scholars accounts and how to start saving on their own with our great PA 529 program!

Sincerely,

Stacy Garrity

Stacy Garrity
Pennsylvania State Treasurer

TABLE OF CONTENTS

Program Overview 9

- Program Funding Status 9

Program Goals and Accomplishments 13

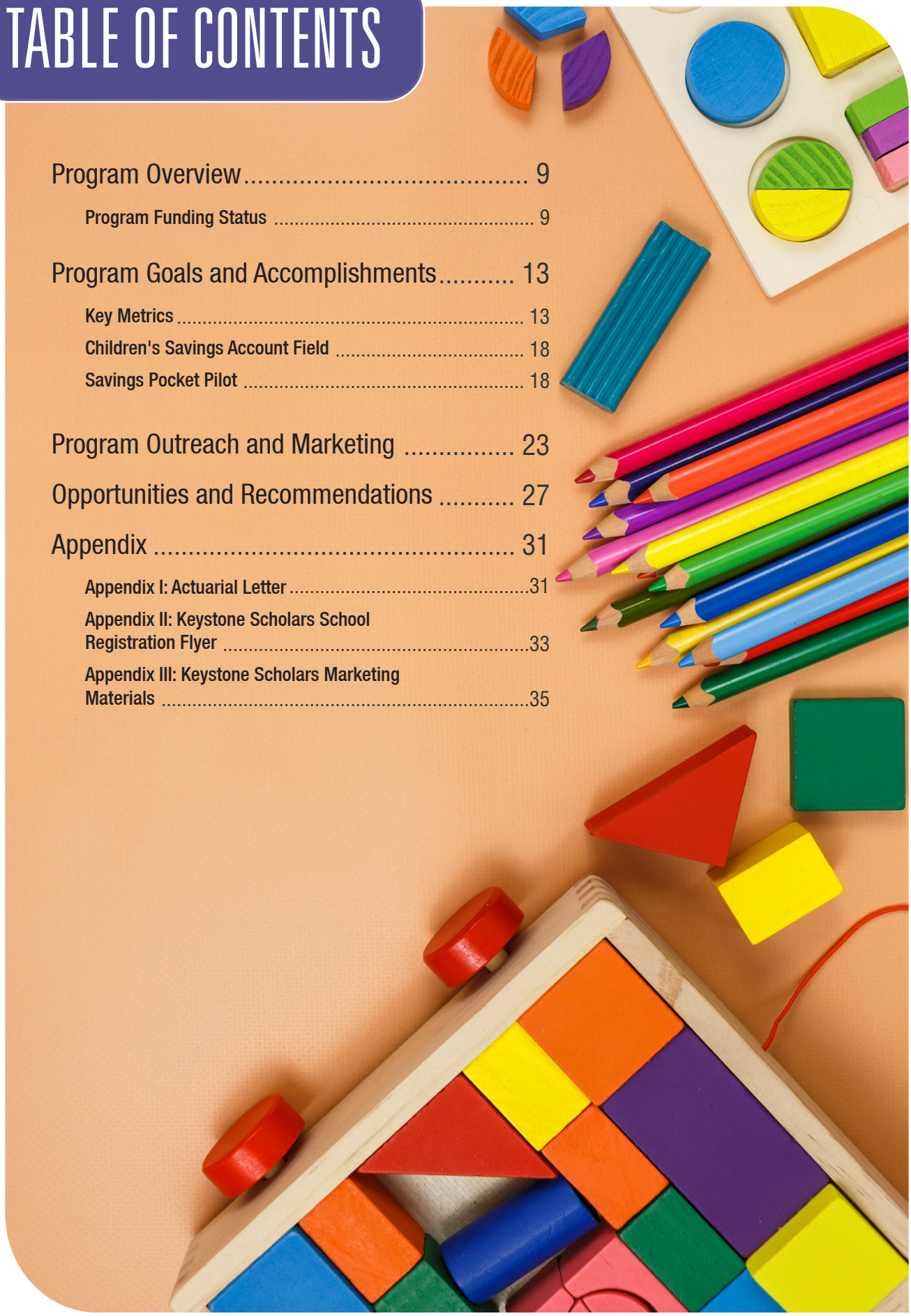
- Key Metrics 13
- Children's Savings Account Field 18
- Savings Pocket Pilot 18

Program Outreach and Marketing 23

Opportunities and Recommendations 27

Appendix 31

- Appendix I: Actuarial Letter 31
- Appendix II: Keystone Scholars School Registration Flyer 33
- Appendix III: Keystone Scholars Marketing Materials 35



PROGRAM OVERVIEW



PROGRAM OVERVIEW

Keystone Scholars is Pennsylvania's statewide Children's Savings Account (CSA) program, administered by the Pennsylvania Treasury Department (Treasury).[1] It provides a $100 starter deposit for post-high school education savings to every Pennsylvania child at birth.[2] Research shows that a child with even a modest amount of post-high school education savings is three times more likely to continue on to a 2- or 4-year college and four times more likely to graduate.[3] Keystone Scholars sets the expectation at birth for every child in Pennsylvania to pursue some form of post-high school education, including community college, technical training and apprenticeships, and it encourages families to start saving on their own early in the child's life. The starter deposit and its earnings can be used on qualified expenses at any type of postsecondary institution, both in and outside the state after a child's 18th birthday.

