



Office of the State Actuary

“Supporting financial security for generations.”

August 19, 2024

Tami Clark
Accounting Manager
Washington Student Achievement Council
Sent Via Email

SUBJECT: 2024 GET ACTUARIAL FINANCIAL REPORTING

We prepared the actuarial measurements you requested for the Guaranteed Education Tuition (GET) Program that intend to satisfy the reporting requirements for the Office of Financial Management’s [2024 Annual Comprehensive Financial Report](#) (ACFR). In accordance with the [Revised Code of Washington 28B.95.030](#), the measurements disclosed in this letter will also be used to assess the program’s funded status when setting the unit price for the 2024-25 GET enrollment period. Readers should not use this information for other purposes. Please replace this information with more recent information when available.

The **Appendix** contains information on the data, assumptions, and methods used to prepare this analysis.

Analysis Summary

We prepared the 2024 GET results for the ACFR by projecting the actuarial measurements from the [June 30, 2023, GET Actuarial Valuation Report](#) (GAVR), to June 30, 2024, according to the procedure described in the Appendix. The following table provides the final 2023 GAVR results and the projected 2024 GET results for the ACFR. Please note, the 2023 GAVR results will differ slightly from the values disclosed in last year’s 2023 GET Actuarial Financial Reporting letter since the GAVR relies on individual account data as of the measurement date.

Funded Status Summary		
<i>(Dollars in Millions)</i>	2023 GAVR	2024 Projection*
Present Value of Future Obligations (PVO)	\$1,142	\$1,141
(A) Market Value of Assets (MVA) at June 30	\$1,617	\$1,754
(B) Present Value of Receivables (PVR)	\$76	\$59
Present Value of Fund (A) + (B) (PVF)	\$1,693	\$1,813
Funded Status (PVF / PVO)	148%	159%
Reserve/(Deficit) (PVF – PVO)	\$551	\$672

**PVO and PVR are estimated using projection procedure starting with the 2023 GAVR. MVA reflects actual market value as of June 30, 2024, and includes additional funds held in a separate account with the Treasury.*



The change in program measurements from the 2023 GAVR to the 2024 projected results were driven by the following key updates:

1. **2024 Data Update** – A projection of the June 30, 2023, GAVR assets and liability measurements to June 30, 2024, based on current assumptions and reflecting actual program disbursements and new unit sales during the 2023-24 enrollment period. Otherwise, all measurements in this step match expectations from the June 30, 2023, measurement. This step resulted in a 2% increase to the funded status when compared to the 2023 GAVR results.
2. **2024 Market Value of Assets**– Updating step 1 with actual investment returns of 11.15% for the Fiscal Year (FY) ending June 30, 2024. Actual investment returns were higher than the assumed return of 5.00%. This update resulted in an additional 9% increase to the estimated program funded status.

We reviewed the tuition growth and investment return assumption used in the 2023 GAVR and believe they remain reasonable for use in this projection.

The expected short-term offsetting unit use value for the 2025 FY is \$110 million. Put another way, this figure represents the expected dollar outflow due to unit distribution over the following FY. This value is based upon the 2023 GAVR without adjustment for updated contract data or assumption changes.

Actuarial Certification

We have relied on your understanding of the accounting disclosures required to satisfy the reporting requirements of the ACFR.

The Actuarial Standards Board has not defined Actuarial Standards of Practice (ASOPs) specific to the measurement or evaluation of prepaid tuition programs. We used the ASOPs for pensions where possible to guide our analysis of GET.

We believe that the data, assumptions, methods, and calculations used in this analysis are reasonable and appropriate for the primary purpose as stated above and are in conformity with generally accepted actuarial principles and standards of practice as of the date of this letter. Please see the 2023 GAVR for additional program background, considerations for interpreting funded status, as well as sensitivity of the 2023 results.

Consistent with the Code of Professional Conduct that applies to actuaries, we must disclose any potential conflict of interest as required under Precept 7. We, the undersigned, purchased and have unredeemed units in GET; however, this does not impair our ability to act fairly and objectively. No members of the Committee on Advanced Tuition Payment and College Savings (WA529) or their respective staff attempted to bias this work product.



The undersigned, with actuarial credentials, meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. While this letter is intended to be complete, we are available to provide extra guidance and explanations as needed.

