

WA529 Committee Meeting

Wednesday, September 11, 2019

John A. Cherberg Building, Capitol Campus
Senate Hearing Room 1
Olympia, WA 98504
2:00 p.m. – 4:00 p.m.

AGENDA

Call to Order: Welcome & Member Introductions

- Approval of the May 15, 2019 Minutes ACTION
- Program Updates INFORMATION
 - Luke Minor, WA529 Director*
 - Rodger O'Connor, WA529 Associate Director for Mktg. & Comm.*
 - Doug Magnolia, CEO, Sundry Administration*
- Fiscal Year 2020 Budgets ACTION
 - Luke Minor, WA529 Director*
- GET Investment and Asset Allocation Update INFORMATION
 - Chris Phillips, Institutional Relations Director, WSIB*
 - Ryan Lobdell, Principal, Meketa Group*
- DreamAhead Investment Review INFORMATION
 - Matt Forester, Director, Lockwood Advisors*
- 2019-20 GET Unit Price Setting ACTION
 - Matt Smith, State Actuary*
- GET Custom Monthly Plan Discussion INFORMATION/
POSSIBLE ACTION
 - Luke Minor, WA529 Director*
- Program Details Booklet Updates – GET and DreamAhead *Luke Minor, WA529 Director* ACTION
- Public Comment
- Executive Session
- Adjournment NO ACTION

Next Regularly Scheduled Meeting:
November 13, 2019
John A. Cherberg Building, Olympia
Senate Hearing Room 1
2:00 p.m. – 4:00 p.m.

WA529 Committee Meeting Minutes
May 15, 2019
John A. Cherberg Building, Capitol Campus
Senate Hearing Room 1

WSAC Staff in Attendance:

Lucas Minor, Director of College Savings Plans
Christina Crawford, GET Administrative Assistant
Marc Webster, WSAC Director of External Affairs

Guests in Attendance:

Matt Smith, Office of the State Actuary
Chris Phillips, Washington State Investment Board
Rick Brady, Office of the Attorney General
Doug Magnolia, BNY Mellon
Jim Balsan, BNY Mellon

WELCOME

Mike Meotti, Executive Director of WSAC and Chair of the WA529 Committee called the meeting to order at 2:03p.m. The other Committee members in attendance were Brenda Snyder, Director of financial literacy for the State Treasurer's Office and designee for Treasurer Duane Davidson and Director of the Office of Financial Management (OFM), David Schumacher.

APPROVAL OF THE JANUARY 23, 2019 MINUTES

Meotti asked for a motion to approve the January 23, 2019 WA529 Committee meeting minutes. Motion to approve the minutes by Brenda Snyder. Three Ayes by Meotti, Schumacher and Davidson. Motion carried – minutes approved.

DIRECTOR'S REPORT

Luke Minor, WA529 Director, stated that as of May 4, 2019 the GET Program has had 2,600 enrollments and over 400,000 unit sales so far for the enrollment period. Both figures were down from the same time in the prior enrollment year. Minor reminded the Committee that last year, DreamAhead was not open for the full enrollment period and it was the first GET enrollment period after being closed for two years. It is important to look at GET and DreamAhead enrollments in aggregate, with goal of having more families save overall between both programs. Minor estimated that at the end of the enrollment period, the program would likely have more than 3,000 new accounts and over 500,000 in unit sales.

For the 2018-19 academic year, GET has distributed \$60 million and since program inception, GET has reached \$1.1 Billion in distributions for 53,000 students. GET currently has 66,000 active accounts with 10.2 million purchased or contracted units. Since the passage and implementation of Senate Bill 6087, total accounts and units are lower, as well as average units per account.

In April and May, WA529 ran 8,836 TV and 8,167 radio ads with a GET end-of-enrollment focus throughout Seattle, Spokane, Tri-Cities and Yakima. WA529 staff also engaged in 12 radio and 4 TV media interviews in Seattle, Spokane, Tri-Cities and Yakima during the first week in

April. WA529 is participating in a national 529 awareness campaign which was launched March 1, 2019 to increase knowledge about the plans and help establish 529 plan as a household name.

GET INVESTMENT UPDATE

Chris Phillips, Institutional Relations Director for the Washington State Investment Board (WSIB), provided a first quarter GET investment update. He noted that the market value of assets for the GET Program was \$1.28 billion as of March 31 with equities valued at \$744 million, fixed income at \$497 million and cash at \$38 million. Asset allocation returned to approximately a 60/40 balance with equities at 58%, fixed income at 39% and cash being about 3% of the portfolio. The GET fund has returned to a more typical pattern with the growth of assets and net contributions back on track after transfers of funds to DreamAhead due to Senate Bill 6087. For the first quarter of 2019, the GET fund total return was 8.4% for the quarter and 2.5% for the one-year period. Performance for the three-year period ending March 30 was nearly 7%.

Meotti asked if WSIB had to rebalance fund's asset allocation after the SB 6087 distributions. Phillips noted that WSIB did have to reinvest some of the fund's cash holdings, but the original estimates were close to actual experience.

SENATE BILL 6087-FINAL REPORT OUT

Minor provided a final report out on the implementation of Senate Bill 6087, which was finished shortly after the January Committee meeting. Before implementation of the bill took place, as of June 30, 2018, market value of assets for the GET fund was \$2.1 Billion. In Phase I of the bill, GET customers rolled approximately 27,000 accounts for a value of \$876 million over to DreamAhead. GET staff implemented the Phase II adjustment on November 15, 2018, which added 113,000 units to 13,500 GET accounts that contained units with purchase prices over \$117.82.

As of December 31, 2018 (before the Phase III adjustment), the fund value was approximately \$1.2 Billion. For Phase III, the Actuary's office determined that the program's funded status was 134% and that the unit adjustment needed to lower the funded status to 125% was 8.0392%. In total, 540,000 units were added to 59,000 accounts in Phase III. WA529 staff completed SB 6087 implementation on January 26, well before the March 1, 2019 statutory deadline. As a result of the Phase III adjustments, the Committee voted to increase the lifetime unit maximum per beneficiary to 800 units and to allow students to use up to 200 units per year. As of January 26, 2019 GET had 66,489 accounts and 9.5 million purchased units remaining.

DREAMAHEAD PROGRAM MANAGER UPDATE

Jim Balsan, Chief Operating Officer for Sumday Administration, provided a DreamAhead first quarter update. At the end of the first quarter there were 659 new accounts from organic growth separate from rollovers from GET. Forty accounts had closed due to complete distribution of funds. The number of distributions far outpaced the amount of contributions. This is due to the large amount accounts that rolled over from GET with college age beneficiaries invested in cash preservation portfolios. The fourth quarter of 2018 saw a negative market return of \$20 Million but were more than offset by positive returns in the first quarter of 2019. After the October-November 2018 months the DreamAhead contact center's talk time and call volume decreased as there more intricate questions regarding the SB 6087 rollovers were no longer being fielded.

Schumacher asked Balsan if Sunday could ‘normalize’ the distributions to get a better sense of how the data breaks down relative to population. For examples, University of Washington receives the highest amount of distributions, but how does that compare to Central Washington University when adjusting for the differences of the populations in the surrounding areas?

Schumacher also asked if when we get to the point where DreamAhead customers can roll back into the GET Program will we have a way to track those numbers. Minor responded that yes, the programs will have a way to track this, however, it may be more difficult if the account owners are changing the student beneficiary before rolling back into the GET Program.

DREAMAHEAD INVESTMENT UPDATE

Matt Forester, Director of Lockwood Advisors, provided a first quarter DreamAhead investment update and commented in detail the overall status of the market. Forester stated that we have been in a bit of a rollercoaster over the last few months. All of the investment options have seen significant returns in the first quarter as opposed to the fourth quarter. He noted that indicators show a 27% chance of recession over the next 12 months and that they will continue to monitor market conditions. Forester also noted the recent fee reductions in most of the DreamAhead Investment Portfolios, which has passed savings along to investors.

Meotti asked Forster to clarify what drove the reductions in fees in the investment portfolios. Forester clarified that as assets in the program grew, we were able to get better share classes with lower fees. Additionally, fund companies are competing on fees and driving costs down.

PROGRAM DETAILS BOOKLET UPDATES-GET AND DREAMAHEAD

Minor reported on pending updates to the GET and DreamAhead program details booklets. The most notable update to the GET booklet will be updating all references to the 600 unit maximum to 800. The most notable DreamAhead update will be to update the fee tables and references to underlying Vanguard and Fidelity funds to reflect share class changes and associated fee reductions.

GET PROGRAM POLICIES AND SUMMER RETREAT OVERVIEW

Minor noted that some policy considerations that will be brought to the WA529 Committee at the tentatively scheduled July 9, 2019 retreat. Policy questions include:

- Should the Committee consider any modifications to the unit pricing model?
- Should the Committee consider adjusting any custom monthly plan features?
- Should the Committee consider adjusting any program fees?

Meotti stated that he has elevated the concern about the vacant committee member positions and is hoping to have some names to the Governor’s office by early June for consideration.

PUBLIC COMMENT

No public comment

ADJOURNMENT

Snyder motioned to adjourn the meeting, seconded by Schumacher. Motion carried. Meeting adjourned at 3:24 p.m.

WA529 Committee Meeting

September 11, 2019



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Welcome

Approve Meeting Minutes

May 15, 2019



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Program Update

WA529
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Lucas Minor
WA529 Director

Rodger O'Connor
Associate Director for WA529 Mktg. & Comm.

Doug Magnolia
CEO, Sunday Administration

- **WA529 Quarterly Updates**
 - GET Enrollments, Contributions and Distributions Update
 - WA529 Marketing/Outreach Efforts



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Program Update

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GET Update



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Program Update

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GET Enrollments and Contributions

(as of June 30, 2019)



- New enrollments and unit sales – 2018-19 enrollment year

- New enrollments: **3,989** (73% Lump Sum/27% Custom Monthly)
- Units sold/contracted: **639,558**

- Contribution activity

	<u>Q3 2018</u>	<u>Q4 2018</u>	<u>Q1 2019</u>	<u>Q2 2019</u>	<u>FY19 Total</u>
Total dollars received	\$12.1M	\$15.4M	\$15.8M	\$32.2M	\$75.5M
Electronic payments	\$8.5M	\$11.1M	\$11.3M	\$25M	\$55.9M
Paper checks	\$2.9M	\$3.4M	\$3.6M	\$6.3M	\$16.2M
Gift payments	\$282K	\$496K	\$483K	\$496K	\$1.8M
Payroll deduction	\$388K	\$363K	\$349K	\$349K	\$1.5M

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GET Distributions to Students

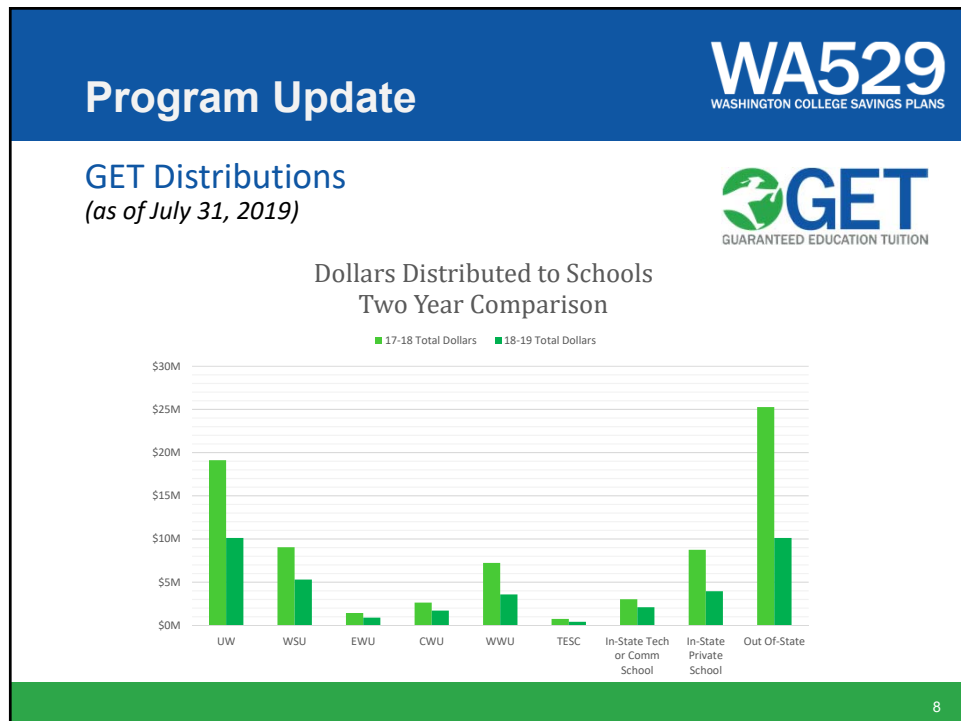
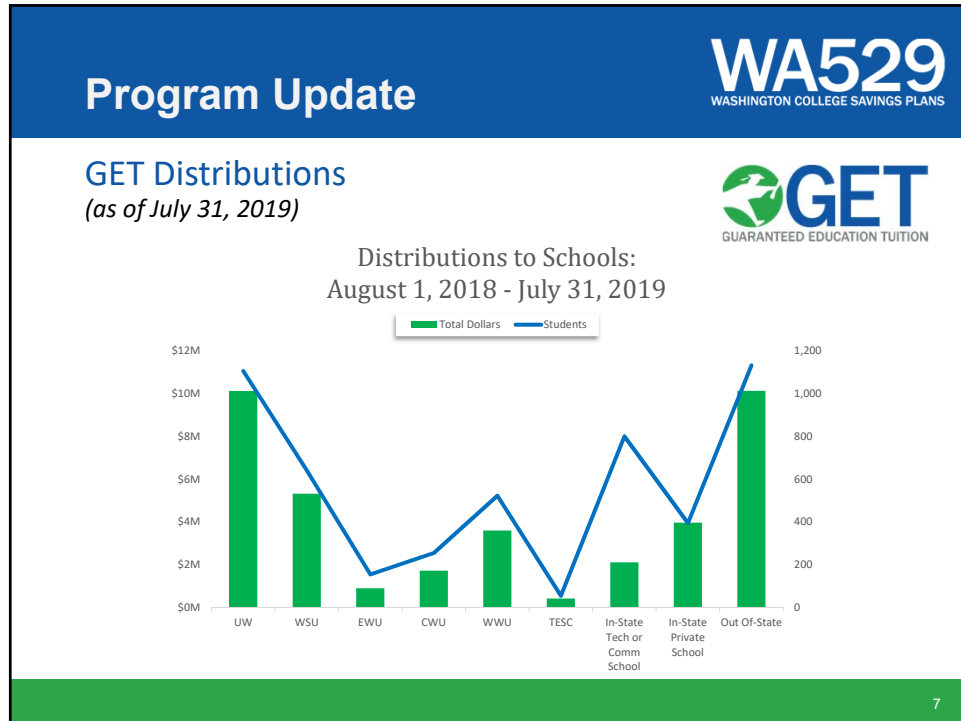
(as of July 31, 2019)




Distribution activity

	<u>Q3 2018</u>	<u>Q4 2018</u>	<u>Q1 2019</u>	<u>Q2 2019</u>	<u>FY19 Total</u>	<u>Inception To-Date</u>
Total Distributed	\$23M	\$11.9M	\$16.5M	\$8.5M	\$59.5M	\$1.177B
Payments to Schools	\$14.7M	\$7.8M	\$10.9M	\$5M	\$38.2M	\$745M
Reimbursements	\$8.3M	\$4.1M	\$5.6M	\$3.5M	\$21.3M	\$432M
Students Using Units	4,886	3,158	4,111	2,555	7,478	54,371

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Program Update



GET Account Statistics


(as of August 17, 2019)

- **Number of active accounts**
 - Total Accounts: **66,698**
 - Lump Sum: **48,809** (73%)
 - Custom Monthly: **17,889** (27%)
- **Unit counts**
 - Total remaining purchased/contracted units in program: **10.3M**
 - Total remaining purchased units: **9.6M** (93%)
 - Total remaining contracted, unpurchased units: **675K** (7%)



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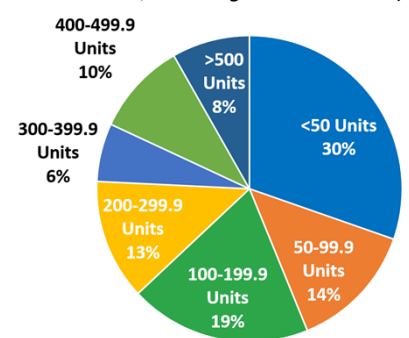
Program Update



GET Account Statistics

(as of August 17, 2019)

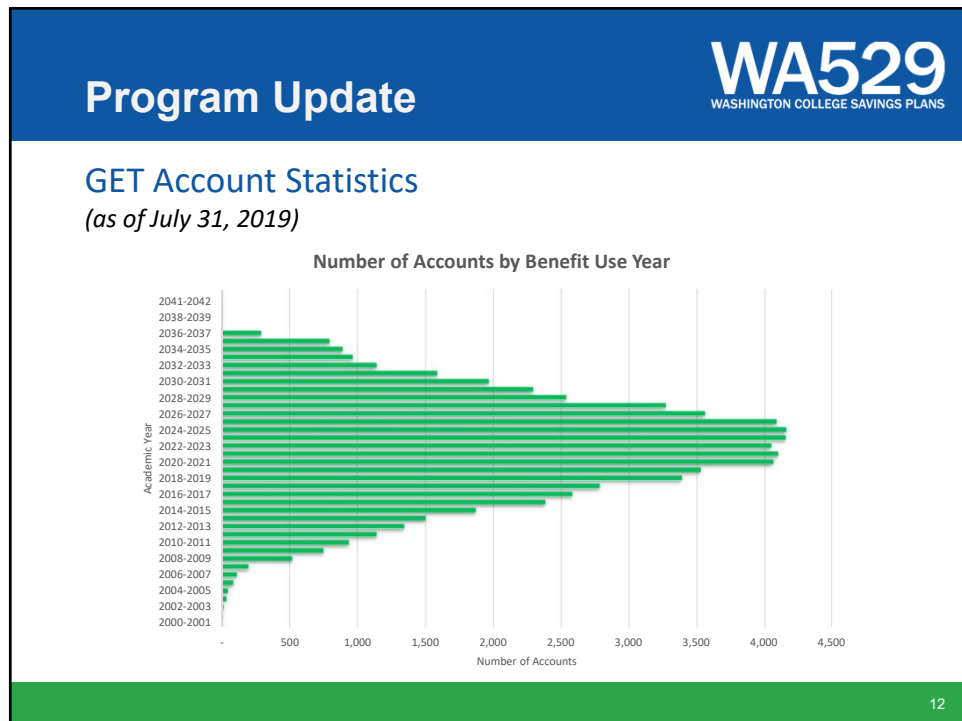
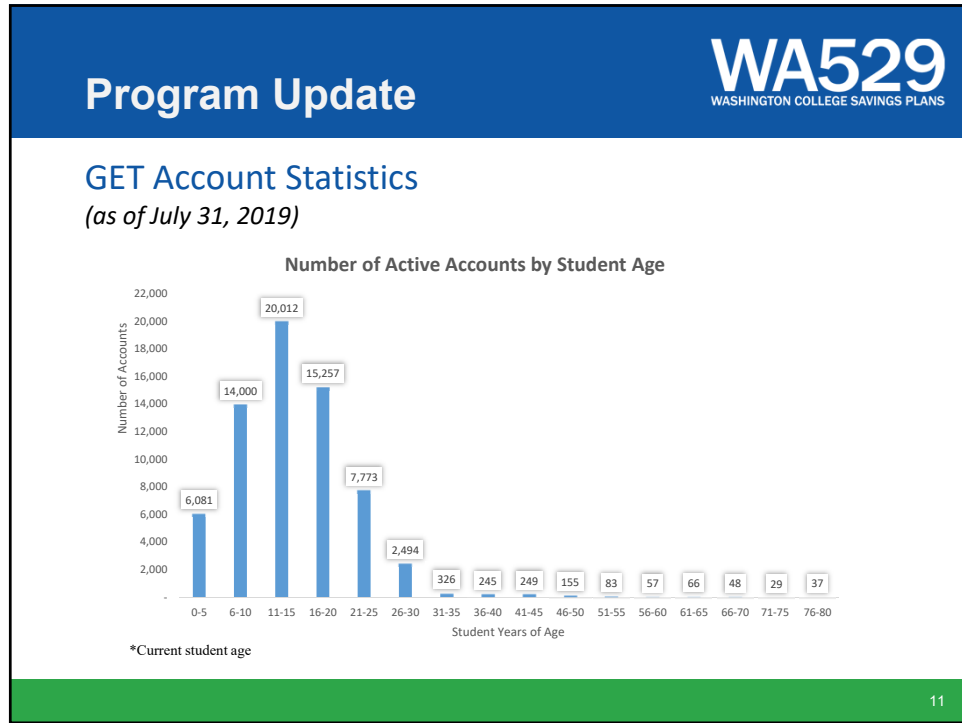
Active GET Accounts by Total Units Purchased
(based on total purchased & contracted units, including redeemed units)



Units Range	Percentage
<50 Units	30%
50-99.9 Units	14%
100-199.9 Units	19%
200-299.9 Units	13%
300-399.9 Units	6%
400-499.9 Units	10%
>500 Units	8%

Average Account Balance
(based on current count of purchased, unredeemed units):
144 units

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DreamAhead Update



Dream Ahead
COLLEGE INVESTMENT PLAN

[See "2019 2nd Quarter Board Report" slide deck](#)

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WA529 Marketing Updates



New Media Buying Firm hired

- Merlino Media Group selected after competitive RFP
 - Seattle-based
 - Significant Northwest media experience
 - Received highest scores among nine responsive bids

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WA529 Marketing Updates

Fall Ad Campaign

- Return to market in late October
 - Weighted GET & DreamAhead push (80% / 20%)
- Seattle, Spokane, Tri-Cities, SW Washington and Yakima media markets
 - Traditional: TV, radio
 - Digital: Pay per click, contextual targeting, pre-roll video
- Additional media vehicles targeting cord-cutters and on-demand consumers:
 - Streaming radio – Spotify, Pandora
 - “Over the Top” and Premium streaming video – Sling, Hulu, YouTubeTV



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WA529 Marketing Updates

- **Greater focus on earned media through original and curated content**
- **Exploring new partnerships, expanding new ones**
 - Financial Beginnings Washington
 - Northwest Credit Union Association
 - Consumer Education & Training Services (CENTS)
 - SchoolSavings.com

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WA529 Marketing Updates

- **529 National Awareness Campaign**

- Campaign highlight: **Roadmap for Their Future**
- Year by year, grade by grade guide to college saving
- Written by parents: including Fred Rogers Productions' **Young Boozer** and WA529's **Betty Lochner**



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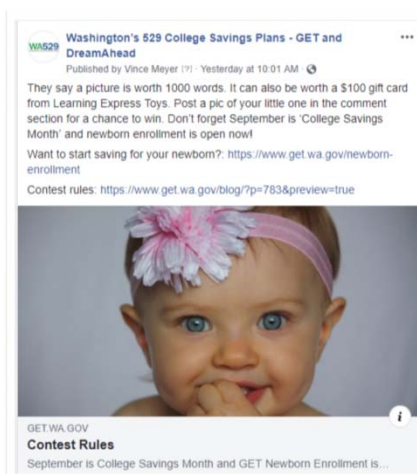
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WA529 Marketing Updates

- **College Savings Month**

- *"The Easiest Baby Contest Ever"*
- Month-long contest promoting Newborn Enrollment
- Goals:
 - Increased social engagement
 - Greater awareness of Newborn enrollment
- 67 entries and 14 new Facebook followers in first 5 days



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Program Update

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Website Analytics – www.get.wa.gov

(January 1, 2019 – August 28, 2019)

City	Acquisition			Behavior		
	Users	New Users	Sessions	Bounce Rate	Pages / Session	Avg. Session Duration
	90,730 % of Total: 77.51% (117,057)	83,512 % of Total: 76.80% (108,746)	174,292 % of Total: 81.22% (214,562)	43.97% Avg for View: 48.69% (-5.64%)	3.12 Avg for View: 2.98 (5.31%)	00:04:23 Avg for View: 00:04:01 (9.37%)
1. Seattle	30,337 (30.47%)	26,259 (31.44%)	50,468 (28.96%)	50.36%	2.52	00:02:58
2. Bellevue	4,318 (4.34%)	3,627 (4.34%)	7,348 (4.22%)	40.13%	3.02	00:03:58
3. Olympia	3,229 (3.24%)	2,716 (3.25%)	11,016 (6.32%)	33.71%	6.16	00:11:39
4. Spokane	3,197 (3.21%)	2,777 (3.33%)	5,343 (3.07%)	44.92%	2.80	00:03:35
5. Tacoma	3,068 (3.08%)	2,546 (3.09%)	5,195 (2.99%)	42.81%	2.85	00:02:54
6. Redmond	2,914 (2.93%)	2,471 (2.96%)	4,982 (2.86%)	39.50%	2.95	00:03:45
7. Everett	2,550 (2.58%)	2,155 (2.58%)	4,422 (2.54%)	43.71%	2.88	00:03:41
8. Kirkland	2,409 (2.42%)	1,982 (2.37%)	4,104 (2.35%)	38.45%	2.97	00:03:59
9. Renton	2,239 (2.25%)	1,931 (2.31%)	3,782 (2.17%)	36.28%	3.18	00:04:17
10. Vancouver	1,965 (1.97%)	1,696 (2.03%)	3,228 (1.91%)	43.21%	2.82	00:02:50

