

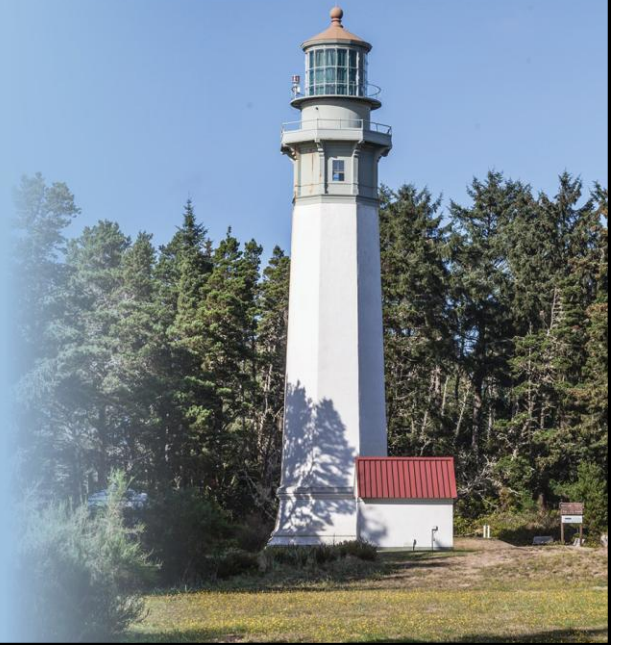
2025 GET Unit Price Setting

*Presentation to
WA529 Committee*

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September 10, 2025



0

Today's Presentation

Purpose

- Updated actuarial analysis to assist the Committee in adopting a unit price for the upcoming enrollment period (2025-26)

Current Program Status

- Key changes from 2024 results
- Estimated funded status and reserves as of June 30, 2025
- Results of *June 30, 2025, GET Actuarial Valuation Report* may vary

Price-Setting Information

- Key considerations for 2025 Analysis
- 2025-26 enrollment best estimate unit price and range

Risk Analysis

- Key pricing metrics under various risk scenarios

1

Current Program Status – 3 Key Changes from 2024 Analysis

1. 2024-25 unit sales and distributions
 - Approximately 388,000 new unit sales

Contract Summary		
	2024	2025
Number of Current Contracts	66,918	65,650
Number of Units Outstanding	9,675,561	9,204,000

2. Key assumption updates
 - Investment Return Assumption
 - Tuition Growth Assumption
3. Higher than assumed FY 2025 investment returns

FY 2025 Investment Returns	
Expected Return	5.00%
Actual Return	11.31%

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2

2

How Did Key Assumptions Change?

Investment Return

- WSIB updated their Capital Market Assumptions in 2025
- GET fund is 60% fixed income and 40% global equities target asset allocation

Tuition Growth

- Short-term: Strong growth in Washington state median wage
- Long-term: We increased our inflation assumption which is a building block of our long-term tuition growth assumption

Key Assumptions		
Investment Return		
	Prior	New
All Years	5.00%	5.40%
Tuition Growth by School Year		
	Prior	New
2024-25	3.00%	N/A
2025-27	3.25%	3.30%
2027-29	4.15%	3.40%
2029-30+	4.15%	4.35%

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3

3

Program Status at June 30, 2025

1. 2025 Unit Sales, Distributions, Updated Expenses
 - Reduction in obligation (outstanding units) and increase in fund value
2. Assumption Changes
 - Increase to investment return and short- and long-term tuition growth assumptions
3. FY 2025 Investment Returns
 - Assumed investment return of 5.00% while the actual investment returns were 11.31%

Funded Status Change	
June 30, 2024, Funded Status	159%
2025 Unit Sales, Distributions, Updated Expenses	5%
Assumption Changes	5%
FY 2025 Actual Investment Returns	10%
June 30, 2025, Funded Status	178%

