

**Guaranteed Education Tuition (GET)
Committee Meeting
Wednesday, October 7, 2015**

**John L. O'Brien Building
House Hearing Room C
504 15th Avenue SW
Olympia, WA 98504
2:00 p.m. – 4:00 p.m.**

AGENDA

Call to Order & Welcome

- Approval of September 1, 2015 Minutes ACTION

- Chair's Report INFO/DISCUSSION
 - College Affordability Act Overview
 - Committee Action to Date
 - Asset Allocation Updates from the Washington State Investment Board

- Director's Report INFO/DISCUSSION
 - Customer Updates
 - National 529 Report
 - ABLE Act

- Public Comment

- Information Sharing / Discussion INFO/DISCUSSION/
POSSIBLE ACTION

Jamie Canup, Tax Practice Chairman with Hirschler Fleischer

 - 529 Savings Plan Options

- Public Comment

- Next Steps / Adjournment INFO/DISCUSSION

Next Meeting

Thursday, December 3, 2015
Cherberg Building, Capitol Campus
Senate Hearing Room 3
1:00 p.m. to 3:00 p.m.

GET Committee Meeting

October 7, 2015



Welcome & Approval of Minutes



Chair's Report

Review of the work that's been accomplished in the past three months since the passing of the College Affordability Act.

- Review of Legislation
- Review of GET Committee Actions
- Asset Allocation Update
- Review of Next Steps



Chair's Report



Review of College Affordability Act:

- Tuition is reduced at all public institutions of higher education in WA:
 - 15% at UW and WSU (5% below 2014-15 levels in 2015-16, & another 10% below 2014-15 levels in 2016-17);
 - This is important because these are the two institutions for which GET's payout value is based upon.
- Tuition-setting authority is returned to the Legislature.
- Beginning in 2017-18 resident undergraduate tuition growth is capped at the annual percentage growth rate of the median state wage.

Chair's Report



Review of College Affordability Act:

- Directs the GET Committee to set the payout value at \$117.82 per unit for the 2015-16 and 2016-17 academic years (current value).
- Beginning in the 2017-18 academic year, the GET Committee is also required to make the necessary program adjustments to ensure GET customer accounts are not decreased or diluted as a result of lower tuition.
- Lastly, the legislation calls for the GET Committee to conduct a legislatively mandated feasibility study.

Chair's Report



Review of Committee Action to Date:

The GET Committee has passed the following 5 motions:

- 1.) 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.
- 2.) 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.
- 3.) Effective August 19, 2015, refund the amortization fee paid by customers who have unredeemed units at a purchase price of \$163 or greater.

Chair's Report



Review of Committee Action to Date:

- 4.) Effective July 1, 2015, delay new GET unit sales for a period not to exceed two years, except continued payments on Custom Monthly Plans established prior to July 1, 2015, shall be allowed.

- 5.) Effective September 2, 2015, the payout value for the GET program will remain \$117.82 per unit until the time when on-year of resident undergraduate tuition and state mandated fees at Washington State's highest priced public university surpasses \$11,782.



Chair's Report



Program's Funded Status Improves:

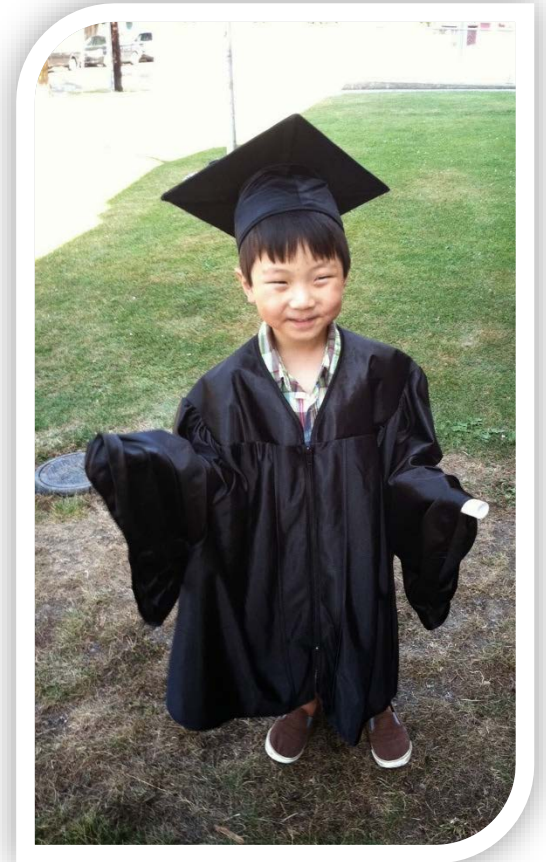
- State Actuary Matt Smith's preliminary actuarial valuation report stated the program's funded status as of June 30, 2015 was 140%, up from 106% one year earlier.
- The increase in funded status was based in large part on lower than expected tuition growth as a result of the College Affordability Act.
- 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.

Chair's Report



Asset Allocation Update:

- As a result of the GET Committee's actions to increase the flexibility for GET participants following the enactment of the College Affordability Act, the WSIB has revised the investment policy that governs investment activities of the program.
- The revised policy gives WSIB staff increased investment management flexibility. This flexibility is required given the uncertainty around timing and amount of potential GET participant refunds.