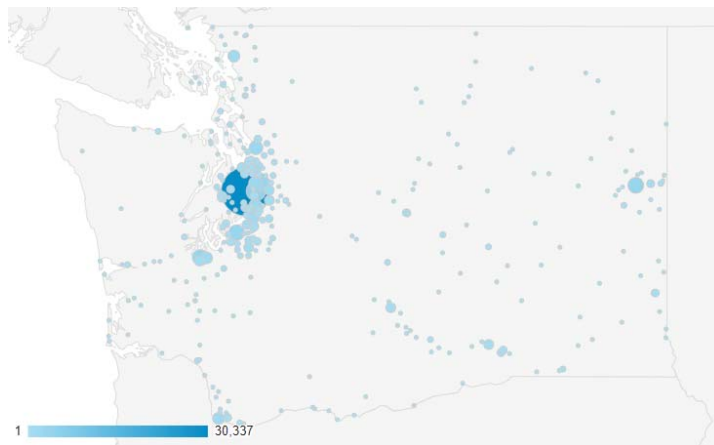
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Website Analytics – www.get.wa.gov

(January 1, 2019 – August 28, 2019)



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Program Update

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WASHINGTON COLLEGE SAVINGS PLANS

Website Analytics – www.dreamahead.wa.gov

(January 1, 2019 – August 28, 2019)

City	Acquisition			Behavior		
	Users	New Users	Sessions	Bounce Rate	Pages / Session	Avg. Session Duration
	34,175 % of Total: 97.26% (36,107)	30,816 % of Total: 97.15% (31,727)	63,005 % of Total: 94.64% (66,995)	19.09% Avg for View: 20.22% (-5.53%)	2.33 Avg for View: 2.32 (0.23%)	00:02:16 Avg for View: 00:02:11 (-2.07%)
1. Seattle	8,193 (21.49%)	6,874 (22.31%)	13,698 (21.74%)	19.13%	2.34	00:02:17
2. Bellevue	2,262 (5.93%)	1,837 (5.96%)	3,853 (6.12%)	15.13%	2.22	00:02:14
3. Redmond	1,260 (3.30%)	1,030 (3.34%)	2,094 (3.32%)	15.62%	2.35	00:02:25
4. New York	1,090 (2.86%)	908 (2.95%)	1,464 (2.32%)	33.74%	2.34	00:02:04
5. Kirkland	1,032 (2.71%)	829 (2.69%)	1,934 (3.07%)	15.87%	2.41	00:02:05
6. Spokane	920 (2.41%)	747 (2.42%)	1,839 (2.92%)	19.25%	2.30	00:02:29
7. Olympia	876 (2.30%)	699 (2.27%)	1,865 (2.96%)	21.29%	2.49	00:02:16
8. Everett	855 (2.34%)	696 (2.26%)	1,458 (2.31%)	14.54%	2.58	00:02:28
9. Tacoma	835 (2.19%)	646 (2.10%)	1,453 (2.31%)	13.49%	2.40	00:02:45
10. Portland	633 (1.66%)	536 (1.74%)	904 (1.43%)	24.56%	2.44	00:02:14

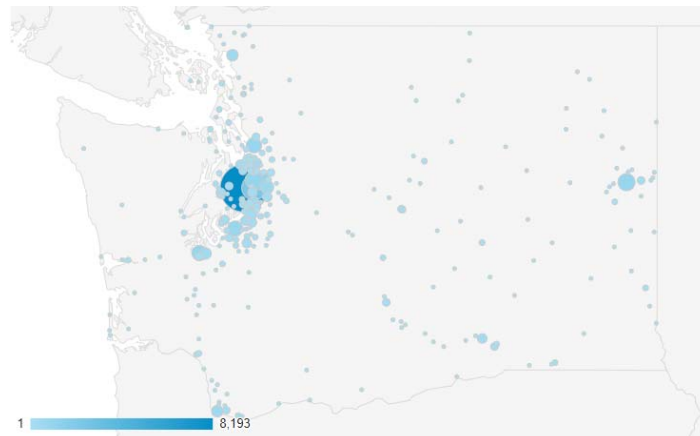
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Program Update

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Website Analytics – www.dreamahead.wa.gov

(January 1, 2019 – August 28, 2019)



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FY20 Budgets

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Lucas Minor
WA529 Director

- Recap of FY19 Budget vs. Actuals
- Review and approval of FY20 GET Budget
- Review and approval of FY20 DreamAhead Budget



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FY19 Budget vs. Actuals

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Results

- **Approved FY19 budgets:**
 - GET: \$5.87 million
 - DreamAhead: \$984,000
- **Actual expenditures:**
 - GET: \$5.39 million (-8.3%)
 - DreamAhead: \$823,000 (-16.3%)
- **Primary reasons for variance**
 - Salary savings: unfilled positions, partial year
 - Lower than anticipated:
 - SB6087 costs
 - Indirect expenses

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FY20 Budgets

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Proposed FY20 GET Budget

	FY20 Budgeted Amount
Total	\$5,534,979
Object A – Salaries (29 FTE: 18 GET; 11 split GET & DA)	\$1,806,091
Object B – Benefits	\$655,782
Object C - Contracts	\$894,405
Object E - Goods & Services	\$636,644
Object G - Travel	\$44,155
Object J - Capital Outlays	\$15,115
Object T - Indirect Expenses (GET share of WSAC indirect pool)	\$1,482,786

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FY20 Budgets

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Proposed FY20 DreamAhead Budget

	FY20 Budgeted Amount
Total	\$992,492
Object A – Salaries (11 partial FTE split with GET)	\$259,879
Object B – Benefits	\$93,963
Object C - Contracts	\$215,250
Object E - Goods & Services	\$191,774
Object G - Travel	\$17,771
Object J - Capital Outlays	\$735
Object T - Indirect Expenses (DA share of WSAC indirect pool)	\$213,119

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FY20 Budgets

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DreamAhead Deficit Spending Plan

	FY19	FY20	FY21	FY22*	FY23**
Estimated Fee Revenue Collected	\$755,000	\$1,038,000	\$1,126,000	\$1,353,910	\$1,610,505
Estimated Expenditures Incurred	\$823,124	\$992,492	\$1,007,344	\$1,027,491	\$1,048,041
Account Surplus/Deficit	(\$450,075)	(\$404,567)	(\$285,911)	\$40,508	\$602,973
Projected Assets Under Management	\$830M	\$850M	\$900M	\$1.1B	\$1.3B

*Per RCW 28B.95.085(3), target date to discharge cash deficit is June 30, 2022 (end of FY22)

**Once WSAC crosses into profitability, it will review revenue projections and consider reducing or eliminating its share of annual account maintenance fees in order to reduce costs to customers.

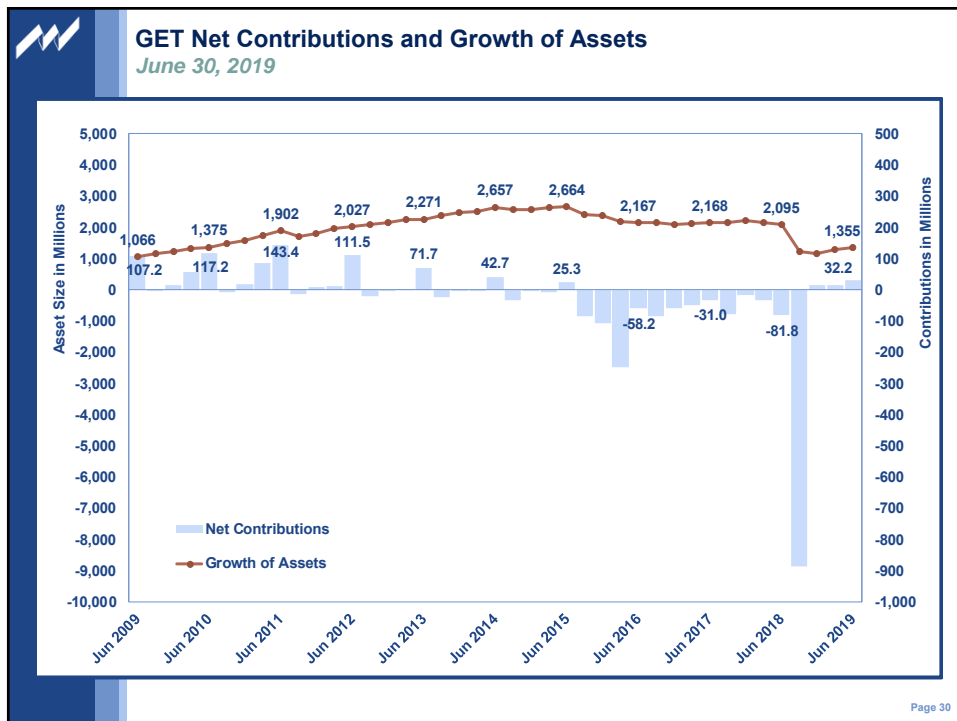
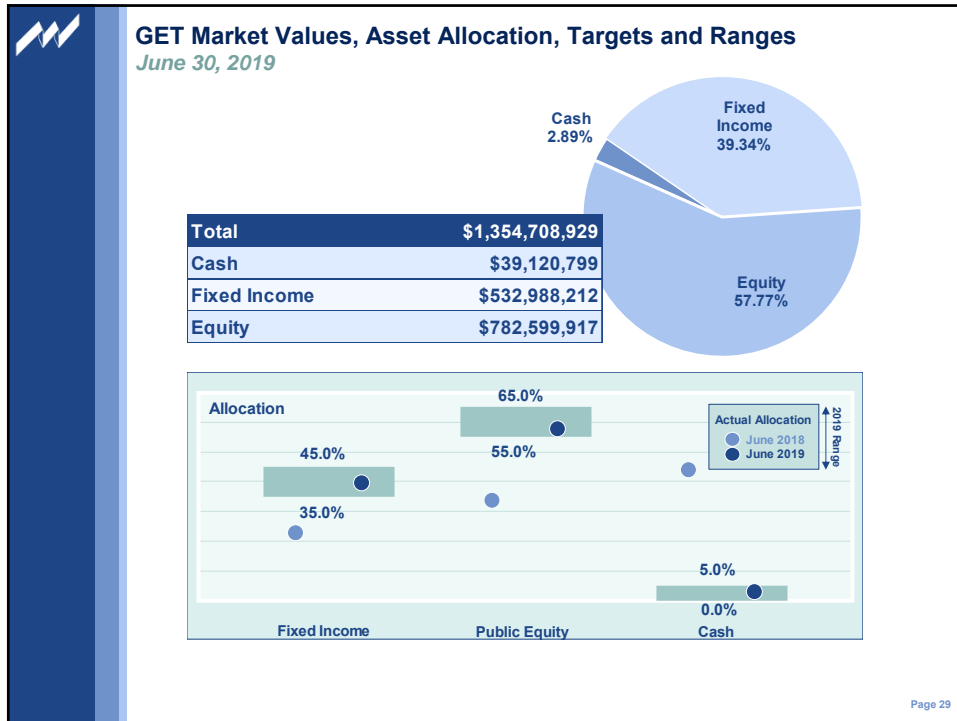
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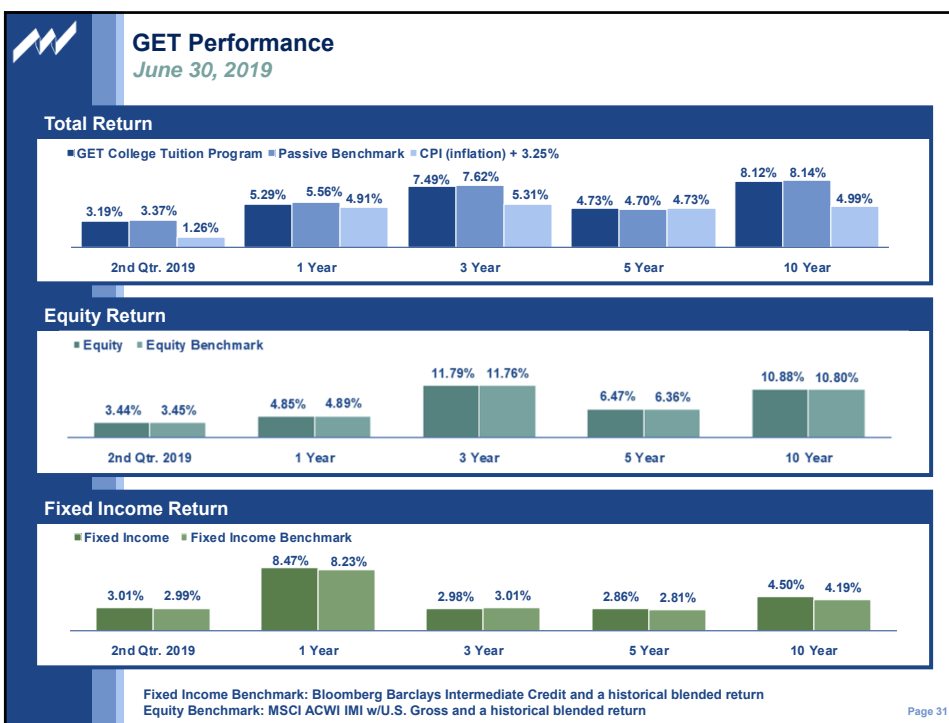


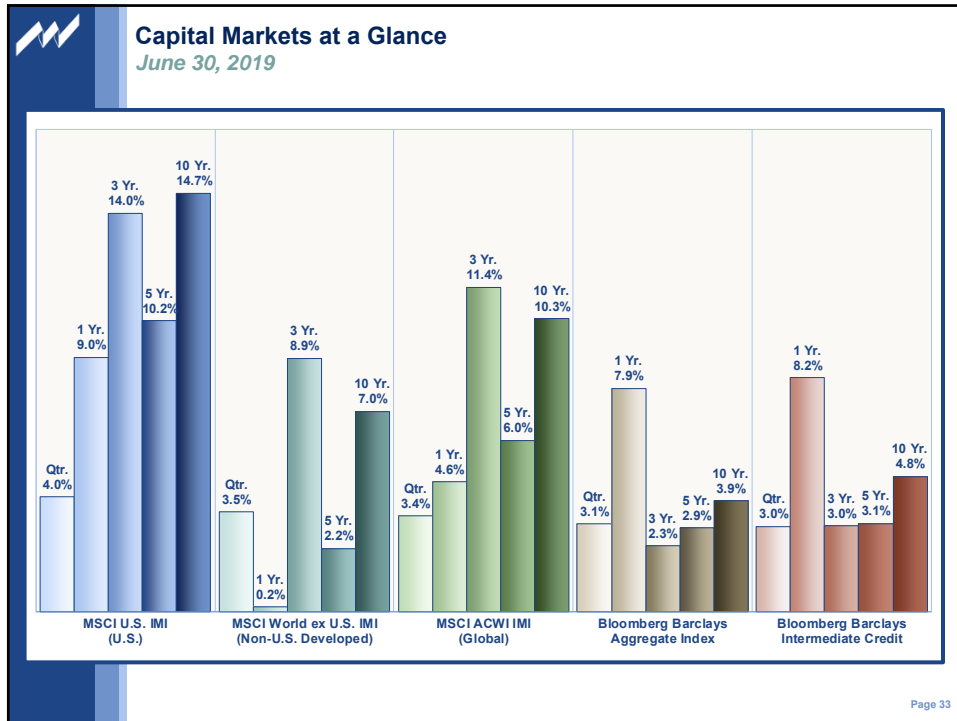
GET Investment Report September 11, 2019




Chris Phillips
Institutional Relations Director








Contact Information



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 P.O. Box 40916
 Olympia, WA 98504-0916

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DreamAhead Investment Review

WA529
WASHINGTON COLLEGE SAVINGS PLANS

Matt Forester
Director, Lockwood Advisors



[See "Investment Advisory Summary Report"](#)

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2019-20 GET Unit Pricing

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Matt Smith
State Actuary



- Discuss GET Unit Price Components
- Review 2019-20 GET Price-Setting Analysis
- Set 2019-20 GET Unit Price

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2019-20 GET Unit Price Analysis

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

Presentation to: WA529 Committee

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

September 11, 2019

Today's Presentation

Purpose And Intended Use

- Updated actuarial analysis to assist the committee in adopting a unit price for the upcoming enrollment period
- This analysis may not be appropriate for other purposes and should be replaced with updated analysis for adopting a unit price after the next enrollment period

Key Assumption For Unit Price Analysis

- Continuation of the 15% reserve policy

Disclosure

- Unless noted otherwise in this presentation, all the data, assumptions, and methods used in this analysis match those disclosed in the [2018 Price-Setting Analysis](#) letter
- Please see that letter for further information and supporting details

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Office of the State Actuary

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Analysis Summary

Current Program Status

- 132% funded status and \$350 million reserve at June 30, 2019
- Based on a roll-forward from June 30, 2018
- Results of *June 30, 2019, Actuarial Valuation Report* may vary

Price Setting Information

- Best estimate unit price range of \$112 to \$131 for next enrollment period
- Payout value of \$108.44 for current academic school year
- Unit price of \$113 for last enrollment period

Risk Analysis

- 15% reserve policy in unit price remains adequate for the scenarios we analyzed

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Current Program Status

Funded Status Summary		
(Dollars in Millions)	2019*	2018 GAVR
Present Value of Future Obligations	\$1,106	\$1,710
Market Value of Assets	1,355	2,095
Present Value of Receivables	101	132
Present Value of Fund	\$1,456	\$2,227
Funded Status	132%	130%
Reserve/(Deficit)	\$350	\$517

*Based on a roll-forward procedure starting with the 2018 GAVR.

- 2019 results reflect updated investment return and tuition growth assumptions and new method for program expenses
 - Funded status of 125.9% before these changes
- 2019 roll-forward results may vary from the *June 30, 2019, GET Actuarial Valuation Report* (GAVR) available/final in November
- Further details on the analysis in this presentation will be provided in a separate letter in October

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Office of the State Actuary

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Updated Assumptions

- Based on new capital market assumptions from WSIB, we lowered the assumed rate of investment return from 5.65% to 5.25%
- Based on the recently enacted state operating budget for 2019-21, we updated the tuition growth assumptions

Tuition Growth Assumption By School Year		
	Prior Assumption	New Assumption
2019-20	6.5%	2.3%
2020-21	6.5%	2.2%
2021-22	6.5%	5.5%
2022-23	6.5%	5.5%
2023-29	5.0%	5.5%
2029+	5.0%	5.0%

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New Method For Program Expenses

- Past GAVRs have included the present value of program expenses under a "termination basis"
 - This basis reflects 10 years of program expenses only
- New method includes the present value of program expenses under a "closed basis"
 - This basis reflects estimated program expenses for currently unredeemed units until the last unit is paid
- New method increases the present value of program expenses by about \$13 million and lowers the funded status by 1.5% from last year's GAVR program expenses

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Components Of Unit Price

Expected Cost

- Covers the present value of the expected cost of future tuition and applicable state-mandated fees

Expenses

- Contributes to the payment of administrative expenses

Reserve

- Covers unexpected future costs such as higher than expected tuition growth or lower than expected investment returns
- 15% reserve included in recently adopted unit price

Amortization

- An optional component that covers unexpected past costs from significant program or policy changes
- Not included in current unit pricing

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Unit Price Information

GET Unit Price Information			
Unit Price	2019-20 Enrollment		2018-19 Enrollment
	Best Estimate	Best Estimate Range	Best Estimate
Expected Cost	\$102.86		\$99.14
Expenses	2.78		4.27
Reserve	15.87		15.51
Amortization	N/A		N/A
Total Unit Price	\$121	\$112 – \$131	\$118
Premium	11.6%	3.3% – 20.8%	11.3%

Note: Totals are truncated and may not agree.

- To develop the best estimate range for 2019-20, we varied both the assumed rate of investment return and tuition growth rates
- We developed a best estimate range to assist the committee in adopting a single unit price for the next enrollment period and consider any price within the best estimate range reasonable

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Tuition Growth And Return Assumptions For Best Estimate Range

Tuition Growth Assumptions				
	2019-20	2020-21	2021-29	2029-30+
Low	2.30%	2.20%	5.00%	5.00%
Best Estimate	2.30%	2.20%	5.50%	5.00%
High	2.30%	2.20%	6.00%	5.00%

Investment Return Assumptions				
	2019-20	2020-21	2021-29	2029-30+
Low	5.25%	5.25%	5.85%	5.25%
Best Estimate	5.25%	5.25%	5.25%	5.25%
High	5.25%	5.25%	4.65%	5.25%

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Calculation Of Expense Component In Unit Price

- In consultation with WA529 program staff, we developed a new method for determining the expense component in the unit price
- Purpose of expense component
 - Determine the amount each future unit sold should contribute to the program's assets for the payment of future administrative expenses
- Estimate based on the cost of current unredeemed units
- Procedure
 - Start with the present value of program expenses for currently unredeemed units at June 30, 2019
 - Increase that amount with one year of interest at 5.25% to reflect a present value at the end of the next enrollment period
 - Divide that amount by the number of unredeemed units at June 30, 2019
- Result: $\$2.78 = \$27,487,534 \times 1.0525 \div 10,418,088$

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Risk Analysis For Unit Pricing

- We performed scenario based risk analysis to determine the adequacy of the current 15% reserve policy
- Evaluate whether the accumulated value of the assets collected from the purchaser would be sufficient to provide for the redemption of the unit 15 years later under adverse tuition growth and rate of return scenarios
- As with any financial security program, risks can change over time and some risks may not materialize
- We recommend the committee continue to monitor and evaluate the program's risks/reserve policy

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Summary Of Risk Analysis For Unit Pricing

Lower Than Expected Returns

- Current 15% reserve protects units sold from investment returns that average 1% lower than 5.25% assumption each year over a 15-year period

Higher Than Expected Tuition Growth

- Similarly, current reserve protect units sold from tuition growth rates that exceed current assumption by 1% each year

Return of Great Recession

- Units sold with 15% reserve would have adequate assets to provide for unit redemption 15 years later under this defined scenario
- If past tuition reductions did not repeat under this scenario, units would require a 17% reserve

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Risk Analysis

Scenario Risk Analysis - Values Per Unit Sold		
Scenario	Accumulated Assets	Projected Payout Value
Best Estimate Assumptions	\$262.12	\$227.93
Lower than Expected Investment Returns	227.14	227.93
Higher than Expected Tuition Growth	262.12	260.18
Return of the Great Recession	\$258.14	\$226.01

- For the purposes of this analysis, we calculate a hypothetical unit price under simplified assumptions and methods when determining accumulated assets from the sale of a single unit
- We exclude the expense component in the unit price
- The unit price in these scenarios will not match the best estimate provided in this presentation

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Assumptions For Risk Analysis


Return of the Great Recession Assumptions		
	Investment Return	Tuition Growth
2020-21	(0.70%)	6.83%
2021-22	(16.02%)	6.84%
2022-23	12.68%	13.10%
2023-24	20.46%	13.05%
2024-25	0.07%	18.98%
2025-26	9.59%	15.25%
2026-27	16.36%	0.00%
2027-28	0.83%	0.00%
2028-29	0.61%	(5.00%)
2029-30	10.92%	(9.09%)
2030-31	6.35%	2.06%
2031-32	5.29%	2.07%
2032-33	5.25%	5.00%
2033-34	5.25%	5.00%
2034-35+	5.25%	5.00%

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Questions?



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GET Custom Monthly Plans

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Lucas Minor
WA529 Director



- Discuss GET Custom Monthly Plan Features
 - Monthly payment components

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Custom Monthly Plans

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- Offered since GET inception
- Allow account owners lock in current year's unit purchase price and pay monthly installments
- Must be paid in full before using benefits
 - Payment terms: 1 – 18 years
 - 50 unit increments up to maximum 800

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Custom Monthly Plans

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Current monthly payment components (as of 2018-19 enrollment year)

- **Principal Amount**
 - (Unit price x # of units)/payment term
- **Finance Charge**
 - 7.5% annually
- **Payment Processing Fee**
 - \$1.54 monthly

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Custom Monthly Plans

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Account owners may change the terms of their custom monthly contracts at any time by:

- Changing the total payment term of the contract.
 - Note: reducing the term may reduce the total finance charges paid.
- Reducing the total number of Units purchased over the life of the contract (50 unit increments).
 - Note: cannot increase the number of units in existing contract
- Converting the Custom Monthly Payment Plan to a Lump Sum Plan.
 - Note: applies all past payments received towards the purchase of lump sum units at the unit price in effect at the time of the payment and cancels the monthly contract.

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Custom Monthly Plans

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- 31% of all accounts opened start as CM plans
- Currently 18,451 active CM accounts
 - 28% of all active GET accounts
- Average CM account: 243 units
 - Lump Sum accounts: average 200 units
- Nearly half (45%) of all CM contract holders make one significant change in terms or converts to Lump Sum
 - Nearly half (49%) of all account changes or conversions occur in the first four years of starting a contract.

