Guaranteed Education Tuition (GET) Committee Meeting
Tuesday, November 8, 2016

John L. O'Brien Building, Capitol Campus
House Hearing Room E
Olympia, WA 98504
2:00 p.m. – 4:00 p.m.

AGENDA

Call to Order & Welcome

• Approval of the September 7, 2016 Minutes	ACTION	TAB 1
Approval of the 2017 Meeting Calendar	ACTION	
• Chair's Report	INFORMATION	
• Director's Report	INFORMATION	
• GET Investment Update *Chris Phillips, Washington State Investment Board* *Allyson Tucker, Washington State Investment Board*	INFORMATION	TAB 2
• Final 2016 GET Actuarial Valuation Report Overview *Matt Smith, State Actuary, Office of the State Actuary*	INFO/DISCUSSION	TAB 3
• Final Valuation Adoption *Michael Bennion, Associate Director for GET Fiscal Planning*	INFORMATION	
• Approval of the Final GET Legislative Report *Luke Minor, Associate Director for GET Marketing & Communications*	ACTION	TAB 4
• Next Steps – Savings Plan RFP and GET Reopening *Betty Lochner, GET Director*	INFORMATION	
• Public Comment		
• Adjournment		

Next Meeting (upon approval):
Wednesday, February 22, 2017
J.A. Cherberg Building, Capitol Campus
Senate Hearing Room 3
Olympia, WA 98504
2:00 p.m. – 4:00 p.m.

GUARANTEED EDUCATION TUITION (GET) PROGRAM
Committee Meeting Minutes
September 7, 2016
John L. O'Brien Building, Capitol Campus
House Hearing Room E

WSAC Staff in Attendance:
Don Bennett, WSAC Deputy Director
Betty Lochner, GET Director
Betsy Hagen, Associate Director for GET Operations
Luke Minor, Associate Director for GET Marketing & Communications
Michael Bennion, Associate Director for GET Fiscal Planning
Marc Webster, WSAC Senior Fiscal Policy Advisor
Dan Payne, GET Marketing & Communications Specialist
Katie Gross, Special Assistant to the GET Director

Guests in Attendance:
Rick Brady, Office of the Attorney General
Brad Hendrickson, Office of the State Treasurer
Allyson Tucker, Washington State Investment Board
Chris Phillips, Washington State Investment Board
Michael Harbour, Office of the State Actuary
Matt Smith, State Actuary
Mary Anne Busse, Great Disclosure LLC
Evan Klein, Senate Staff
Adam Hall, Senate Democratic Caucus
Senator David Frockt
Scott Merriman, Office of Financial Management
Karin McKee, Citizen
Denny McKee, Citizen
Megan Mulvihill, Office of Public Research
Lily Sobolik, Office of Public Research

WELCOME AND CALL TO ORDER
Rachelle Sharpe, Acting Executive Director of the Washington Student Achievement Council (WSAC) and Chair of the GET Committee called the meeting to order and welcomed the Committee members and other participants. GET Committee members in attendance were Wolf Opitz, proxy for Treasurer James McIntire, David Schumacher, Director of the Office of Financial Management, Beth Berendt, citizen member, and Mooi Lien Wong, citizen member. Wong participated via conference call.

APPROVAL OF THE JUNE 23, 2016 MINUTES
Sharpe asked for a motion to approve the June 23, 2016 meeting minutes. Berendt motioned to approve the minutes as presented and Opitz seconded the motion. The minutes were approved unanimously.

CHAIR'S REPORT
Sharpe provided an overview of the agenda and spoke to the importance of developing a savings plan as it ties to the overall affordability landscape in Washington and the work of the Washington Student Achievement Council.

DIRECTORS REPORT
Betty Lochner, GET Director, provided an update on program refunds and distributions.

- Non-penalty refunds (September 2, 2015 through August 31, 2016): 17,500 refund requests for a total of $346 million. To compare, for the previous 12-month period, the program processed roughly 500 refunds for a total of $6.9 million.
- Between October 2015 and April 2016, there was a significant drop in the number of requests received each month, and since then, incoming requests have been relatively flat month-to-month. Total requests received in August were just 17% of the peak month (Oct. 2015).
- Distributions for 2016-17 academic year, for current college students (since August 1, 2016): $35 million distributed for 5,160 accounts. Since inception, the program has distributed $897 million for 44,770 students.
- Breakdown of distributions, since inception: $330 million distributed to in-state public schools, $226 million distributed to in-state private institutions and out of state schools, and $326 million distributed to account owners as reimbursements.

INVESTMENT QUARTERLY REPORT
Allyson Tucker and Chris Phillips from the Washington State Investment Board (WSIB) provided an overview of GET's 2016 second quarter investment report. The program's assets under management as of June 30, 2016 were at $2.17 billion. This is down $21 million from the first quarter report (March 31, 2016). The net decrease in assets was driven primarily from cash withdrawals. Cash withdrawals were partially offset by investment performance gains of about $37 million. Currently, liquidity of the portfolio is a key objective.

The cash target is set to 5% instead of 0% and the bands around the fixed income component have been widened to provide flexibility in the management of the GET funds until the program is reopened. At the end of the quarter, the fixed income allocation was comprised of a 21% allocation to treasuries and a 79% allocation to investment grade bonds. The treasury holdings were introduced to provide liquidity and equity risk mitigation during that GET refund window.

Returns were positive for the quarter driven by a strong performance in the fixed income component. Overall, the GET program is ahead of its policy benchmark and its passive benchmark in all periods except the one year. The fixed income component has seen a big change since the last investment report and its now ahead of its passive benchmark in all time periods. Looking at the near term, total performance was up 2.7% and both equity and fixed income investments were positive. Preliminary August results look mostly positive as well.

Opitz asked if WSIB is seeing an impact on investment flexibility or returns as a result of the non-penalty refunds that have been authorized. Tucker responded that WSIB took action when the program was suspended last year. At that point, WSIB raised a significant amount of funds from equity and put those funds in treasuries. Treasuries had their second best start to the year in

history, which means this was a positive decision. WSIB reviews GET's asset allocation daily and attests that the results of the investment movement have been positive. WSIB knew they needed to decrease the credit risk and to make sure there was enough liquidity.

ACTUARIAL VALUATION - PRELIMINARY RESULTS

Matt Smith, State Actuary, reported on the program's funded status as of June 30, 2016. Staff from the Actuary's office recently worked with staff from GET, OFM, and the Auditor's office to prepare information for the state's Comprehensive Annual Financial Report (CAFR). A new tactic used this year was to roll forward results from last year for reporting purposes. OSA staff are currently working on the 2016 GET valuation report which will not include information that's been rolled forward.

