



# Program Details

2017-2018 ENROLLMENT YEAR



Washington State's  
529 Prepaid College  
Tuition Program

# Notices

This Program Details Booklet is part of the Washington Advanced College Tuition Payment Program (Guaranteed Education Tuition Program or GET) Enrollment Kit. The Enrollment Kit consists of the Enrollment Guide, this Program Details Booklet, and the Enrollment Form.

If you are not a Washington resident, before investing, you should consider whether your or the Student's home state offers a 529 Plan that provides its taxpayers with favorable state tax and other state benefits such as financial aid, scholarship funds, and protection from creditors, that may only be available through an investment in the home state's 529 Plan, and which are not available through saving with GET. Since different states have different tax provisions, this Program Details Booklet contains limited information about the state tax consequences of investing in GET. Therefore, please consult your financial, tax, or other advisor to learn more about how state-based benefits (or any limitations) would apply to your specific circumstances.

Keep in mind that state-based benefits should be one of many appropriately weighted factors to consider when making an investment decision. In addition, you should periodically assess, and if appropriate, adjust your 529 Plan investment choices with your time horizon, risk tolerance, and investment objectives in mind.

This Program Details Booklet contains important information you should review before opening an account with GET, including the Master Agreement and information about the benefits and risks of investing. Please read it carefully and save it for future reference. Capitalized terms used in this Program Details Booklet are defined in the Master Agreement (beginning on page 6).

**Accuracy of Information in Program Details Booklet.** The information in this Program Details Booklet is believed to be accurate as of the cover date, but is subject to change without notice. No one is authorized to provide information that is different from the information in the most current form of this Program Details Booklet.

**Other Important Information.** 529 Plans are intended to be used only to save for Qualified Higher Education Expenses. GET is not intended to be used, nor should it be used, by any taxpayer for the purpose of evading federal or state taxes or tax penalties. Taxpayers may wish to seek tax advice from an independent tax advisor based on their own particular circumstances.

The Washington Student Achievement Council administers the GET Program while the Washington State Investment Board oversees its investments. The Committee on Advanced Tuition Payment and College Savings, commonly referred to as the GET Committee, governs the program.

**GET COMMITTEE MEMBERS**

**Michael Meotti, Chair**

Executive Director, Washington Student Achievement Council

**Duane Davidson**

State Treasurer

**David Schumacher**

Director, Office of Financial Management

**Elizabeth Stecher Berendt**

Citizen

**Open Position**

Citizen

**GET ADMINISTRATION**

**Betty Everitt Lochner**

Director, Guaranteed Education Tuition Program

## Table of Contents

<i>Getting Started</i> .....	4
<i>Summary</i> .....	5
<i>Master Agreement</i> .....	6
<i>Prices and Fees</i> .....	20
<i>Your Account</i> .....	22
<i>Important Risks You Should Know About</i> .....	24
<i>Federal Tax Information</i> .....	26
<i>GET Operations and Administration</i> .....	28
<i>Important Dates</i> .....	31
<i>Contact Us</i> .....	31
<i>More Resources</i> .....	31

# Getting Started

Getting started with GET is easy. Just follow these steps:

1. Read this Program Details Booklet in its entirety and save it for future reference. It contains important information you should review before opening an Account, including the Master Agreement and information about the benefits and risks of investing.
  
2. Gather your information:
  - a. Your Social Security number
  - b. Your permanent address
  - c. Your Student's Social Security number and date of birth
  - d. Your email address
  - e. Your checking or savings account number and your bank's routing number  
(if you want to contribute electronically with a bank transfer)
  
3. Go online to [get.wa.gov](http://get.wa.gov) and click on "Start a GET Account." The easy-to-follow steps will guide you through the enrollment process. Enrolling online is fast, convenient, and secure. In as little as 15 minutes, you can be fully signed up and saving for college. Or, if you prefer, you can complete and mail the Enrollment Form included in the Enrollment Kit, which you can download or request a hard copy of from the GET website.

## **Remember:**

**Enrollment is open from November 1, 2017 to May 31, 2018.**

# Summary

This Program Details Booklet provides you with important information that can help you decide whether to open a Guaranteed Education Tuition Program (GET or the Program) account. You can find the key terms used throughout this Program Details Booklet in Section II of the Master Agreement. This Summary provides highlights of the features of GET and tells you where you can find more information about each topic.

## **ABOUT GET**

Guaranteed Education Tuition (GET) is a prepaid 529 Plan designed to help Washington families save for college in a tax-advantaged way. GET allows you to prepay for future college Tuition and State-Mandated Fees.

## **STATE GUARANTEE**

The State of Washington guarantees that if you buy 100 Units today, your 100 Units will equal the actual cost of one academic year of resident undergraduate Tuition and State-Mandated Fees at Washington's most expensive public university when your Student uses those Units to pay for college expenses, regardless of how much Tuition and State-Mandated Fees have changed over time. This means that if you buy one Unit, it will be worth 1/100 of future Tuition and State-Mandated Fees. The guarantee is backed by the full faith and credit of the State of Washington. That means if future Tuition and State-Mandated Fee increases ever require GET to pay out more money than it has available, the Washington State Legislature would be required by State law to provide funding to cover the shortfall. GET is one of only a few state prepaid college tuition plans in the country with a guarantee in state law (see *RCW 28B.95.050*).

## **WHAT'S INSIDE**

### **Master Agreement (p. 6)**

The Master Agreement is the agreement between you and the Program that sets out the basic terms of conditions of opening and maintaining an Account in GET. Your completed Enrollment Form includes an acknowledgement that you agree to be bound by the terms and conditions of the Master Agreement and the entire Program Details Booklet. Read it carefully before deciding whether to open an Account. The Master Agreement also contains most of the definitions of terms you will find throughout this Program Details Booklet.

### **Prices and Fees (p. 20)**

This section sets out the prices for this year's Enrollment Period and fees that may apply to your Account.

### **Your Account (p. 22)**

You can find information about opening your account, purchasing tuition units (Units) and using your Units in the Master Agreement starting on page 6 and in the Section called Your Account starting on page 22.

### **Important Risks You Should Know About (p. 24)**

Your investment with GET comes with a full faith and credit guarantee offered by the State of Washington. However, every investment comes with risks. This section will outline some of the key risks associated with an investment in GET.

### **Federal Tax Information (p. 26)**

As a 529 Plan, GET offers federal tax benefits, including tax-deferred earnings. Any earnings are free of federal income tax when used toward Qualified Higher Education Expenses. If you take a Nonqualified Refund, any earnings are subject to federal and applicable state income taxes and an additional 10% federal tax penalty (Distribution Tax).

### **GET Operations and Administration (p. 28)**

The Washington Student Achievement Council administers the GET Program; the Committee on Advanced Tuition Payment and College Savings (Committee) governs the Program; and the Washington State Investment Board (WSIB) oversees the Program's investments. This section discusses how we administer the Program, including investments, actuarial reviews and reports, and auditing of the Program. In addition, you will learn more about key events in GET operations, including the Account rebasing that occurred in 2017.

# Master Agreement

## 2017-2018 MASTER AGREEMENT

### I. ABOUT THIS AGREEMENT

This Master Agreement describes the basic terms and conditions of the Washington Guaranteed Tuition Program (GET or Program) as authorized by Chapter 28B.95 RCW (Enabling Legislation). The completed 2017-2018 Enrollment Form includes an acknowledgment that you agree to be bound by the terms and conditions of this Master Agreement and entire Program Details Booklet. The completed Enrollment Form and this Program Details Booklet are considered a part of your agreement with the Program (collectively called the Agreement). All of these components constitute the entire Agreement between you and the State. You should retain a copy of this Agreement, any updates to this Agreement and your Account Statements for your records. The Enabling Legislation, regulations, and any guidelines we adopt will be available for inspection at the GET offices. You or any other interested party may receive a copy of the Enabling Legislation and the Agreement by contacting GET.

This Agreement is not a promise or a guarantee that: (1) the Student will be admitted to any Eligible Institution; (2) the Student will be allowed to continue enrollment at any Eligible Institution after admission; (3) the Student will be graduated from any Eligible Institution; (4) the Student will be classified as an in-state student by any Washington public college or university; (5) the Student will receive any particular treatment under any applicable state or federal financial aid programs; and/or (6) the Student's Tuition and State-Mandated Fees at any Eligible Institution will be covered in full for the number of Units purchased under this Agreement unless the Student attends a State Institution of Higher Education that determines the Student to be a Washington resident, as applicable, and all of the terms and conditions of this Agreement are satisfied.

### II. DEFINITIONS

The following Terms used in this Master Agreement, the Program Details Booklet, and the Enrollment Form have the meanings set forth below:

- A. 529 Plan** means a qualified tuition program within the meaning of Section 529 of the Code.
- B. Academic Year** means the regular nine-month, three quarter or two semester period annually occurring between August 1st and July 31st.
- C. Account** means the record that contains the details of payments, fees paid and/or charged, Units purchased, Units distributed, Units refunded and remaining Units in connection with a particular Student under an Agreement.
- D. Account Owner or you** means the individual, partnership, corporation, trust, estate, association, organization, or other legal entity who/that establishes an Account and has designated control of the Account. An Account Owner must have a valid Social Security Number (or Taxpayer Identification Number (TIN) or Employer Identification Number (EIN)). An individual Account Owner must be a U.S. citizen or resident alien. If the Account Owner is a minor (as determined by relevant state law), either (i) a Custodian must be named if the Account is funded from the proceeds of an UGMA/UTMA account or (ii) a Guardian must be named for all other Accounts.
- E. Account Owner Survivor** means an individual authorized by the Account Owner to take control of an Account upon the death or incapacity of the Account Owner. Failure to assign an Account Owner Survivor will result in all rights and obligations automatically transferring to the Student, unless estate documents (e.g. Account Owner's will) explicitly identify a new Account Owner. If the Student is a minor, a Guardian must be named and the Account will become blocked until the Student reaches 18 years of age. Proof of guardianship is required.
- F. Actuarial Soundness** means the Program is projected to have the funds needed to pay future obligations without the need for state appropriations, as determined by an actuary. The actuarial formula that helps inform the Committee when we set the Unit Purchase Price incorporates several factors, including estimated future tuition, projected inflation and investment returns, and administrative costs. It also includes a reserve to adjust for periods of lower-than-expected returns or higher-than-expected Tuition and State-Mandated Fees.
- G. Agreement** means the legally binding contract between the State and the Account Owner in favor of the Student resulting from our acceptance of your Enrollment Form and payment for the purchase of Tuition Units.
- H. Authorized Representative** means the individual authorized to act on behalf of a partnership, corporation, estate, association, organization, government entity or other legal entity.