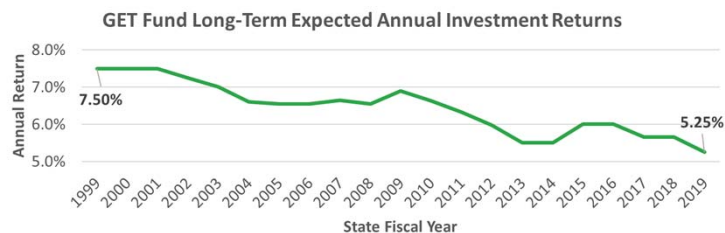
56

Custom Monthly Plans

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Finance Charge

- Set in 1998: 7.5%
- Expected rate of return today: 5.25%



Payment Processing Fee

- Processing time and cost has decreased
- More customers using electronic payments

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Custom Monthly Plans

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Questions for the Committee

- Should we set a new finance charge for new Custom Monthly contracts?
- Should we continue collecting the payment processing fee for new Custom Monthly contracts going forward?

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Program Details Booklets

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Luke Minor

WA529 Director

Pending updates to program disclosure materials

- GET Program Details Booklet
- DreamAhead Program Details Booklet



Program Details Booklet



Program Details Booklet
2018 - 2019 Enrollment Year



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GET Program Details Update

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Summary of Updates by Section

Master Agreement

- Unit Maximums increased from 600 to 800 and Units (150 to 200 units/year).
- Updated select definitions in Section II. "Definitions" to provide additional clarity.
- Expanded clarifying language pertaining to UGMA/UTMA definition.
- Added detail to reasons an Enrollment Form would be returned to sender.
- Added clarity on policy for converting Custom Monthly Plans to Lump Sum.
- Removed redundant language under Reimbursements policy that is stated elsewhere in Master Agreement.
- Added language to Request for Refund section to provide clarity.
- Reinforced two-year hold requirement in several places regarding distributions.
- Revised language under General Provisions section to provide consistency in how the State Guarantee is defined.
- Clarified requirements for notarized forms.

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GET Program Details Update

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Summary of Updates by Section

Prices and Fees

- Update price component amounts and/or descriptions in pricing and Custom Monthly Plan tables and price setting discussion (**TBD - pending 2019-20 pricing decision**).

GET Operations and Administration

- Updated “Recent Key GET Events” section to remove outdated information and include the completion of Senate Bill 6087 and the resulting increase to Unit Maximums.

Investment Policy

- Updated Asset Allocations updated to reflect current ranges.

Throughout

- Updated dates, links, page numbers, etc. as needed.

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DreamAhead Program Details Updates

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Summary of Updates by Section

My Account

- Added language to clarify account ownership by Trusts, Corporations and other Entities.
- Added “by phone” option as an account distribution method.

Fees

- Updated (pages 25-26) “Estimated Underlying Fund Fee” and “Total Annual Asset-Based Fee” column figures in Year of Enrollment Portfolio Fee Structure and Static Portfolio Fee Structure tables due to lower underlying fund fees.
 - Updated table footnotes to reflect new as of dates.
- Updated All tables under Approximate Cost for a \$10,000 Investment to reflect new underlying fund fees.

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DreamAhead Program Details Updates

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Summary of Updates by Section

Risks

- Added “before enrolling in DreamAhead” in several instances to emphasize importance of customers reviewing materials and consulting with relevant advisors prior to opening a DreamAhead account.
- Added language to clarify Suitability and General Portfolio Risks sections.

Investment Choices

- Shifted chart matching appropriate Year of Enrollment Portfolios with Age of Beneficiary.
- Adjusted all glide path allocation charts by one year.
- Updated fund allocation charts to reflect changing fund names and allocations.
- Updated Portfolio Profiles – fund names, ticker symbols, and URLs to reflect share class changed and consolidations.
- Updated header language and added one-year return figures to Investment Performance charts.

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DreamAhead Program Details Updates

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Summary of Updates by Section

Glossary

- Updated UGMA/UTMA definition to add clarity regarding variance in laws between different states.

Agreement

- Updated representations, Warranties and Acknowledgements section to add clarity.


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Public Comment

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Share Your Thoughts

- Process
 - Sign-up sheet
 - Three minutes per individual
 - You can submit written comments
 - Send to GETInfo@wsac.wa.gov and include the subject line: "GET Committee Statement."



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Upcoming Meetings

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Next Regular Meeting

November 13, 2019
2:00 pm – 4:00 pm
John A. Cherberg Building, Olympia
Senate Hearing Room 1



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WA529
WASHINGTON COLLEGE SAVINGS PLANS

Adjournment



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2019 Second Quarter Board Report

September 11, 2019



Agenda

- Program Overview
- Program Updates
- Program Statistics & Analysis
- Call Center System Implementation - Zendesk
- Lockwood Review
- Appendix

Overview for the Current Quarter

- Slowing growth in accounts and contributions
- At the end of Q2
 - \$847,220,534 in AUM
 - 26,546 Funded Accounts
 - 524 New Accounts
 - 25 Closed Accounts
 - Market Performance of \$20,275,367
 - Contributions of \$5,291,464
 - Distributions of \$13,611,646

3

Information Classification: Public

Overview for the Second Quarter 2019

Steady Progress

- Call Center Statistics

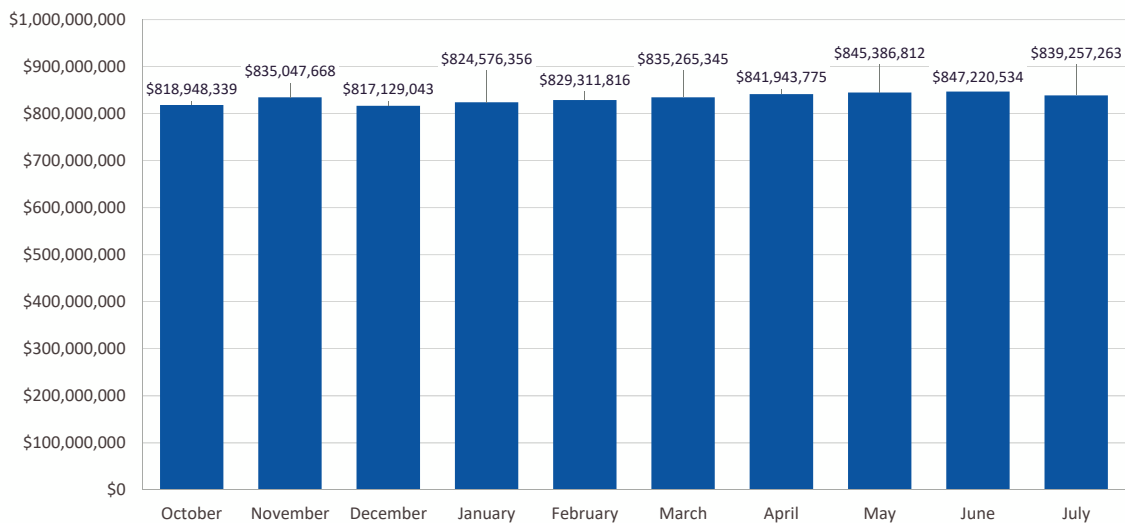
Call Center Statistics	Q1-'19	Q2-'19
Calls Offered	2,528	3,242
Calls Answered	2,474	2,281
Average Speed of Answer	1:17	15:27
Average Talk Time	18:24	15:58

- A number of Program and Platform enhancements have steadily rolled out during the period – including Ethical Hack Adjustments (Hiding Personal Identification Information, New Password Rules, Session Time Outs)
- New Call Center Platform for Q4
- Reporting enhancements

4

Information Classification: Public

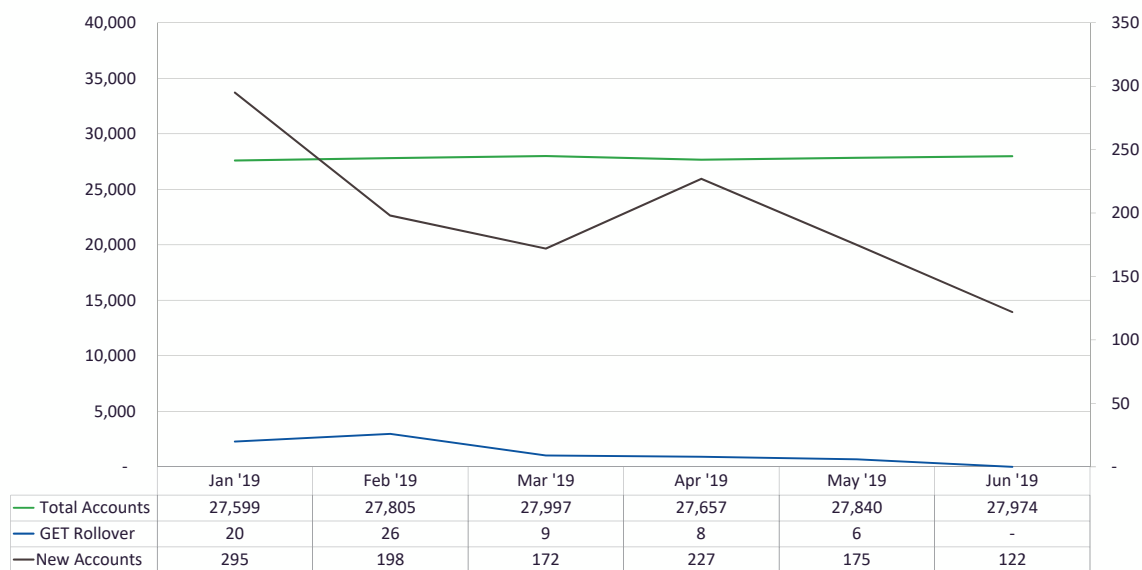
AUM Month by Month



5

Information Classification: Public

Cumulative Account Growth

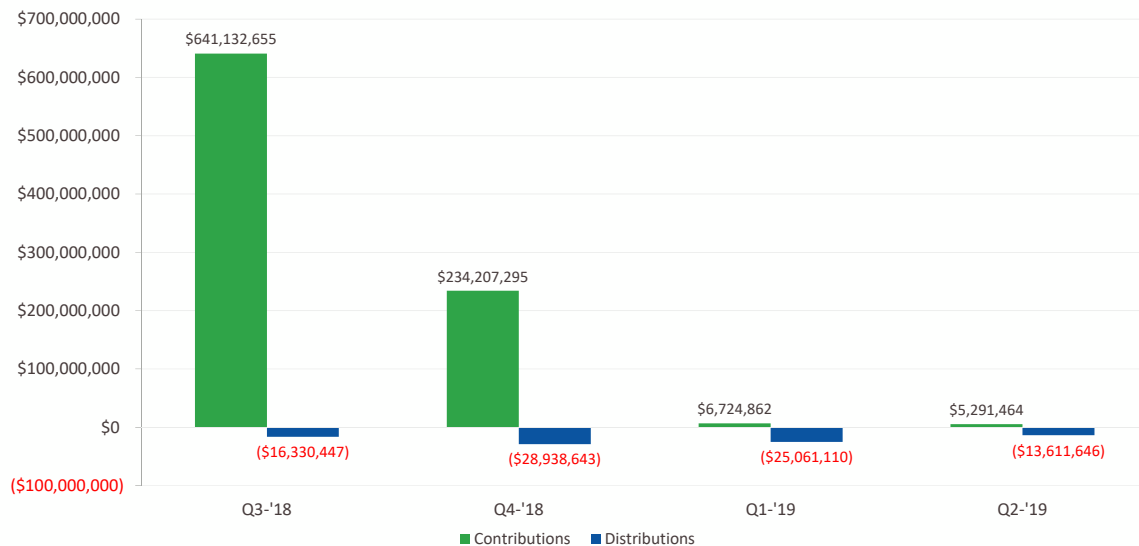


6

Information Classification: Public

Contributions & Distributions

Contribution data is skewed due to GET rollover activity. Distributions are trending down.

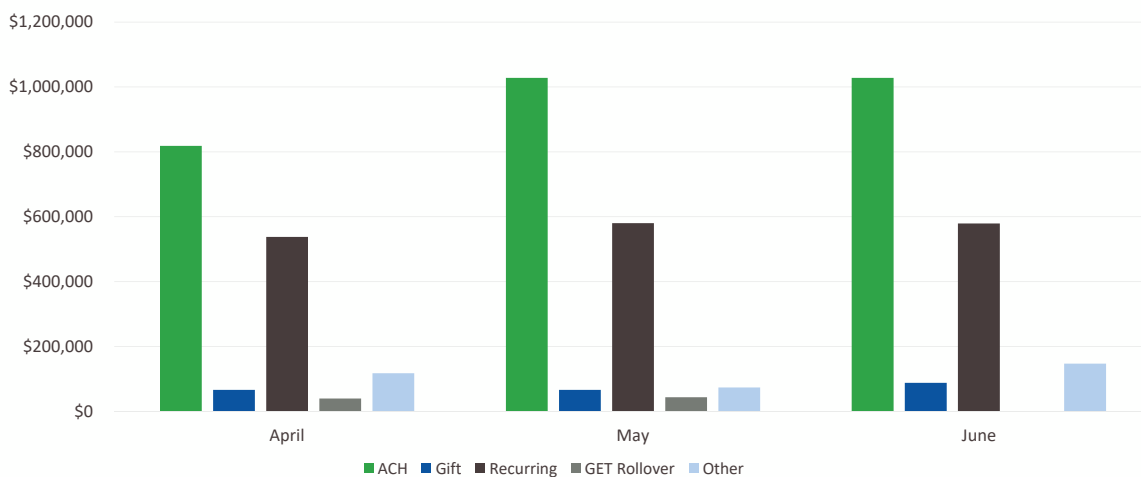


7

Information Classification: Public

Contributions by Source

All Contribution sources by month for Q2 2019. Potential opportunity to grow Recurring Contributions.



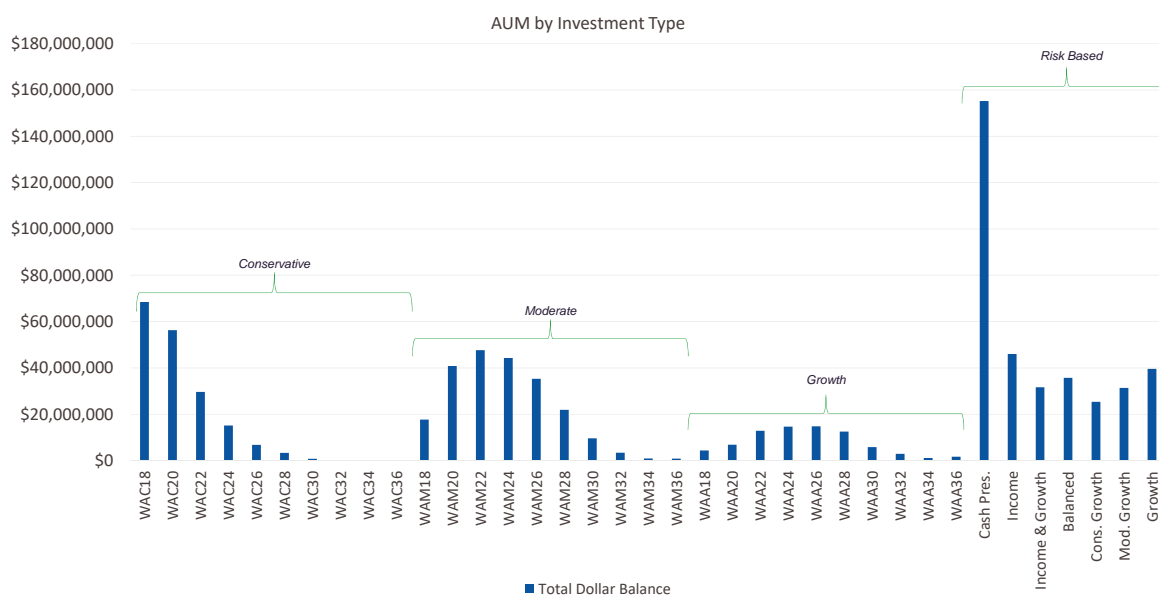
* Contribution sources are mutually exclusive

* "Other" represents Checks, Non-GET Rollovers and Payroll Deductions

8

Information Classification: Public

Investment Distribution

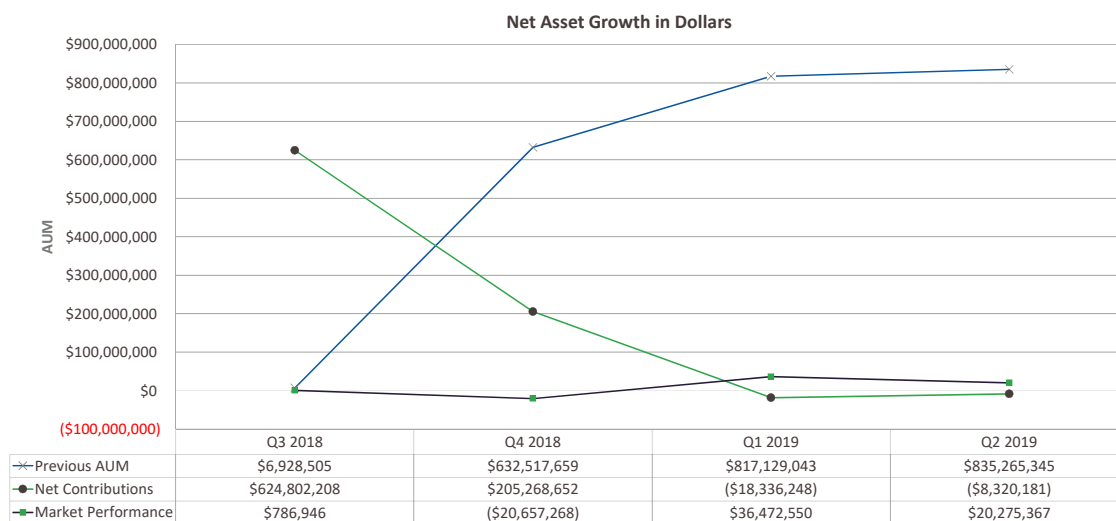


9

Information Classification: Public

Net Asset Growth

Asset growth reflects both net contributions and market performance

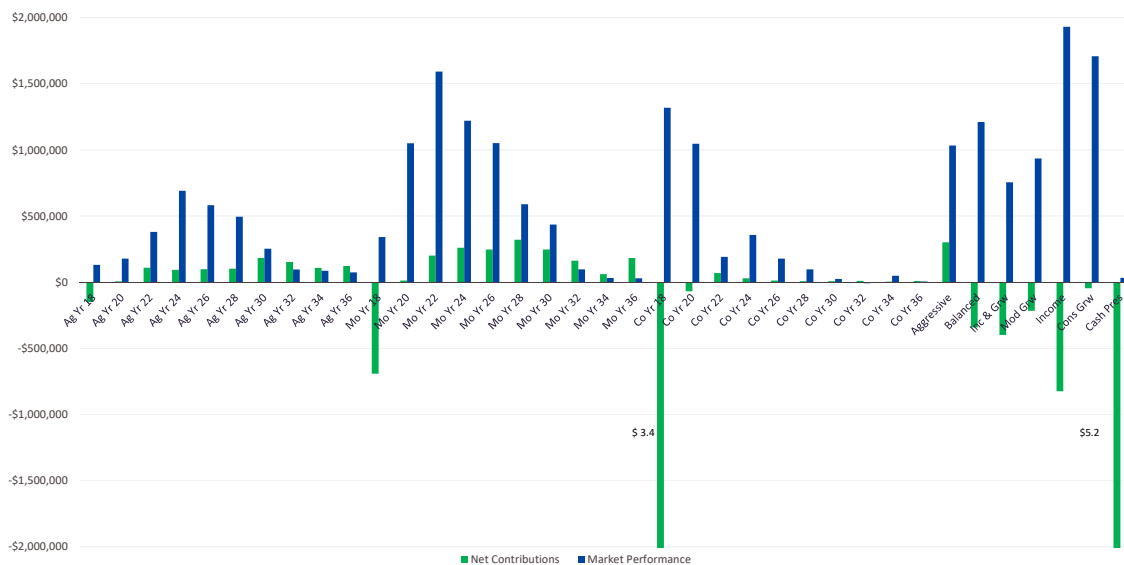


11

Information Classification: Public

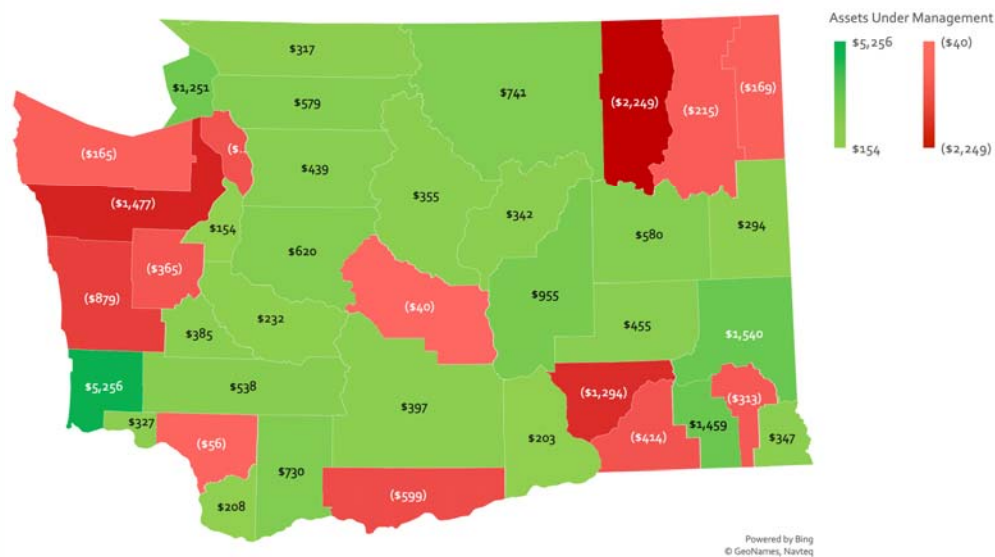
Money flow & performance by Investment Option

Net contributions are highest in the long term target date funds and lowest in the cash preservation and near term target date funds



12 Information Classification: Public

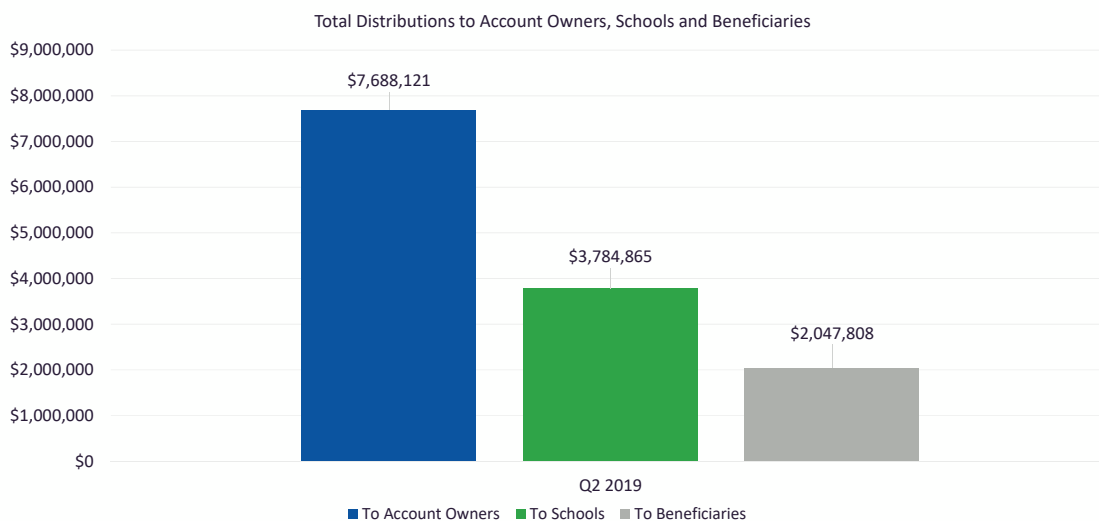
Net Change in Average AUM by County



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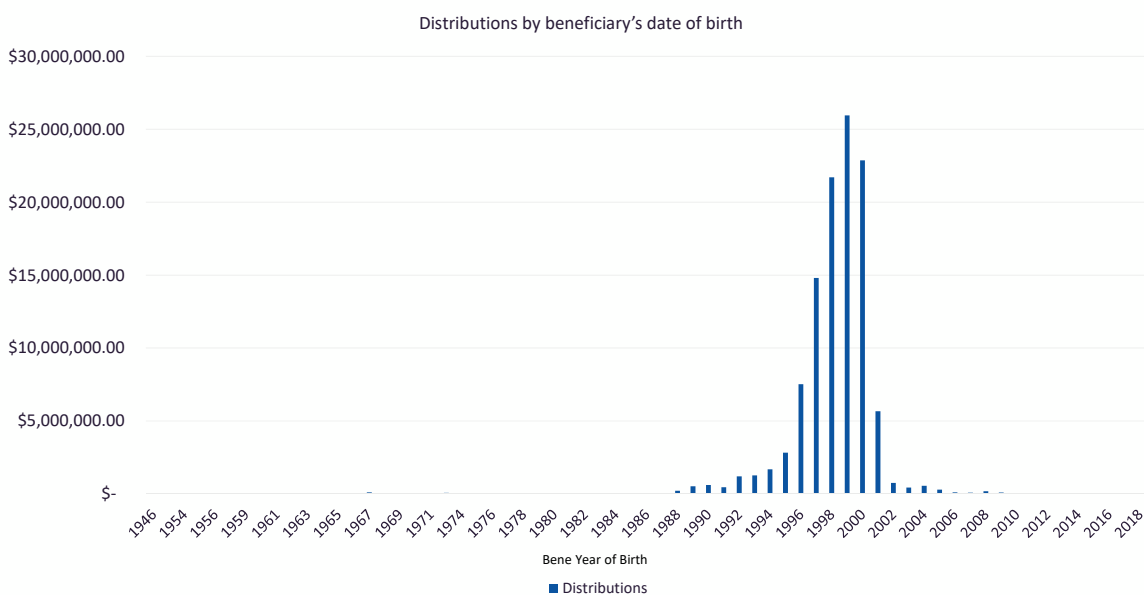
Distributions by Recipient



16

Information Classification: Public

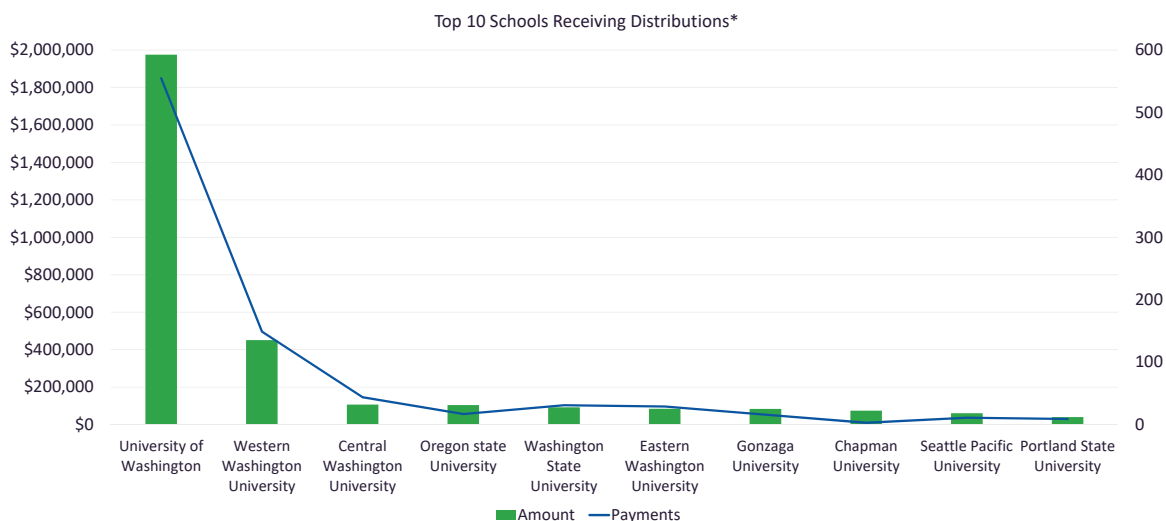
Distributions by Age



17

Information Classification: Public

Tuition Distributions



18

Information Classification: Public

All Program Updates

Beta Upload a File from Contact Us

Send us a message

How should we follow up with you?

