



2015 Annual Report

Mission

GET serves Washington families by offering a safe and secure way to save for college.

October 1, 2014 – September 30, 2015



A MESSAGE FROM Betty Lochner, GET Program Director

Each year tens of thousands of students pursue higher education. In Washington, the opportunities to learn and attain abound. Our robust network of colleges, from two-year to four-year, empower students to pursue the dreams made possible through a degree or credential.

The costs of higher education often present a significant obstacle for students and families. Many are forced to burden their futures with costly loans that take years to overcome, and others still are forced to forgo higher education altogether. At GET, we remain focused on increasing access to higher education. That access is crucial for students to reach their highest potential.



During the 2015 Legislative Session, Washington State took a step towards increasing access to higher education through the College Affordability Program. The Program reduces tuition at Washington State institutions over the 2015-16 and 2016-17 academic years and limits annual tuition increases. At the close of the session, GET initiated a feasibility study to examine the impacts of lower tuition on the GET program and to explore the possibility of opening a 529 College Savings Plan. A few of the questions include:

- What is the impact of decreasing tuition rates on GET's funded status and future unit price?
- What are some alternatives and impacts for changing the program's distribution policy from tuition and fees to a cost of attendance metric?
- What is the feasibility and impact of establishing a 529 college savings plan?

The results of the feasibility study are due to the legislature by December 1, 2016. GET will continue to explore the new landscape and provide updates as information becomes available.

Please know that we are here to assist you in any way we can. We are focused on providing Washington residents with tools and resources to help them save for higher education.

Sincerely,

Program Fully Funded

State Actuary, Matt Smith, reported that the program's funded status, measured on June 30, 2015, is at 140 percent and is expected to meet all of its financial obligations for current enrollees. The positive change in the program's funded status is due primarily to strong investment returns and the fact that tuition did not increase at the state's public universities for the third straight year.

**FUNDED
STATUS**



Clean Audit Demonstrates Fiscal Responsibility

For the past two years running, the GET program received spotless audits from the Washington State Auditor, in which the final report noted:

- ✓ **There were no material uncorrected misstatements in the audited financials.**
- ✓ **There were no material misstatements in the financials corrected by management during the audit.**
- ✓ **No significant deficiencies in internal control over financial reporting were identified.**
- ✓ **No instances of noncompliance were identified that could have a direct and material effect on the determination of financial statement amounts.**

Additionally, in 2015, GET handled more than 35,000 phone and email inquiries, managed more than a \$286 million dollars in financial transactions, processed more than 131,000 documents and took part in dozens of community events and partnerships.

Over the years, GET operations have become more efficient and effective using Lean Six Sigma management principles in order to ensure fiscal strength, stability and safeguards to maximize the long-term benefits for program participants.



\$286 Million
Financial Transactions



35,000
Emails & Phone Calls



131,000
Documents Processed

Asset Allocation Performance



Washington's GET trust fund is managed by the Washington State Investment Board (WSIB). The fund is valued at over \$2.43 billion (as of September 30, 2015).

This past year the WSIB invested all GET funds in a diversified portfolio of fixed income corporate bonds, as well as US and international indexed equity funds. For cash flow and expenses, a small amount was also kept in cash.

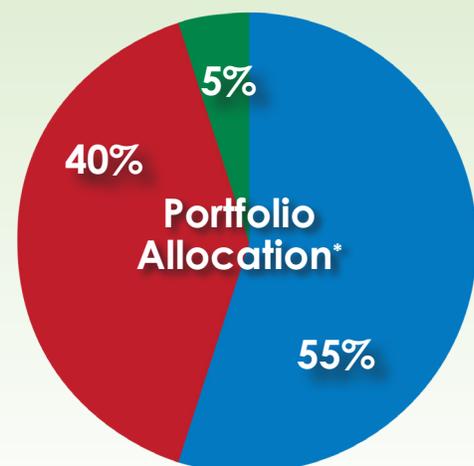
Beginning in 2015, the GET trust fund asset allocation maintained a split between equity (60%) and fixed income (40%), but collapsed the Treasury Inflation Protection Securities (TIPS) into the fixed income assets. This strategy provided the greatest amount of diversification at both low risk and low cost.

In September 2015, GET's asset allocation was changed in response to changes to the program as a result of the College Affordability Program and was done to provide flexibility and liquidity. This flexibility was necessary due to the uncertainty around the potential timing and amount of refunds. The allocation was changed to 55% equity, 40% fixed income, and 5% cash. The increase to the cash asset class target allocation reflects the program's higher liquidity requirements during the refund period.

