



2014 Annual Report

Mission

GET serves Washington families by offering a safe and secure way to save for college.

October 1, 2013 – September 30, 2014



A MESSAGE FROM

Betty Lochner, GET Program Director

There is an old saying that a person who chases two rabbits catches neither. At GET we are focused solely on helping families save for their children's college education in an effort to ensure more Washington citizens have access to higher education and graduate with as little debt as possible.

While GET has seen great success, there remains a huge opportunity to reach even more Washington families. There are approximately 1.5 million children in Washington State and we have about 130,000 active accounts, which places our market saturation rate at about five to eight percent when filtering for accounts with the same beneficiary.

Ultimately, our goal is to switch the personal finance of higher education from a debt-driven model to a savings-driven model. Nationally, Americans have \$1.3 trillion in student loan debt which is four times greater than it was just 10 years ago when graduates owed \$300 billion in 2004. Compare this debt to the \$250 billion Americans have saved in all the 529 plans across the nation and you will see there is a lot of work to be done.

Moving forward, we are focused on providing Washington residents with the incentives, tools and resources to help them save, make wise investment decisions and to make it as easy as possible to make regular contributions to their accounts in order for their children to reach their full potential.

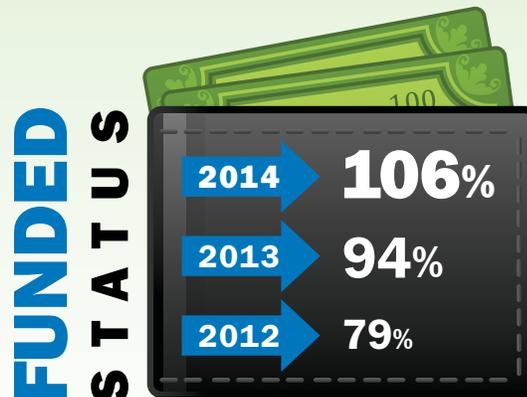


Sincerely, 

Program Returns to Fully Funded Status

State Actuary Matt Smith reported that the program's funded status, measured on June 30, 2014, is at 106 percent and is expected to meet all of its financial obligations for current enrollees. The positive change in the program's funded status is due primarily to strong investment returns and the fact that tuition did not increase at the state's public universities for the second straight year.

This is the first time since the beginning of the Great Recession in 2008 that the program's funded status has been at or above 100 percent. Further, the program received an A rating for solvency for the second consecutive year while surpassing its 2021 projected funded status seven years earlier than expected.

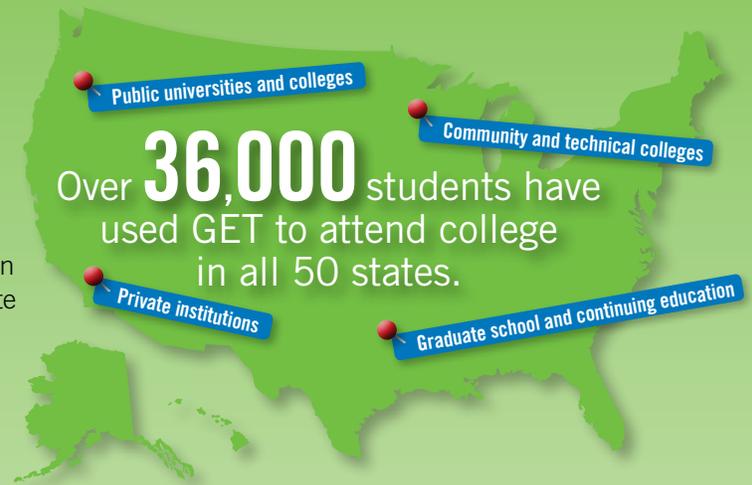


Student Distributions Surpass Half Billion Dollar Mark

Since 1999, GET has paid out **more than a half billion dollars** (\$567 million) on behalf of more than 36,000 students attending schools in all 50 states and 15 foreign countries. This past year the program distributed \$122 million on behalf of over 13,000 students attending colleges nationwide. These dollars are not only helping to educate and improve the lives of students, they are also being invested into our state's higher education institutions while building a more talented workforce for our state's 21st century economy.



During the 2013-14 academic year, Washington public universities and community colleges received more than \$45 million in GET funds. Out-of-state and private institutions received more than \$32 million in GET payments. Parents and students were reimbursed close to \$45 million through their GET accounts for expenses incurred during this past academic year.



Unit Price and Payout Value Unchanged

The unit purchase price for the 2014-15 enrollment period is \$172 per unit, which is unchanged from the previous two years. The price has remained the same due largely in part to the fact that tuition held steady at Washington's public universities for the first time since 1986. Having tuition remain flat is a huge reprieve for Washington families who experienced annual double-digit tuition growth from 2008 to 2012.

The payout value for the 2014-15 academic year is \$117.82 per unit. The payout value is based on in-state undergraduate resident tuition and state-mandated fees at the University of Washington Tacoma, which is currently Washington's highest-priced public university. The difference in purchase price and payout value is what helps protect the health and viability of the GET fund to assure that the dollars invested by program participants are available when their children are ready to attend college far into the future.



GET continues to make college more affordable for Washington families by ensuring accounts keep pace with tuition inflation.



Clean Audit Demonstrates Fiscal Responsibility

This past year the GET program received a spotless audit from the Washington State Auditor, in which the final report noted:

- ✓ **There were no material uncorrected misstatements in the audited financials.**
- ✓ **There were no material misstatements in the financials corrected by management during the audit.**
- ✓ **No significant deficiencies in internal control over financial reporting were identified.**
- ✓ **No instances of noncompliance were identified that could have a direct and material effect on the determination of financial statement amounts.**

Additionally, in 2014, GET handled more than 35,000 phone and email inquiries, managed more than a quarter billion dollars in financial transactions, processed more than 130,000 documents and took part in dozens of community events and partnerships.

