Program Details

September 2008

Washington State's 529 Prepaid College Tuition Program

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INSIDE FRONT COVER

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WASHINGTON HIGHER EDUCATION COORDINATING BOARD

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Washington State's 529 Prepaid College Tuition Program

The Washington Higher Education Coordinating Board 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.

GET COMMITTEE MEMBERS

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1. Master Agreement

Before you open a Guaranteed Education Tuition account, please carefully read the 2008-2009 Master Agreement, which explains the rules of the Program. When you sign your enrollment form, you are agreeing to the terms of the Master Agreement.

2008-2009 MASTER AGREEMENT Updated September 1, 2008

I. DEFINITIONS

The following Terms when used in the Agreement and the Enrollment form for purchase of Tuition Units will have the meanings set forth below:

A. "529 Plan" means a qualified tuition program within the meaning of Section 529 of the Code.

B. "Academic Year" means the regular nine month, three quarter or two semester period annually occurring between August 1st and July 31st.

C. "Account" means the record that contains the details of payments, fees paid and/or charged, Units purchased, Units distributed, Units refunded and remaining Units in connection with a particular designated Student under an Agreement.

D. "Account Owner" or "Purchaser" means the Individual, Partnership, Corporation, Trust, Estate, Association, Organization, or Government entity who/that establishes an Account and has designated control of the Account.

E. "Account Owner Survivor" or "Purchaser Survivor" means an individual authorized by the Account Owner to take control of an Account upon the death or incapacity of the Account Owner.

F. "Actuarial Soundness" means the Program is projected to have the funds needed to pay future obligations as determined by an actuary. The actuarial formula incorporates several factors, including the current cost of tuition, estimated future tuition, inflation, investment returns and administrative costs, and a reserve to assist in periods of fluctuating returns or higher than average tuition.

G. "Agreement" means the legally binding contract between the State and the Account Owner in favor of the Student Beneficiary resulting from acceptance by the State of the Account Owner's Enrollment form and payment for the purchase of Tuition Units under the Program.

H. "Benefit Use Year" means the year the Student may begin the distribution of Units.

I. "Blocked Account" means an Account that has use restrictions. (Usually, the Account Owner is a minor and the Account is restricted as a result of a court order or the Account Owner dies and has not designated an Account Owner Survivor.) In most cases, no funds may be distributed without a court order or until the minor reaches the age of majority (18 years of age in the State of Washington).

J. "Code" means the Internal Revenue Code of 1986, as amended.

K. "Committee" means the Committee on Advanced Tuition Payment, which governs the Advanced College Tuition Payment Program, also known as "Guaranteed Education Tuition."

L. "Custodian" means a person who has entered into an Agreement with the Program where (1) the Account Owner is a minor or (2) the Account is funded from an UGMA or UTMA and the Custodian is required to act under the terms of the UGMA or UTMA. The Custodian is responsible for performing all duties of the Account Owner, unless otherwise provided by the Program.

M. "Custom Monthly Payment Plan" means a plan selected during the enrollment period for the purchase of 50 to 500 Tuition Units over a period of 1 to 18 years. Monthly payments include interest.

N. "Distribution" means payment by the Program to the Student's Institution of Higher Education toward the cost of Qualified Higher Education Expenses and/or reimbursement to the Account Owner or Student, if authorized by the Account Owner.

O. "Family Member" means parents, brothers, sisters, stepparents, stepbrothers, stepsisters, aunts, uncles, first cousins and other eligible blood or legal relatives as set forth in Section 529(e)(2) of the Code.

P. "Full-time Tuition" means resident undergraduate tuition charges at a State Institution of Higher Education for enrollment between 10 credit hours and 18 credit hours per academic term.

Q. "Gift Contribution" means the purchase of additional Tuition Units or payments by an individual who is not the original Account Owner in connection with an established Account.

R. "Giftor" means an individual authorized by the Account Owner to make Gift Contributions to an Account.

S. "Guardian" means an adult authorized to make decisions on an Account owned by a minor Account Owner.

T. "Information Release" means an individual other than the Account Owner who is authorized to make verbal inquiries about an Account. The Program cannot release the Account Owner's Login ID and PIN to the Information Release individual.

U. "Institution of Higher Education" means an "eligible educational institution" under Section 529 (e)(5) of the Code. The institution must be recognized by the U.S. Department of Education as eligible to participate in student financial aid programs.

V. "Lump Sum Plan" means a plan for the purchase of 1 to 500 Tuition Units at the Unit Price in effect on the date that payment is received by the Program. Additional Lump Sum Units may be purchased at any time at the Unit Price in effect on the date each payment is received by the Program.

W. "Master Scholarship Account" means an Account opened by an Organization for the purposes of awarding Guaranteed Education Tuition Units as scholarships.

X. "Nonqualified Refunds" means all distributions that are not Qualified Refunds.

Y. "Organization" means a state or local governmental unit, or a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Code, that is registered or licensed to operate in the State.

Z. "Program" means the Advanced College Tuition Payment Program, known as "Guaranteed Education Tuition" or "GET."

AA. "Qualified Higher Education Expenses" means eligible education expenses in connection with a Student Beneficiary's attendance at an Institution of Higher Education within the meaning of Section 529 of the Code. Generally, these expenses include the following: (1) tuition, all state-mandatory and college-specific fees, and the costs of textbooks, supplies, and equipment required for the enrollment or attendance of a Student Beneficiary at an Institution of Higher Education;
(2) the costs of room and board (subject to certain limits) during any academic period during which the Student Beneficiary is enrolled at least half-time in a degree, certificate, or other program that leads to a recognized education credential awarded by an eligible Institution of Higher Education; and (3) expenses for special needs services for a special needs Student Beneficiary that are incurred in connection with his or her enrollment or attendance at an Institution of Higher Education.

BB. "Qualified Refunds" means (1) refunds made because the Student Beneficiary received a scholarship, provided that the scholarship is greater than or equal to the amount distributed or (2) refunds made as a result of the Student Beneficiary's death or disability.

CC. "Resident Student" means an individual who has met the requirements at a State Institution of Higher Education to be classified as a resident of the State of Washington in order to qualify for resident undergraduate tuition and fees.

DD. "State" means the State of Washington.

EE. "State Institution of Higher Education" means a public college or university in the State of Washington, as defined in RCW 28B.10.016.

FF. "Student" or "Student Beneficiary" means the beneficiary for whom Tuition Units will be distributed for attendance at an Institution of Higher Education.

GG. "Tuition and Fees" means resident undergraduate tuition and mandatory services and activities fees, as defined in RCW 28B.15.020 and 28B.15.041 rounded to the nearest whole dollar. State-mandated fees are those provided by statute, including operating, building and student activity fees. They do not include institutionally mandated fees that may be required at each individual school. Schools may impose their own fees, such as technology, library, recreation and fees to secure repayment of bonded indebtedness, and other types of fees. These fees are not considered state-mandated fees and, therefore, are not covered in the payout value amount.

HH. "Tuition Unit" or "Unit" means 1/100th of the highest resident undergraduate Tuition and Fees at four-year State Institutions of Higher Education for the Academic Year of distribution.

II. "Unit Payout Value" means 1 percent of the highest resident undergraduate Tuition and Fees at four-year State Institutions of Higher Education for the Academic Year at the time of distribution. This value is known at the beginning of each Academic Year after the state public universities set their tuition rates (usually available after August 1). The Unit Payout Value is different from the Unit Purchase Price.

JJ. "Unit Purchase Price" means 1 percent of the highest resident undergraduate Tuition and Fees at four-year State Institutions of Higher Education for the Academic Year at the time of purchase, rounded to the nearest whole dollar, AND adjusted for the costs of Program administration and to ensure the actuarial soundness of the Program. The Unit Purchase Price is based on an actuarial formula, which incorporates several factors, including the current cost of tuition, estimated future tuition, inflation, investment returns and administrative costs, and the need for a reserve to assist in periods of fluctuating returns or higher than average tuition. The Unit Purchase Price is different from the Unit Payout Value.

II. ESTABLISHING AN ACCOUNT

A. Submitting an Enrollment Form

1. *Completed Enrollment form.* The Enrollment form submitted to the Program must be completed according to the Enrollment form instructions. A separate Enrollment form is required for each Student. The Enrollment form must be completed online by midnight on the last day of the enrollment period or postmarked by the last day of the enrollment period in order to be processed. Either the Account Owner or Student must be a resident of the State of Washington at the time the Enrollment form is submitted. For purposes of establishing an Account, a resident is defined as an individual whose permanent legal residence is Washington State. It includes military personnel who reside out-of-state but list Washington as their home of record in their military files. You must be a U.S. citizen or resident alien to open an Account.
2. *Initial Payment.* The Account Owner must send the payment for the nonrefundable enrollment fee with each Enrollment form. The Account Owner also must include payment for the purchase of a minimum of one Tuition Unit with the Enrollment form if enrolling in the Lump Sum Plan only.

B. Enrollment Form Acceptance, Agreement

1. *Written Confirmation by the Program.* A binding Agreement will be established once the Program confirms in writing or by electronic mail to the Account Owner that it has accepted the Enrollment form.
2. *Return of Enrollment Form.* If an Enrollment form is not accepted, an amount equal to any payment made will be returned to the Account Owner in the same manner as the original payment. The Agreement must designate an Account Owner who has a valid Social Security Number (or a Taxpayer or Employer Identification Number) or the enrollment will be rejected.
3. *Title to Agreement.* The Account Owner will hold title to an Agreement, and only the Account Owner may exercise rights under such Agreement, unless the Account Owner's ownership rights are transferred to the Account Owner Survivor, or to the Student as described below. Any person making a Gift Contribution will not have any title to or rights under the Agreement. If the Program is unable to locate either the Account Owner or Student within the time periods required under the Agreement, the Program will treat the value of any Tuition Units credited to the Account as unclaimed property and it shall become the property of the Program.

4. *Automatic Transfer of Ownership.* The Student designated in an Agreement will automatically assume the Account Owner's rights and responsibilities under and title to the Agreement in the event that the Account Owner dies, becomes legally incompetent or cannot be located by the Program and has not designated an Account Owner Survivor to assume control of the Agreement. In such event, the Program, without further notice, consent, authorization or otherwise, shall act at the specific direction of the Student Beneficiary if not a minor. If the Student is a minor, the Account shall become a Blocked Account unless the Program receives acceptable documentation that the Guardian may act on behalf of the Student.
5. *Voluntary Transfer of Ownership.* The original Account Owner may transfer ownership of or rights under the Agreement to another person to act as Account Owner only if such transfer is not prohibited by state or federal law or regulation, and is specifically approved in writing by the Program. The new Account Owner must agree to the transfer by signing the Account Owner Change form and shall be subject to the terms of the Agreement. The signatures of the new Account Owner and the original Account Owner must be notarized.

C. The Account Owner

Only one Account Owner is allowed.