- I. **Benefit Use Year** means the year the Student may begin the distribution of Units.
- J. **Blocked Account** means an Account that has use restrictions (usually, the Account Owner is a minor and the Account is restricted because of a court order or the Account Owner dies and has not designated an Account Owner Survivor). In most cases, no funds may be distributed without a court order or until the minor reaches the age of majority or is otherwise emancipated.
- K. **Code** means the Internal Revenue Code of 1986, as amended.
- L. **Committee** means the Committee on Advanced Tuition Payment and College Savings which governs the Program.
- M. **Custodian** The individual who opens an Account on behalf of a minor Student with assets from an UGMA/UTMA account. Generally, the Custodian will be required to perform all duties of the Account Owner with regard to the Account until the Account Owner (who is also the Student) attains the age of majority, is otherwise emancipated, or the Custodian is released or replaced by a valid court order. The Custodian of an Account funded from an UGMA/UTMA account may not change the Account Owner/Student.
- N. **Custom Monthly Payment Plan** means a plan selected during the Enrollment Period for the purchase of 50 to 600 Tuition Units over a period of 1 to 18 years. Monthly payments include a finance charge. The Custom Monthly Payment plan includes a finance charge, payment processing fee and an interest adjustment as further described in the Prices and Fees section.
- O. **Distribution** means payment by the Program to the Student's Eligible Institution toward the cost of Qualified Higher Education Expenses and/or reimbursement to the Account Owner or Student, if authorized by the Account Owner.
- P. **Distribution Tax** means the 10% federal tax penalty applied to earnings on Nonqualified Refunds.
- Q. **Eligible Institution** means an "eligible educational institution" under Section 529 (e)(5) of the Code and as described in IRS Publication 970. The institution must be recognized by the U.S. Department of Education as eligible to participate in student financial aid programs. The Program does not determine an institution's eligibility.
- R. **Family Member** means an individual as defined in Section 529(e)(2) of the Code. Generally, this definition includes a Student's immediate family members. A Family Member means an individual who is related to the Student as follows: a son, daughter, stepchild, or a descendant of any such person; a brother, sister, stepbrother, or stepsister; the father or mother, or an ancestor of either; a stepfather or stepmother; a son or daughter of a brother or sister; a brother or sister of the father or mother; a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law; the spouse of the Student or the spouse of any individual described above; or a first cousin of the Student. For purposes of determining who is a Family Member, a legally adopted child or a foster child of an individual is treated as the child of that individual by blood. The terms "brother" and "sister" include half-brothers and half-sisters.
- S. **Full-time Tuition** means resident undergraduate tuition charges at a State Institution of Higher Education for enrollment between 10 credit hours and 18 credit hours per academic term.
- T. **Gift Contribution** means the purchase of additional Tuition Units or payments by an individual who is not the original Account Owner in connection with an established Account.
- U. **Giftor** means an individual authorized by the Account Owner to make Gift Contributions to an Account. Any person making a Gift Contribution will not have any title to or rights under the Account established pursuant to this Agreement.
- V. **Guardian** means an adult authorized to make decisions on an Account owned by a minor Account Owner.
- W. **Information Release Person** means an individual other than the Account Owner who is authorized to receive limited Account information. The Program cannot release personal information regarding the Account including the Account Owner's Login ID and password to the Information Release Person.
- X. **Lump Sum Plan** means a plan for the purchase of 1 to 600 Tuition Units at the Unit Price in effect on the date that payment is received by the Program. Additional Lump Sum Units may be purchased at any time at the Unit Purchase Price in effect for the date each payment is received by the Program.
- Y. **Master Scholarship Account** means an Account opened by an Organization for the purposes of awarding Tuition Units as scholarships.

- Z. Nonqualified Refunds** means all Distributions that are neither Qualified Refunds, Refunded Distributions nor Rollover Distributions.
- AA. Organization** means a state or local governmental unit, or a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Code, that is registered or licensed to operate in the State.
- BB. Program or GET** means the Washington Advanced College Tuition Payment Program.
- CC. Program Refund Penalty** mean a penalty charged by the Program for a Nonqualified Refund in an amount of 10% of the earnings on an Account or \$100, whichever is greater.
- DD. Qualified Higher Education Expenses** means eligible education expenses in connection with a Student's attendance at an Eligible Institution within the meaning of Section 529 of the Code. Generally, these expenses include: (1) tuition, fees, and the costs of textbooks, supplies, and equipment required for the enrollment or attendance of a Student at an Eligible Institution; (2) the costs of room and board (subject to certain limits) during any academic period during which the Student is enrolled at least half-time at an Eligible Institution; (3) expenses for special needs services for a special needs Student that are incurred in connection with his or her enrollment or attendance at an Eligible Institution; and (4) the purchase of computer or peripheral equipment, computer software, or Internet access and related services to be used primarily by a Student while enrolled at an Eligible Institution. We do not determine what is considered a Qualified Higher Education Expense and recommend saving receipts.
- EE. Qualified Refunds** means (1) refunds made because the Student received a scholarship, provided that the scholarship is greater than or equal to the amount distributed; (2) refunds made because the Student attended a U.S. service academy, provided that the "cost of advanced education," (as defined section 2005(d)(3) of title 10 of the Code) is greater than or equal to the amount distributed; (3) refunds made as a result of the Student's death or disability; or (4) refunds resulting from the use of American Opportunity and/or Lifetime Learning Credits as allowed under federal income tax law.
- FF. Refund** means Qualified Refunds and Nonqualified Refunds.
- GG. Refunded Distribution** means a Distribution which is later refunded by the Eligible Institution and recontributed to a 529 Plan that meets the following requirements:
1. The recontribution must not exceed the amount of the refund from the Eligible Institution;
  2. The recontribution must not exceed the amount of distributions previously taken to pay the Qualified Higher Education Expenses of the Student;
  3. The recontribution must be made to an account in a 529 Plan of the same Student to whom the refund was made; and
  4. The funds must be recontributed to a 529 Plan within 60 days of the date of the refund from the Eligible Institution.
- A Refunded Distribution will not be subject to federal income tax or the Distribution Tax.
- HH. Resident Student** means an individual who has met the requirements at a State Institution of Higher Education to be classified as a resident of the State of Washington in order to qualify for resident undergraduate Tuition and State-Mandated Fees.
- II. Rollover Distribution or Rollover** means a transfer of assets between 529 Plans for the same Student, provided another rollover or transfer for the same Student has not occurred in the previous 12 months; or to an account for a different Student, provided that the receiving Student is a Family Member of the original Student.
- JJ. Scholarship** means a scholarship, allowance, or payment as described in Section 530(d)(4)(B)(iii) and (iv) of the Code, including payments made on account of attendance at a U.S. service academy.
- KK. State** means the State of Washington.
- LL. State Institution of Higher Education** means a public college or university in the State of Washington, as defined in RCW 28B.10.016.
- MM. Student** means the beneficiary for whom Tuition Units will be distributed for attendance at an Eligible Institution. Students must have a valid Social Security Number (or TIN).
- NN. Trust Account** means an Account opened by a previously established trust.



- OO. Trustee** means the individual authorized to act on behalf of a Trust Account. The Trustee listed on a Trust Account must match the information on your trust documentation. You may only name one Trustee on your Trust Account, though you may list others as Information Release Persons.
- PP. Tuition and State-Mandated Fees** means resident undergraduate tuition and state-mandated fees, as defined in RCW 28B.15.020 and 28B.15.041 rounded to the nearest whole dollar. State-mandated fees are those provided by statute, including operating, building and services and activities fees. They do not include institutionally mandated fees that may be required at each individual school. Schools may impose their own fees, such as technology, library, recreation and fees to secure repayment of bonded indebtedness, and other types of fees. Statute does not consider these fees state-mandated fees and, therefore, these fees are not covered in the Unit Payout Value amount.
- QQ. Tuition Unit or Unit** means 1/100th of the highest resident undergraduate Tuition and State-Mandated Fees at four-year State Institutions of Higher Education for the Academic Year of distribution.
- RR. UGMA/UTMA** means the Uniform Gift to Minors Act / Uniform Transfers to Minors Act.
- SS. Unit Payout Value** means one percent of the highest resident undergraduate Tuition and State-Mandated Fees at four-year State Institutions of Higher Education for the Academic Year at the time of Distribution, unless the Distribution is a reimbursement for a prior academic year. If a Distribution is a reimbursement for Qualified Higher Education Expenses incurred during a prior academic year, we will base the Unit Payout Value on the Tuition and State-Mandated Fees in effect for that prior academic year. We know the Unit Payout Value at the beginning of each Academic Year after the State Institutions of Higher Education set their tuition rates (usually available after August 1). The Unit Payout Value is different from the Unit Purchase Price. Some State Institutions of Higher Education also administer fee-based, self-supporting programs that are not applicable to this definition, as they are considered to be non-state funded programs as described in RCW 28B.15.031.
- TT. Unit Purchase Price** means the cost to purchase one Tuition Unit. We set this price prior to the beginning of each enrollment period and may adjust it once annually to ensure the Program's Actuarial Soundness. We determine Unit Purchase Prices based on an actuarial formula. See **section IV.D.** of this Agreement, and **Prices and Fees**, beginning on page 20 for specific details on how we set the Unit Purchase Price.
- UU. We, Our, or Us** means the GET Program, the Committee, and the WSIB, as applicable.
- VV. WSIB** means the Washington State Investment Board.

### III. OPENING AN ACCOUNT

#### A. Submitting an Enrollment Form

- 1. Completed Enrollment Form.** You must complete the Enrollment Form you submit to us according to the Enrollment Form instructions. A valid email address is required to access your Account online and receive Program communication (see **Notices and Communications** on page 22). We require a separate Enrollment Form for each Student. You must complete the Enrollment Form online by midnight on the last day of the Enrollment Period or postmark the Enrollment Form by the last day of the Enrollment Period for us to process your Enrollment. Either You or the Student must be a resident of the State of Washington at the time you submit the Enrollment Form. For purposes of opening an Account, we define a resident as an individual whose permanent legal residence is Washington State. This includes military personnel who reside out-of-state but list Washington as their home of record in their military files.
- 2. Initial Payment.** You must send the payment for the nonrefundable enrollment fee with each paper Enrollment Form (see **Program Fees** on page 21). We will waive your enrollment fee if you enroll in GET online. If you are enrolling in the Lump Sum Plan, you must include payment for the purchase of a minimum of one Tuition Unit with your Enrollment Form.

#### B. Enrollment Form Acceptance, Agreement

- 1. Written Confirmation by the Program.** A binding Agreement will be established once we confirm to you in writing or by electronic mail that we have accepted your Enrollment Form.
- 2. Return of Enrollment Form.** If we do not accept your Enrollment Form because it is incomplete, we will return to you the amount of any payment made. You, as Account Owner must have a valid Social Security Number (or a TIN or EIN) or we will reject your Enrollment Form.

3. **Ownership of Account.** You, as the Account Owner, will own the Account and only you may exercise rights under the Account, unless your ownership rights are transferred to an Account Owner Survivor, or to the Student as described below.
4. **Automatic Transfer of Ownership.** Your Student will automatically assume your rights and responsibilities under and title to your Account in the event that you die, become legally incompetent or we cannot locate you and you have not designated an Account Owner Survivor to assume control over your Account. In this case, and with proper documentation, the Student will become the Account Owner. If the Student is a minor, the Account will become a Blocked Account unless we receive a court order specifically stating that the Guardian may act on behalf of the Student (see *Account Owner Survivor* definition on page 6 for further details).
5. **Voluntary Transfer of Ownership.** You may transfer ownership of or rights under the Agreement to another person to act as Account Owner only if the transfer is not prohibited by state or federal law or regulation, and we approve the transfer in writing. The new Account Owner must agree to the transfer by signing the Account Owner Change form and will thereby be subject to the terms of the Agreement. Your signature and the signature of the new Account Owner must be notarized.

