2023 ACTUARIAL VALUATION REPORT

Guaranteed Education Tuition Program

ACKNOWLEDGEMENTS

Matthew M. Smith, FCA, EA, MAAA
State Actuary

Melinda Aslakson

Sarah Baker

Kelly Burkhart

Mitch DeCamp

Cristina Diaz

Graham Dyer

Katie Gross

Aaron Gutierrez, MPA, JD

Beth Halverson

Michael Harbour, ASA, MAAA

Kevin Lee

Luke Masselink, ASA, EA, MAAA

Darren Painter

Frank Serra

Kyle Stineman, ASA, MAAA

Keri Wallis

Lisa Won, ASA, FCA, MAAA

ADDITIONAL ASSISTANCE

WA529 Staff

Legislative Staff

The University of Washington

Washington State Investment Board

Legislative Support Services

CONTACT INFORMATION

Mailing Address:
Office of the State Actuary
PO Box 40914
Olympia, WA 98504-0914

Physical Address:
2100 Evergreen Park Dr. SW
Suite 150

Phone:
Reception - 360.786.6140
TDD - 711

Electronic Contact:
mailto:state.actuary@leg.wa.gov
leg.wa.gov/osa

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November 2023

This report documents the results of an actuarial valuation of the Guaranteed Education Tuition (GET) program. The primary purpose of this report is to update the annual financial status of the program through the calculation of the current and projected funded status for current contracts. This report also provides information on the sensitivity of the valuation results to key assumptions and developments in the program since the last valuation.

This report is organized in the following sections:

- Executive Summary.
- Actuarial Certification Letter.
- Background.
- Best Estimate Results.
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- Appendices.

The **Executive Summary** provides the key results for this actuarial valuation. The **Background** section provides a general understanding of the GET program, explains how the Office of the State Actuary (OSA) supports the GET program, and how this valuation complements annual Washington College Savings Plans (WA529) communications. The next two sections provide detailed actuarial asset, liability, and cash flow information. The **Appendices** describe the key assumptions and methods, assets, participant data, and additional information used to prepare this valuation. It also includes information on the most recently adopted unit price including the assumptions and methods that went into the best estimate unit price calculation.

We encourage you to submit any questions you might have concerning this report to our mailing address or our e-mail address at state.actuary@leg.wa.gov. We also invite you to visit OSA's website for other reports on this program as well as WA529's website for further information regarding Washington's GET program.

Sincerely,

Michael T. Harbour, ASA, MAAA
Actuary

Sarah Baker
Senior Actuarial Analyst

PO Box 40914 | Olympia, Washington 98504-0914 | state.actuary@leg.wa.gov | leg.wa.gov/osa
Phone: 360.786.6140 | Fax: 360.586.8135 | TDD: 711

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

INTENDED USE

The purpose of this report is to provide an annual update of the financial status of the GET program based on a June 30, 2023, measurement date. This report provides valuation results of the funded status for current contracts, the projected funded status, and developments in the program over the past year. This report also discloses the data, assumptions, and methods we, OSA, used to develop the valuation results and shows the sensitivity of the valuation results to key assumptions.

This report is one of several key documents related to the GET program prepared throughout a Fiscal Year (FY) and should not be used in isolation to understand the ongoing health of the GET program. Rather, this document should be used together with OSA's unit price-setting analysis, and any other relevant studies or reports created by WA529 staff or OSA. This report is also not intended to replace program information supplied by WA529 staff or other analysis supplied by OSA, including analysis provided for the annual comprehensive financial report. Please replace this report when a more recent report becomes available.

COMMENTS ON 2023 RESULTS

Many factors can influence how actuarial valuation results change from one measurement date to the next. Those factors include: changes in the covered population; changes in program provisions, assumptions, and methods; and experience that varies from our expectations.

Significant factors for this year's valuation include investment experience and certain assumption changes.

- ❖ Annual investment return of 7.84 percent, which was higher than the assumed 4.75 percent for the plan year ending June 30, 2023, (increase to funded status);
- ❖ Increase to the assumed annual rate of future investment returns from 4.75 percent to 5.00 percent, (increase to funded status);
- ❖ Increase to the long-term assumed annual rate of tuition growth from 4.00 percent to 4.15 percent, (decrease to funded status).

Please see the Gain/Loss Analysis in the **Best Estimate Results** section for information on other factors.

The WA529 Committee, at their September 2023 meeting, adopted a new unit price of $120.16 for the 2023-24 enrollment period—a price equivalent to the unit payout value at the time of adoption. Please see **Appendix C** for more information regarding the unit price adoption.

FUNDED STATUS OF CURRENT CONTRACTS

The following table summarizes the key measures of the program's funded status as of the current and prior year's valuation dates using both a market fund value and actuarial fund value. This table provides a point-in-time estimate of the health of the program and should not be considered in isolation or as the sole measure of the program's status.

Funded Status Summary				
	Market Fund Value		Actuarial Fund Value	
(Dollars in Millions)	2023	2022	2023	2022
Present Value of Future Obligations	$1,142	$1,152	$1,142	$1,152
Present Value of Fund	$1,693	$1,620	$1,722	$1,704
Funded Status	148.2%	140.6%	150.8%	147.9%
Reserve/(Deficit)	$551	$468	$580	$552

Note: PV means Present Value.

Each fund value measure provides a different assessment of the funded status. The market fund value relies on the Market Value of Assets (MVA) as its core component, while the actuarial fund value similarly relies on the Actuarial Value of Assets (AVA).

The actuarial fund value is based on a method that smooths (or defers) unexpected annual asset experience over a period of eight years. This method serves to reduce the volatility in the funded status measure due to investment experience and subsequently provides a more stable measurement of plan funding. Please see the **Program Assets** in the Best Estimate Results section for more information, and **Appendix B** for a comparison of recent funded status measures under both asset methods.

RISK INHERENT IN ACTUARIAL MEASUREMENTS

Readers should exercise caution when interpreting and reaching conclusions based on a single, point-in-time measurement. In the course of conducting actuarial analyses, we make many assumptions. In some cases, small changes in these assumptions, or experience that plays out differently than expected, can lead to significant changes in the measurements.

For example, the program's funded status is highly sensitive to changes in tuition policy and associated changes in assumed tuition growth. The program's funded status is also sensitive to changes to the long-term assumed rate of investment return.

To evaluate how the point-in-time measurements may change, we perform sensitivity analysis—a process for assessing the impact of a change in an actuarial assumption or method on an actuarial measurement. Please see the **Sensitivity of Best Estimate Results** section for more information.

PROJECTION OF CURRENT CONTRACTS

The next table shows a projection of the program's funded status at future odd-year measurement dates assuming no future unit sales, aside from unit purchases already under contract. Along with the funded status, the table shows the expected assets, net cash flows, and present value of obligations (so the reader can assess the size of the program). The net cash flow represents the sum of expected receivables for custom monthly contracts, expected investment returns, expected unit payouts including the contribution guarantee payments, and expected administrative expenses. A more detailed version of this table can be found in the **Best Estimate Results** section.

Projection of Current Contracts Only
(If All Assumptions Are Realized)

(Dollars in Millions); EOY = End of Year

FY Ending June 30	Funded Status	EOY Obligation Value	EOY Fund Value	Net Cash Flow
2023	148%	$1,142	$1,693	N/A
2025	158%	1,040	1,647	($22)
2027	176%	884	1,554	(44)
2029	207%	689	1,427	(55)
2031	253%	533	1,346	(33)
2033	323%	402	1,299	(15)
2035	430%	300	1,289	1
2037	609%	214	1,305	12
2039	967%	139	1,341	21
2041	*	74	1,399	32
2043	*	29	1,490	50
2045	*	7	1,618	69
2047	*	$2	$1,778	$83

**Funded Status exceeds 1,000% due to very small obligation value.*

The funded status continues to grow under this projection because we assume the current reserve of $551 million will continue to grow with the long-term expected 5.00 percent rate of investment return each year. All other actuarial assumptions are realized under this projection and we further assume no future program changes. Actual experience may vary. Additionally, if the program were permanently closed or terminated in the future, the program's asset allocation may change, leading to a lower assumed rate of investment return.

Please see the **Sensitivity of Best Estimate Results** section for how these results could change under different assumptions.