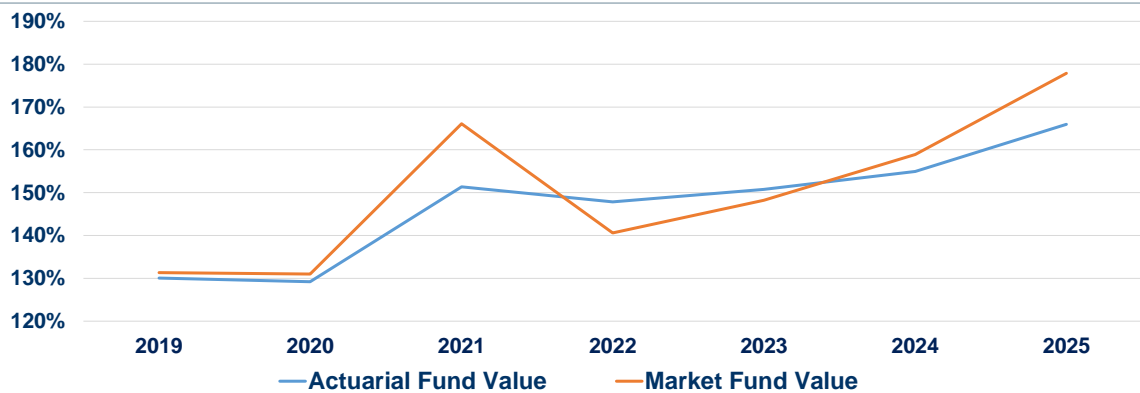
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4

4

Funded Status by Asset Value



- Funded Status at June 30, 2025, is 166% using the actuarial (or smoothed) value of assets and 178% using the market value
- An 8-year asset smoothing method was used to determine the actuarial value of assets

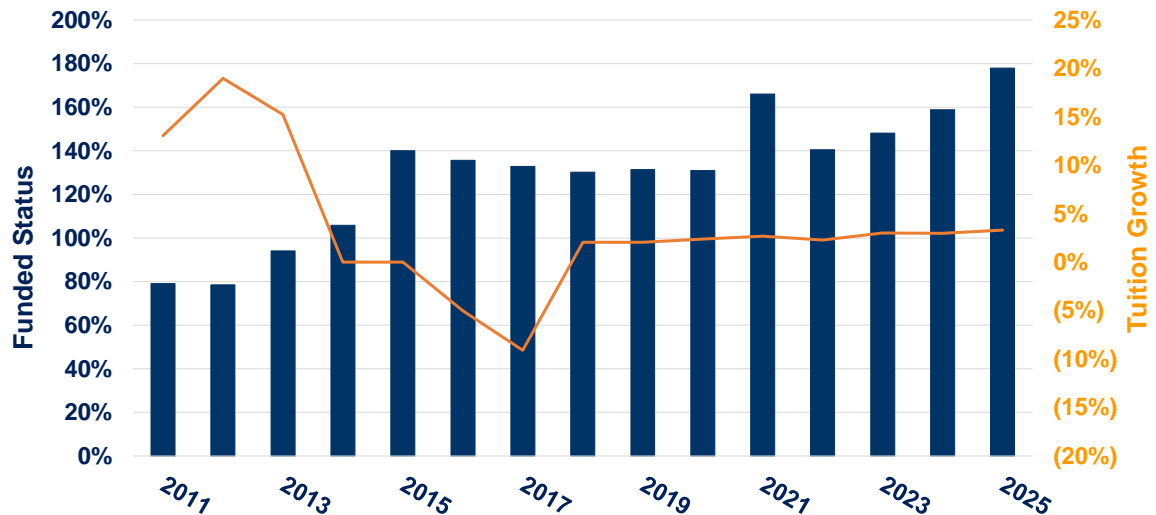
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5

5

Funded Status and Tuition Growth History



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6

6

Price-Setting Considerations

- The responsibility to adopt a unit price rests solely with the Committee, subject to the requirements of the Price Cap
- In adopting a unit price, the Committee considers many policy issues; including, but not limited to, the management of program risks
- To assist the Committee in adopting an appropriate unit price, we calculate a best estimate and a best estimate range for the unit price that allows the Committee members to balance policy issues
- We consider any price within the best estimate range to be reasonable from an actuarial perspective