**C. The Account Owner.** Only one Account Owner is allowed.

1. **Qualifications.** To own an Account, you must meet the following qualifications (as applicable):
  - a. **Individual Account Owners.** An individual Account Owner must be a U.S. Citizen or resident alien and provide his or her date of birth and a valid Social Security Number (or TIN). In certain cases, we may accept other documentation.
  - b. **Minor Account Owners.** For a minor Account Owner, an adult must sign the Enrollment Form and certify that he or she will serve as Guardian or Custodian, as applicable, under the Agreement.
  - c. **Account Owners that are not Individuals (except Trust Accounts).** If an entity is the Account Owner, a legally Authorized Representative of the entity must sign the Enrollment Form. The Authorized Representative must sign all Program forms. Only one Authorized Representative is allowed. You must notify us in writing if the Authorized Representative changes.
  - d. **Trust Accounts.** A trust must be previously established before opening a Trust Account. We require the following for all Trust Accounts: official trust documents showing full legal name, TIN, Trustee name(s), and their notarized signatures. Only one Trustee may be authorized to act on behalf of an Account; others may be listed as Information Release Persons. No Distributions may be made from Trust Accounts until we receive all required documentation.
  - e. **Scholarship Programs.** An Organization may open a Master Scholarship Account on behalf of its scholarship program. See the Program Master Scholarship Policy on the Program website or contact us for more details.
  - f. **Court-ordered or Blocked Accounts.** A court may order funds to be deposited into a Blocked Account for the benefit of a minor child. The court will specify any restrictions and the terms of Distribution. A Guardian must be provided as a point of contact on behalf of the minor child.
2. **Notice to Account Owners.** You maintain complete control of the Account for the life of this Agreement. Only you may request Account changes, Distributions, Refunds or cancellations. We will direct all official notices only to you, unless you request otherwise in writing. Your Student has no control over your Account, unless he or she is also the Account Owner.
3. **Using Funds from UGMA/UTMA Accounts.** Custodians for minors under UGMA/UTMA may open an Account using funds from an UGMA/UTMA account subject to the state laws and rules governing the UGMA/UTMA account as follows:
  - a. The Student will obtain control of the Account and all rights under this Agreement upon reaching the age of majority or is otherwise emancipated. Once the minor Account Owner reaches the age of majority, the Custodian will be removed and new login information will be requested from the Account Owner. A new email and password will also be required to access the Account online.
  - b. Any and all contributions to this Account will be considered UGMA/UTMA funds, will remain an asset of the Student, and will be subject to UGMA/UTMA restrictions. You should open a separate Account if you prefer to keep new contributions free from these restrictions.

- c. We will not be liable for any consequences related to a Custodian's improper use, transfer, or characterization of UGMA/UTMA or other custodial funds.
  - d. You cannot name an Account Owner Survivor for Accounts funded with UGMA/UTMA proceeds. However, you may name a Custodian survivor, who will act as Custodian upon the original Custodian's death or incapacity.
4. **Power of Attorney.** We will accept a power of attorney. You must notify us when the rights granted pursuant to the power of attorney ends. If the Account Owner is deceased, the power of attorney is void.

#### D. The Student

- 1. **Designation of Student.** Except as described below, this Agreement must designate, as Student of this Agreement, a Student who has a valid Social Security Number. The Student does not need not be related to you. There is currently no age restriction for the Student although you must provide the Student's date of birth. The Student may be the same person as the Account Owner.
- 2. **Scholarship Programs.** An Organization opening a Master Scholarship Account does not need to designate a Student at the time of enrollment. See the Program Master Scholarship Policy on the GET website or contact us for more details.
- 3. **Change of Student.** For any reason during the Agreement term you may, by written request, designate a new Student, who must be a Family Member of the previously designated Student. Neither you nor your Student may receive payment or other consideration in connection with this change. We may require a court order to change or disallow changes of the Student for Blocked Accounts.
- 4. **Designation of the Benefit Use Year.** You must designate a Benefit Use Year for your Student. The Student may not use Units until this date or later. Changing this date affects the accumulation of eligible Units and we only allow you to change this date in certain circumstances. Please contact us for more information.

### IV. PURCHASING TUITION UNITS

#### A. Annual Enrollment Period

- 1. We generally announce a new Enrollment Period annually. You may submit Enrollment Forms to open a new Lump Sum Plan or Custom Monthly Payment Plan only during an Enrollment Period. However, you may enroll a newborn through the date of the child's first birthday (see **Section IV.C.5** on page 12). You may make additional Lump Sum Plan purchases and Giftors can make Gift Contributions to existing Accounts at any time, including outside of an Enrollment Period.
- 2. The terms and features of GET in subsequent Enrollment Periods may differ from the terms and features described in this Master Agreement. We make no representation or assurance that there will be additional Enrollment Periods, or that Enrollment Periods will take place annually. We may limit the number of Tuition Units that may be purchased in any given Enrollment Period, current or subsequent, although there are currently no plans for any such limits. We may change the terms and features of any Enrollment Period as necessitated by alterations to state law (see *Chapter 28B.95 RCW*).

#### B. Number of Tuition Units

- 1. **Minimum Purchase.** For Lump Sum Plan Accounts, the minimum purchase is one Tuition Unit. For each new Lump Sum Plan Account, you must purchase at least the minimum purchase amount within 90 days of opening your Account or your Account may be cancelled at our discretion. For Custom Monthly Payment Plan Accounts, you must select between 50 and 600 Tuition Units, in increments of 50, to be purchased under the Agreement.
- 2. **Maximum Number of Tuition Units.** No Student designated on an Account or multiple Accounts may be the Beneficiary in the aggregate of more than 600 Tuition Units.
- 3. **Overpayments.** If a Custom Monthly Payment Plan is paid-in-full and we receive additional payments, we will do the following:
  - a. Overpayments of \$100 or less – We will NOT notify you and will automatically apply the overpayment to purchase Lump Sum Units.
  - b. Overpayments of more than \$100 – We will notify you that the payment was received and you may elect to purchase Lump Sum Units, transfer the overpayment to another Account, or receive the funds back. If the overpayment was received as a gift, we will return the payment to the Giftor.

If you do not respond within 14 days, we will post the funds as a Lump Sum Unit purchase. If the total Tuition Units in your Account exceed 600, we will return the excess amount to you (or Giftoor if the overpayment was a gift). We will return funds no sooner than two weeks after their receipt.

### C. Purchase Options

1. **General.** You can purchase Tuition Units under the Lump Sum Plan, the Custom Monthly Payment Plan, or a combination of the two.
2. **Lump Sum Plan.** You may choose to purchase Tuition Units covered by the Agreement in one Lump Sum payment at the time of enrollment. You may purchase additional Tuition Units by Lump Sum Plan at a later time at the price in effect for the time of purchase of those Tuition Units. We generally post payments to your Account on the date that we receive the payment. You may make Lump Sum Plan purchases at any time during the year at the purchase price in effect at the time of payment. You may add a Custom Monthly Payment Plan to your existing Lump Sum Account by submitting a Custom Monthly Plan Addition form during an open Enrollment Period. The Custom Monthly Payment Plan is subject to the pricing in effect at the time you submit the properly completed Custom Monthly Plan Addition form.
3. **Custom Monthly Payment Plan.** You may choose to purchase Tuition Units by making monthly payments under a Custom Monthly Payment Plan. You must indicate in the Enrollment Form the total number of Tuition Units to be purchased under the Agreement, and if purchasing a Custom Monthly Payment Plan, the specified payment period. Monthly payments include a seven and a half percent (7.5%) finance charge per annum for the life of the payment plan, as well as a small interest adjustment amount and a payment processing fee, all rounded to the next whole dollar amount. You may set up your Custom Monthly Payment Plan for 1 to 18 years in duration. See **Prices and Fees** beginning on page XX of the Program Details Booklet for the monthly payment amounts associated with each Custom Monthly Payment Plan option. We will provide you with a coupon book unless you choose to make payments through payroll deduction or automatic monthly withdrawal. Each monthly installment payment will be due on the monthly due date, even if you have not received your payment coupon book before the payment is due. No Units purchased under a Custom Monthly Payment Plan may be used until the Account has been paid in full. Custom Monthly Payment Plans may be paid off early, although there is no reduction in total finance charges that apply to your Account for the payment term of your Agreement. Custom Monthly Plan payment terms may be shortened to reduce finance charges, with some restrictions. Please contact us for more information, including information regarding your particular circumstances.

You may request to modify your Custom Monthly Payment Plan by completing an Account Change Request. You may reduce or increase the total payment term of your Agreement, reduce the total number of Units purchased over the life of the contract, or convert the Custom Monthly Payment Plan to a Lump Sum Plan. When reducing the payment term of a Custom Monthly Payment Plan, the payment term must be equal to or greater than the number of years the Custom Monthly Payment Plan has been in effect. The date will be calculated from the date the first payment was due, rounded up to the next full year (eg. an account with a payment due date two years seven months prior would be treated, for this purpose, as having been in effect for three years). This option may reduce the total finance charges paid. You may increase the number of Units in a Custom Monthly Payment Plan only during the same open Enrollment Period. Following that Enrollment Period, to add Units in a Custom Monthly Payment Plan for your Student, you must open a new Account during any new open Enrollment Period. In addition, the new Units are subject to the Custom Monthly Payment Plan pricing in effect at the time you submit the properly completed Account Change Request Form.

4. **Combination Purchases.** You may choose to purchase Tuition Units by Lump Sum purchase and purchase other Tuition Units under a Custom Monthly Payment Plan.
5. **Newborn Enrollment.** You may enroll your newborn from birth to the date of his or her first birthday at any time during the year. If outside of the regular Enrollment Period, online enrollment is not available and the following must be included to complete the enrollment: paper Enrollment Form, copy of the official birth certificate, enrollment fee and payment. We will not process and may return Enrollment Forms received without the official birth certificate copy. If we do not receive the birth certificate within 60 days, any payment you submit will purchase Units at the price in effect at the time we receive the completed Enrollment Form and birth certificate. If we have not set the Unit Purchase Price when we receive your payment, your payment will purchase Units at the new Unit Purchase Price, once established.

## D. Pricing of Tuition Units

1. **Annual Determination.** For each year, we will use actuarial methods to inform Unit Purchase Price decisions for Tuition Units purchased during that year which may include a premium over current Tuition and State-Mandated Fees. The price for Tuition Units purchased through an individual Custom Monthly Payment Plan will not change from year to year, but remains as determined at the time you enter into your Agreement with us. We set the price for Units purchased under the Lump Sum Plan annually and we may also adjust the price once during the year, if necessary, to ensure the Actuarial Soundness of the Program (see *RCW 28B.95.080*).
2. **Determination of Unit Purchase Prices.** We determine Unit Purchase Prices with the input of an actuarial formula. This formula considers the following: one percent of the present value of the projected future highest resident undergraduate Tuition and State-Mandated Fees for the four-year State Institutions of Higher Education; the administrative costs for operating the program; and ensuring the Actuarial Soundness of the Program. We round the final Unit Purchase Price down to a whole dollar amount. The actual Unit Purchase Price paid for each Unit may vary depending on the purchase payment options you choose at the time of purchase. See ***Prices and Fees***, beginning on page 20 for specific details on how we set the Unit Purchase Price.

## E. Methods of Payment

1. **Acceptable Methods.** Payment of the purchase price for Tuition Units and required fees must be made in United States currency, using any of the payment methods we allow, including:
  - a. **Automatic Withdrawal Authorization.** You can select this method online during enrollment or, if you enroll by paper form, you must complete an Automatic Withdrawal Authorization form and include a voided check for verification of routing and bank account numbers;
  - b. **Personal or cashier's check;**
  - c. **Money order;**
  - d. **Payroll deduction.** If you select this method, you must be employed by an entity that offers payroll deduction for GET and must complete a Payroll Deduction Authorization form provided by, or acceptable to, us; or
  - e. **Payment online through our website via an online automatic payment option.** There is a \$1 fee assessed by U.S. Bank per transaction.
2. **Methods Not Accepted.** We do not accept payments via wire transfer, debit card, or credit card.
3. **Fees.** You will be responsible for any fees charged by a bank or other entity that may apply to the payment method you select, including fees assessed on returned payments (see ***J. Dishonored Payments*** on page 14).

## F. Gift Contributions

1. **Gift Contributions to an Existing Account.** A Gifto r may purchase additional Tuition Units or, in the case of a Custom Monthly Payment Plan, may apply a gift to current or future monthly payments covered by the Agreement. Any Gift Contribution is, together with the Tuition Units covered by the Agreement, subject to the maximum purchase amount of 600 Units. If your Account is on a Custom Monthly Payment Plan, we will apply the Gift Contribution to the payments on the Custom Monthly Payment Plan, unless we receive written instructions to purchase additional Lump Sum Units. If a Gift Contribution causes an Account balance to exceed the 600 Tuition Unit maximum, we will return the excess amount to the Gifto r.
2. **Timing of Gift Contributions.** A Gifto r can make a Gift Contribution to an Account at any time, including outside an Enrollment Period. The Tuition Unit price posted to an Account will be the price in effect at the time we receive the payment.
3. **Purchase Price.** If a Gift Contribution purchases additional Lump Sum Units on an account, it will purchase Units at the price in effect at the time we receive the Gift Contribution. If a Gift Contribution applies to payments on a Custom Monthly Payment Plan, we will apply it at the rates established in your Agreement.
4. **Ownership of Tuition Units.** A Gifto r who makes a Gift Contribution to an Account has no ownership rights for Units purchased with that contribution. You will solely own and retain direction for all Unit purchases added via Gift Contributions.
5. **Terms of Existing Agreement.** Gift Contribution Unit purchases will not affect the terms of your Agreement.