Treasury administers Keystone Scholars using no taxpayer funds, but rather surplus earnings from the PA 529 Guaranteed Savings Plan (GSP) Fund. Philanthropic donations and other resources support targeted additional deposits like the Bright Future Booster and the WIC-Keystone Scholars Milestone Program (Milestone Program).

Keystone Scholars was first piloted as an opt-in program in six counties in 2018. By the end of 2019, after the one-year claim window had closed for the youngest eligible pilot babies of 2018, the total claim (opt-in) rate was nearly 19 percent, which exceeded expectations based on the claim rate of other states in similar project stages. An external evaluation found that families in pilot counties were more than twice as likely to open a PA 529 College and Career Savings Program (PA 529) account within the first year of their child's life than families in non-pilot counties. For a full report on the Keystone Scholars pilot go to: https://pa529.com/keystone/pdf/Pilot-Results-Report.pdf.

Act 42 of 2018 was passed by the General Assembly and signed into law by Governor Tom Wolf on June 22, 2018. Effective on January 1, 2019, the Act established Keystone Scholars as a universal program providing a $100 starter deposit for higher education to every baby born in the Commonwealth in 2019 and onward. The program is "opt-out", meaning all children automatically receive the starter deposit without the need for parents to take any action. As a result, Pennsylvania became the first state in the country to legislate a universal, automatic/opt-out child savings account at birth.

The swift passage of the Keystone Scholars legislation championed by former Senator John Gordner, Senator Vincent Hughes, and former Representative Bernard O'Neill, as well as its considerable bipartisan support, is a testament to the effectiveness of the early research and outreach that went into launching the pilot. The Keystone Scholars statute provides for implementation of all ten key Child Development Account (CDA) design elements recommended by experts, and has been held up as a model which other states have since emulated.[4]

Act 42 of 2018 charged the Treasury with administering Keystone Scholars. Treasury's Bureau of Savings Programs operates Keystone Scholars, while its investment advisors and asset managers oversee assets as part of the GSP. Vistashare, LLC and Ascensus College Savings Recordkeeping Services, LLC perform record-keeping functions for Keystone Scholars.

PROGRAM FUNDING STATUS

According to the Keystone Scholars statute, starter deposits may be funded from surplus earnings of the GSP Fund when the Fund assets exceed 110 percent of its actuarially determined liabilities. The GSP's actuarial reserve at the end of a fiscal year (June 30) is used to determine whether the program can be funded for the following calendar year. The actuarial status is a projection of the plan's ability to meet the obligations that existed as of a certain date as they come due in the future and assumes no new contributions are received. The funding status based on actuarial calculations as of June 30, 2024, was 138.17 percent, allowing for Keystone Scholars deposits to be made in 2025. An actuarial letter confirming the GSP Fund's reserve as of June 30, 2024, is included in Appendix I.

1 The terms "Child Development Account" (CDA), and "Children's Savings Account" (CSA), are often used interchangeably.
2 Includes babies born after December 31, 2018, who are adopted by Pennsylvania residents.
3 Elliott, W., Song, H-a, & Nam, I. (2013). Small-dollar children's saving accounts and children's college outcomes by income level. Children and Youth Services Review, 35 (2013), p. 560-571
4 Sherraden, M., Clancy, M., & Beverly, S. (2018). Taking Child Development Accounts to Scale: Ten Key Policy Design Elements (CSD Policy Brief 18-08). St. Louis, MO: Washington University, Center for Social Development. https://doi.org/10.7936/K71C1WF9.

PROGRAM GOALS AND ACCOMPLISHMENTS



PROGRAM GOALS AND ACCOMPLISHMENTS

The primary goals of the Keystone Scholars program are to:

1. Help parents maintain high expectations for their child's future education,
2. Cultivate a 'college-bound' - or future-focused - identity in children, and
3. Prompt parents to start saving for their child's education with a PA 529 account as early as possible.

The ultimate outcome envisioned by the program is for Pennsylvania students, especially those from disadvantaged socioeconomic backgrounds, to successfully complete the postsecondary education of their choice without an unreasonable debt burden. Individual financial security will be improved via employment and the Commonwealth will have a skilled workforce.

Keystone Scholars staff developed a logic model to define key outputs and outcomes of the program as well as a set of key metrics, derived from a set of common metrics defined for the CSA field, which flow from the logic model. Below are select key metrics reported as of June 30, 2024.