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Appendix

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APPENDIX

Data, Assumptions, Methods, and Projection Procedure

Data

We relied on (1) participant and asset data provided by Washington Student Achievement Council staff, and (2) asset data provided by the Washington State Investment Board (WSIB). The participant data reflects summary-level contract information through June 30, 2024. The asset data reflects actual investment returns through June 30, 2024. We used this participant and asset data to perform the projection from June 30, 2023, to June 30, 2024. For more information, please see the following tables.

Participant Data Summary		
	2023	2024
Active Contracts	67,647	66,918
Number of Outstanding Units	10,082,367	9,675,561

Change in Number of Outstanding Units	
Number of Outstanding Units at June 30, 2023	10,082,367
New Units Purchased	428,112
Units Redeemed ¹	(670,913)
Units Refunded, Defaulted, or Downgraded ²	(128,018)
Units Rolled over to Other 529 Plans ³ or Roth IRA	(36,640)
Other	652
Number of Outstanding Units at June 30, 2024	9,675,561

Note: Total may not agree due to rounding.

¹Includes adjustments for unused distributions in prior fiscal year.

²Includes total units in refunded account. Unit downgrades are performed upon customer request.

³Includes rollovers to DreamAhead and other states' 529 plans.



Change in the Market Value of Assets <i>(Dollars in Millions)</i>	
2023 Market Value of Assets	\$1,617
2023 Funds Held in State Treasury Account*	(2)
2023 WSIB Reported Assets	\$1,615
Revenue	
Lump Sum Unit Purchases	\$51
Custom Monthly Unit Purchases	13
Investment Return	176
Other Revenue	0
Total Revenue	\$242
Disbursements	
Refunds	(\$12)
Redemptions	(81)
Contribution Guarantee	(1)
Other Disbursements	(9)
Total Disbursements	(\$102)
Net Cash Flow (Revenue + Disbursements)	\$139
2024 WSIB Reported Assets	\$1,754
2024 Funds Held in State Treasury Account*	\$0
2024 Market Value of Assets	\$1,754

Note: Totals may not agree due to rounding.

**Additional funds available to pay program obligations.*

Assumptions and Methods

The estimated Present Value of Obligations (PVO) and the Present Value of Receivables (PVR) on June 30, 2024, rely on assumptions for future tuition growth and investment returns. We reviewed these assumptions from the 2023 GAVR and believe they remain reasonable.

Key Assumptions		
	2025-27	2027+
Tuition Growth	3.25%	4.15%
Investment Return	5.00%	5.00%

Unless noted otherwise in this letter, all other assumptions and methods remain unchanged from those disclosed in the 2023 GAVR or the [2021 GET Experience Study](#).

Projection Procedure

We employ the following procedure each year to project the prior FY-end results forward one year.

This procedure will not produce results that match the results of a full actuarial valuation but will provide reasonable estimates within the time available to produce the results for state financial reporting.



Present Value of Obligations

We calculated the projected results by making the following adjustments to the prior FY-end PVO:

1. Interest on prior year's Present Value (PV) of tuition equal to prior year's PV of tuition multiplied by the annual assumed rate of investment return for that measurement. Additionally, an interest adjustment is applied to the items listed below.
2. Increase for any new units sold since the last measurement. The increase will equal (a) the expected cost of tuition in the unit price from last year multiplied by (b) the number of new units sold.
3. Decrease for the total number of actual units redeemed since the last measurement, multiplied by the estimated per unit PV liability of those units.
4. Adjustment for other known data changes since the prior actuarial valuation not already reflected above, e.g., refunded units.
5. Assumption, method, and/or program changes since the last measurement. No changes were identified for the 2024 projected results.

Fund Value

The current FY-end MVA will equal the amount reported by WSIB plus the amount held by the Treasury that's reported by GET. In other words, this does not represent a projection.

Present Value of Monthly Contract Receivables

The current FY-end PVR will equal the prior FY-end PVR plus the following adjustments:

1. Interest on prior year's PVR equal to prior year's PVR multiplied by the annual assumed rate of investment return for that measurement. Additionally, an interest adjustment is applied to the items listed below.
2. Decrease the PVR by the total amount of actual custom monthly payments received during the last year.
3. Adjustment for other known data changes since the prior actuarial valuation not already reflected above, e.g., defaulted contracts.
4. Assumption, method, and/or program changes since the last measurement. No changes were identified for the 2024 projection results.