**G. Rollovers.** When you purchase Tuition Units, you must indicate whether the purchase is funded by a Rollover contribution from a Coverdell Education Savings Account, a qualified U.S. Savings Bond (as described in Section 135(c)(2)(C) of the Code) or another 529 Plan for the same Student or for a new Student who is a Family Member of the original beneficiary. If it is a Rollover contribution, you must provide acceptable documentation showing the earnings portion of the contribution. If the documentation is not provided, we will treat the entire amount of the Rollover contribution as earnings. Rollovers may be subject to taxes and penalties on earnings, including the Distribution Tax. Please see the Federal Tax Information section of the Program Details Booklet for more information. Acceptable documentation for a Rollover includes:

1. **529 Plan Assets:** An account statement issued by the 529 Plan that shows the earnings or loss portion of your withdrawal.
2. **Coverdell Education Savings Accounts:** An account statement or documentation issued by the account custodian that shows the basis and earnings in the account.
3. **U.S. Savings Bond:** An account statement or IRS Form 1099INT from the redeeming institution that shows the interest that has accrued on the bond.
4. Other documentation that we determine to be acceptable in accordance with future guidance issued by the IRS.

The IRS permits Rollovers between 529 Plans for the same Student only if it has been at least 12 months since the most recent Rollover for that Student. There is no restriction on the frequency of Rollovers between 529 Plans for different Students. You must reinvest the distribution in another 529 Plan within 60 days of the withdrawal date.

**H. Prepayment.** You may prepay any amount due under a Custom Monthly Payment Plan before the applicable monthly due date. We will automatically apply prepayments in the following order of priority: (1) to any outstanding fees, charges, or penalties, under this Agreement; and (2) to future monthly payments in chronological order by due date. Upon a prepayment, we will not reduce the total monthly payments or the finance charge component of your Custom Monthly Payment Plan.

#### **I. Failure to Pay When Due**

1. **Payment Made Late.** If you make any monthly payment more than ten (10) days after the applicable monthly due date, that amount will be treated as a late payment. We will charge you a late payment fee for each late payment as described in the **Program Fees** chart on page 21.
2. **Failure to Pay.** If you do not make your initial Custom Monthly Payment Plan payment within 90 days after the first payment due date, or if your Custom Monthly Payment Plan is more than 180 days behind in payments, we may cancel your Agreement to purchase Units under the Custom Monthly Payment Plan and may automatically convert your Account to a Lump Sum Plan. We will withdraw any outstanding fees from your Account at the time of conversion.

#### **J. Dishonored Payments**

1. **Dishonored Payment.** If your check, automatic withdrawal or other payment is not honored or not paid in full by the applicable bank or other entity (including stop payments), the payment will be treated as a dishonored payment. Each dishonored payment will be subject to a dishonored payment fee (see **Prices and Fees** beginning on page 20). We will process replacement payments made to offset dishonored payments at the Unit price in effect at the time we received the replacement payment.
2. **Initial Payment.** If the dishonored payment represents the initial payment, we may choose not to accept the Enrollment Form or, if we had previously accepted the Enrollment Form, we may cancel the Agreement.
3. **Monthly Payment.** If the dishonored payment is a Custom Monthly Payment Plan payment, the amounts relating to the dishonored payment will remain due.

### **V. DISTRIBUTION OF TUITION UNITS**

**A. Distribution of Tuition Units.** For Tuition Units to be distributed, the following must occur:

1. **Lump Sum Plan.** You must hold your Units for two full calendar years. You must pay any outstanding fees before we can approve or process a Distribution.
2. **Custom Monthly Payment Plan.** Your Custom Monthly Payment Plan must be paid in full, there must be no outstanding fees, and your Agreement must have been in effect for two years before you may use any Units.

3. **Benefit Use Year.** The Student must have enrolled in an Eligible Institution on or after the projected Benefit Use Year set forth in the Enrollment Form. You may not change the Benefit Use Year to a date prior to the Student's enrollment in an Eligible Institution.
- B. Running Start Program.** We will reimburse actual tuition expenses charged to the Student for enrollment in the Running Start Program as defined in RCW 28A.600.300. We also will reimburse you for all non-subsidized required Qualified Higher Education Expenses.
  - C. Qualified Higher Education Expenses (QHEE).** The IRS may require documentation from you and/or your Student necessary to confirm that a Distribution will be used only for QHEE, as allowed by federal tax law in effect at the time. From time to time, changes in federal law may affect the types of QHEE and Eligible Institutions for which Distributions may be used. We do not determine what is considered a QHEE and recommend that you save receipts.
  - D. Use of Tuition Units.** You may use Tuition Units for Qualified Higher Education Expenses at any Eligible Institution. We do not guarantee that the value of 100 Tuition Units will cover the full amount of Tuition and State-Mandated Fees unless used at a State Institution of Higher Education.
  - E. Timing and Maximum Distribution.** Unless eligible Units are available from a prior Benefit Use Year, your total Distributions may not exceed a maximum of 150 Units per Student for the Academic Year of August 1 to July 31. Subject to any further restrictions imposed by state or federal laws or regulations, you must make all requests for a Distribution from your Account within 10 years after the Benefit Use Year or within 10 years after the first distribution date for your Account, whichever is later, unless we approve your written request for an extension before that time.
  - F. Request for Distribution.** We will provide you with information on making a Direct Distribution or reimbursement request (as described below), which may be completed either online or by paper form. If you are using a paper form, you must return the appropriate form to us by the date indicated on the form. If we do not receive the appropriate form by the due date, Distribution of your Units may be delayed. If the Account has been opened by an Organization in connection with a scholarship program, the Organization also must designate the Student and provide the information we require at least two weeks prior to the expected Distribution date. We may verify the information received by phone.
- G. Payment of Distribution**
    1. **Payment to Institutions.** Except as provided in G.2. below, we will pay Distributions directly to the Eligible Institution.
    2. **Reimbursement.** At your option, we can pay Distributions to you or your Student for Qualified Higher Education Expenses in the form of a reimbursement. Any reimbursement requests for payment directly to your Student must be accompanied by your notarized signature. You may request a reimbursement for the current and prior academic year, but within the current calendar year only. We will pay reimbursements for an expense incurred in the prior academic year at the Unit Payout Value applicable to that prior academic year. Reimbursements for prior calendar year Qualified Higher Education Expenses may have state and/or federal tax implications.
    3. **Conditions to Payment.** A Distribution will be made only after we determine:
      - a. **Eligibility of the Institution.** The Student's institution is an Eligible Institution.
      - b. **Qualified Higher Education Expenses.** The amount of any Distribution will not exceed the value of Units available to be distributed and will be used for Qualified Higher Education Expenses.
    4. **Value of Tuition Units to be Distributed.** Tuition Units are valued at the time of Distribution, except for reimbursements for Qualified Higher Education Expenses incurred in a prior academic year, as set forth in the Unit Payout Value definition within this Agreement.

## VI. REFUNDS

### A. General Refund Rules

1. We will make all Refunds in accordance with State law, including RCW 28B.95.110, Program rules and policies, and Section 529 of the Code.
2. We will pay Refunds only for Units held in an Account for a minimum of two calendar years or such shorter period as may be required under state or federal laws, regulations, or policies or as directed by court order.

3. We may charge fees or a penalty in connection with Refunds as set forth in greater detail below. We will deduct all outstanding fees and the Program Refund Penalty from Account payments. We calculate any refund fees based on the amount of time the Account has been open, using the date that we accepted the Enrollment Form.
4. We will pay Refunds to you (or your Student, if you so specify in writing), or as otherwise described in your Agreement.
5. Subject to any further restrictions imposed by state or federal law or regulations, or Program limitations as indicated below, you must make all requests for a Refund from your Account within 10 years after the Benefit Use Year or the first Distribution date for your Account, whichever is later, unless we approve your written request for an extension before that time. If you are requesting a Refund due to a Scholarship, you must request the refund during the academic year in which the Scholarship was awarded.

#### **B. Request for Refund**

1. Only you, as the Account Owner, may request a Refund of amounts credited to the Account except as described within this Agreement.
2. The Refund request must include a notarized Refund/Cancellation Request form signed by you and other documentation we may require, as detailed in the **GET Refund/Cancellation Policy** (available on the Program website or by contacting the Program) in effect on the date of the refund request.
3. Except as specified in this Agreement, we do not allow partial Refunds.

#### **C. Reasons for Refunds – Penalty Fees**

1. **Qualified Refunds.** We will refund Tuition Units and will not assess a Program Refund Penalty fee or refund fees for Qualified Refunds. You must submit the following documentation with your Refund/Cancellation Request Form:
  - a. **Death.** In connection with the death of a Student, a request must be accompanied by a copy of the Student's death certificate.
  - b. **Disability.** In connection with the disability of a Student, your request must be accompanied by appropriate documentation from a medical professional demonstrating that the Student is unable to do any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration.
  - c. **Scholarship (or attendance at a U.S. service academy).** As a result of the Student's receipt of a Scholarship, your request must be accompanied by documentation of the Scholarship, including the awarding entity, the amount of the Scholarship and the term for which it was awarded (must be within the current academic year). Qualified Refunds in connection with a Scholarship are limited to the Scholarship award (or "cost of advanced education" in connection with the Student's attendance at a U.S. service academy), not to exceed 150 Units per Academic Year (plus eligible Units from prior Benefit Use Years). You must request Scholarship refunds during the academic year the Scholarship is awarded. We are unable to process retroactive or cumulative Scholarship refunds. You may request a Qualified Refund without a Program Refund Penalty for the cash value of Scholarships received by the Student for the year the Scholarship is received. Instead of requesting a Qualified Refund, you may elect to use an amount equivalent to the Scholarship to pay for the Student's other Qualified Higher Education Expenses.
  - d. **Temporary Non-Penalty Refund and Rollover Period.** Until the date that is 60 days after the State opens a direct-sold savings type 529 Plan, you may take a Nonqualified Refund, Qualified Refund, or Rollover of all Units purchased on or before June 30, 2015 without being charged a Program Refund Penalty or refund fees. Additionally, each Unit in any refund will be valued at the greater of \$117.82 or your initial contributions for that Unit. In the event you take a distribution from your Account for Qualified Higher Education Expenses, all further refunds and distributions will be made at the current Unit Payout Value in effect at the time we receive and process your refund request, and you will no longer be able to request a contribution refund for your Account. It is important to consider that during this Temporary Non-Penalty Refund and Rollover Period, all applicable federal taxes and penalties will apply to any Qualified or Nonqualified Refunds. Please consult a tax advisor to understand the tax implications based on your particular circumstances.
2. **Nonqualified Refunds.** We will assess a Program Refund Penalty and other refund fees on any Nonqualified Refund unless the Nonqualified Refund is due to a Student's graduation or completion of a degree or certification.