The program's funded status as of June 30, 2015 was 140%. The program's preliminary funded status as of June 30, 2016 is 136%. The reserve fell from $820 million to $626 million primarily from two factors:

1. The special non-penalty refunds reduced the obligations and assets. The program is also paying out contributions.
2. In one year's time, the investment performance proved to be less than expected. In previous years, Smith has seen expected returns.

Breaking down the funded status (136%), the present value of the funded status is $1.726 billion. You can think of that as every future payment that needs to be made, if you were to discount it, and put the money in the bank today, and earn 6% rate of return every year, that would be sufficient to pay out every expected tuition payment for current unredeemed units. Compare that to the present value of the fund, comprised of market value of current assets ($2.167 billion) and the present value of receivable payments from the people that are financing their contracts ($184 million). Those two pieces make up the funded status ($2.352 billion in assets). Assets exceed the obligations by $626 million. Smith will present the final results in November to receive and adopt the final actuarial valuation for 2016. The results in the final valuation report will not be based on a roll-forward and may differ from the results shown above, though Smith doesn't anticipate much change between today's preliminary results and the final results. There were no questions for Smith.

LEGISLATIVE REPORT UPDATE

Luke Minor, Associate Director for GET Marketing and Communications reminded the Committee that he had reviewed the legislative report draft in the June 23 meeting. Minor noted the four key findings presented in June.

1. Decreasing tuition rates have generally improved GET's funded status; future unit prices will likely start out lower than the $163/$172 unit prices.
2. Determining the feasibility of establishing a 529 college savings program is in progress (Committee and staff currently engaged in an RFP process).
3. The Committee does not recommend a cost of attendance payout metric, as it contains expenses outside the scope of 529 plans.
4. It was determined that GET could implement temporary refund penalty policy changes and remain financially solvent; the Committee authorized non-penalty refunds through December 15, 2016.

Minor noted that staff plan to update the draft to include any necessary information after the 2016 actuarial valuation is completed. The final draft of the legislative report will be presented at the November 8, 2016 meeting. GET staff plan to submit the report to OFM and legislative fiscal and higher education committees pending the Committees approval in November. Minor noted that the legislative report draft can be found in the GET committee meeting materials section of the WSAC website. There were no questions for Minor.

SAVINGS PLAN PROCUREMENT UPDATE

Sharpe reviewed the work that's currently been done around developing a savings plan. An internal savings plan advisory team, along with partners from other state agencies, and our Assistant Attorney General, have been working extensively to develop the structure and analyze the opportunities available for a Washington college savings plan. The team recommended moving forward with creating a Request for Proposals (RFP) seeking 529 plan program management services. The team's first action was to issue a Request for Information (RFI) that sought input from the vendor community. Information gathered has been used in development the scope of a formal RFP. Sharpe introduced Mary Anne Busse, special Assistant Attorney General and nationally recognized 529 expert, who has been helping draft the RFP and has extensive experience specifically with procurement, contracts, and disclosures for state-sponsored 529 plans.

Busse addressed the Committee and provided an overview of the work done by the internal savings plan advisory team to date. The advisory team has worked extensively in developing and analyzing the opportunities available for a WA college savings plan. Items evaluated and reviewed through the process so far include:

- possible plan structures,
- RFI responses received,
- comparable plans across the country,
- feasibility of an advisor-sold vs. a direct-sold plan,
- the potential structure and necessary components of an RFP,
- considerations around availability of services that could be offered directly by the state,
- and the ability for the state to capitalize its ability to offer some of the services under savings plan.

It was a thorough process, and the team consulted with and drew on expertise from key state partners including WSIB, DES, and the OCIO.

The team worked together in developing a proposed structure for the RFP and the first decision was to recommend moving forward with a direct-sold program only. This decision was not to rule out the possibility of an advisor-sold program at some point, but based on expertise of the team and the RFI responses, it was clear that a direct-sold program would be the best initial approach to a Washington college savings plan.

The team looked at and evaluated the types of services that would be required and included in an RFP. Those four general categories to be included in the RFP would be financial services (that includes investment options), records administration, customer service, and marketing. The internal advisory team recommends that these four categories be included in the RFP and to also include that it is the state's preference that the marketing services be provided by WSAC and

GET staff to capitalize on economies of scale and expertise already developed in house. In accordance with the statutory mandate, this would ensure that GET and the savings program are marketed together as two different plans under one program.

Another piece of the evaluation process was to look at the types of proposals the state might receive, and determine whether to require one comprehensive proposal that includes all possible services from each bidder or to request separate proposals for each service. Based on the team's expertise and analysis of how other programs work across the country, it was determined that the RFP should request a single proposal from a bidder for all of the services requested. Alternative proposals would also be allowed, to provide flexibility to bidders as they submit both cost-effective and creative proposals.

The two final recommendations to be included in the RFP in terms of structure and content are:

1. Updating the state's RFP template and the form of contract to reflect the complexity of a procurement for this type of a program. Several variances would be necessary to make this a comprehensive, state-of-the-art RFP.
    - Berendt asked for clarification around 'sample contract format,' asking if that is referring to the contract between the program and the vendor. Busse confirmed that Berendt was correct.
2. Offer a 10-year contract with the possibility of two one-year renewals, solely at the discretion of the Committee.
    - This recommendation was based on the expertise of the team, the evaluation of contracts across the country, 529 plan structures across the country, and the realization that for a program manager to recoup the substantial upfront costs of administering a college savings plan, the longer the contract, the more likely the program would get better pricing, and the more likely a bidder will be able to comply with the statutory mandates (50 basis point limitation).

Busse noted that per the legislative mandates, the RFP would note that there is a 50 basis point mandatory cap effective January 2018. The RFP would clearly state the statutory requirement to integrate marketing and promotion efforts for GET and the savings plan. The approach will be to offer two plans under one comprehensive program.

Finally, it is important to design an RFP with a best-in-class format to allow flexibility for potential bidders so that they can present their best offers. The RFP should have a structure that makes it possible to do an apples-to-apples comparison, but provide enough flexibility for the creativity of bidders with substantial experience in the market place.

Opitz noted that the 50 basis point limitation seems to be playing a significant role in the advisory team's recommendations. Opitz also asked for confirmation that the choice to opt for a direct-sold plan only, at this point, is because advisor-sold plans may bump into the 50 point basis cap. Busse noted that his statement was accurate.

Lochner noted that, pending approval from the Committee, program staff and the internal savings plan advisory team hope to have a final RFP ready by the end of September. Proposals would be due back mid to late November, and the team would evaluate proposals through

December. Interviews with finalists would be conducted in January and a final contract could possibly be signed as early as March. This is assuming that quality bids are received. This puts us on target to open the savings plan by summer of 2017. Lochner asked the Committee for guidance on whether or not to move forward to prepare and issue an RFP consistent with the approach that Busse described.

