

WA529 Committee Meeting

Wednesday, May 15, 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 January 23, 2019 Minutes ACTION
- Director's Report – GET Enrollment and WA529 Marketing Update INFORMATION
Luke Minor, WA529 Director
- GET Investment Update INFORMATION
Chris Phillips, Washington State Investment Board
- Senate Bill 6087 – Final Report Out INFORMATION
Luke Minor, WA529 Director
- DreamAhead Program Manager Update INFORMATION
Doug Magnolia, Sumday Administration
- DreamAhead Investment Update INFORMATION
Matt Forrester, Lockwood Advisors
- Program Details Booklet Updates – GET and DreamAhead INFORMATION
Luke Minor, WA529 Director
- GET Program Policies and Summer Retreat Overview INFORMATION
Luke Minor, WA529 Director
- Public Comment
- Adjournment

Next Regularly Scheduled Meeting:
September 11, 2019
John A. Cherberg Building, Olympia
Senate Hearing Room 1
2:00 p.m. – 4:00 p.m.

WA529 Committee Meeting Minutes
January 23, 2019
John A. Cherberg Building, Capitol Campus
Senate Hearing Room 3

WSAC Staff in Attendance:

Lucas Minor, WA529 Director
Christina Crawford, GET Administrative Assistant
Dan Payne, WA529 Communications Specialist
Don Bennett, WSAC Deputy Director

Guests in Attendance:

Matt Smith, Office of the State Actuary
Chris Phillips, Washington State Investment Board
Brenda Snyder, Office of the State Treasurer
Rick Brady, Office of the Attorney General
Douglas Magnolia, BNY Mellon
Graham Dyer, Office of the State Actuary

WELCOME

Mike Meotti, Executive Director of WSAC and Chair of the GET Committee, called the meeting to order at 1:59 p.m. The other GET 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. *(Note - Schumacher arrived shortly after the meeting was called to order. Votes on action items held until his arrival)*

APPROVAL OF November 6, 2018 MINUTES

Motion to approve the minutes by Snyder, seconded by Meotti. Three Ayes by Meotti, Schumacher and Snyder. Motion carried – minutes approved.

APPROVAL OF UPDATED FY 19 BUDGETS

Luke Minor, WA529 Director, reviewed budget updates with the Committee, highlighting changes to the indirect expense allocation between GET and DreamAhead to better align with staffing allocations. Snyder moved to approve the updated budget; Schumacher seconded. Three Ayes by Meotti, Schumacher and Snyder. Motion carried – updated budget approved.

DIRECTOR'S REPORT

Minor, Doug Magnolia, Sunday Administration, and Matt Forester, Lockwood Advisors, gave a recap of the fourth quarter activity in both GET and DreamAhead. Minor provided the GET update and a WA529 marketing update. Magnolia and Forester provided the DreamAhead update. Minor reported that between November 1 and December 31, customers opened 1,170 new GET accounts and bought or contracted for 100,415 new units. Total fourth quarter contributions totaled \$15.4 million. Currently there are 66,504 active accounts with 9.7 million purchased/contracted units. Since the start of the 2018-19 academic year, GET has distributed \$32.9 million for 6,183 students. Since inception, GET has distributed \$1.15 billion for 53,865 students.

Magnolia reported that as of December 31, 2018, DreamAhead had \$817 million in assets under management and 29,421 funded accounts. Approximately 26,000 of these accounts were created as a result of the Senate Bill 6087 GET to DreamAhead incentivized rollovers. Fourth quarter investment performance was volatile, and overall, portfolios were down \$20.6 million. DreamAhead issued \$29 million in distributions for the fourth quarter. In the month of December, customers opened nearly 1,900 new DreamAhead accounts. The Cash Preservation portfolio continues to have the highest participation.

Forester, joined via phone to share an update on fourth quarter capital market performance and noted that volatile financial markets contributed the negative investment returns. Many DreamAhead account owners were somewhat insulated from this volatility due to a high participation in the more conservative investment options.

Minor provided an update on WA529 marketing efforts, including a recap the fall TV and radio campaign. In November and December, 780 TV ads and 5,055 radio ads ran in Seattle, Spokane, Tri-cities and Yakima. The next TV and radio flight is set to run late March/early April through May with a GET focus. New spring marketing initiatives include an ad campaign on savingforcollege.com, an electronic flyer campaign to tens of thousands of parents of Washington public elementary school students, social media enhancements, and upcoming outreach events and community partnerships. Minor noted that WA529 plans to issue an RFP in April for a new media buyer, as the current contract expires June 30, 2019.

GET INVESTMENT UPDATE

Chris Phillips, Washington State Investment Board, shared a 2018 fourth quarter GET investment update. At yearend, the market value of the GET fund was \$1.17 billion, including \$22.6 million in cash holdings, \$481 million in fixed income assets and \$663 million in public equity assets. Phillips noted a large, billion dollar decrease in assets in 2018, primarily due to incentivized GET to DreamAhead rollovers. Fourth quarter returns were down 7.48%, contributing to a negative total return for the 2018 calendar year of -6.3%. The decline of equity markets had the largest impact, as GET equity was down 13.18% for the fourth quarter and nearly 10% for the year. The longer-term performance for the overall portfolio remains strong at 4.89% for the three-year period.

SENATE BILL 6087- PHASE 3 UPDATE

Minor provided an update on the final stages of implementing Senate Bill 6087, which passed in the 2018 Legislative Session. Minor provided a reminder of the first two phases of the bill. During Phase 1 (which provided a 90-day window for eligible GET customers to roll over to DreamAhead at a "unit cash value price"), 26,600 requests were processed resulting in \$875 million being sent to DreamAhead. In November, as a result of Phase 2, 114,000 units were added to eligible GET accounts with an average unit purchase price above \$117.82.

Minor recapped the purpose of Phase 3: if, after Phases 1 and 2, the funded status is higher than 125%, add up to 15% more units to all eligible GET customer accounts, in order to draw the funded status down to 125%. Minor reminded the Committee that the bill directed the Office of the State Actuary (OSA) to select the appropriate methodology, measure the funded status, and determine the additional units (if any) that may be added to customer accounts. Minor noted that the work had been completed and OSA was ready to present the results.

Matt Smith, State Actuary, provided a detailed overview of the Phase 3 actuarial analysis. Smith noted that OSA followed guidelines provided by legislation to select a single measurement date and set assumptions and methods. He stated that OSA used the same measurement date and, with a few exceptions, the same assumptions for Phase 3 as they did for the last valuation report. OSA adjusted the results to account for Phase 1 rollovers and fall tuition distributions. OSA also assumed up to 10% of GET customers who rolled to DreamAhead may return to GET, which would affect GET's long-term funded status. Instead of using the market value of assets measurement typically used for GET valuations, OSA applied an eight-year smoothing method.

After Phase 1 and 2 were completed the GET fund was at approximately \$1.34 billion in assets. After adjusting for fall distributions, applying the smoothing method, and adding back the assumed Phase 1 buyback, adjusted assets were at about \$1.33 billion. These adjustments moved the June 30, 2018 GET funded status from 130.2% to 134%. In order to lower the fund down to 125% funded, OSA determined the program would need to add 8.0392% more units to eligible accounts, based on eligible units. Smith then presented a sensitivity analysis to show how the best estimate held up to changes in assumptions.

Schumacher moved that eligible account owners – those with unredeemed units purchased before July 1, 2015 – be granted an additional amount of units as directed by RCW 28B.95.030(9). Program staff are directed to credit the accounts of eligible owners with a uniform increase of 8.0392% of eligible units as calculated by the State Actuary in order to lower the best-estimate funded status of the GET program to 125%. Motion seconded by Snyder. Three ayes by Schumacher, Snyder and Meotti. Motion carries.

Meotti asked for a second motion to increase the maximum number of units per student, as the Phase 3 adjustment would cause some accounts to exceed the current unit maximum. Snyder moved that the maximum number of units that may be owned by an account owner on behalf of any one beneficiary be increased to 800 units and increase the annual unit usage maximum to 200 units and direct staff to revise and amend program details accordingly. Motion seconded by Schumacher. Three ayes by Snyder, Schumacher and Meotti. Motion carries.

GET PROGRAM POLICY DISCUSSION

Minor noted some considerations for upcoming GET policy discussions and provided a timeline to Committee members. Particular policies that GET plans to focus on this year include the GET unit price setting guidelines (including the expense component), the program fee schedule, and key Custom Monthly Plan features. Over the year, staff will ask for direction from the Committee on which topics it is interested in reviewing and considering for possible modifications. In the process, the Committee should consider: the balancing of flexibility, customer protection, and GET's financial health; the potential impacts of potential program modifications; and who will be impacted by any possible program modifications. Minor noted that staff plan to schedule a Committee Retreat to discuss these topics in detail.

PUBLIC COMMENT

No public comment.

ADJOURNMENT Snyder motioned to adjourn meeting, seconded by Schumacher. Three Ayes by Meotti, Davidson and Schumacher. Motion carried. Meeting adjourned at 3:23 p.m.

WA529 Committee Meeting

May 15, 2019



Welcome

Approve Meeting Minutes

January 23, 2019



Director's Report

Lucas Minor

WA529 Director



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

Director's Report

GET Update



Director's Report

GET Enrollments and Contributions

(as of May 4, 2019)



- **New enrollments and unit sales**

- New enrollments: **2,632** (75% Lump Sum/25% Custom Monthly)
- Units sold/contracted: **392,638**

- **Contribution activity**

	<u>Q3 2018</u>	<u>Q4 2018</u>	<u>Q1 2019</u>	<u>FY19 To-Date</u>
Total dollars received	\$12.1M	\$15.4M	\$15.8M	\$50.4M
Electronic payments	\$8.5M	\$11.1M	\$11.3M	\$36.3M
Paper checks	\$2.9M	\$3.4M	\$3.6M	\$11.5M
Gift payments	\$282K	\$496K	\$483K	\$1.4M
Payroll deduction	\$388K	\$363K	\$349K	\$1.2M

Director's Report

GET Distributions to Students

(as of May 4, 2019)



- Distribution activity

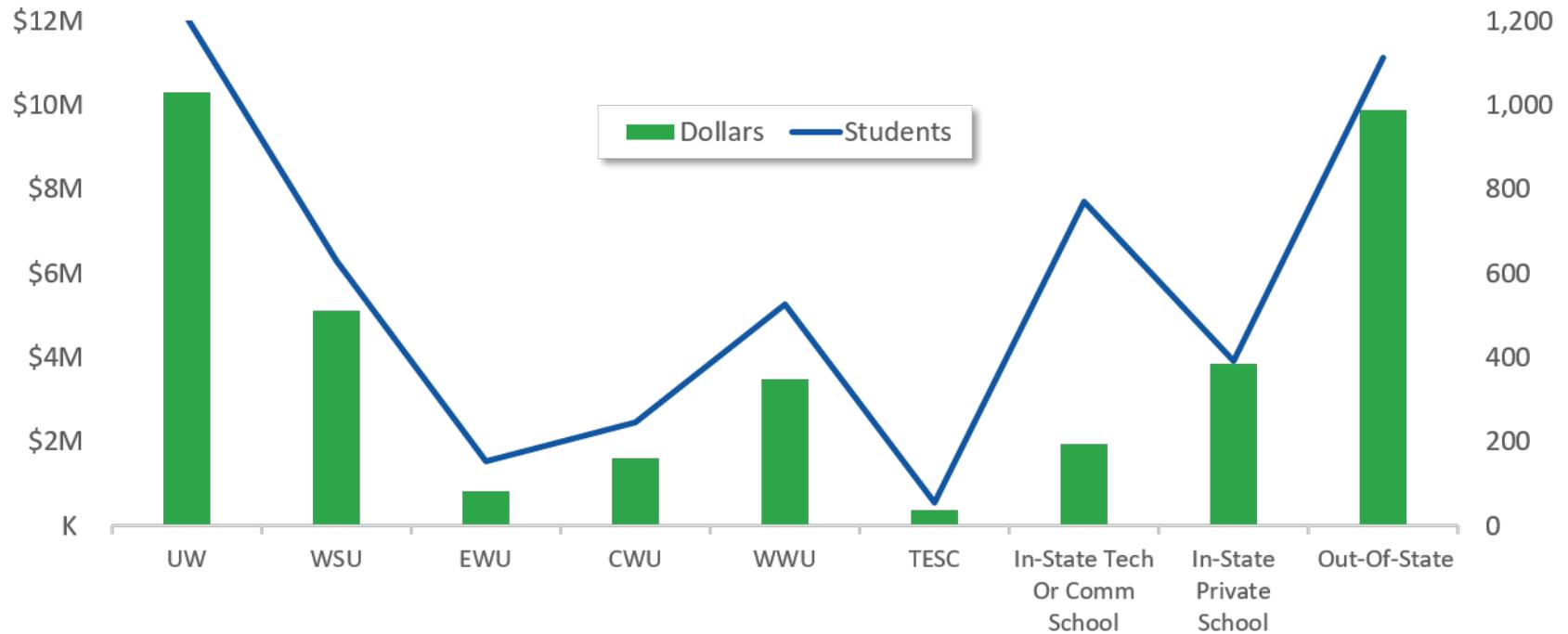
	<u>Q3</u> <u>2018</u>	<u>Q4</u> <u>2018</u>	<u>Q1</u> <u>2019</u>	<u>FY19</u> <u>To-Date</u>	<u>Inception</u> <u>To-Date</u>
Total Distributed	\$23M	\$11.9M	\$16.5M	\$57.4M	\$1.173B
Payments to Schools	\$14.7M	\$7.8M	\$10.9M	\$37.4M	\$743M
Reimbursements	\$8.3M	\$4.1M	\$5.6M	\$20M	\$430M
Students Using Units	4,886	3,158	4,111	7,553	54,241

Director's Report

GET Distributions to Students *(as of May 4, 2019)*



Distributions to Schools: July 1, 2018 – May 4, 2019



Director's Report

GET Account Statistics

(as of May 4, 2019)



- **Number of active accounts**

- Total Accounts: **66,313**
 - Lump Sum: **48,401 (73%)**
 - Custom Monthly: **17,912 (27%)**

- **Unit counts**

- Total remaining purchased/contracted units in program: **10.2M**
 - Total remaining purchased units: **9.5M (93%)**
 - Total remaining contracted, unpurchased units: **675K (7%)**

Director's Report

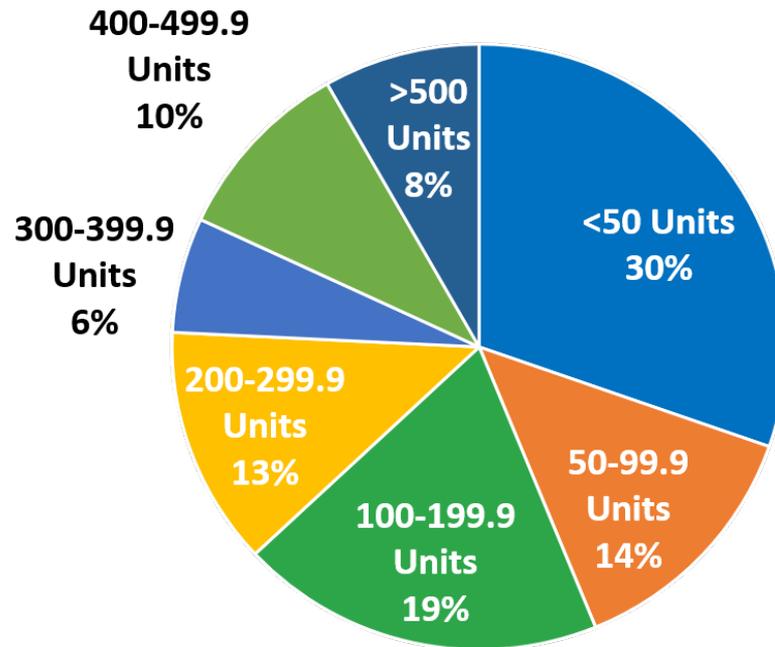
Account Statistics

(as of May 4, 2019)



Active GET Accounts by Total Units Purchased

(based on total purchased & contracted units, including redeemed units)



Average Account Balance

(based on current count of purchased, unredeemed units):

144 units

Director's Report

WA529 Marketing Updates

(as of May 4, 2019)

- **Spring Ad Campaign**

- GET-focused run started April 1 and continues through May
- TV and radio ads running in Seattle, Spokane, Tri-Cities, and Yakima media markets
 - *8,836 total estimated TV spots (includes 4,416 estimated bonus spots)*
 - *8,167 total estimated radio spots (includes 4,010 estimated bonus spots)*



Director's Report

WA529 Marketing Updates

(as of May 4, 2019)

- **Media engagements – April**
 - Interviewed with TV and radio stations in Spokane, Tri-Cities, Yakima, and Seattle to promote WA529 and the end of GET's enrollment period.
 - 12 radio interviews
 - 4 TV interviews



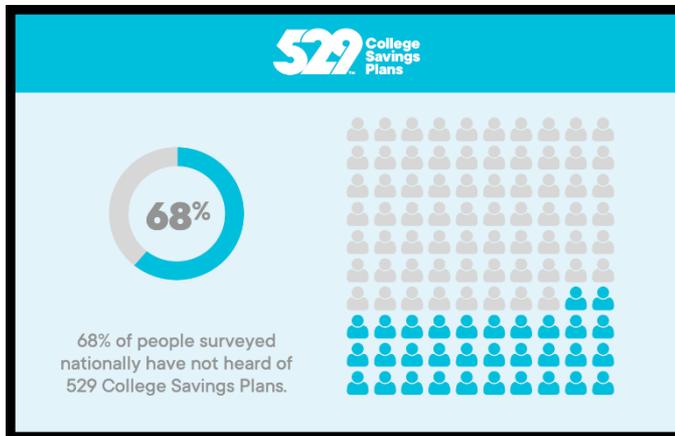
Director's Report

WA529 Marketing Updates

(as of May 4, 2019)

- **529 Awareness Campaign**

- National campaign to raise awareness of 529 plans, sponsored by the College Savings Plans Network (WA is a contributing partner)
- Campaign launched March 1, 2019



Source: 529 College Savings Plans, February 2019

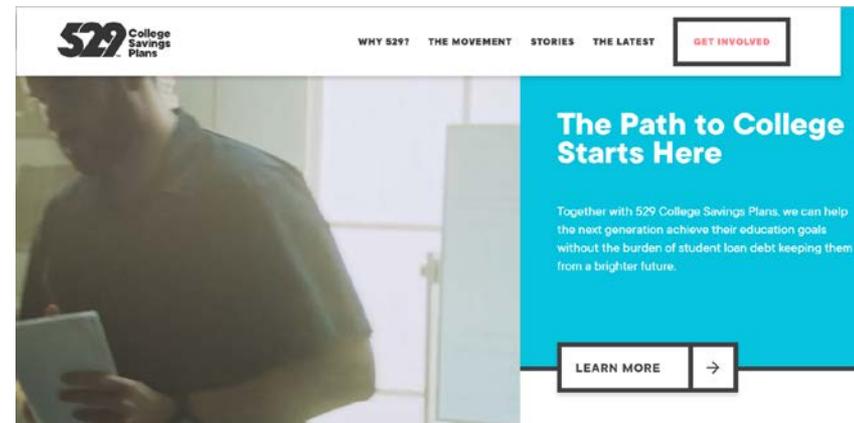


Source: 529 College Savings Plans, February 2019

Director's Report

WA529 Marketing Updates (as of May 4, 2019)

- **529 Awareness Campaign**
 - Campaign highlight: 18-month partnership with Fred Rogers Productions to air PSAs before and after each episode of Daniel Tiger's Neighborhood.
 - Campaign materials drive traffic to a microsite with links out to participating 529 plans.



