

DreamAhead College Investment Plan Program Fees

Report to the Governor and the Legislature

December 2021

Introduction

The DreamAhead College Investment Plan is the state's 529 college investment plan, opened in April 2018. Per the plan's enabling statute, Chapter 28B.95 RCW, DreamAhead is intended to complement the Guaranteed Education Tuition (GET) prepaid tuition program to help families save towards the full cost of college.

Washington is one of 49 states, along with the District of Columbia, that offers a direct-sold 529 college investment plan directly to the public without an intermediary such as an investment advisor or broker. Unlike prepaid tuition plans such as GET, which typically permit only savers who reside within the plan's home state, college investment plans are typically available to savers nationwide.

Accordingly, in order to ensure DreamAhead is competitive nationally, the Legislature has set statutory limitations on investment fees charged to plan participants. Specifically, RCW 28B.95.087(3) states: "beginning January 1, 2018, fees charged to the owner may not exceed one-half of one percent for any investment option on an annual basis." Additionally, the Legislature requires the Committee on Advanced Tuition Payment and College Savings (WA529 Committee) to report to the Governor and the appropriate committees of the Legislature regarding the total fees charged to each investment option offered by DreamAhead.

The following report provides the fees charged for each investment portfolio, as of December 1, 2021.

DreamAhead Fee Review

DreamAhead has no commissions, loads, or sales charges. As of December 1, 2021, total annual asset-based fees vary from 0.254% to 0.330%, depending upon the Portfolio(s) a participant chooses. See Table 1 below for an overview of the asset-based fees charged for each of the 37 different investment portfolios, as well as fee reductions that have taken place within the last year.

TABLE 1: ANNUAL DREAMAHEAD ASSET-BASED FEES BY INVESTMENT PORTFOLIO (EFFECTIVE DECEMBER 1, 2021)

Portfolio name	Underlying fund fee	Service fee	State Administrative fee	Total Annual Asset-Based Fee	Change since 12/1/20 (in bps) ²
Static					
Growth	0.034%	0.120%	0.100%	0.254%	No change
Moderate Growth	0.053%	0.120%	0.100%	0.273%	No change
Conservative Growth	0.052%	0.120%	0.100%	0.272%	No change
Balanced	0.052%	0.120%	0.100%	0.272%	No change
Income & Growth	0.052%	0.120%	0.100%	0.272%	No change
Income	0.070%	0.120%	0.100%	0.290%	No change
Cash Preservation	0.110%	0.120%	0.100%	0.330%	No change
Conservative Year of Enrollment					
2038	0.052%	0.120%	0.100%	0.272%	No change
2036	0.052%	0.120%	0.100%	0.272%	No change
2034	0.052%	0.120%	0.100%	0.272%	No change
2032	0.052%	0.120%	0.100%	0.272%	No change
2030	0.059%	0.120%	0.100%	0.279%	No change
2028	0.066%	0.120%	0.100%	0.286%	No change
2026	0.070%	0.120%	0.100%	0.290%	No change
2024	0.089%	0.120%	0.100%	0.309%	No change
2022	0.089%	0.120%	0.100%	0.309%	No change
College Enrolled ¹	0.089%	0.120%	0.100%	0.309%	No change
Moderate Year of Enrollment					
2038	0.043%	0.120%	0.100%	0.263%	No change
2036	0.043%	0.120%	0.100%	0.263%	No change
2034	0.053%	0.120%	0.100%	0.273%	No change
2032	0.053%	0.120%	0.100%	0.273%	No change
2030	0.052%	0.120%	0.100%	0.272%	No change
2028	0.052%	0.120%	0.100%	0.272%	No change
2026	0.055%	0.120%	0.100%	0.275%	No change
2024	0.059%	0.120%	0.100%	0.279%	No change
2022	0.066%	0.120%	0.100%	0.286%	No change
College Enrolled ¹	0.074%	0.120%	0.100%	0.294%	No change
Growth Year of Enrollment					
2038	0.043%	0.120%	0.100%	0.263%	-0.1 bps
2036	0.043%	0.120%	0.100%	0.263%	-0.1 bps
2034	0.043%	0.120%	0.100%	0.263%	No change
2032	0.043%	0.120%	0.100%	0.263%	No change
2030	0.053%	0.120%	0.100%	0.273%	-0.1 bps
2028	0.053%	0.120%	0.100%	0.273%	No change
2026	0.052%	0.120%	0.100%	0.272%	No change
2024	0.052%	0.120%	0.100%	0.272%	No change
2022	0.051%	0.120%	0.100%	0.271%	No change
College Enrolled ¹	0.074%	0.120%	0.100%	0.294%	No change

¹ On July 1 of every even numbered year beginning in 2022, that year's portfolios will move into the College Enrolled portfolios.

²One basis point is equal to 1/100th of one percent. Total underlying fund fees for each Year of Enrollment portfolio can differ year-to-year as the portfolios adjust asset allocations over time. Accordingly, fee changes are calculated based on comparing current fees charged for each portfolio as of December 1, 2021 to fees that were charged (or would have been charged) for the corresponding asset allocation as of December 1, 2020.

Additional Notes

- On October 26, 2021, investment research firm, Morningstar, released its [2021 529 plan ratings](#). For the second time, Morningstar included DreamAhead in its coverage. DreamAhead again received a “Bronze Medal” rating which, according to Morningstar, makes DreamAhead a “best-in-class” 529 savings plan. As part of this rating, Morningstar determined that DreamAhead’s fees were “Below Average,” which garnered a “Positive” rating in their “Price” pillar.
- DreamAhead continues to be rated highly by [savingforcollege.com](#), based on their “5-cap” rating system. As of November 1, 2021, DreamAhead was rated 5 out of 5 caps for in-state residents and 4 out of 5 caps for out-of-state residents, with a “Fee Score” of 4.5 out of 5.
- Since this report was last updated in December 2020, there were modest reductions to asset-based fees in three DreamAhead investment portfolios due to a fee reduction in one of the plan’s underlying funds.
- On June 28, 2021, the WA529 Committee voted to lower the Annual Maintenance fee from \$35 to \$30. This fee reduction took effect at the start of the third quarter of the calendar year, which began on July 1, 2021. As stated in the *DreamAhead College Investment Plan: Policy Goals, Objectives, and Performance Measures Update* report to the Legislature dated December 2021, the WA529 Committee is committed to eliminating the plan’s account maintenance fee as soon as possible, as plan assets grow.
- The WA529 Committee will provide an update to this report by December 1, 2022.