1. *Qualifications.* The Account Owner must meet the following qualifications (as applicable):
   a. Individual Account Owners. An individual Account Owner must provide a valid Social Security Number and/or other documentation acceptable to the Program.
   b. Minor Account Owners. For an individual Account Owner under the age of 18 years, an adult must sign the Enrollment form and certify that he or she will serve as Guardian or Custodian under the Agreement.
   c. Account Owners not Individuals. In the case of a legal entity opening an Account, a legally authorized representative of the entity must sign the Enrollment form. The authorized representative is an individual designated by a Partnership, Corporation, Trust, Estate, Association, Organization, or Government entity to control an Account. An authorized representative must sign all Program forms and acts as the Account Owner on behalf of the entity. Only one authorized representative is allowed. In the case of a Trust, the Trustee is the Authorized Representative. The entity must notify the program in writing if the Authorized Representative changes.
   d. Scholarship Programs. An Organization may open a Master Scholarship Account on behalf of its scholarship program. See the Program Master Scholarship Policy on the Program Web site or contact the Program for more details.
2. *Notice to Account Owners.* All official notices from the Program will be directed only to the Account Owner, unless otherwise requested in writing by the Account Owner.
3. *Using Funds from UGMA/UTMA Accounts.* Custodians for minors under the Uniform Gifts to Minors Act or Uniform Transfers to Minors Act ("UGMA/UTMA") may open an Account using funds from an UGMA/UTMA Account subject to the state laws and rules governing such UGMA/UTMA accounts.
   - When proceeds from UGMA/UTMA accounts are to be used to purchase Tuition Units under an Agreement, the Student must be shown as the Account Owner of the Account and a Custodian must be designated. The Custodian is not the owner of the Account and has a legal obligation to use UGMA/UTMA funds solely for the benefit of the Student. The Custodian on this type of Account may not change the Account Owner or Student without a court order.
   - The Student will obtain control of the Account and all rights under the Agreement upon reaching the age of majority. These rights include, but are not limited to, the right to cancel the Agreement and receive a refund pursuant to the Program refund policy, or to use the Tuition Units for educational purposes.
   - Any and all contributions to this Account will be considered UGMA/UTMA funds and become an asset of the Student and also will be subject to UGMA/UTMA restrictions. An Account Owner should open a separate Account with the Program if he or she prefers to keep new contributions free from these restrictions.
   - The Program will not be liable for any consequences related to a Custodian's improper use, transfer, or characterization of UGMA/UTMA or other custodial funds.
4. *Power of Attorney.* The Program will accept a Power of Attorney. It is the Account Owner's responsibility to notify the program when the Power of Attorney ends.

D. The Student

1. *Designation of Student.* Except as described below, the Agreement must designate, as beneficiary of the Agreement, a Student who has a valid Social Security Number or has applied for a Social Security Number. If the Student does not have a Social Security Number, the Account Owner must submit the Student's Social Security Number within six months after the date of receipt of the Enrollment form. The Student need not be related to the Account Owner. There is currently no age restriction for the Student. The Student may be the same person as the Account Owner.
2. *Scholarship Programs.* An Organization opening an Account need not designate a Student at the time of enrollment. Upon awarding a scholarship, the Organization will be required to submit a Scholarship Transfer form provided by the Program and to designate a Student as beneficiary at least four months prior to distribution as part of the requirements for initial distribution. Additional enrollment and transfer fees may apply.
3. *Change in Designated Student.* For any reason during the Agreement term, the Account Owner may, by written request, designate a new Student, who must be a Family Member of the previously designated Student. No Account Owner or Student may receive payment or other consideration in connection with such a change. The Program may require a court order to change or disallow changes in the designated Student for Blocked Accounts.
4. *Designation of the Benefit Use Year.* The Account Owner must designate a Benefit Use Year for the Student. Units may not be used until this date or later. Changing this date affects the accumulation of eligible units and is allowed only in certain circumstances. Please contact the Program for more information.

III. PURCHASING TUITION UNITS

A. Annual Enrollment Period

Annually, the Program will announce an enrollment period. Enrollment forms to establish a new Lump Sum Plan or Custom Monthly Payment Plan may be submitted only during an enrollment period. Additional Lump Sum Plan purchases and Gift contributions may be made to existing Accounts at any time, including outside of an enrollment period.

B. Number of Tuition Units

1. *Minimum Purchase.* For Lump Sum Plan Accounts, the minimum purchase shall be one Tuition Unit. For each new or reinstated Lump Sum Plan Account, the Account Owner must purchase at least the minimum purchase amount within 90 days of opening the Account or the Account may be cancelled at the discretion of the Program. For Custom Monthly Payment Plan Accounts, the Account Owner must select between 50 and 500 Tuition Units, in increments of 50, to be purchased under the Agreement.
2. *Maximum Number of Tuition Units.* No Student designated on an Account or multiple Accounts may be the beneficiary in the aggregate of more than 500 Tuition Units.
3. *Overpayments.* If a Custom Monthly Payment Plan is paid-in-full and the Program receives additional payments to the Account from the Account Owner, the Program will do the following:
   - Overpayments of $50 or less – The Program will NOT notify the Account Owner and will automatically apply the overpayment to purchase Lump Sum Units.
   - Overpayments of more than $50 – The Program will notify the Account Owner that the payment was received and the Account Owner may elect to purchase Lump Sum Units, transfer the overpayment to another Account, or receive the funds back.

   If the Account Owner does not respond within 60 days, the funds will be posted as a Lump Sum Unit purchase. If the total Tuition Units in the Account exceed 500, the excess amount will be returned to the Account Owner. Funds will be returned no sooner than two weeks after their receipt.

C. Purchase Options

1. *General.* Tuition Units under an Agreement may be purchased under the Lump Sum Plan, the Custom Monthly Payment Plan, or a combination of the two. The Program's price chart sets forth the purchase prices of specific numbers of Tuition Units paid for through a Custom Monthly Payment Plan purchased over a specified payment period.
2. *Lump Sum Plan.* The Account Owner may choose to purchase Tuition Units covered by the Agreement in one Lump Sum payment at the time of the enrollment. Additional Tuition Units may be purchased by Lump Sum Plan payment at a later time at the price in effect at the time of purchase of those Tuition Units. Payments are posted to Accounts on the date the payment is received by the Program. Lump Sum Plan purchases may be made at any time during the year. Units purchased under the Lump Sum Plan shall be priced annually and may also be adjusted once during the year, if necessary, to ensure the actuarial soundness of the Program.
3. *Custom Monthly Payment Plan.* The Account Owner may choose to purchase Tuition Units by making monthly payments under a Custom Monthly Payment Plan. The Account Owner must indicate in the Enrollment form the total number of Tuition Units to be purchased under the Agreement, and if purchasing a Custom Monthly Payment Plan, the specified payment period. Monthly payments include an interest charge of 7.5 percent per annum for the life of the payment plan plus the cost of processing the payments. Custom Monthly Payment Plans may be set up for 1 to 18 years in duration. The Program shall supply a coupon book to an Account Owner making monthly payments, unless the Account Owner selects the option to make payments through payroll deduction or automatic monthly withdrawal. However, each monthly installment payment will be due on the monthly due date, even if the Account Owner does not receive a payment coupon book before the payment is due. The Program sets the price for the purchase of a specific number of Tuition Units over a specific period of time. No Units purchased under a Custom Monthly Payment Plan may be used until the Account has been paid in full. Custom Monthly Payment Plans may be paid off early, although there is no reduction in total interest paid or any financial advantage to doing so.

   The Account Owner may request to modify his or her Custom Monthly Payment Plan by completing an Account Change Request. The aspects of the agreement that may be amended include reducing or increasing the total payment term of the contract, reducing the total number of units purchased over the life of the contract, and converting the Custom Monthly Payment Plan to a Lump Sum Account. When reducing the payment term of a Custom Monthly Payment Plan, the payment term must be equal to or greater than the number of years the Custom Monthly Payment Plan has been in effect. Increasing the number of units in a Custom Monthly Payment Plan may be done only during an open enrollment period. In addition, the new units are subject to the Custom Monthly Payment Plan pricing in effect at the time the Account Change Request is submitted.
4. *Combination Purchases.* The Account Owner also may choose to purchase certain Tuition Units by Lump Sum purchase and purchase other Tuition Units under a Custom Monthly Payment Plan.

D. Pricing of Tuition Units

1. *Annual Determination by Program.* For each year, the Program will use actuarial methods to determine purchase prices for Tuition Units purchased during that year and may include a premium over current tuition costs. The price for Tuition Units covered by an individual Custom Monthly Payment Plan will not change from year to year, but remain as determined at the outset of the Agreement. Units purchased under the Lump Sum Plan shall be priced annually and also may be adjusted once during the year, if necessary, to ensure the actuarial soundness of the Program.
2. *Determination of Prices.* The prices shall be determined based on 1 percent of the highest resident undergraduate Tuition and Fees for the four-year State Institutions of Higher Education for the current Academic Year, rounded to the nearest whole dollar, adjusted for the costs of administration and adjusted as determined by the Program to ensure the actuarial soundness of the Program. The applicable purchase prices for Tuition Units may vary depending on the purchase payment option identified in the Enrollment form.

E. Methods of Payment

1. *Acceptable Methods.* Payment of the purchase price for Tuition Units and required fees must be made in United States currency, using any of the payment methods permitted by the Program, which may include (without limitation) the following:
   - Personal or cashier's check; or
   - Money order; or
   - Automatic Withdrawal Authorization – Account Owners selecting this method must complete the Automatic Withdrawal Authorization form provided by the Program, including a voided check for verification of routing and bank account numbers; or

- Payroll deduction – Account Owners selecting this method must be employed by an organization that offers payroll deduction for the Program and must complete a Payroll Deduction Authorization form provided by, or acceptable to, the Program; or
- Payment online through the Program's Web site via an online automatic payment option. There is a nominal fee assessed per transaction.
- Credit or debit cards – Credit or debit cards will be accepted for payment of enrollment fees only and not for Unit purchases.

2. *Wire Transfers.* The Program does not accept payments via wire transfer.
3. *Fees.* Account Owners will be responsible for any fees charged by a bank or other entity that may be applicable to the payment method selected, including fees assessed on returned payments. See J. Dishonored Payments.

F. Gift Contributions

1. *Gift Contributions to an Existing Account.* A person may purchase Tuition Units for a Student designated on an existing Account by paying an amount referred to as a "Gift Contribution." A Gift Contribution may purchase additional Tuition Units or, in the case of a Custom Monthly Payment Plan, may be applied to current or future monthly payments covered by the Agreement, and together with the Tuition Units covered by the Agreement, are subject to the maximum purchase amount. If the Student has a Custom Monthly Payment Plan, the Gift Contribution will be applied to the payments on the Custom Monthly Payment Plan, unless the Program receives written instructions to purchase additional Lump Sum Units. If a Gift Contribution results in an Account balance that exceeds the 500 Tuition Unit maximum, the excess amount will be returned to the Giftor.
2. *Timing of Gift Contributions.* Persons may make Gift Contributions to an established Account at any time, including outside an enrollment period. The Tuition Unit price posted to an Account will be the price in e ect at the time payment is received.
3. *Purchase Price.* The purchase price of additional Tuition Units paid for by a Gift Contribution will be the same as the price applying to Lump Sum Plan purchases at the time the Gift Contribution is received. If applied to a Custom Monthly Payment Plan, it is applied at the rates established in the Agreement.
4. *Ownership of Tuition Units.* Tuition Units purchased and payments made by a Gift Contribution will be added to an existing Account and will be owned by and subject to direction solely by the Account Owner of the existing Account, not by the person making the Gift Contribution.
5. *Terms of Existing Agreement.* Purchase of Tuition Units by a Gift Contribution shall not affect the terms of the applicable existing Agreement.

