

**Texas Prepaid Higher Education Tuition Board**  
**LBJ Building, Room 114**  
**111 E. 17th Street, Austin, Texas**

**Minutes from the August 12, 2025, Board Meeting**

Pursuant to the notice of public meeting, which was duly filed with and posted by the Office of the Secretary of State on July 31, 2025, Acting Comptroller Kelly Hancock called the meeting of the Texas Prepaid Higher Education Tuition Board (“Board”) to order at 10:01 a.m., Tuesday, August 12, 2025.

**Members Present:** Acting Comptroller Kelly Hancock, Ms. Sarina Davidson, Ms. Michele Purgason, Ms. Judy Trevino, Mr. Jarrod Winkcompleck, and Ms. Deborah Zuloaga

**Members Absent:** Mr. Ben Streusand

There being a quorum present, the following business was discussed:

Ms. Zuloaga moved to approve the minutes of the May 13, 2025, Board meeting. Ms. Trevino seconded the motion. The motion passed unanimously.

The Acting Comptroller introduced Mr. John Flagle, Partner, and Kiera Thielen, Consultant, of Aon Investments USA, Inc., the Board’s investment consultant who presented the market environment update.

Ms. Thielen reviewed the diligence calendar. Mr. Flagle and Ms. Thielen presented the investment performance reports for the quarter ended June 30, 2025, for the Texas Guaranteed Tuition Plan, the Texas Tuition Promise Fund<sup>®</sup>, the Texas College Savings Plan<sup>®</sup>, the LoneStar 529 Plan<sup>®</sup>, and the Texas ABLE<sup>®</sup> Program and responded to questions from board members.

Mr. Flagle presented a review of the asset allocation of the Texas Tuition Promise Fund. After board discussion, no changes were made to the asset allocation by the Board.

Ms. Thielen presented a review of the asset allocation of the Texas Guaranteed Tuition Plan. No changes were made to the asset allocation by the Board.

Acting Comptroller Hancock asked Mr. Flagle and Mr. Daniel Sherman, Actuary, Sherman Actuarial Services, the Board’s actuary, to review their recommendations for the actuarial assumptions to be considered by the Board for the 2025 actuarial reports of the Board’s prepaid tuition plans.

Mr. Flagle presented the recommendation for investment return assumptions for the 2025 actuarial valuation of the Texas Guaranteed Tuition Plan. Mr. Sherman presented the recommended actuarial assumptions for tuition inflation and the general assumptions for

the 2025 actuarial valuation. Following the presentations and Board discussion of historical tuition increases, Ms. Purgason made a motion to adopt the actuarial assumptions for the Texas Guaranteed Tuition Plan proposed by Sherman Actuarial Services in its August 5, 2025, letter to the Board and the investment return assumptions proposed by Aon Investments USA, Inc., as presented in its August 12, 2025, memo to the Board as follows:

**Tuition Inflation:**

- 5.5% for Public Senior Plans
- 5.5% for Junior College Plans
- 5.5% for Private University Plans

**Investment Returns for Fiscal Year:**

- 3.7% for fiscal year 2026 and beyond

**Other Assumptions:**

No changes were recommended for the prior year assumptions for Expenses, Mortality and Disability, Bias, Early Voluntary Surrender of Contract, Future Participation in the Program, Matriculation Percent, Dropout Rate, Frequency of Beneficiary Replacement, and Utilization of Credits.

Ms. Davidson seconded the motion. The motion passed unanimously.

Mr. Flagle presented the recommendation for investment return assumptions for the 2025 actuarial valuation of the Texas Tuition Promise Fund. Mr. Sherman presented the recommended actuarial assumptions for tuition inflation and the general assumptions for the 2025 actuarial valuation. Ms. Trevino made a motion to adopt the actuarial assumptions for the Texas Tuition Promise Fund proposed by Sherman Actuarial Services in its August 5, 2025, letter to the Board and the investment return assumptions proposed by Aon Investments USA, Inc., as presented in its August 12, 2025, memo to the Board as follows:

**Tuition Inflation:**

- 5.5% for Public Senior Plans
- 5.5% for Junior College Plans

**Investment Return, Net of Fees and Expenses:**

- 5.65% for fiscal year 2026 and after (Gross Return Assumption of 6.65%; Net of Fees Assumption of 5.65% reflects expenses of 1.0% for investment management fees and program management fees)

**Other Assumptions:**

No changes were recommended for the prior year assumptions for Expenses, Early Volunteer Surrender of Contract, Mortality and Disability, Future Participation in the Program, Matriculation Percent, Dropout Rate, Frequency of Beneficiary Replacement, and Utilization of Credits.