Opitz asked if Busse knew the size of the market being discussed or the approximate number of bidders she may expect to bid. He also asked if Busse thought the bidder community would have enough time to submit quality proposals using the proposed timeline.

Busse responded that the market has about six potential current 529 program managers that would have an interest. Busse expects that a good number of those would take a serious interest in the RFP, but couldn't confirm that they would submit a proposal. She noted that there's great potential in the state of Washington and program managers who have a significant amount of maturity in the market understand that. Busse predicts that there would be at least a few good bids. In regards to the timeline, Busse noted that 60 days is a sufficient, standard, and expected amount of time for a bidder to response to this type of RFP.

Opitz asked Busse if she thought the planned RFP for a savings plan in the state of Washington would be similar or different to those distributed from other states - will bidders know how to bid on it. Busse responded that the RFP takes all of the specific Washington State procurement requirements in to account, though the content is expected to be similar to other RFPs that other program and investment managers have responded to. Busse recommended drafting the key elements around the scope of work in the RFP in a similar structure to other RFPs that are standard in the 529 industry. Opitz stated that distributing an RFP that is similar in structure to others in this industry would hopefully allow for a more consistent evaluation process and more quality bids.

Sharpe asked if there was a motion to authorize staff to move forward with preparing and issuing an RFP seeking 529 college savings plan services. Opitz noted that based on the directives in Senate Bill 6601, and the findings from the Request for Information issued in May 19, 2016, I move that, as soon as feasible, the Washington Student Achievement Council prepare and issue an RFP that seeks program management services for a direct-sold 529 college savings plan, that incorporates the input of, and recommendations from, staff and Mary Anne Busse. Berendt seconded the motion. The motion was approved unanimously.

NON-PENALTY REFUND EXTENSION

Lochner reminded the Committee that in the April and June meetings, members expressed interest in extending the non-penalty refund deadline. The current deadline is set to expire on December 15, 2016. Lochner noted that GET is set to reopen by July 1, 2017, as required by Senate Bill 6601. The target date for opening the new savings plan is summer of 2017. By extending the deadline, the Committee can provide peace of mind for customers who are waiting to see what Washington will offer for a new 529 college savings plan and what GET will look like when it reopens before making a decision on their GET accounts. Lochner stated that staff recommend that the Committee extend the non-penalty refund window and allow customers to

continue to receive the $117.82 payout value or their contributions (whichever is greater) until September 1, 2017, or until 60 days after a savings plan opens (whichever is later).

Berendt asked if new purchasers would be allowed the opportunity for a penalty-free refund if GET reopens in June and they purchase new units in that same month. Lochner replied that a customer could do this, unless the Committee changed the language of the recommendation. Customers can already refund their accounts within six months without penalty.

Schumacher applauded the Committee's work around reducing the anxiety of GET holders and wants to be sure the anxiety level doesn't go up again. The recommendation presented is well thought out and considers information that allows customers to make a decision on their own timeline. Knowing that new customers have six months to refund without penalty under current policy, Wong asked if new customers' ability to refund would be cut short (from six months to September 1) if they opened a new account on July 1. Sharpe suggested adding the word 'current' before the word 'customers' to the recommendation. Schumacher suggested having our legal counsel comment on this. Rick Brady, Assistant Attorney General, noted that he liked adding the word 'current' and noted that the contractual provisions would prevail in the case of a conflict.

Berendt moved that effective today, September 7, 216, the GET Committee authorize extending the non-penalty refund window and allowing current customers to continue receiving the $117.82 payout value or their contributions (whichever is greater) until September 1, 2017, or until 60 days after a 529 savings plan opens (whichever is later). Wong seconded the motion. The motion was approved unanimously as Berendt stated it.

GET: NEXT STEPS

Lochner reminded the Committee that some policy topics around the reopening of the GET program were discussed at the meeting on June 23, 2016. Program staff have been looking into these topics and plan to bring more information and policy considerations to future meetings. Staff are currently researching and analyzing the following policies:

1. Custom Monthly plan finance charge and contract terms;
2. Lifetime unit maximum per student
3. Minimum unit holding period; and
4. Benefit use year extensions, account transfers, and beneficiary changes.

Staff are consulting with the Actuary, as needed, to get a preliminary idea of which types of policies may require additional actuarial analysis if the Committee were to consider any changes. Three questions that staff are asking the Committee to consider are:

1. What is the optimal balance between customer flexibility, customer protection, and the program's actuarial soundness?
2. What are potential fiscal, customer behavior, actuarial, and operational impacts of any proposed program modifications?
3. Among current and future customers, who would be impacted by potential program modifications?

Opitz noted the importance of reopening the GET program in harmony with the creation and offering of the new 529 plan. This gives citizens choices. Opitz suggested keeping the 50 basis

point cap, the reopen date, and the budget in mind. It's possible that there may be a need to go back to the legislature to request more funds, to request changes to the statute, etc., and that would need to happen before the legislative session starts. Opitz noted that there are possible changes that may need to be made in order to make the plans stronger.

PUBLIC COMMENT
No public comment.

ADJOURNMENT
Sharpe thanked Opitz for representing Treasurer McIntire and for his years of state service. Sharpe noted the discussion items for the November 8, 2016 meeting:

- 2016 GET Actuarial Valuation Report;
- Third quarter GET investment report;
- The final GET legislative report;
- The RFP for a Washington college savings plan; and
- GET policy considerations

Wong motioned to adjourn the meeting. Opitz seconded the motion. The meeting adjourned at 2:56 p.m.

Correspondence
P.O. Box 43450
Olympia, WA 98504-3450
1.800.955.2318
Fax 360.704.6200
www.get.wa.gov

Applications & Payments
Guaranteed Education Tuition
P.O. Box 84824
Seattle, WA 98124-6124

2017 GET Committee Meeting Schedule

Background

As outlined in RCW 28B.95.030, WAC 14-104-010, the GET Committee shall hold regular meetings as needed. Additional special meetings may be scheduled if needed. The following is the tentative meeting schedule for the 2017 calendar year.