KEY ASSUMPTIONS

The results of this valuation are based on several assumptions that include both economic and demographic factors. We summarize the key assumptions in the next table. Please see **Appendix A** for how we developed the assumptions used in this valuation. Note that the Investment Return assumption is informed by the 2023 Capital Market Assumptions (CMAs) from the Washington State Investment Board (WSIB) and the Tuition Growth assumption relies on the framework established in the *2021 GET Experience Study* with adjustments to reflect current inflation expectations and experience.

Key Assumptions	
Investment Return	
All Years	5.00%
Tuition Growth	
2023-24*	3.00%
2024-25	3.00%
2025-26	3.25%
2026-27	3.25%
2027-28+	4.15%

**Actual tuition growth.*

CONTRACT DATA

The following table summarizes the current contract and unit data used in this valuation for the plan year ending June 30, 2023, as well as for the prior year. Please see the **Participant Data** in the Best Estimate Results section for a table reconciling outstanding GET units from last year to this year. Please also see **Appendix B** for additional information on when units were purchased.

Contract Summary		
	2023	**2022**
Number of Current Contracts	67,647	67,701
Number of Units Outstanding	10,082,367	10,410,078

ACTUARIAL CERTIFICATION LETTER

Office of the State Actuary
"Supporting financial security for generations."

Actuarial Certification Letter
Guaranteed Education Tuition Program
Actuarial Valuation Report
As of June 30, 2023

November 2023

This report documents the results of an actuarial valuation for the Washington Guaranteed Education Tuition (GET) Program defined under Chapter 28B.95 of the Revised Code of Washington (RCW). The primary purpose of this report is to update the annual financial status of the program through the calculation of the funded status for current contracts, in combination with the projection of the expected funded status in future years. This report also provides information on developments in the program since the last valuation and the sensitivity of the valuation results to key assumptions. This report should not be used for other purposes. Please replace this report with a more recent report when available.

The results summarized in this report involve calculations that require assumptions about future economic and demographic events. With the exception of the Investment Return and Tuition Growth assumptions, we developed the assumptions used in this valuation during the *2021 GET Experience Study*. We provide supporting information for the Investment Return and Tuition Growth assumptions in **Appendix A** of this report.

Actuarial standards of practice that specifically apply to the measurement of obligations under prepaid tuition programs have not been defined within the actuarial profession. We used the standards of practice for pension systems where possible to guide the actuarial valuation of the GET program. In our opinion, the assumptions, methods, and calculations used in the valuation are reasonable and appropriate for the primary purpose as stated above and are in conformity with generally accepted actuarial principles and standards of practice as of the date of this publication. The use of another set of assumptions and methods, however, could also be reasonable and could produce materially different results. Actual results may vary from our expectations.

The results of the valuation exclude the potential impacts of differential, or tiered tuition. Under a differential tuition model, a public Washington university would charge different levels of resident, undergraduate tuition or fees based on the student field of study, market value of degree, student demand for the major, or the cost of instruction. If differential tuition were implemented and included in the GET unit payout value, the results of this valuation could materially change. This analysis will need to be updated in the future if changes are made to the GET program or the Legislature modifies current tuition policy.

Washington College Savings Plans (WA529) staff provided the participant and projected administrative expense data to us. We checked the data for reasonableness as appropriate based on the purpose of this valuation. The Washington State Investment Board (WSIB) provided financial and asset information. We did not audit the data and relied on all the information provided as complete and accurate. In our opinion, this information is adequate and substantially complete for the purposes of this valuation.

PO Box 40914 | Olympia, Washington 98504-0914 | state.actuary@leg.wa.gov | leg.wa.gov/osa
Phone: 360.786.6140 | Fax: 360.586.8135 | TDD: 711

We advise readers of this valuation to seek professional guidance as to its content and interpretation, and not to rely upon this communication without such guidance. Please read the analysis shown in this valuation as a whole. Distribution of, or reliance on, only parts of this valuation could result in its misuse and may mislead others.

Consistent with the Code of Professional Conduct that applies to actuaries, we must disclose any potential conflict of interest as required under Precept 7. We, the undersigned, purchased and have unredeemed units in GET; however, this does not impair our ability to act fairly and objectively. No members of the WA529 Committee or their respective staff attempted to bias our work product.

The undersigned, with actuarial credentials, meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. While this report is intended to be complete, we are available to offer extra advice and explanations as needed.

Sincerely,

Michael T. Harbour, ASA, MAAA	Luke Masselink, ASA, EA, MAAA
Actuary	Senior Actuary

BACKGROUND

BACKGROUND

PROGRAM HISTORY AND GOALS

The Washington State Legislature created the GET program in 1997. The program sold units annually from September 1, 1998, through June 30, 2015, when the GET Committee (as it was called at the time), suspended new unit sales. The program reopened (and sold new units) starting on November 1, 2017.

RCW 28B.95 outlines the purpose of the GET program along with general guidelines regarding how it is administered. It includes the following goals:

- ❖ Help make higher education affordable and accessible to all citizens of the state of Washington;
- ❖ Provide an additional financial option for individuals, organizations, and families to save for college;
- ❖ Encourage savings and enhance the ability of Washington citizens to obtain financial access to institutions of higher education;
- ❖ Encourage elementary and secondary school students to do well in school as a means of preparing for and aspiring to higher education attendance; and
- ❖ Promote a well-educated and financially secure population to the ultimate benefit of all citizens of the state of Washington.

The statute establishes the five-member Committee on Advanced Tuition Payment and College Savings also known as the WA529 Committee. The WA529 Committee meets regularly to discuss the goals and status of the program, make administrative decisions, and set the unit price for each enrollment period.

WA529 staff supports the functions of the program and the WA529 Committee by administering the program and staffing WA529 Committee meetings. WA529 staff also prepare studies and reports that are directed to the WA529 Committee by the Legislature. Communications from

WA529 staff can be found on the Washington Student Achievement Council (WSAC) website.

OSA assists the WA529 Committee and the Legislature by providing actuarial services and consulting. OSA's three primary services for WA529 include:

- Prepare an annual actuarial valuation of GET (this document) for the WA529 Committee.
- Prepare unit price-setting analysis for the WA529 Committee.
- Consult, price, and communicate the effects of potential changes to the GET program for the WA529 Committee or the Legislature.

PLAN DESCRIPTION

The terms of the GET program are a combination of RCW 28B.95 (determined by the Legislature) and the GET participant agreement (determined by the WA529 Committee). Statute provides general guidelines and certain rules for the WA529 Committee, whereas the GET participant agreement states all specific details for the purchaser.

The main plan provisions are outlined in the following graphic so the reader can get a sense for what cash flows occur, what parties are involved, and what drives the results of the actuarial valuation. For a complete description of the plan provisions, we direct you to the GET website, which includes both summarized plan provisions and the full GET participant agreement. If the following summary conflicts with relevant statute or the GET participant agreement, the relevant statute and participant agreement supersede this summary.

The following graphic also illustrates the standard yearly process when new unit sales are allowed and under normal refund rules.

Unit Price Is Set

- WA529 Committee sets the price annually in September for the upcoming enrollment period.
- Based on adopted price-setting guidelines and applicable law.
- Price limited to no more than 10 percent greater than unit payout value at the time of unit price adoption when the program's funded status exceeds 120 percent and if current tuition policy remains in effect.

Units Are Purchased

- Open enrollment typically runs from November 1 to May 31.
- Maximum of 800 units.
- Can be purchased either through a lump sum payment or a preexisting monthly contract (with finance charges).
- New monthly contracts not currently available until further notice.

Money Is Invested

- Investment returns on the proceeds from unit sales are expected to pay a portion of the future unit value and lowers the price of the unit today.
- Invested by the Washington State Investment Board.

Units Are Redeemed

- Unit Value (specific dollar amount) equals 1 percent of annual resident undergraduate tuition and state mandated fees at most expensive public Washington university at time of unit use.
- Maximum of 200 units per year, plus any unused units from a prior year.
- Used at any eligible in-state or out-of-state educational institution based on Unit Value, or
- Rolled over to another 529, ABLE, or Roth IRA plan, transferred to another eligible beneficiary, or refunded based on Unit Value.