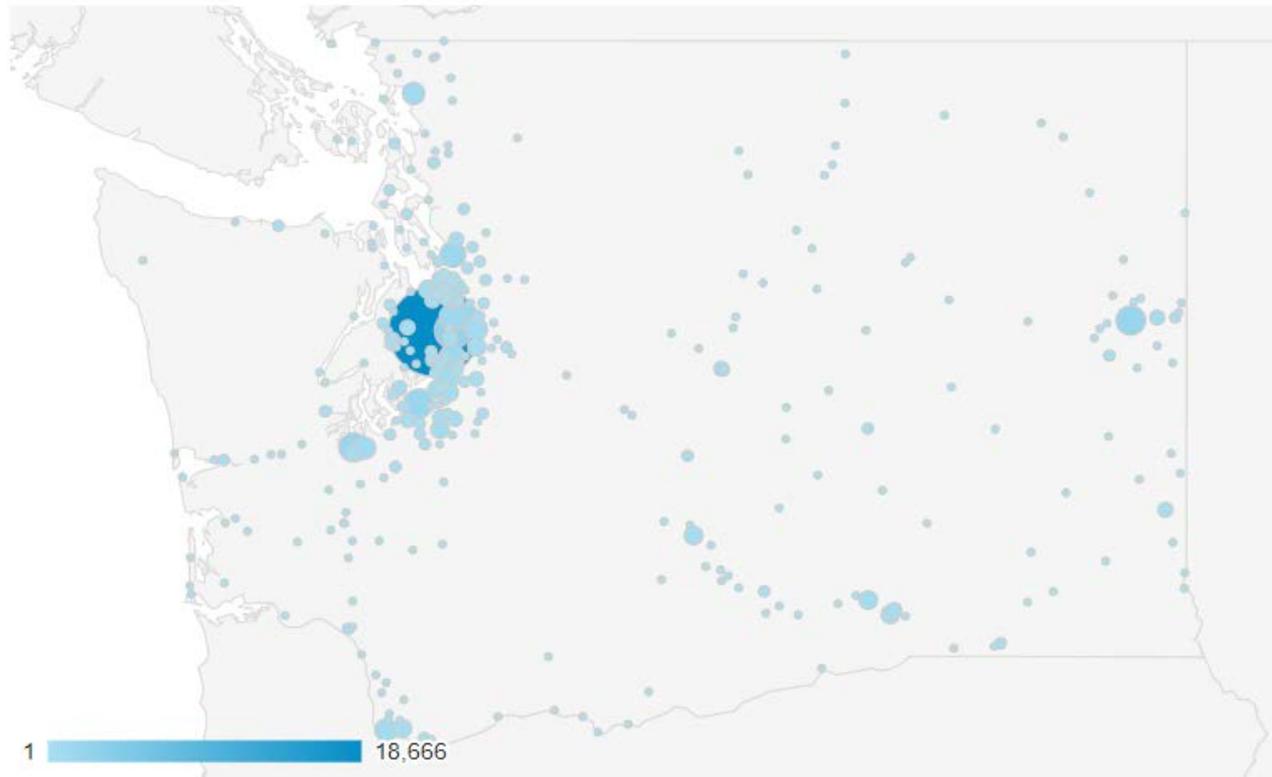
Director's Report

Website Analytics – www.get.wa.gov (January 1, 2019 – May 4, 2019)

City ?	Acquisition			Behavior		
	Users ? ↓	New Users ?	Sessions ?	Bounce Rate ?	Pages / Session ?	Avg. Session Duration ?
	72,800 % of Total: 100.00% (72,800)	64,901 % of Total: 100.07% (64,855)	118,791 % of Total: 100.00% (118,791)	47.00% Avg for View: 47.00% (0.00%)	2.44 Avg for View: 2.44 (0.00%)	00:03:22 Avg for View: 00:03:22 (0.00%)
1. Seattle	18,666 (23.67%)	15,831 (24.39%)	28,445 (23.95%)	51.00%	2.27	00:02:52
2. Bellevue	2,803 (3.55%)	2,278 (3.51%)	4,197 (3.53%)	39.24%	2.74	00:03:50
3. Spokane	2,026 (2.57%)	1,681 (2.59%)	3,025 (2.55%)	45.75%	2.48	00:03:22
4. Tacoma	1,899 (2.41%)	1,509 (2.33%)	2,913 (2.45%)	43.63%	2.57	00:03:40
5. Olympia	1,890 (2.40%)	1,464 (2.26%)	5,368 (4.52%)	36.59%	2.81	00:05:42
6. Portland	1,793 (2.27%)	1,556 (2.40%)	2,753 (2.32%)	69.31%	1.73	00:01:40
7. Redmond	1,774 (2.25%)	1,444 (2.22%)	2,716 (2.29%)	38.59%	2.72	00:03:42
8. Everett	1,549 (1.96%)	1,242 (1.91%)	2,488 (2.09%)	41.44%	2.65	00:03:45
9. Kirkland	1,485 (1.88%)	1,153 (1.78%)	2,309 (1.94%)	37.59%	2.66	00:03:46
10. Renton	1,421 (1.80%)	1,178 (1.82%)	2,155 (1.81%)	34.20%	2.89	00:04:15

Director's Report

Website Analytics – www.get.wa.gov (January 1, 2019 – May 4, 2019)



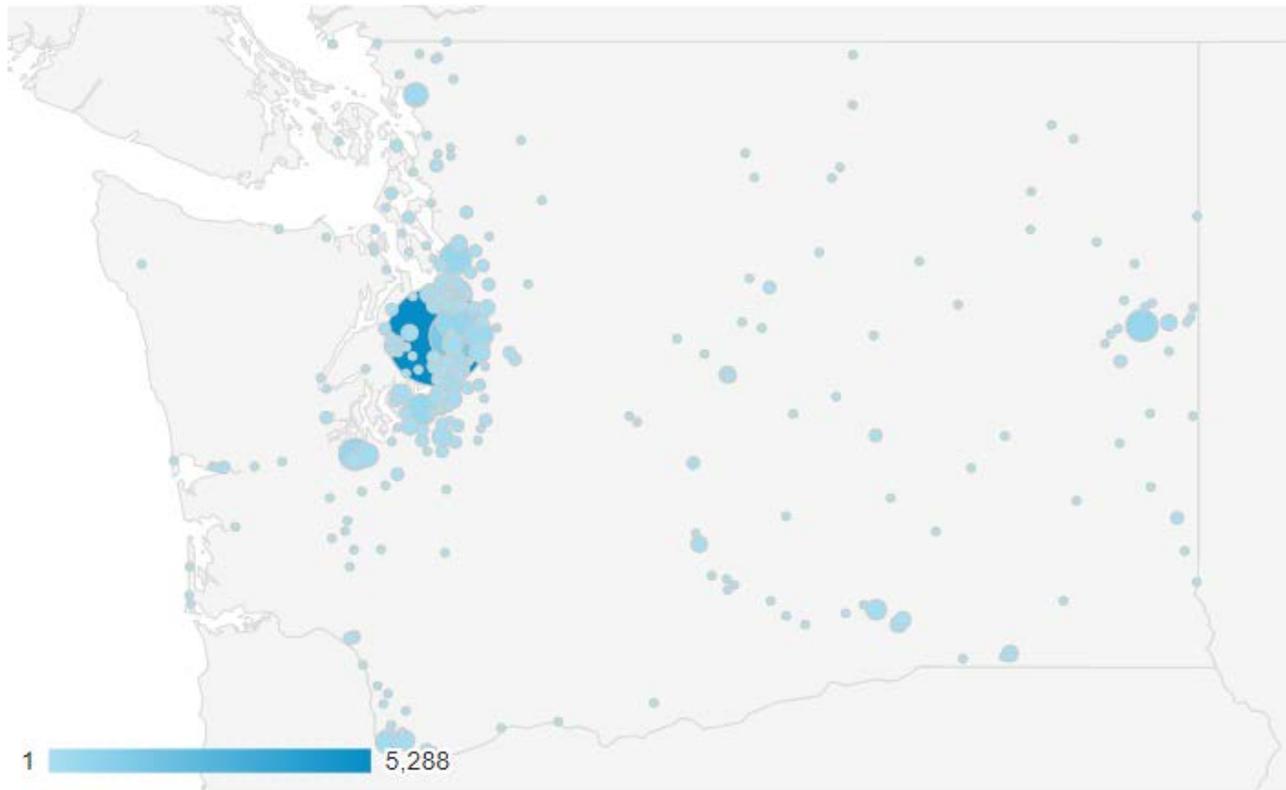
Director's Report

Website Analytics – www.dreamahead.wa.gov (January 1, 2019 – May 4, 2019)

City ?	Acquisition			Behavior		
	Users ? ↓	New Users ?	Sessions ?	Bounce Rate ?	Pages / Session ?	Avg. Session Duration ?
	22,449 % of Total: 100.00% (22,449)	18,951 % of Total: 100.03% (18,946)	40,937 % of Total: 100.00% (40,937)	19.47% Avg for View: 19.47% (0.00%)	2.27 Avg for View: 2.27 (0.00%)	00:02:18 Avg for View: 00:02:18 (0.00%)
1. Seattle	5,288 (21.32%)	4,192 (22.12%)	8,588 (20.98%)	18.78%	2.27	00:02:19
2. Bellevue	1,429 (5.76%)	1,063 (5.61%)	2,353 (5.75%)	14.28%	2.23	00:02:19
3. Redmond	844 (3.40%)	651 (3.44%)	1,318 (3.22%)	15.78%	2.21	00:02:14
4. Kirkland	672 (2.71%)	495 (2.61%)	1,234 (3.01%)	16.13%	2.27	00:01:55
5. New York	598 (2.41%)	481 (2.54%)	770 (1.88%)	33.12%	2.28	00:02:04
6. Olympia	581 (2.34%)	425 (2.24%)	1,190 (2.91%)	20.67%	2.48	00:02:16
7. Spokane	578 (2.33%)	429 (2.26%)	1,089 (2.66%)	17.72%	2.33	00:02:36
8. Everett	577 (2.33%)	430 (2.27%)	967 (2.36%)	12.20%	2.59	00:02:41
9. Tacoma	559 (2.25%)	397 (2.09%)	949 (2.32%)	13.49%	2.35	00:02:49
10. (not set)	456 (1.84%)	332 (1.75%)	1,958 (4.78%)	31.00%	2.14	00:03:07

Director's Report

Website Analytics – www.dreamahead.wa.gov (January 1, 2019 – May 4, 2019)



GET Investment Report May 15, 2019

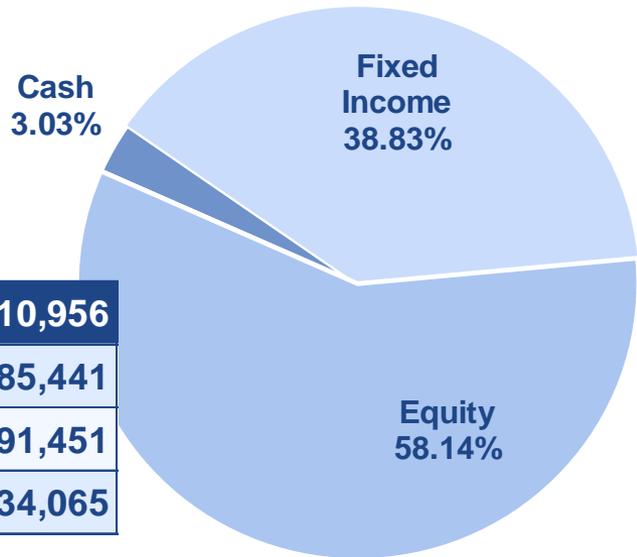


Chris Phillips
Institutional Relations Director

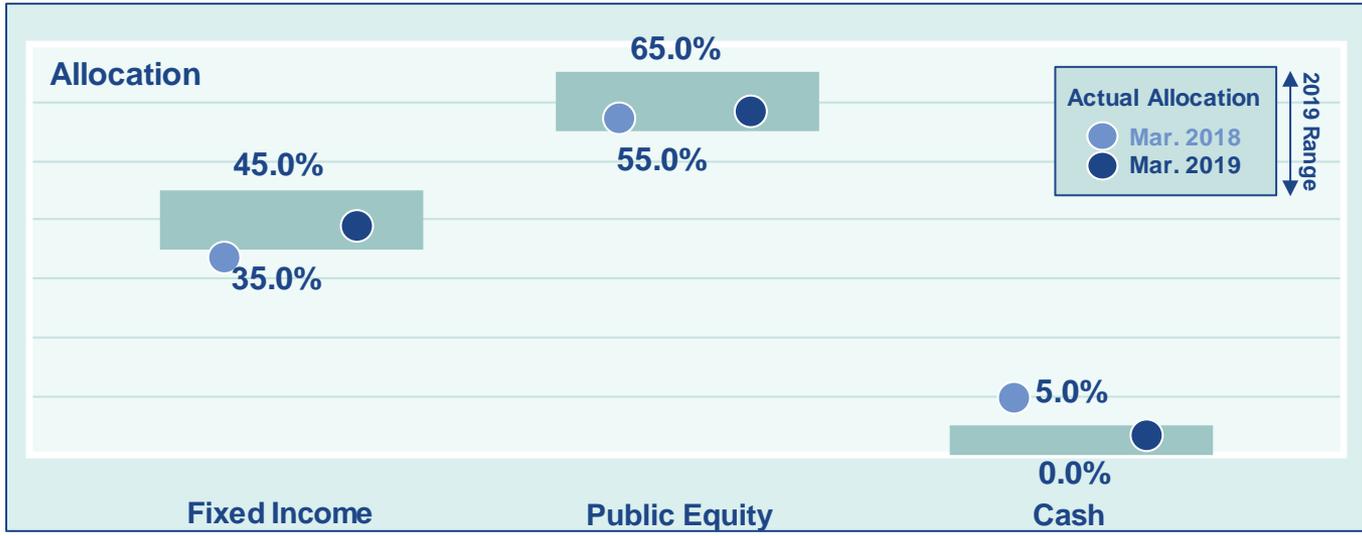


GET Market Values, Asset Allocation, Targets and Ranges

March 31, 2019

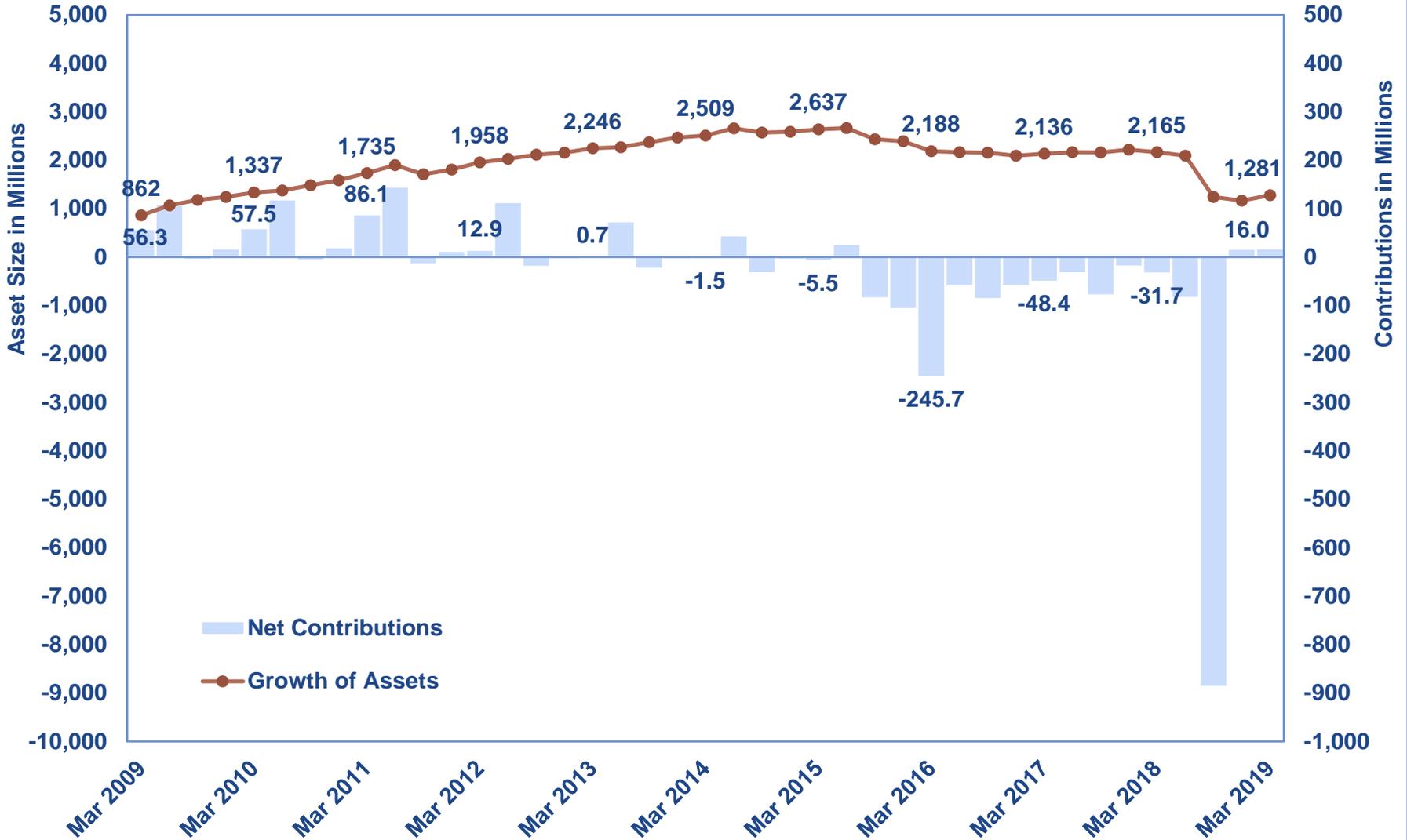


Total	\$1,281,110,956
Cash	\$38,785,441
Fixed Income	\$497,491,451
Equity	\$744,834,065



GET Net Contributions and Growth of Assets

March 31, 2019



GET Performance

March 31, 2019

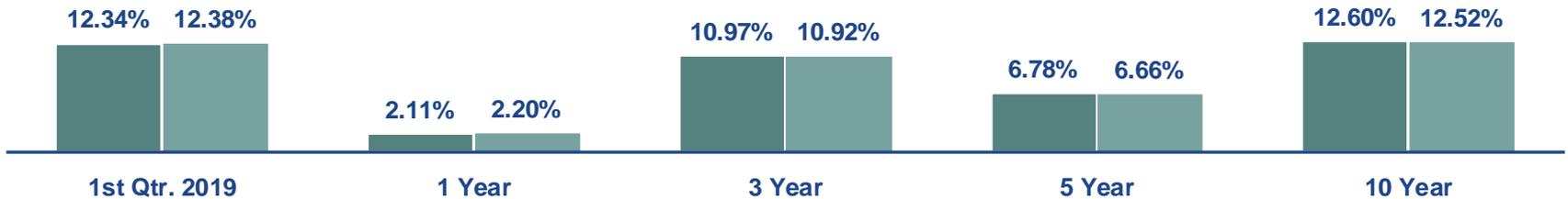
Total Return

■ GET College Tuition Program ■ Passive Benchmark ■ CPI (inflation) + 3.25%



Equity Return

■ Equity ■ Equity Benchmark



Fixed Income Return

■ Fixed Income ■ Fixed Income Benchmark

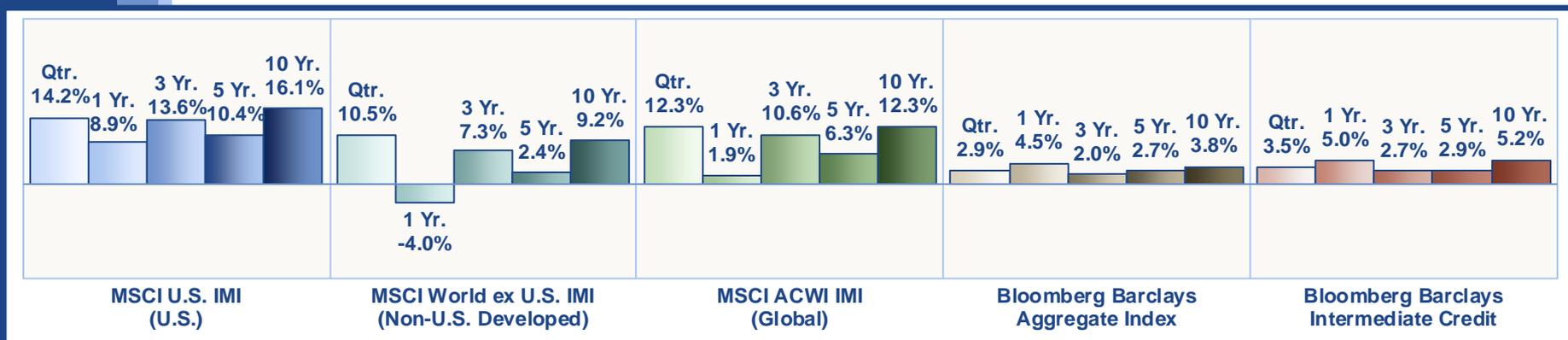


Fixed Income Benchmark: Bloomberg Barclays Intermediate Credit and a historical blended return
 Equity Benchmark: MSCI ACWI IMI w/U.S. Gross and a historical blended return