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7

7

Components of Unit Price

Expected Cost

- Covers the present value of the expected cost of future tuition and applicable state-mandated fees

Expenses

- Contributes to the payment of administrative expenses

Reserve

- Covers unexpected future costs such as higher than expected tuition growth or lower than expected investment returns
- 15% reserve level included in best estimate unit price

Amortization

- An optional component that covers unexpected past costs from significant program or policy changes, as well as adverse demographic and economic experience
- Not included in current unit pricing

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8

8

Price-Setting Adoption – Key Considerations

- Current tuition policy began with the 2015-16 academic year
- Unit sales decreased from last year, remain under 500,000
- Best estimate calculation continues to include a 15% reserve
- 2025-26 price cap = \$140.00

Historical Unit Sales Information			
Enrollment Year	Adopted Unit Price	Payout Value	Units Sold
2020-21	\$133.00*	\$111.03	550,062
2021-22	114.01	114.01	735,322
2022-23**	116.63	116.63	408,958
2023-24	120.16	120.16	428,112
2024-25	\$123.76	\$123.76	388,402

*Price displayed is before the retroactive price adjustment to \$114.01.

**Custom Monthly Contract sales suspended indefinitely.

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9

9

Unit Price Information

- 2025-26 unit payout value is \$127.85
- Last year the committee adopted a unit price equal to the payout value of \$123.76
 - This has been the committee's practice since the 2021-22 enrollment period

GET Unit Price Information		
2025-26 Enrollment		
Unit Price	Best Estimate	Best Estimate Range
Expected Cost	\$104.57	
Expenses	2.37	
Reserve	16.04	
Amortization	N/A	
Total Unit Price	\$123	\$108 - \$139
Premium	(3.8%)	

Note: Total unit price rounded to the whole dollar. Premium represents the increase of the Total Unit Price over today's unit payout value expressed as percentage.

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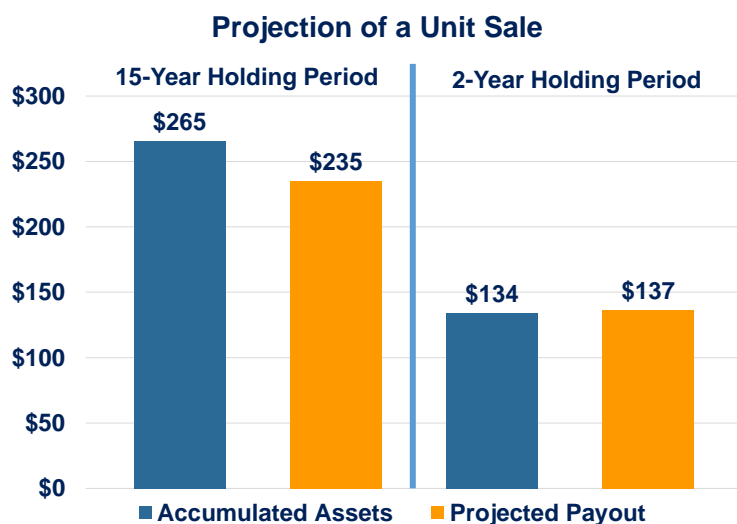
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10

10

Unit Sale Illustration

- Approximate results if future experience matches expectations
 - Illustration based on BE price excluding expense component
 - Includes beginning payout value of \$127.85



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11

11

Summary of Risk Analysis for Unit Pricing

Risk Analysis

- We performed risk analysis to test the 15% reserve and the impact to the June 30, 2025, funded status (program reserve)
- We recommend the Committee continue to consider and evaluate the reserve policies

Risk Scenarios

- We project the assets and liabilities of a single example unit sale under best estimate assumptions along with pessimistic and optimistic scenarios
 - Pessimistic
 - Investment returns 1% lower and tuition growth 1% higher than assumed
 - 1-Year worse-than-expected investment performance scenarios
 - Optimistic
 - Extension of current law tuition policy
 - 1-Year better-than-expected investment performance scenarios
- Please see the Appendix for details on the assumptions and methods used in this risk analysis