The WA529 Committee adopted a contribution guarantee for contracts in place as of June 30, 2022, such that all contract holders will receive a total account payout no less than the total contributions made to the program, including payment processing fees and custom monthly plan finance charges. Account holders with a qualifying contract may receive a contribution guarantee payment equivalent to the balance between the amount received in program disbursements and the eligible amount they paid into the program.

TERMINATED PROGRAM

The WA529 Committee or Legislature has the ability to close or terminate the program in the future under RCW 28B.95.090. Under a termination scenario, all outstanding units outside four years of unit use would be refunded at the current unit value. All participants within four years of unit use could remain in the program and redeem units over the following ten years. Projected obligations and assets under a terminated program scenario can be prepared upon request.

BEST ESTIMATE RESULTS

BEST ESTIMATE RESULTS

This section provides details on our best estimate of the GET present value of obligations, assets, cash flows, and funded status information for outstanding units at June 30, 2023. Also provided in this section is a summary of the participant data used to derive these estimates.

The first subsection, **Participant Data**, shows an overview of the program's participant data as of the valuation date. We use this data to determine how many units will be redeemed in a given year for current contract holders (participants). These future unit redemptions, along with administrative expenses and expected contribution guarantee payments, make up the program liabilities described in the second subsection.

In the second subsection, **Actuarial Liabilities**, we show the expected value, as of the valuation date, of obligations for all future payments from the program for current contracts only. The future payments represent unit payout values, contribution guarantee payments, and administrative expenses. We discount future payments to the valuation date using the expected rate of investment return to determine the present value of those future payments. To see how obligations differed from our expectations in the prior year, we include an actuarial gain/loss from FY 2022 to 2023.

The third subsection, **Program Assets**, shows the market value and actuarial value of the fund. That is, the assets currently set aside for the contracts sold as of the valuation date (market value), along with the smoothed measure of assets of the program (actuarial value). The present value of the fund represents both assets currently on hand and the present value of monthly contract receivables. Similar to program obligations, we provide the actuarial gain/loss for assets over the prior FY.

The final two subsections consist of the **Funded Status** and the **Program Projections**. We compare the obligations and assets to produce the program funded status as of the valuation date. We also show how the funded status changed over the year and review a history in graphical form. Lastly, we show our projections for various program measures including obligations, assets, and expected future cashflows under a closed program (contracts as of the valuation date).

PARTICIPANT DATA

Program obligations are based on the participant data supplied by GET staff. In the following table, we provide a summary of all outstanding units by the initial "use year" for the plan year ending June 30, 2023, along with a reconciliation of units from last year's valuation. The projected use year, provided by contract holders when an account is established, represents the first year the student beneficiary is expected to enter college and/or turn 18 years old. We include units with use years prior to the valuation date in the first year of the table. The table shows units and contracts corresponding to the use year provided in the data and does not represent how units are expected to be redeemed when we apply our redemption assumption through the valuation. For more information on the expected outflow of units, please see the Projection of Current Contracts Only table in the **Program Projections** subsection.

Number of Units Outstanding by Use Year			
Use Year	Expected Unit Value	Units Starting to be Used	Contracts Starting to be Used
2023*	$120	3,368,330	24,223
2024	124	848,839	4,371
2025	128	850,370	4,545
2026	132	816,316	4,409
2027	137	712,594	3,959
2028	143	624,514	3,678
2029	149	470,407	3,017
2030	155	415,884	2,869
2031	162	346,327	2,536
2032	168	295,553	2,234
2033	175	243,766	1,861
2034	183	224,927	1,723
2035	190	214,074	1,691
2036	198	195,699	1,656
2037	206	155,445	1,396
2038	215	126,899	1,243
2039	224	98,936	1,084
2040	233	58,752	832
2041	243	13,706	309
2042	253	996	9
2043	$263	32	2
Total		**10,082,367**	**67,647**

Note: Totals may not agree due to rounding.

**Includes contracts that already started using units.*

Change in Number of Outstanding Units	
Number of Outstanding Units at June 30, 2022	**10,410,078**
New Units Purchased	408,958
Units Redeemed[1]	(606,035)
Units Refunded, Defaulted, or Downgraded[2]	(112,543)
Units Rolled Over to Other 529 Plans[3]	(18,736)
Other	646
Number of Outstanding Units at June 30, 2023	**10,082,367**

[1] Includes adjustments for unused distributions in prior FY.

[2] Includes total units in refunded account. Unit downgrades are performed upon customer request.

[3] Includes rollovers to DreamAhead and other states' 529 plans.

Unlike prior years, the units purchased figure over FY 2023 does not include contracted units through new custom monthly contracts. The WA529 committee adopted a suspension of new custom monthly contracts that began with the 2022-23 enrollment for an indeterminate period of time.

ACTUARIAL LIABILITIES

The following table shows the actuarial liabilities (program obligations). The obligations are the sum of the present value of future unit redemptions, contribution guarantee payments, and administrative expenses for all unredeemed units as of June 30, 2023. Contribution guarantee payments represent approximately 1 percent of program obligations and are contained within the value shown for unit redemptions. More information on contribution guarantee payments can be found under **Plan Description** in the Background section. The obligations are measured under a closed program and exclude tuition payments or administrative costs from new units purchased after June 30, 2023. Please see **Appendix A** for further details.

PV of Obligations	
(Dollars in Millions)	
PV of Unit Redemptions	$1,109
PV of Administrative Expenses	33
2023 PV of Obligations	**$1,142**
2022 PV of Obligations	**$1,152**

WA529 staff provides 25 years of expected administrative expenses and expected revenue from service-based fees under a closed-plan scenario. The 25-year projection represents the anticipated net expenses of the program to administer current outstanding units through redemption assuming no future unit sales. Service-based fees represent revenue from fees charged to participants for specific purposes, such as dishonored payments. We subtract this fee revenue from future expenses because our model does not include those future payment streams.

We then calculate the present value of those net expenses. In the following table, we outline the development of the present value of this obligation along with the underlying expense and fee revenue values.

Development of Administrative Expenses				
FY	Administrative Expenses	Expected Fee Revenue	Net Expenses	PV of Net Expenses
2024	$6,114,642	$433,000	$5,681,642	$5,545,265
2025	3,431,500	324,800	3,106,700	2,887,742
2026	2,593,600	243,600	2,350,000	2,080,356
2027	2,227,600	182,700	2,044,900	1,724,061
2028	1,703,600	137,000	1,566,600	1,257,909
2029	1,764,100	102,800	1,661,300	1,270,428
2030	1,724,900	77,100	1,647,800	1,200,099
2031	1,782,300	57,800	1,724,500	1,196,152
2032	1,842,500	43,400	1,799,100	1,188,473
2033	1,795,900	32,600	1,763,300	1,109,356
2034	1,864,800	24,500	1,840,300	1,102,666
2035	1,945,700	18,400	1,927,300	1,099,804
2036	2,013,500	13,800	1,999,700	1,086,780
2037	2,084,500	10,400	2,074,100	1,073,538
2038	2,158,600	7,800	2,150,800	1,060,226
2039	2,249,800	5,900	2,243,900	1,053,446
2040	2,132,700	4,400	2,128,300	951,596
2041	2,210,100	3,300	2,206,800	939,709
2042	2,291,100	2,500	2,288,600	928,135
2043	2,375,700	1,900	2,373,800	916,845
2044	2,277,100	1,400	2,275,700	837,100
2045	1,971,100	1,100	1,970,000	690,143
2046	1,582,800	1,000	1,581,800	527,759
2047	1,640,500	1,000	1,639,500	520,962
2048	$1,700,900	$1,000	$1,699,900	514,433
PV of Administrative Expenses				**$32,762,983**

The following table demonstrates actuarial gains and losses for program obligations. We use gain/loss analysis to compare actual changes to assumed changes in the assets and obligations. We also use this analysis to determine:

- ❖ The accuracy of our valuation model and annual processing;
- ❖ Why obligations and assets changed; and,
- ❖ The reasonableness of the actuarial assumptions.

Actuarial gains will increase funded status; actuarial losses will decrease funded status. Under a reasonable set of actuarial assumptions, actuarial gains and losses will offset over long-term experience periods. Please see the following subsection for the gains and losses for program assets.