KEY METRICS

As of June 30, 2024, more than 672,000 children had a Keystone Scholars account in their name for future college and career training expenses with program assets totaling over $67 million. More than 10 percent of families have claimed their Keystone Scholars account online, and nearly 27 percent of those families have opened and linked their own companion PA 529 account. Keystone Scholars families have saved over $103 million in linked PA 529 accounts as of June 30, 2024.

672,694
Keystone Scholars accounts

$67,269,400
starter funds invested





More than 10%
of accounts have been claimed

Nearly 27%
of claimed accounts have a linked PA 529

$103 Million
in contributions to linked PA 529 accounts



Keystone Scholars Metrics As of June 30, 2024

Outputs/Outcomes	Metrics	
Keystone Scholars Accounts	Number of accounts	672,694
	Total starter funds invested	$67,269,400
	Percent of accounts claimed	10.83%
	Percent of claimed accounts with linked[5] 529	26.90%
Families contribute to own PA 529 Accounts	Total contributions, cumulative	$103,328,663
	Total contributions FY 23-24	$44,300,389
	Average number of deposits	6
	Median number of deposits	6
	Average account balance, FY 23-24	$8,369
	Median account balance, FY 23-24	$2,570
	Keystone Scholars accounts - Urban population	514,597
	Percent of accounts claimed	11.49%
	Percent of claimed accounts with linked 529	28.56%
	Keystone Scholars accounts - Rural population	158,098
	Percent of accounts claimed	8.69%
	Percent of claimed accounts with linked 529	19.80%
LMI[6] - Keystone Scholars accounts	Number of accounts for LMI families	183,474
	Percent of claimed LMI-KS Accounts	6.40%
	Percent of claimed LMI-KS Accounts with linked 529	7.58%
	Total additional targeted deposits[7]	$891,750
LMI - Families contribute to own PA 529 Accounts	Total contributions, cumulative	$1,691,021
	Total contributions, FY 23-24	$755,251
	Average number of deposits	6
	Median number of deposits	2
	Average account balance, FY 23-24	$2,938
	Median account balance, FY 23-24	$350
	LMI-Keystone Scholars accounts - Urban population	137,548
	Percent of accounts claimed	6.45%
	Percent of claimed accounts with linked 529	8.14%
	LMI-Keystone Scholars accounts - Rural population	45,925
	Percent of accounts claimed	6.26%
	Percent of claimed accounts with linked 529	5.85%

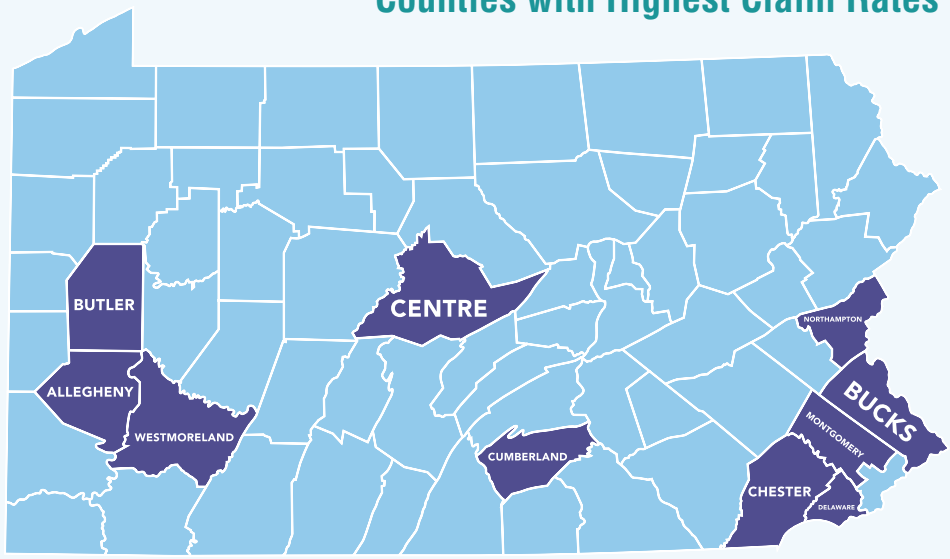
5 The term “linked” refers to a PA 529 account that has been connected to a child’s Keystone Scholars account. PA 529 accounts include only family/non-program contributions.

6 Low-to-moderate income (LMI) accounts are determined by a code on birth records transmitted from the PA Department of Health which indicate when a child’s mother is enrolled in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) at the time of birth.

7 From Bright Future Booster and Milestone Programs funded by philanthropy.

Treasury staff closely monitors the percentage of children whose Keystone Scholars accounts have been claimed. A claimed account indicates that the family has logged into the Keystone Scholars account portal, signaling their awareness of the account and providing Treasury with an email address for future communication. This interaction is significant, as engagement with a CSA like Keystone Scholars is believed to boost parental expectations for their children's future, positively impacting both parental well-being and the development of a college- and career-focused identity in children. When we break down these statistics by county, outreach staff pinpoint areas that may benefit from enhanced engagement efforts.