☐ Email me at lovernita+au999@gmail.com

☐ Call me at 803-361-6278

Which account do you need help with?

Select

What's going on?

Tell us what's going on and securely upload a file if you need to.

1000 characters left



Upload a file
Files supported include PDF, PNG or JPG

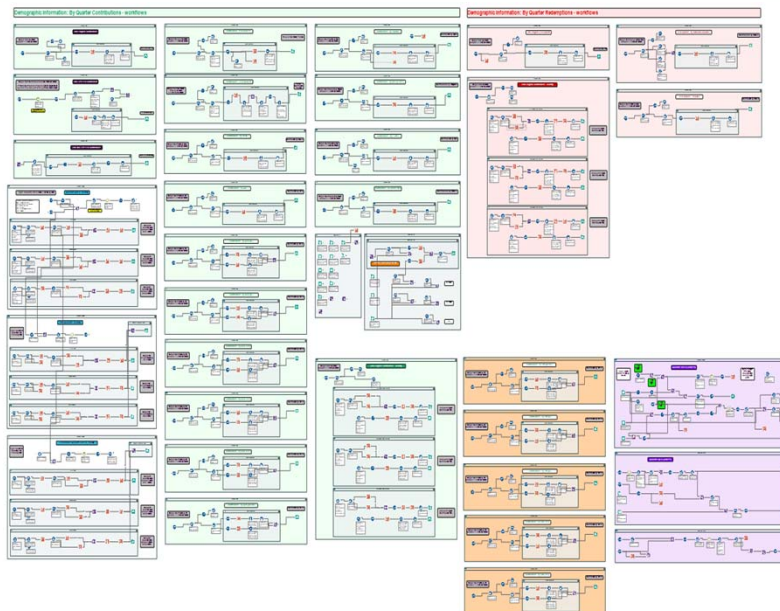
19

Information Classification: Public

All Program Updates

Reporting Enhancements

- Automated data processing and reporting workflows allow for clear audit and analysis of complex multi-system reports
- With appropriate planning, reporting can be customized to provide supplemental statistics, as needed.
- Improved quality control due to reduction in manual tasks

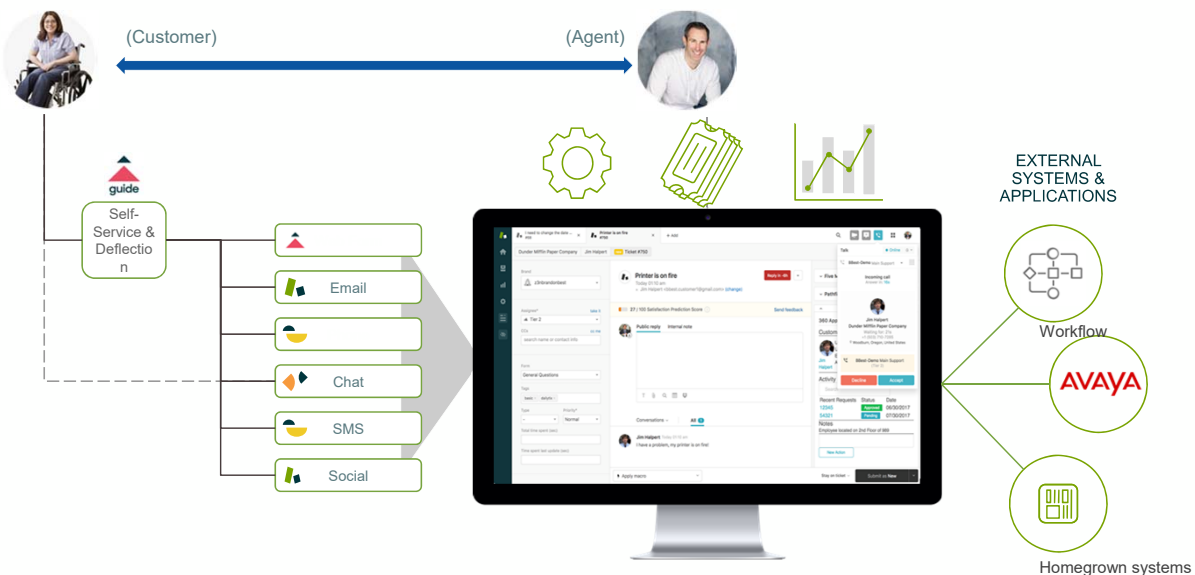


20

Information Classification: Public

Call Center System Implementation

Zendesk – Nirvana Landscape



21

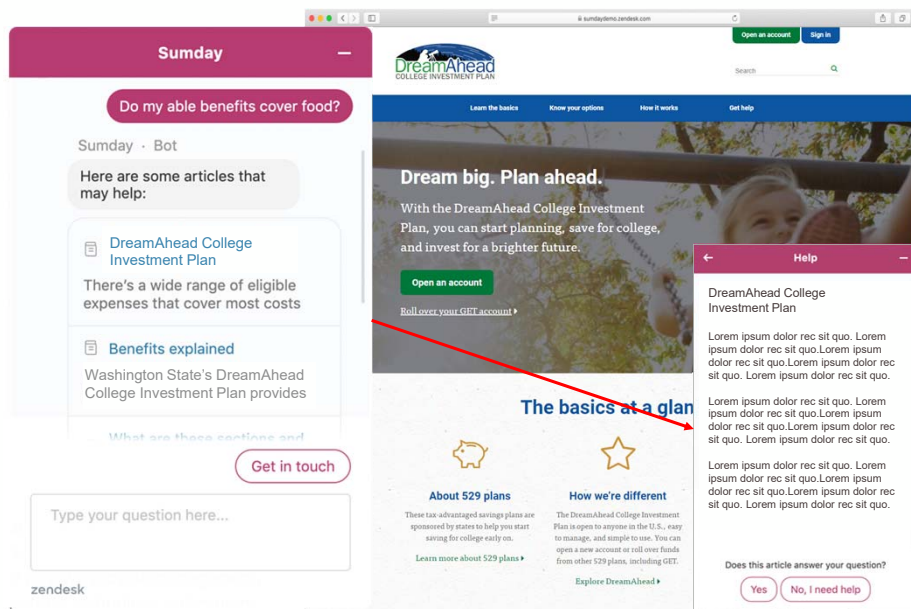
Information Classification: Public

Call Center System Implementation

Omnichannel Widget

The Omnichannel Widget is the one stop for your customers to get answers and assisted help all in one modal.

Customer engages the "Help Widget" on the Oregon Able site. The widget assists the customer with Zendesk's Answerbot (AI). An article is presented to the customer, but further assistance is needed.



22

Information Classification: Public

Customized Customer Support

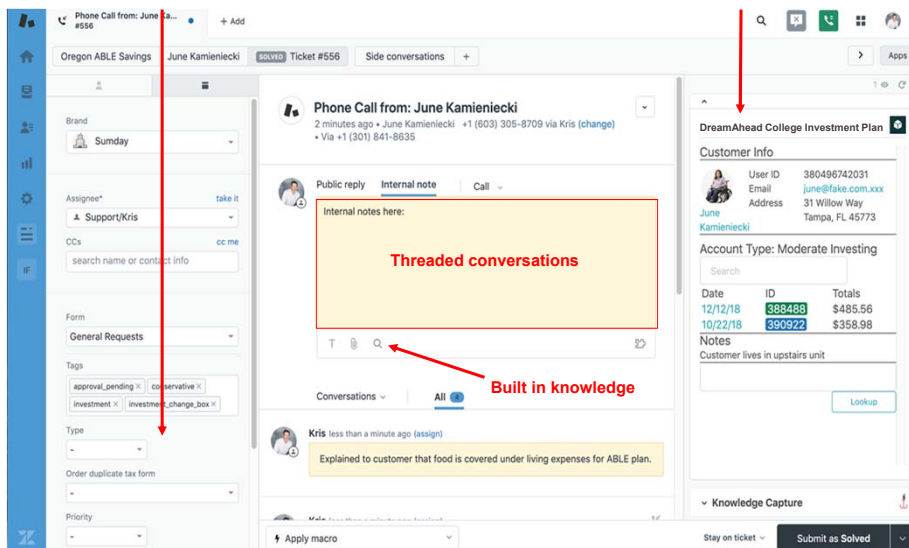
Agent Dashboard

Zendesk Support allows agents a full 360 view of customer interactions. Sunshine and Apps framework will allow Oregon Able to bring in disparate information from outside resources.

Agent receives a phone call and a ticket is automatically created. The agent uses Knowledge to find information and also a custom app to look up plan details.

Meta data storage and demographics

App framework with integrations



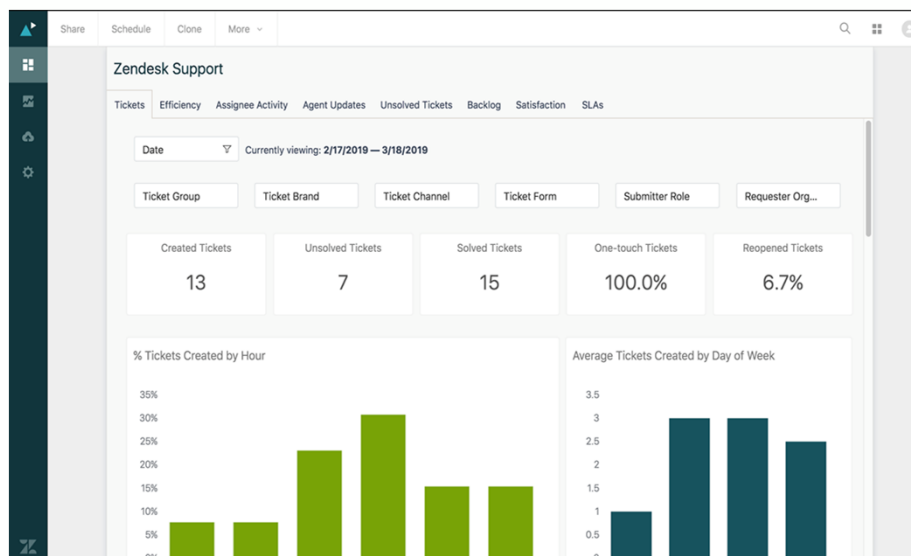
23

Information Classification: Public

Customized Customer Support

Reporting

Zendesk Explore is our latest addition for powerful BI reporting. This reporting visualization comes with many pre-built service dashboards out of the box. It also employs drag and drop functionality to build on the fly reports for your specific needs.



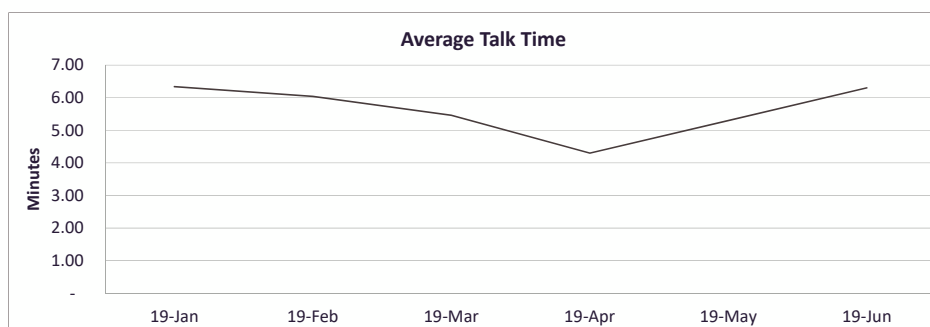
24

Information Classification: Public

Customer Service

Call Center Statistics

	Jan '19	Feb '19	Mar '19	April '19	May '19	June '19
Total Answered	1270	599	605	1384	506	391
Avg. Speed Answer	0:26	0:24	0:27	15.03	3.07	0.11
Avg. Talk Time	6:34	6:04	5:46	4.30	5.28	6.00



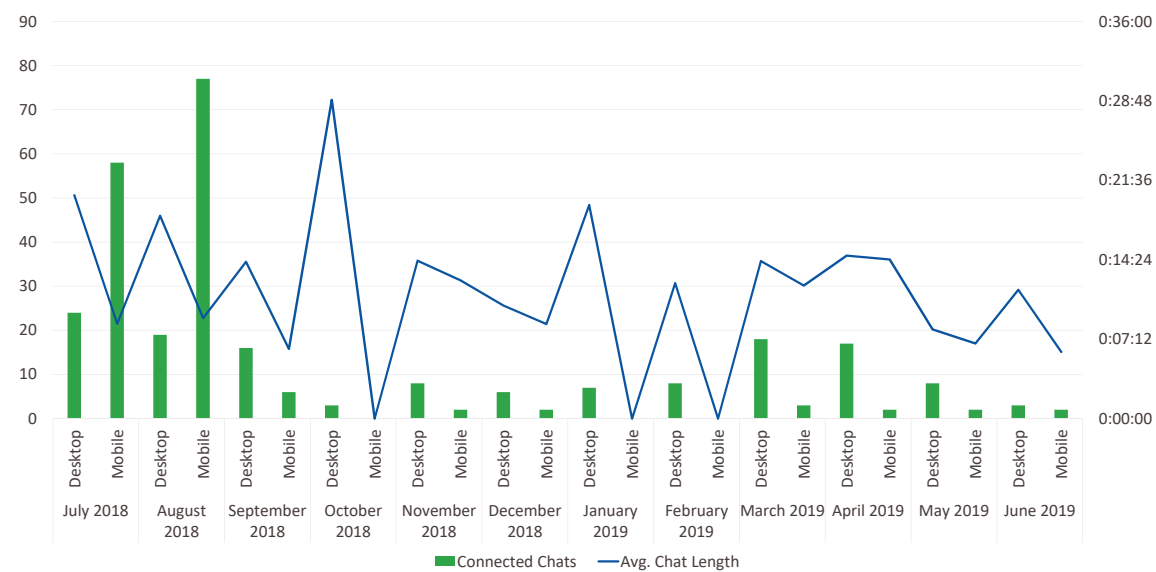
*April numbers reflect calls received regarding the cost basis on tax forms

25

Information Classification: Public

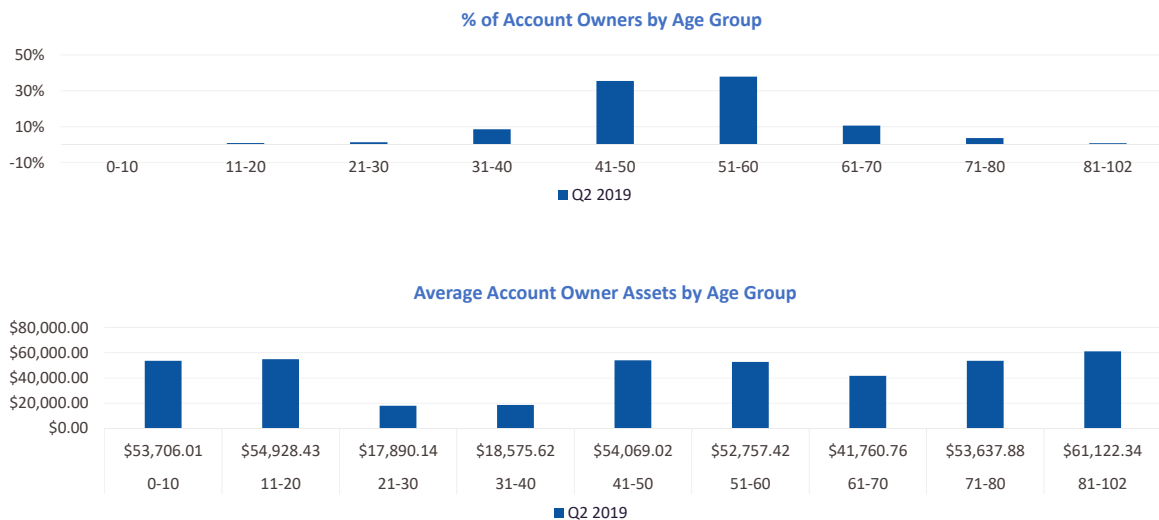
Customer Service

Live Chat



APPENDIX

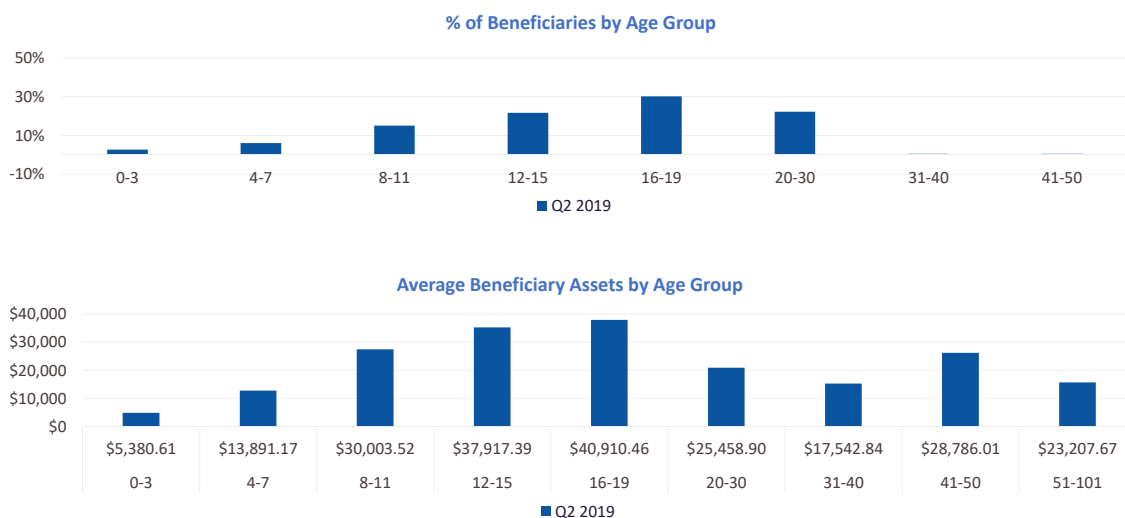
Account Owner Demographics



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Information Classification: Public

Beneficiary Demographics



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Information Classification: Public

Google Analytics

Site data on users activity by top locations

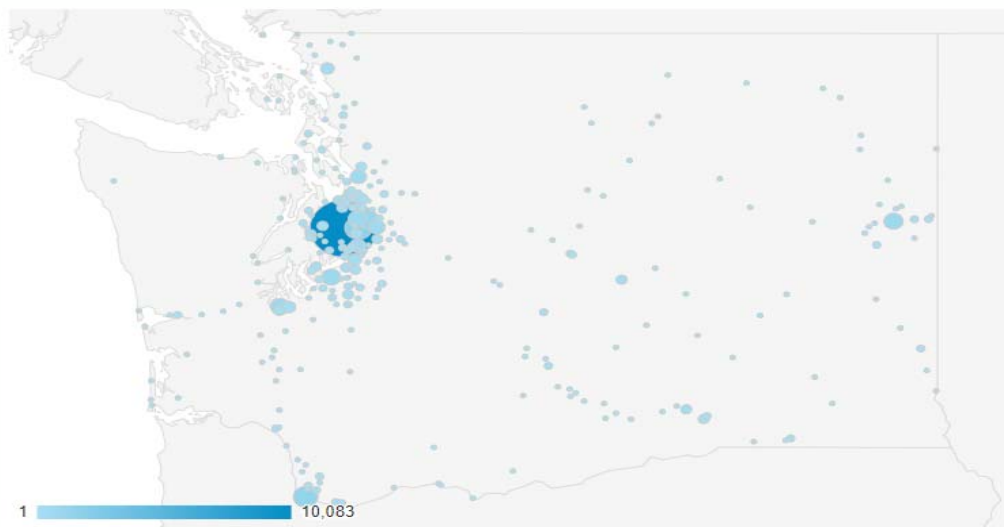
City ?	Acquisition			Behavior		
	Users ? ↓	New Users ?	Sessions ?	Bounce Rate ?	Pages / Session ?	Avg. Session Duration ?
	26,338 % of Total: 16.83% (156,473)	19,207 % of Total: 14.20% (135,287)	57,175 % of Total: 20.65% (276,885)	15.35% Avg for View: 14.10% (8.82%)	6.96 Avg for View: 6.95 (0.16%)	00:04:59 Avg for View: 00:04:18 (15.98%)
1. Seattle	10,083 (35.64%)	7,108 (37.01%)	20,287 (35.48%)	16.40%	6.45	00:04:27
2. Bellevue	1,511 (5.34%)	1,047 (5.45%)	3,200 (5.60%)	14.75%	6.75	00:05:22
3. Vancouver	1,324 (4.68%)	876 (4.56%)	2,717 (4.75%)	12.15%	8.23	00:05:31
4. Redmond	1,026 (3.63%)	682 (3.55%)	2,157 (3.77%)	13.86%	6.92	00:05:21
5. Kirkland	734 (2.59%)	515 (2.68%)	1,546 (2.70%)	15.01%	6.86	00:05:02
6. Tacoma	712 (2.52%)	497 (2.59%)	1,644 (2.88%)	13.02%	6.90	00:04:53
7. Spokane	696 (2.46%)	465 (2.42%)	1,531 (2.68%)	14.44%	7.20	00:05:16
8. Olympia	685 (2.42%)	461 (2.40%)	1,378 (2.41%)	17.56%	7.26	00:05:44
9. Renton	593 (2.10%)	429 (2.23%)	1,194 (2.09%)	18.93%	6.46	00:05:40
10. Sammamish	464 (1.64%)	324 (1.69%)	850 (1.49%)	15.88%	6.92	00:05:01

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Information Classification: Public

Google Analytics

Site data on users activity by top locations



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Information Classification: Public

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September 11, 2019

Dear WA529 Committee:

Enclosed is an overview of the 2020 fiscal year administrative budgets for the Guaranteed Education Tuition (GET) program (Fund 788) and the DreamAhead College Investment Plan (Fund 463). This document includes projected administrative expenditures for each program and identifies revenue sources for funding these expenditures. This document does not contain anticipated benefits payments (distributions) to program participants, as such payments are not subject to appropriations or allotments (RCW 28B.95.060(2) and RCW 28B.95.085(2)).