Chair's Report



Today's Key Agenda Item:

1.) Information sharing and discussion regarding 529 Savings Plan options with industry expert Jamie Canup.



Director's Report



Customer Update

- Thousands of phone calls and emails from customers with account specific questions.
 - So many calls in the first week, it shutdown our phone system.
 - Staff have worked weekends and evenings in order to catch up on the volume of calls and messages.
- Customer communications.
 - Letter went out to all customers in late September.
 - Regular updates have been sent via email and have been shared on the GET website, social media outlets and blog.
 - Proactive media efforts have also helped share information with the public and customers.
- Estimated number of refund requests received as of *October 5, 2015*:
3,403 (2.61% of Active Accounts)
- Estimated number of refunds processed as of *October 5, 2015*:
1,078
- Estimated dollar value of processed refunds as of *October 5, 2015*:
\$27,147,207

Director's Report



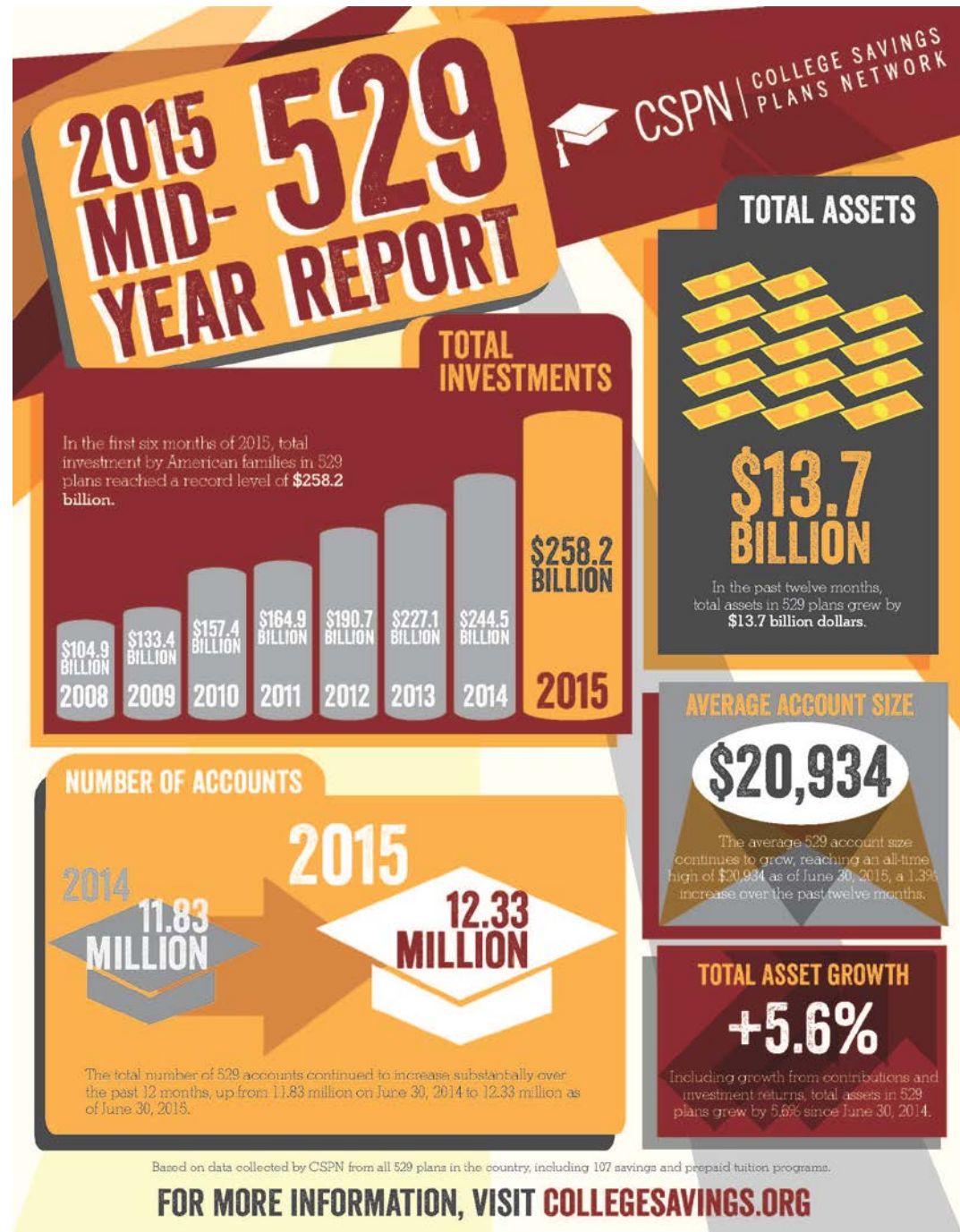
National 529 Report

\$13.7 Billion in Asset Growth

**\$150 Billion in Asset Growth
Since 2008**

500,000 New Accounts

+1.3% Avg. Account Size



Director's Report

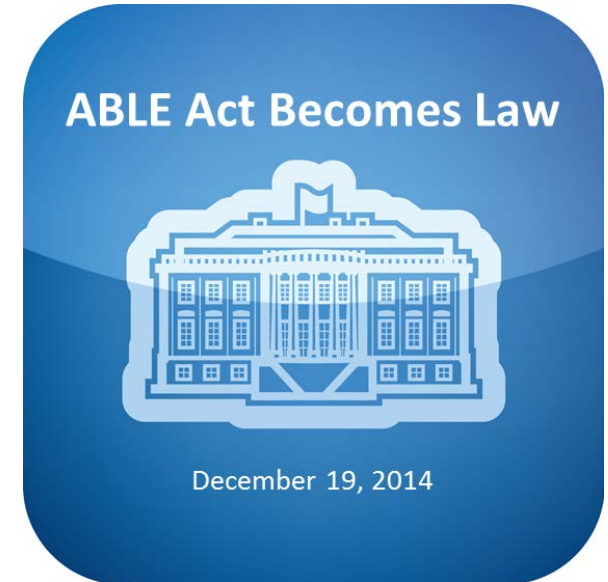


Federal Legislation: *Achieving a Better Life Experience (ABLE) Act*

The ABLE Act creates a new option for some people with disabilities and their families to save for the future, while protecting eligibility for public benefits.

ABLE Accounts:

- Are established in the new Section 529A Qualified ABLE Programs;
- Are qualified savings accounts that receive preferred federal tax treatment;
- Enable eligible individuals to save for disability related expenses;
- Are NOT yet available, but all states will need to offer a plan within the next few years.



Public Comment



- **Time for Public Comment (30 minutes)**

- Sign up sheet
- 3 minutes per person
- If you would like to submit a written comment, please send your input to: getinfo@wsac.wa.gov
- Subject Line: GET Committee Statement