Capital Markets at a Glance

March 31, 2019

- ▣ Global equity markets surged, reversing direction from the previous quarter.
 - ▣ MSCI Developed World IMI index returned 12.6% for the first quarter (3.3% for past 12 months)
- ▣ Fed shifted to patient monetary policy, projecting no interest rate hikes in remainder of 2019
- ▣ Emerging markets joined the rally, up 9.7% for the quarter
- ▣ Corporate credit spreads narrowed in synch with stocks rallying.
 - ▣ High yield bonds spread narrowed 1.35% to end at 3.9%
- ▣ The rate for 10-year Treasuries ended the quarter at 2.41%, down more than a quarter percentage-point
- ▣ The U.S. dollar and commodities both rallied.
 - ▣ The price of oil spiked 27% for the quarter but remains down 2.7% over the past 12 months



Contact Information

Web Site: <http://www.sib.wa.gov>



Address:

2100 Evergreen Park Drive SW

P.O. Box 40916

Olympia, WA 98504-0916

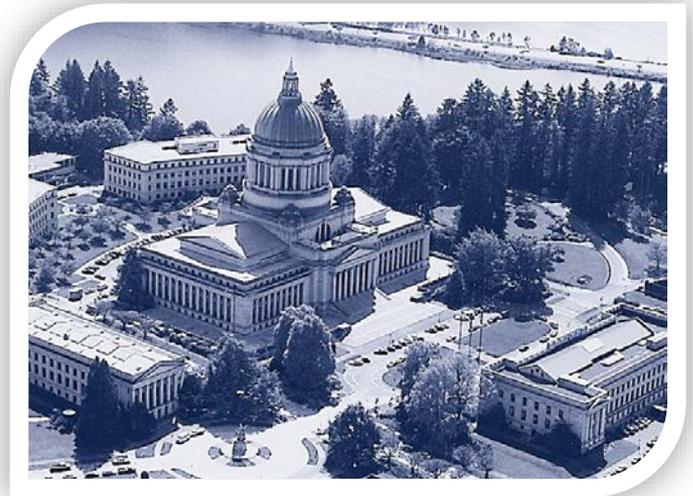
Phone Number:

(360) 956-4600

Senate Bill 6087

Lucas Minor
WA529 Director

- Final update



Reminder of Key Bill Directives

Phase	Bill Section	Directive
1	1(23); 2(8)	Provide a 90-day window for eligible GET customers to roll over to DreamAhead at a “unit cash value price.”
2	2.9(a)(i)	Increase the number of units for eligible GET customers with an average unit purchase price above \$117.82.
3	2.9(a)(ii)	If the funded status is higher than 125%, add up to 15% more units to all eligible GET customer accounts, in order to draw the funded status down to 125%.

Phase 1 – GET to DreamAhead Incentivized Rollover

Phase 1 Summary

Total Active GET Accounts Before Phase 1	95,940
GET Fund Value Before Phase 1 (as of June 30, 2018)	\$2.095 Billion
Total Requests Received and Processed	26,653
Total Dollars Rolled Over to DreamAhead	\$876 Million
Average Rollover Value	\$32,885
Total Active GET Accounts After Phase 1	66,319
GET Fund Value After Phase 1 (as of December 31, 2018)	\$1.167 Billion

Phase 2 – Unit Price Adjustment

Phase 2 Summary – as of November 15, 2018

Total Accounts Receiving Additional Units	13,597
Total Accounts with only higher priced units	10,748
Total Accounts with a mix of higher and lower priced units	2,849
Total Units in Eligible Accounts before Adjustment	1,275,795
Total Units Added by Phase 2 Adjustment	113,822
Average Unit Increase per Eligible Account	8.9%

Phase 3 – Funded Status Adjustment

Phase 3 Summary

GET Funded Status Prior to Phase 3 Adjustment	134.0%
Unit Adjustment Needed to Lower Funded Status to 125%	8.0392%
Total Accounts Receiving Additional Units	58,862 <i>(89% of all accounts)</i>
Total Eligible Units Considered for Adjustment**	6,764,887
Total Units Added by Phase 3 Adjustment	543,843

**Measured as of June 30, 2018 and adjusted to account for Phases 1 and 2, fall distribution activity, and an assumed buy-back of customers who rolled over during Phase 1.*

***Includes all unredeemed units purchased before July 1, 2015. Contracted, unpurchased Custom Monthly units not included.*

Additional Notes

- **Implementation completed on January 26, prior to March 1, 2019 deadline.**
- **As a result of the Phase 2 and Phase 3 adjustments, the Committee voted to:**
 - Increase the lifetime unit maximum per beneficiary to 800 units; and
 - Allow students to use up to 200 units per year, plus unused eligible units from a prior year.
- **As of January 26, 2019 (immediately following the Phase 3 adjustment), remaining GET customers had:**
 - 66,489 accounts;
 - 9,553,423 purchased units remaining; and
 - 2,958,372 contracted, unpurchased units remaining.

DreamAhead Program Manager Update

Doug Magnolia
Sumday Administration



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

DreamAhead Investment Update

WA529
WASHINGTON COLLEGE SAVINGS PLANS

Matt Forester
Lockwood Advisors

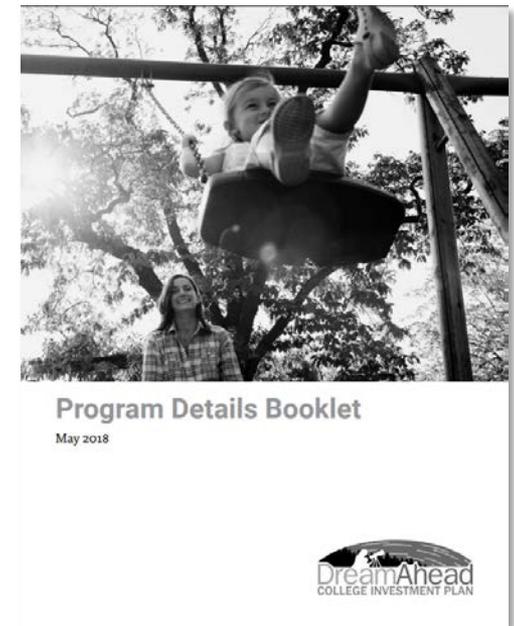
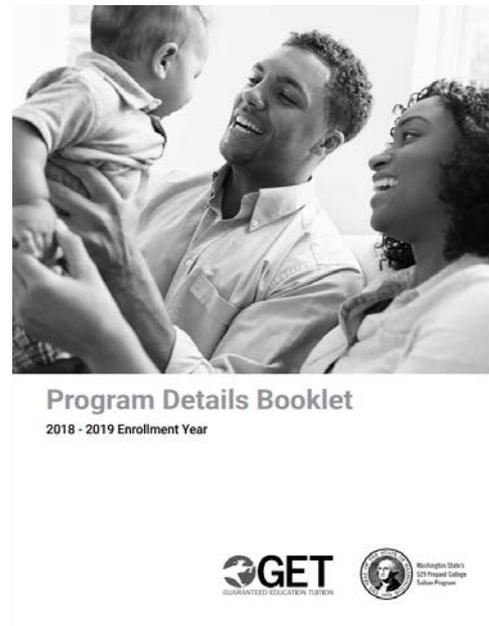


[See "Investment Advisory Report" handout](#)

Program Details Booklets

Lucas Minor
WA529 Director

- Pending updates to program disclosure materials
 - GET Program Details Booklet
 - DreamAhead Program Details Booklet



Program Details Booklets

GET Program Details Updates

(Review and approve at September 11, 2019 Committee Meeting)

- **Update all references to the “600” unit maximum to “800.”**
 - Update all references to “150” unit/year usage maximum to “200.”
 - Clarify that units which are refunded or rolled over do not count towards unit maximum (redeemed/distributed units do)
- **Update “Notarial Acts” (section XI.I) to clarify that notary seal and signature need to match (remove reference to “printed name”).**
- **Add language to section XI regarding identity verification process (e.g. two-factor authentication for account login and verifying account owner identities over the phone).**

Program Details Booklets

DreamAhead Program Details Updates

(Review and approve at July 9, 2019 Committee Retreat)

- Update fee tables and references to underlying Vanguard and Fidelity funds to reflect share class changes and associated fee reductions.
- Add language outlining retirement process for mature year of enrollment portfolios (transition to cash preservation after 25 years).
- Add language regarding Automatic Withdrawal Plan (new Sunday feature).
- Update withdrawal hold time for a contribution from 10 business days after contribution to 5 business days.
- Update distribution language to include option to request a distribution over the phone with proper identity verification.
- Add trust indemnity language (i.e. trustees of trust account are responsible for ensuring DreamAhead is a suitable vehicle for the trust).

Program Details Booklets

DreamAhead Program Details Updates

(Review and approve at July 9, 2019 Committee Retreat)

DreamAhead Underlying Fund Share Class Change Summary

Fund Name	Original Share Class	New Share Class	Original Ticker	New Ticker	Original Expense Ratio	New Expense Ratio	Difference
Fidelity® Total Market Index Fund	Premium	N/A	FSTVX	FSKAX	0.035	0.015	-57%
Schwab Total Stock Market Index Fund®	-	-	SWTSX	-	0.030	0.030	-
Fidelity® International Index Fund	Premium	N/A	FSIVX	FSPSX	0.060	0.045	-25%
Fidelity® Emerging Markets Index Fund	Premium	N/A	FPMAX	FPADX	0.130	0.080	-38%
Fidelity® U.S. Bond Index Fund	Premium	N/A	FSITX	FXNAX	0.045	0.025	-44%
Vanguard Total Bond Market Index Fund	Admiral	Institutional Plus	VBTLX	VBMPX	0.050	0.030	-40%
Vanguard Long-Term Treasury Index Fund	Admiral	Institutional	VLGSX	VLGIX	0.070	0.050	-29%
Schwab® Treasury Inflation Protected Securities Index Fund	-	-	SWRSX	-		0.050	-
Vanguard Emerging Markets Government Bond Index Fund	Admiral	Institutional	VGAVX	VGIVX	0.320	0.290	-9%
JPMorgan U.S. Government Money Market Fund	-	-	OGVXX	-		0.180	-

GET Program Policies

Lucas Minor

WA529 Director

- Preview of upcoming GET program policy discussions for 2019 calendar year
 - Unit pricing
 - Program fees
 - Custom monthly plans
 - Next steps



Considerations for Upcoming Policy Discussions

- **What is the optimal balance between customer flexibility, customer protection, and the GET fund's financial health?**
- **What are the potential impacts of any potential program modifications?**
 - Fiscal, customer behavior, operational/IT, etc.
- **Who will be impacted by possible program modifications (and how will they be impacted)?**
 - Future customers only vs. current customers

GET Policy Discussion

Policy Questions to be Discussed at Summer Retreat

Policy Question #1

Should the Committee consider any modifications to the unit pricing model?

Policy Question #2

Should the Committee consider adjusting any Custom Monthly Plan features?

Policy Question #3

Should the Committee consider adjusting any program fees?

See “GET Policy Considerations” document for more details

GET Policy Discussion

Next Steps

Task	Timing
Staff to continue research and analysis based on Committee direction.	May – July 2019
Mid-year Committee retreat to discuss policy questions.	July 9, 2019 <i>(tentative)</i>
Staff to prepare on-boarding materials for new Committee members, once selected.	TBD
Staff to coordinate with partners/consultants to facilitate any on-going policy discussions over the remaining 2019 Committee meetings.	Meetings held in September and November 2019

GET Policy Discussion

Summer Retreat Tentative Agenda Items

Agenda Item	Timing
GET Program Policy Discussion <ul style="list-style-type: none">• Education item from WA529 staff• Education item from OSA staff• Education item from WSIB staff• Committee discussion	1.5 - 2 hours
DreamAhead Investment Review <ul style="list-style-type: none">• Presentation from Lockwood• Committee discussion	.5 - 1 hour
DreamAhead Program Details Booklet Updates <ul style="list-style-type: none">• Presentation from WA529 staff• Committee discussion and approval	<.5 hour

Public Comment

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."



Upcoming Meetings

Committee Retreat (*tentative*)

July 9, 2019
9:00 am – 12:00 pm
Location TBD

Next Regular Meeting

September 11, 2019
2:00 pm – 4:00 pm
John A. Cherberg Building, Olympia
Senate Hearing Room 1



Adjournment





GET Prepaid College Tuition Program

Quarterly Report – March 31, 2019

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

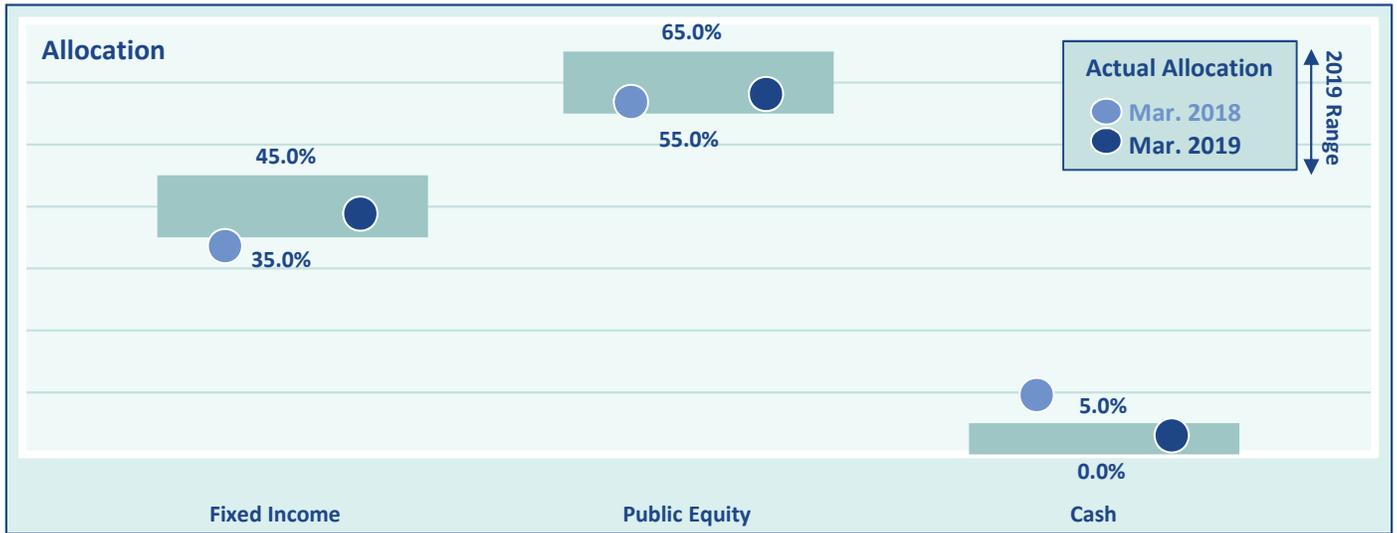
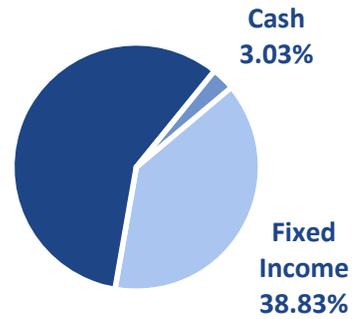


Portfolio Size

Actual Asset Allocation

Total	\$1,281,110,956
Cash	\$38,785,441
Fixed Income	\$497,491,451
Equity	\$744,834,065

Equity
58.14%



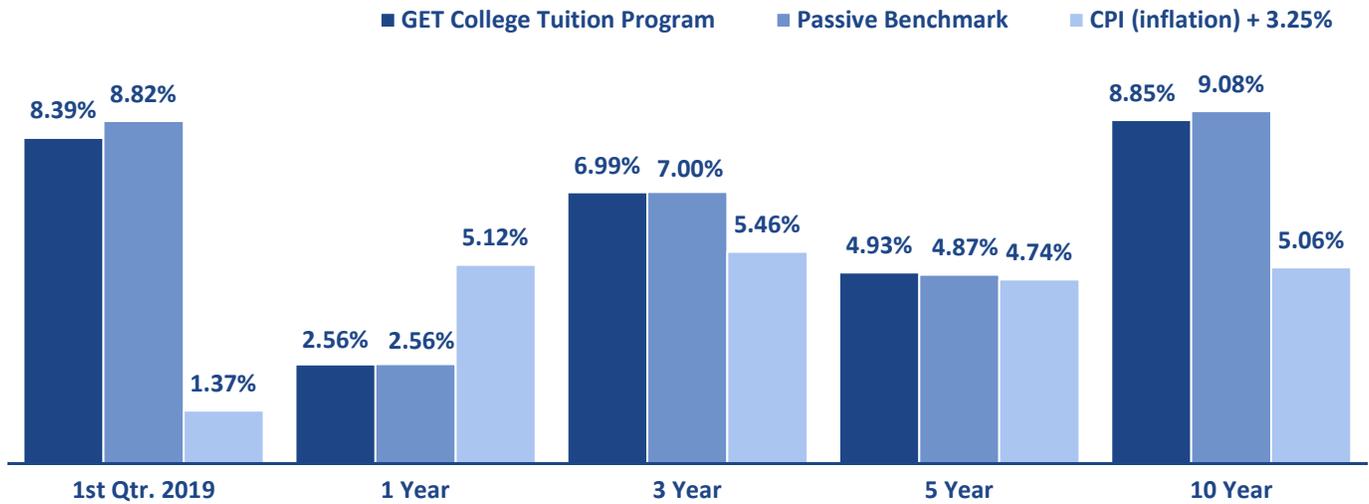
Note: For comparison purposes in the chart above, fixed income and TIPs were added together for the prior year.