Background

Washington College Savings Plans (WA529) are relatively unique among State programs, as the plans are intended to be self-sustaining and receive no on-going state appropriations. The program funds are, however, subject to the allotment of all expenditures for program administration (RCW 28B.95.060(2) and RCW 28B.95.085(2)). State law authorizes the committee to formulate and adopt rules for the efficient administration of the program (RCW 28B.95.030(10)(f) and 28B.95.032(9)(f)). Each year, WSAC program staff develop annual administrative budget proposals and provide them for Committee consideration and approval in September.

Since 2014, staff have developed the annual budget proposals using the following methodology:

- Review past expenditures from the prior year;
- Make adjustments in response to policy and/or programmatic changes that anticipate higher or lower expenditure levels;
- Review each functional unit's anticipated expenditures with the unit manager at the object and sub-object level;
- Work with senior program leadership and senior WSAC leadership to prepare the final proposed budget for committee consideration and approval;
- Secure committee approval;
- Complete WSAC's allotment process.

On behalf of the WA529 staff, I hope that you find this document informative for approving the Fiscal Year 2020 administrative budgets for GET and DreamAhead. We welcome your input, comments, and questions.

Sincerely,



Lucas Minor
WA529 Director
Washington Student Achievement Council

FY19 Budget vs. Actual Review

Budget Recap

Fiscal year 2019 marked the first fully operational year of the DreamAhead College Investment Plan. Accordingly, planned expenditures for the year were significantly higher than FY18. The total planned FY19 expenditures were \$5,874,994 for the GET program and \$983,714 for DreamAhead. GET's budget remained significantly higher than DreamAhead's because GET is a mature, self-operated program that must cover the full cost of administrative functions.

Actuals

Actual FY19 expenditures for GET and DreamAhead tracked closely with projected spending, though both programs recognized cost savings compared to their Committee-approved budgets. These cost savings were primarily attributable to salary savings due to unfilled positions for part of the year, and lower than anticipated indirect expenses and costs for implementing Senate Bill 6087. GET's actual FY19 expenditures totaled \$5,387,349, or 8.3% under the projected amounts. DreamAhead's actual FY19 expenditures totaled \$823,124, or 16.3% under the projected amounts.

FY19 Comparison – Budget vs. Actuals

GET – Fund 788	FY19 Approved	FY 19 Actuals	Variance
Total	\$5,874,994	\$5,387,349	-8.3%
Objects A&B – Salaries & Benefits	\$2,496,658	\$2,406,430	
Object C - Contracts	\$1,094,900	\$1,009,993	
Object E - Goods & Services	\$783,667	\$539,873	
Object G - Travel	\$47,300	\$31,824	
Object J - Capital Outlay	\$39,570	\$5,057	
Object T - Indirect Expenses	\$1,412,899	\$1,394,173	

DreamAhead – Fund 463	FY19 Approved	FY 19 Actuals	Variance
Total	\$983,714	\$823,124	-16.3%
Objects A&B – Salaries & Benefits	\$345,672	\$292,845	
Object C - Contracts	\$232,000	\$222,636	
Object E - Goods & Services	\$194,531	\$163,959	
Object G - Travel	\$15,600	\$15,053	
Object J - Capital Outlay	\$0	\$0	
Object T - Indirect Expenses	\$195,911	\$128,632	

FY20 Budget Proposals

Guaranteed Education Tuition (GET) Program (Fund 788)

Projected Administrative Expenditures*

	FY20 Budgeted Amount
Total	\$5,534,979
Object A - Salaries	\$1,806,091
29 FTE (17 GET dedicated FTEs, 11 split between GET and DreamAhead, 1 vacant)	
Object B - Benefits	\$655,782
Object C - Contracts	\$894,405
Media Buying Services (Primarily TV & Radio Placements)	\$800,000
Actuarial Services	\$67,655
Other Contracted Services	\$26,750
Object E - Goods & Services	\$636,644
GET Share of Agency Office Space Lease Expenses	\$133,523
Print, Web, Social Media and Paid Search Advertising	\$120,100
Operations Printing & Postage Costs	\$76,050
Outreach Expenses (sponsorships, booth rentals, promo items, etc.)	\$52,793
Marketing Material Printing/Postage	\$58,100
Banking Services	\$26,000
IT Expenses (software licenses, cloud and CTS services, etc.)	\$50,962
AAG/Special AAG Services	\$17,000
Auditor Expenses	\$15,000
Other Goods & Services	\$57,116
Contingency Funds	\$30,000
Object G - Travel	\$44,155
Statewide Community Outreach Travel Expenses	\$10,562
Conference/Training Travel	\$31,598
Other Travel Expenses	\$1,995
Object J - Capital Outlays	\$15,115
Object T - Indirect Expenses	\$1,482,786
GET Share of Agency Indirect Pool (approx. 60% of Objects A & B)	

* Notes:

- The Washington State Investment Board's fee for managing the GET fund (23,000-\$41,000/mo.) is deducted from the earnings monthly (per RCW 43.33A.160) and is not included in the program administrative budget.
- Per RCW 28B.95.060, GET funds are not subject to appropriation, but are subject to allotment of all administrative expenditures. 2019-21 Biennial Expenditure Authority from OFM is \$13,672,000.

DreamAhead College Investment Plan (Fund 463)

Projected Administrative Expenditures*

	FY20 Budgeted Amount
Total	\$992,492
Object A - Salaries	\$259,879
11 partial FTE (split with GET)	
Object B - Benefits	\$93,963
Object C - Contracts	\$215,250
Media Buying Services (Primarily TV & Radio Placements)	\$200,000
Other Contracted Services	\$15,250
Object E - Goods & Services	\$191,774
Print, Web, Social Media and Paid Search Advertising	\$65,600
Outreach Expenses (sponsorships, booth rentals, promo items, etc.)	\$52,793
Facilities Cost (DreamAhead share of total agency cost)	\$19,179
AAG/Special AAG Services	\$21,750
Printing and Mailing of Marketing Materials	\$15,750
IT Expenses (software licenses, cloud and CTS services, etc.)	\$5,000
Auditor Expenses	\$3,000
Other Goods & Services	\$8,702
Object G - Travel	\$17,771
Statewide Community Outreach Travel Expenses	\$9,940
Conference/Training Travel	\$7,831
Object J - Capital Outlays	\$735
Object T - Indirect Expenses	\$213,119
DreamAhead Share of Agency Indirect Pool (approx. 60% of Objects A & B)	

* Note: Per RCW 28B.95.085, DreamAhead funds are not subject to appropriation, but are subject to allotment of all administrative expenditures. 2019-21 Biennial Expenditure Authority from OFM is \$1,758,000.

FY20 – WA529 FTE Allocations

	FTE 29	GET	DreamAhead
Total			
Program Director	1	75%	25%
Program Assistant	1	80%	20%
Associate Director for GET Operations	1	90%	10%
Senior Data Analyst	1	95%	5%
Senior Program Accountant	1	70%	30%
Marketing/Communications Staff	4	60%	40%
Community Outreach Staff	2	50%	50%
Dedicated GET Staff (Operations & IT Staff + 1 Vacancy)	18	100%	0%

Year-over-Year Expenditure Comparisons

Guaranteed Education Tuition (GET) Program – Fund 788

FY19 vs. FY20 comparison

	FY 19 Approved	FY 20 Projected Expenses	YOY Change	FY 19 Actuals	FY 20 Projected Expenses	YOY Change
Total Expenditures	\$5,874,994	\$5,534,979	-5.8%	\$5,387,349	\$5,494,979	+2.0%
Object A - Salaries	\$1,825,230	\$1,806,091		\$1,748,078	\$1,806,091	
Object B - Benefits	\$671,428	\$655,782		\$658,352	\$655,782	
Object C - Contracts	\$1,094,900	\$894,405		\$1,009,993	\$894,405	
Object E - Goods & Services	\$783,667	\$636,644		\$539,873	\$606,644	
Object G - Travel	\$47,300	\$44,155		\$31,824	\$44,155	
Object J - Capital Outlay	\$39,570	\$15,115		\$5,057	\$5,115	
Object T - Indirect Expenses	\$1,412,899	\$1,482,786		\$1,394,173	\$1,482,786	

Notable Factors Influencing YOY Changes

- + COLA & merit increases
- Internal position changes, resulting in staffing allocations changes
- Completion of Senate Bill 6087 work
- Continued use of existing advertising creative (developed in FY19)
- Restructured media buying contract

DreamAhead College Investment Plan – Fund 463

FY19 vs. FY20 comparison

	FY 19 Approved	FY 20 Projected Expenses	YOY Change	FY 19 Actuals	FY 20 Projected Expenses	YOY Change
Total Expenditures	\$983,714	\$992,492	+0.9%	\$823,124	\$992,492	+20.6%
Object A - Salaries	\$258,477	\$259,879		\$218,491	\$259,879	
Object B - Benefits	\$87,195	\$93,963		\$74,353	\$93,963	
Object C - Contracts	\$232,000	\$215,250		\$222,636	\$215,250	
Object E - Goods & Services	\$194,531	\$191,774		\$163,959	\$191,774	
Object G - Travel	\$15,600	\$17,771		\$15,053	\$17,771	
Object J - Capital Outlay	-	\$735		\$0	\$735	
Object T - Indirect Expenses	\$195,911	\$213,119		\$128,632	\$213,119	

Notable Factors Influencing YOY Changes

- + COLA & merit increases
- + Internal position changes, resulting in staffing allocations changes
- Continued use of existing advertising creative (developed in FY19)
- Restructured media buying contract

WA529 Revenue Sources and Program Fees

By statute, both WA529 plans are to be self-sustaining and receive no on-going state appropriations. GET collects an expense component contained in the GET unit purchase price as well as service-based fees that contribute toward program administration costs. For DreamAhead, both WSAC and the agency's vendor (Sumday Administration) charge account-level and asset-based fees that provide revenue to contribute towards covering program administrative expenses. Sumday also collects service-based fees.

GET Revenue Sources

As with ensuring the program can meet all future obligations to program participants, GET must also ensure that the program is able to fund all anticipated administrative costs.

GET Expense Component of Unit Price

Unlike DreamAhead, which collects annual fees based on the number of accounts and the dollar value of assets held in trust, GET collects the majority of the money to defray on-going program administration once when selling a new unit. The expense component of the GET unit purchase price (as authorized in RCW 28B.95.020(24)) is described below.

Expense Component of Unit Price	Variable amount that contributes to the program's administrative costs for servicing accounts/units.*
--	---

**Note that the Committee will discuss the underlying model that calculates this component at its September 11, 2019 meeting.*

Administrative/Service-based Fees

The program also collects a modest amount of revenue from service-based administrative fees (as authorized in RCW 28B.95.030(12)(c)) that are charged to participants for specific purposes, such as dishonored payments (see fee schedule below).

Enrollment Fee	\$0 for online enrollments (\$50 for paper enrollments)
Late Payment Fee	\$10
Dishonored Payment Fee	\$25 or actual bank charge, whichever is greater
Refund Fees:	
<i>Account Cancellation Fee</i>	• \$10
<i>Account Maintenance Fee</i>	• \$1.70 per month that the account was open and active
<i>Program Refund Penalty</i>	• 10% of earnings or \$100, whichever is greater
Scholarship Account Fees:	
<i>Scholarship Set-Up Fee</i>	• \$100 per master account
<i>Student Account Transfer Fee</i>	• \$25

Custom Monthly Plan Components

Customers may choose to purchase a specified number of units over time via the Custom Monthly Plan. Custom Monthly contract holders lock in the current unit price and have the convenience of making a fixed monthly payment over a selected term. Monthly payments include additional components that offset lost investment earnings that GET would otherwise have recognized if the units had been purchased up front and contribute to monthly payment processing costs.

Finance Charge	7.5% annually on outstanding principal*
Payment Processing Fee	\$1.54 monthly*

**Note that the Committee will discuss these components at its September 11, 2019 meeting.*

DreamAhead Revenue Sources

WA529 is solely responsible for covering any DreamAhead contract oversight costs and costs for marketing the plan and collects a portion of total administrative fees paid by participants (as authorized by RCW 28B.95.032(9)(d)). The program manager, Sundry Administration, LLC, is also solely responsible for covering its own administrative costs through the collection of administrative fees. The Committee and the vendor may revisit fees as assets under management grow and reach certain milestones.

General Account Fees

WA529 and Sundry each collect fees based on program participation and assets under management that contribute to the cost of administering and promoting the program.

Annual Maintenance Fee	
WA529 portion	• \$5 annually (billed quarterly on a pro-rata basis)
Sundry portion	• \$30 annually (billed quarterly on a pro-rata basis)
Asset-based Fees	
WA529 portion	• 0.100% of assets under management
Sundry portion	• 0.120% of assets under management
Fund company portion	• 0.035% - 0.180% of assets under management

Service-Based Fees

Sundry Administration collects additional service-based fees to offset costs incurred for specific purposes. WA529 receives no revenue from these fees.

Rollovers/Transfers out of plan:	\$25
ACH fail/Returned checks	\$25
Statement delivery	\$10 per account, per year
Paper check disbursement	\$2.50
Overnight delivery	\$15
Reissue checks	\$15
Outgoing wires	\$15
Paper historical statements	\$10 (and postage incurred, if required)

DreamAhead Deficit Spending Plan

Like GET, DreamAhead receives no on-going state appropriations and must ultimately be self-sustaining. To fund DreamAhead's startup costs, the Legislature appropriated \$25,000 and authorized the program to maintain an initial cash deficit for up to five fiscal years. This deficit spending authority allowed WSAC to establish DreamAhead with no initial revenue beyond the \$25,000 appropriation. The chart below shows the projected discharge date for the initial cash deficit based on anticipated fee revenue. WA529 anticipates discharging the deficit within the statutorily authorized timeframe.

	FY19	FY20	FY21	FY22*	FY23**
Estimated Fee Revenue Collected	\$755,000	\$1,038,000	\$1,126,000	\$1,353,910	\$1,610,505
Estimated Expenditures Incurred	\$823,124	\$992,492	\$1,007,344	\$1,027,491	\$1,048,041
Account Surplus/Deficit	(\$450,075)	(\$404,567)	(\$285,911)	\$40,508	\$602,973
Projected Assets Under Management	\$830 Million	\$850 Million	\$900 Million	\$1.1 Billion	\$1.3 Billion

*Per RCW 28B.95.085(3), target date to discharge cash deficit is June 30, 2022 (end of FY22)

**Once WSAC crosses into profitability, it will review revenue projections and consider reducing or eliminating its share of annual account maintenance fees in order to reduce costs to customers.



GET Prepaid College Tuition Program

Quarterly Report – June 30, 2019

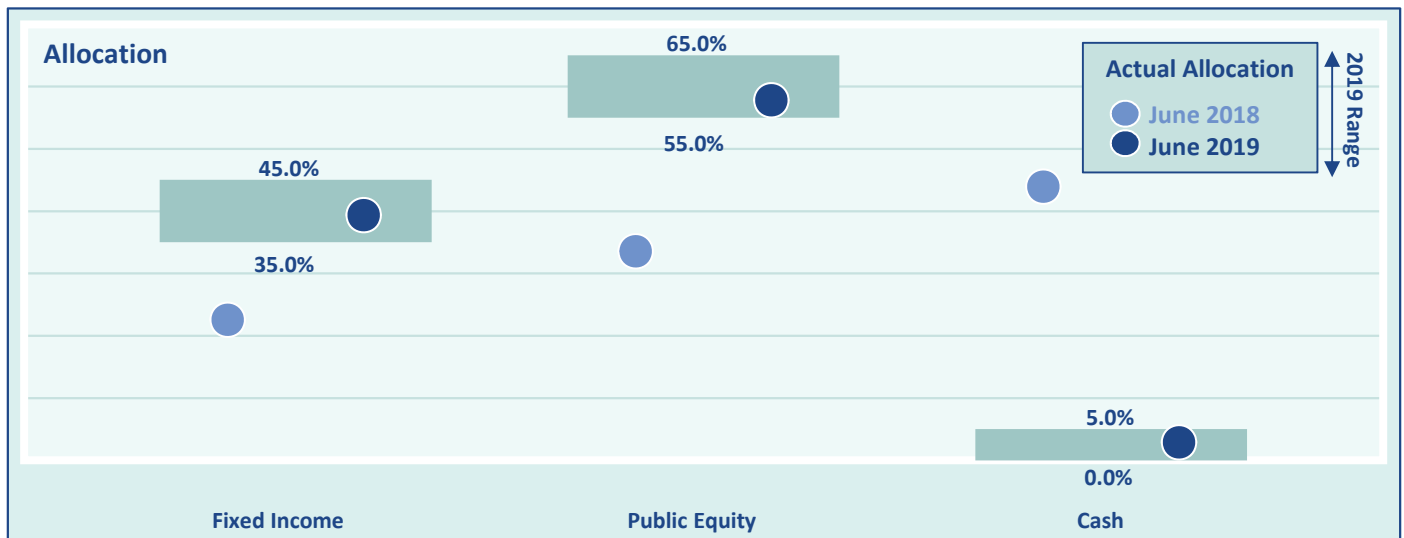
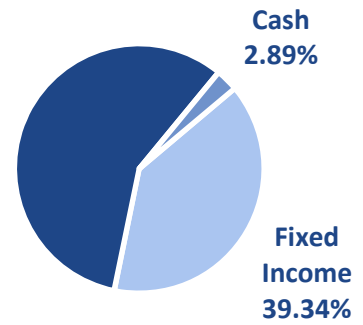
Portfolio Size, Allocation, and Assets Under Management	2
Performance.....	3



Portfolio Size

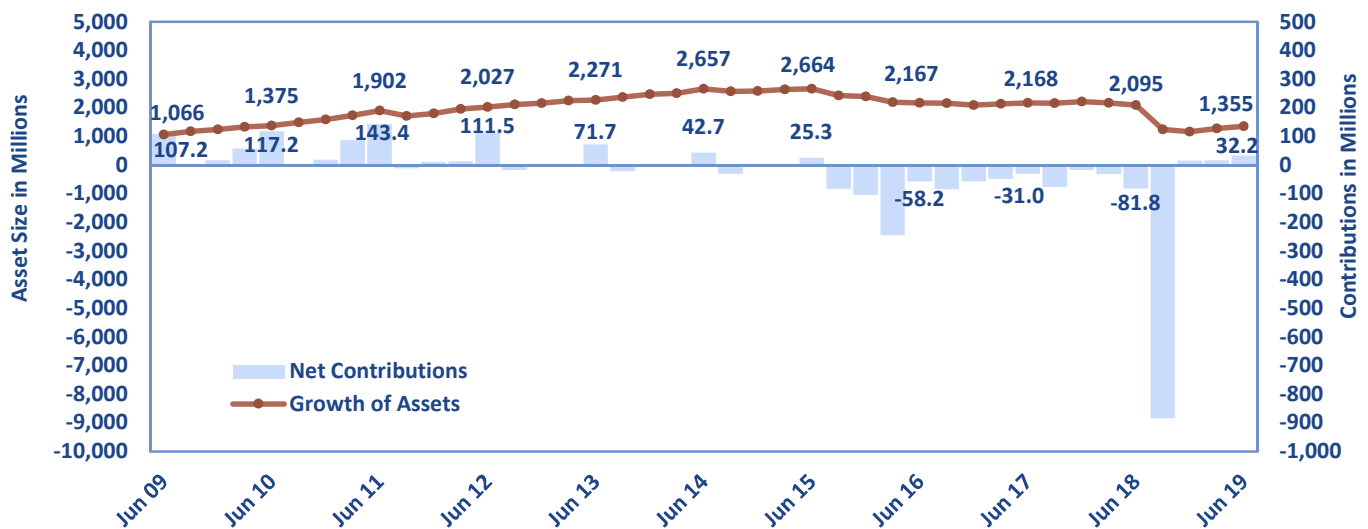
Actual Asset Allocation

Total	\$1,354,708,929
Cash	\$39,120,799
Fixed Income	\$532,988,212
Equity	\$782,599,917

Equity
57.77%

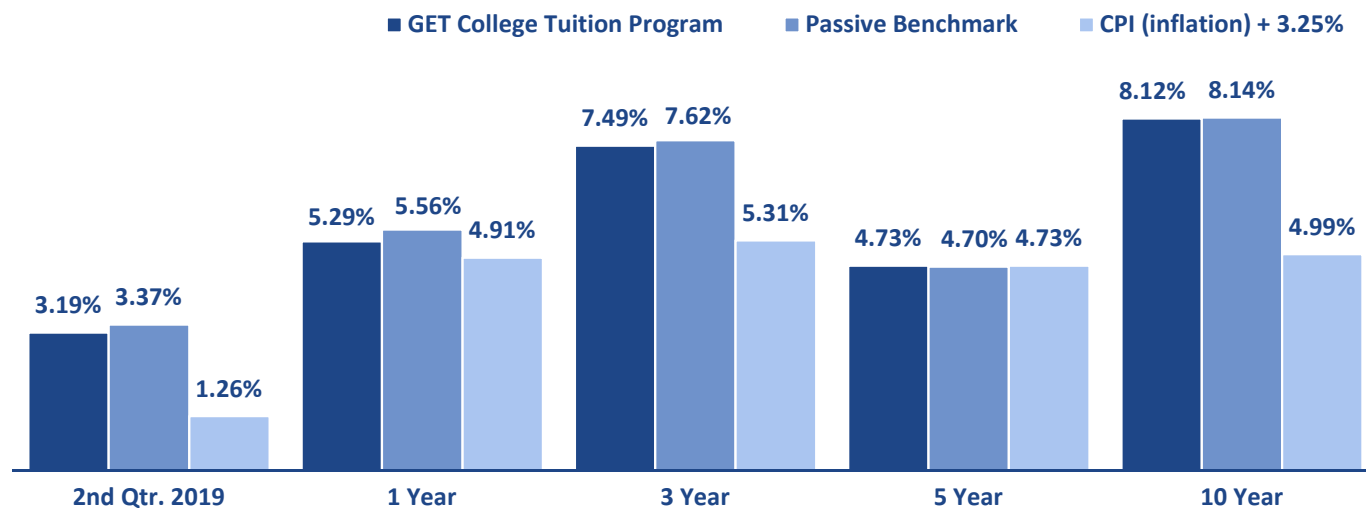
Note: For comparison purposes in the chart above, fixed income and TIPs were added together for the prior year.

Assets Under Management



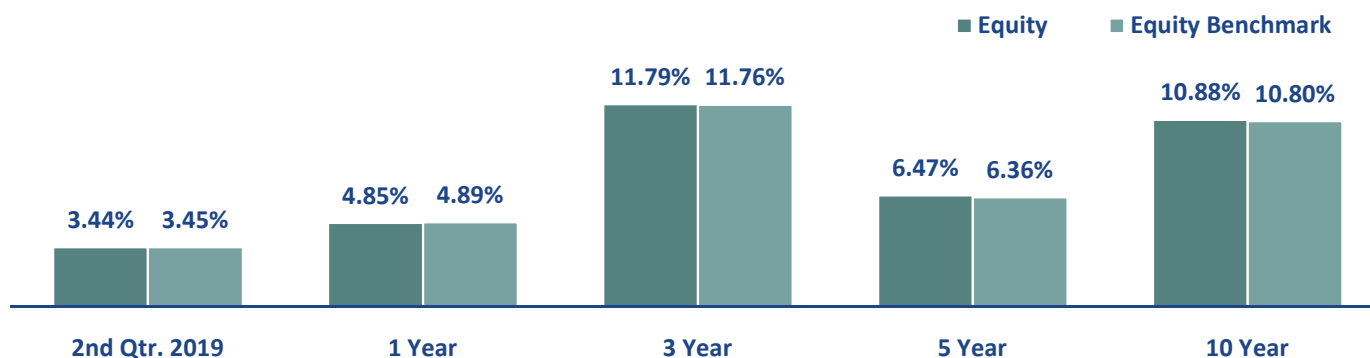


Total Return *



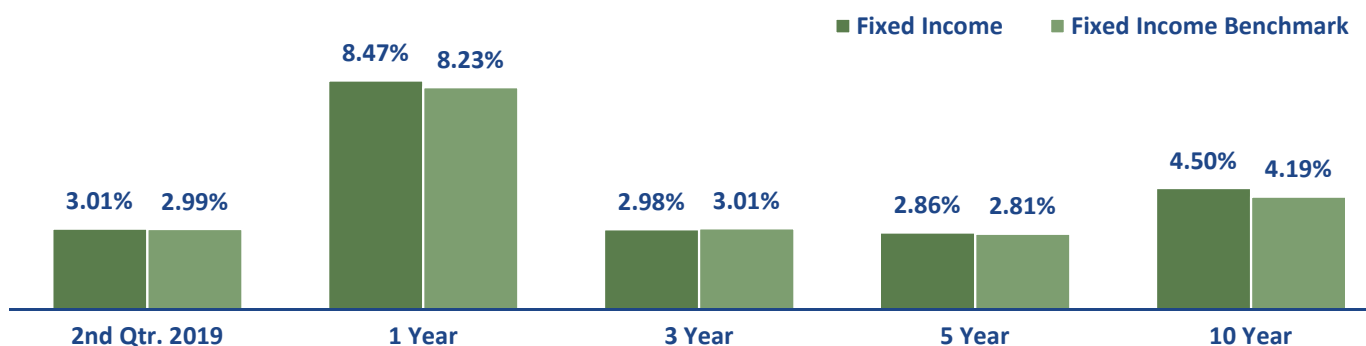
Equity Return *

Benchmark: MSCI ACWI IMI w/U.S. Gross and a historical blended return



Fixed Income Return *

Benchmark: Bloomberg Barclays Intermediate Credit and a historical blended return



* The return numbers above are net of manager fees and other expenses that can be directly debited from the account for portfolio management but do not include the WSIB management fee.

