



## Questions about GET and the current economy

August, 2009

### 1) How is the economy affecting GET's investments?

The GET Committee and the Washington State Investment Board (WSIB) are monitoring GET's investments closely. Our asset allocation strategy minimizes our risk while maximizing our returns.

Currently over 40% of our assets are in government secured bonds. The remaining assets are in both US and international equities. While equities are being impacted by the current economy, our long-term horizon means we don't have to sell assets when the markets are depressed and therefore are better able to withstand the storm than individual families.

### 2) What happens when the value of the WSIB's investments drops?

Over 40% of our assets are in Treasury Inflation Protection Securities (TIPS) from the federal government. These are bonds from the federal government that provide regular interest payments to us and that keep pace with inflation.

The large size of the GET program enables us to fund much of our expenses 1) from these interest payments, 2) from cash coming in from newer account holders, and 3) from those making regular monthly payments. Most GET account holders are saving for students that will be using their benefits 15 - 20 years into the future. And with the state's guarantee to provide for any shortfall, if one were ever to occur, GET offers security that is not available from most other investment options. For additional information, please view: [www.sib.wa.gov/financial/fp\\_ot.html](http://www.sib.wa.gov/financial/fp_ot.html)

### 3) How does the state invest its funds?

The WSIB invests all GET funds in a diversified portfolio of federal bonds as well as US and international indexed equity funds. The WSIB's asset allocation model has roughly 40% in federal bonds, 40% in low cost US equity indexed funds, and 20% in international equity funds. Due to cash flow and expenses, a small amount is also kept in cash. This strategy provides for the greatest amount of diversification at both low risk and low cost.

### 4) Where is it written into law about the guarantee, and where exactly are the investments?

The GET Program is one of only a few state college savings programs in the country with a guarantee in state law. The state guarantee is codified in RCW 28B.95.080. GET's tuition guarantee is backed by the full faith and credit of the State of Washington. That means if future tuition increases ever require the program to pay out more money than it has available the Legislature is required by state law to provide funding to cover the shortfall.

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