DATE	TIME	PLACE
Wednesday, February 22, 2017	2:00 p.m. – 4:00 p.m.	Capitol Campus, Olympia J.A. Cherberg Building Senate Hearing Room 3
Wednesday, April 26, 2017	2:00 p.m. – 4:00 p.m.	Capitol Campus, Olympia J.A. Cherberg Building Senate Hearing Room 3
Wednesday, June 7, 2017	2:00 p.m. – 4:00 p.m.	Capitol Campus, Olympia J.A. Cherberg Building Senate Hearing Room 3
Wednesday, September 13, 2017	2:00 p.m. – 4:00 p.m.	Capitol Campus, Olympia J.A. Cherberg Building Senate Hearing Room 3
Thursday, November 16, 2017	2:00 p.m. – 4:00 p.m.	Capitol Campus, Olympia J.A. Cherberg Building Senate Hearing Room 3

GET Prepaid College Tuition Program

Quarterly Report – September 30, 2016

Portfolio Size, Allocation, and Assets Under Management 1
Performance 2

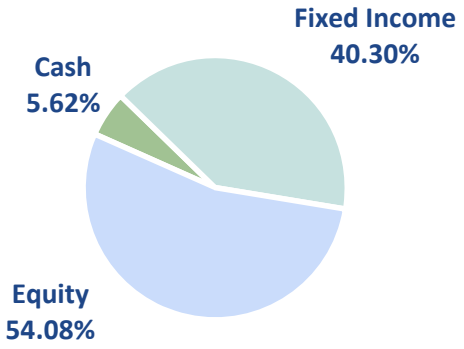
GET Prepaid College Tuition Program

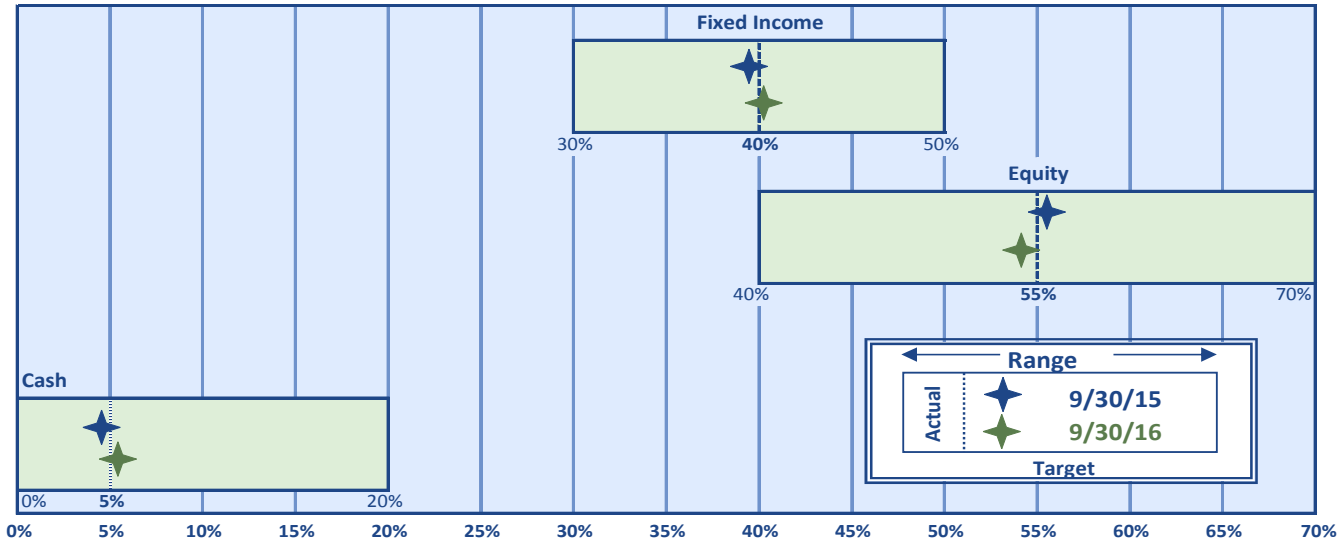
Quarter Ended September 30, 2016

Portfolio Size

Total	**$2,156,082,105**
Cash	$121,120,391
Fixed Income	$868,860,516
Equity	$1,166,101,198