Investment Advisory
Summary Report
Second Quarter 2019

Washington Student
Achievement Council
Prepared by Lockwood
Advisors, Inc.

LKA-RKM-399-19

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Second Quarter 2019 Capital Market Review

- Equity markets recovered from fourth quarter swoon
- Official US GDP forecasts still expect growth
- Yield curve inverted
- Recession watch
- Bond and stock correlation dives during recession

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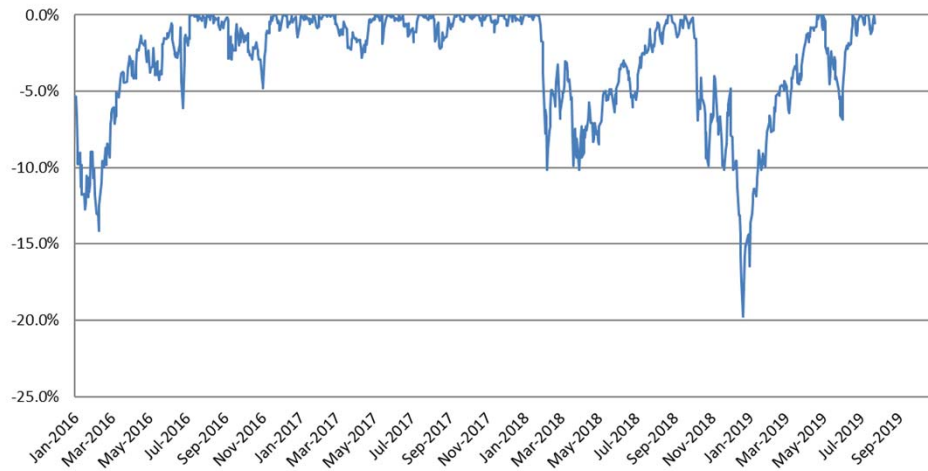


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Equity Markets Recovered from Fourth Quarter Swoon

S&P 500® Price Index Drawdown



Sources: Morningstar, Inc. Data through July 25, 2019. Visual created by Lockwood Advisors, Inc. Indices are unmanaged and are not available for direct investment. Past performance is not a guarantee of future results.

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Official Forecasts Still Expect Growth

U.S. Real Gross Domestic Product (GDP) Growth Forecasts

	Growth Forecasts		
	2019	2020	2021
Federal Reserve	2.1	2.0	1.8
Congressional Budget Office	2.3	1.7	1.6
IMF: International Monetary Fund	2.6	1.9	1.7
Professional Forecasters	2.5	1.8	1.9
Council of Economic Advisors	3.2	3.1	3.0

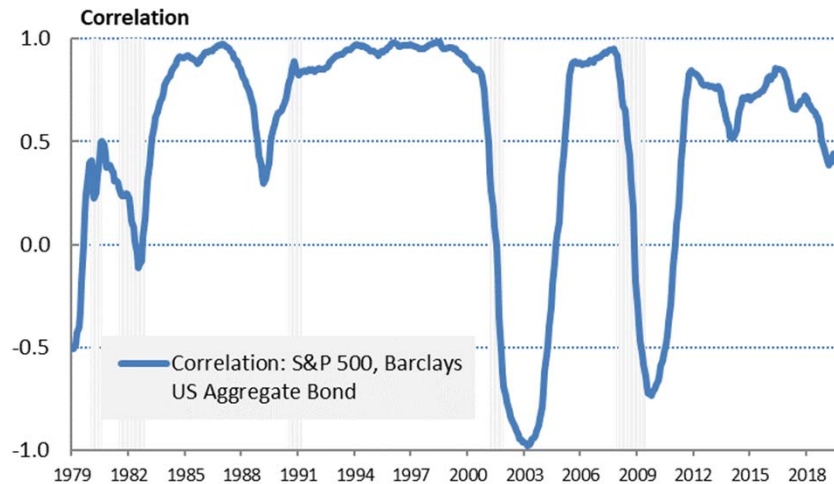
Sources: IMF, Congressional Budget Office, Federal Reserve, Council of Economic Advisors, Bloomberg. Data as of July 30, 2019. Visual created by Lockwood Advisors, Inc.

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Historically, Bond and Stock Correlation Typically Dives During Recession



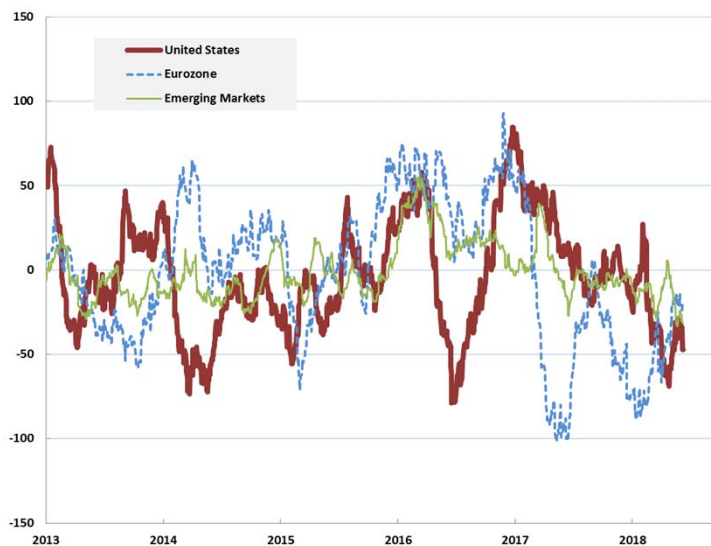
Source: Bloomberg, U.S. Treasury Department. Data through June 2019. Visual created by Lockwood Advisors, Inc. Indices are unmanaged and are not available for direct investment. Past performance is not a guarantee of future results.

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Global Economic Surprise Indices



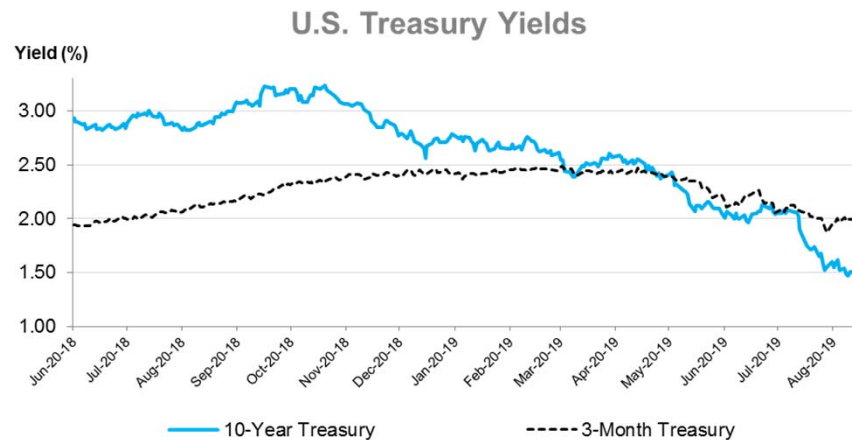
Source: Bloomberg. Data as of June 6, 2019. Visual created by Lockwood Advisors, Inc. Indices are unmanaged and are not available for direct investment. Past performance is not a guarantee of future results.

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Yield Curve Inverted



Source: U.S. Treasury Department. Data through September 4, 2019. Visual created by Lockwood Advisors, Inc. **Past performance is not a guarantee of future results.**

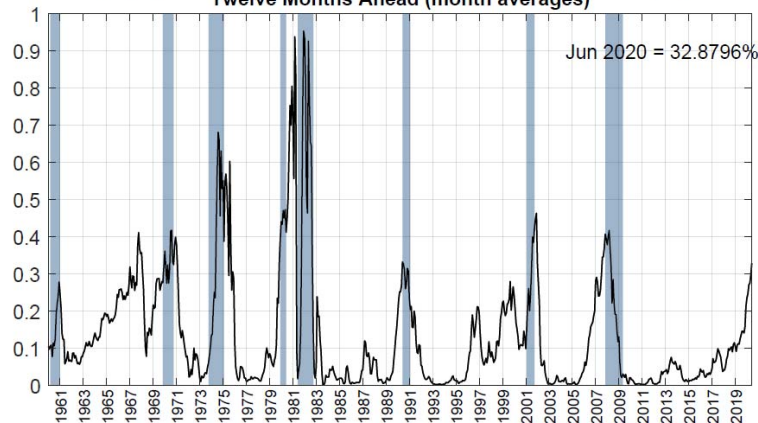
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Recession Watch?

Probability of US Recession Predicted by Treasury Spread*
Twelve Months Ahead (month averages)



*Parameters estimated using data from January 1959 to December 2009, recession probabilities predicted using data through Jun 2019. The parameter estimates are $\alpha = -0.5333$, $\beta = -0.6330$.

Updated 05-Jul-2019

Source: Federal Reserve Bank of New York. Visual created by Federal Reserve Bank of New York. *Parameters estimated using data from January 1959 to December 2009, recession probabilities predicted using data through July 5, 2019. **Past performance is not a guarantee of future results.**

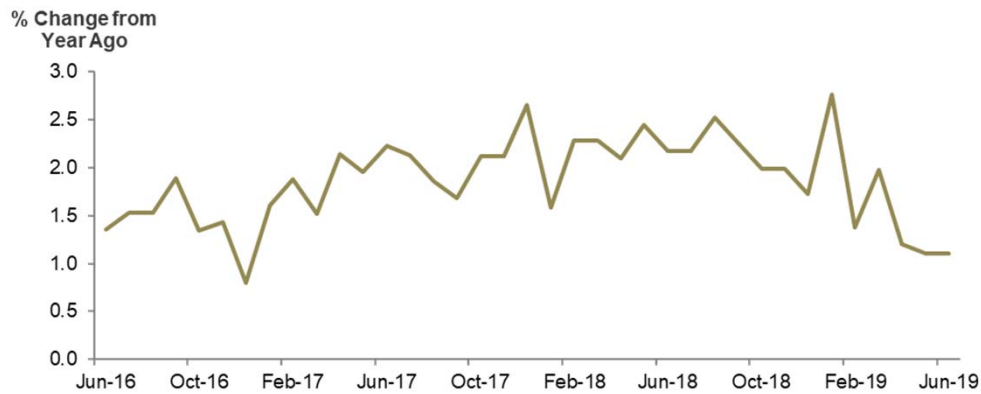
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Manufacturing Hours Pointing to Slower Growth

Aggregate Weekly Hours: Production and Nonsupervisory Employees (SA, YOY%)



Source: Federal Reserve Bank of St. Louis Economic Database (FRED). Data through June 2019. Visual created by Lockwood Advisors, Inc.

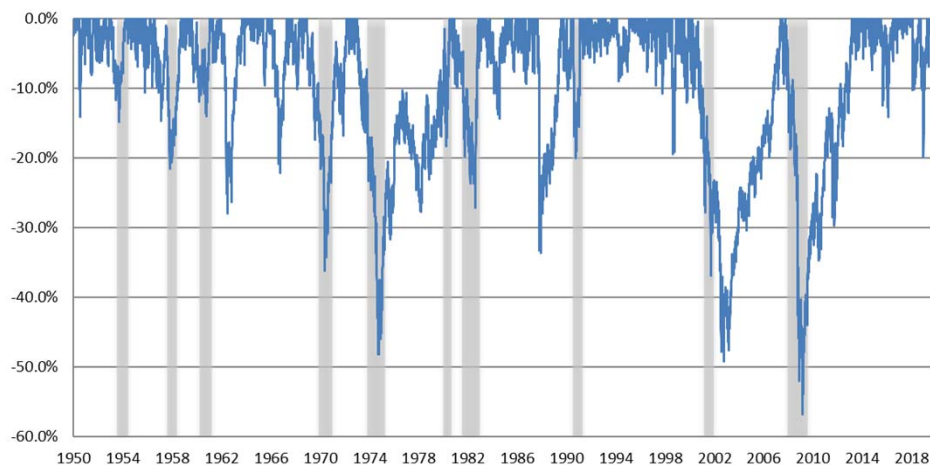
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Recession Watch

S&P 500® Price Index Drawdown



Sources: Morningstar, Inc. NBER. Data through July 25, 2019. Visual created by Lockwood Advisors, Inc. Indices are unmanaged and are not available for direct investment. Past performance is not a guarantee of future results.

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In Sync High Yield Bonds and Stocks



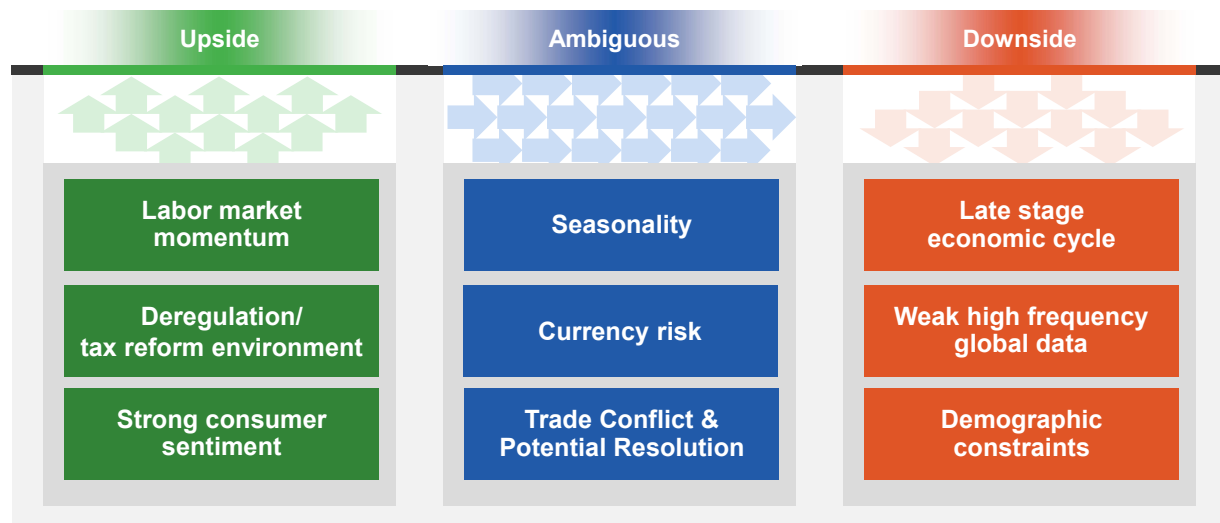
Sources: Standard & Poor's Inc., and Bloomberg. Data through June 21, 2019. Visual created by Lockwood Advisors, Inc.
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Indicators We Are Watching



Source: Lockwood Advisors—June 2019

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Performance Review

- All Static and Year of Enrollment portfolios have met (or slightly underperformed) their respective benchmarks in Q2 2019 and YTD 2019 through 6/30/2019.
- No remedial action is necessary.
- There are no funds on the Watch List. All funds have performed as expected.

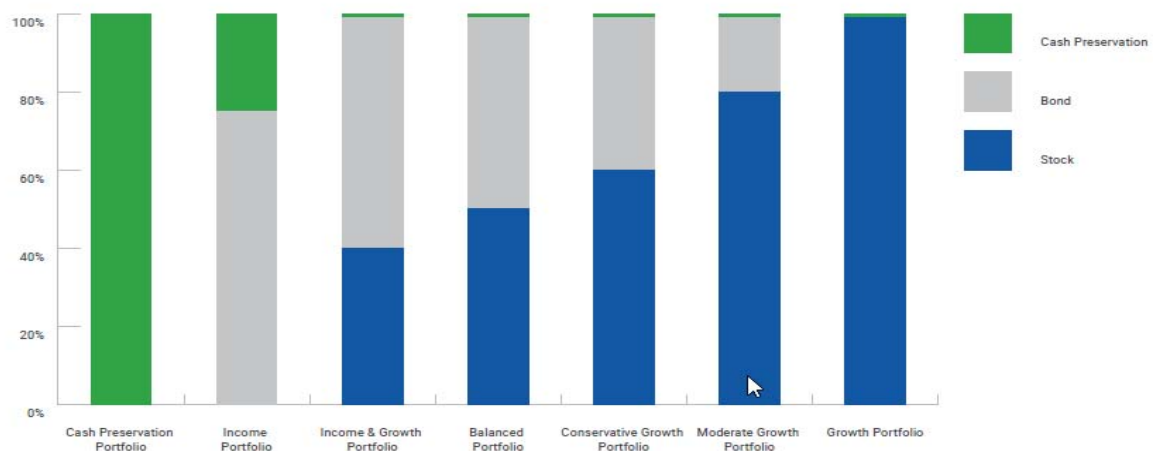
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Static Portfolio Review

Static Asset Class Allocations



Source: SumDay Administration, LLC, a BNY Mellon Company. SumDay is an affiliate of Lockwood Advisors, Inc. Portfolio allocations as of 6/30/2019.

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Static Portfolio Review

Current Static Portfolio Underlying Fund Allocations

Fund	Ticker	Cash Preservation Portfolio	Income Portfolio	Income and Growth Portfolio	Balanced Portfolio	Conservative Growth Portfolio	Moderate Growth Portfolio	Growth Portfolio
Fidelity® Total Market Index Fund	FSKAX	0%	0%	10%	13%	16%	21%	25%
Schwab Total Stock Market Index Fund®	SWTSX	0%	0%	10%	13%	16%	21%	25%
Fidelity® International Index Fund	FSPSX	0%	0%	15%	18%	21%	29%	37%
Fidelity® Emerging Markets Index Fund	FPADX	0%	0%	5%	6%	7%	9%	12%
TOTAL STOCKS		0%	0%	40%	50%	60%	80%	99%
Fidelity® U.S. Bond Index Fund	FXNAX	0%	30%	24%	20%	15%	6%	0%
Vanguard Total Bond Market Index Fund Institutional Plus Shares	VBMPX	0%	30%	24%	20%	15%	6%	0%
Vanguard Long-Term Treasury Index Fund Institutional Shares	VLGIX	0%	5%	4%	3%	3%	2%	0%
Schwab® Treasury Inflation Protected Securities Index Fund	SWRSX	0%	8%	5%	4%	4%	3%	0%
Vanguard Emerging Markets Government Bond Index Fund Institutional Shares	VGIVX	0%	2%	2%	2%	2%	2%	0%
TOTAL BONDS		0%	75%	59%	49%	39%	19%	0%
JPMorgan U.S. Government Money Market Fund Capital Shares	OGVXX	100%	25%	1%	1%	1%	1%	1%
TOTAL CASH		100%	25%	1%	1%	1%	1%	1%

Source: SumDay Administration, LLC, a BNY Mellon Company. SumDay is an affiliate of Lockwood Advisors, Inc.
Portfolio allocations as of 6/30/2019.

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Static Portfolio Review

Growth Portfolio	Q2:2019	YTD
Gross of Fees Return	3.55	15.85
Net of All Fees Return	3.49	15.73
Blended Benchmark	3.48	15.82
Excess Return	0.01	-0.09

Moderate Growth Portfolio	Q2:2019	YTD
Gross of Fees Return	3.57	14.22
Net of All Fees Return	3.51	14.1
Blended Benchmark	3.51	14.23
Excess Return	0.00	-0.13

Income & Growth Portfolio	Q2:2019	YTD
Gross of Fees Return	3.38	10.21
Net of All Fees Return	3.32	10.09
Blended Benchmark	3.35	10.27
Excess Return	-0.03	-0.18

Income Portfolio	Q2:2019	YTD
Gross of Fees Return	2.58	5.09
Net of All Fees Return	2.52	4.97
Blended Benchmark	2.62	5.22
Excess Return	-0.10	-0.25

Conservative Growth Portfolio	Q2:2019	YTD
Gross of Fees Return	3.5	12.31
Net of All Fees Return	3.44	12.19
Blended Benchmark	3.44	12.29
Excess Return	0.00	-0.10

Balanced Portfolio	Q2:2019	YTD
Gross of Fees Return	3.42	11.19
Net of All Fees Return	3.36	11.07
Blended Benchmark	3.38	11.26
Excess Return	-0.02	-0.19

Cash Preservation Portfolio	Q2:2019	YTD
Gross of Fees Return	0.60	1.02
Net of All Fees Return	0.54	0.91
Benchmark	0.62	1.22
Excess Return	-0.08	-0.31

YTD performance through 6/30/2019. Please see Blended Benchmark Definitions in the Important Disclosures section at the end of this report.
Source: SumDay Administration, LLC, a BNY Mellon Company. SumDay is an affiliate of Lockwood Advisors, Inc.

Performance is calculated using a time and asset-weighted Modified Dietz methodology. The Gross of Fees Return shown reflects the deduction of fees and expenses associated with the underlying mutual funds held in the portfolio (the "Underlying Fund Fee"). The Net of Fees Return shown reflects the deduction of the Underlying Fund Fee, Service Fee, and State Administrative Fee (together, the "Total Annual Asset-Based Fee"). The returns shown do not reflect account maintenance fees or other account level service-based fees (e.g., returned check fees, statement delivery fees, etc.).
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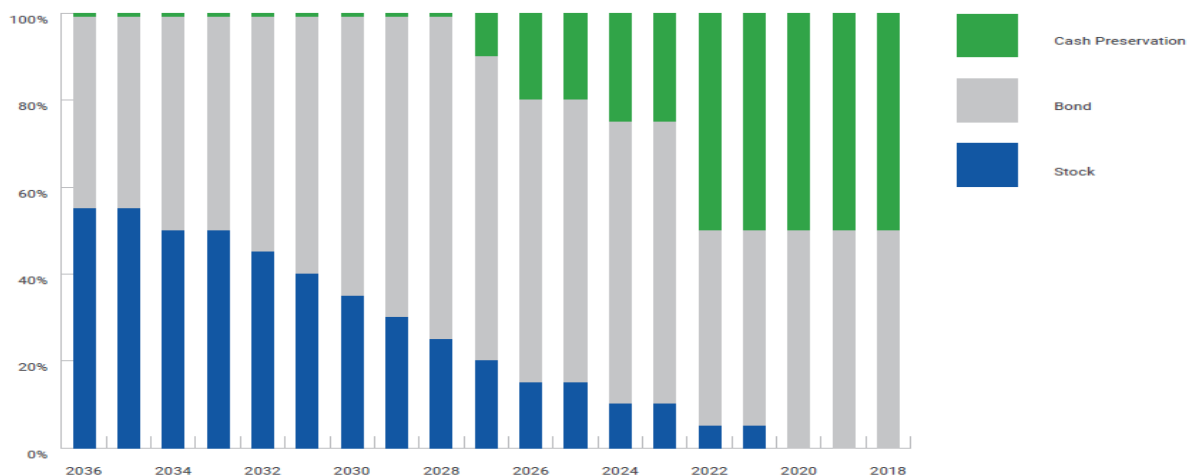
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Conservative Year of Enrollment Portfolio Review

Conservative Year of Enrollment Asset Class Allocations



Source: SumDay Administration, LLC, a BNY Mellon Company. SumDay is an affiliate of Lockwood Advisors, Inc.
Portfolio allocations as of 6/30/2019.

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Conservative Year of Enrollment Portfolio Review

Current Conservative Year of Enrollment Underlying Fund Allocations

Fund	Ticker	2036	2034	2032	2030	2028	2026	2024	2022	2020	2018
Fidelity® Total Market Index Fund	FSKAX	15%	13%	12%	9%	7%	4%	3%	2%	0%	0%
Schwab Total Stock Market Index Fund®	SWTSX	14%	13%	11%	9%	6%	4%	2%	1%	0%	0%
Fidelity® International Index Fund	FSPSX	19%	18%	16%	12%	8%	5%	4%	2%	0%	0%
Fidelity® Emerging Markets Index Fund	FPADX	7%	6%	6%	5%	4%	2%	1%	0%	0%	0%
TOTAL STOCKS		55%	50%	45%	35%	25%	15%	10%	5%	0%	0%
Fidelity® U.S. Bond Index Fund	FXNAX	17%	20%	21%	26%	29%	26%	26%	18%	20%	20%
Vanguard Total Bond Market Index Fund Institutional Plus Shares	VBMPX	18%	20%	22%	26%	30%	27%	27%	18%	21%	21%
Vanguard Long-Term Treasury Index Fund Institutional Shares	VLGIX	3%	3%	4%	4%	5%	4%	4%	3%	3%	3%
Schwab® Treasury Inflation Protected Securities Index Fund	SWRSX	4%	4%	5%	6%	8%	6%	6%	4%	4%	4%
Vanguard Emerging Markets Government Bond Index Fund Institutional Shares	VGIVX	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
TOTAL BONDS		44%	49%	54%	64%	74%	65%	65%	45%	50%	50%
JPMorgan U.S. Government Money Market Fund Capital Shares	OGVXX	1%	1%	1%	1%	1%	20%	25%	50%	50%	50%
TOTAL CASH		1%	1%	1%	1%	1%	20%	25%	50%	50%	50%

Source: SumDay Administration, LLC, a BNY Mellon Company. SumDay is an affiliate of Lockwood Advisors, Inc.
Portfolio allocations as of 6/30/2019.