Gain/(Loss) Analysis Change in Obligations by Source	
(Dollars in Millions)	
(a) 2022 PV of Obligations	**$1,152**
(b) Expected Change	**($33)**
Program Gains/Losses	
Tuition Payments and Account Changes[1]	($1)
New Units Purchased	43
Update Administrative Expense	2
Other	(2)
(c) Total Program Obligations Gains/Losses	**$42**
Additional Changes[2]	
Short-term Tuition Growth and Payout Value Update[3]	($19)
Long-term Tuition Growth Assumption Change	19
Investment Return Assumption Change	(18)
(d) Total Additional Changes Gains/Losses	**($18)**
2023 Results	
(e) Total Change in 2023 = (b) + (c) + (d)	**($10)**
2023 PV of Obligations = (a) + (e)	**$1,142**

Note: Dollars in millions. Totals may not agree due to rounding.

[1] Includes unit redemptions, supplemental funds through the guaranteed return of contributions, and other unit changes such as refunds, conversions, and rollovers.

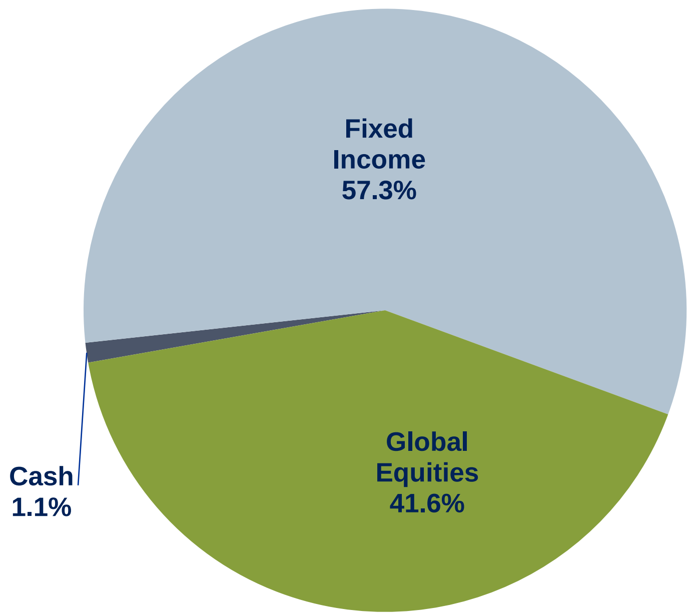
[2] Additional changes are listed in the order performed. A different order would produce the same total changes but the measured impact for each individual change could differ in both magnitude and direction.

[3] Includes an assumed continuation of current law tuition growth for an additional two years and reflects the most recent unit payout value.

PROGRAM ASSETS

The following chart shows how GET program assets were invested as of June 30, 2023. The WSIB reviews the target asset allocation every 4 years. During the last review, in late 2019, WSIB adopted the current asset allocation of 40 percent global equity and 60 percent fixed income with an allowable range of 5 percent more or less than the target allocation for each asset class. Under current investment policy, the program is allowed to allocate up to 5 percent in cash with a long-term target of 0 percent. The following figures reflect the actual asset allocation at the valuation date.

2023 GET Fund Asset Allocation



Cash: Highly liquid, very safe investments that can be easily converted into cash, such as Treasury Bills and money-market funds.

Fixed Income[1]: Securities representing debt obligations and usually having fixed payments and maturities. Different types of fixed income securities include government and corporate bonds, mortgage-backed securities, asset-backed securities, convertible issues, and may also include money-market instruments.

Global Equities: Shares of U.S. and non-U.S. corporations that trade on public exchanges or "over-the-counter." The ownership of a corporation is represented by shares that are claimed on the corporation's earnings and assets.

[1] *As disclosed in their 2021 Capital Markets White Paper, WSIB uses the Intermediate Credit Fixed Income asset class for the GET trust fund. We refer to this asset class as simply Fixed Income throughout this report.*

The following table shows the GET market fund value, which includes (1) the MVA held by WSIB, (2) the present value of the monthly contract receivables, and (3) the additional funds held in a state Treasury account. The Treasury account assets are available to pay program obligations, such as upcoming fall tuition unit disbursements or for other GET program purposes. We assume mid-valuation year timing on payments in and out of the fund for purposes of this valuation.

Market Fund Value	
(Dollars in Millions)	
MVA at 6/30/2023	
Cash	$17
Global Equities	672
Fixed Income	926
2023 WSIB Reported Assets	**$1,615**
Additional Funds Held in State Treasury Account*	$2
2023 MVA	**$1,617**
PV of Monthly Contracts	$76
Total 2023 Fund Value	**$1,693**

**Additional funds available to pay program obligations such as upcoming tuition disbursements.*

The next two tables show reconciliations from last year to this year for the MVA and Present Value (PV) of Monthly Contracts. There is a notable drop in the PV of Monthly Contracts from last year due to the suspension of new custom monthly contract sales.

Change in MVA	
(Dollars in Millions)	
2022 MVA	**$1,524**
2022 Funds Held in State Treasury Account*	(2)
2022 WSIB Reported Assets	**$1,521**
Changes in Net Asset Value	
Revenue	
Lump Sum Unit Purchases	$48
Custom Monthly Unit Purchases	16
Investment Return	118
Other Revenue	0
Total Revenue	**$182**
Disbursements	
Refunds	($10)
Redemptions	(71)
Contribution Guarantee	(1)
Other Disbursements	(8)
Total Disbursements	**($89)**
Net Cash Flow	**$93**
2023 WSIB Reported Assets	**$1,615**
2023 Funds Held in State Treasury Account*	2
2023 MVA	**$1,617**

Note: Totals may not agree due to rounding.

**Additional funds available to pay program obligations such as upcoming tuition disbursements.*

Change in PV of Monthly Contract Receivables	
(Dollars in Millions)	
PV of Monthly Contracts at June 30, 2022	**$96**
Changes in PV Monthly Contracts	
Actual Payments Received in 2023	($16)
Interest Adjustment	4
Account Conversions*	(8)
Other**	0
Preliminary PV Receivables at June 30, 2023	**$77**
Assumption Changes or Program Changes***	(1)
PV of Monthly Contracts at June 30, 2023	**$76**

**Conversion of Custom Monthly accounts to Lump-Sum accounts. Includes voluntary refunds.*

***Includes account downgrades, interest on advanced payments, and unexplained changes.*

****Reflects increase of investment return assumption from 4.75% to 5.00%.*

Similar to the program obligations, we measure actuarial gains and losses for the program assets as illustrated in the following table. The gain/loss on investment earnings represents the gain or loss on all investment income including investment gain/loss on contributions and disbursements.

Gain/(Loss) Analysis Change in Assets by Source	
(Dollars in Millions)	
a) 2022 Market Value of Fund	**$1,620**
b) Expected Change	**($10)**
Program Assets Gains/Losses	
Distributions	($2)
Contributions	
Existing Contracts	(1)
New Unit Sales	48
Contract Receivables	
Existing Contracts	(6)
Investment Earnings	45
Other	0
c) Total Program Assets Gains/(Losses)	**$84**
Additional Changes	
d) Investment Return Assumption Change	**($1)**
2023 Results	
e) Total Change in 2023 (b + c + d)	**$73**
2023 Market Value of Fund (a + e)	**$1,693**

Note: Totals may not agree due to rounding.

The following table shows the actuarial fund value, or smoothed fund value. The actuarial fund value extends the recognition of annual investment gains and losses (returns above or below expected) in order to limit the volatility due to year-to-year market fluctuation. For the purposes of this calculation, we smooth each gain or loss over an eight-year recognition period and limit the resulting AVA to within 30 percent of the actual MVA as of the valuation date. We then add the best estimate present value of receivables to get the actuarial fund value.

We use the market fund value (which is based on the MVA) to calculate the best estimate funded status. We provide the AVA to help readers evaluate how much a single point-in-time measurement impacts the program's assets and funded status. Please see the **Executive Summary** section for a funded status calculation based on the actuarial fund value. The use of another asset valuation method may also be reasonable and could produce materially different results. We believe the selected approach (as noted in the prior paragraph) is reasonable given its intended use and may not be appropriate for other uses.