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12

12

Pessimistic Risk Scenario

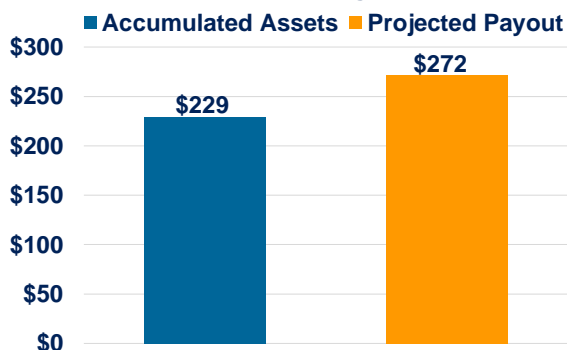
Investment Returns 1% Lower than Expected and Tuition Growth 1% Higher than Expected

Tuition Growth Assumption by School Year		
	Best Estimate	Risk Scenario
2026-27	3.30%	4.30%
2027-29	3.40%	4.40%
2029-30+	4.35%	5.35%

Investment Return Assumption		
	Best Estimate	Risk Scenario
	5.40%	4.40%

Funded Status Estimate June 30, 2025		
	Best Estimate	Risk Scenario
	178%	159%

Projection of a Unit Sale (15 Year Holding Period)



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13

13

Pessimistic Risk Scenario

1-Year Worse-than-Expected Investment Performance

- 15% reserve on unit sales offsets impact from adverse experience
- Projected Unit Sale Ratio = Accumulated Assets / Projected Payout

1-Year Investment Return	Projected Unit Sale Ratio	June 30, 2025, Funded Status
5.4% (Best Estimate)	112%	178%
0%	107%	169%
(5%)	101%	161%
(20%)	85%	136%

- After the 1-year investment return shown in the table, future returns are assumed to be 5.40% annually

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14

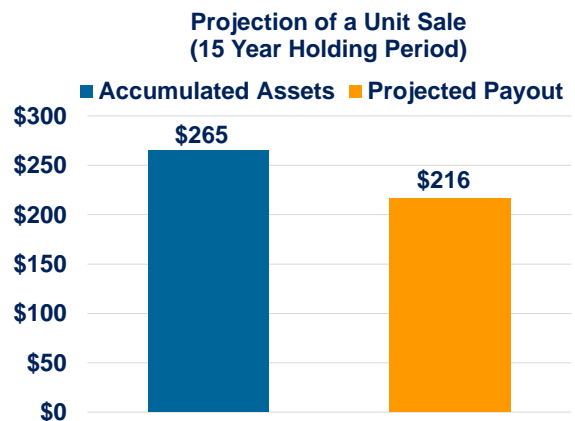
14

Optimistic Risk Scenario

Current Law Tuition Growth

Tuition Growth Assumption by School Year		
	Best Estimate	Risk Scenario
2026-27	3.30%	3.30%
2027-29	3.40%	3.40%
2029-33	4.35%	3.70%
2033-35	4.35%	3.90%
2035-37	4.35%	3.80%
2037-39	4.35%	3.50%
2039-40+	4.35%	3.00%

Funded Status Estimate June 30, 2025	
Best Estimate	Risk Scenario
178%	181%



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15

15

Optimistic Risk Scenario

1-Year Better-than-Expected Investment Performance

- Projected Unit Sale Ratio = Accumulated Assets / Projected Payout

1-Year Investment Return	Projected Unit Sale Ratio	June 30, 2025, Funded Status
5.4% (Best Estimate)	112%	178%
10%	117%	186%
15%	123%	194%
20%	128%	202%

- After the 1-year investment return shown in the table, future returns are assumed to be 5.40% annually

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16

16

Summary of Results

Current Program Status

- Funded status of 178% and reserve of \$850 million at June 30, 2025
 - Funded status of 159% and reserves of \$672 million at June 30, 2024
- Reflects changes in key assumptions and higher than assumed investment return during FY 2025
- Based on a projection from June 30, 2024

