



2016 Annual Report

Mission

GET serves Washington citizens by offering secure savings options that help families plan ahead for future college costs, reduce reliance on student debt, and promote financial wellness.

October 1, 2015 – September 30, 2016



A Message from Betty Lochner, GET Program Director

Greetings from GET!

Throughout our state important conversations around college readiness, access, and affordability are gaining momentum. Washington students increasingly have access to more pathways to a successful future, and there continue to be new ideas of how to expand these opportunities. I am particularly encouraged by our state's recent efforts to make college more affordable for Washington families.

Washington is now more than a year into the new state tuition policy, known as the College Affordability Program, enacted during the 2015 Legislative Session. This legislation reduced tuition at Washington public colleges over the 2015-16 and 2016-17 academic years and limits future annual tuition increases.

Following the 2015 Session, the GET Committee temporarily delayed new GET enrollments for up to two years to review the effects of the new tuition policy on the program. They also enacted several temporary policies (see the box on the right) and continue to explore options for the best way to ensure GET customers are able to benefit from the tuition decreases, while experiencing continued value in the program.

In the 2016 Session, the Legislature reinforced their commitment to ensuring Washington families will have college savings resources for years to come by passing Senate Bill 6601. This legislation provided guidelines to aid the GET Committee in creating a new 529 college savings plan, and called for GET to reopen to new enrollments by July 1, 2017.

In response, the Committee has been taking the necessary steps to begin developing a Washington-based 529 savings plan to be offered alongside GET. We're excited to be working towards increasing the savings options available to Washington families.

We are encouraged by the Legislature's decision to make college in our state more affordable and are optimistic that GET will remain a valuable college savings resource for years to come. We will continue to provide you with updates on our progress. Please know that I, along with the entire GET team, are here to assist you in any way that we can.

Sincerely,



GET COMMITTEE ACTIONS IN RESPONSE TO THE COLLEGE AFFORDABILITY PROGRAM

- ✓ Delayed new GET enrollments and unit sales for up to two years. The program is scheduled to reopen by July 1, 2017.
- ✓ Voted to return over \$59 million in amortization charges for over 43,000 GET accounts. Customers who bought units between May 2011 and June 2015 initially paid these charges to increase the long-term stability of GET. In 2015, the Committee determined these charges were no longer needed due to the program's financial health.
- ✓ Held the GET unit payout value at \$117.82 until one year of resident, undergraduate tuition and state-mandated fees at Washington's highest priced public university surpasses \$11,782. This ensured GET unit values would not go down with tuition.
- ✓ Allowed customers to refund their GET accounts without program penalties until September 1, 2017, or until 60 days after a new 529 college savings plan opens (whichever is later). Customers choosing this refund option will receive their original contributions or the \$117.82 unit payout value (whichever is greater).



What's Next for College Savings in Washington

The GET Committee is currently working on two major initiatives to offer Washington families enhanced and expanded college savings opportunities:

- GET plans to reopen to new enrollments in the second half of 2017. The GET Committee is currently reviewing program policies and preparing to set a new unit price. The Committee is focusing on providing value and protection for current and future customers, while maintaining the GET fund's financial health.
- The GET Committee is also working to develop a 529 college savings plan to offer alongside GET. A key decision point in this effort is to determine whether it is best to leverage GET's infrastructure, or to seek an outside partner to help manage the plan. The Committee hopes to begin offering this set of additional savings options to Washington families in the near future.



Asset Allocation and Investment Performance

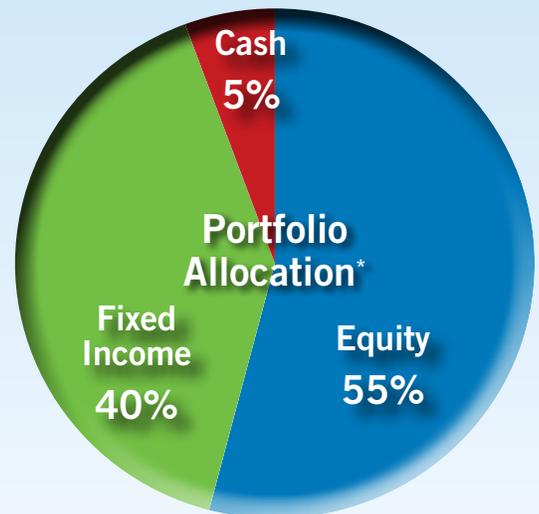
One of GET's key benefits is the guarantee that participant accounts will keep pace with future tuition costs. To support this guarantee, GET participant money goes into a trust fund. The Washington State Investment Board (WSIB) invests the fund in a diversified portfolio containing a balanced mix of U.S. and international equities (index funds), fixed income corporate bonds, and Treasury bonds. To ensure the program has enough money available to cover distributions for students paying for college expenses, the WSIB holds a small portion of the GET fund in cash. As of September 30, 2016, the total value of the GET fund is over \$2.15 billion.

In September 2015, the WSIB adjusted GET's investment mix to account for program changes made in response to the College Affordability Program. As described in the 2015 Annual Report, the WSIB increased the fund's cash portion to five percent to ensure enough money would be on hand to pay customers who took advantage of the GET Committee's temporary policy to allow GET account refunds without penalty. The current asset allocation is 55 percent equity, 40 percent fixed income, and five percent cash.

Overall, GET's investments performed well (10.4 percent return) for the one-year period from October 1, 2015 - September 30, 2016. Returns were above the benchmarks for each time period, and well above inflation for each investment category. Key factors that influenced this positive performance included U.S. economic growth, improved stability in non-U.S. markets, lower-than-expected market volatility, and strong bond returns. The "Portfolio Returns" table to the right provides a more detailed breakdown of the GET fund's one, five and ten year investment returns.