Calculation of Actuarial Fund Value			
(Dollars in Millions)			
a) MVA at 6/30/2023*			$1,617
Deferred Gains and (Losses)			
Program Year Ending	**Years Remaining**	**Total Deferral**	**Remaining Deferral**
6/30/2023	7	$46	$40
6/30/2022	6	(275)	(206)
6/30/2021	5	175	109
6/30/2020	4	29	15
6/30/2019	3	(13)	(5)
6/30/2018	2	20	5
6/30/2017	1	99	12
b) Total Deferral			**($29)**
c) MVA less Deferral 6/30/2023 (a - b)			$1,647
d) 70% of MVA			1,132
e) 130% of MVA			2,102
f) AVA			1,647
g) PV of Receivables			76
h) Actuarial Fund Value (f + g)			**$1,722**

**Includes approximately $2 million held in state Treasury account.*

FUNDED STATUS

The funded status helps readers evaluate the health of the GET program at a single point in time. A history of funded status measured consistently over a defined period helps readers evaluate a plan's long-term ability to accurately assess and react to experience. A plan more/less than 100 percent funded is not automatically considered over-funded/at-risk. The following table calculates the program's funded status and reserve.

2023 Funded Status	
(Dollars in Millions)	
Obligations	
a) PV of Unit Redemptions	$1,109
b) PV of Administrative Expenses	$33
c) PV of Obligations (a + b)	$1,142
Market Fund Value	
d) Assets	$1,617
e) PV of Monthly Contract Receivables	$76
f) PV of Fund (d + e)	$1,693
Calculation of Funded Status	
g) PV of Fund (f)	$1,693
h) PV of Obligations (c)	$1,142
i) Ratio of Market Fund Value to Obligations (g / h)	148.2%
j) Reserve / (Deficit) (g - h)	$551

The Reserve/(Deficit) indicates the excess/shortfall of the fund assets on hand to cover the program's expected obligations at the valuation date if all assumptions are realized. The reserve level can be interpreted similarly to the funded status.

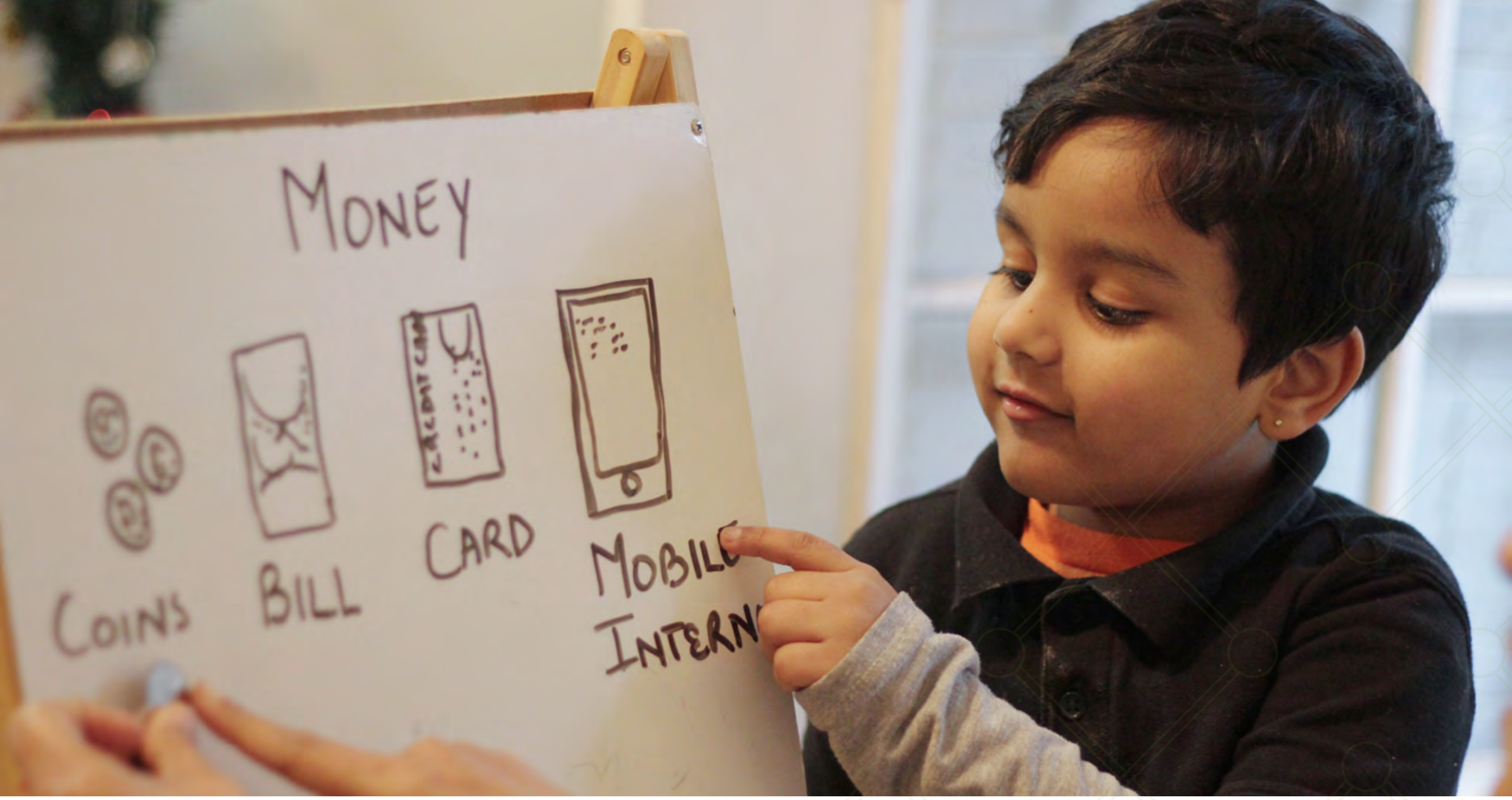
A self-sustaining program that collects all cash inflows up front, like the GET program, may want to aim for a long-term reserve of approximately 15 percent (or 115 percent funded status) in order to protect against unexpected adverse outcomes over the life of the program. The program may require a reserve above 15 percent under future circumstances that vary from today's environment.

The following table shows the impact to the funded status under each major change outlined in the **Executive Summary**.

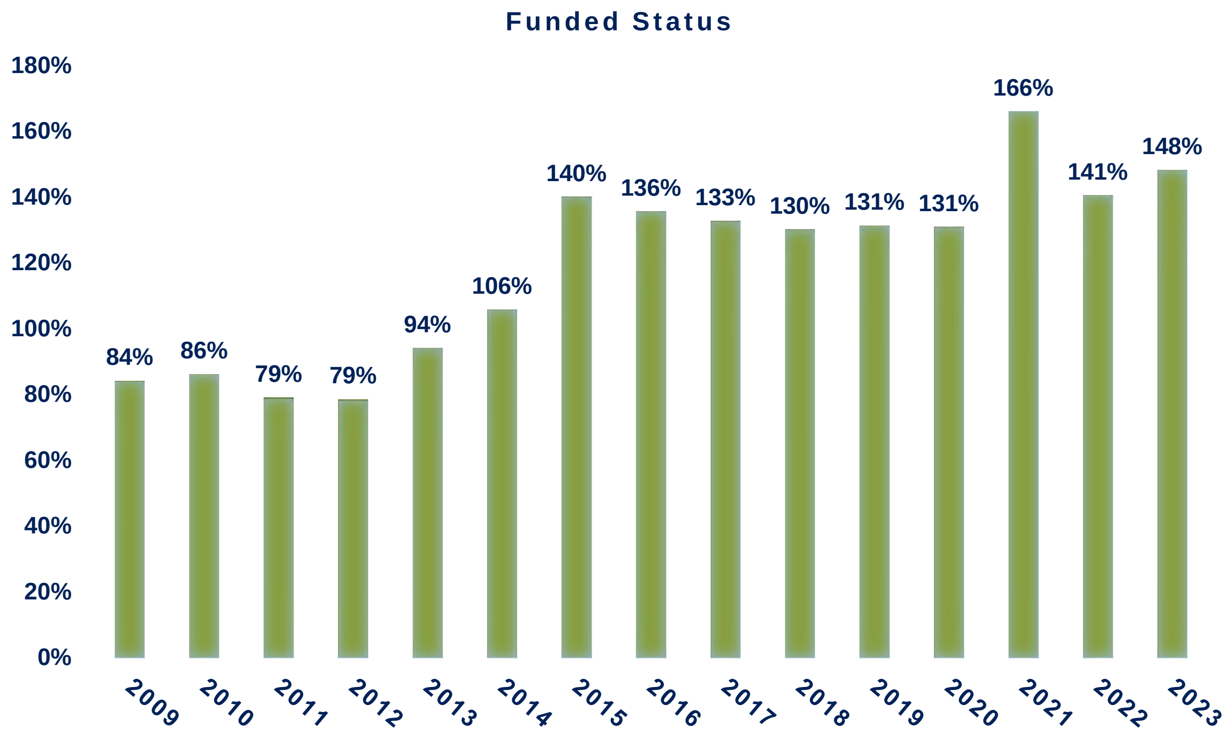
2023 Funded Status Change	
June 30, 2022, Funded Status	**141%**
2023 Contract Data*	1%
Short-term Tuition Growth and Payout Value Update**	2%
Tuition Growth Assumption Change	(2%)
Rate of Investment Return Assumption Change	2%
FY 2023 Actual Investment Returns	4%
June 30, 2023, Funded Status	**148%**