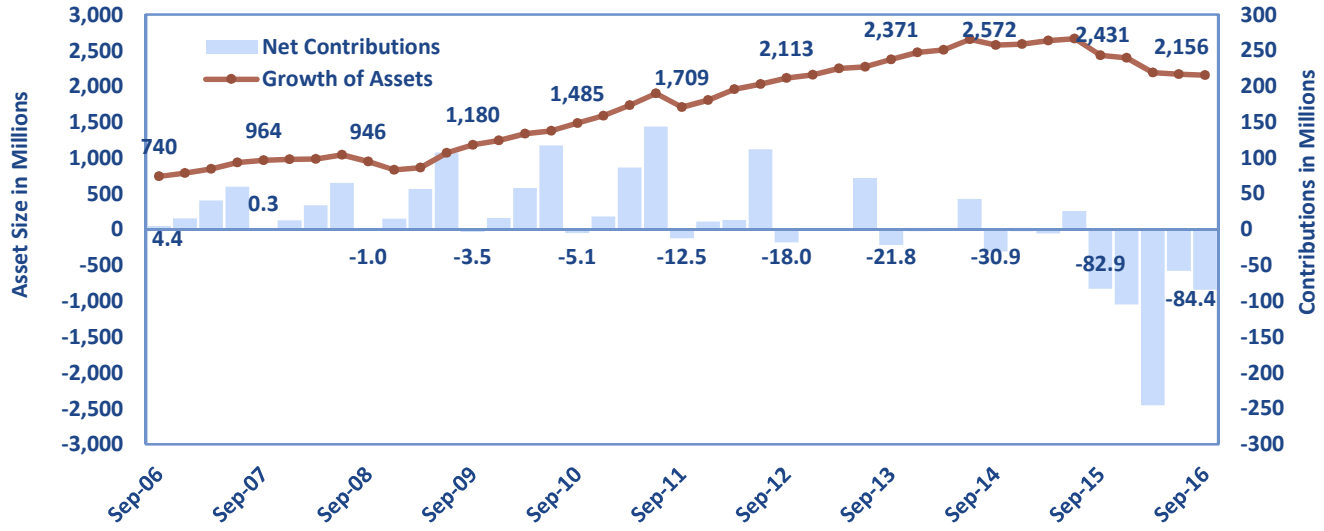
Actual Asset Allocation





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

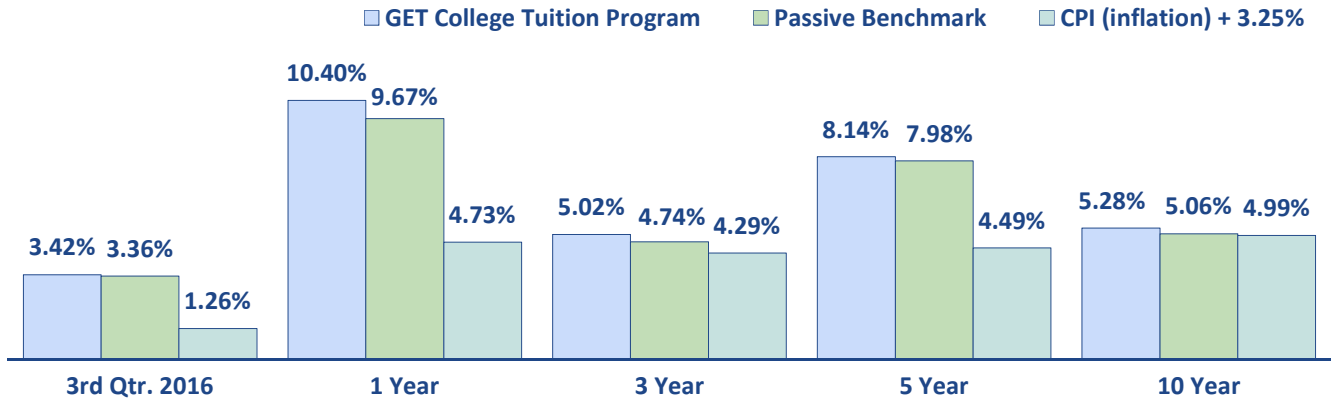
Assets Under Management



GET Prepaid College Tuition Program

Quarter Ended September 30, 2016

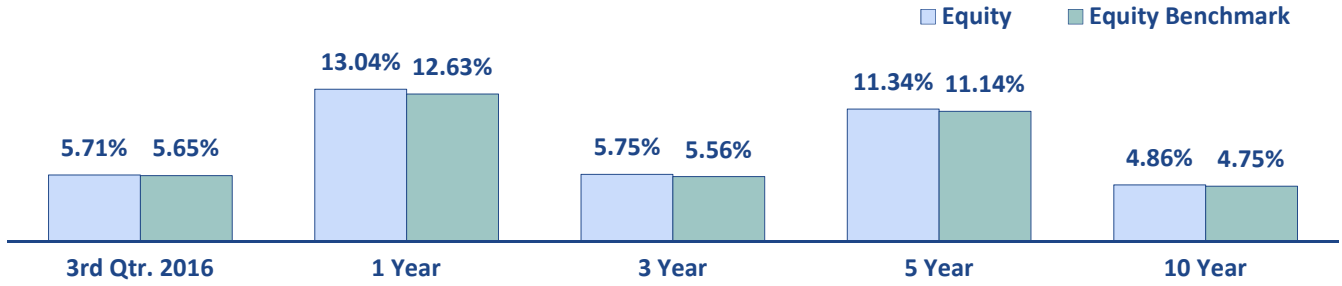
Total Return *



Return Breakdown

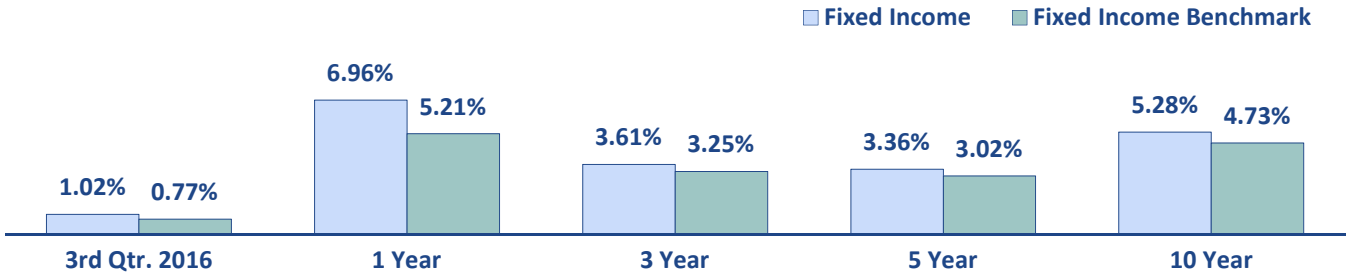
Equity Return *

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.

GET
Guaranteed Education Tuition℠

GET Committee Meeting

November 8, 2016

Welcome & Approval of Minutes

GET
Guaranteed Education Tuition℠

Approval of 2017 Meeting Calendar

DATE	TIME	PLACE
Wednesday, February 22	2:00 p.m. – 4:00 p.m.	Capitol Campus, Olympia
Wednesday, April 26	2:00 p.m. – 4:00 p.m.	Capitol Campus, Olympia
Wednesday, June 7	2:00 p.m. – 4:00 p.m.	Capitol Campus, Olympia
Wednesday, September 13	2:00 p.m. – 4:00 p.m.	Capitol Campus, Olympia
Thursday, November 16	2:00 p.m. – 4:00 p.m.	Capitol Campus, Olympia

Chair's Report

Today's Agenda Items

- **Director's Report**
  - **Betty Lochner**, GET Director
- **GET Investment Update**
  - **Chris Phillips**, Washington State Investment Board
- **2016 GET Actuarial Valuation Report Overview and Adoption**
  - **Matt Smith,** Washington State Actuary
  - **Michael Bennion**, Associate Director for GET Fiscal Planning
- **Final GET Legislative Report Review and Approval**
  - **Luke Minor**, Associate Director for GET Marketing & Communications
- **Next Steps – Savings Plan RFP and GET Reopening**
  - **Betty Lochner**, GET Director

Chair's Report

Objectives

- Highlight recent GET refund and distribution activity
- Share the latest GET investment update
- Review and adopt the 2016 GET Actuarial Valuation Report
- Approve the final GET Legislative Report
- Provide updates and next steps on the 529 savings plan RFP
- Share next steps for GET reopening discussions

Director's Report

Betty Lochner
GET Director

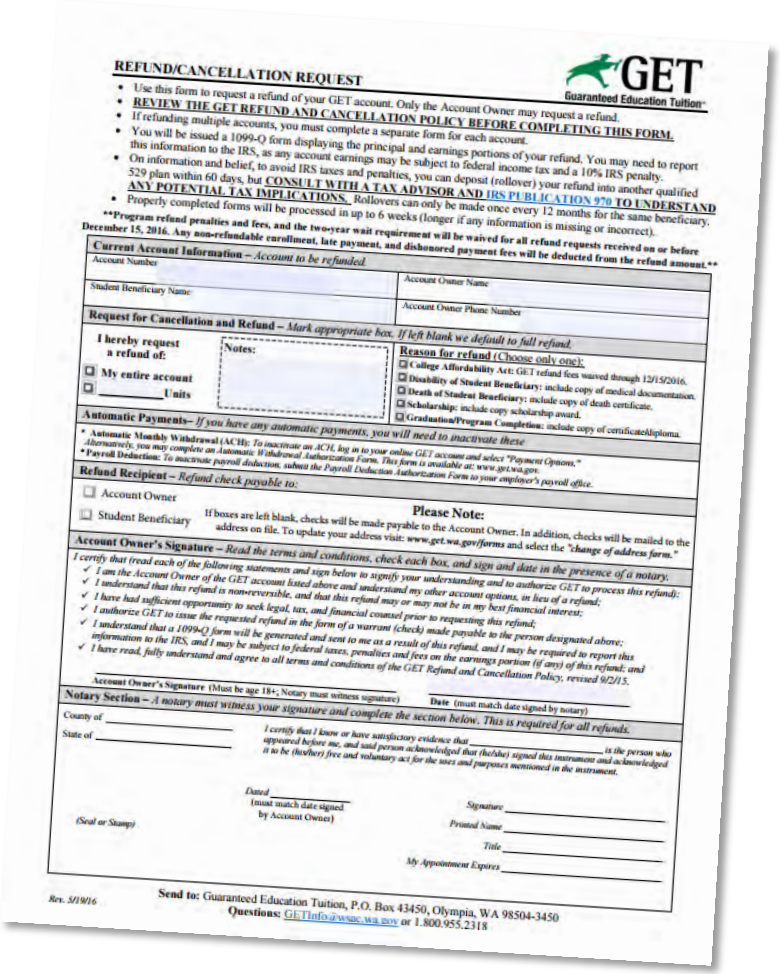
- GET Non-Penalty Refunds Update
- GET Distributions Update