Assets Under Management



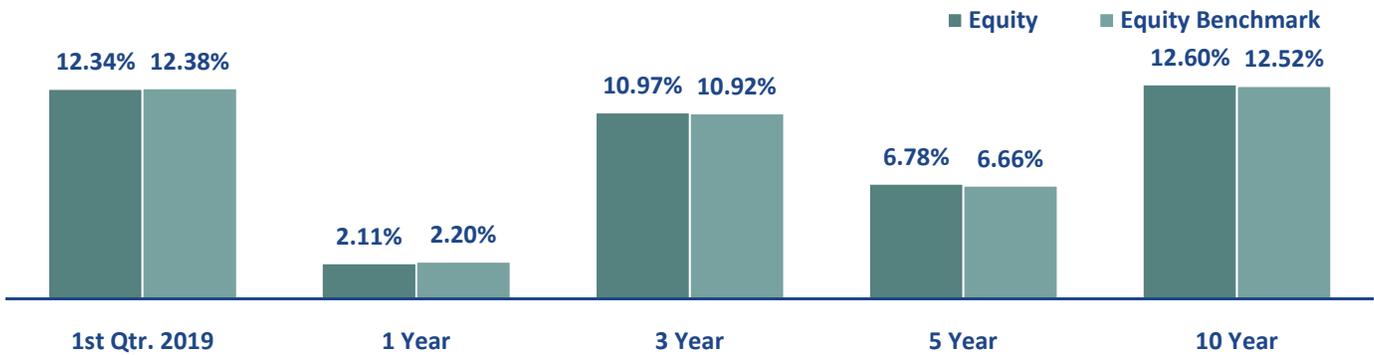


Total Return *



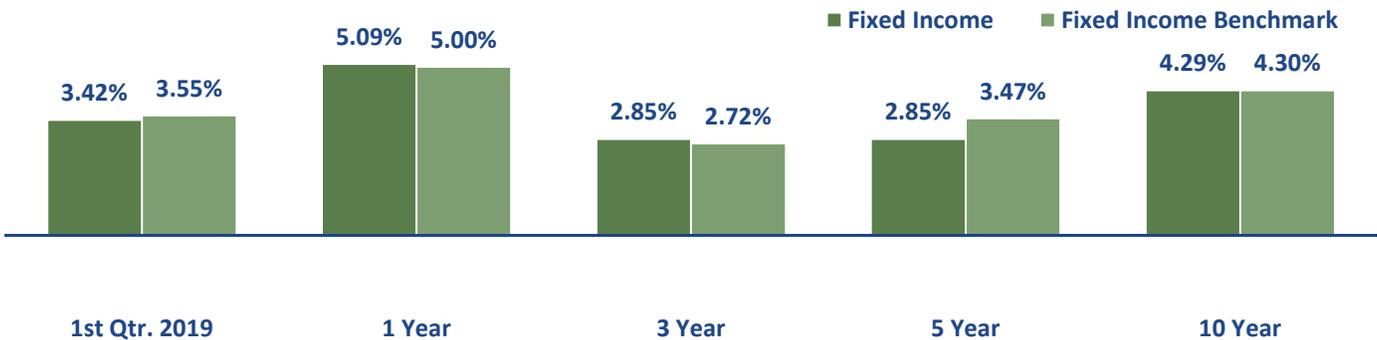
Equity Return *

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.



2019 First Quarter Board Report

May 15, 2019



BNY MELLON

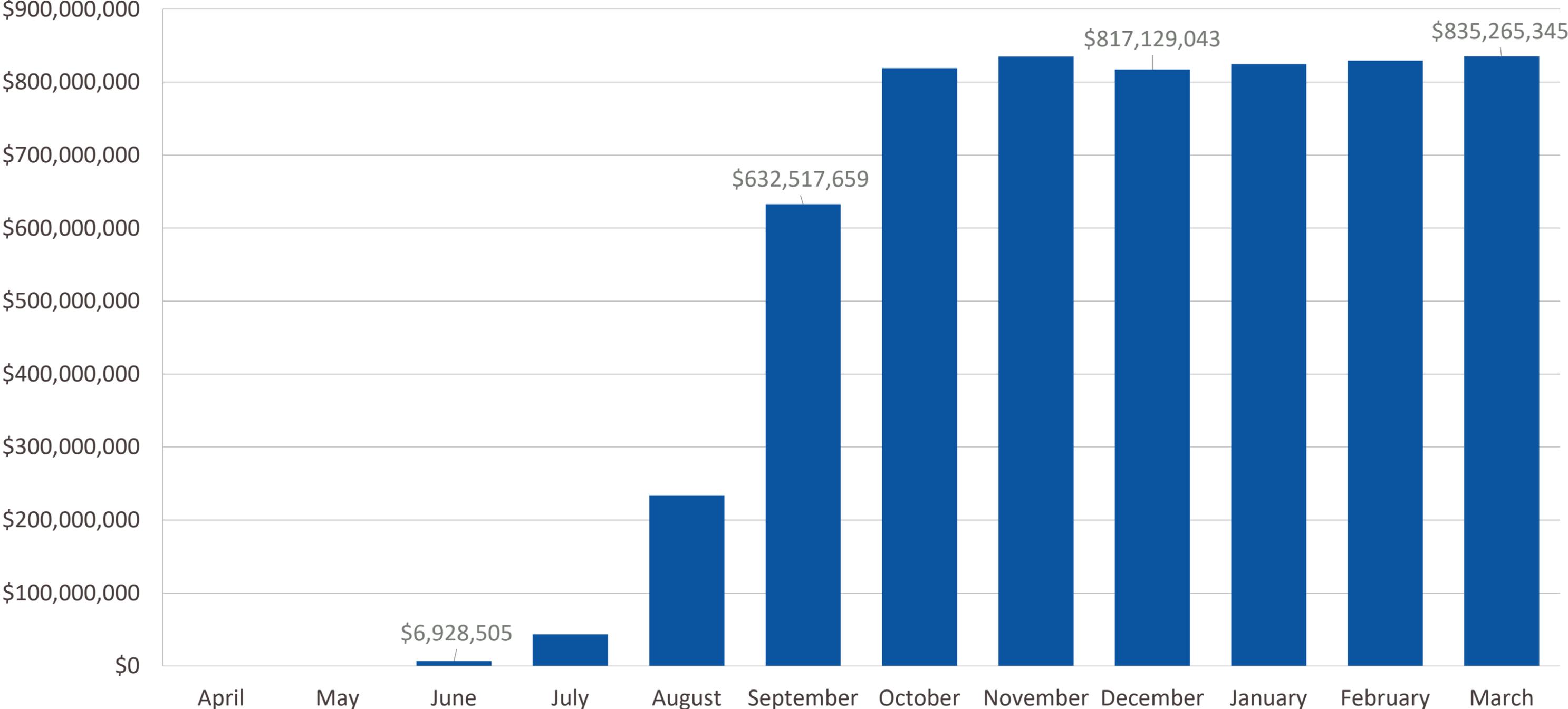
Agenda

- **Program Overview**
- **GET Rollovers**
- **Program Statistics & Analysis**
 - Accounts
 - Investments
 - Demographics
 - Contributions and Distributions
 - Customer Service
 - Geographic Analysis
- **Lockwood Review**

Overview for the Current Quarter

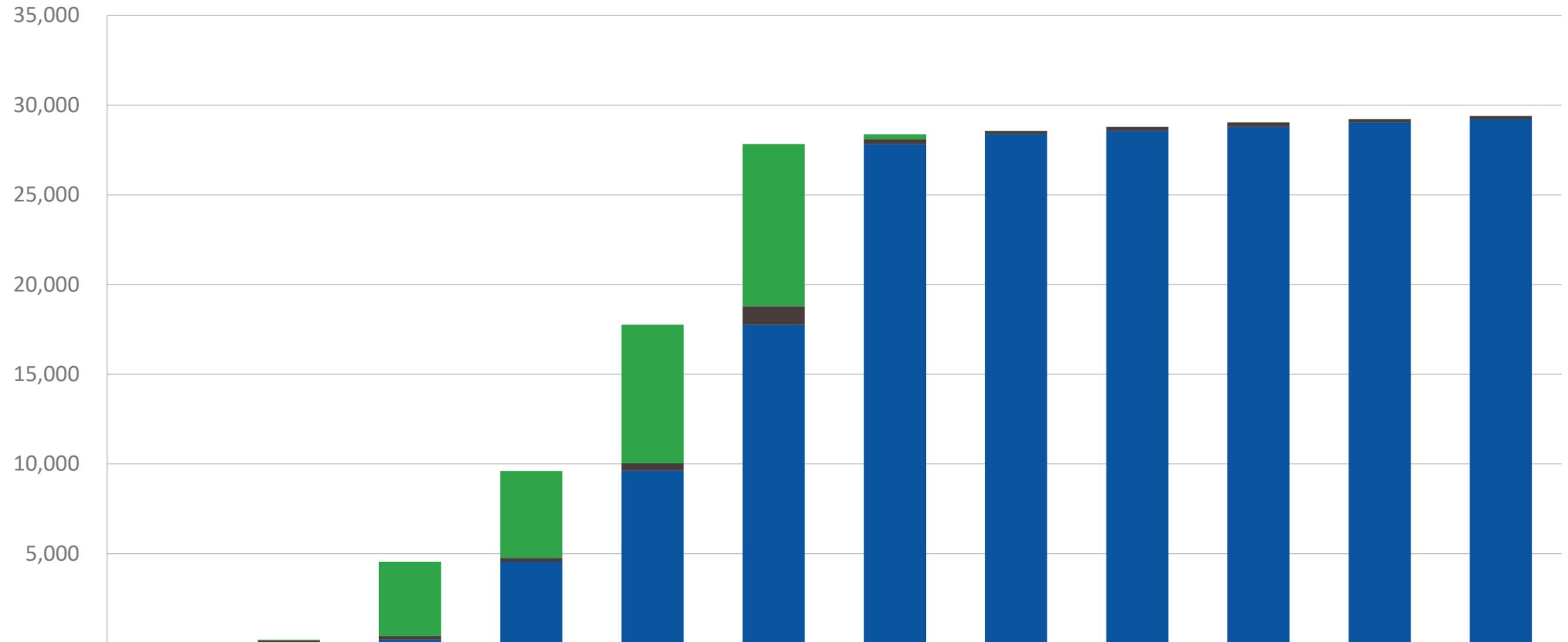
- Slowing growth in accounts and contributions
- At the end of Q1
 - \$835,265,345 in AUM
 - 26,594 funded accounts
 - 659 New accounts
 - 40 Closed Accounts
 - Market Performance of \$36,472,550
 - Contributions of \$6,724,862
 - Distributions of \$25,061,110

AUM Month by Month



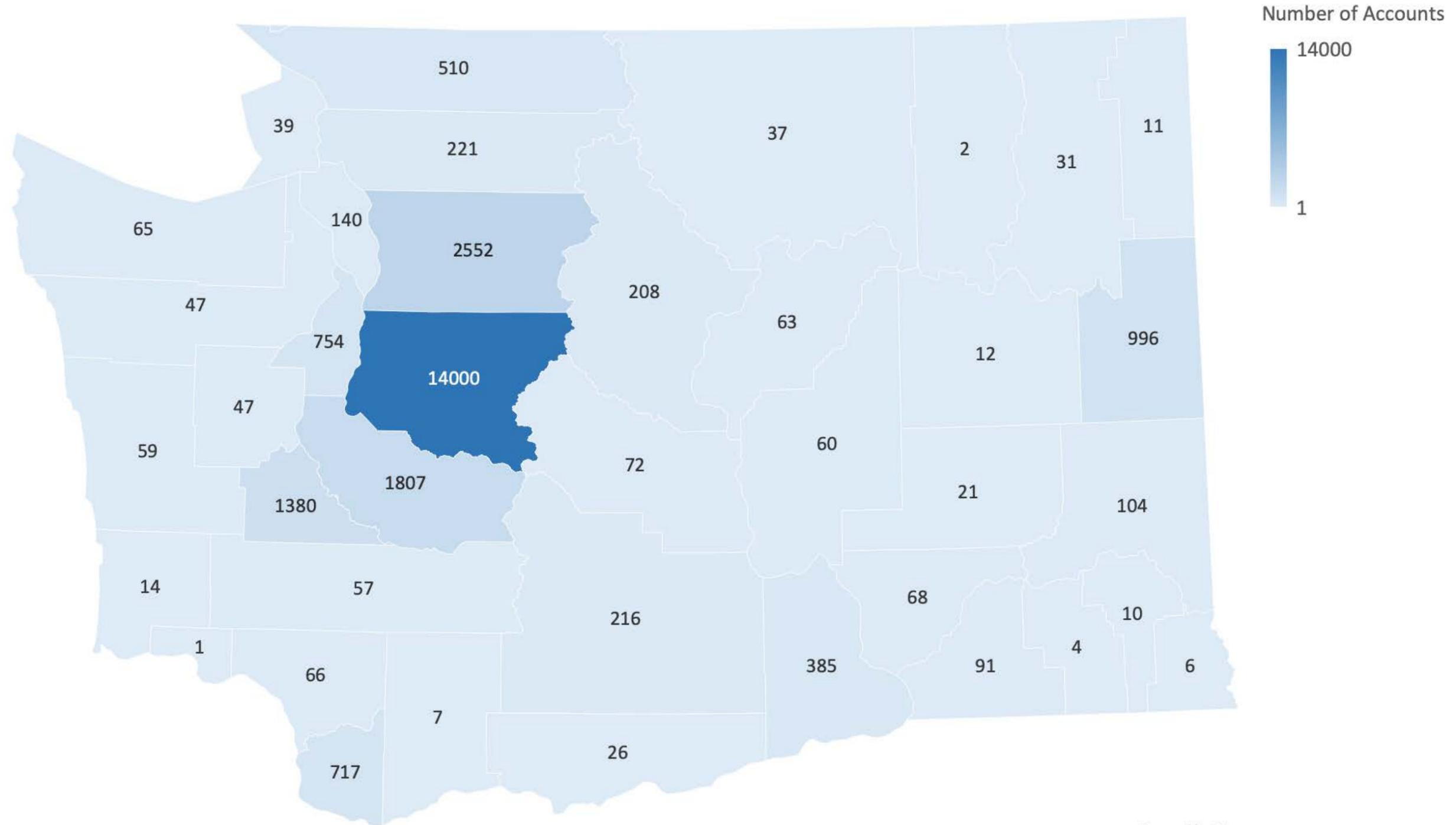
Cumulative Account Growth

Includes Zero Balance Accounts



	April	May	June	July	August	September	October	November	December	January	February	March
■ GET Rollover	-	32	4,144	4,843	7,721	9,047	271	8	2	4	7	-
■ Natural	21	144	209	210	433	1,025	273	180	222	246	173	173
■ Previous Accounts	-	21	197	4,550	9,603	17,757	27,829	28,373	28,561	28,785	29,035	29,215

Number of Accounts by County

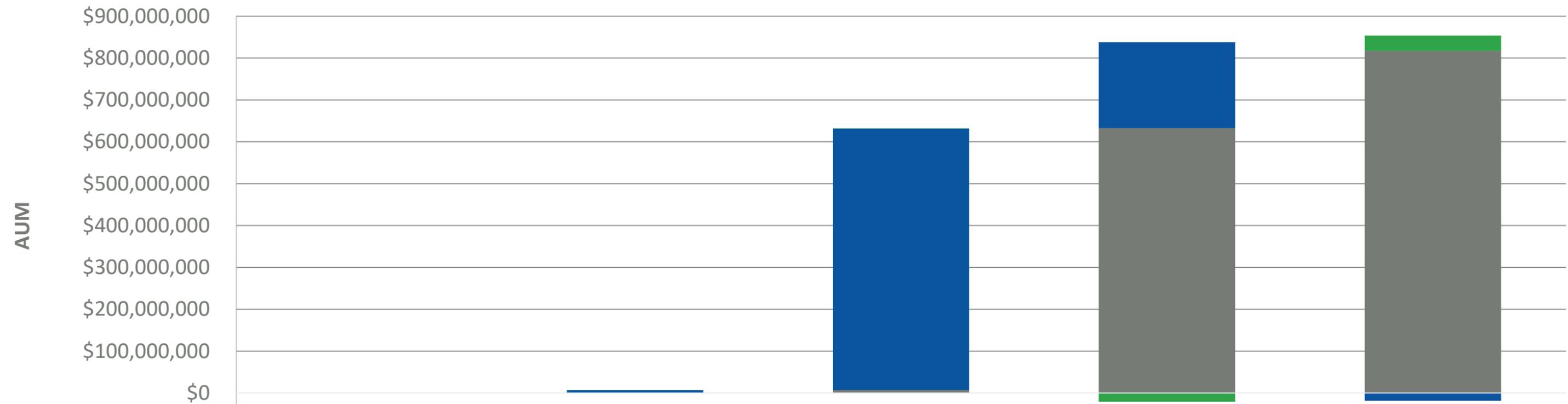


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© GeoNames, Navteq

Net Asset Growth

Asset growth reflects both net contributions and market performance

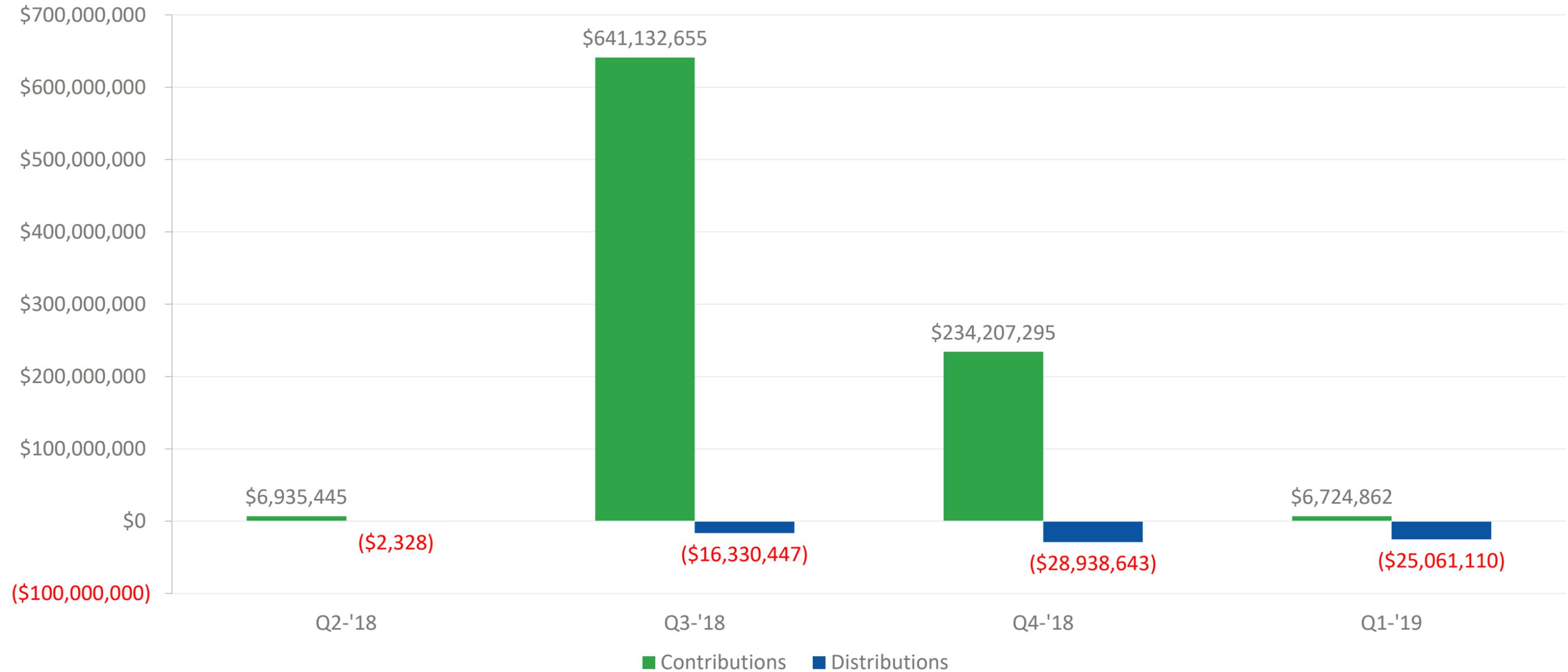
Net Asset Growth in Dollars



	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
■ Market Performance	\$0	(\$4,612)	\$786,946	(\$20,657,268)	\$36,472,550
■ Net Contributions	\$0	\$6,933,117	\$624,802,208	\$205,268,652	(\$18,336,248)
■ Previous AUM	\$0	\$0	\$6,928,505	\$632,517,659	\$817,129,043

