

Unit Rebasing Process Overview



Unit Rebasing Overview

The Basics

- **On July 6, 2017, the GET Committee voted to take the following action:**
 - Effective August 1, 2017, rebase all purchased, unredeemed GET units so that the unit payout value again equals 1/100th of one-year of resident undergraduate tuition and state-mandated fees at Washington's highest priced public university, and add units to all existing customer accounts in a proportion equal to the difference between the \$117.82 payout value, and the new lower payout value.
 - **Note: The new lower payout value will be \$103.86**, which is equal to 1/100th of annual resident, undergraduate tuition and services and activities (S&A) fees at the University of Washington – Tacoma for the 2017-18 academic year.

So what does this mean?

Unit Rebasing Overview

The Basics

- **Key Terms**

- **Rebasing** - Resetting the payout value to match the formula (100 GET units = 1 year) defined by state law and adding units to customer accounts to ensure the total account value remains the same (i.e. is not “decreased or diluted”).
- **Total Account Value** – the total number of purchased, unredeemed units in an account multiplied by the unit payout value.



Unit Rebasing Overview

The Basics

- **Overview of the Process**

- On August 1, existing GET customers will receive new units in a proportion equal to the difference between the \$117.82 payout value and the new \$103.86 payout value (i.e. 1/100th of a year of tuition and fees).
- Added units will be based on purchased, unredeemed units in as of July 31, 2017.
 - The rebase process will not include Custom Monthly Units that have not yet been purchased.
- The rebasing process will run on August 1 (first day of new tuition payout year).
- The “Total Account Value” based on purchased, unredeemed units will not change before and after the rebasing process occurs.

Unit Rebasing Overview

The Basics

- **How the Calculation Will Work**

- For 2017-18, annual resident undergraduate tuition and state-mandated fees at the University of Washington – Tacoma will be \$10,386, which is the highest among the state’s public universities.
- Using “100 units = 1 year” GET payout model, the new payout would equal \$103.86 (\$10,386/100).
- The Rebase adjustment calculation is based on the difference between the old \$117.82 payout value and the new \$103.86 payout value.
 - *Adjustment % = (old payout – new payout)/new payout*

| ADJUSTMENT NEEDED | |
|---------------------|-----------------|
| | Payout Value |
| Current | \$ 117.82 |
| New | \$ 103.86 |
| Adjustment % | 13.4412% |

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Rebasing Customer Examples

- **Example #1**

- 100 Lump Sum units purchased over time, with no distributions.

Lump Sum Account

Status prior to rebase: 100 purchased, unredeemed units in account as of July 31, 2017

| | Before Rebase | After Rebase | Added Units |
|--|--------------------|--------------------|----------------|
| Purchased Unit Count | 100 | 113.4412 | 13.4412 |
| Unit Payout Value | \$117.82 | \$103.86 | |
| Total Payout Value of Purchased Units | \$11,782.00 | \$11,782.00 | |

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Rebasing Customer Examples

- **Example #2**

- 200 Custom Monthly Plan paid-in-full with no distributions.

Paid-in-Full Custom Monthly Plan

Status prior to rebase: 200 unit contract paid-in-full (no distributions)

| | Before Rebase | After Rebase | Added Units |
|--|--------------------|--------------------|-------------|
| Purchased Unit Count | 200 | 226.88 | 26.8823 |
| Unit Payout Value | \$117.82 | \$103.86 | |
| Total Payout Value of Purchased Units | \$23,564.00 | \$23,564.00 | |

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Rebasing Customer Examples

- **Example #3**

- 200 unit Custom Monthly Plan, with 150 units purchased to date (contract not yet paid-in-full).

Non-Paid-in-Full Custom Monthly Plan

Status prior to rebase:

200 unit contract with 150 units purchased to date (50 units remaining to purchase)

| | Before Rebase | After Rebase | Added Units |
|--|--------------------|--------------------|----------------|
| Purchased Unit Count | 150 | 170.16 | 20.1618 |
| Unit Payout Value | \$117.82 | \$103.86 | |
| Total Payout Value of Purchased Units | \$17,673.00 | \$17,673.00 | |

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Rebasing Customer Examples

- **Example #4**

- Mixed account – 100 unit Custom Monthly contract not yet paid-in full (75 units purchased to date), with additional 50 Lump Sum units added to account.

Non-Paid-in-Full Custom Monthly Plan with Additional Lump Sum Units

Status prior to rebase:

100 unit contract with 75 units purchased to date (25 units remaining to purchase)
+ 50 Lump Sum units added over time

| | Before Rebase | After Rebase | Added Units |
|--|--------------------|--------------------|------------------|
| Purchased Unit Count (Monthly) | 75 | 85.0809 | 10.0809 |
| Purchased Unit Count (Lump Sum) | 50 | 56.7206 | + 6.7206 |
| Purchased Unit Count (Total) | 125 | 141.8015 | = 16.8015 |
| Unit Payout Value | \$117.82 | \$103.86 | |
| Total Payout Value of Purchased Units | \$14,727.50 | \$14,727.50 | |

Unit Rebasing Overview

Rebasing Customer Examples

- **Example #5**

- Account in Payout Status – 500 units originally purchased. Before rebasing, 250 units were already distributed to pay for school, and 250 units remain in the account.

| <u>Account in Distribution</u> | | | |
|---|----------------------|---------------------|--------------------|
| <i>Status prior to rebase:</i> 250 units remaining on 500 unit contract | | | |
| | Before Rebase | After Rebase | Added Units |
| Purchased Unit Count | 250 | 283.6029 | 33.6029 |
| Unit Payout Value | \$117.82 | \$103.86 | |
| Total Payout Value of Purchased Units | \$29,455.00 | \$29,455.00 | |

Unit Rebasing Overview

Other GET Changes Related to Rebasing

- **On July 6, 2017, the GET Committee voted to take the following actions:**
 - To ensure that the rebasing process will not cause accounts to exceed unit maximums, the Committee also voted to increase the total lifetime maximum amount of units that may be purchased for a student beneficiary from 500 units to 600 units, and increase the annual unit maximum that may be redeemed in an academic year from 125 units to 150 units.
 - Effective August 1, 2017, update the temporary non-penalty refund policy as follows:
 - Allow current account owners to refund or rollover their entire GET account (no partial account refunds allowed) at the \$117.82 unit payout value OR their initial contributions (whichever is greater), excluding new units added through the rebasing process, without state refund fees, until September 1, 2017, or until 60 days after a 529 savings plan opens (whichever is later).
 - While this temporary policy is in effect, if a distribution is made from an account after August 1, 2017, that account is no longer eligible for a refund of initial contributions. All future refunds and distributions for that account would be based on the payout value.

Unit Rebasing Overview

Other GET Changes Related to Rebasing

- On July 6, 2017, also discussed GET's reopening date and voted to take the following action:
 - Open GET to new enrollments and unit purchases no later than November 1, 2017 so that rebasing is complete, and so customers will know the 2017-18 unit purchase price and any potential details about the upcoming college savings plan prior to making a decision to enroll in GET.