Director's Report

Non-Penalty Refund Update

(September 2, 2015 – October 28, 2016)

- Number of requests received and processed:
  - Non-penalty refunds: **18,720**
  - Outgoing rollovers: **396**
- Estimated dollar value of processed requests:
  - Non-penalty refunds: **$361 Million**
  - Outgoing rollovers: **$10.5 Million**
- Proportion of all accounts active on July 1, 2015, that have been refunded: **14 percent**
- Remaining total active accounts: **105,306**



REFUND/CANCELLATION REQUEST

GET Guaranteed Education Tuition

- Use this form to request a refund of your GET account. Only the Account Owner may request a refund.
- REVIEW THE GET REFUND AND CANCELLATION POLICY BEFORE COMPLETING THIS FORM.
- If refunding multiple accounts, you must complete a separate form for each account.
- You will be issued a 1099-Q form displaying the principal and earnings portions of your refund. You may need to report this information to the IRS, as any account earnings may be subject to federal income tax and a 10% IRS penalty.
- On information and belief, to avoid IRS taxes and penalties, you can deposit (rollover) your refund into another qualified 529 plan within 60 days, but CONSULT WITH A TAX ADVISOR AND IRS PUBLICATION 970 TO UNDERSTAND ANY POTENTIAL TAX IMPLICATIONS. Rollovers can only be made once every 12 months for the same beneficiary.
- Properly completed forms will be processed in up to 6 weeks (longer if any information is missing or incorrect).

Program refund penalties and fees, and the two-year wait requirement will be waived for all refund requests received on or before December 15, 2016. Any non-refundable enrollment, late payment, and dishonored payment fees will be deducted from the refund amount.

Current Account Information – *Account to be refunded.*

Account Number | Account Owner Name

Student Beneficiary Name | Account Owner Phone Number

Request for Cancellation and Refund – *Mark appropriate box. If left blank we default to full refund.*

I hereby request a refund of:
- ☐ My entire account
- ☐ _____ Units

Notes:

Reason for refund (Choose only one):
- ☐ College Affordability Act: GET refund fees waived through 12/15/2016.
- ☐ Disability of Student Beneficiary: include copy of medical documentation.
- ☐ Death of Student Beneficiary: include copy of death certificate.
- ☐ Scholarship: include copy scholarship award.
- ☐ Graduation/Program Completion: include copy of certificate/diploma.

Automatic Payments– *If you have any automatic payments, you will need to inactivate these*

- Automatic Monthly Withdrawal (ACH): *To inactivate an ACH, log on to your online GET account and select "Payment Options." Alternatively, you may complete an Automatic Withdrawal Authorization Form. This form is available at: www.get.wa.gov.*
- Payroll Deduction: *To inactivate payroll deduction, submit the Payroll Deduction Authorization Form to your employer's payroll office.*

Refund Recipient – *Refund check payable to:*

- ☐ Account Owner
- ☐ Student Beneficiary

Please Note: If boxes are left blank, checks will be made payable to the Account Owner. In addition, checks will be mailed to the address on file. To update your address visit: *www.get.wa.gov/forms* and select the *"change of address form."*

Account Owner's Signature – *Read the terms and conditions, check each box, and sign and date in the presence of a notary.*

I certify that (read each of the following statements and sign below to signify your understanding and to authorize GET to process this refund):
- ✓ *I am the Account Owner of the GET account listed above and understand my other account options, in lieu of a refund;*
- ✓ *I understand that this refund is non-reversible, and that this refund may or may not be in my best financial interest;*
- ✓ *I have had sufficient opportunity to seek legal, tax, and financial counsel prior to requesting this refund;*
- ✓ *I authorize GET to issue the requested refund in the form of a warrant (check) made payable to the person designated above;*
- ✓ *I understand that a 1099-Q form will be generated and sent to me as a result of this refund, and I may be required to report this information to the IRS, and I may be subject to federal taxes, penalties and fees on the earnings portion (if any) of this refund; and*
- ✓ *I have read, fully understand and agree to all terms and conditions of the GET Refund and Cancellation Policy, revised 6/2/15.*

Account Owner's Signature (Must be age 18+; Notary must witness signature) | Date (must match date signed by notary)

Notary Section – *A notary must witness your signature and complete the section below. This is required for all refunds.*

County of _____

State of _____

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument and acknowledged it to be (his/her) free and voluntary act for the uses and purposes mentioned in the instrument.

Dated _____ (must match date signed by Account Owner)

(Seal or Stamp)