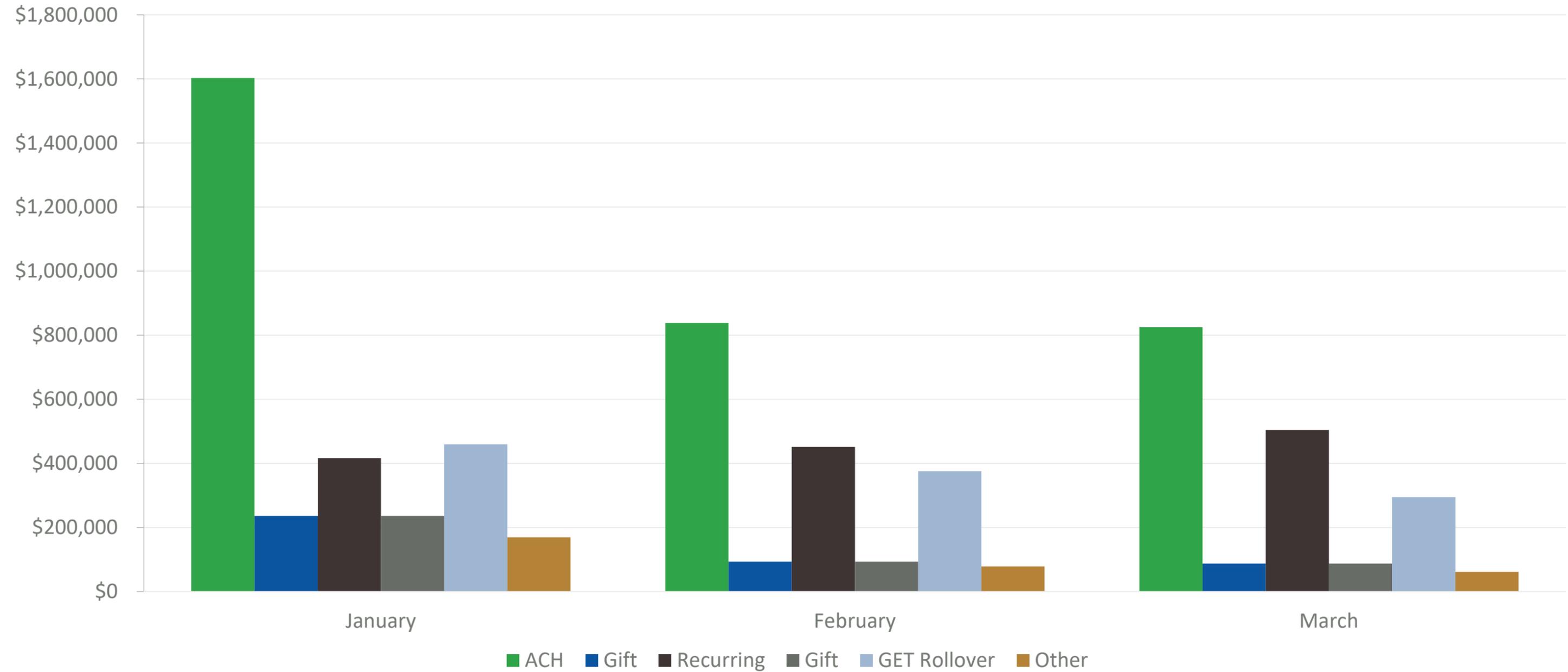
Contributions & Distributions

Contribution data is skewed due to GET rollover activity



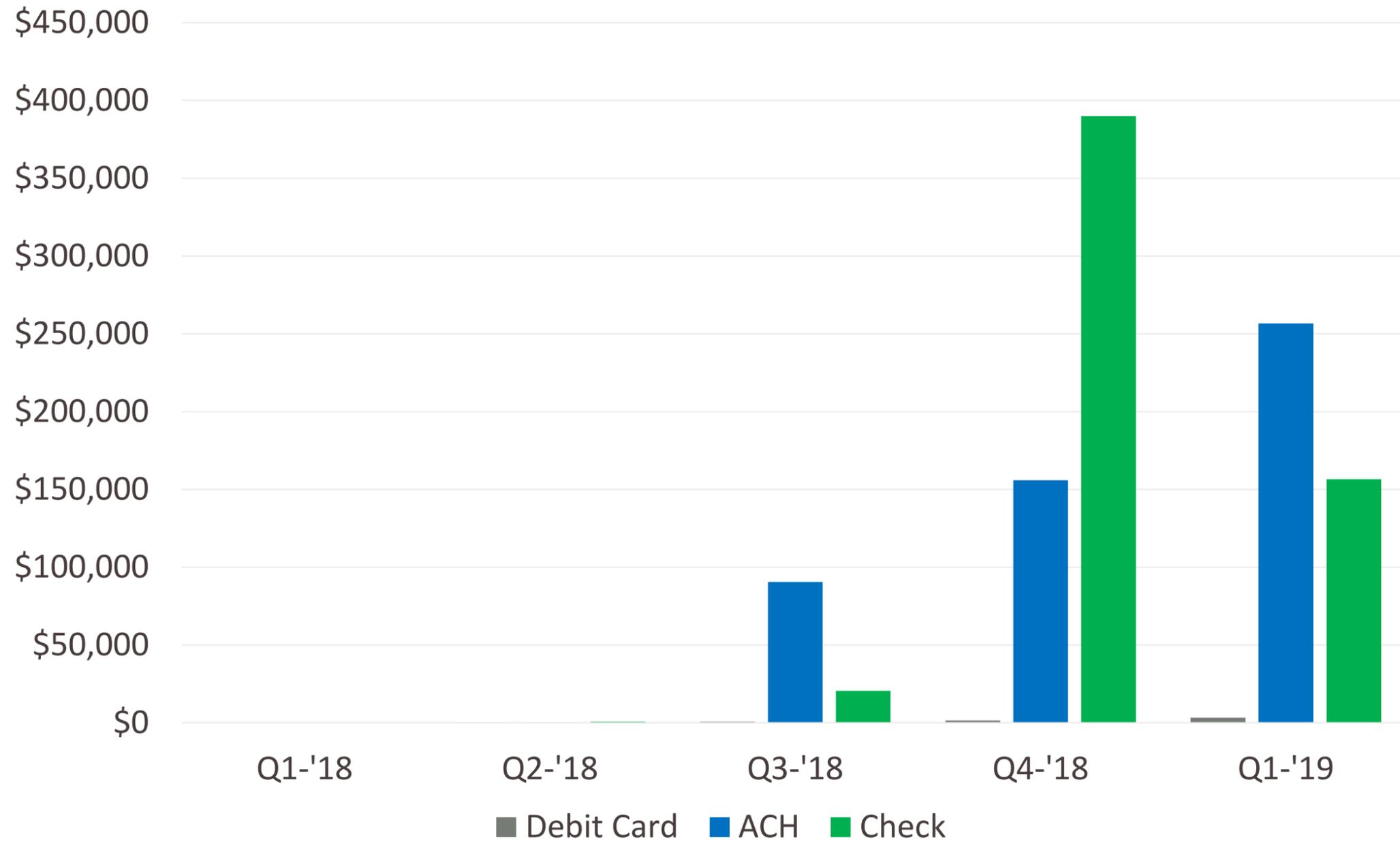
Contributions by Source

All contribution sources by month for Q1 2019



Giftng Activity

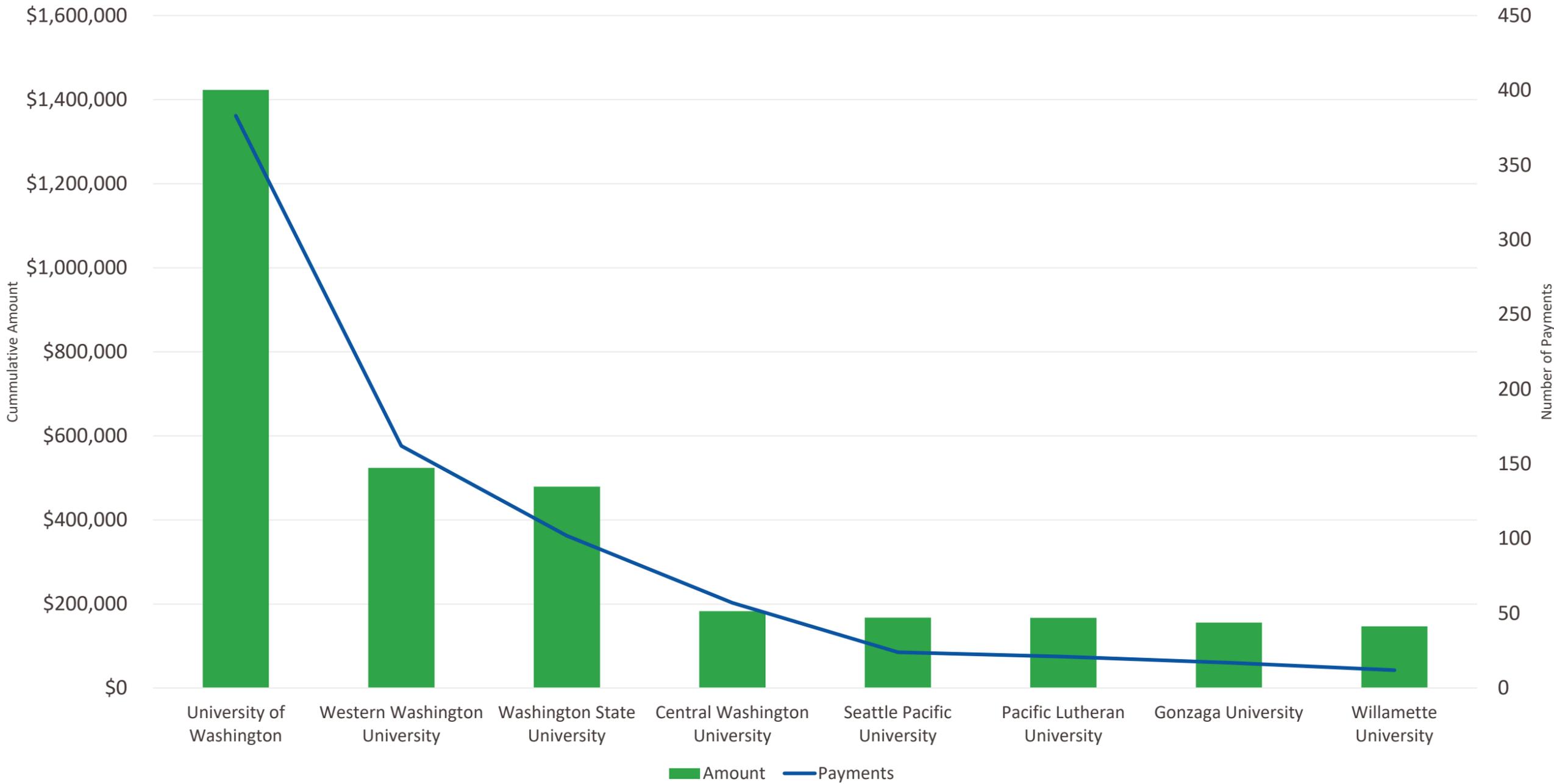
ACH contributions make up the largest component



Tuition Distributions

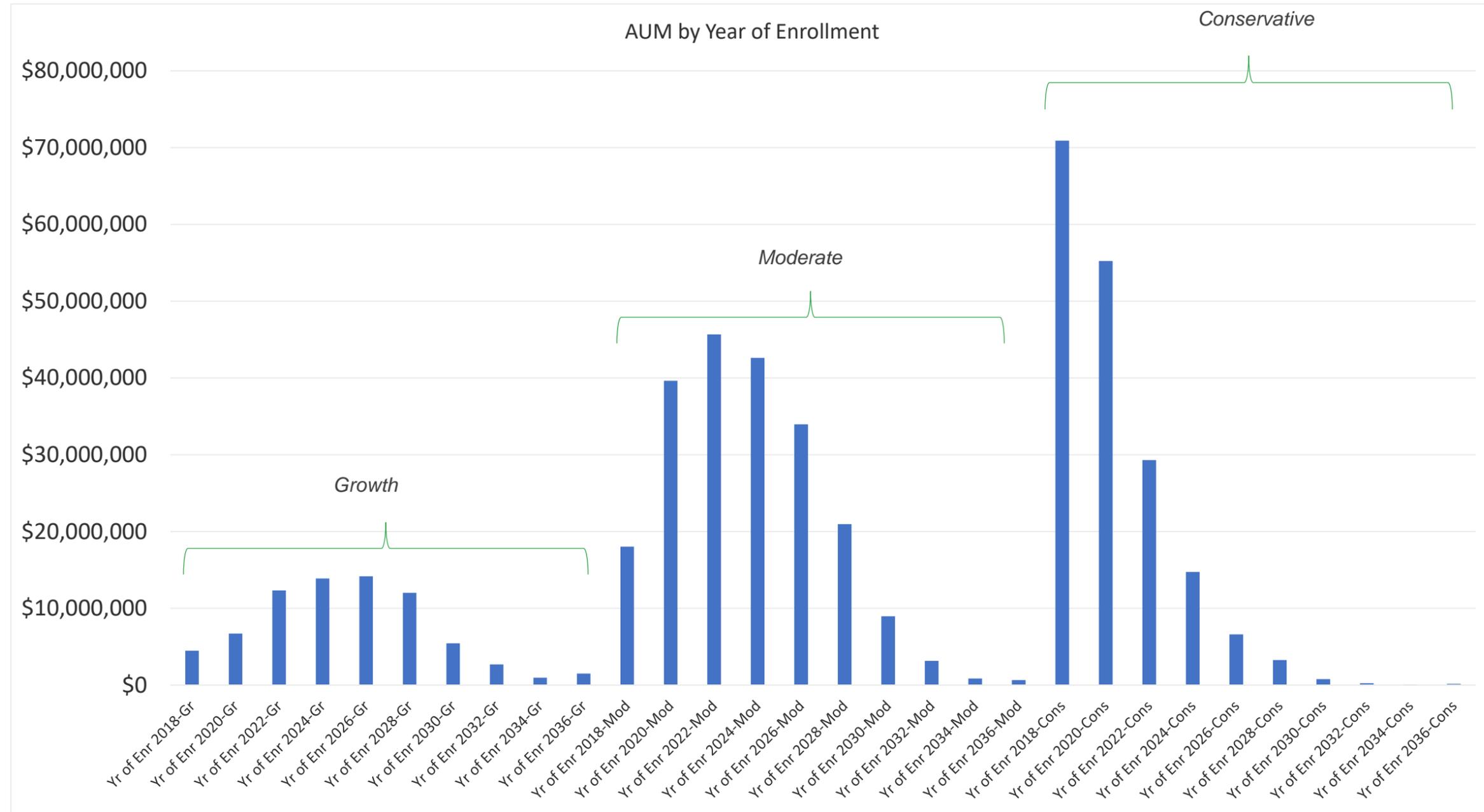
Q1 Cumulative Distributions to Schools = \$7,673,090 in 1,508 separate payments