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Conservative Year of Enrollment Portfolio Review

Conservative Year of Enrollment 2036 Portfolio	Q2-2019	YTD
Gross of Fees Return	3.48	11.83
Net of All Fees Return	3.42	11.71
Blended Benchmark	3.39	11.76
Excess Return	0.03	-0.05

Conservative Year of Enrollment 2026 Portfolio	Q2-2019	YTD
Gross of Fees Return	2.77	6.80
Net of All Fees Return	2.72	6.68
Blended Benchmark	2.78	6.90
Excess Return	-0.06	-0.22

Conservative Year of Enrollment 2034 Portfolio	Q2-2019	YTD
Gross of Fees Return	3.42	11.23
Net of All Fees Return	3.36	11.12
Blended Benchmark	3.38	11.26
Excess Return	-0.02	-0.14

Conservative Year of Enrollment 2024 Portfolio	Q2-2019	YTD
Gross of Fees Return	2.62	6.02
Net of All Fees Return	2.57	5.91
Blended Benchmark	2.64	6.16
Excess Return	-0.07	-0.25

Conservative Year of Enrollment 2032 Portfolio	Q2-2019	YTD
Gross of Fees Return	3.40	10.77
Net of All Fees Return	3.35	10.65
Blended Benchmark	3.37	10.77
Excess Return	-0.02	-0.12

Conservative Year of Enrollment 2022 Portfolio	Q2-2019	YTD
Gross of Fees Return	1.97	4.25
Net of All Fees Return	1.91	4.13
Blended Benchmark	2.00	4.43
Excess Return	-0.09	-0.30

Conservative Year of Enrollment 2030 Portfolio	Q2-2019	YTD
Gross of Fees Return	3.31	9.70
Net of All Fees Return	3.26	9.58
Blended Benchmark	3.31	9.78
Excess Return	-0.05	-0.20

Conservative Year of Enrollment 2020 Portfolio	Q2-2019	YTD
Gross of Fees Return	1.92	3.74
Net of All Fees Return	1.87	3.63
Blended Benchmark	1.95	3.89
Excess Return	-0.08	-0.26

Conservative Year of Enrollment 2028 Portfolio	Q2-2019	YTD
Gross of Fees Return	3.28	8.77
Net of All Fees Return	3.22	8.66
Blended Benchmark	3.29	8.84
Excess Return	-0.07	-0.18

Conservative Year of Enrollment 2018 Portfolio	Q2-2019	YTD
Gross of Fees Return	1.91	3.71
Net of All Fees Return	1.85	3.60
Blended Benchmark	1.95	3.89
Excess Return	-0.10	-0.29

YTD performance through 6/30/2019. Please see Blended Benchmark Definitions in the Important Disclosures section at the end of this report.

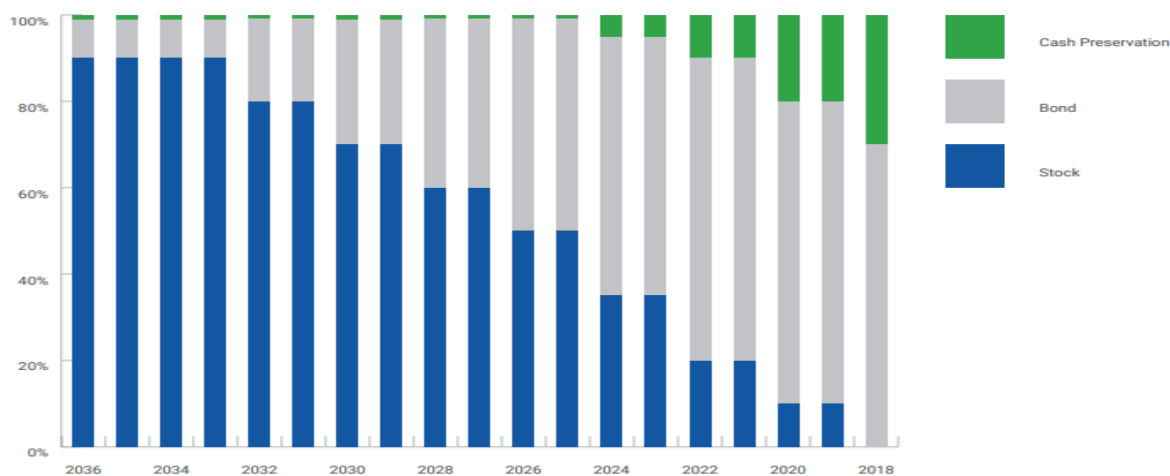
Source: SumDay Administration, LLC, a BNY Mellon Company. SumDay is an affiliate of Lockwood Advisors, Inc.

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Moderate Year of Enrollment Portfolio Review

Moderate Year of Enrollment Asset Class Allocations



Source: SumDay Administration, LLC, a BNY Mellon Company. SumDay is an affiliate of Lockwood Advisors, Inc. Portfolio allocations as of 6/30/2019.

Moderate Year of Enrollment Portfolio Review

Current Moderate Year of Enrollment Portfolio Underlying Fund Allocations

Fund	Ticker	2036	2034	2032	2030	2028	2026	2024	2022	2020	2018
Fidelity® Total Market Index Fund	FSKAX	24%	24%	21%	18%	16%	13%	9%	5%	3%	0%
Schwab Total Stock Market Index Fund®	SWTSX	23%	23%	21%	18%	16%	13%	9%	5%	2%	0%
Fidelity® International Index Fund	FSPSX	33%	33%	29%	26%	21%	18%	12%	7%	4%	0%
Fidelity® Emerging Markets Index Fund	FPADX	10%	10%	9%	8%	7%	6%	5%	3%	1%	0%
TOTAL STOCKS		90%	90%	80%	70%	60%	50%	35%	20%	10%	0%
Fidelity® U.S. Bond Index Fund	FXNAX	3%	3%	6%	10%	15%	20%	24%	27%	27%	27%
Vanguard Total Bond Market Index Fund Institutional Plus Shares	VBMPX	2%	2%	6%	10%	15%	20%	25%	28%	28%	28%
Vanguard Long-Term Treasury Index Fund Institutional Shares	VLGIX	1%	1%	2%	3%	3%	3%	4%	5%	5%	5%
Schwab® Treasury Inflation Protected Securities Index Fund	SWRSX	2%	2%	3%	4%	4%	4%	5%	8%	8%	8%
Vanguard Emerging Markets Government Bond Index Fund Institutional Shares	VGIVX	1%	1%	2%	2%	2%	2%	2%	2%	2%	2%
TOTAL BONDS		9%	9%	19%	29%	39%	49%	60%	70%	70%	70%
JPMorgan U.S. Government Money Market Fund Capital Shares	OGVXX	1%	1%	1%	1%	1%	1%	5%	10%	20%	30%
TOTAL CASH		1%	1%	1%	1%	1%	1%	5%	10%	20%	30%

Source: SumDay Administration, LLC, a BNY Mellon Company. SumDay is an affiliate of Lockwood Advisors, Inc.
Portfolio allocations as of 6/30/2019.

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Moderate Year of Enrollment Portfolio Review

Moderate Year of Enrollment 2036 Portfolio	Q2-2019	YTD
Gross of Fees Return	3.50	15.06
Net of All Fees Return	3.45	14.95
Blended Benchmark	3.52	15.13
Excess Return	-0.07	-0.18

Moderate Year of Enrollment 2034 Portfolio	Q2-2019	YTD
Gross of Fees Return	3.54	14.97
Net of All Fees Return	3.48	14.85
Blended Benchmark	3.52	15.13
Excess Return	-0.04	-0.28

Moderate Year of Enrollment 2032 Portfolio	Q2-2019	YTD
Gross of Fees Return	3.57	14.20
Net of All Fees Return	3.51	14.08
Blended Benchmark	3.51	14.23
Excess Return	0.00	-0.15

Moderate Year of Enrollment 2030 Portfolio	Q2-2019	YTD
Gross of Fees Return	3.53	13.23
Net of All Fees Return	3.48	13.11
Blended Benchmark	3.48	13.24
Excess Return	0.00	-0.13

Moderate Year of Enrollment 2028 Portfolio	Q2-2019	YTD
Gross of Fees Return	3.47	12.26
Net of All Fees Return	3.42	12.14
Blended Benchmark	3.44	12.29
Excess Return	-0.02	-0.15

Moderate Year of Enrollment 2026 Portfolio	Q2-2019	YTD
Gross of Fees Return	3.40	11.22
Net of All Fees Return	3.34	11.10
Blended Benchmark	3.38	11.26
Excess Return	-0.04	-0.16

Moderate Year of Enrollment 2024 Portfolio	Q2-2019	YTD
Gross of Fees Return	3.22	9.52
Net of All Fees Return	3.17	9.40
Blended Benchmark	3.22	9.58
Excess Return	-0.05	-0.18

Moderate Year of Enrollment 2022 Portfolio	Q2-2019	YTD
Gross of Fees Return	3.06	7.81
Net of All Fees Return	3.00	7.69
Blended Benchmark	3.06	7.90
Excess Return	-0.06	-0.21

Moderate Year of Enrollment 2020 Portfolio	Q2-2019	YTD
Gross of Fees Return	2.77	6.33
Net of All Fees Return	2.72	6.22
Blended Benchmark	2.79	6.45
Excess Return	-0.07	-0.23

Moderate Year of Enrollment 2018 Portfolio	Q2-2019	YTD
Gross of Fees Return	2.44	4.81
Net of All Fees Return	2.39	4.69
Blended Benchmark	2.50	4.97
Excess Return	-0.11	-0.28

YTD performance through 6/30/2019. Please see Blended Benchmark Definitions in the Important Disclosures section at the end of this report.

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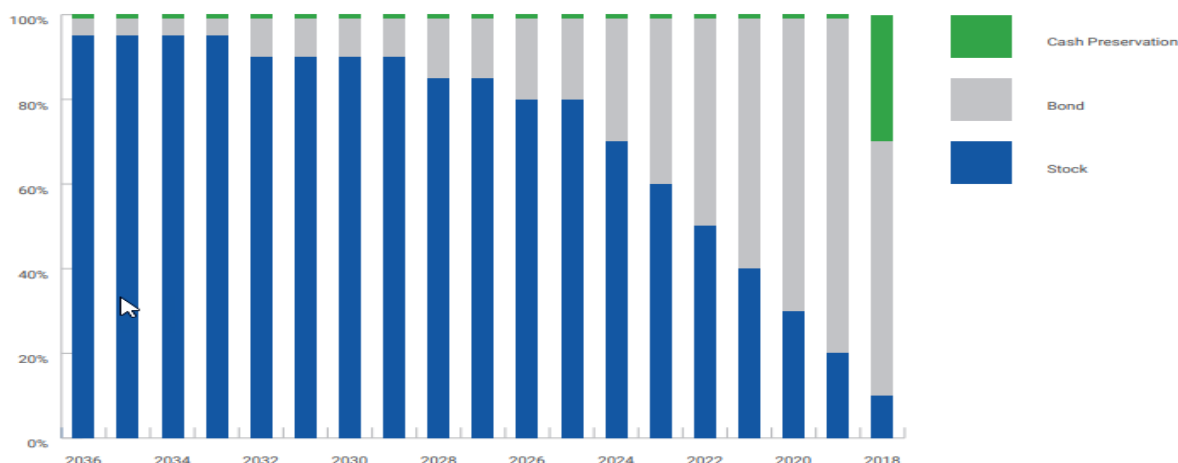
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Growth Year of Enrollment Portfolio Review

Growth Year of Enrollment Asset Class Allocations



Source: SumDay Administration, LLC, a BNY Mellon Company. SumDay is an affiliate of Lockwood Advisors, Inc. Portfolio allocations as of 6/30/2019.

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Growth Year of Enrollment Portfolio Review

Current Growth Year of Enrollment Portfolio Underlying Fund Allocations

Fund	Ticker	2036	2034	2032	2030	2028	2026	2024	2022	2020	2018
Fidelity® Total Market Index Fund	FSKAX	25%	25%	24%	24%	22%	21%	18%	13%	8%	3%
Schwab Total Stock Market Index Fund®	SWTSX	24%	24%	23%	23%	22%	21%	18%	13%	7%	2%
Fidelity® International Index Fund	FSPSX	35%	35%	33%	33%	31%	29%	26%	18%	11%	4%
Fidelity® Emerging Markets Index Fund	FPADX	11%	11%	10%	10%	10%	9%	8%	6%	4%	1%
TOTAL STOCKS		95%	95%	90%	90%	85%	80%	70%	50%	30%	10%
Fidelity® U.S. Bond Index Fund	FXNAX	1%	1%	3%	3%	3%	6%	10%	20%	28%	24%
Vanguard Total Bond Market Index Fund Institutional Plus Shares	VBMPX	1%	1%	2%	2%	4%	6%	10%	20%	28%	24%
Vanguard Long-Term Treasury Index Fund Institutional Shares	VLGIX	1%	1%	1%	1%	2%	2%	3%	3%	4%	4%
Schwab® Treasury Inflation Protected Securities Index Fund	SWRSX	0%	0%	2%	2%	3%	3%	4%	4%	7%	6%
Vanguard Emerging Markets Government Bond Index Fund Institutional Shares	VGIVX	1%	1%	1%	1%	2%	2%	2%	2%	2%	2%
TOTAL BONDS		4%	4%	9%	9%	14%	19%	29%	49%	69%	60%
JPMorgan U.S. Government Money Market Fund Capital Shares	OGVXX	1%	1%	1%	1%	1%	1%	1%	1%	1%	30%
TOTAL CASH		1%	1%	1%	1%	1%	1%	1%	1%	1%	30%

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Growth Year of Enrollment Portfolio Review

Growth Year of Enrollment 2036 Portfolio	Q2-2019	YTD
Gross of Fees Return	3.57	15.59
Net of All Fees Return	3.52	15.47
Blended Benchmark	3.53	15.58
Excess Return	-0.01	-0.11

Growth Year of Enrollment 2026 Portfolio	Q2-2019	YTD
Gross of Fees Return	3.54	14.22
Net of All Fees Return	3.48	14.10
Blended Benchmark	3.51	14.23
Excess Return	-0.03	-0.13

Growth Year of Enrollment 2034 Portfolio	Q2-2019	YTD
Gross of Fees Return	3.53	15.53
Net of All Fees Return	3.47	15.40
Blended Benchmark	3.53	15.58
Excess Return	-0.06	-0.18

Growth Year of Enrollment 2024 Portfolio	Q2-2019	YTD
Gross of Fees Return	3.53	13.25
Net of All Fees Return	3.47	13.13
Blended Benchmark	3.48	13.24
Excess Return	-0.01	-0.11

Growth Year of Enrollment 2032 Portfolio	Q2-2019	YTD
Gross of Fees Return	3.54	15.10
Net of All Fees Return	3.48	14.98
Blended Benchmark	3.52	15.13
Excess Return	-0.04	-0.15

Growth Year of Enrollment 2022 Portfolio	Q2-2019	YTD
Gross of Fees Return	3.41	11.24
Net of All Fees Return	3.35	11.12
Blended Benchmark	3.38	11.26
Excess Return	-0.03	-0.14

Growth Year of Enrollment 2030 Portfolio	Q2-2019	YTD
Gross of Fees Return	3.55	15.13
Net of All Fees Return	3.49	15.00
Blended Benchmark	3.52	15.13
Excess Return	-0.03	-0.13

Growth Year of Enrollment 2020 Portfolio	Q2-2019	YTD
Gross of Fees Return	3.32	9.23
Net of All Fees Return	3.26	9.11
Blended Benchmark	3.30	9.28
Excess Return	-0.04	-0.17

Growth Year of Enrollment 2028 Portfolio	Q2-2019	YTD
Gross of Fees Return	3.56	14.67
Net of All Fees Return	3.50	14.54
Blended Benchmark	3.51	14.68
Excess Return	-0.01	-0.14

Growth Year of Enrollment 2018 Portfolio	Q2-2019	YTD
Gross of Fees Return	2.50	5.75
Net of All Fees Return	2.44	5.63
Blended Benchmark	2.52	5.91
Excess Return	-0.08	-0.28

YTD performance through 6/30/2019. Please see Blended Benchmark Definitions in the Important Disclosures section at the end of this report.

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Fund Performance through June 30, 2019

Fund Legal Name	Ticker	Quarterly Return 2018-Q4	Quarterly Return 2019-Q1	Quarterly Return 2019-Q2	Prospectus Gross Expense Ratio (%)	Prospectus Net Expense Ratio (%)
Fidelity® Emerging Markets Index Fund	FPADX	-7.41	9.75	0.86	0.08	0.08
Fidelity® International Index Fund	FSPSX	-12.41	10.01	3.70	0.05	0.05
Fidelity® Total Market Index Fund	FSKAX	-14.35	14.04	4.08	0.02	0.02
Fidelity® U.S. Bond Index Fund	FXNAX	1.70	2.96	2.97	0.03	0.03
JPMorgan U.S. Government Money Market Fund Capital Shares	OGVXX	0.53	0.57	0.57	0.20	0.18
Schwab Total Stock Market Index Fund®	SWTSX	-14.36	14.04	4.08	0.03	0.03
Schwab® Treasury Inflation Protected Securities Index Fund	SWRSX	-0.48	3.20	2.87	0.05	0.05
Vanguard Emerging Markets Government Bond Index Fund Institutional Shares	VGVIX	-0.20	5.60	4.14	0.29	0.29
Vanguard Long-Term Treasury Index Fund Institutional Shares	VLGIX	4.43	4.67	5.67	0.05	0.05
Vanguard Total Bond Market Index Fund Institutional Plus Shares	VBMPX	1.62	2.95	3.08	0.03	0.03

Source: Morningstar, Inc.

The securities shown represent the mutual fund holdings contained within the DreamAhead College Investment Plan models as of June 30, 2019. The mutual fund holdings may change at any time without notice. The holdings shown do not represent all of the securities purchased or sold over the past year, and there is no guarantee that the same or similar securities will be purchased or held in accounts in the future. It should not be assumed that investment in the securities shown was or will be profitable.

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Fund Performance through August 31, 2019

Fund Legal Name	Ticker	Return YTD (2019-01-01 to 2019-08-31)	Quarterly Return 2019-Q2	Quarterly Return 2019-Q1	Quarterly Return 2018-Q4	Quarterly Return 2018-Q3	Quarterly Return 2018-Q2	Prospectus Gross Expense Ratio	Prospectus Net Expense Ratio
Fidelity® Emerging Markets Index Fund	FPADX	3.67	0.86	9.75	-7.41	-1.03	-8.83	0.08	0.08
Fidelity® International Index Fund	FSPSX	9.73	3.70	10.01	-12.41	1.28	-1.60	0.05	0.05
Fidelity® Total Market Index Fund	FSKAX	18.02	4.08	14.04	-14.35	7.10	3.88	0.02	0.02
Fidelity® U.S. Bond Index Fund	FXNAX	9.10	2.97	2.96	1.70	0.07	-0.22	0.03	0.03
JPMorgan U.S. Government Money Market Fund Capital Shares	OGVXX	1.51	0.57	0.57	0.53	0.46	0.41	0.20	0.18
Schwab Total Stock Market Index Fund®	SWTSX	17.99	4.08	14.04	-14.36	7.09	3.87	0.03	0.03
Schwab® Treasury Inflation Protected Securities Index Fund	SWRSX	9.00	2.87	3.20	-0.48	-0.80	0.73	0.05	0.05
Vanguard Emerging Markets Government Bond Index Fund Institutional Shares	VGIVX	11.78	4.14	5.60	-0.20	1.76	-2.62	0.29	0.29
Vanguard Long-Term Treasury Index Fund Institutional Shares	VLGIX	22.74	5.67	4.67	4.43	-2.83	0.44	0.05	0.05
Vanguard Total Bond Market Index Fund Institutional Plus Shares	VBMPX	9.34	3.08	2.95	1.62	0.03	-0.17	0.03	0.03

Source: Morningstar, Inc.

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The performance data quoted represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. The investment return and principal value of an investment will fluctuate, so that an investor's assets, when sold, may be worth more or less than their original cost. For mutual fund performance data current to the most recent month-end please visit www.morningstar.com.

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Fund / Benchmark Performance Review through June 30, 2019

Fund Legal Name	Ticker	Return YTD (2019-01-01 to 2019-06-30)	Return 1 Yr (2018-07-01 to 2019-06-30)	Return 2 Yr (2017-07-01 to 2019-06-30)	Return 3 Yr (2016-07-01 to 2019-06-30)	Return 5 Yr (2014-07-01 to 2019-06-30)	Annual Ret 2014	Annual Ret 2015	Annual Ret 2016	Annual Ret 2017	Annual Ret 2018
Fidelity® Emerging Markets Index Fund	FPADX	10.69	1.43	4.59	10.37	2.76	0.59	-15.84	11.26	37.65	-14.63
MSCI Emerging Markets NR USD		10.58	1.21	4.65	10.66	2.49	-2.19	-14.92	11.19	37.28	-14.57
Fidelity® International Index Fund	FSPSX	14.09	1.21	3.89	9.02	2.34	-5.31	-0.73	1.34	25.38	-13.52
MSCI EAFE NR USD		14.03	1.08	3.92	9.11	2.25	-4.90	-0.81	1.00	25.03	-13.79
Fidelity® Total Market Index Fund	FSKAX	18.69	8.89	11.81	14.02	10.16	12.47	0.47	12.68	21.18	-5.28
Dow Jones US Total Stock Market TR USD		18.70	8.88	11.80	13.99	10.13	12.47	0.44	12.62	21.16	-5.30
Fidelity® U.S. Bond Index Fund	FXNAX	6.01	7.89	3.61	2.20	2.91	5.99	0.63	2.52	3.50	0.01
Bloomberg Barclays US Aggregate Bond TR USD		6.11	7.87	3.65	2.31	2.95	5.97	0.55	2.65	3.54	0.01
JPMorgan U.S. Government Money Market Fund Capital Shares	OGVXX	1.14	2.14	1.67	1.27	0.78	0.01	0.02	0.28	0.77	1.72
Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD		1.22	2.27	1.78	1.33	0.83	0.02	0.03	0.26	0.82	1.82
Schwab Total Stock Market Index Fund®	SWTSX	18.70	8.86	11.76	13.95	10.10	12.39	0.41	12.58	21.06	-5.30
Dow Jones US Total Stock Market TR USD		18.70	8.88	11.80	13.99	10.13	12.47	0.44	12.62	21.16	-5.30
Schwab® Treasury Inflation Protected Securities Index Fund	SWRSX	6.16	4.81	3.44	2.03	1.65	3.48	-1.61	4.47	2.94	-1.32
Bloomberg Barclays US Treasury US TIPS TR USD		6.15	4.84	3.47	2.08	1.76	3.64	-1.44	4.68	3.01	-1.26
Vanguard Emerging Markets Government Bond Index Fund Institutional Shares	VGIVX	9.96	11.68	4.85	5.06	4.70	5.13	1.55	9.91	8.47	-2.80
Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD		10.12	11.87	5.05	5.19	4.81	5.05	1.70	10.02	8.46	-2.60
Vanguard Long-Term Treasury Index Fund Institutional Shares	VLGIX	10.60	12.24	5.74	1.27	5.67	25.09	-1.32	1.38	8.67	-1.63
Bloomberg Barclays Long Term US Treasury TR USD		10.98	12.30	5.91	1.34	5.71	25.07	-1.21	1.33	8.53	-1.84
Vanguard Total Bond Market Index Fund Institutional Plus Shares	VBMPX	6.12	7.87	3.60	2.24	2.91	5.92	0.42	2.62	3.59	-0.01
Bloomberg Barclays US Aggregate Bond TR USD		6.11	7.87	3.65	2.31	2.95	5.97	0.55	2.65	3.54	0.01

TR= Total Return; NR=Net Return

Source: Morningstar, Inc.