## D. Payment of Refund

1. **Units Eligible for Refund.** For Tuition Units to be refunded, the following must occur:
  - a. **Lump Sum Plan.** You must hold your Units for two full calendar years.
  - b. **Custom Monthly Payment Plan.** Your Custom Monthly Payment Plan must be paid in full, there must be no outstanding fees, and the Agreement must have been in effect for two years before any Units may be refunded. If your Custom Monthly Payment Plan is not paid in full, we will convert the plan to a Lump Sum Plan and refund your Units according to the Lump Sum Plan.
2. **Limits on Refunded Units.** For approved Refunds, we will refund all Units minus any Program Refund Penalty and other refund fees except refunds requested due to Student nonattendance. In this case, the Refund is limited to 150 Units per academic year. We will make the Refund no sooner than 90 days after we receive your completed Refund/Cancellation Request form and any other documentation we may require. You must complete the Refund/Cancellation Request form each academic year for the Refund of additional Units, until all Units are refunded.
3. **Refund Amount.** We will calculate the amount of any Refund pursuant to the terms of your Agreement. We base the Refund amount paid on the current Unit Payout Value, as determined by the Committee, at the time we approve the Refund, unless otherwise required by State law. The Refund will subtract any applicable Program Refund Penalty, refund fees, or other outstanding fees or charges.

**E. Refund Requests Due to Bankruptcy.** Certain funds held in your Account may be protected against bankruptcy. See *Creditor Protection* on page 23 in the **Your Account** section. If you request a Refund due to bankruptcy, either you or the bankruptcy trustee must provide us with a copy of the bankruptcy filing. The Units will be valued at the Unit Payout Value in effect at the time we approve the Refund. We will deduct all outstanding fees, but we will not assess a Program Refund Penalty or other penalties or fees. We will make payments as directed by the bankruptcy trustee.

**F. Refund Decision Appeal Process.** If we deny your Refund request, you may submit a letter to the Program Director within 10 days after notification, asking for reconsideration. If the Director denies reconsideration, you may submit a letter to the Committee Chair within 10 days after notification, asking for reconsideration. The Committee Chair will conduct a brief adjudicative proceeding on the merits of the request and render a final decision.

## VII. ROLLOVER DISTRIBUTIONS

- A. **Rollovers to Other 529 Plans.** Upon submitting an Outgoing Rollover Request Form, you may transfer all assets in your Account to another 529 Plan. Based on IRS regulations, Rollovers for the same Student are restricted to one time in a 12-month period. With the exception of the Non-Penalty Refund and Rollover Period described in section VI.C.1.d. of this Agreement, we will pay out all Rollovers at the Unit Payout Value in effect at the time we receive your properly completed Outgoing Rollover Request form.
- B. **Transfers to another 529 Plan Sponsored by the State of Washington.** You may rollover assets in your Account to any other 529 Plan sponsored by the State of Washington. We will determine any specific instructions, procedures, and limitations on any such Rollover Distribution on or before the date that any future 529 Plan sponsored by the State of Washington is opened, and we will update this Agreement accordingly.

## VIII. FEES/PENALTIES

We will establish fees and penalties, and will adjust those fees and penalties from time to time. The current Program schedule of fees is included under **Prices and Fees** beginning on page 23 of the Program Details Booklet. By executing your Agreement, you agree that we have the right to deduct fees and penalties, including the Program Refund Penalty, if applicable, before we pay any Distribution or refund. This may reduce the number of Units credited to your Account.

## IX. AGREEMENT CANCELLATION

- A. **Cancellation by Account Owner.** You may cancel and close your Account under the following circumstances. Account cancellations are non-reversible. You cannot reopen an Account once it has been closed. Please also see **Federal Tax Information** beginning on page 26.
  1. **Within three working days.** You may cancel your Account after we receive your Enrollment Form and initial payment if you call or email the Contact Center within three working days to begin the process or mail the completed notarized cancellation request, postmarked within the three days. If these conditions are met, we will return all payments to you, including the enrollment fee.

2. **Within six months.** You may cancel your Account within six months after we receive the initial payment. We will return all payments to you, except the non-refundable enrollment fee and any other outstanding fees.
3. **Accounts with \$500 or less.** You may cancel your Account at any time, if you have paid \$500 or less into your Account. We will return all payments to you, except the non-refundable enrollment fee and any other outstanding fees.

#### **B. Cancellation by the Program.**

1. We may cancel an Agreement immediately if: (i) you have supplied materially false or misleading information or have made a material misrepresentation on or in connection with your Enrollment Form or this Agreement; (ii) you fail to provide a valid Social Security Number for your Student within six months after the date of enrollment; (iii) the value of the Tuition Units held in your Account as then calculated is less than an amount we determine to be minimal; (iv) your initial payment is dishonored; or (v) you fail to comply with the terms of this Agreement (other than failure to make a monthly payment by the monthly due date) and do not correct the failure within 30 days after receiving notice of the failure.
2. We will automatically terminate your Agreement 10 years after your Student reaches the projected Benefit Use Year or 10 years after the initial Distribution date, whichever is later. This time can be extended for any active service in the uniformed services as defined in RCW 73.16.031. We will notify you of your options, including your right to a refund prior to the termination of the Account. We may pay the then current value of Tuition Units under the Agreement to you as a Nonqualified Refund, after deducting the Program Refund Penalty and any other outstanding fees. A Nonqualified Refund may have significant negative tax effects (see **Federal Tax Information**, beginning on page 26).

**C. Waiver requests.** Upon notification to us, you may request a waiver to extend the time period allowed to use the Units in your Account. Any waiver request will be subject to our approval, in our sole discretion. If after 10 years after the Student's Benefit Use Year Units remain in your Account, you have not requested a Refund and/or we have made no waiver, we will attempt to locate you. If we cannot locate you after reasonable efforts, then we will comply with the requirements of the Washington Uniform Unclaimed Property Act (Chapter 63.29 RCW).

**D. Cancellation Fees.** In the event of any full cancellation of your Agreement, we may deduct any applicable Program Refund Penalty and any other unpaid fees and charges from amounts credited to the Account and will then transmit to you, as the Account Owner, any remaining amounts on deposit.

**E. Account Conversion.** If a Custom Monthly Payment Plan is not in good standing (no payments have been made by you for at least six (6) consecutive months and you have not made alternative payment arrangements with our office), we may convert the Account to a Lump Sum Plan Account. We will use monthly payments on a converted Account to purchase the amount of Units available at the prices in effect on each payment date. After conversion, you may only purchase Lump Sum Plan Units for that Account. Because GET was not open for new unit purchases from July 1, 2015 and October 31, 2017, any payments made during this time period would be applied at a Unit Purchase Price of \$113 (the 2017-18 Unit Purchase Price) in the event of a conversion to a Lump Sum Plan.

#### **X. PROGRAM TERMINATION**

**A. Declaration of Termination.** If the State declares that the Program is not financially feasible, or for any other reason determines that the Program will be terminated, we will cease to accept any further Agreements or Tuition Unit purchases.

**B. Remaining Tuition Units.** The remaining Tuition Units for all Students who have either enrolled in an Eligible Institution or who are within four years of their eighteenth birthday will be honored until those Tuition Units have been exhausted, or for ten (10) State fiscal years from the date the Program was terminated, whichever comes first. All other Account Owners will receive a refund equal to the current value of the Tuition Units in effect at the time of termination, as determined by the Committee. We will not assess refund fees for refunds issued in conjunction with the termination of the Program.

**C. Refunds at End of 10-Year Closeout Period.** At the end of the 10-year closeout period, we will refund any Tuition Units remaining unused by current Students enrolled in an Eligible Institution at the value of a Unit in effect at the end of the 10-year closeout period.

**D. Remaining Amounts.** At the end of the 10-year closeout period, we will deposit in the State General Fund all other amounts not needed to make refunds or to pay for administrative costs.

## XI. GENERAL PROVISIONS

- A. State Guarantee.** This Agreement is a contractual obligation legally binding on the State. The State guarantees that your purchase of Tuition Units will be worth the same number of Tuition Units at the time of redemption as they were worth at the time of your original purchase. The State does not, however, guarantee that the Unit Payout Value will exceed the Unit Purchase Price.
- B. Records.** Program records are subject to the public disclosure laws of the State (RCW 42.56.320(2)) and the exemption from disclosure provided those laws.
- C. Washington Law Governs.** The laws of the State of Washington will govern this Agreement. You agree to jurisdiction of the State courts over any disputes in connection with the Program or your Agreement.
- D. Amendments.** We reserve the right to amend this Agreement to the extent required by law or to the extent necessary or desirable in order to preserve favorable tax treatment under federal and state law or for reasons in the interest of Account Owners, Students and the Program and to make technical corrections. This Master Agreement supersedes all previous Master Agreements.
- E. Severability.** If any court of competent jurisdiction finds any portion of this Agreement or the Enrollment Form to be invalid or unenforceable, the invalid or unenforceable portion will be severed from the Agreement or the Enrollment Form, as applicable, and the remainder of the Agreement and/or Enrollment Form will remain in full force and effect.
- F. Purchases by Persons Employed or Related to the Program.** Members of the Committee, Program staff and persons employed by service providers in connection with the Program may purchase Tuition Units to the extent consistent with State and federal law and upon the same terms and conditions as the public at large.
- G. Unclaimed Funds.** Under certain circumstances, if we issue a check to you, your Student or an Eligible Institution, it has not been cashed, and we have not been able to contact the individual or entity to whom the check is made payable for a period of at least three (3) years, the funds will be considered abandoned according to the Washington Uniform Unclaimed Property Act (RCW 63.29.020(1)). If the funds remain abandoned, they may, without proper claim by the owner of the funds, be transferred to the Washington State Department of Revenue as unclaimed property.
- H. Fraudulent Activity.** We will honor instructions from any person who provides correct identifying information either online, using your user ID and password or by paper form that is duly signed and dated. We are not responsible for fraudulent transactions we believe to be genuine. Accordingly, you bear the risk of loss if unauthorized persons request a Distribution from your Account. It is your responsibility to review all Account information and to notify us promptly of any unusual activity.
- I. Account Owner's Representations and Acknowledgements.** I, as Account Owner, represent and warrant to, and acknowledge and agree with, the State and the Program regarding the matters set forth in this Agreement, including that:
- I have carefully reviewed all information provided by the State with respect to the Program, including the Program Details Booklet included in the Enrollment Kit.
  - I have been given an opportunity to ask questions and receive answers concerning the terms and conditions of the Program and this Agreement.
  - I have been given an opportunity to obtain any additional information needed to complete my Enrollment Form and/or verify the accuracy of any information I have furnished.
  - I cannot use my Account as collateral for any loan. I understand that any attempt to use my Account as collateral for a loan would be void. I also understand that neither the State nor the Program will lend any assets to my Student or to me.
  - Except as described in this Agreement, I will not assign or transfer any interest in my Account. I understand that, except as provided under Washington law, any attempt to assign or transfer that interest is void.
  - I am and my Student is either a citizen or a resident alien of the United States.
  - I am or my Student is a Washington resident.
  - Neither the State of Washington, the Committee, the Program, any other agency of the State of Washington, nor any other counsel, advisor, or consultant retained by, or on behalf of, those entities, nor any employee, officer, or official of any of those entities (collectively, the Plan Officials) is liable for a failure of the Program to qualify as or to remain a 529 Plan, including any subsequent loss of favorable tax treatment under state or federal law.
  - My statements, representations, warranties, and covenants will survive the termination of my Account.