Mr. Winkcompleck seconded the motion. The motion passed unanimously.

Acting Comptroller Hancock introduced Mr. Ben Navarro, Assistant Division Director and Chief Financial Officer of the Comptroller's Educational Opportunities and Investments Division, who presented the results of the annual tuition and fee surveys for

the 2025-2026 academic year submitted to the Board by Texas public and private colleges and universities and the proposed hourly reimbursement rates for the upcoming academic year for the Texas Guaranteed Tuition Plan. Following the presentation, Ms. Zuloaga moved to approve the following hourly tuition and required fee rates for the Texas Guaranteed Tuition Plan for the 2025-2026 academic year:

- \$129.32 for Junior College Plans
- \$372.70 for Senior College Plans
- \$1,115.12 for Private College Plans

Ms. Trevino seconded the motion. The motion passed unanimously.

The Acting Comptroller asked Mr. Navarro to present the next item related to the staff recommendation for the sales prices, fees, and implied interest component rate for the 2025-2026 plan year for the Texas Tuition Promise Fund. Following the presentation, Ms. Zuloaga made a motion to adopt the following tuition unit sales prices, interest rate on installment contracts, earnings for refunds, and fees for the plan year beginning September 1, 2025, and ending August 31, 2026:

Type I Tuition Units	\$165.11
Type II Tuition Units	\$115.89
Type III Tuition Units	\$32.15
Administrative Fee	\$0.00 for the months of September and October 2025; \$25.00 for enrollments beginning November 1, 2024
Late Fee	\$15.00
Returned Payment Fee	\$20.00
Implied Interest Rate Component on Installment Contracts	Compound Annual Rate of 6.00%

Earnings Return Recommendation for Plan Refunds	2% Less than Actual Fund Net Earnings at a rate not to exceed 5% and not below Reduced Refund Value.
---	--

Ms. Purgason seconded the motion. The motion passed unanimously.

The Acting Comptroller asked Board member Mr. Jarrod Winkcompleck, who serves as the presiding officer of the Texas ABLE Advisory Committee, to provide an update on the committee’s activity. Mr. Winkcompleck reported that the committee had met on May 28, 2025, and that a new member was added from the business community as allowed by the amendment to the Texas ABLE rules approved by the Board in February 2025.

The Acting Comptroller introduced Mr. Jeffrey Mullins, Senior Counsel for Fiscal and Agency Affairs Legal Services, to present information on consideration of renewal of the contract with Griffin Frey for outside counsel legal services. Ms. Trevino made a motion to authorize staff to take all actions necessary and implied to renew the Griffin Frey, PLLC, contract for outside legal counsel for the period beginning January 1, 2026, and ending December 31, 2026. Ms. Purgason seconded the motion. The motion passed unanimously.

The Acting Comptroller asked Mr. Navarro to present the next item for consideration of renewal of the Board’s contract with AKF Consulting Group. Ms. Davidson moved to authorize renewal of the contract with AKF Consulting Group for 529 Consulting Services for the period beginning January 1, 2026, and ending December 31, 2026, with a maximum compensation limit of \$100,000 and to authorize staff to take all actions necessary and implied to carry out the actions.

Ms. Zuloaga seconded the motion. The motion passed unanimously.

Mr. Navarro advised the Board that the contract with Sherman Actuarial Services, for actuarial services for the prepaid tuition plans would expire on August 31, 2025. Ms. Trevino moved to authorize renewal of the contract with Sherman Actuarial Services for actuarial services for the period beginning September 1, 2025, and ending August 31, 2026, and to authorize staff to take all actions necessary and implied to carry out the actions.

Ms. Purgason seconded the motion. The motion passed unanimously.

The Acting Comptroller introduced Mr. Trevor Noble, Senior Vice President, Orion Wealth Management, who provided the plan manager administration and marketing reports for the quarter ended June 30, 2025.

The Acting Comptroller reminded the Board that future board meetings are scheduled as follows:

- Tuesday, November 4, 2025
- Tuesday, February 10, 2026
- Tuesday, May 12, 2026
- Tuesday, August 18, 2026
- Tuesday, November 17, 2026

There were no items to consider under agenda item #14 so it was skipped.

The Acting Comptroller opened the meeting for public comment. There were no requests to provide public comment and the Acting Comptroller closed the public comment period.

Ms. Purgason made a motion to adjourn the meeting. Mr. Winkcompleck seconded the motion and the meeting was adjourned at 11:18 a.m.

Respectfully submitted,

Linda A. Fernandez  
Director, Educational Opportunities and Investments Division