**Reflects contract data changes, including new unit sales, and updates to administrative expenses.*

***Includes an assumed continuation of current law tuition growth for an additional two years and reflects the most recent unit payout value.*



The following chart demonstrates the program's funded status history over the past 15 years. A full history of the program's funded status can be found in **Appendix B**.



PROGRAM PROJECTIONS

The following tables show how the program is expected to fare beyond the valuation date, assuming no future unit sales other than those purchased through existing monthly payment contracts. Under a closed program scenario, all existing customers with unredeemed units can redeem those units under current program terms, but the program would sell no additional units.

We advise readers to exercise caution when using, distributing, or relying on this projection. As with any projection, these results will only remain accurate if all assumptions are realized. Furthermore, this projection represents current contracts only (no future unit sales) and assumes no future changes to current program provisions. Actual experience may vary.

A large, expected reserve develops under this projection because we assume the current reserve of $551 million will continue to grow with the long-term expected 5.00 percent rate of investment return each year. However, if the program is permanently closed or terminated, WSIB may change the program's asset allocation. That in turn may lead to a lower assumed rate of investment return. A lower assumed rate of return would increase the present value of program obligations and lower the program's reserve and funded status.

Projection of Current Contracts Only *(If All Assumptions Are Realized)*

(Dollars in Millions); EOY = End of Year

FY Ending June 30	Funded Status	Unit Value[1]	Number of Units Used	EOY Obligation Value	EOY Market Fund Value	EOY MVA	EOY PV of Receivables	Net Cash Flow
2023[2]	148%	N/A	N/A	$1,142	$1,693	$1,617	$76	N/A
2024	153%	$120	751,530	1,100	1,679	1,614	65	($3)
2025	158%	124	883,829	1,040	1,647	1,592	55	(22)
2026	166%	128	922,130	969	1,606	1,560	46	(32)
2027	176%	132	963,723	884	1,554	1,515	39	(44)
2028	189%	137	1,004,692	785	1,488	1,457	32	(59)
2029	207%	143	903,696	689	1,427	1,401	26	(55)
2030	227%	149	731,980	609	1,384	1,364	20	(38)
2031	253%	155	651,185	533	1,346	1,331	16	(33)
2032	284%	162	559,660	463	1,318	1,306	12	(25)
2033	323%	168	470,046	402	1,299	1,291	8	(15)
2034	371%	175	390,563	348	1,290	1,284	6	(7)
2035	430%	183	328,886	300	1,289	1,285	4	1
2036	507%	190	283,930	255	1,294	1,292	2	7
2037	609%	198	249,099	214	1,305	1,303	1	12
2038	754%	206	219,879	175	1,320	1,320	0	16
2039	967%	215	193,452	139	1,341	1,341	0	21
2040	*	224	169,072	105	1,367	1,367	0	26
2041	*	233	141,485	74	1,399	1,399	0	32
2042	*	243	108,272	48	1,440	1,440	0	41
2043	*	253	74,786	29	1,490	1,490	0	50
2044	*	263	46,462	15	1,550	1,550	0	60
2045	*	274	24,145	7	1,618	1,618	0	69
2046	*	286	8,457	4	1,695	1,695	0	77
2047	*	298	1,350	2	1,778	1,778	0	83
2048	*	$310	53	$0	$1,865	$1,865	$0	$87

[1] *Shown in Dollars (not in Millions).*

[2] *Please see **Participant Data** and **Program Assets** for actual experience in FY 2023.*

**Funded Status exceeds 1,000% due to very small obligation value.*

The net cash flows used in the preceding table are based on expected inflows and outflows as illustrated in the next table.

Projection of Current Contracts Only *(If All Assumptions Are Realized)*						
(Dollars in Millions)						
		Cash Inflows			**Cash Outflows**	
FY Ending June 30	**Net Cash Flow**	**Monthly Contracts**	**Investment Return**	**State Contributions**	**Unit Use**	**Expense**
2024	($3)	$14	$79	$0	($91)	($6)
2025	(22)	13	78	0	(110)	(3)
2026	(32)	11	77	0	(118)	(2)
2027	(44)	10	75	0	(127)	(2)
2028	(59)	9	73	0	(138)	(2)
2029	(55)	8	70	0	(131)	(2)
2030	(38)	7	67	0	(110)	(2)
2031	(33)	6	66	0	(102)	(2)
2032	(25)	5	64	0	(92)	(2)
2033	(15)	4	63	0	(81)	(2)
2034	(7)	3	63	0	(71)	(2)
2035	1	2	63	0	(62)	(2)
2036	7	2	63	0	(56)	(2)
2037	12	1	63	0	(51)	(2)
2038	16	1	64	0	(46)	(2)
2039	21	0	65	0	(42)	(2)
2040	26	0	66	0	(38)	(2)
2041	32	0	67	0	(33)	(2)
2042	41	0	69	0	(26)	(2)
2043	50	0	71	0	(19)	(2)
2044	60	0	74	0	(12)	(2)
2045	69	0	77	0	(7)	(2)
2046	77	0	81	0	(2)	(2)
2047	83	0	85	0	(0)	(2)
2048	$87	$0	$89	$0	($0)	($2)

**Includes expected Contribution Guarantee payments.*

SENSITIVITY OF BEST ESTIMATE RESULTS

SENSITIVITY OF BEST ESTIMATE RESULTS

The best estimate results are sensitive to the key assumptions used in the valuation. In this section, we calculated the results after varying the assumed rates of investment return and tuition growth to illustrate the sensitivity of the results to these assumptions.

CLOSED PROGRAM SCENARIO SENSITIVITY

The following table shows the best estimate results assuming no units are purchased in the future. This scenario is consistent with our best estimate results shown elsewhere in the report.

Sensitivity of Results to Key Assumptions							
(Dollars in Millions)	+1% Tuition	Best Estimate	-1% Tuition	-2% Return	-1% Return	Best Estimate	+1% Return
PV of Fund	$1,693	$1,693	$1,693	$1,699	$1,696	$1,693	$1,690
PV of Obligations	$1,179	$1,142	$1,109	$1,301	$1,217	$1,142	$1,075
Reserve/(Deficit)	$514	$551	$584	$398	$479	$551	$615
2023 Funded Status	144%	148%	153%	131%	139%	148%	157%

CLOSED PROGRAM CURRENT LAW SENSITIVITY

Chapter 36, Laws of 2015, 3rd Special Legislative Session, (2ESSB 5954), established a policy to limit resident undergraduate annual tuition growth to no more than the average annual percentage change in the median hourly wage for Washington over the previous fourteen years. For our best estimate Tuition Growth assumption, we assume continuation of this policy over a two biennial period consistent with the state budget. Beyond this period, we assume our long-term tuition growth rate. For more information, please see the *2021 GET Experience Study*.

If future Legislatures continue this policy indefinitely, we project future tuition growth rates would not exceed 4 percent per year. To model this scenario, we developed expected future tuition growth rates by projecting forward the 14-year rolling average increase in median hourly Washington state wage that determines maximum tuition growth. We assumed the median wage would increase annually consistent with our inflation assumption of 2.8 percent and also applied a level of smoothing to the resulting tuition growth projections. The following table illustrates our expectations for future annual tuition growth under a continuation of current tuition policy.