Signature _____

Printed Name _____

Title _____

My Appointment Expires _____

Rev. 5/19/16

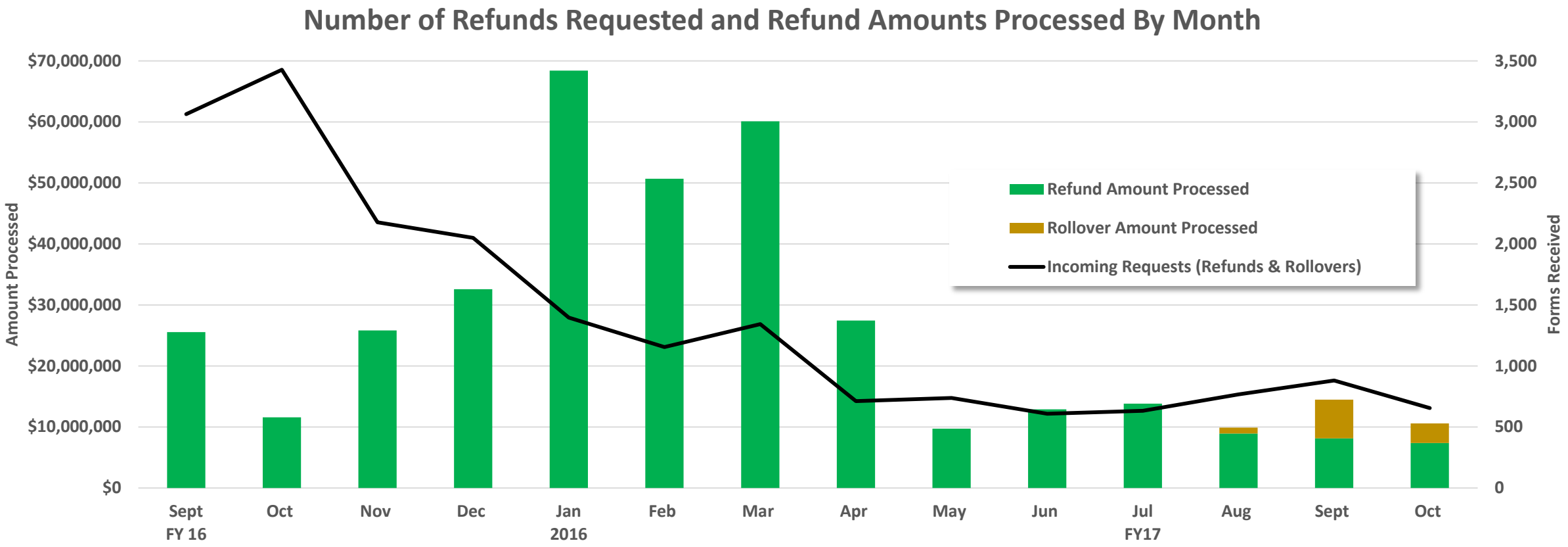
Send to: Guaranteed Education Tuition, P.O. Box 43450, Olympia, WA 98504-3450

Questions: GETInfo@wsac.wa.gov or 1.800.955.2318

Director's Report

Non-Penalty Refund Update

(September 2, 2015 – October 28, 2016)



Director's Report

Distributions for Current College Students

(for payment of higher education expenses – as of October 28, 2016)

- Estimated dollar value of account distributions
  - So far for 2016-17 academic year: **$63 Million**
  - Since program inception: **$924.5 Million**
- Total accounts requesting distributions
  - So far for 2016-17 academic year: **11,363**
  - Since program inception: **46,609**
- Proportion of all accounts opened since program inception that have requested distributions: **29 percent**

Director's Report

Breakdown of Total Distributions ($924.5 Million)

(All years since program inception - as of October 28, 2016)

Direct Payments to Schools

$145.5 M	$75.5 M	$60 M
$20.5 M	$11.5 M	$6.5 M
$23.5 M	$68.5 M	$161.5 M

Reimbursements & Other Payments

Direct Reimbursements to Participants

$337 M

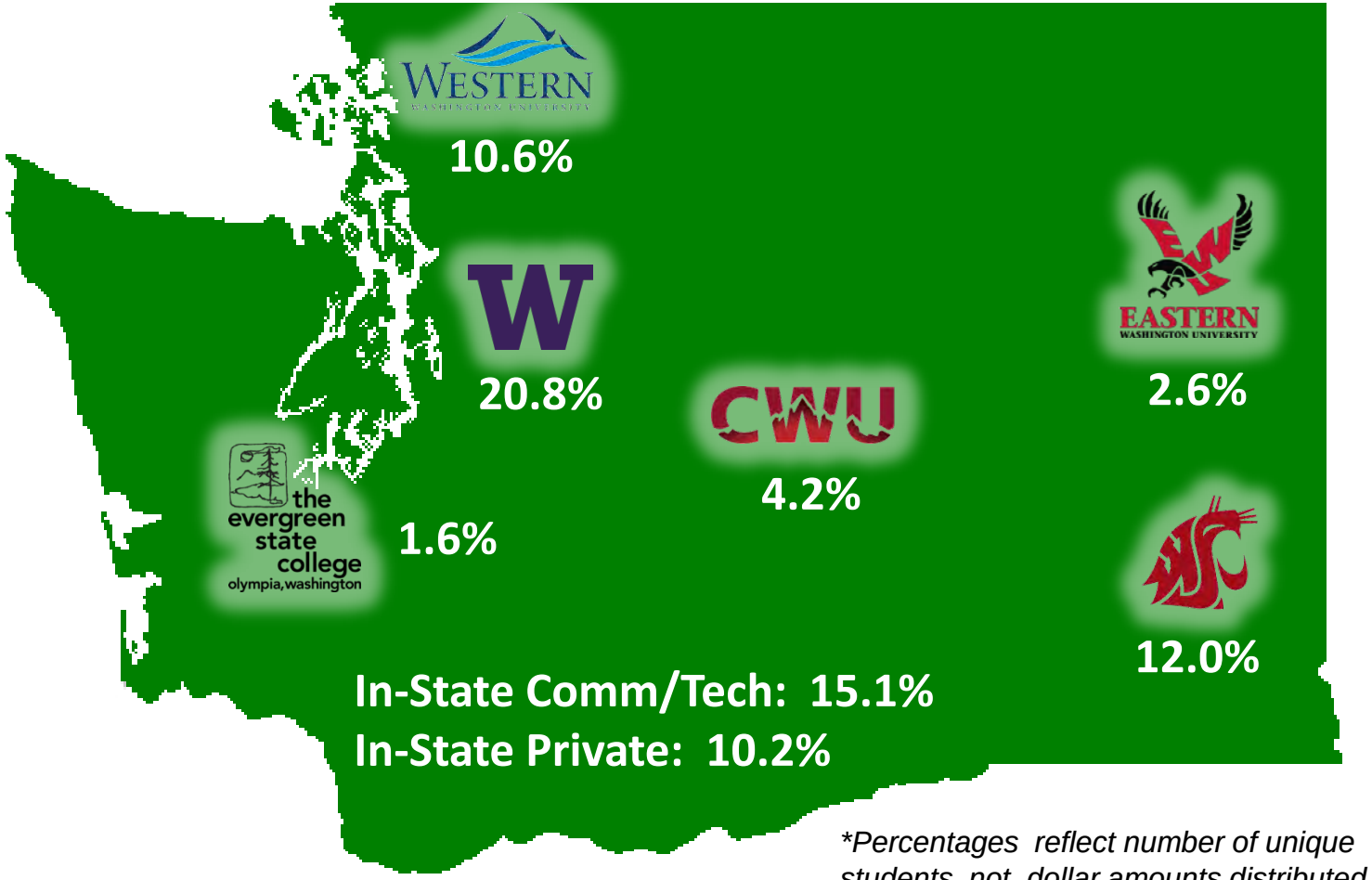
College Bound & GET Ready for Math and Science

$14.5 M

Director's Report

Where GET is being used – by number of students*

(All direct payments to institutions since program inception – as of October 28, 2016)



OUT-OF-STATE COLLEGES

22.9%

*Percentages reflect number of unique students, not dollar amounts distributed.