G. Rollovers

In connection with the purchase of Tuition Units for an Account, the Account Owner must indicate whether the purchase is funded by a rollover contribution from a Coverdell Education Savings Account, a qualified U.S. Savings Bond (as described in Section 135(c)(2)(C) of the Code) or another 529 Qualified Tuition Program for the same Student or for a new Student who is a Family Member of the original Student. If it is a rollover contribution, the Account Owner must provide acceptable documentation showing the earnings portion of the contribution. To the extent such documentation is not provided, the Program will treat the entire amount of the rollover contribution as earnings. Rollovers may be subject to taxes on earnings. Please see the Tax Matters section of the Program Details guide for more details.

Acceptable documentation includes the following:

- 529 Plan Assets: An account statement issued by the 529 program that shows the earnings or loss portion of the Account Owner's withdrawal.
- Coverdell Education Savings Accounts: An account statement or documentation issued by the account custodian that shows the basis and earnings in the Account Owner's account.
- U.S. Savings Bond: An account statement or IRS Form 1099INT from the redeeming institution that shows the interest that has accrued on the bond.
- Such other documentation determined by the Program to be acceptable in accordance with future guidance issued by the IRS.

Rollovers between 529 plans for the same Student Beneficiary are permitted only if it has been at least 12 months since the most recent such rollover for that Student Beneficiary. There is no restriction on the frequency of rollovers between 529 plans for different Student Beneficiaries. The distribution must be reinvested in another 529 plan within 60 days of the withdrawal date. The Program does not perform direct rollovers to other state 529 programs. Distributions of this type fall under the Program's Cancellation and Refund Policy (described herein). Rollover payments will be applied to Lump Sum Unit purchases unless the Account Owner specifies otherwise.

H. Prepayment

An Account Owner may prepay any amount due under a Custom Monthly Payment Plan before the applicable monthly due date. The Program will automatically apply prepayments in the following order of priority: (1) to any outstanding fees, charges, or penalties, under the Agreement; and (2) to future monthly payments in chronological order by due date. Upon a prepayment, there will be no reduction in the total monthly payments and the interest component thereof.

I. Failure to Pay When Due

1. *Payment Made Late.* If any monthly payment is made more than 15 days after the applicable monthly due date, such amount will be treated as a late payment. Each late payment will be subject to a late payment fee as described in the Program Fees chart.
2. *Failure to Pay.* If the initial Custom Monthly Payment Plan payment is not made within 90 days after the first payment due date or if a Custom Monthly Payment Plan is more than 180 days behind in payments, the Agreement to purchase Units under the Custom Monthly Payment Plan may be cancelled and the Program may automatically convert the Account to a Lump Sum Plan. Any outstanding fees will be withdrawn by the Program from the Account at the time of conversion.

J. Dishonored Payments

1. *Dishonored Payment.* If a check, automatic withdrawal or other payment by an Account Owner is not honored or not paid in full by the applicable bank or other entity (including stop payments), the payment will be treated as a dishonored payment. Each dishonored payment will be subject to a dishonored payment fee (see Program Fees chart).

Replacement payments made to offset dishonored payments will be processed at the Unit price in effect at the time the replacement payment is received.

2. *Initial Payment.* If the dishonored payment represents the initial payment, the Program may choose not to accept the Enrollment form or, if the Enrollment form has previously been accepted, may cancel the Agreement.
3. *Monthly Payment.* If the dishonored payment is a Custom Monthly Payment Plan payment, the amounts relating to the dishonored payment will remain due.

IV. DISTRIBUTION OF TUITION UNITS

A. Distribution of Tuition Units

For Tuition Units to be distributed, the following shall occur:

- For Units purchased by a Lump Sum Plan purchase, the Units must be paid in full and held for two full calendar years.
- For Units purchased in a Custom Monthly Payment Plan, the Custom Monthly Payment Plan must be paid in full, there must be no outstanding fees, and the Agreement must have been in effect for two years before any Units purchased under the Agreement may be used.
- The Account Owner has notified the Program using an acceptable method of his or her intent to have the Tuition Units distributed on behalf of the Student. See the Program Web site or contact the Program for more information.
- The Student must have enrolled in an eligible Institution of Higher Education on or after the projected Benefit Use Year set forth in the Enrollment form. The Benefit Use Year may not be changed to a date prior to the student's enrollment in an eligible institution.
- The Program will not pay for tuition expenses incurred for a Student enrolled in the Running Start Program as enacted in RCW 28A.600.300 through 28A.600.410. Reimbursement is allowed for all non-subsidized required eligible expenses.

B. Eligible Expenses

The Program may require documentation from the Account Owner and/or Student necessary to confirm that a distribution will be used only for Qualified Higher Education Expenses at an Institution of Higher Education, as allowed by federal tax law in effect at the time. From time to time, changes in federal law may affect the types of Qualified Higher Education Expenses and Institutions of Higher Education for which distributions may be used.

C. Use of Tuition Units

Tuition Units may be used for Qualified Higher Education Expenses at any eligible Institution of Higher Education. The value of 100 Tuition Units is not guaranteed to cover the full amount of Tuition and Fees unless used at a State Institution of Higher Education.

D. Timing and Maximum Distribution

Unless eligible Units are available from a previous Benefit Use Year, the Student may not request a distribution of more than 125 Units in the Academic Year of August 1 to July 31. Subject to any further restrictions imposed by state or federal laws or regulations, all requests for a distribution from an Account must be made within 10 years after the Benefit Use Year or within 10 years after the first distribution date for such Account, whichever is later, unless the Program approves the Account Owner's written request for an extension before that time.

E. Request for Distribution

The Program will provide the Account Owner with information on completing an Intent to Enroll form, which must be completed and returned to the Program by the date required on the form. If the Program does not receive the form by the due date, distribution of Units may be delayed. If the Account has been opened by an Organization in connection with a scholarship program, the Organization also must designate the Student and provide the information required by the Program for purposes of distribution at least four months prior to the expected distribution date. The information received may be verified by telephone.

F. Payment of Distribution

1. *Payment to Institutions.* Except as provided in F.2. below, any distribution by the Program on behalf of a Student will be paid directly to the Institution of Higher Education at which the Student is enrolling. If a payment from the Program results in a credit at the Student's Institution of Higher Education, that Institution may issue a refund to the Student. In most cases, the Program does not accept these payments back and will not credit the Student's Account.
2. *Reimbursement.* At the option of the Account Owner, distributions may be paid to the Account Owner or Student for Qualified Higher Education Expenses in the form of a reimbursement. Reimbursements to Students require a notarized signature from the Account Owner.
3. *Conditions to Payment.* A distribution will be made only after the Program determines:
   a. Eligibility of the Institution. The Student's institution is an Institution of Higher Education as defined in the Agreement.
   b. Qualified Higher Education Expenses. The amount of any distribution will not exceed the value of Units available to be distributed and will be used for Qualified Higher Education Expenses.
4. *Value of Tuition Units to be Distributed.* Tuition Units shall be valued at the time of distribution as set forth in the definitions of this Agreement.
5. *Forfeiture of Account.* The Program may terminate the Account if there is no activity on the Account in the 10 years after the Student reaches the projected Benefit Use Year and no notification of intended usage or request for extension has been received by the Program, upon written notification to the Account Owner, the Student and any other designated parties and failure of the parties to respond within 60 days. In this event, the rights to distributions or refunds under the Agreement will be forfeited and the Program will retain any funds then remaining in the Account.
6. *Tax Implications.* The Program shall not be responsible for any state or federal taxes imposed on the Account Owner, the Student or otherwise in connection with any distribution of Units and such persons are urged to consult their tax advisor. See "Tax Matters" in the Program Details guide for more tax information.

V. REFUNDS

A. General Refund Rules

1. All refunds will be made according to State law, including RCW 28B.95.110, Program rules and policies, and Section 529 of the Code.
2. Refunds will be made by the Program only for Tuition Units held in an Account for a minimum of two calendar years or such shorter period as may be imposed by state or federal laws, regulations or policies.

3. The Program may charge fees or a Program penalty in connection with refunds as set forth in greater detail below. The Program shall deduct all outstanding fees and the Program refund penalty from Account payments.
4. The Program will make refunds to the Account Owner (or Student, if specified in writing by the Account Owner), or as otherwise described in the applicable Agreement.
5. Subject to any further restrictions imposed by state or federal law or regulations, or Program limitations as indicated below, all requests for a refund from an Account must be made within 10 years after the Benefit Use Year or the first distribution date for such Account, whichever is later, unless the Program approves the Account Owner's written request for an extension before that time. Refunds for scholarships must be requested during the academic year in which the scholarships are awarded.

B. Request for Refund

1. Only the Account Owner may request a refund of amounts credited to the Account except as described within the applicable Agreement.
2. The refund request must include a notarized Refund/Cancellation Request form signed by the Account Owner and other documentation required by the Program, as detailed in the Program Cancellation and Refund Policy (available on the Program Web site or by contacting the Program) in effect on the date of the refund request.
3. The Program Director must approve refunds from Accounts older than six months into which the Account Owner has paid over $500.

C. Reasons for Refunds – Penalty Fees

1. *Qualified Refunds.* The Program will refund Tuition Units and will not assess a Program refund penalty fee or refund fees for Qualified Refunds. The IRS does not assess a 10 percent penalty tax, but the earnings portion of all Qualified Refunds will be subject to federal income tax. The following documentation must be submitted with the Refund/Cancellation Request form:
   - Death - In connection with the death of the Student, a request must be accompanied by a copy of the Student's death certificate.
   - Disability - In connection with the disability of the Student, a request must be accompanied by appropriate documentation from a medical professional demonstrating that the disability prevents or would prevent the Student from attending any Institution of Higher Education.
   - Scholarship - As a result of the Student's receipt of a scholarship, a request must be accompanied by documentation of the scholarship, including the awarding entity, the amount of the scholarship and the applicable academic term. Qualified Refunds in connection with a scholarship are limited to the scholarship award, not to exceed 125 Units per Academic Year. The Account Owner may request a Qualified Refund without a Program refund penalty for the cash value of scholarships received by the Student for the year the scholarship is received. Instead of requesting a Qualified Refund, the Account Owner may elect to use an amount equivalent to the scholarship to pay for the Student's other Qualified Higher Education Expenses.
2. *Nonqualified Refunds.* Except as provided below, the Program will assess a Program refund penalty fee and refund fees on any Nonqualified Refund. In addition to the Program refund penalty fee and refund fees, Nonqualified Refunds are also subject to a 10 percent penalty tax on earnings payable to the IRS by the Account Owner. The earnings portion of all refunds will be subject to federal income tax.
   a. Nonqualified Refunds requested due to a Student's graduation or completion of a program. The Program does not assess the Program refund penalty fee for Nonqualified Refunds due to a Student's graduation or completion of a program. However, the earnings portion of the distribution is still subject to federal income tax and a 10 percent penalty tax payable to the IRS by the Account Owner.
   b. Program Refund Penalty Fee. The program refund penalty fee amount is 10 percent of the increased value of the Units held at the time of the refund, or $100, whichever is greater.

