



Washington College Savings Summer Institute June, 2017



Session Outline



- Ways to save and why?
- Review of 529 plans and how they work.
- GET Program update and savings options.
- Q&A.




Why it's important to save



- Students with college savings accounts are more likely to attend and finish college than those who don't. *(Elliott, Song, & Nam, 2013)*
- Increased cost *(CSPN 2016)*
- Lifetime opportunities *(CSPN 2016)*
- Reduce loan dependency *(CSPN 2016)*




Common Ways to Save




- 529 Plans, prepaid 529 traditional savings plans
- Custodial Accounts
- Coverdell ESA
- Roth IRA
- 529 College Savings


What is a 529 Plan?



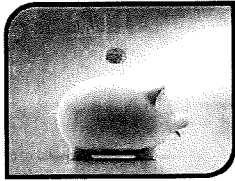
- A tax-advantaged way to save for college
 - Savings grow tax-free when used for qualified higher education expenses
- Two types
 - Prepaid tuition plans (defined benefit)
 - GET is this type of plan
 - College savings plans (defined contribution)
 - Most states have these
 - Washington may offer this type soon



What is a 529 Plan?



- Benefits
 - Tax-free growth and withdrawals when used for qualified higher education expenses
 - Use at universities, community colleges, and technical and trade schools nationwide and in other countries
 - Use for tuition, fees, room and board, books and required supplies
 - Reduce reliance on student debt to pay for college



What is GET?



- Washington's 529 Prepaid Tuition Program
- Established in 1998
- Helps families plan for future college expenses
- Same federal tax benefits as all other 529 plans



How Does GET Work?



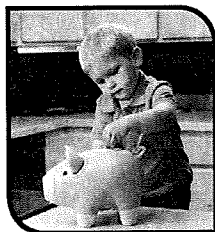
- Designed to prepay future tuition, but can be used for any "qualified higher education expenses"
- 100 units = 1 year of tuition
- Can be used at many types of schools nationwide



How Can Families Save?



- Account owner or student must be a WA resident when opening account
- Anyone can contribute (family, friends, etc.)
- Savers can choose from:
 - Lump Sum payments (pay-as-you-go)
 - Custom Monthly Plans
 - or -
 - A combination of both



How Can Families Keep it Going?



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How Do Families Pay for School?



- Direct payment to a college
- or-
- Pay out-of-pocket and request reimbursement
 - Expenses must be incurred in the same calendar year.
- Use up to 125 units per year, plus carry over



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Top Four "What Ifs"



- Student gets a scholarship?
- Student decides not to go to college?
- Family moves out of state?
- Family's financial situation changes?



There are options!

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Common Misconceptions



- Can't afford to save
- 529 Plan and financial aid availability
- Grandparent vs parent ownership
- Roth IRA, savings bonds and other savings



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Call to Action



- How are you raising awareness of the importance of saving for higher education?
- How are you ensuring parents and students understand how savings can support student success?
- What resources can you provide to parents and students to ensure they have as much information as possible and as early as possible?

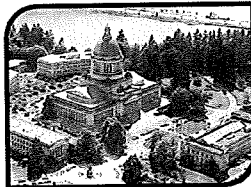


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Legislative Impacts on GET



- 2015 Legislative Session: Senate Bill 5954
 - Lowered tuition for 2015-16 & 2016-17
 - Caps future tuition growth
- Directed the GET Committee to:
 - Freeze the payout value for 2 years
 - Make adjustments to keep customers' accounts whole
 - Review and report to the legislature on future options for GET and the feasibility of opening a traditional 529 savings plan



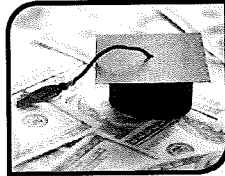
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GET Committee Actions



• Summer & Fall 2015 – GET Committee made adjustments to GET to keep account owners “whole”

- Froze the GET payout value at \$117.82/unit until tuition surpasses \$11,782
- Delayed new unit sales for up to two years
- Refunded amortization fees for unredeemed units bought at \$163/\$172
- Provided temporary non-penalty refund window through at least September 1, 2017



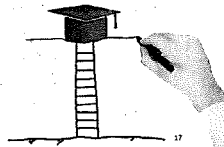
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529 College Savings Plan



• Additional savings option being explored:

- Late 2015: GET began exploring opening a 529 college savings plan
- Early 2016: Legislature passed Senate Bill 6601, creating a framework and funding options for a savings plan
- New plan would be a complement to GET – families can choose to save in one or both plans
- New plan would also be open to families who are not WA residents



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What's Next? - GET



• Prepare to reopen GET this year

- GET is scheduled to reopen in 2017, once a new unit price is set
- GET Committee is working with the State Actuary to set a new unit price, once 2017 Legislative Session ends
- GET Committee is also reviewing program policies to determine if any changes are needed



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What's Next? – Savings Plan



Committee considered various options for starting a 529 savings plan:

- Running the plan "in-house" using GET systems
- Working with a vendor to help run the plan
- Partnering with another state's 529 savings plan

Current status:

- Pursuing option of working with a vendor to help run plan
- Issued RFP; closed May 2, 2017
- Currently reviewing proposals
- Target opening: Late 2017/Early 2018



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Further Reading



GET Program (learn about GET and find updates)

- www.get.wa.gov

Washington Student Achievement Council (learn about the agency that administers GET and financial aid programs)

- www.wsac.wa.gov; www.readysatgrad.org

College Savings Plans Network

- (learn about 529 plans nationwide)
- www.collegesavings.org

IRS Publication 970

- (learn about 529 plan tax treatment and benefits)
- www.irs.gov/publications/p970



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Discussion – Any Questions?



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