Counties with Highest Claim Rates



1. Allegheny
2. Montgomery
3. Centre
4. Butler
5. Chester
6. Cumberland
7. Delaware
8. Westmoreland
9. Bucks
10. Northampton

Additionally, Keystone Scholars has made a notable impact among Low-to-Moderate Income (LMI) families. Nearly 6.5 percent of LMI families have claimed their child's Keystone Scholars account, and over 7.5 percent have taken the important step of opening their own account. Families are saving in their accounts as well – with an average of 6 deposits in the fiscal year and an average account balance of more than $2,900. These figures highlight the program's reach and effectiveness in supporting families across all income levels.

Data indicates that the highest engagement rates in the Keystone Scholars program are among the oldest cohorts, largely due to sustained outreach efforts and more opportunity for families to become aware of and engage with the program. This is evident in the claim rate of the 2019 cohort which is more than 15 percent compared to the claim rate across all cohorts, which is just over 10 percent.

Lastly, we believe Keystone Scholars is playing a strong role in the growth of the PA 529 College and Career Savings Program. Almost 20 percent of new PA 529 accounts in the fiscal year ending June 30, 2024, were opened by Keystone Scholars families. Because we can reach out to all families when their child is born, the average age at enrollment in a PA 529 is decreasing, with more than 36 percent of new accounts opened prior to the child's first birthday.

Celebrating the 5th Anniversary of Keystone Scholars

January marked the 5th anniversary of Keystone Scholars. On March 28, 2024, Treasurer Stacy Garrity visited Children's Hospital of Philadelphia's (CHOP) Karabots Pediatric Care Center to celebrate this important milestone. Treasurer Garrity and staff visited with Dr. George Dalembert, Director of CHOP's Medical Financial Partnership (MFP) and team who are strong supporters of Keystone Scholars.

> "CHOP has a long history of innovating to improve the health of the patients we serve. Through the work of the MFP, we continue in that tradition by expanding the factors that help children achieve their full health potential. Health is inextricably tied to financial wellness, and education pays. Promoting Keystone Scholars, an evidence-informed intervention, is a great way to invest in helping children attain their best health."
>
> - Dr. George Dalembert, Director of CHOP's Medical Financial Partnership

Strategic Priorities

In fall of 2023, as a part of its strategic plan, Treasury staff identified three groups of stakeholders for focused, strategic outreach including, state agencies, school districts and health systems. Treasury is proud of its efforts to engage these stakeholders and the initial progress it made in this fiscal year.

Priority: Enhanced relationships with state agencies

This year, we deepened our collaboration with several state agencies including the Department of Health, Department of Human Services, and the Department of Education. These strengthened partnerships have been instrumental in broadening our outreach and increasing program awareness to communities who are the beneficiaries of Keystone Scholars.

Department of Health

We are grateful to the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) who partnered with Treasury to send texts to all Pennsylvania participants encouraging them to claim their child's Keystone Scholars account. In a two-day period, Treasury saw a 300 percent increase in claimed WIC Keystone Scholars accounts over the same two-day period a year prior. WIC has agreed to send texts to its participants twice a year, and will send another text in November 2024 to new WIC participants.

Department of Human Services

We strengthened our partnership with the Department of Human Services (DHS) by engaging with multiple bureaus to identify areas where they can assist in promoting Keystone Scholars. This partnership has opened opportunities to present the program to both new and familiar audiences, enhancing our outreach and impact. DHS and Treasury have created a communication plan to inform their families about the Keystone Scholars program and how to claim their child's account.

Department of Education

As our oldest cohort of participants entered kindergarten in the fall of 2024, the Department of Education (PDE) has been an integral part of our outreach to school districts throughout the commonwealth. Senior staff at PDE have visited regional intermediate units and have spoken to administrators and superintendents about the benefits of Keystone Scholars and how the schools can share information about the program and help with the claiming of accounts. They have invited Treasury staff to speak and exhibit at multiple PDE events and conferences.

Priority: School District Outreach

Treasury recently created a resource for school districts to share with administration and staff which outlines the research behind Keystone Scholars and how each school can help raise awareness and claiming of accounts. Treasury created a form for schools to incorporate into their online registration process that includes an external link that will take parents directly to the Keystone Scholars website to claim their child's account. These resources were shared with the PDE who has been proactively sharing the message of Keystone Scholars to superintendents and intermediate unit executive directors. Appendix II.

Priority: Health Systems

Adagio Health

Automatic progressive subsidies are one of ten essential design elements in CSA legislation[8]. In 2021, the WIC-Keystone Scholars Milestone Program, initiated by local WIC agency Adagio Health, and supported by the Henry L. Hillman Foundation, provided additional deposits to children born in 2021 to mothers participating in WIC whom Adagio Serves. Each year an eligible child remains enrolled in WIC, until their fifth birthday, they receive increasing deposits into their Keystone Scholars accounts. Of the 494 children who received the initial milestone deposit, 316 children remained enrolled in WIC for the second year and received an additional incentive of $50. Those children who have remained in WIC since birth, now have $250 (plus earnings) in their Keystone Scholars accounts.