D. Payment of Refund

1. *Units Eligible for Refund.* For Tuition Units to be refunded, the following shall occur:
   - For Units purchased by a Lump Sum Plan, the Units must be paid in full and held for two full calendar years.
   - For Units purchased by a Custom Monthly Payment Plan, the Custom Monthly Payment Plan must be paid in full, there must be no outstanding fees, and the Agreement must have been in effect for two years before any Units purchased under the Agreement may be refunded. If the Custom Monthly Payment Plan is not paid in full, the Program will convert the plan to a Lump Sum Plan and refund the Units according to the Lump Sum Plan.
2. *Limits on Refunded Units.* For approved refunds, all Tuition Units minus any Program refund penalty and refund fees will be refunded except refunds requested due to:
   - Student Nonattendance. The refund is limited to 125 Units per academic year. The refund will be made no sooner than 90 days after the Refund/Cancellation Request form and any other documentation required in the Program Refund and Cancellation Policy is received. The Account Owner must complete the Refund/Cancellation Request form each academic year for the refund of additional Tuition Units, until all Units are refunded.
   - Scholarship. For a Refund because of a scholarship for the Student, the refund is limited to the scholarship award, not to exceed 125 Units per Academic Year.
   - Except as specified above, partial refunds are not allowed.
3. *Refund Amount.* The Program will calculate the amount of any refund pursuant to the terms of the applicable Agreement. The refund amount paid is based on the current Unit Payout Value, as determined by the Committee, at the time the Program approves the refund, unless otherwise required by state law. The refund will be minus any applicable Program refund penalty fee, refund fees, or other outstanding fees or charges.

E. Refund Requests Due to Bankruptcy

Certain funds may be protected against bankruptcy of the Account Owner. See G. Bankruptcy Provisions in "Section IX, Other Considerations" of the applicable Agreement. If a refund is requested due to bankruptcy, the Account Owner or Bankruptcy Trustee must provide the Program with a copy of the bankruptcy filing. The Units will be valued at the Unit Payout Value in effect

at the time the refund is approved. All outstanding fees will be deducted but the Program will not assess a Program refund penalty fee or other penalties or fees. Payments will be made payable per the Bankruptcy Trustee.

F. Refund Decision Appeal Process

If the Program denies a refund request, the Account Owner may submit a letter to the Program Director within 10 days after notification, asking for reconsideration. If the Director denies reconsideration, the Account Owner may submit a letter to the Committee Chair within 10 days after notification, asking for reconsideration. The Committee Chair will conduct a brief adjudicative proceeding on the merits of the request and render a final decision.

G. Termination of Right to Refund

Any value of Tuition Units under an Agreement which has not been paid as a distribution or refund within 10 years after the Student reaches the projected Benefit Use Year or 10 years after the initial distribution date, whichever is later, or as imposed by state or federal law or regulation, may be paid by the Program to the Account Owner as a Nonqualified Refund, after deducting the Program refund penalty fee and outstanding fees from such amount. The Program shall notify the Account Owner of the value of the Units and the right to a refund prior to the expiration of the usage of the Units. If no request for a refund is made by the Account Owner or extension of usage or transfer to another Student is requested by the Account Owner, the balance shall become the property of the Program.

H. Tax Implications

The Program shall not be responsible for any state or federal taxes imposed on the Account Owner, the Student or otherwise in connection with any refund, including the 10 percent penalty tax payable to the IRS in connection with a Nonqualified Refund. The Program sends a tax document to recipients of Qualified and Nonqualified Refunds made during the calendar year as required by the IRS. The tax document details the gross distribution, gain (or loss) and the basis of all distributions. See "Tax Matters" in the Program Details guide for more tax information.

VI. FEES/PENALTIES

The Program will establish fees and penalties, and will adjust such fees and penalties from time to time. The Account Owner should refer to the current schedule for fees and penalties provided by the Program. The Account Owner agrees that the Program shall have the right to deduct fees and penalties before any distribution or refund. This may reduce the number of Tuition Units credited to an Account.

VII. AGREEMENT CANCELLATION

A. Full Cancellation

1. *Program Cancellations.* The Program may cancel an Agreement immediately if: (i) the Account Owner has supplied materially false or misleading information or has made a material misrepresentation on or in connection with an Enrollment form or an Agreement; (ii) the Account Owner fails to provide a valid Social Security Number for the Student within six months after the date of enrollment; (iii) the value of the Tuition Units held in an Account Owner's Account as then calculated is less than an amount determined by the Program to be minimal; (iv) the initial payment is dishonored; or (v) the Account Owner fails to comply with the terms of the Agreement (other than failure to make monthly payment by the monthly due date) and does not correct such failure within 30 days after receiving notice of such failure.
2. *Within three working days.* The Account Owner may cancel his or her Account within three working days after the Program receives the Enrollment form and initial payment. The Program will return all payments to the Account, including the enrollment fee.
3. *Within six months.* The Account Owner may cancel his or her Account within six months after the Program receives the initial payment. The Program will return all payments to the Account, except the non-refundable enrollment fee and any other outstanding fees.
4. *Accounts with less than $500.* The Account Owner may cancel his or her Account at any time, if the Account Owner has paid $500 or less into his or her Account. The Program will return all payments to the Account, except the non-refundable enrollment fee and any other outstanding fees.

B. Account Conversion

If a Custom Monthly Payment Plan is not in good standing, the Program may declare a conversion of the Account. Monthly payments on a converted Account will be used to purchase paid-in-full Lump Sum Plan Units at the prices in effect on each payment date. After conversion, only Lump Sum Plan Units may be purchased in that Account.

C. Cancellation Fees

In the event of any full cancellation of an Agreement by the Program, the Program may deduct any applicable Program refund penalty fee and any other unpaid fees and charges from amounts credited to the Account and shall then transmit to the Account Owner any remaining amounts on deposit.

VIII. OPERATION OF THE FUND

A. Pooled Accounts

All amounts received under Agreements will be commingled and held by the Program in accordance with federal and state law. The Program will not separately invest amounts paid under an individual Agreement, but will maintain records showing the Account Owner, the Student, the amount paid and the number of Tuition Units purchased, distributed and refunded in connection with an Agreement.

B. Investment and Use

1. *Investment.* The Program is permitted to invest amounts paid under Agreements in accordance with state law and the Washington State Investment Board's investment policy. The Program is not required to invest such amounts.
2. *Investment Not Subject to Direction.* No Account Owner or Student may direct the investment of amounts paid to or otherwise held by the Program in connection with any Agreement.
3. *Use.* The Program may apply amounts paid under Agreements to pay for or reimburse the Washington State Investment Board for its administrative expenses in connection with the Program.

C. Reserve

The Program will accumulate amounts as a stabilization reserve, available to pay obligations of the Program if the Program does not otherwise have revenues in any particular year suffcient to pay such obligations. Reserve amounts will not be held, maintained or invested separately by the Program.

D. Annual Program Analysis

In accordance with state law, the Program will have an annual evaluation of the actuarial soundness of the Program. The results of this evaluation will be used to determine whether one or more Unit price adjustments are needed, and if so, how much the price will be adjusted.

E. Fund Termination

1. *Declaration of Termination.* If the State declares that the Program is not financially feasible, or for any other reason determines that the Program shall be terminated, the Committee will cease to accept any further Agreements or Tuition Unit purchases.
2. *Remaining Tuition Units.* The remaining Tuition Units for all Students who have either enrolled in an Institution of Higher Education or who are within four years of their eighteenth birthday shall be honored until such Tuition Units have been exhausted, or for 10 fiscal years from the date the Program was terminated, whichever comes first. All other Account Owners shall receive a refund equal to the current value of the Tuition Units in effect at the time of termination, as determined by the Committee.
3. *At the End of the 10-Year Closeout Period.* At the end of the 10-year closeout period, any Tuition Units remaining unused by current Students enrolled in an Institution of Higher Education shall be refunded at the value of a Unit in effect at the end of the 10-year closeout period.
4. *Remaining Amounts.* At the end of the 10-year closeout period, all other amounts not needed to make refunds or to pay for administrative costs shall be deposited in the State General Fund.

F. State Guarantee

The Washington Advanced College Tuition Payment Program is an essential State governmental function. Agreements with eligible participants are contractual obligations legally binding on the State. The State guarantee is backed by State law (RCW 28B.95). The State guarantees that purchases of Tuition Units will be worth the same number of Tuition Units at the time of redemption as they were worth at the time of the purchase. If, and only if, the money in the Program is projected to be insufficient to cover the Program's contracted expenses for a given biennium, then the State legislature shall appropriate to the Program the amount of money necessary to cover such expenses. This means that, if future tuition increases required the Program to pay out more money during a given biennium than available, the State legislature would be required by State law to appropriate State funds to cover the expenses. Distributions and refunds shall be made by the Program as outlined in Sections IV and V of this Master Agreement. The Program does not guarantee the Unit Payout Value will exceed the Unit Purchase Price.

IX. OTHER CONSIDERATIONS

A. Transferability

The Agreement between the State and the Account Owner is not transferable by the Account Owner for payment or other consideration except as allowed under Sections II B (4) and (5). No Account Owner, Student or other person or entity may pledge an Account or any amounts credited to an Account as collateral in connection with a loan or other arrangement.

B. Tax Considerations

The Program is designed to qualify for treatment as a qualified tuition program under Section 529 of the Code, and is subject to any changes to state or federal law. Federal law, effective Jan. 1, 2002, permits Account Owners or Students to be exempt from payment of income tax on any increased value of distributed Units if such Units are used for Qualified Higher Education Expenses. Payments to Accounts are considered completed gifts for federal estate and gift tax purposes. The Program is not liable for the effect of any state or federal taxes on any transactions or activity in conjunction with an Agreement, including the 10 percent penalty tax which must be paid to the IRS on earnings in connection with a nonqualified distribution. All Account Owners and Students are solely responsible for payment of any applicable taxes or submission of any required forms or other documents to taxing entities. Account Owners are strongly advised to consult a tax advisor regarding the consequences of their participation in the Program. See "Tax Matters" in the Program Details guide for more tax information.

C. Coordination with Other Education Incentives

You may contribute to a Coverdell Education Savings Account and the Program in the same year for the same Student. HOPE Scholarship and Lifetime Learning Credits can be claimed in the same year that a qualified distribution is taken from the Program, provided the distribution is not used for the same expenses. See "Tax Matters" in the Program Details guide for more tax information.

D. Securities Law Considerations

Agreements may be considered securities for the purpose of certain state or federal laws. As a result, if the State of Washington were to eliminate its residency requirement in the future, the Program may still be prevented from allowing potential Account Owners located in other states to establish contracts. If allowed, Account Owners might be required to file additional documentation or to pay additional fees to enroll in the Program.