Tuition Growth Assumption		
School Year	Current Law	Best Estimate
2023-24	3.00%	3.00%
2024-25	3.00%	3.00%
2025-26	3.25%	3.25%
2026-27	3.25%	3.25%
2027-28	3.25%	4.15%
2028-29	3.25%	4.15%
2029-30	3.50%	4.15%
2030-31	3.50%	4.15%
2031-32	3.50%	4.15%
2032-33	3.50%	4.15%
2033-34	3.50%	4.15%
2034-35	3.50%	4.15%
2035-36	3.25%	4.15%
2036-37	3.25%	4.15%
2037-38	3.25%	4.15%
2038-39+	2.80%	4.15%

Under the indefinite current law scenario, the 2023 funded status would rise from 148 to 152 percent and the reserve would increase from $551 to $578 million.

APPENDICES

APPENDICES

APPENDIX A: ASSUMPTIONS, METHODS, AND DATA

The assumptions used in this report can be divided into two broad categories – economic and behavioral. For more detailed and supporting information on these assumptions, please see the *2021 GET Experience Study*.

Annually, we review two key economic assumptions, future investment rate of return and tuition growth, for reasonableness. The next table shows the assumptions relied on for this valuation.

Key Economic Assumptions	
Investment Returns	
All Years	**5.00%**
Tuition Growth *(Excludes Differential Tuition)*	
2023-24*	3.00%
2024-25	3.00%
2025-26	3.25%
2026-27	3.25%
2027-28+	4.15%

**Actual tuition growth.*

Rate of Investment Return Assumption

The assumed rate of investment returns is used as the discount rate to calculate the expected present value of program payments, administrative expenses, and receivables. It's also used to calculate the expected future investment returns in our closed program projections.

Expected investment returns are informed by WSIB's target asset allocation and their CMAs. WSIB typically updates their CMAs every two years, with the most recent update occurring in 2023. When setting the Investment Return assumption, we assume the current 40 percent global equity/60 percent fixed income target portfolio will remain unchanged throughout the projection period. For additional information on the program's assets, see the **Best Estimate Results** section.

2023 CMAs			
Asset	**Return**	**Standard Deviation**	**Weight**
Fixed Income	4.5%	5.7%	60%
Global Equities	8.1%	19.0%	40%
Portfolio	**5.9%**	**9.4%**	**100%**
Correlation	**Income**	**Global Equities**	
Fixed Income	1.00		
Global Equities	0.35	1.00	

The average 5.9 percent portfolio return is a 1-year arithmetic return. As an additional reference point, WSIB provided our office with simulated future investment returns under varying projection periods for the GET fund. When compounded over a 10- and 15-year period, the median (50th percentile) simulated geometric return is 5.33 percent. These time periods are significant because the average time horizon of remaining payments for current outstanding units is roughly 7 years and for a new unit sale it is approximately 16 years.

WSIB Simulated Investment Returns over Various Projection Periods			
	5 Years	**10 Years**	**15 Years**
75th Percentile	8.81%	7.80%	7.33%
55th Percentile	6.02%	5.77%	5.66%
50th Percentile	5.40%	5.33%	5.33%
45th Percentile	4.75%	4.90%	4.98%
25th Percentile	2.09%	3.07%	3.41%

When selecting an Investment Return assumption, we considered how this assumption is applied in our model, the time-horizon of the program obligations and new unit sales, changes in CMAs since the prior study, the current economic climate, and our professional judgement regarding expectations for the future. To reflect higher expected returns, we increased the Investment Return assumption from 4.75 percent to 5.00 percent.

The WSIB is conducting an asset allocation study in 2023. If a new asset allocation is implemented prior to the summer of 2024, any expected changes to the future Investment Return Assumption will be reflected starting with the 2024-25 unit price analysis and *2024 GET Actuarial Valuation Report* (GAVR).

Tuition Growth Assumption

We developed a framework for setting the Tuition Growth Assumption as part of the *2021 GET Experience Study* that reflected enacted and expected tuition growth rates consistent with current law tuition policy. Under this framework, we set the first three to four years of assumed tuition growth rates (depending on the biennial budget cycle) consistent with the enacted budget and the current tuition policy. Beyond that period, we set rates that consist of building block components our long-term assumed growth rate.

New Tuition Growth Assumption Format	
FY	**Tuition Growth Assumption**
Year 1	Current Tuition Policy – Enacted Rates
Year 2	Current Tuition Policy – Enacted Rates
Year 3	Current Tuition Policy – Expected Rates
Year 4	Current Tuition Policy – Expected Rates
Year 5+	Long-Term Tuition Growth with Adjustments

When setting the long-term Tuition Growth assumption, we explicitly separated the rates into distinct building blocks.

1. Regional Inflation Forecast – The GET unit payout value is based on the highest annual resident undergraduate tuition at a Washington State public university or college. We therefore select an inflation component that reflects our expectations for regional inflation. To do so we review national inflation forecasts and examine the difference between historical national inflation (CPI-U) and historical regional inflation (CPI-U STB) indices produced by the Bureau of Labor Statistics. OSA performs an in-depth review of inflation every odd-numbered calendar year as part of an *Economic Experience Study*. This year we increased our inflation component used in the Tuition Growth Assumption from 2.65 percent to 2.80 percent.
2. Higher Education Inflation Adjustment - In addition to a regional inflation adjustment, higher education institutions experience costs at a different rate than the more generalized economy. To account for this difference, we include a higher education adjustment based on the difference between historical national inflation (CPI-U) and historical national education inflation (HEPI) produced by Commonfund. This component is studied in-depth every six years as part of the GET Experience Study.
3. Higher Education Services Utilization – To estimate this building block, we observed its share of historical cost of instruction growth and considered our expectations for future growth. This component is studied in-depth every six years as part of the *GET Experience Study*.

As part of this review, we also examined historical average tuition growth and standard deviation over different time periods.

Historical Tuition Growth		
Time Period	Average	Standard Deviation
5-Years	2.5%	0.3%
10-Years	0.2%	4.1%
15-Years	4.0%	7.6%
20-Years	4.7%	6.7%
40-Years	5.7%	6.3%

This following table outlines the long-term Tuition Growth Assumption broken down by the various components.

Long-Term Tuition Growth Building Blocks		
Price Inflation		
Block (i)	Regional Inflation Forecast	2.80%
Block (ii)	Higher Education Inflation Adjustment	0.60%
Utilization		
Block (iii)	Higher Education Services Utilization	0.75%
New Long-Term Tuition Growth Assumption		**4.15%**

Behavioral Assumptions

We list a key behavioral assumption below. For a complete list of behavioral assumptions, please see our *2021 GET Experience Study*.

Rate of Redemption — The following table shows what percent of a contract holder's total units we expect will be used upon reaching college (or their "use year"). When measuring program obligations, we assume the use year will be half a year later than reported by the account holder.

Redemption Rate	
All Years	20%

Miscellaneous

For purposes of the valuation, we assume mid-valuation year timing on payments in and out of the fund.

Methods

We valued the current unredeemed units and asset values in the GET program by estimating the future tuition payments (cash outflow from unit redemptions), administrative expenses (cash outflow), and monthly contract payments (cash inflow). The estimation of future cash flows required assumptions about:

- ❖ When the contract holder will redeem their units (based on the reported "use year").
- ❖ What tuition will be in future years.
- ❖ What administrative expenses will be over time.
- ❖ The payment amount and payments due for each monthly contract.

We discounted these cash flows to today's value in order to calculate the plan's funded status at the valuation date. Discounting the cash flows to today's value requires an assumption for how invested money will grow over time. In this case, we've assumed an annual growth rate of 5.00 percent, which means $100 today is worth $105 next year due to investment earnings. Discounting moves the opposite way and states that $105 a year from now will be worth $100 today. Discounting all the cash flows to one common year allows for a commensurable comparison of all cash flows.