Portfolio Returns*

	1 Year	5 Year	10 Year
Fixed Income	6.96%	3.36%	5.28%
Equity	13.04%	11.34%	4.86%
Cash	0.26%	0.12%	1.12%
TOTAL	10.40%	8.14%	5.28%



* As of September 30, 2016

FUNDED STATUS

As of June 30, 2016, GET's funded status is at 136 percent and is expected to meet all of its financial obligations for current customers. This is slightly below the 140 percent funded status as of June 30, 2015. This change is mainly due to market performance during the particular time period observed in the funded status calculations (July 1, 2015 - June 30, 2016) along with GET Committee decisions to refund amortization fees and allow non-penalty refunds.





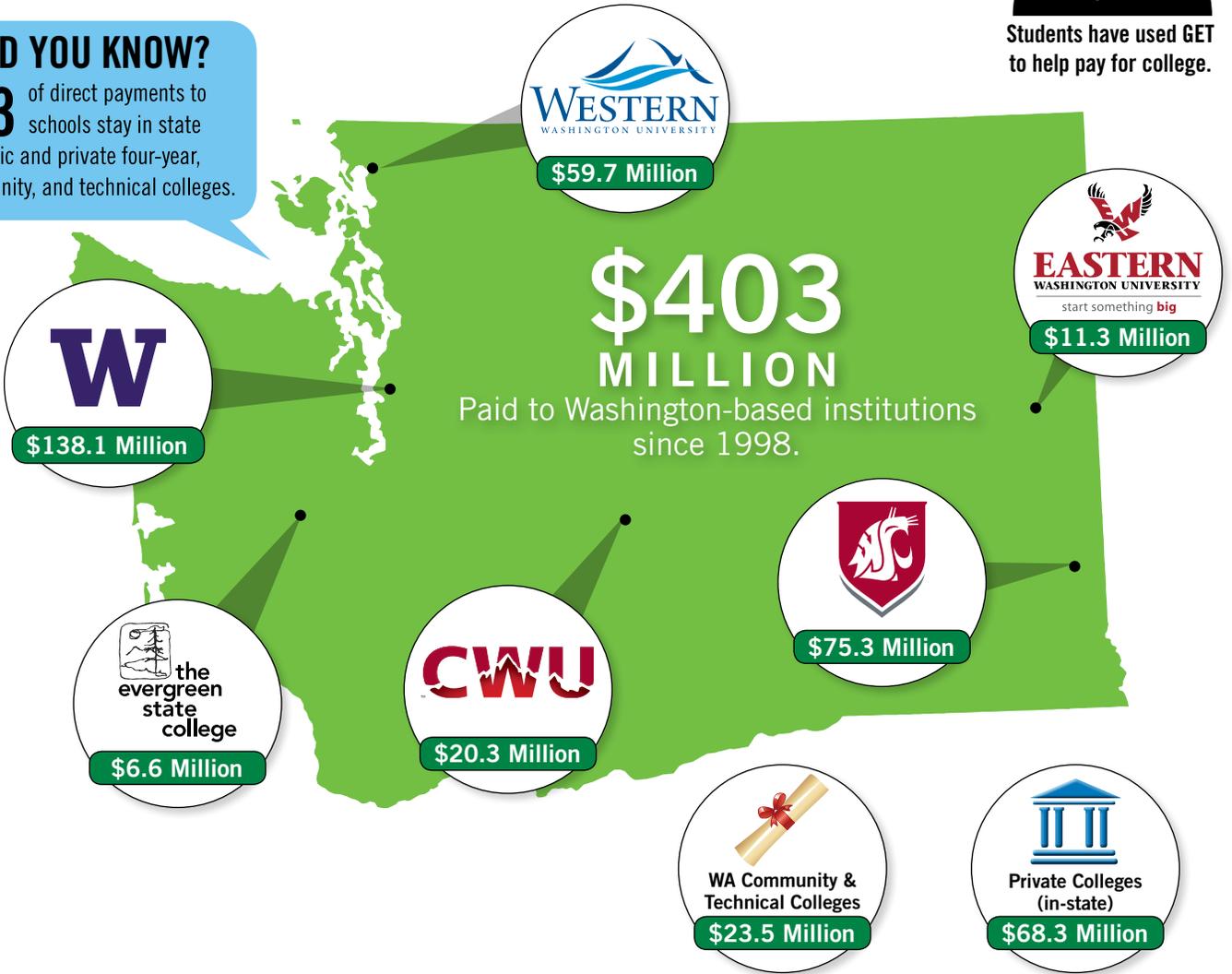
GET's Impact

In the 2015-16 academic year, GET paid out \$155 million in distributions on behalf of over 15,700 students to help cover college expenses. At the time of this report, GET has paid out **more than \$912 million on behalf of over 45,800 students** attending schools in all 50 states and 15 foreign countries since the program's inception. GET anticipates reaching \$1 billion in distributions within the next year! Families who save with GET not only make an investment in their students' future success, but contribute to Washington's educational attainment goals and help build a more talented workforce for our state's 21st century economy.



45,800
Students have used GET to help pay for college.

DID YOU KNOW?
2/3 of direct payments to schools stay in state at public and private four-year, community, and technical colleges.



OTHER DISTRIBUTIONS	\$161.2 Million Paid to Out-of-State Colleges	\$333.7 Million Direct Reimbursements to Customers	\$14.7 Million Paid to College Bound and GET Ready for Math & Science
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The Washington Student Achievement Council administers the GET Program while the Washington State Investment Board oversees its investments. The Committee on Advanced Tuition Payment, commonly referred to as the GET Committee, governs the program.