Overview of Milestone Program Targeted Deposits

	Keystone Scholars Deposit	Milestone Deposit	Total
Birth	$100	$50	
1 Year		$50	
2 Years		$50	
3 Years		$75	
4 Years		$100	
5 Years		$100	
Total	$100	$425	$525

Children's Hospital of Pennsylvania (CHOP)

In May, CHOP hosted a claiming drive for eligible patient families within their Karabots Pediatric Care Center. CHOP's Resource Navigators texted families the day before their well visit appointments reminding them that there was a Keystone Scholars account in their child's name and providing them a link to claim their account. Patient providers were also incentivized to encourage their families' participation. Families who claimed their Keystone Scholars account and provided a screenshot of their portal page to their Resource Navigator were entered into a lottery for a $100 gift card provided by CHOP.

CHOP continues to communicate the importance of Keystone Scholars and experiment with initiatives to help patients claim their accounts.

Other Partners and Allies

Treasury relies on both partners and allies to raise awareness, promote the claiming of Keystone Scholars accounts, and provide formal support in achieving key objectives.

Women's Opportunities Resource Center

Treasury recently partnered with Women's Opportunities Resource Center (WORC) based out of Philadelphia to pilot a savings match program for families. The WORC-Children's Savings Match Program encourages families to claim their child's Keystone Scholars account and open a PA 529 College and Career Savings Program account to start saving. Parents are also required to take money management classes and attend a money management workshop. After six months, WORC will match a family's savings up to $100. That's $300 saved toward their child's post-high school training and education with the hopes that families will continue to save on their own.

[8] Clancy, M. M., Sherraden, M., & Beverly, S. G. (2019, November). Child Development Accounts at scale: Sample state legislation (CSD Policy Summary No. 19-46). St. Louis, MO: Washington University, Center for Social Development. https://doi.org/10.7936/cptg-2n77.

Western Pennsylvania Diaper Bank

In May, Treasurer Garrity and staff volunteered at the Western Pennsylvania Diaper Bank as part of an initiative organized by the National Association of State Treasurers (NAST) Corporate Affiliate Board. NAST volunteers helped wrap more than 11,350 diaper bundles, inserting Keystone Scholars brochures and bookmarks into each bundle. The event also raised over $17,000, enough to purchase 85,000 diapers.

Arts Holding Hands and Hearts, Inc.

The Chester County Imagination Library, an affiliate of the Dolly Parton Imagination Library, is powered locally by Arts Holding Hands and Hearts (AHHAH) in partnership with the Justamere Foundation and the Kennett Library. The goal of this program is to increase literacy levels for preschool age children living in Chester County, to provide opportunities for positive family experiences and engagement, and to foster a love of reading in the greater Chester County community. Children from birth to age five who live in Chester County can be enrolled in the Chester County Imagination Library program to receive a free book in the mail once a month.

In partnership with Treasury, the Chester County Imagination Library includes Keystone Scholars bookmarks, which include a QR code to claim accounts, with every book that is mailed.

CHILDREN'S SAVINGS ACCOUNT FIELD

As the first state to legislate a universal, automatic, at-birth CSA, Treasury staff continue to play a leadership role amongst other states and organizations involved in administering CSA programs. One of these is a CSA working group within the College Savings Plans Network (CSPN), an affiliate organization of the National Association of State Treasurers (NAST). This working group facilitates sharing of best practices amongst states who run CSAs connected to a 529 program, and also information exchange for those who are interested in or in the process of developing a statewide CSA.

Additionally, the Keystone Scholars Program served as a model for the 401Kids Savings Account Act of 2024. In January 2024, Senator Bob Casey, along with several co-sponsors, introduced S. 2716 which would create children's savings accounts for kids across the country.

SAVINGS POCKET PILOT

Treasury concluded its multi-year project with Build Commonwealth (Commonwealth), a national nonprofit building financial security and opportunity for financially vulnerable people, to explore the role that emergency savings may play in helping low-to-moderate income families save for longer-term education needs. A Savings Pocket prototype was developed and piloted to test the hypothesis, based on Commonwealth's initial research findings, that families may be more comfortable saving in 529 plans if they could simultaneously save and access funds for emergencies without penalty. The pilot, which included Keystone Scholars families, ran for six months, from April 2023 to October 2023. Through tracked direct data, monthly surveys, and interviews with select participants, Commonwealth uncovered the following key findings[9]:

- Integrating 529s and emergency savings can encourage 529 usage and help people save. While contributions into participants' liquid savings accounts were relatively consistent, deposits into participants' connected PA 529s increased throughout the pilot.
- Overall, pilot participants had a positive experience with the Savings Pocket—they understood the tool and how to use it. Monthly surveys indicated that 65 percent of participants reported a "good" or "excellent" experience, and 35 percent said they would continue using the tool after the pilot ended.
- Participant feedback supported several design features: connecting multiple 529s to one savings account, customizable emergency savings goals, fast withdrawals, and design with simplicity.