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Fund / Benchmark Performance Review through August 31, 2019

Fund Legal Name	Ticker	Total Ret YTD*	Total Ret 1 Yr*	Total Ret Annlzd 2 Yr*	Total Ret Annlzd 3 Yr*	Total Ret Annlzd 5 Yr*	Annual Ret 2014	Annual Ret 2015	Annual Ret 2016	Annual Ret 2017	Annual Ret 2018
Fidelity® Emerging Markets Index Fund	FPADX	3.67	-4.56	-2.76	5.59	0.42	0.59	-15.84	11.26	37.65	-14.63
MSCI Emerging Markets NR USD		3.90	-4.36	-2.54	5.76	0.38	-2.19	-14.92	11.19	37.28	-14.57
Fidelity® International Index Fund	FSPSX	9.73	-2.96	0.47	5.96	2.02	-5.31	-0.73	1.34	25.38	-13.52
MSCI EAFE NR USD		9.66	-3.26	0.49	5.91	1.89	-4.90	-0.81	1.00	25.03	-13.79
Fidelity® Total Market Index Fund	FSKAX	18.02	1.25	10.35	12.23	9.57	12.47	0.47	12.68	21.18	-5.28
Dow Jones US Total Stock Market TR USD		18.02	1.23	10.34	12.21	9.55	12.47	0.44	12.62	21.16	-5.30
Fidelity® U.S. Bond Index Fund	FXNAX	9.10	10.33	4.40	3.04	3.32	5.99	0.63	2.52	3.50	0.01
Bloomberg Barclays US Aggregate Bond TR USD		9.10	10.17	4.41	3.09	3.35	5.97	0.55	2.65	3.54	0.01
JPMorgan U.S. Government Money Market Fund Capital Shares	OGVXX	1.51	2.20	1.78	1.37	0.86	0.01	0.02	0.28	0.77	1.72
Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD		1.58	2.31	1.88	1.44	0.90	0.02	0.03	0.26	0.82	1.82
Schwab Total Stock Market Index Fund®	SWTSX	17.99	1.20	10.29	12.16	9.51	12.39	0.41	12.58	21.06	-5.30
Dow Jones US Total Stock Market TR USD		18.02	1.23	10.34	12.21	9.55	12.47	0.44	12.62	21.16	-5.30
Schwab® Treasury Inflation Protected Securities Index Fund	SWRSX	9.00	7.42	4.01	2.78	2.09	3.48	-1.61	4.47	2.94	-1.32
Bloomberg Barclays US Treasury US TIPS TR USD		9.06	7.46	4.09	2.87	2.21	3.64	-1.44	4.68	3.01	-1.26
Vanguard Emerging Markets Government Bond Index Fund Institutional Shares	VGIVX	11.78	13.24	4.53	4.51	4.88	5.13	1.55	9.91	8.47	-2.80
Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD		11.88	13.27	4.67	4.67	4.98	5.05	1.70	10.02	8.46	-2.60
Vanguard Long-Term Treasury Index Fund Institutional Shares	VLGIX	22.74	24.71	9.95	4.50	6.88	25.09	-1.32	1.38	8.67	-1.63
Bloomberg Barclays Long Term US Treasury TR USD		22.83	24.19	9.89	4.38	6.90	25.07	-1.21	1.33	8.53	-1.84
Vanguard Total Bond Market Index Fund Institutional Plus Shares	VBMPX	9.34	10.52	4.50	3.10	3.34	5.92	0.42	2.62	3.59	-0.01
Bloomberg Barclays US Aggregate Bond TR USD		9.10	10.17	4.41	3.09	3.35	5.97	0.55	2.65	3.54	0.01

* Returns are through 8/31/2019 TR= Total Return; NR=Net Return

Source: Morningstar, Inc.

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BNY MELLON | PERSHING

DreamAhead Conservative Year of Enrollment Portfolio Changes

Asset Category	Fund	Ticker	2032		2030		2028	
			Old	New	Old	New	Old	New
U.S. Large Cap Blend	Fidelity® Total Market Index Fund	FSKAX	12	10	9	8	7	5
U.S. Large Cap Blend	Schwab Total Stock Market Index Fund®	SWTSX	11	10	9	7	6	5
Foreign Large Blend	Fidelity® International Index Fund	FSPSX	16	15	12	11	8	7
Diversified Emerging Mk	Fidelity® Emerging Markets Index Fund	FPADX	6	5	5	4	4	3
Intermediate-Term Bond	Fidelity® U.S. Bond Index Fund	FXNAX	21	24	26	28	29	28
Intermediate-Term Bond	Vanguard Total Bond Market Index Fund Institutional Plus Shares	VBMPX	22	24	26	28	30	29
Long Government	Vanguard Long-Term Treasury Index Fund Institutional Shares	VLGIX	4	4	4	4	5	4
Inflation-Protected Bond	Schwab® Treasury Inflation Protected Securities Index Fund	SWRSX	5	5	6	7	8	7
Emerging Markets Bond	Vanguard Emerging Markets Government Bond Index Fund Institutional Shares	VGIVX	2	2	2	2	2	2
Cash	JPMorgan U.S. Government Money Market Fund Capital Shares	OGVXX	1	1	1	1	1	10
TOTAL			100	100	100	100	100	100

New allocations, highlighted in yellow, are as of July 1, 2019.

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DreamAhead Growth Year of Enrollment Portfolio Changes

Asset Category	Fund	Ticker	2024		2022		2020	
			Old	New	Old	New	Old	New
U.S. Large Cap Blend	Fidelity® Total Market Index Fund	FSKAX	18	16	13	11	8	5
U.S. Large Cap Blend	Schwab Total Stock Market Index Fund®	SWTSX	18	15	13	10	7	5
Foreign Large Blend	Fidelity® International Index Fund	FSPSX	26	22	18	14	11	7
Diversified Emerging Mkt	Fidelity® Emerging Markets Index Fund	FPADX	8	7	6	5	4	3
Intermediate-Term Bond	Fidelity® U.S. Bond Index Fund	FXNAX	10	15	20	24	28	33
Intermediate-Term Bond	Vanguard Total Bond Market Index Fund Institutional Plus Shares	VBMPX	10	15	20	24	28	33
Long Government	Vanguard Long-Term Treasury Index Fund Institutional Shares	VLGIX	3	3	3	4	4	4
Inflation-Protected Bond	Schwab® Treasury Inflation Protected Securities Index Fund	SWRSX	4	4	4	5	7	7
Emerging Markets Bond	Vanguard Emerging Markets Government Bond Index Fund Institutional Shares	VGIVX	2	2	2	2	2	2
Cash	JPMorgan U.S. Government Money Market Fund Capital Shares	OGVXX	1	1	1	1	1	1
TOTAL			100	100	100	100	100	100

New allocations, highlighted in yellow, are as of July 1, 2019.

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Any factors discussed, including past performance of various investment strategies, sectors, vehicles and indices, are not indicative of future results.

Past performance is not a guarantee of future results. Current performance may be lower or higher than the performance data quoted. The investment return and principal value of an investment will fluctuate, so that an investor's assets, when sold, may be worth more or less than their original cost.

The DreamAhead portfolio performance data provided is calculated using a time and asset-weighted Modified Dietz methodology. The Gross of Fees Return shown reflects the deduction of fees and expenses associated with the underlying mutual funds held in the portfolio (the "Underlying Fund Fee"). The Net of Fees Return shown reflects the deduction of the Underlying Fund Fee, Service Fee, and State Administrative Fee (together, the "Total Annual Asset-Based Fee"). The returns shown do not reflect account maintenance fees or other account level service-based fees (e.g., returned check fees, statement delivery fees, etc.).

There is no guarantee that investment objectives will be attained. Results may vary. There is no guarantee that risk can be managed successfully.

Diversification and strategic asset allocation do not guarantee a profit or protect against a loss in declining markets. **All investments are subject to risk, including the loss of principal.**

It is important to remember that there are risks inherent in any investment and that there is no assurance that any money manager, fund, asset class, index, style or strategy will provide positive performance over time.

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Investors should carefully consider the investment objectives, risks, charges and expenses of any mutual fund. This and other important information can be found in the fund prospectus and, if available, the summary prospectus, which may be obtained by visiting www.morningstar.com. Please read the prospectus and, if available, the summary prospectus carefully.

Mutual funds included in portfolios charge additional fees and expenses outside of the Total Annual Asset-Based Fee for this program. Mutual funds may additionally charge a redemption fee if shares are redeemed by within a specified period of time. The amount of the redemption fee, as well as the minimum holding period, is disclosed in each of the respective fund prospectuses. For complete details, please refer to the applicable fund prospectus.

Mutual funds may use derivatives that are often more volatile than other investments and may magnify the fund's gains or losses. An investment that uses derivatives could be negatively affected if the change in the market value of its securities fails to correlate adequately with the values of the derivatives it purchased or sold.

The information on indices is presented for illustrative purposes only and is not intended to imply the potential performance of any fund or investment. Index performance assumes the reinvestment of all distributions, but does not assume any transaction costs, taxes, management fees or other expenses, which would reduce the performance shown. Indices are unmanaged and are not available for direct investment.

Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are SEC registered, taxable and dollar denominated. The index covers the U.S. investment-grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis. Securities must have at least one year to final maturity regardless of call features and must have at least \$250 million par amount outstanding.

Bloomberg Barclays Long U.S. Treasury Index includes all publicly issued, U.S. Treasury securities that have a remaining maturity of 10 or more years, are rated investment grade and have \$250 million or more of outstanding face value. In addition, the securities must be denominated in U.S. dollars and must be fixed rate and non-convertible.

Bloomberg Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index represents inflation-protected securities issued by the U.S. Treasury. Securities must be investment-grade, publicly issued, dollar-denominated, have at least one year remaining to maturity and have at least \$250 million par amount outstanding.

Bloomberg Barclays USD Emerging Markets Government RIC Capped Index is designed to measure the investment return of dollar-denominated bonds that have maturities longer than one year and were issued by emerging market governments and government-related issuers. The index is capped, which means that its exposure to any particular bond is limited to a maximum of 20% and its aggregate exposure to issuers that individually constitute 5% or more is limited to 48%. If the index, as constituted based on market weights, exceeds the 20% or 48% limits, the excess is reallocated to bonds of other issuers represented in the index.

Bloomberg Barclays U.S. Treasury Bill 1-3 Month Index is the one-to-three month component of the U.S. Treasury Bill Index. The Bloomberg Barclays Treasury Bill Index includes U.S. Treasury bills with a remaining maturity from one up to (but not including) 12 months. It excludes zero coupon strips.

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Dow Jones U.S. Total Stock Market Index is an unmanaged, float-adjusted market-capitalization-weighted index providing broad-based coverage of the U.S. equity market. The index is considered a total market index, representing the top 95% of the U.S. stock market based on market capitalization. To be included in the index, a security generally must be all of the following: an equity security (common stock, REIT or limited partnership), a security that has its primary market listing in the U.S. and be issued by U.S. headquartered company.

iBoxx \$ Liquid High Yield Index is a rules-based index consisting of liquid U.S. dollar-denominated, high yield corporate bonds for sale in the United States. The index is designed to provide a broad representation of the U.S. dollar-denominated high yield liquid corporate bond market. There is no limit to the number of issues in the index.

MSCI EAFE (Europe, Australasia and the Far East) Index (net of taxes) is a free-float-adjusted market-capitalization index that is designed to measure developed market equity performance, excluding the United States and Canada. As of May 31, 2019, the MSCI EAFE Index consisted of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. The index is net because dividends are reinvested after deducting a withholding tax from dividend distributions. Since taxes are withheld from the MSCI EAFE Index (net of taxes), the performance of the MSCI EAFE Index (net of taxes) will generally be lower than that of the MSCI EAFE Index (gross of taxes).

MSCI Emerging Markets Index (net of taxes) is a free-float-adjusted, market-capitalization index that is designed to measure equity market performance of emerging markets. As of May 31, 2019, the MSCI Emerging Markets Index consisted of the following 26 emerging market country indices: Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Qatar, Russia, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates. The index is net because dividends are reinvested after deducting a withholding tax from dividend distributions. Since taxes are withheld from the MSCI Emerging Markets Index (net of taxes), the performance of the MSCI Emerging Markets Index (net of taxes) will generally be lower than that of the MSCI Emerging Markets Index (gross of taxes).

S&P 500 Index, an unmanaged index, includes 500 of the largest stocks (in terms of stock market value) in the United States; prior to March 1957, it consisted of 90 of the largest stocks. Although the S&P 500 focuses on the large-cap segment of the market, with approximately 80% coverage of U.S. equities, it is also used as a proxy for the total U.S. equity market.

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Blended Benchmark Definitions

As of June 30, 2019

Growth Portfolio

50% Dow Jones US Total Stock Market TR USD, 37% MSCI EAFE NR USD, 12% MSCI EM NR USD, 1% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Moderate Growth Portfolio

42% Dow Jones US Total Stock Market TR USD, 29% MSCI EAFE NR USD, 9% MSCI EM NR USD, 12% Bloomberg Barclays US Aggregate Bond TR USD, 2% Bloomberg Barclays Long Term US Treasury TR USD, 3% Bloomberg Barclays US Treasury US TIPS TR USD, 2% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 1% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Conservative Growth Portfolio

32% Dow Jones US Total Stock Market TR USD, 21% MSCI EAFE NR USD, 7% MSCI EM NR USD, 30% Bloomberg Barclays US Aggregate Bond TR USD, 3% Bloomberg Barclays Long Term US Treasury TR USD, 4% Bloomberg Barclays US Treasury US TIPS TR USD, 2% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 1% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Balanced Portfolio

26% Dow Jones US Total Stock Market TR USD, 18% MSCI EAFE NR USD, 6% MSCI EM NR USD, 40% Bloomberg Barclays US Aggregate Bond TR USD, 3% Bloomberg Barclays Long Term US Treasury TR USD, 4% Bloomberg Barclays US Treasury US TIPS TR USD, 2% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 1% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Income & Growth Portfolio

20% Dow Jones US Total Stock Market TR USD + 15% MSCI EAFE NR USD + 5% MSCI EM NR USD + 48% Bloomberg Barclays US Aggregate Bond TR USD + 4% Bloomberg Barclays Long Term US Treasury TR USD + 5% Bloomberg Barclays US Treasury US TIPS TR USD + 2% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD + 1% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Income Portfolio

60% Bloomberg Barclays US Aggregate Bond TR USD + 5% Bloomberg Barclays Long Term US Treasury TR USD + 8% Bloomberg Barclays US Treasury US TIPS TR USD + 2% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD + 25% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

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Cash Preservation Portfolio

100% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Conservative Year of Enrollment 2036 Portfolio

29% Dow Jones US Total Stock Market TR USD, 19% MSCI EAFE NR USD, 7% MSCI EM NR USD, 35% Bloomberg Barclays US Aggregate Bond TR USD, 3% Bloomberg Barclays Long Term US Treasury TR USD, 4% Bloomberg Barclays US Treasury US TIPS TR USD, 2% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 1% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Conservative Year of Enrollment 2034 Portfolio

26% Dow Jones US Total Stock Market TR USD, 18% MSCI EAFE NR USD, 6% MSCI EM NR USD, 40% Bloomberg Barclays US Aggregate Bond TR USD, 3% Bloomberg Barclays Long Term US Treasury TR USD, 4% Bloomberg Barclays US Treasury US TIPS TR USD, 2% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 1% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Conservative Year of Enrollment 2032 Portfolio

23% Dow Jones US Total Stock Market TR USD, 16% MSCI EAFE NR USD, 6% MSCI EM NR USD, 43% Bloomberg Barclays US Aggregate Bond TR USD, 4% Bloomberg Barclays Long Term US Treasury TR USD, 5% Bloomberg Barclays US Treasury US TIPS TR USD, 2% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 1% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Conservative Year of Enrollment 2030 Portfolio

18% Dow Jones US Total Stock Market TR USD, 12% MSCI EAFE NR USD, 5% MSCI EM NR USD, 52% Bloomberg Barclays US Aggregate Bond TR USD, 4% Bloomberg Barclays Long Term US Treasury TR USD, 6% Bloomberg Barclays US Treasury US TIPS TR USD, 2% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 1% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Conservative Year of Enrollment 2028 Portfolio

13% Dow Jones US Total Stock Market TR USD, 8% MSCI EAFE NR USD, 4% MSCI EM NR USD, 59% Bloomberg Barclays US Aggregate Bond TR USD, 5% Bloomberg Barclays Long Term US Treasury TR USD, 8% Bloomberg Barclays US Treasury US TIPS TR USD, 2% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 1% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

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Conservative Year of Enrollment 2026 Portfolio

8% Dow Jones US Total Stock Market TR USD, 5% MSCI EAFE NR USD, 2% MSCI EM NR USD, 53% Bloomberg Barclays US Aggregate Bond TR USD, 4% Bloomberg Barclays Long Term US Treasury TR USD, 6% Bloomberg Barclays US Treasury US TIPS TR USD, 2% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 20% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Conservative Year of Enrollment 2024 Portfolio

5% Dow Jones US Total Stock Market TR USD, 4% MSCI EAFE NR USD, 1% MSCI EM NR USD, 53% Bloomberg Barclays US Aggregate Bond TR USD, 4% Bloomberg Barclays Long Term US Treasury TR USD, 6% Bloomberg Barclays US Treasury US TIPS TR USD, 2% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 25% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Conservative Year of Enrollment 2022 Portfolio

3% Dow Jones US Total Stock Market TR USD, 2% MSCI EAFE NR USD, 36% Bloomberg Barclays US Aggregate Bond TR USD, 3% Bloomberg Barclays Long Term US Treasury TR USD, 4% Bloomberg Barclays US Treasury US TIPS TR USD, 2% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 50% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Conservative Year of Enrollment 2020 Portfolio

41% Bloomberg Barclays US Aggregate Bond TR USD, 3% Bloomberg Barclays Long Term US Treasury TR USD, 4% Bloomberg Barclays US Treasury US TIPS TR USD, 2% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 50% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Conservative Year of Enrollment 2018 Portfolio

41% Bloomberg Barclays US Aggregate Bond TR USD, 3% Bloomberg Barclays Long Term US Treasury TR USD, 4% Bloomberg Barclays US Treasury US TIPS TR USD, 2% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 50% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Moderate Year of Enrollment 2036 Portfolio

47% Dow Jones US Total Stock Market TR USD, 33% MSCI EAFE NR USD, 10% MSCI EM NR USD, 5% Bloomberg Barclays US Aggregate Bond TR USD, 1% Bloomberg Barclays Long Term US Treasury TR USD, 2% Bloomberg Barclays US Treasury US TIPS TR USD, 1% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 1% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

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Moderate Year of Enrollment 2034 Portfolio

47% Dow Jones US Total Stock Market TR USD, 33% MSCI EAFE NR USD, 10% MSCI EM NR USD, 5% Bloomberg Barclays US Aggregate Bond TR USD, 1% Bloomberg Barclays Long Term US Treasury TR USD, 2% Bloomberg Barclays US Treasury US TIPS TR USD, 1% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 1% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Moderate Year of Enrollment 2032 Portfolio

42% Dow Jones US Total Stock Market TR USD, 29% MSCI EAFE NR USD, 9% MSCI EM NR USD, 12% Bloomberg Barclays US Aggregate Bond TR USD, 2% Bloomberg Barclays Long Term US Treasury TR USD, 3% Bloomberg Barclays US Treasury US TIPS TR USD, 2% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 1% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Moderate Year of Enrollment 2030 Portfolio

36% Dow Jones US Total Stock Market TR USD, 26% MSCI EAFE NR USD, 8% MSCI EM NR USD, 20% Bloomberg Barclays US Aggregate Bond TR USD, 3% Bloomberg Barclays Long Term US Treasury TR USD, 4% Bloomberg Barclays US Treasury US TIPS TR USD, 2% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 1% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Moderate Year of Enrollment 2028 Portfolio

32% Dow Jones US Total Stock Market TR USD, 21% MSCI EAFE NR USD, 7% MSCI EM NR USD, 30% Bloomberg Barclays US Aggregate Bond TR USD, 3% Bloomberg Barclays Long Term US Treasury TR USD, 4% Bloomberg Barclays US Treasury US TIPS TR USD, 2% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 1% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Moderate Year of Enrollment 2026 Portfolio

26% Dow Jones US Total Stock Market TR USD, 18% MSCI EAFE NR USD, 6% MSCI EM NR USD, 40% Bloomberg Barclays US Aggregate Bond TR USD, 3% Bloomberg Barclays Long Term US Treasury TR USD, 4% Bloomberg Barclays US Treasury US TIPS TR USD, 2% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 1% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Moderate Year of Enrollment 2024 Portfolio

18% Dow Jones US Total Stock Market TR USD, 12% MSCI EAFE NR USD, 5% MSCI EM NR USD, 49% Bloomberg Barclays US Aggregate Bond TR USD, 4% Bloomberg Barclays Long Term US Treasury TR USD, 5% Bloomberg Barclays US Treasury US TIPS TR USD, 2% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 5% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

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Moderate Year of Enrollment 2022 Portfolio

10% Dow Jones US Total Stock Market TR USD, 7% MSCI EAFE NR USD, 3% MSCI EM NR USD, 55% Bloomberg Barclays US Aggregate Bond TR USD, 5% Bloomberg Barclays Long Term US Treasury TR USD, 8% Bloomberg Barclays US Treasury US TIPS TR USD, 2% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 10% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Moderate Year of Enrollment 2020 Portfolio

5% Dow Jones US Total Stock Market TR USD, 4% MSCI EAFE NR USD, 1% MSCI EM NR USD, 55% Bloomberg Barclays US Aggregate Bond TR USD, 5% Bloomberg Barclays Long Term US Treasury TR USD, 8% Bloomberg Barclays US Treasury US TIPS TR USD, 2% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 20% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Moderate Year of Enrollment 2018 Portfolio

55% Bloomberg Barclays US Aggregate Bond TR USD, 5% Bloomberg Barclays Long Term US Treasury TR USD, 8% Bloomberg Barclays US Treasury US TIPS TR USD, 2% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 30% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Growth Year of Enrollment 2036 Portfolio

49% Dow Jones US Total Stock Market TR USD, 35% MSCI EAFE NR USD, 11% MSCI EM NR USD, 2% Bloomberg Barclays US Aggregate Bond TR USD, 1% Bloomberg Barclays Long Term US Treasury TR USD, 1% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 1% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Growth Year of Enrollment 2034 Portfolio

49% Dow Jones US Total Stock Market TR USD, 35% MSCI EAFE NR USD, 11% MSCI EM NR USD, 2% Bloomberg Barclays US Aggregate Bond TR USD, 1% Bloomberg Barclays Long Term US Treasury TR USD, 1% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 1% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Growth Year of Enrollment 2032 Portfolio

47% Dow Jones US Total Stock Market TR USD, 33% MSCI EAFE NR USD, 10% MSCI EM NR USD, 5% Bloomberg Barclays US Aggregate Bond TR USD, 1% Bloomberg Barclays Long Term US Treasury TR USD, 2% Bloomberg Barclays US Treasury US TIPS TR USD, 1% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 1% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Growth Year of Enrollment 2030 Portfolio

47% Dow Jones US Total Stock Market TR USD, 33% MSCI EAFE NR USD, 10% MSCI EM NR USD, 5% Bloomberg Barclays US Aggregate Bond TR USD, 1% Bloomberg Barclays Long Term US Treasury TR USD, 2% Bloomberg Barclays US Treasury US TIPS TR USD, 1% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 1% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

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Growth Year of Enrollment 2028 Portfolio

44% Dow Jones US Total Stock Market TR USD, 31% MSCI EAFE NR USD, 10% MSCI EM NR USD, 7% Bloomberg Barclays US Aggregate Bond TR USD, 2% Bloomberg Barclays Long Term US Treasury TR USD, 3% Bloomberg Barclays US Treasury US TIPS TR USD, 2% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 1% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Growth Year of Enrollment 2026 Portfolio

42% Dow Jones US Total Stock Market TR USD, 29% MSCI EAFE NR USD, 9% MSCI EM NR USD, 12% Bloomberg Barclays US Aggregate Bond TR USD, 2% Bloomberg Barclays Long Term US Treasury TR USD, 3% Bloomberg Barclays US Treasury US TIPS TR USD, 2% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 1% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Growth Year of Enrollment 2024 Portfolio

36% Dow Jones US Total Stock Market TR USD, 26% MSCI EAFE NR USD, 8% MSCI EM NR USD, 20% Bloomberg Barclays US Aggregate Bond TR USD, 3% Bloomberg Barclays Long Term US Treasury TR USD, 4% Bloomberg Barclays US Treasury US TIPS TR USD, 2% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 1% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Growth Year of Enrollment 2022 Portfolio

26% Dow Jones US Total Stock Market TR USD, 18% MSCI EAFE NR USD, 6% MSCI EM NR USD, 40% Bloomberg Barclays US Aggregate Bond TR USD, 3% Bloomberg Barclays Long Term US Treasury TR USD, 4% Bloomberg Barclays US Treasury US TIPS TR USD, 2% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 1% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Growth Year of Enrollment 2020 Portfolio

15% Dow Jones US Total Stock Market TR USD, 11% MSCI EAFE NR USD, 4% MSCI EM NR USD, 56% Bloomberg Barclays US Aggregate Bond TR USD, 4% Bloomberg Barclays Long Term US Treasury TR USD, 7% Bloomberg Barclays US Treasury US TIPS TR USD, 2% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 1% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

Growth Year of Enrollment 2018 Portfolio

5% Dow Jones US Total Stock Market TR USD, 4% MSCI EAFE NR USD, 1% MSCI EM NR USD, 48% Bloomberg Barclays US Aggregate Bond TR USD, 4% Bloomberg Barclays Long Term US Treasury TR USD, 6% Bloomberg Barclays US Treasury US TIPS TR USD, 2% Bloomberg Barclays USD Emerging Markets Government RIC Capped TR USD, 30% Bloomberg Barclays US Treasury Bill 1-3 Mon TR USD

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