These calculations were performed using ProVal® software developed by Winklevoss Technologies. This software model was primarily created for use by actuaries when performing valuations and projections of pension and retiree medical plans. We recognize that the structure of a pre-paid tuition program may not be consistent with the model's primary intent, however based on our review and a comparison to our simplified Excel models, we believe the software produces reasonable output for the purposes of this valuation. We are not aware of any known weaknesses or limitations of the model that have a material impact on the results.

Data

We used the contract data file provided by WA529 staff. We relied on this data as accurate and complete, and valued each entry in the file. We did not perform an audit of this data but reviewed the data and believe it is reasonable for the purposes of our work. We used data entries such as:

- ❖ **Program Year** — The contract holder's entry year into the program.
- ❖ **Use Year** — When the contract holder expects to start using units for tuition (or other qualified expenses).
- ❖ **Payment Amount** — The monthly amount the contract holder owes on their payment plan.
- ❖ **Payments Due** — The number of monthly payments left on the contract holder's monthly payment plan.
- ❖ **Units Outstanding** — The number of units the contract holder currently owns, and units still being paid for under a monthly payment plan.
- ❖ **Contribution Guarantee Eligibility** — Indicator on whether the contract holder had an account in place as of June 30, 2022, and may be eligible for benefits under the contribution guarantee.

APPENDIX B: HISTORICAL INFORMATION

The Washington State Legislature created the GET program in 1997. In this section, we highlight some significant historical program figures.

The following tables show historical unit prices, sales, and the accompanying tuition growth.

Number of Units Sold by Unit Price		
Enrollment Year	**Unit Price**	**Units Sold**
1998-99	$35	1,374,095
1999-00	38	615,327
2000-01	41	523,702
2001-02	42	2,463,500
2002-03	52	2,099,531
2003-04	57	1,896,635
2004-05	61	2,108,360
2005-06	66	2,146,191
2006-07	70	2,339,431
2007-08	74	2,102,305
2008-09	76	3,177,699
2009-10	101	2,624,367
2010-11	117	2,697,696
2011-12	163[1]	' 1,503,962[2]
2012-13	172[1]	1,038,773
2013-14	172[1]	741,701
2014-15	172[1]	618,367
2015-16[3]	-	0
2016-17[3]	-	0
2017-18	113	770,665
2018-19	113	639,646
2019-20	121[4]	505,222
2020-21	133[4]	550,062
2021-22	114.01	735,322
2022-23	$116.63	408,958

[1] *Price includes amortization component that was subsequently refunded.*

[2] *Restated number of units sold.*

[3] *Unit sales suspended.*

[4] *Price retroactively reduced to $114.01.*

Historical Tuition Growth

Year	Tuition Growth	Year	Tuition Growth
1982-83	11.0%	2003-04	7.0%
1983-84	11.2%	2004-05	6.6%
1984-85	0.0%	2005-06	6.8%
1985-86	22.7%	2006-07	6.9%
1986-87	0.0%	2007-08	6.8%
1987-88	7.9%	2008-09	6.8%
1988-89	3.8%	2009-10	13.1%
1989-90	1.7%	2010-11	13.1%
1990-91	6.9%	2011-12	19.0%
1991-92	11.5%	2012-13	15.2%
1992-93	3.4%	2013-14	0.0%
1993-94	12.4%	2014-15	0.0%
1994-95	14.8%	2015-16	(5.0%)
1995-96	3.9%	2016-17	(9.1%)
1996-97	4.0%	2017-18	2.1%
1997-98	3.9%	2018-19	2.1%
1998-99	4.0%	2019-20	2.3%
1999-00	3.7%	2020-21	2.4%
2000-01	3.4%	2021-22	2.7%
2001-02	7.1%	2022-23	2.3%
2002-03	16.0%	2023-24	3.0%

The following table shows the historical rates of investment return and program funded status for the GET trust fund since the inception of the program.

Historical Information			
		Funded Status	
FY	Investment Return	Market Fund Value	Actuarial Fund Value*
1999	4.96%**	110.1%	
2000	10.25%	113.4%	
2001	(1.63%)	104.9%	
2002	(2.79%)	89.6%	
2003	7.56%	98.4%	
2004	16.00%	104.5%	
2005	10.07%	108.1%	
2006	8.94%	108.8%	
2007	14.77%	117.4%	
2008	(0.70%)	109.5%	
2009	(16.02%)	84.2%	
2010	12.68%	86.2%	
2011	20.46%	79.1%	
2012	0.07%	78.5%	
2013	9.59%	94.1%	
2014	16.36%	105.8%	
2015	0.83%	140.1%	
2016	0.61%	135.6%	
2017	10.92%	132.8%	
2018	6.35%	130.2%	
2019	5.29%	131.3%	130.0%
2020	7.40%	131.0%	129.2%
2021	16.84%	166.1%	151.4%
2022	(11.45%)	140.6%	147.9%
2023	7.84%	148.2%	150.8%

**First produced as part of the 2019 GAVR.*

***Represents 9-month return.*

APPENDIX C: UNIT PRICE SETTING GUIDELINES

In 2011, the GET Committee adopted new unit price-setting guidelines that determine how we price future units. These guidelines address the new tuition-setting policy established by the Legislature at that time and were intended to return the program to a fully funded status. The unit price-setting guidelines adopted in 2011 include the following four parts:

- **Expected Cost** — Covers the expected cost of future tuition and applicable state-mandated fees.
- **Administrative Expenses** — Contributes to the payment of administrative expenses. We calculate this amount as the present value of expected administrative expenses from the prior year's valuation report per outstanding unit and adjust forward for one year of inflation.
- **Reserve** — Covers unexpected future costs such as above-expected tuition growth or below-expected investment returns. This component can be increased or decreased to alter the probability that a unit will ever create an unfunded liability in the future.
- **Amortization** — An optional component that covers unexpected past costs from significant program or policy changes. This component did not apply to the most recent unit price-setting analysis.

The WA529 Committee, at their September 2023 meeting, adopted a new unit price of $120.16 for sales during the 2023-24 enrollment period. This price matches the unit payout value at the time of price adoption and is within our best estimate range.

For further details, including sensitivity, best estimate range assumptions, and risk analysis, please see the presentation titled, 2023 GET Unit Price-Setting, in the WA529 September 13, 2023, meeting materials located on the WSAC website.

GET Unit Price Information

	2023-24 Enrollment		2022-23 Enrollment
Unit Price	Best Estimate Range*	Best Estimate	Best Estimate
Expected Cost		$101.19	$100.02
Administrative Expenses		3.13	3.04
Reserve		15.65	15.46
Amortization		N/A	N/A
Total Unit Price	**$106 – $135**	**$119.00**	**$118.00**
Unit Price Adopted**		**$120.16**	**$116.63**

Note: Totals may not agree due to rounding.

**Best estimate range based on assumptions disclosed in the September 2023 WA529 Committee meeting materials.*

***Unit price adopted by the WA529 Committee.*

To determine the best estimate unit price and range, we estimate the future payout value of a single unit based on assumptions for future tuition growth and holding periods for the unit (the duration between purchase and redemption). We calculate the present value of this unit by discounting the future payout value using the expected rate of investment return and varying that rate along with tuition growth rates to determine the best estimate range.

We would consider any unit price adoption within the "best estimate" range to be reasonable from an actuarial perspective for pre-funding the cost of a unit. The Committee will have additional policy considerations when selecting a unit price.

This calculation is performed using economic assumptions for tuition growth and investment return matching those used in the valuation. Please see **Appendix A** for more information.

The holding periods for the unit are based on demographic assumptions about new enrollments. We use the new unit sales profile outlined in the following table to estimate the present value cost of future unit payouts associated with the sale of a single unit. Please see the *2021 GET Experience Study* for further details.

New Unit Sales Profile	
Length in Program (Years)	Percent of Single Unit
2	1.0%
3	2.0%
4	2.0%
5	4.0%
6	4.0%
7	6.0%
8	6.0%
9	6.0%
10	6.0%
11	6.0%
12	6.0%
13	7.0%
14	7.0%
15	7.0%
16	7.0%
17	7.0%
18	8.0%
19	8.0%
20	0.0%
Total	**100.0%**

2100 Evergreen Park Dr. SW
Suite 150
Olympia, WA 98504-0914

Phone: 360.786.6140

e-mail: state.actuary@leg.wa.gov

leg.wa.gov/osa

Office of the State Actuary

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