# Prices and Fees

## Program Prices

Unit Price Components	Amount
<b>Expected Costs</b> Covers the expected present value of the cost of future Tuition and State-Mandated Fees.	\$94.34
<b>Expenses</b> Covers the Program's annual administrative expenses. We calculate this by dividing the GET administrative budget for the coming State fiscal year by our estimated unit sales for the coming Enrollment Period.	\$4.18
<b>Reserve</b> <i>(current policy targets a 15% reserve)</i> Covers unexpected future costs such as higher than expected tuition growth or lower than expected investment returns.	\$14.78
<b>Amortization</b> <i>(optional - not included in current pricing)</i> Covers unexpected past costs from significant Program or policy changes.	N/A
<b>Total Unit Price</b> <i>(sum of components, rounded down to a whole dollar amount)</i>	<b>\$113</b>

Custom Monthly Plan Monthly Payment Components	
<b>Principal Amount</b> Calculated as the Unit Purchase Price (currently \$113) multiplied by the number of Units purchased, divided by the number of months/payments in the Agreement.	<b>Varies</b> (depending on contract term and number of units)
<b>Finance Charge</b> Offsets lost investment earnings that would otherwise have been recognized if the Units had been purchased up front. A small adjustment is also added to each payment to pay finance charges accrued in the three-months prior to the first monthly payment due date.	<b>7.5%/annual</b>
<b>Payment Processing Fee</b> Covers the administrative costs and banking fees for processing each monthly payment.	<b>\$1.54/month</b>

Custom Monthly Plan Payment Chart												
Contract Term (years)	Custom Monthly Plan Units											
	50	100	150	200	250	300	350	400	450	500	550	600
18	\$49	\$97	\$144	\$191	\$239	\$286	\$333	\$381	\$428	\$475	\$523	\$570
17	\$51	\$99	\$148	\$197	\$246	\$294	\$343	\$392	\$440	\$489	\$538	\$587
16	\$52	\$103	\$153	\$203	\$253	\$304	\$354	\$404	\$454	\$505	\$555	\$605
15	\$54	\$106	\$158	\$210	\$262	\$314	\$366	\$419	\$471	\$523	\$575	\$627
14	\$56	\$110	\$164	\$219	\$273	\$327	\$381	\$435	\$489	\$543	\$597	\$652
13	\$59	\$115	\$172	\$228	\$285	\$341	\$398	\$454	\$511	\$568	\$624	\$681
12	\$61	\$121	\$180	\$240	\$299	\$358	\$418	\$477	\$537	\$596	\$656	\$715
11	\$65	\$128	\$190	\$253	\$316	\$379	\$442	\$505	\$567	\$630	\$693	\$756
10	\$69	\$136	\$203	\$270	\$337	\$404	\$471	\$538	\$605	\$672	\$738	\$805
9	\$74	\$146	\$218	\$290	\$362	\$434	\$506	\$578	\$650	\$722	\$794	\$866
8	\$80	\$159	\$237	\$316	\$394	\$473	\$551	\$630	\$708	\$787	\$865	\$943
7	\$89	\$176	\$262	\$349	\$436	\$523	\$609	\$696	\$783	\$870	\$956	\$1,043
6	\$100	\$198	\$296	\$394	\$492	\$589	\$687	\$785	\$883	\$981	\$1,079	\$1,177
5	\$116	\$229	\$343	\$456	\$570	\$683	\$797	\$911	\$1,024	\$1,138	\$1,251	\$1,365
4	\$139	\$276	\$414	\$551	\$688	\$825	\$962	\$1,100	\$1,237	\$1,374	\$1,511	\$1,648
3	\$179	\$355	\$532	\$709	\$886	\$1,062	\$1,239	\$1,416	\$1,592	\$1,769	\$1,946	\$2,122
2	\$258	\$514	\$770	\$1,026	\$1,282	\$1,538	\$1,793	\$2,049	\$2,305	\$2,561	\$2,817	\$3,073
1	\$496	\$990	\$1,484	\$1,978	\$2,472	\$2,966	\$3,460	\$3,954	\$4,448	\$4,942	\$5,436	\$5,930

## Program Unit Pricing Assumptions

The Office of the State Actuary (OSA) provided a Price-Setting Analysis to assist the Committee in setting the 2017-18 Unit Purchase Price. Two key economic assumptions underlying the pricing analysis include expected investment returns and expected tuition growth. Below is a summary of how OSA treated these assumptions for the 2017-18 Unit Pricing Analysis.

**Investment Returns.** The OSA uses this assumption in the price-setting analysis to determine the present value of future Unit payouts. The OSA updated the assumed long-term rate of investment return from 6% to 5.65% based on WSIB’s most recent capital market assumptions and the Program’s long-term asset allocation targets. The OSA implicitly assumed the current long-term asset allocation targets of 60% global equity/40% fixed income will remain unchanged throughout the projection period.

**Tuition Growth Assumptions.** This assumption helps the OSA model the expected growth in future Unit payout values. In response to the tuition-setting policy enacted in the 2017-19 Washington State Operating Budget, the OSA updated in-State tuition growth estimates (*see table to the right*). The OSA relied on the tuition growth model disclosed in the 2016 GET Actuarial Valuation Report to develop the tuition growth assumptions. Actual tuition growth may vary from OSA’s assumptions.

**Setting the Unit Purchase Price.** Ultimately, the Committee discussed and evaluated the information and assumptions presented in the 2017-18 Unit Pricing Analysis, and set the 2017-18 Unit Purchase Price.

Tuition Growth Assumptions (Best Estimate)	
Academic Year	Expected Tuition Growth
2017-2018	2.20%
2018-2019	2.00%
2019-2020	6.50%
2020-2021	6.50%
2021-2022	6.50%
2022-2023	6.50%
2023-2024	5.00%
2024-2025	5.00%
2025-2026	5.00%
2026-2027+	5.00%

## Program Fees

Type of Fee	Amount
<b>Account Fees</b>	
<b>Paper Enrollment Form Fee</b> ( <i>non-refundable</i> ) Effective November 1, 2017, we only charge this fee for mailed paper enrollment forms. Additionally, if you open more than two Accounts for Students living at the same home address, we will waive all future enrollment fees for Students living at that address (accounts that have been refunded, canceled, or rolled over to another 529 plan are not included as eligible Accounts).	<b>Paper Enrollment Form: \$50</b> <b>Online Enrollment Form: N/A</b>
<b>Late Payment Fee</b> For Custom Monthly Plans, all payments are due on the 15th day of each month. We will post a late fee to your Account if we do not receive your monthly payment by the 10th day following the due date.	<b>\$10</b>
<b>Dishonored Payment Fee</b> (Automatic withdrawal, electronic payments, and checks)	<b>\$25 or actual fee charged by the bank, whichever is greater</b>
<b>Refund Fees</b>	
<b>Program Refund Penalty</b> For all Refunds except in the event of death, disability, Scholarship, attendance at a U.S. service academy, or graduation/completion of a degree or certificate.	<b>10% of earnings or \$100, whichever is greater</b>
<b>Account Cancellation Fee</b> ( <i>assessed on Refunds only</i> )	<b>\$10</b>
<b>Account Maintenance Fee</b> ( <i>assessed on Refunds only</i> )	<b>\$1.70 per month that the account was open and active</b>
<b>For Organizations</b>	
<b>Scholarship Set-up Fee</b> ( <i>non-refundable</i> )	<b>\$100 per master account</b>
<b>Student Account Transfer Fee</b> Assessed each time the Organization transfers Units from the master Account to a named Student Account (per Student Account).	<b>\$25</b>

# Your Account

## Using Your Units

You can use your Units at nearly any public or private college, university, or technical school in the U.S. as well as selected colleges in other countries. A college is eligible if it participates in federal financial aid programs through the U.S. Department of Education. For a complete list of eligible schools in the U.S. and other countries, visit the U.S. Department of Education's Free Application for Federal Student Aid (FAFSA) website ([www.fafsa.ed.gov](http://www.fafsa.ed.gov)). If the college is listed, you may use your Units to pay for Qualified Higher Education Expenses (QHEE) at that college.

We will email you information about using your Units in the summer before your student will be attending college. **To use your Account, it must have been open for at least two (2) calendar years; Lump Sum Units must be two (2) years old and Custom Monthly Plans must be paid in full.** You can use up to 150 eligible Units per academic year, plus any unused Units rolled over from previous years of eligibility.

In general, we will pay the college or university directly for Tuition and State-Mandated Fees and on-campus room and board. You also may request reimbursement from us for these and other QHEE, already paid. You should retain records of these expenses for tax purposes.

## Qualified Higher Education Expenses

You can use your Units to pay any QHEE, as summarized in the chart below. For more information on what types of expenses are considered QHEE, please review *IRS Publication 970 – Tax Benefits for Education*. The publication is available on the IRS website ([www.irs.gov](http://www.irs.gov)) or by calling the IRS at 1.800.829.1040.

<b>Tuition and fees</b>	Includes full-time or part-time tuition for the regular academic year or summer program and for undergraduate, graduate and professional degree programs. Fees can include operating, building, and services and activities fees as well as fees imposed by individual schools such as technology fees, library fees, and recreation fees. <i>Note: We do not use all tuition and fees to calculate the GET Unit Payout Value. We only use Tuition and State-Mandated Fees (as defined in the Master Agreement) to determine the GET Unit Payout Value.</i>
<b>On-campus/Off-campus room and board</b>	Your Student must attend at least half-time. The amount cannot exceed the room and board allowance calculated by the Eligible Institution in its cost of attendance budget. <i>Note: Check with your school's financial aid office to determine its room and board allowance.</i>
<b>Books, supplies and equipment</b>	The college course must require these expenses.
<b>Computers, software and internet access</b>	Purchase of computer or peripheral equipment, computer software, and Internet access to be used primarily by a Student while enrolled.
<b>Special needs</b>	Expenses of a Student with special needs that are necessary in connection with the Student's higher education.

## Notices and Communications

Any notices you need to send to us must be sent by mail to Guaranteed Education Tuition, P.O. Box 43450, Olympia, Washington 98504-3450, by fax to 360.704.6200 or by email to [GETInfo@wsac.wa.gov](mailto:GETInfo@wsac.wa.gov).

We are committed to increased efficiency and reduced cost by using email communication and online processes whenever possible. Therefore, our default method of communication will be via email and/or online Account notifications. You may request paper communication by contacting us or indicating that preference in the Account profile (Email Communication Center) section of your online Account.

## **Creditor Protection**

Pursuant to Washington law, funds used to purchase Tuition Units more than two years prior to the date of a bankruptcy filing or court judgment will be considered excluded personal assets of the Account Owner.

In addition, bankruptcy legislation protects certain assets in federal bankruptcy proceedings that have been contributed to a 529 plan account. However, bankruptcy protection for 529 plan assets is limited and has certain conditions. To be protected, your Student must be a child, stepchild, grandchild, or stepgrandchild of the individual who files for bankruptcy protection. In addition, contributions made to all 529 plan accounts for the same Student are protected subject to the following limits:

- Contributions made less than 365 days before the bankruptcy filing are not protected.
- Contributions made between 365 and 720 days before the bankruptcy filing are protected up to \$6,425 (as adjusted for inflation).
- Contributions made more than 720 days before the bankruptcy filing are fully protected.

This information is not meant to constitute individual tax or bankruptcy advice. Please consult your own advisors concerning your individual circumstances.

# Important Risks You Should Know About

You should carefully consider the information in this section, as well as the other information in this Program Details Booklet, before making any decisions about opening an Account or making any additional contributions. We do not provide legal, financial, or tax advice. You should consult an attorney or a qualified financial or tax advisor with any legal, business, or tax questions you may have.

## **Suitability**

We make no representation regarding the suitability or appropriateness of GET as an investment. Other types of investments may be more appropriate depending upon your financial status, tax situation, risk tolerance, age, investment goals, savings needs, and the investment time horizons of you or your Student.

## **Internal Revenue Service Regulations Not Final.**

As of the date of this Disclosure Statement, the IRS has not issued final tax regulations regarding programs satisfying the requirements of Section 529 of the Code. In addition, we have not sought nor have we received a private letter ruling from the IRS regarding the status of GET under Section 529 of the Code. We may, in our sole discretion, determine to seek a ruling in the future.

## **Discretion of the Board**

Neither you nor your Student may direct the investment of any contribution to GET or any earnings thereon either directly or indirectly. The WSIB has the sole discretion to determine how to invest payments made for the purchase of Tuition Units. The Enabling Legislation requires the WSIB to adopt an investment policy (Investment Policy) governing the investment of Tuition Unit payments. The WSIB may, in its sole discretion, determine to amend its Investment Policy at any time, including investing in other asset types and by using additional or different managers to further diversify its investments.

