



March 6, 2013

### **Customer Q & A**

The 2013 legislative session has prompted new discussions about GET. As customers call us with questions, we want to affirm the fact that **GET is open for enrollment and remains a safe and effective way to save for college**. This year, **enrollment is open through May 31, 2013**. Once your account is open, you can add money to it at the current unit price through July 1, 2013.

### **Is my GET account safe?**

Your GET account is safe and secure, and GET's guarantee is specified in [state law](#). Eleven other states offer prepaid tuition plans, and only four of those plans (the prepaid plans in WA, FL, MS and MA) include a state-backed guarantee. Changes under discussion would not affect current accounts, including all who enroll during this enrollment year.

### **Why is GET being discussed?**

The issue of funding higher education rests with the Legislature and GET is but one of several items in the ongoing discussion. As budgets are strained, lawmakers have a challenging task ahead of them. Expect to hear more about tuition increases, differential tuition and how these factors could affect the GET program. It's important to remember that all current GET customers are legally protected by the contract that is in place when they enroll. The guarantee that current GET account owners will receive a payout value based on the highest residential undergraduate tuition will not change.

### **Could the GET program close?**

Early in the session, a few legislators had suggested closing the GET program (to new enrollments only), to reduce future state liability. No bill was introduced. It's sometimes misunderstood that **GET receives no ongoing support from the state and there would be no benefit to the current budget by closing the program**. GET is a self-sustaining program, entirely funded by GET participants. The only reason the state would ever need to contribute funds to GET would be if the program were unable to pay for student tuition at the time participants enroll in college. The \$2.1 billion GET fund is sufficient to pay tuition for many years into the future. Students will use their accounts over the next twenty or more years, so the program has time to weather economic challenges. The State Treasurer has testified, "I believe we should continue the GET program and support it in its current path." (House Higher Education Committee, January 31, 2013)

### **Is GET "underfunded?"**

Some comments have reflected a concern about GET's unfunded liability. A reference to GET's funded status reflects the amount of money the program would need to cover all current contracts as they come due in the future, compared to the assets on hand, as calculated on the specific date of GET's last annual valuation, which was June 30, 2012. An unfunded liability can occur when the program experiences above-expected tuition growth or below-expected investment returns for extended time periods. Under current operating policies, the program is expected to return to a fully funded status and replenish reserve levels if the program remains open. According to the State Actuary, the program has only a 1.1% chance in 50 years of ever needing state assistance, as long as the program continues its current enrollment plan. The plan to restore a higher funding status in the future is successfully underway.

### **What about differential tuition?**

Discussions are continuing about how to fund higher education. Differential tuition is one option that would allow schools to charge higher tuition for certain majors or programs. This would definitely affect the payout value of GET, which has a guaranteed payout value based on the highest residential undergraduate tuition in Washington. Although our universities have indicated they are not yet ready to pursue differential tuition, it may continue to be considered. A bill which prohibits differential tuition for resident undergraduates (HB 1043) is still active in the Legislative session.

### **Who participates in the GET program?**

GET remains a program that predominantly helps middle class families save for college. Overall demographics show that for customers providing income information at the time of enrollment,

- 58% of GET account holders had household incomes less than \$100K
- 42% had household incomes greater than \$100K.

Even with the unit price increase, families reporting incomes less than \$100K represented 48% of new enrollments last year, compared to 52% for incomes greater than \$100K.

Since the program began, GET units have been used to help students attend college in all 50 states and 14 foreign countries. During the 2011-12 academic year, 86% used their GET units to attend colleges, universities and technical schools in Washington. The list below shows the approximate distribution:

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|                               |       |     |
|-------------------------------|-------|-----|
| University of Washington      | 4,521 | 27% |
| Western Washington            | 2,646 | 16% |
| Community Colleges            | 2,484 | 15% |
| Washington State University   | 1,817 | 11% |
| WA Private Schools            | 1,208 | 7%  |
| Central Washington University | 954   | 6%  |
| Eastern Washington University | 511   | 3%  |
| The Evergreen State College   | 313   | 2%  |
| Out-of State Schools          | 2,385 | 14% |

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### **How can I stay informed on these issues?**

As always, we encourage citizens to know and communicate with their Legislators. You can follow individual bills and find contact information for your representatives at [www.leg.wa.gov](http://www.leg.wa.gov). The Olympia station [TVW](#) televises many hearings and committee meetings that you may find helpful. We try to keep customers informed of important meetings under NEWS on our [Web site's](#) home page.

### **Remember:**

- With GET you're buying the future value of tuition (up to many years in the future) at a discounted cost today. Begin saving with GET before your kids or grandkids reach middle school (the earlier the better), and you will save substantially on future tuition costs and benefit from the security of the guarantee, with no worries about the ups and downs of the stock market.
- Your GET account is part of the GET trust fund, currently valued at over \$2.1 billion and managed by the Washington State Investment Board. Your account is guaranteed by the state to continue to increase year after year at the same pace as tuition increases at UW/WSU. You can use this money to pay for tuition, room & board, etc. at public or private colleges, universities or technical schools nationwide.
- **Enrollment is open through May 31**, so please let your friends and family know. You may continue to add money to your account at the current unit price (\$172) through July 1. The unit price will increase July 2, 2013.

Questions? Contact Customer Service at 800.955.2318 or [GETInfo@wsac.wa.gov](mailto:GETInfo@wsac.wa.gov)

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