

Washington College Savings Plans Rollovers Report to the Governor and the Legislature November 2019

Introduction

The Committee on Advanced Tuition Payment and College Savings (WA529 Committee) oversees two 529 college savings plans: the Guaranteed Education Tuition (GET) program and the DreamAhead College Investment Plan. Per the plans' enabling statute, Chapter 28B.95 RCW, GET and DreamAhead were established to encourage savings and enhance the ability of Washington citizens to obtain financial access to institutions of higher education. The plans are designed to complement one another to save towards the full cost of attending college.

Washington is one of 49 states, along with the District of Columbia, that offers one or more 529 college savings plans to the public. These tax-advantaged savings vehicles offer tax-deferred growth and tax-free withdrawals when used for qualified higher education expenses. Qualified higher education expenses include tuition, fees, room and board, books, computers, equipment, and supplies in connection with a beneficiary's attendance at an eligible higher education institution. Account owners may also roll over savings in their 529 accounts to other 529 or 529A (ABLE) plans without incurring taxes or penalties.

Statute, RCW 28B.95.045(2), requires the WA529 Committee to report annually to the Governor and the appropriate committees of the Legislature on:

- (a) The number of accounts that have been rolled into the Washington college savings program from out of state; and
- (b) The number of accounts rolled out of the Washington college savings program to 529 plans in other states.

This statutory requirement applies only to DreamAhead (known statutorily as the "Washington College Savings Program"). For additional context, the following report provides these rollover statistics for both GET and DreamAhead for State Fiscal Year 2019.

WA529 Rollovers

Table 1 below provides an overview of rollovers that occurred in State Fiscal Year 2019 between GET and out-of-state plans, between DreamAhead and out-of-state plans, and between GET and DreamAhead.

TABLE 1: GET and DreamAhead Rollovers – State Fiscal Year 2019

Rollover Type	Number of Accounts
Incoming Rollovers From Out-of-State Plans	
Rollovers into GET	89
Rollovers into DreamAhead	44
Outgoing Rollovers to Out-of-State Plans	
Rollovers from GET	578
Rollovers from DreamAhead	13
Rollovers between GET and DreamAhead	
Rollovers from GET to DreamAhead	26,464
Rollovers from DreamAhead to GET	2

Additional Notes

- The majority of rollover activity for GET and DreamAhead that occurred in FY19 was a result of the passage of [Engrossed Senate Bill 6087](#) in the 2018 Legislative Session. A key provision in this legislation was to offer GET account holders a limited 90-day window to roll their GET accounts over to DreamAhead at a “Special Unit Cash Value Price,” of \$143 (a 33 percent premium over the then current standard GET payout value).
- It is also important to consider that a non-penalty refund period for GET participants was still in effect through September 12, 2018. This refund period, authorized by the WA529 Committee in response to College Affordability Program (2015 Legislative Session), allowed GET account holders to refund or rollover their GET savings without program penalties. Additionally, account holders whose account values had not yet exceeded their initial contributions were permitted to receive back their full contributions. This led to a higher number of rollovers from GET to out-of-state plans in State Fiscal Year 2019 than is typical.
- Additional details underlying these rollovers (dollar amounts, sending/receiving plans, etc.) are available upon request to WA529 Director, Luke Minor at lucasm@wsac.wa.gov.
- The WA529 Committee will provide an update to this report before December 1, 2020.