## **Value of Tuition Units May Decrease**

If Tuition and State-Mandated Fees decrease, your Units may decrease in value. We measure Account values in Units where 100 units equals the cost of one year of Tuition and State-Mandated Fees at Washington's highest priced public university. We value individual Units at 1/100th of that cost. If state law or tuition policies were ever to change in the future, including changes to Chapter 28B.95 RCW, the Committee may be required to revise Program policies to ensure the Program's Actuarial Soundness while protecting Account Owners. In the event of a decrease in value of your Units, there can be no assurance, however, that the value of your Units would increase as a result of any Washington State law change or Committee action.

## **Effect of Future Law Changes.**

It is possible that future changes to federal or state laws or court or interpretive rulings could adversely affect 529 Plans generally, the terms and conditions of GET, or your Units, even retroactively. Specifically, GET is subject to the provisions of and any changes to or revocation of Chapter 28B.95 RCW and Section 529 of the Code. It is our intention to take advantage of Section 529; therefore, GET is vulnerable to tax law changes or court or interpretive rulings that might alter the application of federal and/or state taxes to your particular situation.

## **Cost of Certain Payment Plans**

GET Unit Purchase Prices are determined based on a number of factors. Specifically, the total cost of Units purchased through a Custom Monthly Payment Plan is higher than the same number of Units purchased at the same Unit Purchase Price through the Lump Sum Plan. This is because with Custom Monthly Payment Plans we have a shorter amount of time to generate earnings on your payments. With monthly payments, we do not have the full purchase price available to invest immediately, so we cannot generate the same amount of income as we would with a Lump Sum Plan. In addition, with either the Lump Sum Plan or Custom Monthly Payment Plan, your payments may total more than the current Unit Payout Value.

## **Tax Considerations**

The federal tax consequences associated with participating in GET can be complex. You should consult a tax advisor regarding the application of tax laws to your particular circumstances. See ***Federal Tax Information***, beginning on page 26.



## **Securities Laws**

The Agreement between you and the State may be considered securities but will not be registered as securities. The interests in the Agreements have not been registered with the Securities and Exchange Commission, nor with the securities regulatory authorities of any state. In addition, the interests in the Agreements have not been registered as an investment company under the Investment Company Act of 1940.

## **Death of Account Owner**

If an Account Owner's Survivor has not been named on an Account and the Account Owner dies, control and ownership of the Account will become subject to the estate laws of the state in which the Account Owner resided. If an Account Owner Survivor is a minor at the time of the Account Owner's death, then a Custodian must be named by the minor Account Owner Survivor's parent or Guardian.

## **Death of Account Owner Survivor**

If the Account Owner Survivor predeceases the Account Owner and the Account Owner fails to designate another Account Owner Survivor or the Account Owner and Account Owner Survivor die simultaneously, control and ownership of the Account, upon the Account Owner's death, will become subject to the estate laws of the state in which the Account Owner resided.

## **Financial Aid**

A Student may wish to participate in federal, state, or institutional loan, grant, or other programs for funding higher education. An investment in GET may have an adverse impact on the Student's eligibility to participate in needs-based financial aid programs:

- In making decisions about eligibility for financial aid programs offered by the U.S. government and the amount of financial aid required, the U.S. Department of Education takes into consideration a variety of factors, including among other things, the assets owned by the Student and the assets owned by the Student's parents.
- For federal financial aid purposes, Account assets will be considered:
  - assets of the Student's parents, if the Student is a dependent student and the Account Owner is the parent or the Student, or
  - assets of the Student, if the Student is the owner of the Account and not a dependent student.
- Assets owned by the parent of a Student who is not a dependent are not considered for purposes of the FAFSA.
- Since the FAFSA treatment of Account assets may have a material adverse effect on your Student's eligibility to receive valuable benefits under financial aid programs, you or your Student should check:
  - applicable laws or regulations;
  - with the financial aid office of an Eligible Educational Institution; and/or
  - with your tax advisor regarding the impact of an investment in GET on needs-based financial aid programs.

## **Medicaid Eligibility**

It is unclear how local and state government agencies will treat 529 Plan assets for the purpose of Medicaid eligibility. Although there are federal guidelines under Title XIX of the Social Security Act of 1965, each state administers its Medicaid program and rules could vary greatly from one state to the next. You should check with an attorney, a tax advisor, or your local Medicaid administrator regarding the impact of an investment in GET on Medicaid eligibility.

# Federal Tax Information

## **General**

This Section describes some of the federal tax considerations you should be aware of when investing in GET and is based on relevant provisions of the Internal Revenue Code of 1986, as amended (Code), proposed regulations issued by the Internal Revenue Service (IRS), relevant legislative history, and official interpretations of applicable federal law as of the date of this Program Details Booklet.

This discussion is by no means exhaustive and is not meant as tax advice. The federal tax consequences associated with an investment in GET can be complex. Before you invest, you may wish to consult an independent tax advisor regarding the application of tax laws to your particular circumstances.

Some states may impose taxes and/or penalties on investments in or withdrawals from a 529 Plan offered by other states. These penalties and taxes may, in certain cases, have the effect of offsetting some or all of the federal tax benefits discussed below.

## **Risk of Tax Law Changes**

The IRS has issued only proposed regulations and certain other guidance under Section 529. Final regulations could affect the tax considerations or require changes in the terms of GET.

## **Federal Tax-Deferred Earnings**

Any earnings on contributions are tax-deferred, which means your Account assets grow free of current federal income tax and are not subject to federal income tax if withdrawn to pay for Qualified Higher Education Expenses, as described below.

## **Federal Gift/Estate Tax**

If your contributions, together with any other gifts to the Student (over and above those made to your Account), do not exceed \$14,000 per year (\$28,000 for married couples making a proper election), no gift tax will be imposed for that year. Gifts of up to \$70,000 can be made in a single year (\$140,000 for married couples making a proper election) for a Student and you may elect to apply the contribution against the annual exclusion equally over a five-year period. This allows you to move assets into tax-deferred investments and out of your estate more quickly.

If you die with assets still remaining in your Account, the Account's value will generally not be included in your estate for federal estate tax purposes, unless you elect the five-year averaging and die before the end of the fifth year. If your Student dies, and assets remain in your Account, the value of your Account may be included in the Student's estate for federal tax purposes. Further rules regarding gifts and the generation-skipping transfer tax may apply in the case of withdrawals, changes of Students, and other situations. The state law treatment of gift and estate taxes varies so you should check with your tax advisor for the specific effect of federal and state (if any) gift tax and generation skipping transfer tax on your situation.

## **Transfers and Rollovers**

You can transfer assets (also known as a Rollover) for the same Student from another 529 Plan to your Account without adverse tax consequences only if no other rollovers have occurred within the prior 12 months. You may also transfer all or part of the money in your Account to another Account or an account in another 529 Plan (including any other 529 Plan offered by the State of Washington). Where the funds are placed in another Account or another 529 Plan account within 60 days of the withdrawal date, you may avoid incurring federal income tax or a Distribution Tax.

Changes in your Student could potentially cause gift and/or generation-skipping transfer tax consequences to you and your Student. Because gift and generation-skipping transfer tax issues are complex, you should consult with your tax advisor.

## **Coverdell Education Savings Accounts (ESA)**

Generally, contributions may be made to both an ESA (defined in Section 530 of the Code) and a 529 Plan in the same year on behalf of the same Student. However, the same educational expenses cannot be claimed for tax-exempt withdrawals from both the ESA and the Qualified Tuition Program.

## **Education Tax Credits**

You and your Student, if eligible, can take advantage of American Opportunity and Lifetime Learning Tax Credits without affecting your participation in GET or its benefits. American Opportunity and Lifetime Learning Credits can be claimed in the same year that a tax-exempt withdrawal is taken from a 529 Plan provided the withdrawal is not used for the same educational expenses.

## **All Withdrawals**

Withdrawals may be comprised of: (1) principal, which is not taxable when withdrawn, and (2) earnings, if any, which may be subject to federal income tax. We determine the earnings portion generally as of the withdrawal date based on IRS rules and report to the IRS and the recipient. However, we do not report whether the withdrawal is a Distribution, a Qualified Refund, Refunded Distribution, Rollover Distribution or Nonqualified Refund. You are responsible for preparing and filing the appropriate forms when completing your federal income tax return and for paying any applicable tax directly to the IRS.

## **Distributions**

If you take a Distribution of Units, your Student generally does not have to include as income any earnings withdrawn for the applicable taxable year if the total withdrawals for that year are less than or equal to the total withdrawals for Qualified Higher Education Expenses for that year minus any tax-free educational assistance and expenses considered in determining any American Opportunity or Lifetime Learning Credits claimed for that taxable year.

You, or your Student, as applicable, are responsible for determining the amount of the earnings portion of any withdrawal from your Account that may be taxable and are responsible for reporting any earnings that must be included in taxable income. You should retain documentation such as invoices and receipts adequate to substantiate to the IRS the qualifying use of your withdrawals.

The IRS has not provided guidance whether a withdrawal taken after December 31 of the year in which the Qualified Higher Education Expenses were incurred and paid will be treated as a Distribution. You should consult with your tax advisor and IRS Publication 970 for further information.

## **Qualified Refunds**

For federal income tax purposes, you, or the Student, may be subject to federal income tax on the earnings portion of a Qualified Refund. However, a Qualified Refund is not subject to the Distribution Tax.

## **Refunded Distribution**

You may avoid incurring federal income tax or a Distribution Tax if you receive a Refunded Distribution.

## **Nonqualified Distribution**

You, or the Student, as applicable, are subject to federal and state (if applicable) income tax and the Distribution Tax on the earnings portion of any withdrawal that is not exempt from tax as described above.

# GET Operations and Administration

## **Plan Governance and Administration**

### **GET Program**

The State Legislature created GET as a 529 Plan under Section 529 of the Code to provide families with an affordable, convenient way to pay in advance for the cost of college and reduce future reliance on debt. Subject to the Governor's approval, the State Legislature may amend the Enabling Legislation by passing new legislation.

As required by the Enabling Legislation, the Committee governs the Program, ensuring that participants are protected and that the Program remains financially sound. The Committee meets at least quarterly to discuss legislative activities, review Program policies and investments, and make Program decisions. Annually, the Committee sets the GET Tuition Unit Purchase Price. The Washington Student Achievement Council administers the Program, based on the Committee's direction.

The five-member Committee consists of the executive director of the Washington Student Achievement Council, the State Treasurer, the Director of the Office of Financial Management, and two citizen representatives. The State Actuary and the WSIB provide expertise and advise the Committee as needed. Committee members receive no compensation for their services to GET; however, they are entitled to reimbursement for expenses incurred in the performance of their duties. The Committee has general and fiduciary responsibility for the Program. There are vacancies on the Committee from time to time.

The Enabling Legislation also requires the Committee must determine how to reinvigorate the Program to incentivize Washingtonians to enter into Agreements and purchase Tuition Units in any year where the total annual sale of Tuition Units is less than five hundred thousand.

### **State Guarantee**

Our Agreement with you is considered a contractual obligation legally binding on the State. The State guarantees that your purchase of Tuition Units will be worth the same number of Tuition Units at the time of redemption as they were worth at the time of your original purchase. The State does not, however, guarantee that the Unit Payout Value will exceed the Unit Purchase Price. If, and only if, the money in the Program is projected to be insufficient to cover the Program's contracted expenses for a given biennium, then the State legislature must appropriate to the Program the amount of money necessary to cover such expenses. This means that, if future tuition increases required us to pay out more money during a given biennium than available, the State legislature would be required by State law to appropriate State funds to cover Program expenses. The terms of the guarantee are set forth in Chapter 28B.95 RCW.

