



September 2, 2015

Dear GET Customers,

Yesterday the GET Committee met for the third time since the Legislature enacted the College Affordability Act, which lowers the cost of tuition at Washington's public colleges and universities. These new tuition provisions affect some of the assumptions that the GET pricing and payout models have historically been based upon. The GET Committee continued reviewing the legislation and developing a plan for responding to all of the components of the Act. At the meeting, Committee members heard from the State Actuary, received reports from staff and comments from customers, and considered options for the GET Program moving forward.

While the GET Committee is confident the program will continue to be a great college savings resource for years to come, they understand that some customers may wish to seek other options. Accordingly, after a period of discussion, yesterday the GET Committee voted on three policy changes they believe will protect GET customers and provide them with increased account flexibility. The motions, which passed unanimously, are:

- 1.) Based on the recent passage of the College Affordability Act, effective September 2, 2015 the payout value for the GET program will remain \$117.82 per unit until the time when one-year of resident undergraduate tuition and state mandated fees at Washington State's highest priced public university surpasses \$11,782.**
- 2.) Based on the recent passage of the College Affordability Act, effective September 2, 2015 and through December 15, 2016, the GET program will waive all state program refund fees and the two-year hold requirement for all account owners.**
- 3.) Based on the recent passage of the College Affordability Act, effective September 2, 2015 and through December 15, 2016, the GET program permit account owners to receive a refund of their contributions or the payout value, whichever is greater.**

With respect to the first motion, it is intended to give GET customers peace of mind in knowing that they will not receive less than the current payout value for their account.

One effect of the second motion is that customers who are concerned about the tuition policy will be able to move their GET fund balances into a different 529 plan, including a 529 savings plan.

With respect to the third motion, refunds of contributions include finance charges paid by customers with Custom Monthly plans, if these finance charges caused the effective unit price to be greater than \$117.82 per unit. Motions two and three provide GET customers with a 16 month window of

time to exercise these options, which will give account owners the flexibility to evaluate the outcomes from the feasibility study that is being conducted, as well as any new programs or developments before having to make a decision regarding their GET account.

Please note:

- The non-refundable enrollment fee and any previously incurred account fees, such as late payment fees and NSF charges, will be deducted from all final refund amounts.
- The earnings portion of any refund may still be subject to IRS taxes and penalties. For example, any increased value may be taxed as income and an additional 10% penalty may apply.
- If you take a refund, a 1099-Q tax form will be sent to you that shows the principle and earnings portions of your refund. You may be required to report this information to the IRS.
- To avoid a taxable event, you may deposit your refund into another 529 plan within 60 days of the date your refund is processed. To compare various 529 plans, go to www.collegesavings.org.
- We strongly advise you to consult [IRS PUBLICATION 970](#) and a tax advisor about potential tax implications.
- It may take 10-12 weeks to process your refund from the time that GET receives your request.

If you choose to request a full or partial refund of your GET account(s), you must first review the GET Refund/Cancellation Policy, and then complete a GET Refund/Cancellation Request form for each account being refunded. Links to these documents are below:

- [GET Refund/Cancellation Policy](#)
- [GET Refund/Cancellation Request form](#)

Prior to the passage of these three action items, State Actuary Matt Smith provided a preliminary actuarial valuation report regarding the GET fund. Mr. Smith reported that the funded status of the GET program as of June 30, 2015 is 141%, up from 106% one year earlier. The increase in funded status was based in large part on lower than expected tuition growth as a result of the College Affordability Act. The Actuary advised the GET Committee that his preliminary valuation needs to be carefully considered as it is simply a snapshot in time and is sensitive to a number of economic and legislative variables.

Moving forward, the next GET Committee meeting is scheduled for Wednesday, October 7th in the Cherberg Building on the Capitol Campus in Olympia, from 2 p.m. to 4 p.m. At that meeting the Committee will discuss in more detail the possibility of establishing a 529 Savings Plan and will continue moving forward with other action items that are a part of the legislatively ordered feasibility study that needs to be completed before December 1, 2016.

Please visit our website for more details on these policy updates at get.wa.gov. If you have account specific questions, we encourage you to call our Contact Center at 1.800.955.2318 or email getinfo@wsac.wa.gov. We are here 8 a.m. to 5 p.m. (PST) Monday through Friday, excluding state holidays. Finally, below I have provided you with a review of the action items that the GET Committee approved in its previous meeting on August 18, 2015.