GET Investment Update

Chris Phillips, Director, Institutional Relations & Public Affairs

Allyson Tucker, Senior Investment Officer

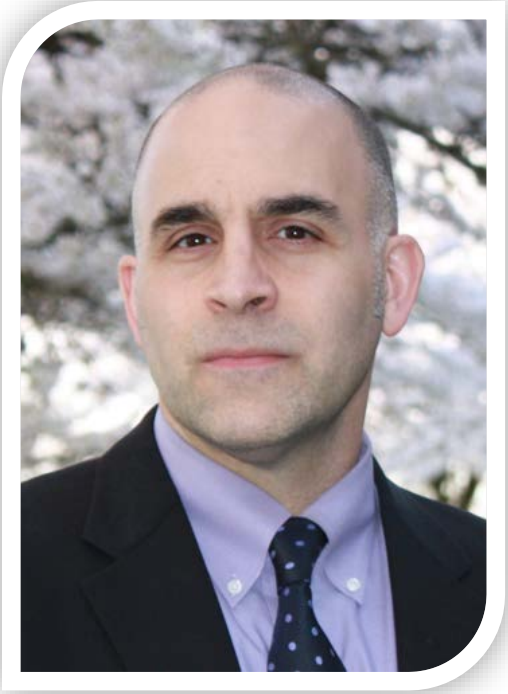
Washington State Investment Board

- Review the third quarter GET Investment Report

GET Actuarial Valuation Report

Matt Smith, State Actuary
Office of the State Actuary

- Review the final 2016 GET Actuarial Valuation Report



GET Valuation Adoption

Michael Bennion
Associate Director for GET Fiscal Planning

- Recap of staff review of the final 2016 GET Actuarial Valuation Report

Final Legislative Report

Luke Minor
Associate Director for GET Marketing & Communications

- Seeking approval of the Final GET Legislative Report

Final Legislative Report

Key Revisions Since June 23, 2016 Draft

- Revised "Impact of Decreasing Tuition Rates" section to reflect new 136 percent funded status (as of June 30, 2016).

- Updated "Feasibility of a 529 College Savings Program" section to provide most up-to-date status on procurement process (as of November 1, 2016).

- Updated "Alternatives and Impacts for State Penalties on Withdrawals" section to include recent Committee decision to extend non-penalty refund window to September 1, 2017, or until 60 days after a savings plan opens (whichever is later).

Final Legislative Report

Four Key Findings

- Decreasing tuition rates have generally improved GET's funded status (136% as of June 30, 2016); future unit prices will likely start out lower than the $163/$172 unit prices.

- Determining the feasibility of establishing a 529 college savings program is in progress. Committee and staff are currently engaged in an RFP process.

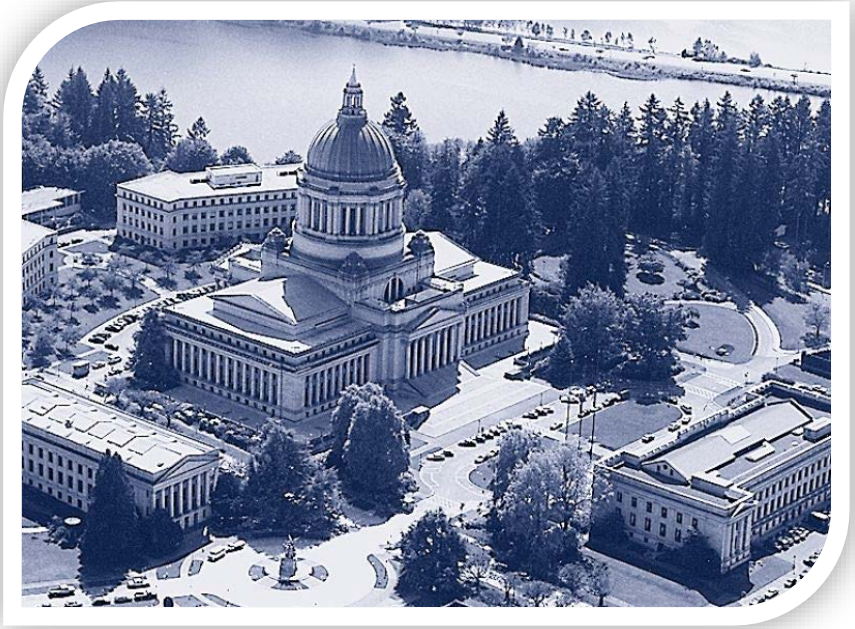
- The Committee does not recommend a cost of attendance payout metric, as it contains expenses outside the scope of 529 plans.

- It was determined that GET could implement temporary refund penalty policy changes and remain financially solvent; the Committee authorized non-penalty refunds until September 1, 2017, or until 60 days after a savings plan opens (whichever is later).

Final Legislative Report

Next Step

- Pending GET Committee approval, submit final report to OFM and legislative fiscal and higher education committees.



Next Steps

Betty Lochner
GET Director

- Share savings plan procurement update
- Discuss agenda items for upcoming meetings

Next Steps

Savings Plan Procurement Update

- On October 4, 2016, WSAC issued RFP No. 17-RFP147: Washington College Savings Program.
- WSAC held a pre-proposal conference on October 24, 2016 at 10:00 a.m., where bidders could participate and ask clarifying questions.
  - Five individuals representing two potential bidders participated.
  - Ten written questions were submitted before the conference.
  - Several more questions were brought up in the meeting.
  - Formal responses were posted to WEBS.

Next Steps

Savings Plan Procurement Update

GET
Guaranteed Education Tuition℠

Tentative Timeline for RFP

	Activity	Date
✓	~~Issue Request for Proposals (RFP)~~	~~October 4, 2016~~
✓	~~Question and answer period~~	~~October 24, 2016~~
	Proposals due	November 30, 2016
	Evaluate proposals	November-December 2016
	Conduct oral interviews with finalists, if required	January 2017
	Announce “Apparent Successful Bidder”	February 2017
	Finalize and sign contract	February-March 2017
	Begin implementation	March-April 2017
	Tentative Washington 529 College Savings Plan opening	Summer 2017

Next Steps

Upcoming Discussions – Savings Plan

- Interview finalists and select apparent successful bidder in Jan/Feb 2017.
- Begin contract negotiations in February 2017.

Upcoming Discussions – GET Reopening

- GET policy review and considerations, beginning February 2017.
- GET unit price discussions following conclusion of 2017 Legislative Session.

Public Comment

- Sign-up sheet
- If you would like to submit a written comment, please send your input to: GETInfo@wsac.wa.gov, and include the subject line: “GET Committee Statement”

Questions & Answers

GET
Guaranteed Education Tuition℠

Next Meeting

Wednesday, February 22, 2017
J.A. Cherberg Building
Capitol Campus, Olympia
Senate Hearing Room 3
2:00 p.m. to 4:00 p.m.