E. Impact on Financial Aid and Medicaid

Financial Aid. The Program cannot determine and makes no representation as to what effect, if any, an Agreement may have on future state, federal, institutional, or private financial aid eligibility of any Student. The receipt of, or potential for receipt of, distributions or refunds under an Agreement may affect a Student's qualification for or receipt of such financial aid. Funds from an Account are typically listed on the Free Application for Federal Student Aid (FAFSA) as an asset of the Account Owner. The amount listed is the refund value of all Accounts of the Account Owner on the date of filing the FAFSA. Assets are used in the calculation of the Expected Family Contribution (EFC), which is used by Institutions to determine need for financial aid. However, treatment of such assets may vary and the Program cannot advise in this area. The Account Owner should contact the financial aid office at the Student Beneficiary's Eligible Institution for information on financial aid award procedures.

Medicaid. Rules vary greatly so it is unclear how local and state government agencies will treat program assets when determining Medicaid eligibility. If this is a concern, the Account Owner should consult a qualified advisor to determine how an Account may affect Medicaid eligibility.

F. Residency, Financial Aid, and Academic Status

Purchase of an Agreement or other participation in the Program, including being named as a Student under an Agreement, does not constitute any guarantee of:

- Admission to any Institution of Higher Education; or
- Classification as a resident of the State of Washington for purpose of admission to or tuition at any State Institution of Higher Education; or
- Eligibility for any form of state, federal, institutional or private student financial aid; or
- Graduation from any Institution of Higher Education.

G. Bankruptcy Provisions

- Under State law RCW 28B.95 and RCW 6.15.010 (5), effective July 24, 2005, funds used to purchase Tuition Units more than two years prior to the date of a bankruptcy filing or court judgment will be considered excluded personal assets of the Account Owner.
- Under federal law, effective October 17, 2005, funds used to purchase Tuition Units more than two years prior to the bankruptcy filing are exempt. The protection is limited to $5,000 for funds held for only one to two years. Funds held in an Account for less than one year are not protected. The Student Beneficiary cannot be the debtor and must be the debtor's child, stepchild, grandchild, or step-grandchild.

X. MISCELLANEOUS

A. Notice to Program

Notice to the Program shall be sent by mail to Guaranteed Education Tuition, P.O. Box 43450, Olympia, Washington 98504-3450, by fax to 360.704.6200 or by email to GETInfo@hecb.wa.gov.

B. Records

Records for the Program shall be subject to the public disclosure laws of the State and the exemption from disclosure provided therein.

C. Washington Law Governs

The laws of the State of Washington shall govern each Agreement. Account Owners agree to jurisdiction of the Washington state courts over any disputes in connection with the Program or any Agreement.

D. Amendments

The Program reserves the right to amend any Agreement to the extent required by law or to the extent necessary or desirable in order to preserve favorable tax treatment under federal and state law or for reasons in the interest of Account Owners and the Program and to make technical corrections. This Master Agreement supersedes all previous Master Agreements.

E. Severability

If any court of competent jurisdiction finds any portion of these Master Agreement terms or the Enrollment form to be invalid or unenforceable, such invalid or unenforceable portion shall be severed from these Master Agreement terms or the Enrollment form, as applicable, and the remainder of these Master Agreement terms or the Enrollment form will remain in full force and effect.

F. Purchases by Persons Employed or Related to the Program

Members of the Committee, Program staff and persons employed by service providers in connection with the Program may purchase Tuition Units to the extent consistent with State and federal law and upon the same terms and conditions as the public at large.

2. Tax Matters

This section provides a discussion and overview of the tax consequences of transfers, investments, and withdrawals from your Guaranteed Education Tuition account. It does not address other state or local taxes, including taxes imposed by a state other than Washington. You should consult a qualified tax advisor regarding your individual situation.

Caveats With Respect to Tax Discussion

This summary is not exhaustive, and you should not construe it as providing advice on your particular situation. In addition, there can be no assurance that the Internal Revenue Service ("IRS") will accept the conclusions in this Program Details/Master Agreement or, if challenged by the Service, that these conclusions would be sustained in court. The applicable tax rules are complex, some of the rules are uncertain, and their application to any particular person may vary according to facts and circumstances specific to that person. This section is not intended to constitute, nor does it constitute, legal or tax advice. You should consult your legal or tax advisor about the impact of these rules on your individual situation. This summary is not intended or written to be used, and cannot be used, for the purposes of avoiding penalties imposed under the Code (as defined below). This summary was prepared to support the marketing of the Program.

Changing Tax Laws and Regulations

The summary is based on the relevant provisions of the Internal Revenue Code of 1986, as amended (the "Code"), the Proposed Regulations, relevant legislative history, and official interpretations of applicable federal and Washington state law as of the date of this document. Additional changes to federal or state tax laws could occur in the future that could have a significant impact on the Program and your investment or result in termination of the Program.

Federal Income Tax Treatment of Investments and Distributions

The Program is designed to constitute a "qualified tuition program" under Section 529 of the Code. Generally, earnings in the Program will not be includable in computing the federal taxable income of the Account Owner or the Student Beneficiary while held in the Account. As described in greater detail below, whether the earnings are taxed upon withdrawal depends upon how the withdrawal is used.

Qualified Higher Education Expenses

Section 529 of the Code defines "Qualified Higher Education Expenses" as tuition, fees, books, supplies, and equipment required for the enrollment or attendance of a Student Beneficiary at an Institution of Higher Education. (See the Program Master Agreement, Section I, "Definitions" for further details.) The term also includes certain amounts for room and board for Student Beneficiaries attending school at least half-time in a degree or certificate program. The amount of a Student Beneficiary's room and board expenses that can be counted as a Qualified Higher Education Expense generally may not exceed the amount applicable to the Student Beneficiary included in the "cost of attendance" (as defined under the federal law as of June 7, 2001) at the Institution of Higher Education. In the case of a Student Beneficiary living in housing owned or operated by an Institution of Higher Education, however, the amount of room and board expenses that can be counted as Qualified Higher Education Expenses is the greater of (a) the amount described in the preceding sentence, or (b) the actual amount charged the Student Beneficiary by the Institution of Higher Education for room and board for such period. Qualified Higher Education Expenses also include certain additional enrollment and attendance costs of special needs beneficiaries.

Qualified Withdrawals

Withdrawals used to pay for Qualified Higher Education Expenses ("Qualified Withdrawals") will be excludable from the Student Beneficiary's and the Account Owner's federal taxable income. Account Owners should retain documentation such as invoices and receipts adequate to substantiate to the IRS (the "Service") the qualifying use of such withdrawals. There are two components to such a Qualified Withdrawal: (1) return of principal and (2) distribution of earnings. Although neither component is taxable for a Qualified Withdrawal, separately accounting for such components is necessary in order to determine how much of the remaining investment in the accounts consists of earnings and how much consists of principal invested. The earnings portion of a particular withdrawal will generally be determined as of the withdrawal date, rather than in the aggregate for all distributions as of the end of the year. Pending guidance from the Service, it is unclear whether a withdrawal used to pay for Qualified Higher Education Expenses incurred or paid prior to the establishment of the accounts will be treated as a Qualified Withdrawal. Pending guidance from the Service, it is also unclear whether a withdrawal taken after December 31 of the year in which the Qualified Higher Education Expenses were incurred and paid will be treated as a Qualified Withdrawal. Please consult a qualified tax advisor.

Although the Service has not yet provided guidance on this issue, if amounts from a Qualified Withdrawal that were used to pay Qualified Higher Education Expenses are subsequently refunded in whole or in part to the Account Owner or the Student Beneficiary by the educational institution or other payee, the Account Owner may be required to include the earnings portion of such refund in taxable income for federal income tax purposes and pay the additional 10 percent penalty tax on such earnings. Such inclusion may not be required if the refunded amount is used to pay other Qualified Higher Education Expenses of the Student Beneficiary.

Nonqualified Withdrawals

Under Section 529, the earnings portion of withdrawals from an account other than Qualified Withdrawals (i.e., Nonqualified Withdrawals) is includable in computing the income of the Account Owner (or possibly of the Student Beneficiary if the Nonqualified Withdrawal is paid to the Student Beneficiary) for federal income

tax purposes in the year in which the withdrawals are made, except for certain nontaxable transfers to an account or another Section 529 Program as explained in more detail under *"Transfers Between Accounts of Different Designated Beneficiaries or Different 529 Programs"* below. The computation of the portion of a Nonqualified Withdrawal that is includable in taxable income is again made under a pro-rata allocation between a nontaxable return of principal and a taxable distribution of earnings.

The earnings portion of any Nonqualified Withdrawal generally will be subject to an additional 10 percent penalty tax, in addition to applicable income tax. The additional 10 percent penalty tax will not apply, however, to (a) certain withdrawals made on account of the death or disability of the Student Beneficiary and certain withdrawals made on account of a scholarship received by the Student Beneficiary to the extent such withdrawals do not exceed the amount of the scholarship (see *Section V. Refunds*), and (b) nontaxable transfers to another account or another 529 program as explained in more detail under *"Transfers Between Accounts of Different Designated Beneficiaries or Different 529 Programs"* below. Nonqualified Withdrawals that qualify for an exception to the additional 10 percent penalty tax, other than nontaxable transfers to an account or other 529 program, are still subject to applicable federal income tax. A "financial hardship" would not entitle Account Owner to any special treatment under federal tax laws or to any exemption from the additional 10 percent federal penalty tax. As noted above, Account Owner would be entitled to an exception to the additional 10 percent penalty tax (but not to the imposition of applicable income tax) if Account Owner made a Nonqualified Withdrawal in the case of a Student Beneficiary who died or became disabled.

Aggregation of Accounts

All accounts in the GET Program for the same Account Owner having the same Student Beneficiary must be treated as a single account for purposes of calculating the earnings portion of each distribution from any such account. Thus, if more than one account is created by an Account Owner for a Student Beneficiary, and a Nonqualified Withdrawal is made from one or more of such accounts, the amount includable in income must be calculated based upon the ratio of total earnings in all such accounts to the total amount in such accounts. Thus, the amount withdrawn from an account may carry with it a greater or lesser amount of income than the earnings in that account alone would justify, depending on the earnings in the other relevant account or accounts.

Transfers Between Accounts of Different Designated Beneficiaries or Different 529 Programs

An Account Owner may change the designated Student Beneficiary of an account or may transfer (i.e., "rollover") an amount from one account to another account for a different Student Beneficiary, or from an account for a different Student Beneficiary under another 529 Plan (provided such rollover occurs within 60 days of the withdrawal), without the amount distributed having to be included at that time in the federal taxable income of the Account Owner or any Student Beneficiary (and without being treated as a Nonqualified Withdrawal).

In order to qualify for this tax-free treatment, a newly designated Student Beneficiary must be a "member of the family" of the current Student Beneficiary as defined in the Program Master Agreement, **Section 1, "Definitions."**

If the new Student Beneficiary is a member of a younger generation than that of the current Student Beneficiary, a federal gift tax may apply. If the new Student Beneficiary is two or more generations younger than the current Student Beneficiary, a federal generation-skipping transfer tax may apply. This tax applies in the year in which the money is withdrawn from an account or in which the designated Student Beneficiary is changed.

Tax-free treatment is also available for a rollover from an account in another 529 Plan for the benefit of the same Student Beneficiary, provided that it has been at least 12 months since the most recent such rollover for that Student Beneficiary.

Rollover amounts from another 529 Plan generally retain their character as earnings and invested principal. Until the program receiving the rollover receives documentation from the distributing program showing the earnings portion, however, the receiving program will treat the entire amount of the rollover as earnings.