Over the years, GET operations have become more efficient and effective using Lean Six Sigma management principles in order to ensure fiscal strength, stability and safeguards to maximize the long-term benefits for program participants.



\$250 Million
Financial Transactions



35,000
Emails & Phone Calls



130,000
Documents Processed

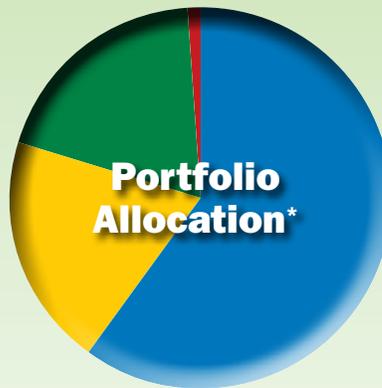
Asset Allocation Produces Strong Returns



Washington's GET trust fund is managed by the Washington State Investment Board (WSIB). Valued at over \$2.57 billion (as of September 30, 2014), the fund value was up by more than \$200 million when compared to this same point in time last year.

This past year the WSIB invested all GET funds in a diversified portfolio of federal bonds (Treasury Inflation-Protected Securities or TIPS), fixed income corporate bonds, as well as US and international indexed equity funds. For cash flow and expenses, a small amount was also kept in cash.

Beginning in 2015, the GET trust fund will have a new asset allocation that will maintain the split between equity (60%) and fixed income (40%), but will collapse the Treasury Inflation Protection Securities (TIPS) into the fixed income assets. This strategy provides for the greatest amount of diversification at both low risk and low cost.



Portfolio Performance*

Investment Returns	1 Year	5 Year	10 Year
TIPS	1.77%	4.64%	4.96%
Fixed Income	5.26%	N/A	N/A
Global Equity	11.12%	11.18%	7.34%
TOTAL	8.14%	8.86%	6.81%

■ Global Equity	60.07%
■ Fixed Income	19.81%
■ Treasury Inflation Protected Securities (TIPS)	19.19%
■ Cash.....	0.93%

* As of September 30, 2014



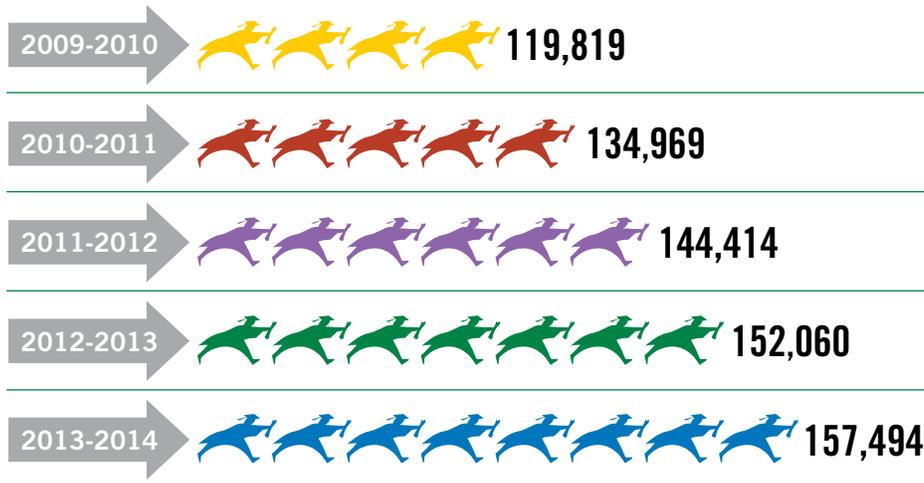
Average Annual Growth

5-Year Average	9.2%
10-Year Average	8.6%
20-Year Average	7.2%
33-Year Average	7.6%

Enrollment Continues to Grow

The GET program finished the 2013-14 enrollment year with 5,509 new accounts and 741,701 new units purchased for a total investment of \$127,572,572. Since GET was established in 1998, more than 157,000 GET accounts have been created and more than 36,000 students have used GET to pay for their higher education. The average GET account currently holds a little less than 200 units.

GET ENROLLMENT GROWTH SINCE 2009



Did you Know?*

“ A child with a dedicated college savings account is seven times more likely to pursue some form of post-secondary education. ”

“ Third grade is the crucial year when students make the leap from learning to read to reading to learn. It’s an academic hurdle that, if missed, can leave kids in the proverbial dust. **Third grade is also the half-way point to college.** ”

“ Higher levels of education continue to directly correlate with social stability and are important contributors to statewide economic success. ”



HIGHER EDUCATION Fast Facts*

The **GET TRUST FUND** is now valued at

\$2.57 BILLION.
as of 9/30/2014

771,000

WASHINGTONIANS have student loan debt.

By 2018, **70%** of jobs in **Washington State** will require some form of **HIGHER EDUCATION.**

In 2014, **WASHINGTON STUDENTS** took on an additional

\$1.4 BILLION in loan debt.

People with **COLLEGE DEGREES** earn an additional

\$1 MILLION over a lifetime than those who do not.

*Sources can be found at: <http://1.usa.gov/18uN8dZ>

GET's Impact

GET helps increase access to higher education and decreases student dependence on costly loans. With GET, Washington families create a plan for helping their children reach their full potential, while making significant investments in our state's higher education system and economy.



OTHER DISTRIBUTIONS