### **Recent Key GET Events**

In 2015, the State Legislature passed the College Affordability Program (CAP), which lowered tuition at the State's public colleges for the 2015-2016 and 2016-2017 academic years and stated that beginning in the 2017-2018 academic year, annual tuition increases may be no more than the state's average annual growth rate in median hourly wage. Since the Unit Payout Value is tied to in-state public tuition, the CAP directed the Committee to maintain the 2014-2015 Unit Payout Value (\$117.82) through the 2015-2016 and 2016-2017 academic years. The CAP further directed the Committee to, beginning in the 2017-2018 academic year, make adjustments to ensure Accounts were not "decreased or diluted" as a result of lower tuition (see *RCW 28B.95.030(7)*). Between 2015 and 2017, the Committee implemented new policies to carry out the CAP's directives and provide options to Account Owners.

**Unit Purchase Delay.** The Committee voted to delay new Unit sales for a period not to exceed two years, effective July 1, 2015. The Committee permitted Account Owners with Custom Monthly Plans established before July 1, 2015 to continue making their scheduled monthly payments. This Unit purchase delay ended after October 31, 2017.

**Amortization Component Refund.** Between May 1, 2011 and June 30, 2015, the Unit Purchase Price included an amount known as an "amortization component" to amortize losses from past enrollment years where subsequent increases in Tuition and State-Mandated Fees were greater than expected. We intended for this amortization to follow a 30-year amortization schedule. However, the funded status of the GET fund recovered more quickly than expected, due in part to the passage of the CAP. Effective August 19, 2015, the Committee determined this amortization was no longer necessary, and voted to refund the amortization component for all unredeemed Units that were purchased in that time period. We completed this process in February of 2016.

**Temporary Non-Penalty Refund Policy.** The Committee voted that between September 2, 2015 and December 15, 2016, we would waive all Refund fees charged by GET and the two-year Unit holding requirement for all Account

Owners. Additionally, each Unit in any Refund or Rollover was valued at the greater of \$117.82 or your initial contributions for that Unit. This refund of contributions included finance charges paid on Custom Monthly Payment Plans, if these finance charges caused the effective Unit price to be greater than \$117.82 per Unit. Refunded amounts did not include previously incurred, non-refundable fees: enrollment fees, late payments fees, non-sufficient funds fees, etc. On September 7, 2016, the Committee voted to extend the deadline until the date that is 60 days after the State opens a direct-sold savings type 529 Plan. See **section VI.C.1.D.** of the **Agreement**, on page 16, for more information.

**Account Rebasing.** On August 1, 2017, we reset the Unit Payout Value from \$117.82 to a new amount matching GET's statutory Unit Payout Value (i.e. 100 Units = one year of resident, undergraduate Tuition and State-Mandated Fees at Washington's most expensive public university). The 2017-2018 Unit Payout Value is \$103.86. Effective August 1, 2017, existing Account Owners received additional new Units in their Accounts in a proportion equal to the difference between the \$117.82 Unit Payout Value of their purchased, undistributed Units as of August 1, 2017, and the new \$103.86 Unit Payout Value.

**Unit Maximums.** Because we added Units to Accounts in the Rebasing process, the Committee also increased the Unit maximums for Students. The previous lifetime maximum was 500 Units per Student, and up to 125 of those Units could be used each academic year, once a Student began using Units. Now, those maximums have increased to a total of 600 Units per student and 150 Units per year.

## Investment Plan

### Operation of the Fund

**Pooled Accounts.** We commingle all assets received by Account Owners and hold those assets in accordance with federal and State law. We will not separately invest amounts paid under an individual Agreement, but will maintain records showing the Account Owner, the Student, the amount paid and the number of Tuition Units purchased, distributed and refunded under an Agreement.

**Investment and Use.** We invest amounts paid under Agreements in accordance with the Investment Policy (defined below). We may apply amounts paid under Agreements to pay for or reimburse the WSIB for its administrative expenses in connection with the Program.

**Reserve.** We will accumulate amounts as a stabilization reserve, available to pay obligations of the Program if the Program does not otherwise have revenues in any particular year sufficient to pay those obligations. We will not hold, maintain, or invest Reserve amounts separately.

**Annual Program Analysis.** In accordance with state law (*RCW 28B.95.080*), we conduct an annual evaluation of the Actuarial Soundness of the Program. We use the results of this evaluation to determine whether one or more Unit Purchase Price adjustments are needed, and if so, how much the price will be adjusted.

The OSA assists the Committee and the Washington State Legislature by providing actuarial services and consulting. OSA's three primary services for GET include:

- Prepare an annual actuarial valuation of GET for the Committee. You can access copies of current and past GET Actuarial Valuation Reports at <http://www.get.wa.gov/news> or by contacting us.
- Prepare unit price-setting analysis for the Committee.
- Consult, price, and communicate the effects of potential changes to the Program for the Committee or the Legislature.

## Investment Policy

The WSIB has adopted an investment policy for the Program (Investment Policy). The Investment Policy sets forth the investment policies and guidelines for investing the assets held by the Program. For more details, see *WSIB Policy Number 2.35.100*, available at [www.sib.wa.gov/](http://www.sib.wa.gov/).

**Investment Objectives.** In accordance with *RCW 43.33A.110*, Program assets (the Portfolio) is managed to achieve a maximum return at a prudent level of risk. The key determinant is the identification of the prudent level of risk for the Program considering the Program's need to meet or exceed the growth rate of tuition costs. Based on this requirement the order of the objectives are:

1. Maintain the solvency of the Portfolio and the financial stability of the Program as measured by the actuary for the Program.
2. Ensure sufficient assets are available to fund the expected payments to be made by the Program.

3. Subject to numbers 1 and 2 above, try to achieve a maximum return that will meet or exceed the rate of growth in college tuition costs over a 10-year period, at a prudent level of risk.
4. Invest in a manner that will not compromise public confidence in the Program.

**Performance Objectives.** Performance of the Portfolio is judged relative to the investment objectives, the risk constraint standards, and the investment approach. The Portfolio has both a long-term absolute goal and several relative performance objectives including:

1. Achieve or exceed a 3.25% real rate of return relative to inflation, as measured by the Consumer Price Index (CPI), over a 10-year period.
2. Relative to asset allocation targets, generate a return equal to, or in excess of, the applicable passive benchmark portfolio.

**Balance of Risk and Return.** Given the need to meet or exceed the rate of college tuition inflation over a long-time period and the ranking of investment objectives, the investment portfolio will fall toward the upper end of the risk/return efficient frontier. The overriding objective is to ensure the investment assets meet or exceed the estimated liabilities.

**Asset Allocation.** The WSIB reviews the asset allocation mix of investments in the Portfolio every four years, or sooner if there are significant changes in the size of the Program, its, funding status, or liability duration.

Capital market conditions, funding status, and liability assumptions are dynamic, not static. Consequently, the WSIB staff meets at least annually with the Committee, administrative staff, and the Program actuary to review the Portfolio and the financial status of the Program.

The WSIB rebalances assets in the Portfolio across asset classes when market values of the assets fall outside the Investment Policy ranges. Rebalancing is accomplished first by using normal cash flow and second by the reallocation of assets across asset classes. The timing of the rebalancing is based upon market opportunities and the consideration of transaction costs. The allocation of assets in the Portfolio is set at the following ranges:

Asset Allocation	Target	Range*
Public Equity	55%	40% - 70%
Fixed Income	40%	30% - 50%
Cash	5%	0% - 20%

\*These ranges are long-term and may deviate in the short term as a result of funding schedules and interim market movements.

**Asset Class Structure.** The WSIB establishes an asset class structure with wide guidelines for its staff to move assets in order to achieve the fund’s overall objectives.

- **Equity.** The benchmark and structure for public equity investments is to passively track the broad global stock market as defined by the MSCI All Country World Investable Market Index.
- **Fixed Income.** The long-term goals of the asset class are to return more than inflation and to limit volatility for the total portfolio.
- **Permissible Investments:**
  1. Inflation Indexed Bonds;
  2. U.S. Treasuries and Government Agencies;
  3. Credit Bonds;
  4. WSIB Bond Market Funds; and
  5. Cash Equivalent Funds.

Although fixed income securities that are rated below investment grade may not be purchased, portfolio holdings that are downgraded to those levels or are no longer rated may continue to be held. “Investment grade” is defined by using the rating schema method employed by the Bloomberg Barclays Capital Global Family of Fixed Income Indices.

**Performance Information.** The WSIB presents performance information for investments quarterly to the Committee and we publish this information each year in the Program’s Annual Report. The most recent report is available on our website. See the table to the right for the performance information on GET investments for the quarter ending June 30, 2017

Rate of Return on GET Investments (as of June 30, 2017)	
One Year	10.92%
Three Years	4.01%
Five Years	7.49%
Ten Years	4.98%

Returns are net of all investment fees. Please keep in mind that past performance is not indicative of future results.

## Important Dates

November 1, 2017	The 2017-2018 Enrollment Period begins. You can open an account at the \$113 Unit Purchase Price.
January 2018	You will receive a 1099-Q tax form if you took any Distributions, Qualified Refunds or Nonqualified Refunds from your Account during 2017. If the Distribution, Qualified Refund or Nonqualified Refund was made payable to the Student, or directly to the Institution of Higher Education, the Student will receive the 1099-Q tax form.
May 31, 2018	The 2017-2018 Enrollment Period ends. If you enroll online, you must complete your enrollment by midnight PDT on May 31. If you enroll by mail, your Enrollment Form must be postmarked by May 31. Online enrollment gets congested during the final week of the Enrollment Period. To avoid frustration, please enroll early.
June 25, 2018	June 25 is the last day to buy Lump Sum units at the \$113.00 Unit price. We must receive your payment by June 25. (We do not accept June 25 postmarks.) If we receive your payment after June 25, we will post it at the Unit price in effect for the 2018-2019 Enrollment Period.
August 1, 2018	Up to 150 new units will become eligible for Distribution for all students with a Benefit Use Year of 2018 or earlier.

## Contact Us

<b>Website</b>	www.get.wa.gov	
<b>Email</b>	GETInfo@wsac.wa.gov	
<b>Phone</b>	1.800.955.2318 (toll-free) or 360.753.7803 (Olympia) <i>Translation service is available for customers who do not speak English.</i>	<b>Hours:</b> Weekdays from 8:00 a.m. to 11:45am, and 1:00 p.m. to 4:30 p.m., Pacific Time (excluding state holidays). We will post changes on our website.
<b>Mailing Address</b>	<i>Payments and certified letters:</i> GET Program, P.O. Box 84824 Seattle, WA 98124-6124	<i>Letters, forms and correspondence:</i> GET Program, P.O. Box 43450 Olympia, WA 98504-3450
<b>Office Location</b>	917 Lakeridge Way SW Olympia, WA 98502 <i>In-person visits only – no mail delivery at this address (FedEx/UPS accepted).</i>	<b>Hours:</b> Weekdays from 8 a.m. to 5 p.m., Pacific Time (excluding state holidays) Directions are posted on our website.

## More Resources

- View the most frequently asked questions about GET (including impacts of the College Affordability Program: <http://www.get.wa.gov/faqs>)
- Learn more about how GET works, and view historical documents: <http://www.get.wa.gov/howgetworks>
- See the latest news regarding GET, including announcements, press releases, and media stories: <http://www.get.wa.gov/news>
- Manage your GET account online (change personal information, see account balances, use Units and more): <https://fortress.wa.gov/wsac/getportal/SignIn>
- Read more about GET's response to the College Affordability Program: <http://www.get.wa.gov/5954-impacts>



Save today. Secure tomorrow.

[www.get.wa.gov](http://www.get.wa.gov)

Telephone: 1.800.955.2318 (toll-free) • Email: [GETInfo@wsac.wa.gov](mailto:GETInfo@wsac.wa.gov)



Washington State's  
529 Prepaid College  
Tuition Program



WASHINGTON STUDENT  
ACHIEVEMENT COUNCIL  
EDUCATION · OPPORTUNITY · RESULTS

The Washington Student Achievement Council administers the GET Program while the Washington State Investment Board oversees its investments. The Committee on Advanced Tuition Payment and College Savings, commonly referred to as the GET Committee, governs the program.

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