Distributions by School



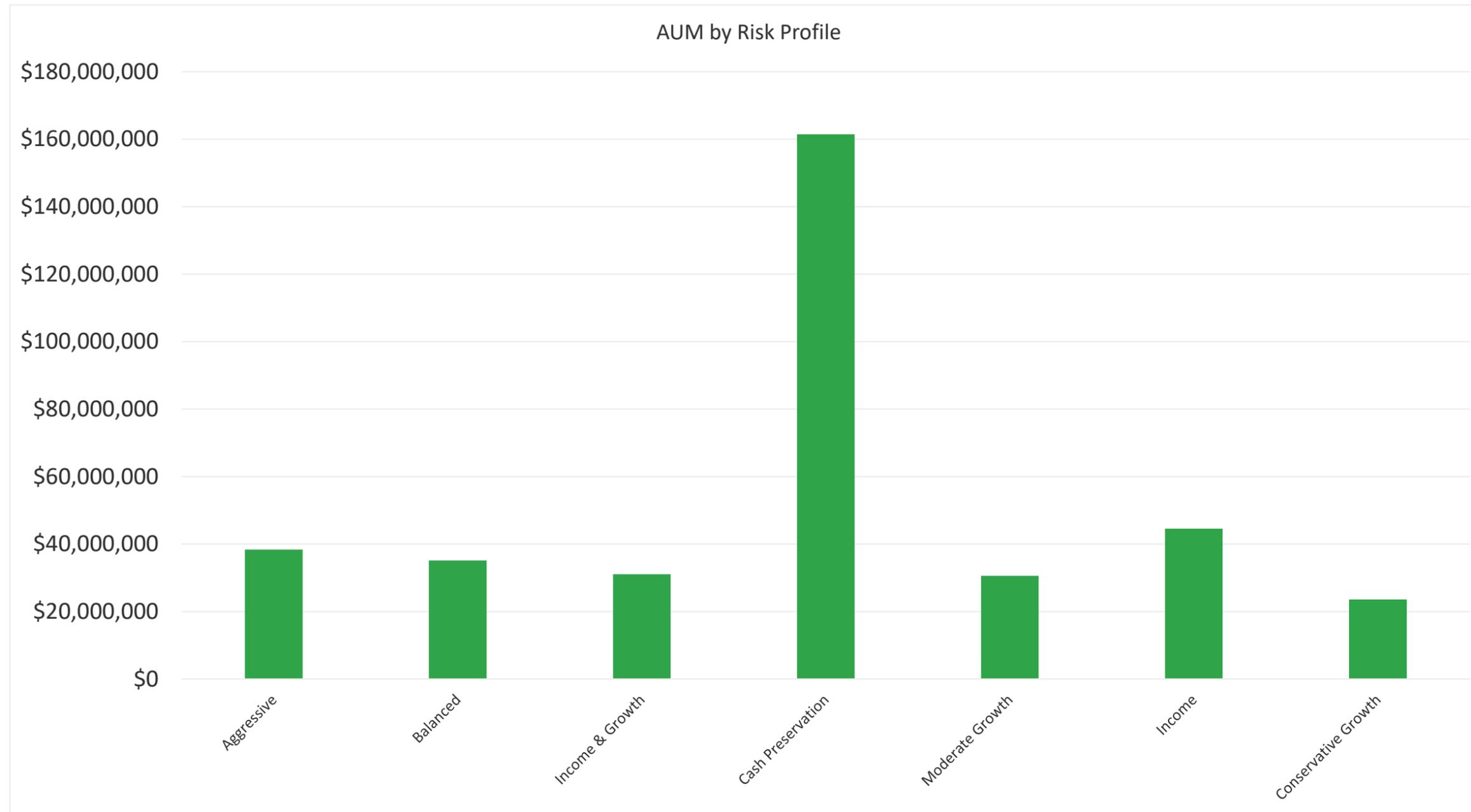
Investment Distribution

2018 Year of Enrollment is the largest, and not surprisingly Conservative



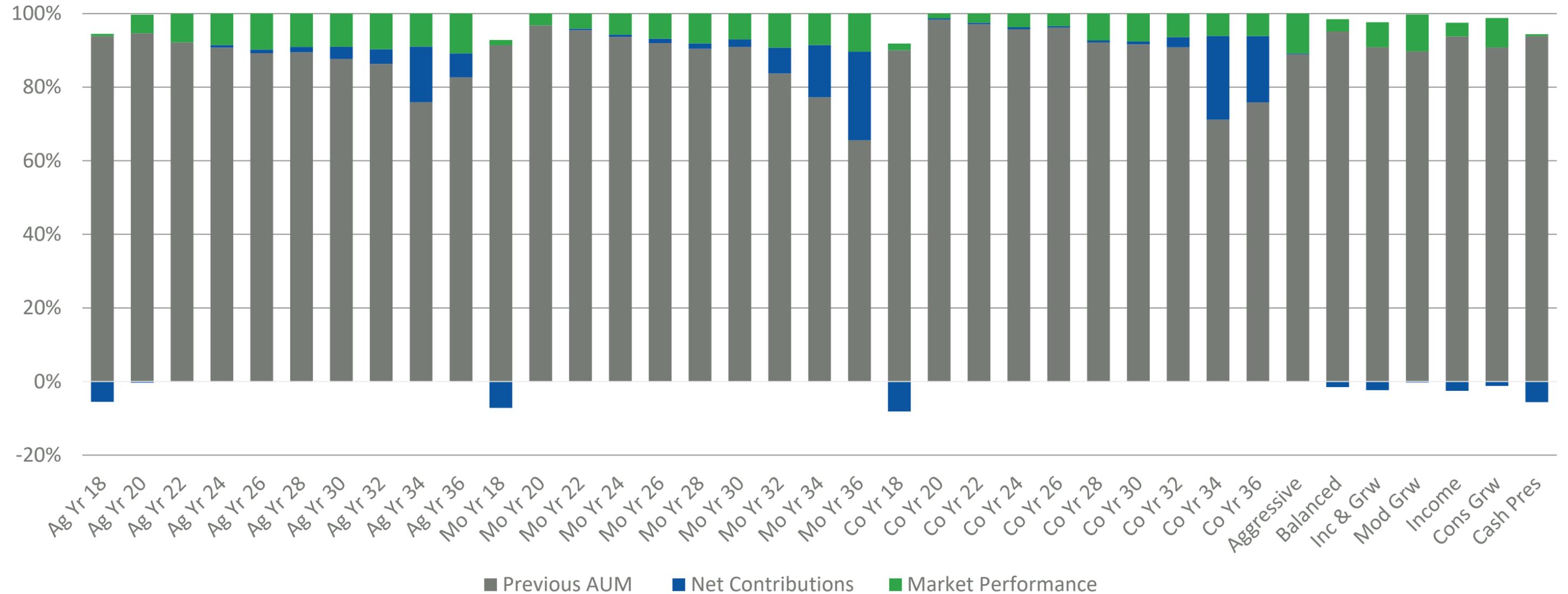
Investment Distribution

Cash Preservation is king reflective of the beneficiary age demographic



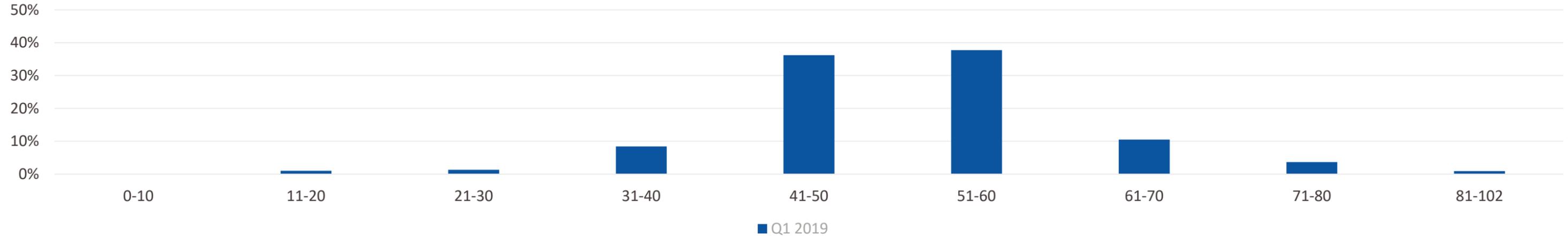
Money flow & performance by Investment Option

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

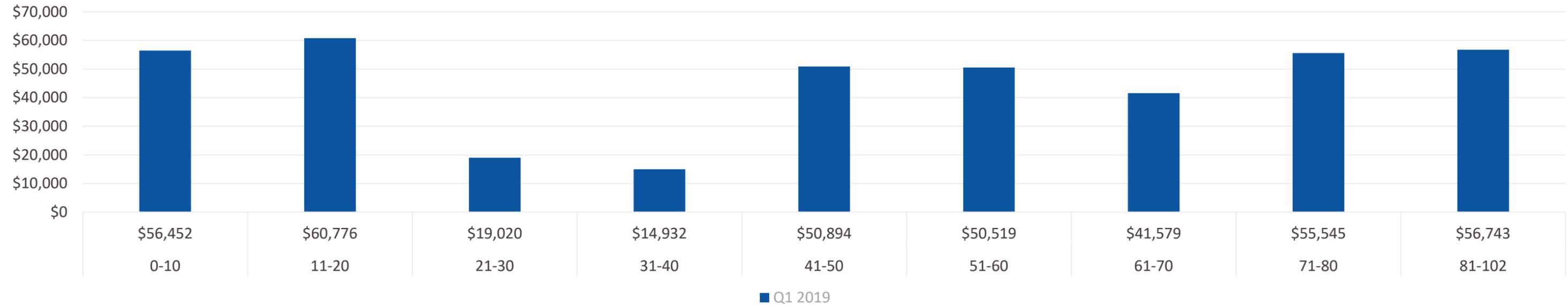


Account Owner Demographics

% of Account Owners by Age Group

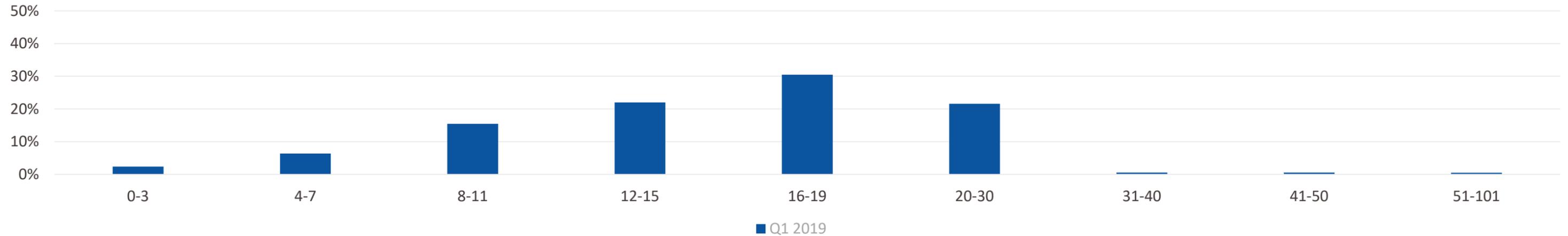


Average Account Owner Assets by Age Group

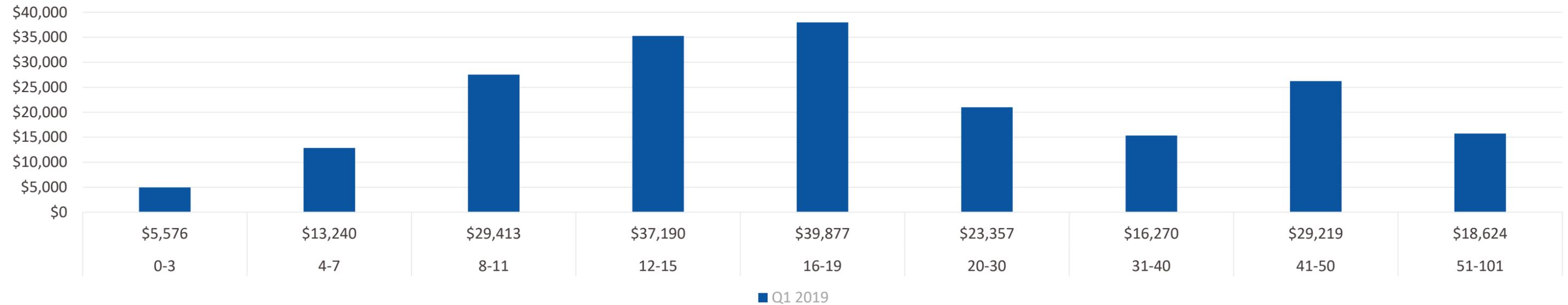


Beneficiary Demographics

% of Beneficiaries by Age Group



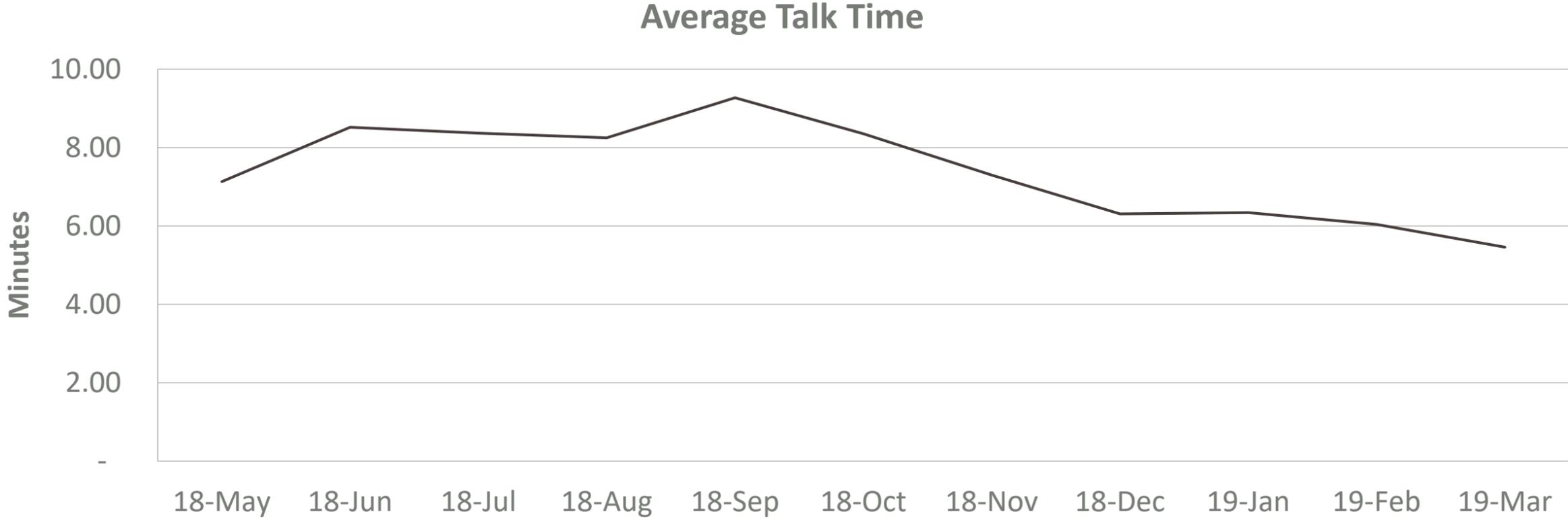
Average Beneficiary Assets by Age Group



Customer Service

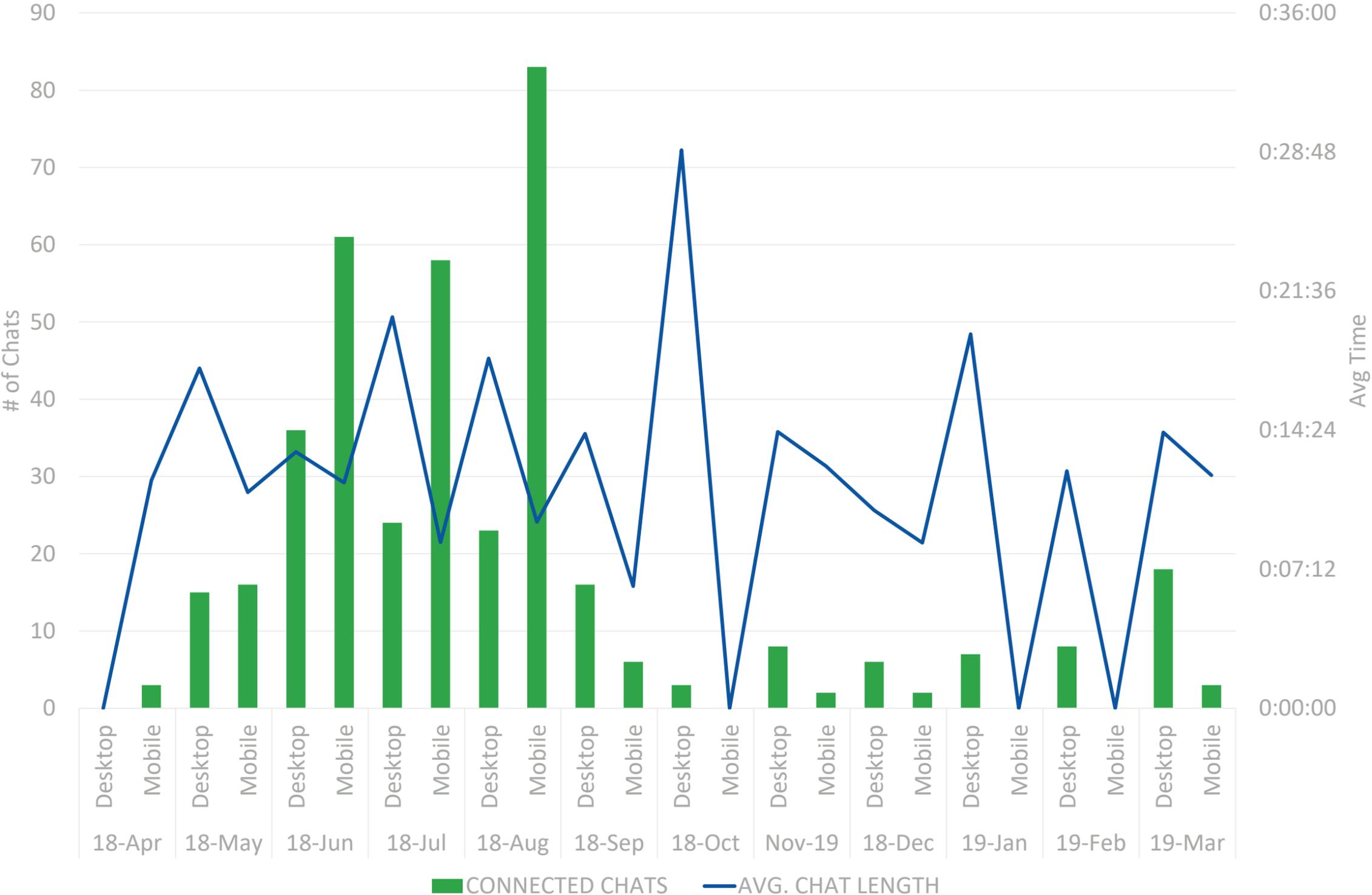
Call Center Statistics

	Oct	Nov	Dec	Jan	Feb	Mar
Total Answered	1857	800	1193	1270	599	605
Avg Speed Answer	5:13	0:15	0:33	0:26	0:24	0:27
Ave. Talk Time	8:35	7:30	6:31	6:34	6:04	5:46



Customer Service

Live Chat



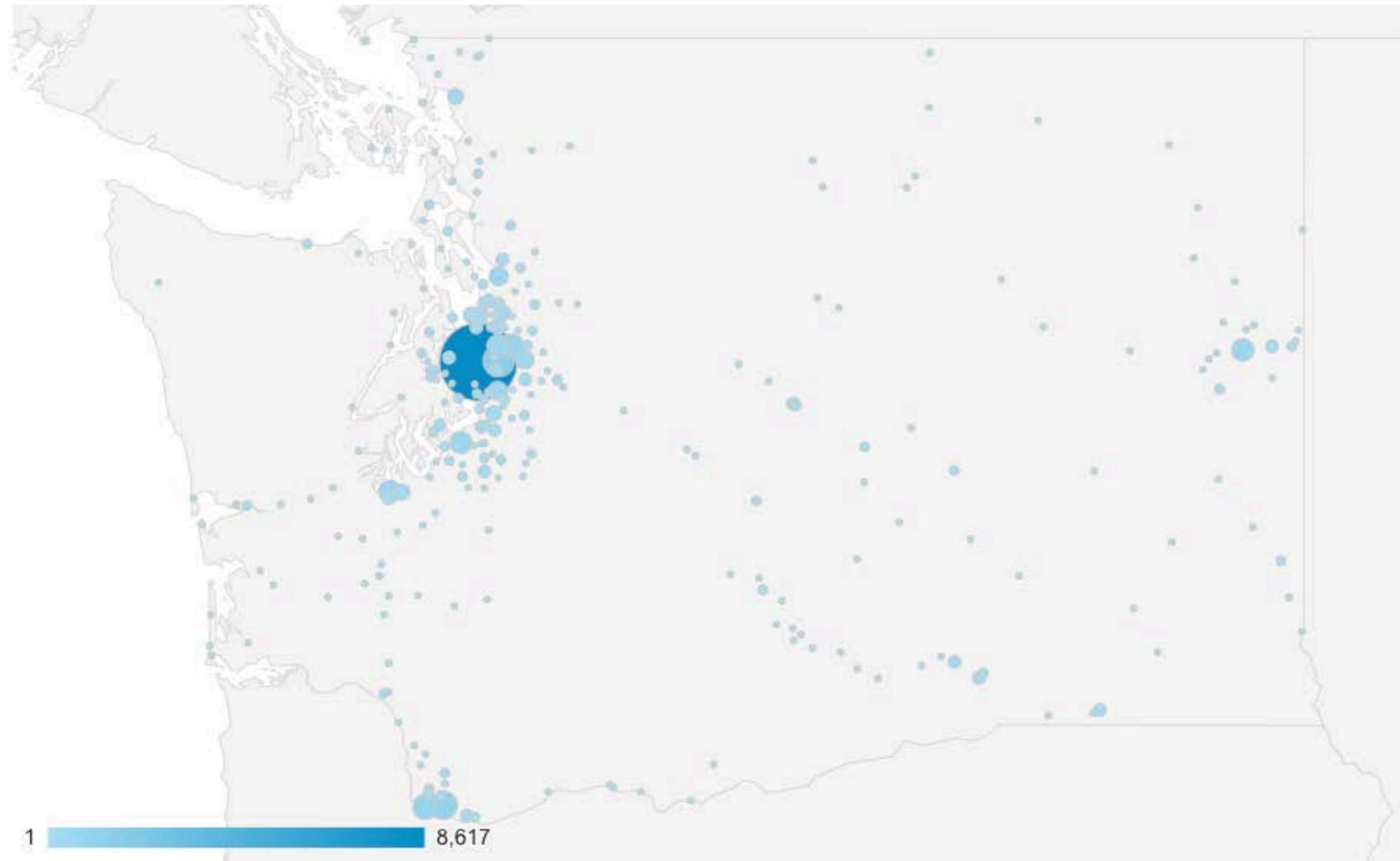
Google Analytics

Sunday site data on users activity by top locations – Q1 2019

City [?]	Acquisition			Behavior		
	Users [?] ↓	New Users [?]	Sessions [?]	Bounce Rate [?]	Pages / Session [?]	Avg. Session Duration [?]
	24,285 % of Total: 11.31% (214,675)	16,921 % of Total: 8.87% (190,683)	53,784 % of Total: 15.06% (357,094)	14.88% Avg for View: 13.53% (9.96%)	4.31 Avg for View: 3.94 (9.21%)	00:05:09 Avg for View: 00:04:06 (25.97%)
1. Seattle	8,617 (32.79%)	5,806 (34.31%)	17,245 (32.06%)	15.91%	4.14	00:04:43
2. Vancouver	1,708 (6.50%)	1,152 (6.81%)	3,554 (6.61%)	14.91%	4.06	00:05:24
3. Bellevue	1,389 (5.29%)	922 (5.45%)	2,917 (5.42%)	14.81%	4.64	00:06:08
4. Redmond	796 (3.03%)	512 (3.03%)	1,673 (3.11%)	11.66%	4.74	00:05:29
5. Kirkland	653 (2.48%)	403 (2.38%)	1,475 (2.74%)	13.76%	4.45	00:05:05
6. Tacoma	650 (2.47%)	402 (2.38%)	1,606 (2.99%)	12.52%	3.93	00:04:31
7. Olympia	628 (2.39%)	410 (2.42%)	1,318 (2.45%)	17.68%	4.45	00:05:20
8. Spokane	625 (2.38%)	383 (2.26%)	1,310 (2.44%)	14.96%	4.52	00:05:40
9. Everett	485 (1.85%)	327 (1.93%)	957 (1.78%)	13.38%	4.68	00:05:24
10. Renton	484 (1.84%)	327 (1.93%)	997 (1.85%)	13.14%	4.88	00:05:44

Google Analytics

Sunday site data on users activity by top locations – Q1 2019



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Investment Advisory Report

Washington Student Achievement Council

Prepared by Lockwood Advisors, Inc.