In closing, it is important to remember the GET team is confident the program will continue to be a great college savings resource for years to come, and that the option to refund is simply an opportunity for customers to have flexibility with their college savings. Please know that I, the GET staff and the GET Committee appreciate your continued support. As information and more details become available, we will be sure to share updates with you.

Sincerely,
Betty Lochner
GET Director

Additional Action Items Approved by the GET Committee on August 18, 2015

1.) The GET Committee authorized that effective August 19, 2015, the GET program refund the amortization fee paid by account owners who have unredeemed units at a purchase price of \$163 or greater.

Since 2011, GET customers have paid an amortization fee as part of the unit purchase price. This fee was charged to ensure the program's funded status recovered after the impacts of the Great Recession and years of double-digit tuition increases at state universities.

The program's funded status has fully recovered, and this amortization amount is no longer needed. As such, the overpayment will be refunded to every customer with unredeemed units purchased at \$163/unit or greater. **Customers entitled to an amortization refund do not need to take action in order to claim this refund at this time.** It will be an automated refund sent to all accounts that qualify in the form of a check issued to the GET account owner. Customers should expect to receive their refunds by the end of December.

Customers with custom monthly plans at a purchase price of \$163 per unit or greater will automatically receive a cash refund of the amortization fee for the number of units they have accrued to date. Ongoing future monthly payments will be adjusted to a new lower amount based on the reduced unit price without the amortization fee. Once the amortization refund is completed in December, customers will be notified of their new monthly payment amount so that adjustments to automatic withdrawals can be made with their financial institutions.

The refund amount per unit is listed below, which is directly correlated to the original amortization amount paid per unit:

Year Units Purchased	Refund Amount Per Unit
5/1/11 - 6/30/12	\$ 18.70
7/1/12 - 06/30/13	\$ 19.73
7/1/13 - 06/30/14	\$ 20.82
7/1/14 - 6/30/15	\$ 20.82

2.) The GET Committee authorized the delay of new unit sales for a period not to exceed two years effective July 1, 2015. Continued payments on Custom Monthly Plans established prior to July 1, 2015 shall be allowed.

GET will not accept applications for new GET accounts and current customers will not be able to purchase any new units until the restriction has been lifted. All accounts opened or contributions made after June 30, 2015 will be refunded to the account owner. **One exception is that customers with existing Custom Monthly Plans may continue to make monthly payments in order to keep accruing units they have under contract.**

Any automatic payments (ACH) customers have set up with GET for the purchase of Lump Sum units have been inactivated. If you have bill pay set up through your bank or GET payroll deduction set up through your employer, you will need to inactivate these automatic payments.

This unit purchase delay has been designed and implemented to ensure GET customers are protected pending potential changes to the program. GET is currently conducting a legislatively mandated feasibility study to evaluate future options for the program. More specifically, the feasibility study is intended to answer the following questions:

- How does GET continue to protect customer account values after two-year payout value is unfrozen?
- 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?
- What are some potential alternatives and impacts for whether the state penalty for withdrawal should be changed?

Answers to these questions must be researched and developed by December 1, 2016 and will be presented to the Legislative Fiscal and Higher Education Committees. It is important the program has answers to these questions before it considers selling new units.

We thank you for your support of the GET Program, apologize for any inconvenience, and hope that you will continue your college savings efforts. If you would like to ensure your refund amount continues to go towards saving for college, we encourage you to consider depositing your refund into another 529 plan. To compare various 529 plans, go to www.collegesavings.org. Also, please continue to visit the GET website for program developments.

Additional Information about the College Affordability Act and its Impact on GET

What does lower tuition mean for students today?

- This historic event will make college more affordable and accessible for more Washington families and current students.
- More specifically, tuition will be reduced at the state's two research institutions (UW & WSU) by five percent in the 2015-16 academic year and by another ten percent in the 2016-17 academic year for a total two year reduction of 15 percent. This is important because these are the two institutions for which GET's payout value is based upon.
- In addition to the tuition reductions noted above, the College Affordability Act also reduces tuition by 20% over the next two years at the state's regional institutions (CWU, EWU, WWU and The Evergreen State College) and 5% in 2015-16 academic year at the state's community and technical colleges.
- The legislation goes on to say that beginning in the 2017-18 academic year, tuition operating fees for resident undergraduates at community and technical colleges, may increase by no more than the state's average annual growth rate in median hourly wage as determined by the Federal Bureau of Labor Statistics.

How will this impact my student if they are needing to use their units in the next two years?

In response to lower tuition, the legislation states that for the 2015-16 and 2016-17 academic years, the GET Committee shall set the payout value for units redeemed at the 2014-15 rate of \$117.82 per unit.