

## **DreamAhead College Investment Plan Program Fees Report to the Governor and the Legislature November 2022**

### **Introduction**

The DreamAhead College Investment Plan (DreamAhead) is Washington State's 529 education savings plan. The plan was established in statute ([Chapter 28B.95 RCW](#)) in 2018 to provide an additional financial option for individuals, organizations, and families to save for post-secondary education.

There are two types of 529 plans: prepaid tuition plans and education savings plans. Prepaid tuition plans, such as Washington's Guaranteed Education Tuition (GET), typically only approve enrollment for savers who reside within the plan's home state. Conversely, education savings plans are generally available to savers nationwide, regardless of the sponsoring state.

Education savings plans are sold through two channels: direct-sold and advisor-sold. Direct-sold plans are offered directly to the public without an intermediary such as an investment advisor or broker. Washington is one of 49 states, along with the District of Columbia, offering a direct-sold 529 education savings plan.

To ensure DreamAhead is competitive nationally, the Legislature set statutory limitations on investment fees charged to plan participants not to exceed one-half of one percent for any investment option on an annual basis. Additionally, state law requires the Committee on Advanced Tuition Payment and College Savings (WA529 Committee) to report annually to the Governor and the appropriate committees of the Legislature regarding the total fees charged for each investment option offered in DreamAhead.

This report provides the fees charged for each investment portfolio as of November 1, 2022.

### **DreamAhead Fees**

DreamAhead has no commissions, loads, or sales charges. As of November 1, 2022, total annual asset-based fees vary from 0.254% to 0.320%, 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**

Portfolio name	Underlying fund fee	Service fee	State Administrative fee	Total Annual Asset-Based Fee	Change since 11/1/21 (in bps) <sup>1</sup>
<b>Static</b>					
Growth	0.034%	0.120%	0.100%	0.254%	No change
Moderate Growth	0.052%	0.120%	0.100%	0.272%	-0.01 bps
Conservative Growth	0.051%	0.120%	0.100%	0.271%	-0.11 bps
Balanced	0.051%	0.120%	0.100%	0.271%	-0.11 bps
Income & Growth	0.051%	0.120%	0.100%	0.271%	-0.11 bps
Income	0.067%	0.120%	0.100%	0.287%	-0.35 bps
Cash Preservation	0.100%	0.120%	0.100%	0.320%	-1.00 bps
<b>Conservative Year of Enrollment</b>					
2040	0.051%	0.120%	0.100%	0.271%	-0.11 bps
2038	0.051%	0.120%	0.100%	0.271%	-0.11 bps
2036	0.051%	0.120%	0.100%	0.271%	-0.11 bps
2034	0.051%	0.120%	0.100%	0.271%	-0.11 bps
2032	0.051%	0.120%	0.100%	0.271%	-0.11 bps
2030	0.063%	0.120%	0.100%	0.283%	-0.30 bps
2028	0.066%	0.120%	0.100%	0.286%	-0.35 bps
2026	0.083%	0.120%	0.100%	0.303%	-0.60 bps
2024	0.083%	0.120%	0.100%	0.303%	-0.60 bps
College Enrolled <sup>2</sup>	0.083%	0.120%	0.100%	0.303%	-0.60 bps
<b>Moderate Year of Enrollment</b>					
2040	0.043%	0.120%	0.100%	0.263%	-0.06 bps
2038	0.043%	0.120%	0.100%	0.263%	-0.06 bps
2036	0.052%	0.120%	0.100%	0.272%	-0.11 bps
2034	0.052%	0.120%	0.100%	0.272%	-0.11 bps
2032	0.051%	0.120%	0.100%	0.271%	-0.11 bps
2030	0.051%	0.120%	0.100%	0.271%	-0.11 bps
2028	0.054%	0.120%	0.100%	0.274%	-0.15 bps
2026	0.057%	0.120%	0.100%	0.277%	-0.20 bps
2024	0.063%	0.120%	0.100%	0.283%	-0.30 bps
College Enrolled <sup>2</sup>	0.070%	0.120%	0.100%	0.290%	-0.40 bps
<b>Growth Year of Enrollment</b>					
2040	0.043%	0.120%	0.100%	0.263%	-0.06 bps
2038	0.043%	0.120%	0.100%	0.263%	-0.06 bps
2036	0.043%	0.120%	0.100%	0.263%	-0.06 bps
2034	0.043%	0.120%	0.100%	0.263%	-0.06 bps
2032	0.052%	0.120%	0.100%	0.272%	-0.11 bps
2030	0.052%	0.120%	0.100%	0.272%	-0.11 bps
2028	0.052%	0.120%	0.100%	0.272%	-0.11 bps
2026	0.051%	0.120%	0.100%	0.271%	-0.11 bps
2024	0.051%	0.120%	0.100%	0.271%	-0.11 bps
College Enrolled <sup>2</sup>	0.070%	0.120%	0.100%	0.290%	-0.40 bps

<sup>1</sup> One basis point is equal to 1/100<sup>th</sup> 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 November 1, 2022 to fees that were charged (or would have been charged) for the corresponding asset allocation as of November 1, 2021.

<sup>2</sup> On July 1 of every even numbered year, that year's portfolios will move into the College Enrolled portfolios.

## Additional Notes

- Since this report was last updated in December 2021, there have been two adjustments to DreamAhead’s underlying funds that have resulted in reduced fees to plan participants:
  - The WA529 Committee voted to replace the Vanguard Federal Money Market Fund (ticker: VMFXX) with the Vanguard Cash Reserves Federal Money Market Fund Admiral Shares (ticker: VMRXX). This fund change saves DreamAhead account owners up to one (1) basis point (bps) depending on the portfolio selected.
  - Vanguard reduced the internal expense ratio of Vanguard Emerging Markets Government Bond Index Fund Institutional Shares (VGIVX) fund from 23 bps to 18 bps. This fee reduction saves DreamAhead account owners up to 0.1 bps, depending on the portfolio selected.
- DreamAhead continues to be rated highly by [savingforcollege.com \(SFC\)](https://www.savingforcollege.com), based on their *5-Cap* rating system. The 5-Cap Ratings represent SFC’s opinion of the attractiveness of each 529 plan relative to all other 529 plans based on the following factors: investment performance, fees, features, reliability, and residency benefits. As of November 1, 2022, DreamAhead was rated 4 out of 5 caps for both in-state and out-of-state residents, with a “Fee Score” of 4 out of 5. A 4-cap rating represents an excellent program with many benefits for the participant and positive investment attributes. Any significant weaknesses of the program are offset by some particularly good things to recommend it.
- The WA529 Committee will provide an update to this report by December 1, 2023.