May 2019

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Executive Summary

Five Trends to Consider

1. Taking a Wait-And-See Approach

Despite the V-shaped stock market recovery in the first quarter, some forward-looking indicators for economic growth in the U.S. have displayed elevated risks of an economic downturn. This is also true of the Eurozone and emerging markets, according to Citigroup Economic Surprise Indices. Yet equity markets have seemingly looked through the gloom and see better results in the back half of the year.

2. One Overarching Goal: To Sustain the Expansion

In support of their explicit goals, the Federal Reserve (Fed) has made a dramatic about face on the forward guidance they offer markets. Whereas they had foreseen several rate hikes in 2019 and more in 2020, now they only believe in perhaps one more in 2019 and maybe another in 2020.

3. Bond Market Is Impatient

Bond markets have not been waiting for policy makers to make up their minds. The bond market is impatient, in our view, clearly signaling it believes the Fed is too tight on monetary policy.

4. It Might Be Time for a Recession Watch

We're on recession watch, not a warning. We're in hurry up and wait mode as we digest further readings from cyclically sensitive indicators. One of the Fed's own recession forecasting models, from the New York Fed, has begun to predict a 24.6188% chance of recession by February 2020.

5. A Case of Seasonal Effects

For most of the past 15 years, growth in the U.S. has followed distinct seasonal patterns. The first and fourth quarters have typically lagged the growth numbers posted in the second and third quarters. We're keeping our eye on whether this pattern holds true or is the result of one-time events.

First Quarter 2019 Capital Market Review

- In the first quarter of 2019, the U.S. equity markets posted positive results. The S&P 500® Index, which is often used to represent the total U.S. equity market, posted a return of 13.65%. Among market capitalization ranges, mid-cap companies fared best. Stylistically, returns favored growth over value in all capitalization ranges.
- All 11 economic sectors of the S&P 500 had positive returns during the first quarter. Information Technology, Real Estate and Industrials were the best performing sectors during the quarter. In contrast, Healthcare, Financials and Materials were the worst performing sectors during the quarter.
- U.S. fixed income markets posted positive results in the first quarter. The Bloomberg Barclays U.S. Aggregate Bond Index, which is often used to represent the U.S. fixed income market, posted a positive return of 2.94%. Interest rates declined across the Treasury yield curve during the quarter. The benchmark 10-year Treasury yield, which began the quarter yielding 2.69%, decreased to 2.41% by the end of the quarter.
- Non-U.S. developed equity markets, as measured by the MSCI Europe, Australasia and Far East (EAFE) Index (net of taxes), increased 9.98% in the first quarter. All of the 21 developed markets countries posted positive results during the quarter. New Zealand, Belgium and Hong Kong were the best performing developed markets countries for the quarter. In contrast, Singapore, Japan and Germany were the worst performing developed markets countries for the quarter.
- The returns of the emerging equity markets were positive in the first quarter, as measured by the MSCI Emerging Markets (EM) Index (net of taxes), which increased 9.91%. There was a relatively wide disparity in the performance of individual countries. Twenty-one of the 24 emerging markets countries posted positive results for the quarter. Colombia, China and Egypt were the best performing emerging markets countries for the quarter. In contrast, Qatar, Turkey and Poland were the worst performing emerging markets countries for the quarter.
- Global fixed income markets, as measured by the Bloomberg Barclays Global Aggregate Index, posted a positive return of 2.20% during the quarter.

Market Overview
Index Returns (%) as of March 31, 2019

Index	1st Qtr.	1 Yr.	3 Yr.^	5 Yr.^	2018	2017	2016	2015
S&P 500	13.7	9.5	13.5	10.9	(4.4)	21.8	12.0	1.4
MSCI USA Small Cap	16.0	4.9	13.3	8.2	(10.0)	17.3	19.8	(3.6)
MSCI EAFE (net of taxes)	10.0	(3.7)	7.3	2.3	(13.8)	25.0	1.0	(0.8)
MSCI Emerging Markets (net of taxes)	9.9	(7.4)	10.7	3.7	(14.6)	37.3	11.2	(14.9)
Bloomberg Barclays U.S. Aggregate Bond	2.9	4.5	2.0	2.7	0.0	3.5	2.6	0.5
Bloomberg Barclays Global Aggregate ex U.S.	1.5	(4.1)	1.0	(0.3)	(2.1)	10.5	1.5	(6.0)
S&P GSCI Crude Oil	32.4	(7.4)	16.2	(10.0)	(24.8)	12.5	45.0	(30.5)
S&P GSCI Gold	0.9	(2.8)	0.8	(0.4)	(2.8)	12.8	7.7	(10.9)
Bloomberg Commodity	6.3	(5.3)	2.2	(8.9)	(11.2)	1.7	11.8	(24.7)
Barclays U.S. Treasury Bill 6–9 Month	0.7	2.2	1.2	0.8	1.8	0.7	0.5	0.1
Inflation §	0.1	1.5	2.2	1.5	1.9	2.1	2.1	0.7

^3 year and 5 year returns are annualized

Sources: MSCI; Bloomberg Barclays; Standard and Poor's (©2019, S&P Dow Jones Indices LLC. All rights reserved); Bureau of Labor Statistics. § Inflation data through February 2019. Visual created by Lockwood Advisors, Inc. For additional information regarding the indices shown, please refer to the Important Disclosures at the end of this document. **Past performance is not a guarantee of future results.** Indices are unmanaged and are not available for direct investment.

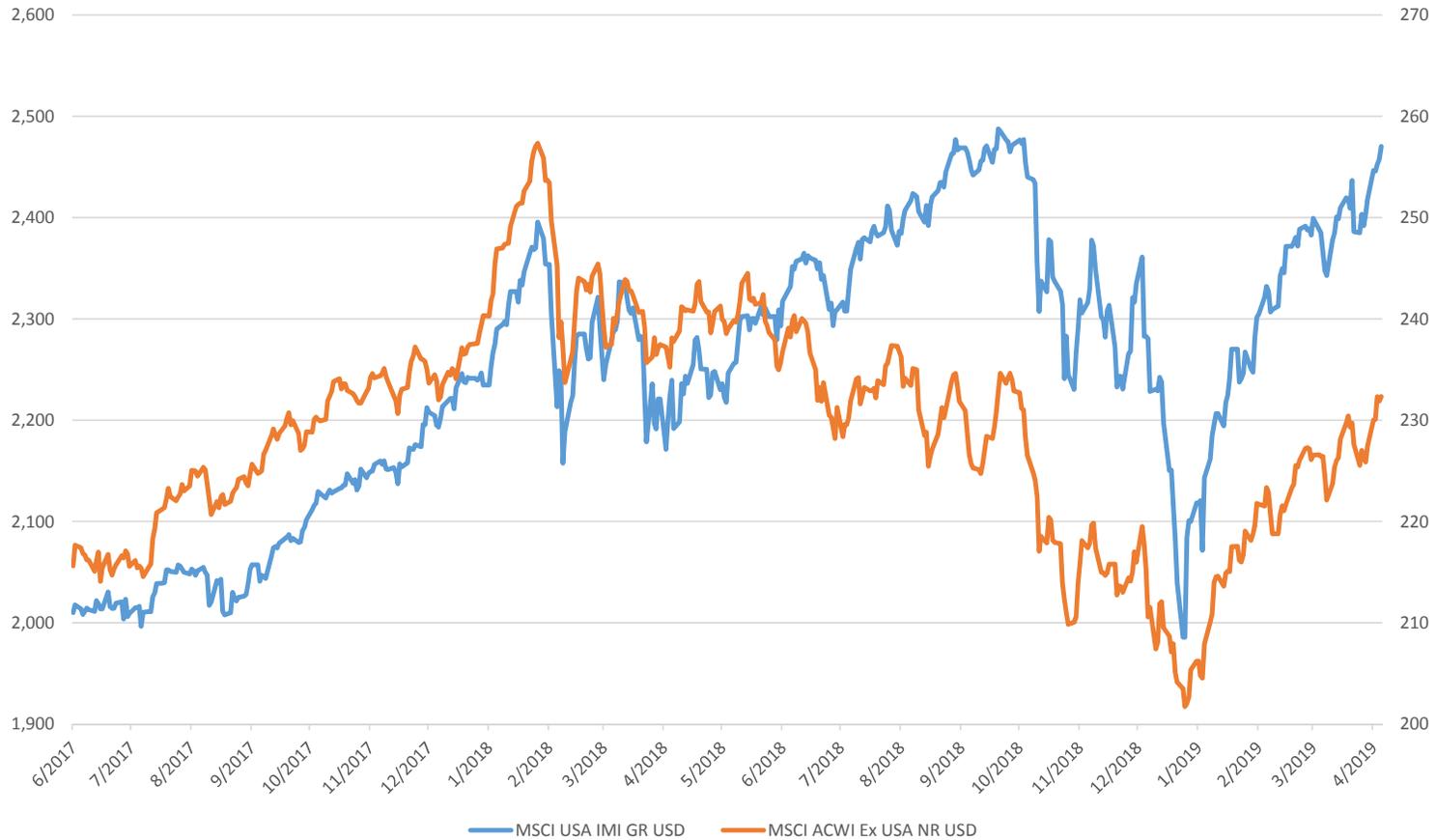
Markets Have Nearly Recovered from Fourth Quarter Swoon

S&P 500® Price Index Drawdown



Sources: Morningstar, Inc. Data through April 4, 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.**

U.S. Stocks Have Recently Outperformed the World



Source: Morningstar. Data through April 5, 2019. Visual created by Lockwood Advisors, Inc. **Past performance is not a guarantee of future results.** Indices are unmanaged and are not available for direct investment.

Recent Global Economic Surprise Indices Have Been Negative

Economic Growth Trends

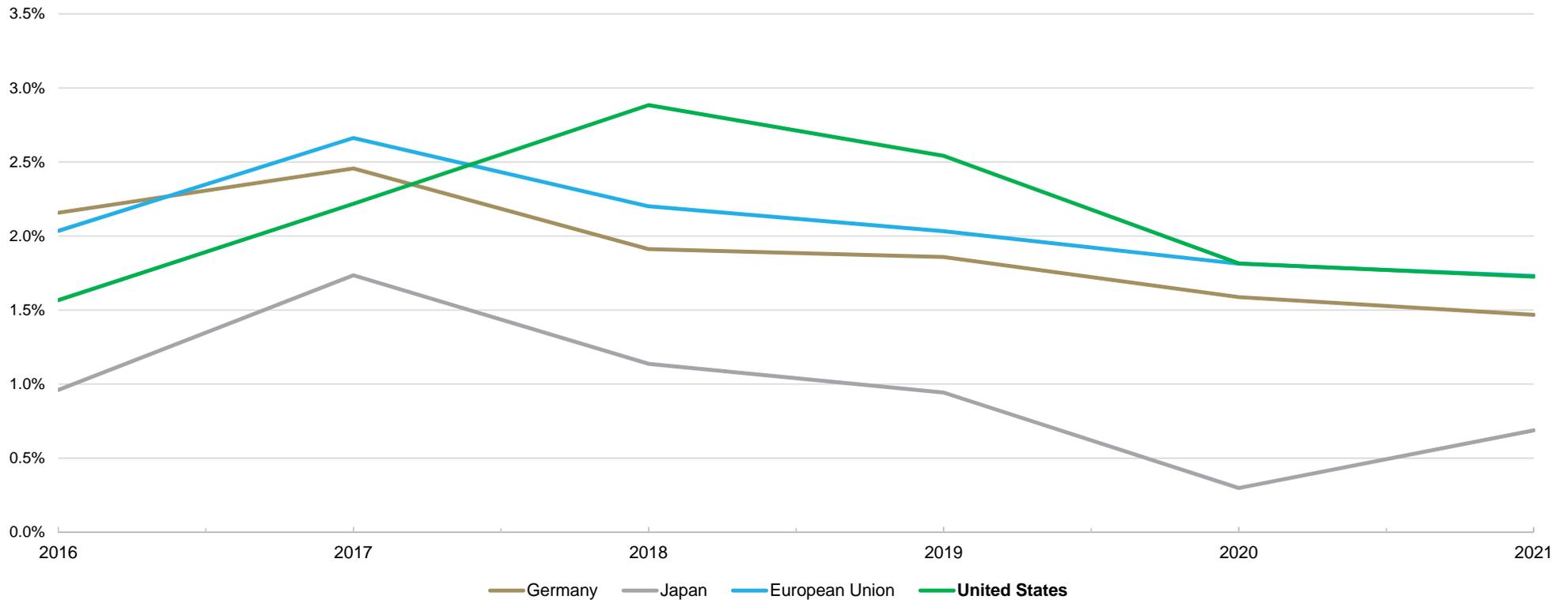
Citigroup Economic Data Change Indices



Source: Bloomberg. Data as of March 30, 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.**

The U.S. Has Continued to Shine in the Global Economy

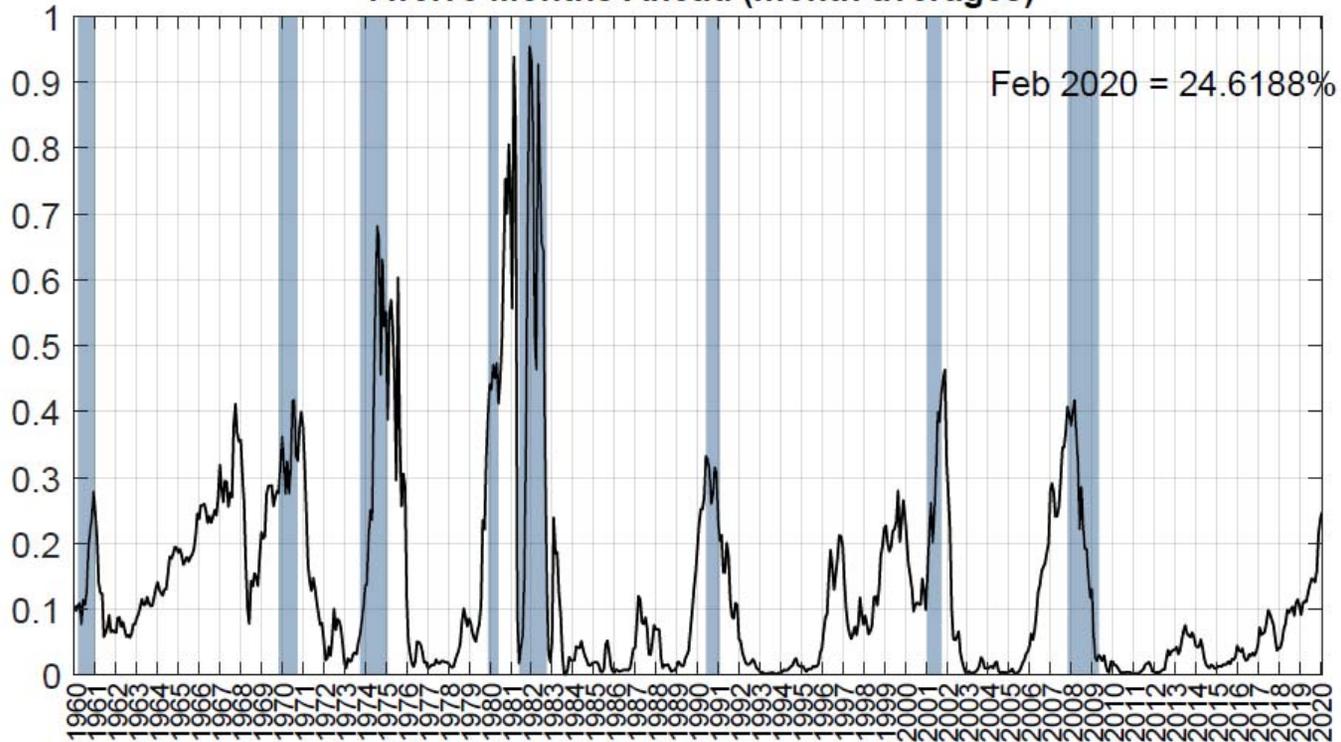
Synchronized Slow Down—Gross Domestic Product (GDP) Growth



Source: International Monetary Fund. 2018-2021 GDP growth rates are IMF projections. Visual created by Lockwood Advisors, Inc. **Past Performance is no guarantee of future results.**

Recession Watch?

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



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 February 2019. **Past performance is not a guarantee of future results.**

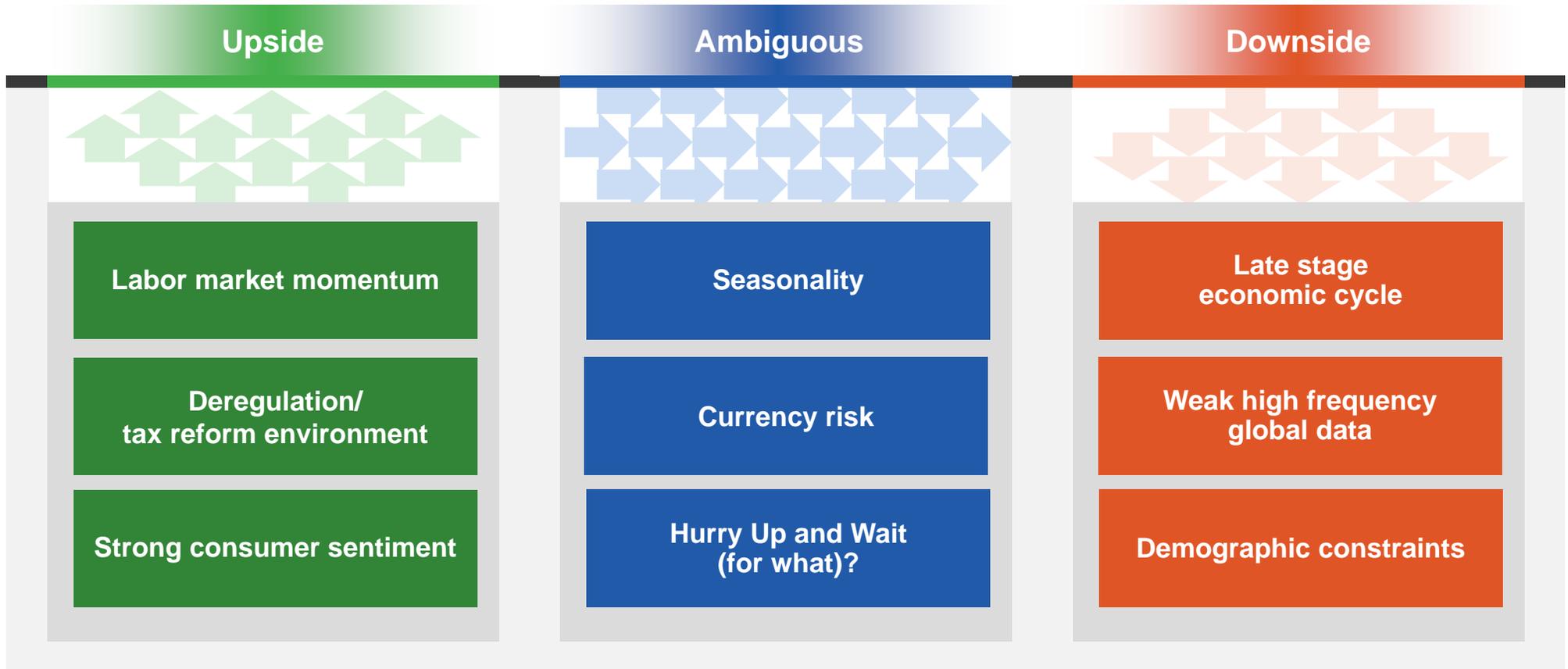
Official Forecasts Still Expect Growth

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

	Growth Forecasts (%)		
	2019	2020	2021
Federal Reserve	2.1	1.9	1.8
Congressional Budget Office	2.3	1.7	1.6
Professional Forecasters	2.4	1.9	1.6
International Monetary Fund (IMF)	2.5	1.8	1.7
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 March 30, 2019. Visual created by Lockwood Advisors, Inc.