Federal Gift and Estate Taxes

Investments in accounts are considered completed gifts for federal estate and gift tax purposes. Generally, if the Account Owner dies while there is still money in his or her accounts, the value of the accounts would not be included in the Account Owner's estate (except in the situation described below relating to the gift tax election for investments exceeding $12,000 in any one year). However, amounts distributed on account of the death of a Student Beneficiary are included in the gross estate of that Student Beneficiary for federal estate tax purposes.

Account investments are potentially subject to federal gift tax payable by the contributing Account Owner. Generally, if an Account Owner's investments in an account or accounts for a Student Beneficiary, together with all other gifts by the Account Owner to the Student Beneficiary, are less than $12,000 per year ($24,000 per married couple), no federal gift tax will be imposed on the Account Owner for gifts to the Student Beneficiary during that year.

If an Account Owner's investment in an account for a Student Beneficiary in a single year is greater than $12,000 ($24,000 per married couple), the Account Owner may elect for federal gift tax purposes to treat the investments up to $60,000 ($120,000 per married couple) as having been made proportionately over a five-year period. However, if the Account Owner dies before the five-year period has elapsed, the portion of the investment allocable to years remaining in the five-year period (except for earnings on such investment) would be includable in the Account Owner's estate for federal estate tax purposes.

A withdrawal from an account, a permissible change of the designated Student Beneficiary, or a permissible transfer to an account for another Student Beneficiary will not be subject to federal gift or transfer tax, except that such a change or transfer will potentially be subject to gift tax if the new Student Beneficiary is of a younger generation than the Student Beneficiary being replaced and will potentially be subject to the generation-skipping transfer tax if the new Student Beneficiary is two or more generations younger than the Student Beneficiary being replaced.

Because investments in an account are treated as completed gifts for federal transfer tax purposes, the Account Owner may also need to be concerned about the generation-skipping transfer tax. This tax may apply to investments in excess of the amount that may be elected to be proportionately spread over the five-year

period discussed above if the Student Beneficiary is deemed to be a member of a generation that is two or more generations younger than the generation of the Account Owner. In addition, as noted above, if a change is made in the designated Student Beneficiary such that the new Student Beneficiary is two or more generations younger than the former Student Beneficiary, the generation-skipping transfer tax may also be triggered.

Generally, taxpayers are eligible for a limited generation-skipping transfer tax exemption that will be allocated to transfers that are subject to generation-skipping transfer tax. Accordingly, this tax may not apply to many Account Owners and Beneficiaries. However, where it applies, it is imposed at a flat rate.

Beginning in taxable years after December 31, 2001, substantial changes have been made to the estate, generation-skipping, and gift tax rules under the 2001 Tax Act. In general, the 2001 Tax Act reduces tax rates, increases the exemption amounts, and repeals the estate and generation-skipping taxes. Account Owners and Beneficiaries should consult a qualified tax advisor regarding the specific application of these rules to their particular circumstances.

Coverdell Education Savings Accounts (ESAs)

ESAs permit deferral of federal income tax liability and possible exclusion from gross income for earnings in such ESAs. If withdrawals are made from an account and an ESA in the same year for the same Student Beneficiary in excess of qualified higher education expenses, however, the Account Owner will need to allocate Qualified Higher Education Expenses between the two programs.

The Account Owner may make contributions to accounts in the Program and to an ESA in the same year. He or she may also take a distribution of part or all of the ESA and invest it as a contribution to Program accounts. Such a distribution is considered a qualifying ESA distribution that is not subject to federal income tax.

Series EE and I Bonds

Interest on Series EE Savings Bonds issued January 1990 and later, as well as interest on all Series I Savings Bonds, may be completely or partially excluded from federal income tax if bond proceeds are used to pay certain higher education expenses at an Institution of Higher Education or are contributed to an account in the same calendar year the bonds are redeemed. For this purpose, qualifying expenses do not include the cost of books, supplies, or room and board. The amount of higher education expenses taken into account in calculating the interest excludable from income is reduced by scholarships, fellowships, and certain other forms of tuition assistance. Certain income limitations apply and the Student Beneficiary must have a specified relationship with the Account Owner. Provided appropriate documentation is furnished to the Program, the original purchase price of the bonds redeemed and contributed to an account will be added to the contribution portion of the accounts, with the interest added to earnings.

Hope Scholarship and Lifetime Learning Credits

A taxpayer may not claim a Hope Scholarship Credit or Lifetime Learning Credit for amounts withdrawn tax free from an account and used for qualified educational expenses, but may be eligible for these credits for educational expenses paid from other sources during the year.

Tax Deduction for Education Expenses

The 2001 Tax Act provides for a deduction for the payment of tuition and related expenses by taxpayers who fall within certain income limits. The deduction may not be claimed, however, for expenses that were paid from the earnings portion of a tax-free withdrawal from an account.

3. Program Information

State Guarantee

The State of Washington guarantees that if you buy 100 units today, your 100 units will equal the actual cost of one academic year of resident undergraduate tuition and state-mandated fees at the most expensive Washington public university when your child enrolls in college – regardless of how much tuition has increased over time. If you buy one unit, it will be worth 1/100 of that actual cost.

The state guarantee is backed by the full faith and credit of the State of Washington. That means if future tuition increases ever require the program to pay out more money than it has available, the Legislature would be required by state law to provide funding to cover the shortfall. Washington's GET Program is one of only a few state prepaid college tuition plans in the country with a guarantee in state law (RCW 28B.95.050).

Program Fees

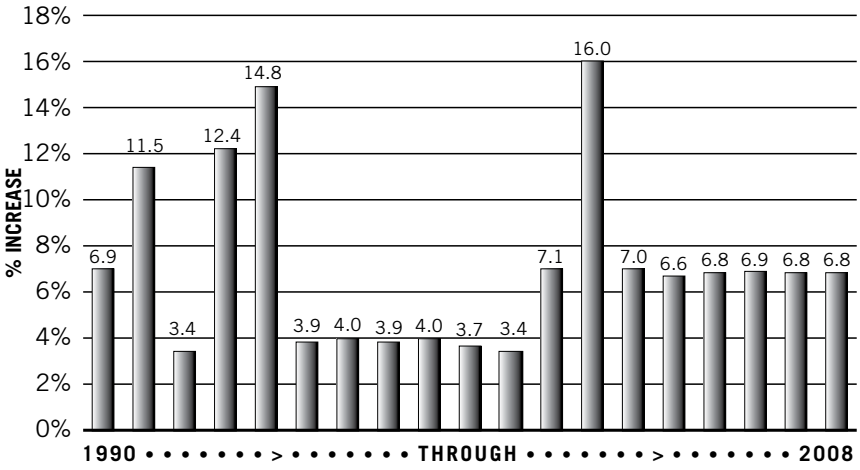
Type of Fee	Amount
Enrollment Fee *(non-refundable)*	**$50 per account** **$100 maximum per family** *(If more than two accounts are opened by the same account owner for students at the same home address.)*
Late Payment Fee *For Custom Monthly Plan payments more than 15 days late. (All payments are due on the 15th day of each month.)*	**$10**
Account Cancellation Fee *(Assessed on refunds only)*	**$10**
Dishonored Payment Fee *(Automatic withdrawal, electronic payments, and checks)*	**$15**
Program Refund Penalty* *For all refunds except in the event of death, disability, scholarship, or graduation/completion of higher education program.*	**10% of earnings or $100, whichever is greater**
Account Maintenance Fee *(assessed on refunds only)**	**$1.70 per month while the account was open and active**
For Organizations	
Scholarship Set-up Fee *(non-refundable)*	**$100 per master account**
Student Account Transfer Fee *Assessed each time the organization transfers units from the master account to a named student account (per student account).*	**$25**

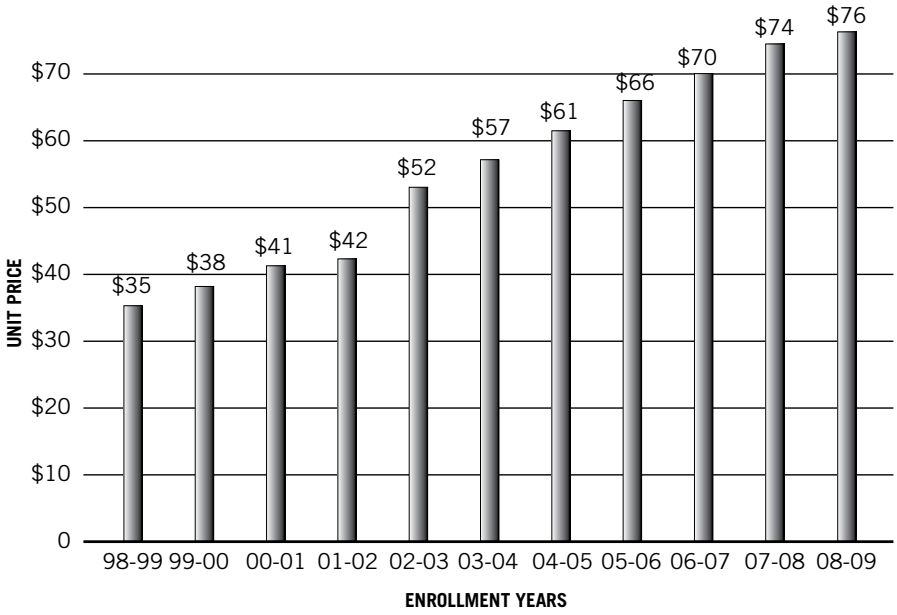
* If you do not use your distribution or refund for qualified higher education expenses, any account earnings will no longer be exempt from federal taxes. You also may be required to pay a 10 percent federal tax penalty on your income tax return. We will mail a 1099-Q form to the account owner or student, depending on who received the payment.

Annual Tuition Increases Over Time

Resident undergraduate tuition and state-mandated fees at Washington public research universities have increased an average of 7.1 percent over the past 10 years.*

*Based on tuition and state-mandated fees at the most expensive Washington public university, generally either the University of Washington or Washington State University.





Unit Prices Over Time

The GET unit price has increased steadily since the program began in 1998.

Using Your Units

You can use your GET units at nearly any public or private college, university, or vocational school in the United States as well as selected colleges in other countries. A college is eligible if it participates in federal financial aid programs through the U.S. Department of Education. For a complete list of eligible schools in the United States and other countries, please visit the U.S. Department of Education's Free Application for Federal Student Aid (FAFSA) Web site (www.fafsa.ed.gov/FOTWWebApp/FSLookupServlet). If the college is listed, you may use your GET units to pay for expenses at that college.

We will send you information about using your units in the spring before your student will be attending college. To use your GET account, it must have been open for at least two calendar years. Lump Sum units must be two years old and Custom Monthly Plans must be paid in full. You can use up to 125 eligible units per academic year, plus any unused units rolled over from previous years of eligibility.

In general, the GET Program pays the college or university directly for tuition, state-mandated fees, and on-campus room and board. You also may request reimbursement from the GET Program for these and other qualified higher education expenses.

Qualified Higher Education Expenses

You can use your GET units to pay any of the qualified higher education expenses in the chart below. For more information, please review IRS Publication 970 – Tax Benefits for Education. The publication is available on the IRS Web site (www.irs.gov) or by calling the IRS at 1.800.829.1040.