[9] Saving for College AND Emergencies? Pilot Program Shows It's Possible." Commonwealth (blog), May 28, 2024. http://buildcommonwealth.org/blog/saving-for-college-and-emergencies-pilot-program-shows-its-possible/.

- Across all participants, early evidence implied that specific personas saw the most benefit from the tool. Commonwealth identified three distinct “savings personas” for whom a 529-linked emergency savings account proved most impactful:

    1. "People who Struggle to Save" and need a safety net before saving for a long-term goal, such as post-high school education. Half of the participants without any emergency savings started saving during the pilot.

    2. Previous savers who "Need a Nudge" to get back into the practice. Having the app at their disposal encouraged regular saving for some.

    3. "People who are Seeking a Savings Education" and want to learn more about emergency and educational savings. 27 percent of participants reported liking learning how to save for emergencies and education through the Savings Pocket.

A final report was published by Commonwealth in May 2024. Commonwealth plans to engage with the broader 529 industry to explore next steps to build on the learnings from this pilot.

PROGRAM OUTREACH AND MARKETING



PROGRAM OUTREACH AND MARKETING

Keystone Scholars outreach and marketing activities generate broad general awareness of the program and direct messaging to eligible families.

Program Communications

Letters are mailed throughout the year to all new Pennsylvania parents with information about Keystone Scholars and instructions for claiming their child's account online.

Treasury continues to promote Keystone Scholars through:

- Quarterly emails to families that have pre-registered but have not yet claimed their Keystone Scholars account,
- Quarterly Keystone Corner newsletters to partner organizations,
- Monthly Treasury newsletters,
- Legislative newsletters,
- Treasury social media, and
- Partner organizations' social media and other communications.

Advertising

Paid advertising for Keystone Scholars employed a mix of traditional and digital platforms to deliver advertisements with more than 16 million digital impressions alone delivered. Advertising included streaming video, social media, display ads, transit advertising, and point-of-care ads running in select doctor's offices. Website traffic from digital advertisements drove more than 58,000 new users to the Keystone Scholars website between July 1, 2023, and June 30, 2024. Examples of Keystone Scholars marketing materials are included in Appendix III.

Additionally, Keystone Scholars information was included on approximately 1.45 million PA 529 direct mail postcards sent in December 2023 and May 2024.

Outreach

Treasury's Bureau of Savings Programs regional outreach team has eight staff members who promote Keystone Scholars as well as Treasury's other savings programs. Their outreach includes in-person connections made at meetings and community events with business, non-profits and faith-based organizations. Treasury recently added a bi-lingual Community Engagement Manager to assist in expanding Keystone Scholars engagement in Latino communities.

Earned Media

The Keystone Scholars program was mentioned in several press releases throughout the year and recognized in earned media, including articles in the Perry County Times, Penn Watch and MyChesCo.

Other Opportunities

Information about Keystone Scholars was also placed on Treasury's unclaimed property website. In the last fiscal year, Treasury's unclaimed property website had over two million views, making it a perfect place to cross-promote Keystone Scholars. Under a headline of "Unclaimed education savings", more information about Keystone Scholars is available for site visitors.

OPPORTUNITIES AND RECOMMENDATIONS



OPPORTUNITIES AND RECOMMENDATIONS

The Governor and General Assembly should continue to be active promoters of the Keystone Scholars Program.

The Keystone Scholars program is a key initiative for fostering a culture of saving for higher education across Pennsylvania. As strong advocates for the program, the Governor and General Assembly have a unique opportunity to champion this cause. Their continued support and promotion are essential in raising awareness, driving participation, and reinforcing the program's positive impact on families, especially those in low-to-moderate income communities. By advocating for Keystone Scholars, they help ensure that more children can access the benefits of higher education and career training without an unreasonable burden of debt and position Pennsylvania as a leader in supporting education savings and financial preparedness for future generations.

The Governor and General Assembly should consider allowing state agencies to fully support the PA 529 and Keystone Scholars Programs.

By granting access to essential data and integrating Keystone Scholars into existing agency programs, state agencies can play a significant role in connecting more families with the benefits of the program. Facilitating data sharing between agencies would enable more targeted outreach to eligible families, improving awareness and participation rates. Additionally, embedding Keystone Scholars into related and established programs would streamline the process for families to claim their accounts and encourage them to save for their children's future. This coordination would allow the Keystone Scholars program to reach more Pennsylvania families and ensure that every child can benefit from this early educational investment.

The Governor and General Assembly should consider amending Keystone Scholars enabling legislation to allow Treasury to drive further growth in Keystone Scholars and the GSP.