Information Sharing / Discussion Regarding 529 Savings Plan Options



Jamie Canup, Attorney / 529 Plan Expert
Partner with Hirschler Fleischer Attorneys at Law



529 Governance



529 Savings Plans Landscape



Savings Plans

Investment Landscape



Savings Plans Fee Landscape



Options for a 529 Savings Plans:

- 1.) Partnering with Another State-Run Program
- 2.) Contracting with a Third-Party Program Manager
- 3.) State Run Program

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Next Steps: 529 Savings Plan Exploration



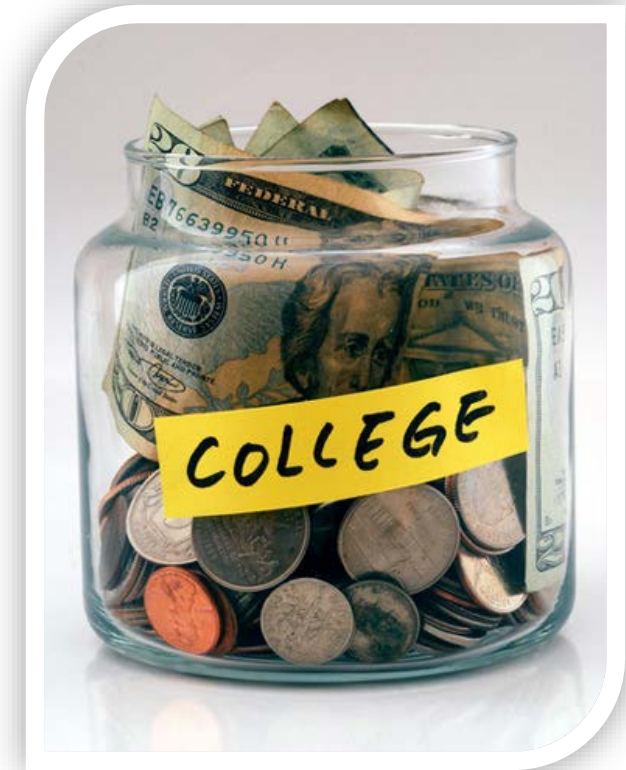
Exploration includes:

- Researching and developing the IT infrastructure to operate a savings plan;
- Reviewing and developing the operational resources to administer such a program;
- Working with outside vendors and agencies to understand and create any possible compliance standards, regulatory policies and investment agreements in order to fully understand whether or not such a program is feasible.

Some additional questions to consider when starting a 529 College Savings program would be:

- What would be the *fastest* to establish?
- What would be the most *affordable* to create and operate?
- What kind of plan would provide the *highest quality* option in terms of customer service and support?
- What are the *advantages* of this plan for Washington residents?

More information to be shared at the December 3rd GET Committee meeting.



Next Steps: Other Feasibility Study Items



The GET Committee will continue to focus on developing answers and action plans related to the following questions:

- 1.) What is the impact of tuition reductions on future unit prices?
- 2.) What are some alternatives of linking GET's payout value from tuition and fees to cost of attendance?



Ultimately these questions lead to a bigger question:

- What does the future of the current GET program look like?

Public Comment

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Questions & Answers

- Meeting Adjournment
- Next Meeting:
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