Tuition	Full-time or part-time tuition. Regular academic year or summer program. Undergraduate or graduate/professional program.
State-mandated fees	Operating, building, and services and activities fees approved by the State of Washington (Revised Code of Washington 28B.15.020 and 28B.15.041).
College-specific fees	Schools may impose their own fees, such as technology fees, library fees, recreation fees, and fees to secure repayment of bonded indebtedness. ***These fees are not considered state-mandated fees and, therefore, are not included when determining the GET payout value amount.*** However, you may use your GET units to pay these additional fees if you have extra units available after paying tuition and state-mandated fees.
On-campus/Off-campus room and board	The student must attend at least half-time. The amount cannot exceed the room and board allowance calculated by the college or university in its Cost of Attendance budget. *(Check with your school's financial aid office to determine its room and board allowance.)*
Books, supplies and equipment	The college course must require these expenses.
Special needs	Expenses of a student with special needs that are necessary in connection with that person's higher education.

Requesting a Refund

All cancellations and refunds are made according to Internal Revenue Code Section 529, Washington State law (RCW 28B.95.110) and GET Program policies. In general, you can request a refund after units have been held for a minimum of two calendar years, with some exceptions. Please review the GET Cancellation and Refund Policy on our Web site for details.

To request a refund, you will need to send a Refund/Cancellation Request form and supporting documentation (if required) to: GET Director, P.O. Box 43450, Olympia, WA 98504-3450. We cannot accept faxed requests. Once a refund has been approved, you should receive your refund within three to six weeks.

Penalties and fees may be assessed on certain refunds. For complete details, visit our Web site at www.get.wa.gov or call us.

Circumstances Requiring a Two-year Waiting Period

- **Scholarship:** If your student receives a scholarship, you can use your GET account for other qualified higher education expenses, transfer the units to another family member, or request a refund equal to the value of the scholarship (up to 125 units per year).
- **Graduation or program completion:** If your student has remaining units in a GET account upon graduation, you can transfer those units to another family member or request a refund.
- **Non-attendance:** If your student decides not to attend college, you can transfer units to another family member, hold the units in the account for up to 10 years, or request a refund.

Exceptions to the Two-year Waiting Period

- **Death or disability of the student:** If your student dies or becomes disabled, you can transfer units to another family member or request a refund.
- **Financial hardship:** If you lose your job or declare bankruptcy,[1] for example, you can request a refund.
- Cancellation within six months: If you cancel your account within six months after you open it, you can request a refund.
- **Account contributions of less than $500:** If you have contributed less than $500 to your account, you can request a refund.

[1] Special rules apply to refunds due to bankruptcy. Review the GET Master Agreement for details.

Important Dates

Opening an account

September 15, 2008	The 2008-09 enrollment year begins. You can open an account at the $76 unit price.
March 31, 2009	The 2008-09 enrollment year ends. If you enroll online, you must complete your enrollment by midnight on March 31. If you enroll by mail, your enrollment form must be postmarked by March 31. *Online enrollment gets congested during the final week of the enrollment period. To avoid frustration, please enroll early.*

Buying units for your account *(If your account was opened by March 31, 2009)*

April 30, 2009	April 30 is the last day to buy Lump Sum units at the $76 unit price. We must ***receive*** your payment by April 30. (We do not accept April 30 postmarks.) If we receive your payment after April 30, we will post it at the unit price in effect on May 1.
May 1, 2009	The GET Program may increase the unit price for Lump Sum purchases. Call Customer Service for details or check our Web site.
August 31, 2009	August 31 is the last day to buy Lump Sum units at the unit price set on May 1. We must ***receive*** your payment by August 31. (We do not accept August 31 postmarks.) If we receive your payment after August 31, we will post it at the unit price in effect on September 1.
September 1, 2009	The GET Program may set a new unit price for the 2009-10 enrollment year. This affects both Lump Sum purchases and new Custom Monthly plans opened after this date. Call Customer Service for details or check our Web site.

Contact us

Email: GETInfo@hecb.wa.gov

Telephone: 1.800.955.2318 (toll-free) or 360.753.7803 (Olympia)

Weekdays from 8 a.m. to 5 p.m. (excluding state holidays)
Translation service is available for customers who do not speak English.

Web site: www.get.wa.gov

Mailing addresses:

For enrollment forms and payments
GET Program, P.O. Box 84824, Seattle, WA 98124-6124

For correspondence
GET Program, P.O. Box 43450, Olympia, WA 98504-3450

Office location *(in-person visits only):*

919 Lakeridge Way SW, Olympia, WA 98502

Weekdays from 8 a.m. to 5 p.m. (excluding state holidays)
Directions are posted on our Web site.

4. Frequently Asked Questions

Following is a list of the most commonly asked questions about the GET Program, along with their answers. Please visit our Web site for an expanded list of questions and answers, including information on how to manage and make changes to your GET account.

About the GET Program

What is GET?

GET is Washington state's 529 prepaid college tuition program. With GET, you prepay for your child's college tuition today. The State of Washington guarantees that the value of the units you buy will keep pace with resident undergraduate tuition and state-mandated fees at the most expensive public university in Washington. The GET Program is a Qualified Tuition Program under Section 529 of the Internal Revenue Code and is governed by federal IRS rules and Washington state law (RCW 28B.95).

What is a 529 plan?

A state 529 plan is a college savings plan named for the section of the federal tax code that authorizes them. You put in after-tax money. Your money grows tax-free and all withdrawals are tax-free when used for tuition, room and board, and other qualified higher education expenses.

There are two types of state 529 plans: college savings plans and prepaid tuition plans. They differ in who chooses the investments and who assumes the risks.

- *College savings plan.* You pick your investments and shoulder all of the investment risk. The value of your account is based on the performance of your investments. When it's time for college, you have whatever money is in your account.
- *Prepaid tuition plan (GET Program).* You prepay for college tuition today for use in the future. The future value of your account is guaranteed by the state to keep pace with resident undergraduate tuition and state-mandated fees. The state picks the investments and assumes all the investment risks.

Accounts in both types of plans now receive favorable treatment for financial aid purposes as a result of a recent federal law. If the parent is the account owner, the account is considered an asset of the parent rather than the student.

To learn more about 529 plans, read "A Guide to Understanding 529 Plans," on our Web site in the Charts and Tools section.

What does the State of Washington guarantee?

The State of Washington guarantees that if you buy 100 units today, your 100 units will equal the actual cost of one academic year of resident undergraduate tuition and state-mandated fees at the most expensive Washington public university when your child enrolls in college – regardless of how much tuition has increased over time. If you buy one unit, it will be worth 1/100 of that actual cost. The value of a unit is determined annually and is the same whether you use it to pay costs at a Washington public college or a private or out-of-state college.

The state guarantee is backed by the full faith and credit of the State of Washington. That means if future tuition increases ever require the program to pay out more money than it has available, the Legislature would be required by state law to provide funding to cover the shortfall. Washington's GET Program is one of only a few state prepaid college tuition plans in the country with a guarantee in state law (RCW 28B.95.050).

Can GET accounts be used only at Washington schools?

You can use your GET units at nearly any public or private college, university or vocational school in the United States, as well as selected colleges in other countries. A college is eligible if it participates in federal financial aid programs through the U.S. Department of Education. To determine which schools are eligible, visit the Free Application for Federal Student Aid (FAFSA) Web site (www.fafsa.ed.gov/FOTWWebApp/FSLookupServlet). If the school is listed, you may use your GET units to pay for expenses at that college.

Keep in mind that your GET units may not be enough to cover the full cost of tuition and fees at private or out-of-state schools. In addition, enrollment in the GET Program does not guarantee in-state resident tuition or admission to any school.

Do I have to pick a school when I enroll in the program?

No, you do not have to pick a school when you enroll. When your student is ready to begin college, we will send you information about how to use your account to pay for college.

What is a unit? Is it the same as a credit hour?

GET units are not the same as credit hours at a college, university, or vocational school. One hundred GET units are equal to one academic year of resident undergraduate tuition and state-mandated fees at the most expensive Washington public university. One GET unit is equal to 1/100 of that amount.

Opening Your GET Account

How do I enroll in the GET Program?

Please carefully review the Program Details and then choose a payment plan. It's fast and easy to enroll online at *www.get.wa.gov.* If you prefer to complete a paper enrollment form, you can download one from our Web site. Or call us and we will mail you one. The annual enrollment

period runs from September 15 through March 31. You must complete online enrollment by midnight on March 31. Paper enrollment forms must be postmarked by March 31.

We charge a one-time, non-refundable enrollment fee of $50 for each account, with a maximum of $100 per family. To qualify for the maximum $100 fee per family, you must open more than two accounts, the account owner must be the same on all accounts, and all student beneficiaries must live at the same home address.

Who can open a GET account?

You can open a GET account for anyone – your child, grandchild, niece or nephew, friend or even yourself. The only requirement is that either the student beneficiary OR the account owner be a Washington resident at the time of enrollment. Children of military personnel who claim Washington as their home of record also are eligible to participate in GET. Simply submit documentation of Washington residency when you enroll.

What if I move out-of-state after I open my account?

If you move out-of-state after opening your GET account, you can still make regular contributions and use your units for qualified college expenses. The value of your account will still be based on resident undergraduate tuition and state-mandated fees at the most expensive Washington public university at the time you use your units, regardless of where your child attends college.

Who controls a GET account?

As the account owner, you maintain control of your account and are the only one who can request account changes, distributions or a refund. The student beneficiary does not have any control over the account, unless he or she is also the account owner.

Why do I need to choose a payment plan? What are my options?

Picking a payment plan allows you to decide how much and how often you want to save. You have two options: (1) Lump Sum Plan and a (2) Custom Monthly Plan.

- ***The Lump Sum Plan*** is a "pay as you go" option. You buy units whenever you want. You can buy a minimum of one unit or a maximum of 500 units per student. There is no monthly payment obligation and you don't even have to buy whole units. The only time you are required to buy at least one unit is when you enroll. With this plan, you are subject to the unit price increases on September 1 and May 1 of each year. In addition, you must hold units in your account for at least two calendar years before you can use them.
- ***The Custom Monthly Plan*** is a defined monthly payment plan. Your monthly payment remains the same throughout the term of your contract and includes a fixed 7.5 percent finance charge. You can buy a minimum of 50 units and a maximum of 500 units. Your payment period is based on when you plan to begin using your units – up to 18 years in the future. To use your units, your plan must have been open for at least two calendar years and be paid in full.
- If you set up a Custom Monthly Plan, you can buy Lump Sum units at any time. Your Lump Sum purchase will be based on the unit price in effect at the time we receive your money. You do not need to set up an additional account.

What if I want to set up a Custom Monthly Plan and buy Lump Sum units?

- *If you do not have a GET account,* simply sign up for a Custom Monthly Plan account during our annual open enrollment period (September 15 through March 31). Our Custom Monthly accounts are automatically set up to accept Lump Sum purchases. If you use the paper enrollment form, please complete both areas of section 5 and include your payment for your Lump Sum purchase with the enrollment form.
- *If you already have a Custom Monthly Plan account,* it's easy. Send us your payment for additional Lump Sum units and include your GET account number and a note telling us that you want to "buy additional units." If you recently enrolled online, please include a copy of your "enrollment summary."
- *If you already have a Lump Sum Plan account,* you can add a Custom Monthly Plan to your account only during our annual enrollment period (September 15 through March 31). Please review the Custom Monthly Plan payment chart for the new enrollment year and complete an Account Change Request form on our Web site. You do not need to complete a new enrollment form.