Portfolio Performance*

| Investment Returns | 1 Year | 5 Year | 10 Year |
|--------------------|--------|--------|---------|
| Fixed Income | 0.48% | 3.63% | 4.84% |
| Public Equity | -5.85% | 7.68% | 4.87% |
| Cash | 0.07% | 0.10% | 1.56% |
| TOTAL | -2.98% | 6.15% | 5.15% |

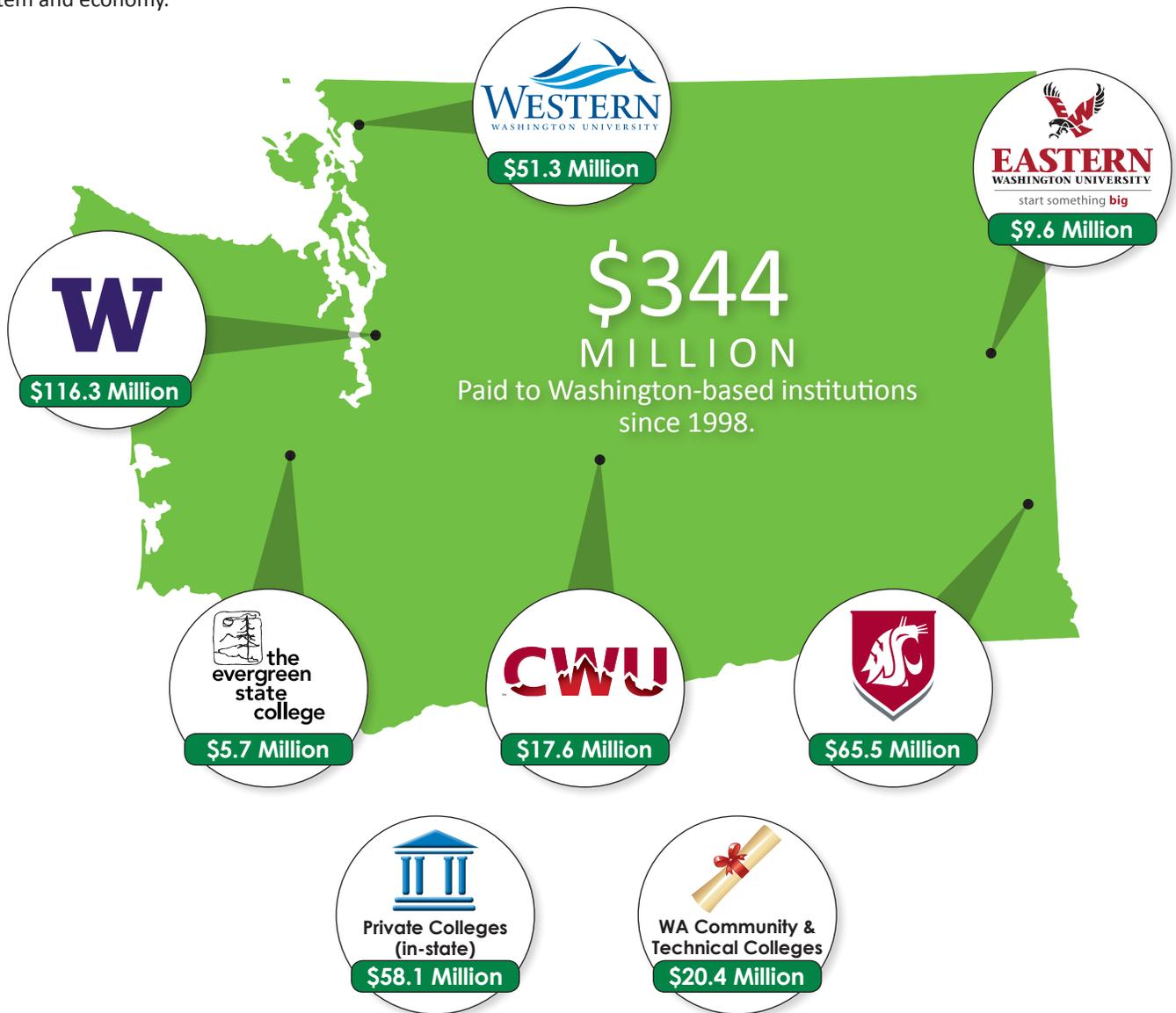
| | |
|---|-----|
| ■ Public Equity | 55% |
| ■ Fixed Income | 40% |
| ■ Cash | 5% |



* As of September 30, 2015

GET's Impact

GET helps increase access to higher education and decreases student dependence on costly loans. With GET, Washington families create a plan for helping their children reach their full potential, while making significant investments in our state's higher education system and economy.



OTHER DISTRIBUTIONS