As has been discussed elsewhere in this report, as of June 30, 2024, the GSP was 138.17 percent funded with a surplus of $671.62 million. Given the health of the GSP fund, the Governor and General Assembly should consider amending Keystone Scholars legislation to allow Treasury to use a portion of the GSP's surplus, as long as that surplus remains above 110%, to incentivize participation in Keystone Scholars and PA 529.

APPENDIX



APPENDIX I: ACTUARIAL LETTER

ACTUARIAL RESOURCES CORPORATION
CONSULTANTS • ACTUARIES

4080 McGinnis Ferry Road, Suite 901 • Alpharetta, GA 30005-4143
PH: (770) 752 - 5656 • FAX: (770) 752 - 5650

August 8, 2024

The Honorable Stacy Garrity
Treasurer, Commonwealth of Pennsylvania
State Finance Building, Room 129
Harrisburg, PA 17120

Dear Treasurer Garrity:

We have completed our actuarial analysis of the Fund ("the Fund") for the Pennsylvania Tuition Account Guaranteed Savings Plan ("the Plan") as of June 30, 2024. This report presents our findings with respect to the Fund's expected cash flows and status of the Fund.

This report also presents our analysis of Plan Credit Rates effective September 1, 2024 through August 31, 2025.

The analysis of the funding of the Plan was prepared for the Pennsylvania Treasury ("Treasury") for the purpose of assessing the status of the Fund in accordance with Section 306(b)(3) of Act 11 of 1992. The analyses have been prepared in accordance with generally accepted actuarial principles and practices commonly applicable to similar types of arrangements.

The rates for Plan Credits for September 1, 2024 through August 31, 2025 are self-supporting. That is, contributions made at these rates are anticipated to generate an additional amount of actuarial reserve.

Currently the expected value of liabilities is $1,759,484,859 and the value of assets plus projected future fees is $2,431,105,983, for a difference of $671,621,124 or 38.17% of liabilities. For comparison purposes, the corresponding amounts from June 30, 2023 were expected value of liabilities of $1,730,862,469 and value of assets plus projected future fees of $2,268,065,960, for a difference of $537,203,491 and a ratio of 31.04% of liabilities.

In determining the amounts for June 30, 2024, we made one change to assumptions. The portion of appropriated expenses allocated to GSP work and new business has increased.

Subsequent to the date of this analysis, account fees will be waived for the 2024-2025 academic year. The fee waiver for 2024 – 2025 will decrease the actuarial reserve by $3,790,942 to $667,830,182 which is 37.96% of liabilities.

* * * * *

We appreciate the opportunity to serve the Commonwealth of Pennsylvania. Any questions about the report should be directed to me at (770) 752-5656.

Very truly yours,



John T. Condo, FSA, MAAA, Ph.D.
Vice President

APPENDIX II: KEYSTONE SCHOLARS SCHOOL REGISTRATION FLYER

Keystone Scholars



Keystone Scholars is an investment in every Pennsylvania child's bright future, including yours!

Keystone Scholars provides $100 for every child born to a PA family on or after January 1, 2019, to be used for your child's future post-high school education expenses. The $100 is invested and will grow alongside your child.

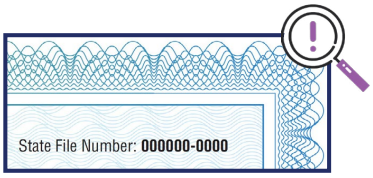
Your Keystone Scholars account can be used for qualified higher education expenses including tuition, fees, books, and more for:

- Qualified apprenticeships
- Vocational and technical school
- Community college
- 4-year college
- Graduate school program

Claim your account!

You can claim your account right now! You just need the following information:

1. Child's date of birth.
2. Zip code used to file for your child's PA birth certificate.
3. Birth certificate number (also known as State File Number).



Claim your account now!

IMPORTANT

One you claim your account, you will receive a verification email from donotreply@vistashare.com to validate your email address. Click the link and follow the prompts to set up your account and watch your savings grow!

Questions? Please email keystone@pa529.com or call 800-440-4000.

Stacy Garrity
Pennsylvania Treasurer

pa529.com/keystone

APPENDIX III: KEYSTONE SCHOLARS MARKETING MATERIALS

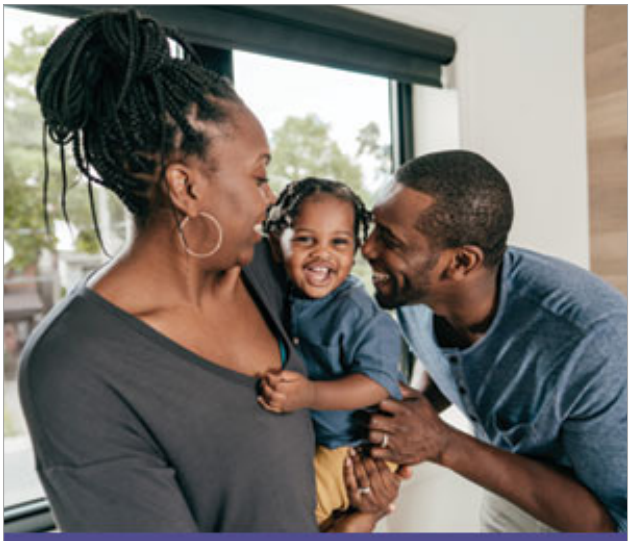


Keystone Scholars

FREE $100 INVESTMENT FOR EDUCATION SAVINGS FOR PA CHILDREN.