What if I suddenly can't make the monthly payment on my Custom Monthly Plan?

If you can no longer make the payments on your Custom Monthly contract, you have four options:

- Convert your Custom Monthly Plan to a Lump Sum Plan and end your monthly payments.
- Reduce the total number of units in your contract to lower your monthly payment.
- Increase the total number of years in your contract to lower your monthly payment. However, please note that your contract must be paid in full before you can use your units.
- Close the account and request a refund. Please review our GET Cancellation and Refund Policy or call us for details.

To make changes to your contract, you will need to complete an Account Change Request form. To request a refund, you will need to complete a Refund/Cancellation Request form. Both forms are available on our Web site.

Can I pay off my Custom Monthly Plan early?

Yes, you can pay off your Custom Monthly Plan early, although you will not save any interest. Please call us to learn about other options.

If I sign up for a Custom Monthly Plan and later decide I want to buy more units, what could I do?

You have two options:

- If you set up a Custom Monthly contract during a previous enrollment period, you would need to set up a second Custom Monthly contract during an open enrollment period. Your new contract would be priced at the new rate.
- You could buy additional Lump Sum units at the new unit price in one purchase or through a series of smaller purchases. Each purchase would be based on the unit price in effect at the time.

If I buy units through the Lump Sum Plan, how do I buy more units? Do I have to fill out another enrollment form?

You do not have to complete a new enrollment form to buy more Lump Sum units. If you bought fewer than 500 units when you enrolled, you will receive a coupon book for future purchases. If you designated giftors who can contribute money to your account, they also will receive coupon books for future purchases.

How do I add a Custom Monthly Plan to a Lump Sum Plan account?

You may add a Custom Monthly Plan to your existing Lump Sum Plan account for the same student ONLY during the open enrollment period, which runs from September 15 through March 31 every year. Your Custom Monthly Plan will be based on the rates of the current enrollment year and will include a fixed 7.5 percent finance charge. You do not have to pay an additional enrollment fee.

To add a Custom Monthly Plan to your Lump Sum Plan account:

- Review the Custom Monthly Plan payment chart for the current enrollment year to determine your monthly payment.
- Complete an Account Change Request form available on our Web site and mail it to GET Correspondence, P.O. Box 43450, Olympia, WA 98504-3450. Your form must be postmarked by March 31.

Buying GET Units

How do I make a payment?

You have four options:

- *Coupon book.* You will receive a coupon book unless you have chosen to save through automatic bank withdrawal. Authorized giftors on your account also will receive coupon books. Please mail all checks to: GET Program, P.O. Box 84824, Seattle, WA 98124-6124.
- *Automatic withdrawal.* Complete the Automatic Withdrawal Authorization form. Download it from our Web site and mail it to us. Or complete the form online by accessing your account with your Login ID and PIN.
- *Payroll deduction.* If your employer already participates in GET Payroll Deduction, you simply complete a Payroll Deduction Authorization form and submit it to your payroll office.
- *Online payments.* You can transfer money from your bank directly to your GET account through our electronic bank transfer system. US Bank charges a $1 transaction fee for this service. You can access your account with your Login ID and PIN.
- *Bill Payor.* You also may be able to take advantage of your bank's online Bill Payor feature at little or no cost. This should allow you to make either one-time payments or to set up a regular monthly payment.

How many units should I buy?

You decide how many units you want to buy, from a minimum of one unit to a maximum of 500 units per child. You can use up to 125 units each academic year.

One hundred units are guaranteed by the state to cover one year of resident undergraduate tuition and state-mandated fees at the most expensive Washington public university, either the University of Washington or Washington State University. If your student attends a less expensive college, such as a community college, you'll need fewer units for tuition and can use your extra units to pay for books, room and board, or other qualified higher education expenses.

Can more than one person contribute to my GET account?

Yes, anyone can contribute to your GET account. Buying units is a great gift idea for grandparents, other family members, and friends. You can name "giftors" who can contribute money to your account. You can give your giftor one of your coupons. Or you can download a Giftor Authorization form from our Web site, mail it to us, and we'll send your giftor a coupon book. All gift payments to your account belong to you, the account owner.

Please note that if you have a Custom Monthly Plan, we will apply all contributions to your Custom Monthly account unless your giftor specifies that the money should be used to buy Lump Sum units.

Can I buy GET units by transferring or rolling over money from other accounts?

You can make the following transfers or rollovers:

- *Series EE or I U.S. Savings Bonds.* You must liquidate your bonds and then complete an Incoming Rollover/Transfer form on our Web site. To learn more about liquidating savings bonds, please visit the U.S. Department of Treasury Web site.
- *Coverdell Education Savings account.* If you transfer funds from a Coverdell Education Savings Account, you must complete an Incoming Rollover/Transfer form.
- *Another 529 program.* You can authorize the direct rollover of money from another qualified 529 plan to your GET account. If you want the other 529 plan to send the distribution directly to GET, you may need to complete one of their forms. Then complete an Incoming Rollover/Transfer form.

Please review IRS Publication 970 and the "Tax Matters" section of GET Program Details for more information. We also encourage you to consult your tax advisor because these transactions may be taxable.

Can I roll over funds FROM the GET Program to another 529 program?

The GET Program currently does not allow this type of rollover. If you want to transfer funds to another 529 program, you must request a non-qualified refund of your units and pay any applicable program penalties and fees. You also will have to pay federal taxes and penalties on the earnings portion of the refund unless you reinvest the funds in a qualifying account in another 529 program within 60 days. You will need to complete a Refund/Cancellation Request form. Please review our Cancellation and Refund Policy for more information. We also encourage you to consult your tax advisor because this transaction may be taxable.

Can I buy GET units with funds from an existing UGMA or UTMA custodial account?

Funds invested in an UGMA or UTMA account (Uniform Gift to Minors Act/Uniform Transfer to Minors Act) belong to the minor. The custodian has a legal obligation to use the funds solely for the benefit of the minor. To maintain the proper ownership of these funds, a GET account must name the minor as both the account owner and the student beneficiary. You also will need to name a custodian or trustee to manage the account on the minor's behalf.

Once you set up the GET account, you can liquidate the UGMA or UTMA account and send the funds to the GET Program. Please consult your tax advisor because this transaction may be taxable. Finally, we recommend that you open a second GET account for additional contributions. You will own the funds in this second account. The child will own all money in the first account (transferred UGMA/UTMA funds).

How is the GET unit price determined?

The GET unit purchase price is based on an actuarial formula, which incorporates several factors, including current cost of tuition, estimated future tuition, inflation, investment returns, administrative costs, and a reserve to assist in periods of fluctuating investment returns or higher than average tuition. Since the GET Program guarantees it will cover the cost of future tuition, we must set a unit price to ensure that sufficient funds will be available for all future payouts. The GET Committee may adjust the unit price on May 1 and September 1 every year.

Using Your GET Units

How do I access my GET account when my child is ready to begin college?

In the spring before your student will begin college, we will mail you information about how to use your units. Please note that you, as the account owner, must initiate all distributions from your account.

What if my child decides not to go to college?

As the account owner, you have four options:

- Wait and do nothing immediately. Your student has up to 10 years from the time he or she can access the units to use the funds.
- Transfer the funds to another family member with an existing account by completing a Transfer Request form.
- Change the student beneficiary to another family member by completing a Change of Beneficiary form.
- Request a refund by completing a Refund/Cancellation Request form. This form must be notarized. Review our Cancellation and Refund Policy to learn more.

How soon can I use my GET units?

You must hold Lump Sum and Custom Monthly units for at least two calendar years before you can use them. In addition, your Custom Monthly contract must be paid in full. Please note that the longer the units remain in your account, the greater your long-term return will be. You should plan to hold your GET units for at least two years before you can expect to see any real gain.

How is the value of my account determined?

One GET unit equals 1 percent of the resident undergraduate tuition and state-mandated fees at the most expensive Washington public university at the time of use. We determine this value, known as the unit "payout value," at the beginning of each academic year when the state public universities set their tuition rates. Please check our Web site or call us after August 1 for the new unit payout value.

Example 1: Your student attends a Washington public college.

Your student will attend The Evergreen State College and you have 100 eligible units. For the 2008-2009 academic year, the payout value of one GET unit is $67.20. Tuition at Evergreen is equal to about 75 units. Consequently, after paying tuition, you will have about 25 remaining GET units. You can use these units for books, housing or other qualified higher education expenses or wait and use them the following year.

Example 2: Your student attends a private or out-of-state college.

Your student will attend the University of Idaho as a non-resident. You would like to use 100 GET units to help cover the costs. For the 2008-2009 academic year, the payout value of one GET unit is $67.20. Therefore, 100 units are worth $6,720. You can use this amount to help offset your student's total costs. You and your student will be responsible for covering any remaining costs.

Why is the current GET unit price higher than the current GET unit payout value?

Because the State of Washington guarantees that the money you put into GET will keep pace with rising tuition, we must ensure that we always have sufficient funds available. The GET Committee sets the unit price twice annually and includes a premium based on an actuarial formula. This formula includes current tuition, estimated future tuition, inflation, investment returns, administrative costs, and a reserve to assist in periods of fluctuating investment returns or higher than average tuition. GET is a self-sustaining state program and receives no ongoing state appropriations.

Can a part-time student use this program?

Yes, you can use your GET units if your student attends school part-time. The value of your GET units will still be based on the tuition and state-mandated fees at the most expensive public university in Washington.

What will GET units cover?

GET units are designed to help pay college tuition. However, if you still have eligible units after paying tuition, you can use them to pay for room and board, books, and other qualified higher education expenses. Review IRS Publication 970 and GET Program Details for a complete list of qualified higher education expenses.

You can use up to 125 eligible units per academic year, plus any unused units from a previous year. For example, if you owned 250 units and used 100 units in the first year, you could use 150 units in the second year (25 leftover units + 125 units =150 units).

What are state-mandated fees?

State-mandated fees are fees required by state law and charged to every student who attends a Washington public college or university. They include operating, building, and services and activities fees. They do not include fees imposed by an individual school. These school-required fees may include technology fees, library fees, recreation fees, fees to secure repayment of bonded indebtedness, or other types of fees. These fees are not considered state-mandated fees and, therefore, are not included when determining the GET unit payout value. However, you can use your GET units to pay these additional fees if you have extra units available after paying tuition and state-mandated fees.

How will a GET account affect my child's eligibility for financial aid?

A GET account is now considered an asset of the account owner. If the parent is the account owner, the GET account is considered an asset of the parent rather than the student. Consequently, a GET account has significantly less impact on the student's eligibility for financial aid, as determined by the Free Application for Federal Student Aid (FAFSA).

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WASHINGTON HIGHER EDUCATION COORDINATING BOARD

GET Guaranteed Education Tuition℠ Buy tomorrow's college tuition today.

Washington State's 529 Prepaid College Tuition Program

The Washington Higher Education Coordinating Board 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.

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