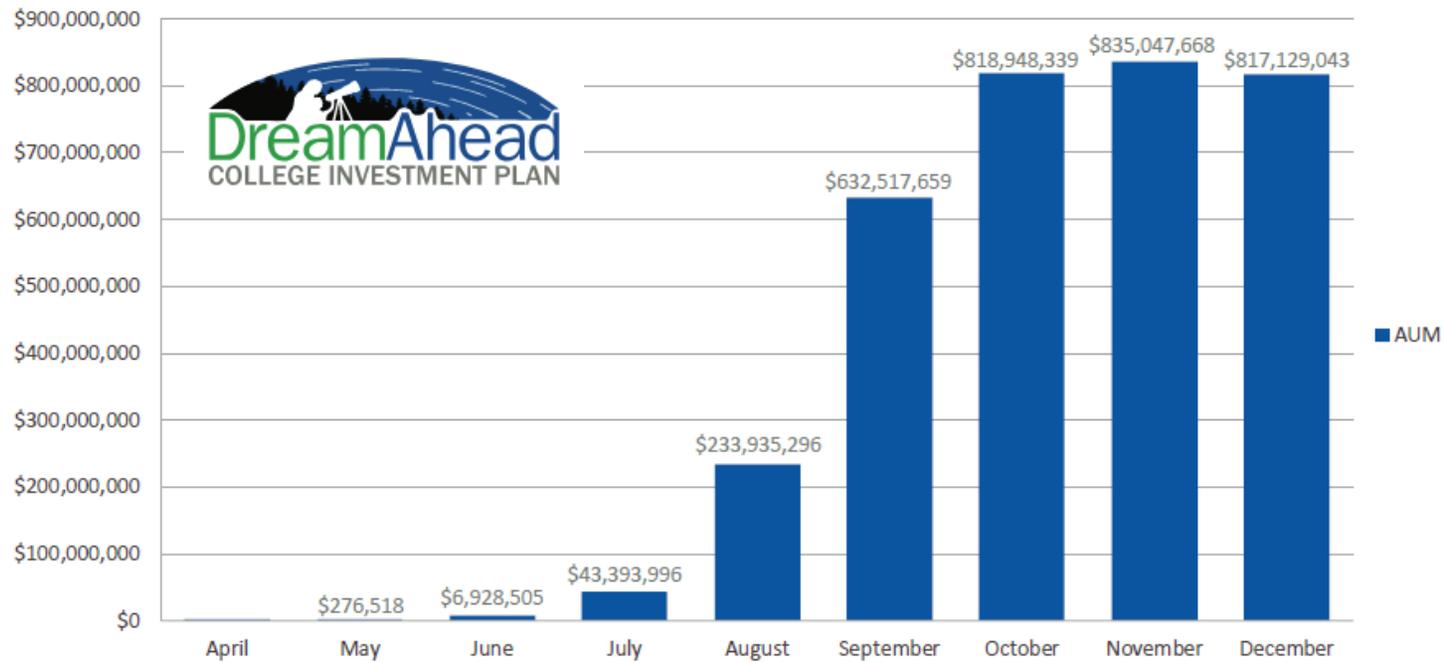
Indicators We Are Watching



Source: Lockwood Advisors—February 2019

DreamAhead College Investment Plan Assets Under Management (AUM)

AUM Month by Month



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

Fund Performance

Fund Legal Name	Ticker	Quarterly Return 2018-Q4	Quarterly Return 2019-Q1	Prospectus Gross Expense Ratio	Prospectus Net Expense Ratio
Fidelity® Emerging Markets Index Fund	FPADX	-7.41	9.75	0.08	0.08
Fidelity® International Index Fund	FSPSX	-12.41	10.01	0.05	0.05
Fidelity® Total Market Index Fund	FSKAX	-14.35	14.04	0.02	0.02
Fidelity® U.S. Bond Index Fund	FXNAX	1.70	2.96	0.03	0.03
JPMorgan U.S. Government Money Market Fund Capital Shares	OGVXX	0.53	0.57	0.21	0.18
Schwab Total Stock Market Index Fund®	SWTSX	-14.36	14.04	0.03	0.03
Schwab® Treasury Inflation Protected Securities Index Fund	SWRSX	-0.48	3.20	0.05	0.05
Vanguard Emerging Markets Government Bond Index Fund Institutional Shares	VGIVX	-0.20	5.60	0.29	0.29
Vanguard Long-Term Treasury Index Fund Institutional Shares	VLGIX	4.43	4.67	0.05	0.05
Vanguard Total Bond Market Index Fund Institutional Plus Shares	VBMPX	1.62	2.95	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 March 31, 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.

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.

Static Portfolio Performance Review

Growth Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-12.66	11.89
Net of Fees Return	-12.69	11.85
Blended Benchmark	-12.71	11.91
Excess Return	0.02	-0.06

Moderate Growth Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-10.12	10.28
Net of Fees Return	-10.14	10.25
Blended Benchmark	-10.07	10.34
Excess Return	-0.07	-0.09

Conservative Growth Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-7.26	8.52
Net of Fees Return	-7.29	8.48
Blended Benchmark	-7.15	8.55
Excess Return	-0.14	-0.07

Balanced Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-5.78	7.52
Net of Fees Return	-5.81	7.48
Blended Benchmark	-5.67	7.60
Excess Return	-0.14	-0.12

Blended Benchmark definitions as of 3/31/2019:

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

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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Static Portfolio Performance Review, continued

Income & Growth Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-4.31	6.61
Net of Fees Return	-4.34	6.57
Blended Benchmark	-4.19	6.68
Excess Return	-0.15	-0.11

Cash Preservation Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	0.65	0.42
Net of Fees Return	0.62	0.39
Benchmark	0.56	0.59
Excess Return	0.06	-0.20

Income Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	1.34	2.44
Net of Fees Return	1.31	2.41
Blended Benchmark	1.29	2.51
Excess Return	0.02	-0.10

Blended Benchmark definitions as of 3/31/2019:

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

Cash Preservation Portfolio

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

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Conservative Year of Enrollment Portfolio Performance Review

Conservative Year of Enrollment 2036 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-6.50	8.07
Net of Fees Return	-6.52	8.04
Blended Benchmark	-6.39	8.08
Excess Return	-0.13	-0.04

Conservative Year of Enrollment 2032 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-4.89	7.12
Net of Fees Return	-4.92	7.08
Blended Benchmark	-4.91	7.15
Excess Return	-0.01	-0.07

Conservative Year of Enrollment 2034 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-5.83	7.56
Net of Fees Return	-5.86	7.52
Blended Benchmark	-5.67	7.60
Excess Return	-0.19	-0.08

Conservative Year of Enrollment 2030 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-3.54	6.18
Net of Fees Return	-3.58	6.14
Blended Benchmark	-3.47	6.25
Excess Return	-0.11	-0.11

Blended Benchmark definitions as of 3/31/2019:

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

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Conservative Year of Enrollment Portfolio Performance Review, continued

Conservative Year of Enrollment 2028 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-2.08	5.32
Net of Fees Return	-2.11	5.29
Benchmark	-2.03	5.36
Excess Return	-0.08	-0.07

Conservative Year of Enrollment 2024 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-0.13	3.31
Net of Fees Return	-0.17	3.28
Benchmark	-0.15	3.40
Excess Return	-0.02	-0.12

Conservative Year of Enrollment 2026 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-0.82	3.91
Net of Fees Return	-0.85	3.88
Benchmark	-0.81	3.99
Excess Return	-0.04	-0.11

Conservative Year of Enrollment 2022 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	0.33	2.24
Net of Fees Return	0.30	2.20
Benchmark	0.29	2.36
Excess Return	0.01	-0.16

Blended Benchmark definitions as of 3/31/2019:

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

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

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Conservative Year of Enrollment Portfolio Performance Review, continued

Conservative Year of Enrollment 2020 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	1.12	1.78
Net of Fees Return	1.09	1.75
Benchmark	1.05	1.88
Excess Return	0.04	-0.13

Conservative Year of Enrollment 2018 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	1.12	1.77
Net of Fees Return	1.09	1.73
Benchmark	1.05	1.88
Excess Return	0.04	-0.15

Blended Benchmark definitions as of 3/31/2019:

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

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 Performance Review

Moderate Year of Enrollment 2036 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-11.50	11.17
Net of Fees Return	-11.53	11.14
Benchmark	-11.51	11.20
Excess Return	-0.02	-0.06

Moderate Year of Enrollment 2032 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-10.09	10.27
Net of Fees Return	-10.12	10.23
Benchmark	-10.07	10.34
Excess Return	-0.05	-0.11

Moderate Year of Enrollment 2034 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-11.47	11.04
Net of Fees Return	-11.50	11.01
Benchmark	-11.51	11.20
Excess Return	0.01	-0.19

Moderate Year of Enrollment 2030 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-8.59	9.36
Net of Fees Return	-8.62	9.33
Benchmark	-8.59	9.42
Excess Return	-0.03	-0.09

Blended Benchmark definitions as of 3/31/2019:

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

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

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Moderate Year of Enrollment Portfolio Performance Review, continued

Moderate Year of Enrollment 2028 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-7.22	8.49
Net of Fees Return	-7.25	8.46
Benchmark	-7.15	8.55
Excess Return	-0.10	-0.09

Moderate Year of Enrollment 2026 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-5.75	7.57
Net of Fees Return	-5.78	7.53
Benchmark	-5.67	7.60
Excess Return	-0.11	-0.07

Moderate Year of Enrollment 2024 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-3.55	6.10
Net of Fees Return	-3.58	6.07
Benchmark	-3.49	6.15
Excess Return	-0.09	-0.08

Moderate Year of Enrollment 2022 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-1.46	4.61
Net of Fees Return	-1.49	4.57
Benchmark	-1.41	4.68
Excess Return	-0.08	-0.11

Blended Benchmark definitions as of 3/31/2019:

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

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

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Moderate Year of Enrollment Portfolio Performance Review, continued

Moderate Year of Enrollment 2020 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-0.10	3.46
Net of Fees Return	-0.13	3.43
Benchmark	-0.11	3.54
Excess Return	-0.02	-0.11

Moderate Year of Enrollment 2018 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	1.29	2.30
Net of Fees Return	1.26	2.27
Benchmark	1.24	2.40
Excess Return	0.02	-0.13

Blended Benchmark definitions as of 3/31/2019:

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

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Growth Year of Enrollment Portfolio Performance Review

Growth Year of Enrollment 2036 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-12.04	11.60
Net of Fees Return	-12.07	11.57
Benchmark	-12.17	11.63
Excess Return	0.10	-0.06

Growth Year of Enrollment 2034 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-12.17	11.59
Net of Fees Return	-12.20	11.55
Benchmark	-12.17	11.63
Excess Return	-0.03	-0.08

Growth Year of Enrollment 2032 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-11.52	11.17
Net of Fees Return	-11.54	11.13
Benchmark	-11.51	11.20
Excess Return	-0.03	-0.07

Growth Year of Enrollment 2030 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-11.55	11.18
Net of Fees Return	-11.58	11.14
Benchmark	-11.51	11.20
Excess Return	-0.07	-0.06

Blended Benchmark definitions as of 3/31/2019:

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 Portfolio Performance Review, continued

Growth Year of Enrollment 2028 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-10.74	10.73
Net of Fees Return	-10.77	10.69
Benchmark	-10.76	10.78
Excess Return	-0.01	-0.09

Growth Year of Enrollment 2026 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-10.10	10.32
Net of Fees Return	-10.13	10.28
Benchmark	-10.07	10.34
Excess Return	-0.06	-0.06

Growth Year of Enrollment 2024 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-8.64	9.40
Net of Fees Return	-8.67	9.36
Benchmark	-8.59	9.42
Excess Return	-0.08	-0.06

Growth Year of Enrollment 2022 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-5.79	7.58
Net of Fees Return	-5.82	7.54
Benchmark	-5.67	7.60
Excess Return	-0.15	-0.06

Blended Benchmark definitions as of 3/31/2019:

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

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.).

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.

Indices are unmanaged and are not available for direct investment.

Growth Year of Enrollment Portfolio Performance Review, continued

Growth Year of Enrollment 2020 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-2.83	5.72
Net of Fees Return	-2.86	5.69
Benchmark	-2.78	5.78
Excess Return	-0.08	-0.09

Growth Year of Enrollment 2018 Portfolio	4Q:2018	1Q:2019
Gross of Fees Return	-0.20	3.17
Net of Fees Return	-0.23	3.14
Benchmark	-0.20	3.28
Excess Return	-0.03	-0.14

Blended Benchmark definitions as of 3/31/2019:

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

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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Internal Portfolio Net Expense Ratio Reductions (% Change)

Static Portfolios	Year 1
Growth Portfolio	-29.63%
Moderate Growth Portfolio	-22.07%
Conservative Growth Portfolio	-23.15%
Balanced Portfolio	-23.86%
Income & Growth Portfolio	-24.22%
Income Portfolio	-13.28%
Cash Preservation Portfolio	0.00%

Conservative Portfolios	Year 1
Year of Enrollment 2036	-23.75%
Year of Enrollment 2034	-23.86%
Year of Enrollment 2032	-24.10%
Year of Enrollment 2030	-24.44%
Year of Enrollment 2028	-24.66%
Year of Enrollment 2026	-15.06%
Year of Enrollment 2024	-13.33%
Year of Enrollment 2022	-6.75%
Year of Enrollment 2020	-6.96%
Year of Enrollment 2018	-6.96%

Moderate Portfolios	Year 1
Year of Enrollment 2036	-25.14%
Year of Enrollment 2034	-25.14%
Year of Enrollment 2032	-22.07%
Year of Enrollment 2030	-22.42%
Year of Enrollment 2028	-23.15%
Year of Enrollment 2026	-23.86%
Year of Enrollment 2024	-22.02%
Year of Enrollment 2022	-19.14%
Year of Enrollment 2020	-14.83%
Year of Enrollment 2018	-11.55%

Average = -20.08%

Growth Portfolios	Year 1
Year of Enrollment 2036	-25.46%
Year of Enrollment 2034	-25.46%
Year of Enrollment 2032	-25.14%
Year of Enrollment 2030	-25.14%
Year of Enrollment 2028	-21.83%
Year of Enrollment 2026	-22.07%
Year of Enrollment 2024	-22.42%
Year of Enrollment 2022	-23.86%
Year of Enrollment 2020	-24.52%
Year of Enrollment 2018	-11.61%

Internal portfolio blended net expense reductions reflect lower expense share classes the program recently qualified for because they met the minimum investment amounts. Internal portfolio net expense ratio reductions are shown as a percentage change relative to the portfolio internal net expense ratios at program launch (4/1/18) versus the ratios as of 2/28/19.

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

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The 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.).

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Investors should carefully consider the investment objectives, risks, charges and expenses of any mutual. 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 program 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.

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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 U.S. Treasury Bill 6–9 Month Index represents United States-issued government debt with a bond maturity between six months and nine months.

Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The index is composed of exchange-traded futures and represents 20 physical commodities, which are weighted to account for economic significance and market liquidity (subject to weighting restrictions).

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.

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.

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MSCI ACWI (All Country World Index) Index ex-USA (net of taxes) is a subset of the MSCI ACWI Index, a free-float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. This version of the index excludes the United States. The index is net because dividends are reinvested after deducting a withholding tax from dividend distributions. Since taxes are withheld from the MSCI ACWI Index ex-USA (net of taxes), the performance of the MSCI ACWI Index ex-USA (net of taxes) will generally be lower than that of the MSCI ACWI Index ex-USA (gross of taxes).

MSCI ACWI (All Country World Index) Index (net of taxes) is a free-float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. As of May 31, 2017, the MSCI ACWI consisted of 47 country indices comprising 23 developed and 24 emerging market country indices. The developed market country indices included are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging market country indices included are Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Qatar, Russia, 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 ACWI Index (net of taxes), the performance of the MSCI ACWI Index (net of taxes) will generally be lower than that of the MSCI ACWI Index (gross of taxes).

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, 2017, 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, 2017, the MSCI Emerging Markets Index consisted of the following 24 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Qatar, Russia, 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).

MSCI USA Investable Market Index (IMI) is designed to measure the performance of the large, mid and small cap segments of the US market. With 2,428 constituents, the index covers approximately 99% of the free float-adjusted market capitalization in the U.S.

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BNY MELLON

GET Policy Considerations

For Discussion at 2019 Summer WA529 Committee Retreat

Revised 5/10/19

Policy Question #1

Should the Committee consider any modifications to the GET unit pricing model?

Current State

The current pricing model includes four components:

- Expected cost of future tuition.
- A contribution towards the program's operating expenses.
- A reserve to account for future adverse experience, currently set at 15%.
- An optional fourth component to amortize past losses (not currently used).

Reason for Discussion

- Pricing guidelines should be reviewed periodically. The Committee set the current pricing guidelines in 2011 under a different set of environmental factors.
- Last year's price-setting marked a departure from the historical approach to setting the expense component, with the intent of reviewing the approach this year.

Considerations for Further Analysis

- Should the current health of the program (e.g. funded status) factor in to unit pricing decisions?
- Does it continue to make sense to charge one unit price each year, regardless of beneficiary age?
- Is 15% the optimal reserve amount given the current state of the economy and Washington's tuition policy?
- What is the Committee's desired approach for estimating revenue needs for covering program operational expenses?

Policy Question #2

Should the Committee consider adjusting any Custom Monthly Plan features?

Current State

Contract options:

- Contract lengths from a minimum of one year, up to a maximum of 18 years (options to contract for 50 to 600 units, in 50 unit increments).

Monthly payment includes:

- Financing charge: 7.5%/year (since inception).
- Small interest adjustment to account for 2-3 month delay before first payment is due.
- A payment processing fee, subject to change each enrollment year: (\$1.54/month).

Options to change payment plan:

- Downgrade to a lesser unit amount.
- Increase or decrease contract length.

Reason for Discussion

- The current 7.5% finance charge was implemented when the expected rate of return on investments for the GET fund was 7.5%. Since that time, the expected rate of return has declined (currently at 5.65%).
- This payment plan option was established well before the passage of the College Affordability Program, which has prescribed significantly different future tuition growth assumptions.
- Allowing customers to make certain contract changes (e.g. lump sum conversions) increases the complexity of record keeping and accounting functions.

Considerations for Further Analysis

- Current tuition policy holds tuition on a relatively low growth curve (~2%). In this environment, and based on alternative possible future tuition growth scenarios, does a 7.5% premium to lock in the current unit price still offer value and/or needed flexibility for certain customers?
- What does current Custom Monthly Plan participation look like? Does the plan appear to still be attractive and working for customers choosing this option?
- How would any changes to the current Custom Monthly Plan fee structure impact current customers?

Policy Question #3

Should the Committee consider adjusting any program fees?

Current State

Current fee schedule:

- Paper Enrollment Form Fee: \$50 (no fee charged for online enrollment)
- Late Payment Fee: \$10
- Dishonored Payment Fee: \$25 or actual fee charged by bank (greater amount)
- Refund Fees: 10% of earnings or \$100 (greater amount); \$10 cancellation fee; \$1.70/month maintenance fee
- Master Scholarship Account Setup Fee: \$100
- Master Scholarship Account Transfer Fee: \$25

Reason for Discussion

- Program fees should be reviewed periodically to ensure they are in line with current business practices and industry standards.

Considerations for Further Analysis

- Are any fees currently charged already accounted for through other revenue (e.g. the expense component)?
- To what degree should certain fees function to influence certain behaviors (e.g. late payment fees often not only reflect the actual cost to the organization, but a disincentive for customers to make late payments)?
- Does the Committee wish to compare fee schedules to competitors/others in the 529 industry?