Click or call 800-440-4000.

Learn More



Keystone Scholars

PA NEWBORNS GET $100 FOR EDUCATION. VIEW YOUR CHILD'S ACCOUNT TODAY.

Click or call 800-440-4000.

Learn More



Keystone Scholars

FREE $100 INVESTMENT FOR EDUCATION SAVINGS FOR PA CHILDREN.

Click or call 800-440-4000. Learn More



Keystone Scholars

Keystone Scholars provides a free $100 investment for your child's future!

All children born to PA residents automatically have a Keystone Scholars account in their name with $100 for post-high school training and education, including career schools, apprenticeships, and college.*

Claim your account today!

***Child must be born in 2019 or later.**

Stacy Garrity
Pennsylvania Treasurer

800-440-4000 | pa529.com/keystone

Keystone Scholars is open to Pennsylvania residents born on or after January 1, 2019, and children born on or after January 1, 2019, who are subsequently adopted by a Pennsylvania resident. The child must be a Pennsylvania resident at birth or adoption and at the time the Keystone Scholars funds are used. The child must also be the beneficiary of a PA 529 account other than the Keystone Scholars account at the time Keystone Scholars funds are used. If not used by the beneficiary's 29th birthday, the funds will be returned to the Pennsylvania Treasury Department (Treasury). Funds in a Keystone Scholars account will be invested in a PA 529 GSP account and will remain under the sole custody of Treasury until they are used for the purposes of paying for qualified higher education expenses at an institution of higher education. The Keystone Scholars program is funded without taxpayer money.



Keystone Scholars

Keystone Scholars is an automatic, at-birth $100 investment for education savings!

All children born to PA residents, including children who are adopted, automatically have a Keystone Scholars account in their name with $100 for postsecondary education expenses.*

Use funds for career & vocational training – or at community colleges & four-year universities.

***Child must be born on or after January 1, 2019.**

Stacy Garrity
Pennsylvania Treasurer

800-440-4000 | pa529.com/keystone

Keystone Scholars is open to Pennsylvania residents born after December 31, 2018 and children born after December 31, 2018 who are subsequently adopted by a Pennsylvania resident. The child must be a Pennsylvania resident at birth or adoption and at the time the Keystone Scholars funds are used. The child must also be the beneficiary of a PA 529 account other than the Keystone Scholars account at the time Keystone Scholars funds are used. If not used by the beneficiary's 29th birthday, the funds will be returned to the Pennsylvania Treasury Department (Treasury). Funds in a Keystone Scholars account will be invested in a PA 529 GSP account and will remain under the sole custody of Treasury until they are used for the purposes of paying for qualified higher education expenses at an institution of higher education. A list of qualified higher education expenses may be found at www.pa529.com. No additional funds may be contributed to a Keystone Scholars account. However, families are encouraged to save in their own PA 529 account.

613 North Drive
Harrisburg, Pennsylvania 17120
pa529.com
717-772-5000

Keystone Scholars is open to Pennsylvania residents born after December 31, 2018, and children born after December 31, 2018, who are subsequently adopted by a Pennsylvania resident. The child must be a Pennsylvania resident at birth or adoption and at the time the Keystone Scholars funds are used. The child must also be the Beneficiary of a PA 529 account other than the Keystone Scholars Account at the time Keystone Scholars funds are used. If not used by the Beneficiary's 29th birthday, the funds will be returned to the Pennsylvania Treasury Department (Treasury). Funds in a Keystone Scholars Account will be invested in a PA 529 GSP account and will remain under the sole custody of Treasury until they are used for the purposes of paying for qualified higher education expenses at an institution of higher education. A list of qualified higher education expenses may be found at www.pa529.com. No additional funds may be contributed to a Keystone Scholars Account. However, families are encouraged to save in their own PA 529 account.

The Pennsylvania 529 College and Career Savings Program offers two 529 plans – the PA 529 Guaranteed Savings Plan (GSP) and the PA 529 Investment Plan (IP) – and sponsors Keystone Scholars, a Children's Savings Account program. The guarantee of the PA 529 Guaranteed Savings Plan is an obligation of the GSP Fund, not the Commonwealth of Pennsylvania or any state agency. Before investing in either PA 529 plan, please carefully read that plan's disclosure statement (available at www.pa529.com or by calling 1-800-440-4000) to learn more about that plan, including investment objectives, risks, fees, and tax implications. Before you invest, consider whether your or the beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in that state's qualified tuition program.