Price-Setting Information

- Best estimate unit price of \$123 with a range of \$108 to \$139 for next enrollment period
- Current law caps the unit price at \$140
- Payout value of \$127.85 for current academic school year
- Unit price of \$123.76 adopted for last enrollment period

Risk Analysis

- Current 15% reserve policy mitigates impacts from adverse experience for future unit sales
- Current program reserves can protect against a broad range of adverse outcomes and the funded status of the program may continue to grow

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17

17

Questions?

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18

Thank You

For questions, please contact
[The Office of the State Actuary](#)
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Graham Dyer and Sarah Baker

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19

19

Appendix

- Historical Unit Price and Premiums
- Program Status at June 30, 2025 — Additional Detail
- Tuition Growth and Return Assumptions for Best Estimate Range
- Price Cap Calculation
- Program Expenses
- Current Program Status Disclosures
- Data, Assumptions and Methods
- Actuarial Certification

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20

20

Historical Unit Price and Premiums

Historical Unit Information				
Enrollment Year	Adopted Unit Price	Payout Value	Premium	Units Sold
1998-99	\$35	\$33.96	3%	1,374,095
1999-00	38	35.21	8%	615,327
2000-01	41	36.41	13%	523,702
2001-02	42	38.98	8%	2,463,500
2002-03	52	45.20	15%	2,099,531
2003-04	57	48.36	18%	1,896,635
2004-05	61	51.54	18%	2,108,360
2005-06	66	55.06	20%	2,146,191
2006-07	70	58.88	19%	2,339,431
2007-08	74	62.90	18%	2,102,305
2008-09	76	67.20	13%	3,177,699
2009-10	101	76.00	33%	2,624,367
2010-11	117	85.92	36%	2,697,696
2011-12	163	102.23	59%	1,503,962
2012-13	172	117.82	46%	1,038,773
2013-14	172	117.82	46%	741,701
2014-15	172	117.82	46%	618,367
2015-16	-	111.93	N/A	-
2016-17	-	101.76	N/A	-
2017-18	113	103.86	9%	770,665
2018-19	113	106.01	7%	639,646
2019-20	121	108.44	12%	505,222
2020-21	133	111.03	20%	550,062
2021-22	114.01	114.01	0%	735,322
2022-23	116.63	116.63	0%	408,958
2023-24	120.16	120.16	0%	428,112
2024-25	\$123.76	\$123.76	0%	388,402

Note: Price and premium displayed are before any refunded amortization component or retroactive price adjustments.

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21

21

Program Status at June 30, 2025 – Additional Detail

Funded Status Summary				
(Dollars in Millions)	2024 Projection*	Financial Reporting Projection*		
		2025 Data Update, Expected Assets**	2025 Change in Assumptions	2025 MVA (Final Projection)
Present Value of Future Obligations (PVO)	\$1,141	\$1,121	\$1,091	\$1,091
(A) Market Value of Assets (MVA) at June 30	\$1,754	\$1,792	\$1,792	\$1,897
(B) Present Value of Receivables	\$59	\$45	\$45	\$45
Present Value of Fund (A) + (B) (PVF)	\$1,813	\$1,838	\$1,837	\$1,941
Funded Status (PVF / PVO)	159%	164%	168%	178%
Reserve/(Deficit) (PVF - PVO)	\$672	\$717	\$746	\$850

*PVO and PVR are estimated using a projection procedure starting with the 2024 GET Actuarial Financial Reporting results. MVA reflects actual market value as of each measurement date and includes additional funds held in a separate account with the Treasury.

**Includes updated program expenses.

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22

22

Tuition Growth and Return Assumptions for Best Estimate Range

- To develop the best estimate range, we varied both the assumed rate of investment return and tuition growth rates

Tuition Growth Assumptions			
	2025-27	2027-29	2029-30+
Low Price Range	3.30%	3.40%	3.85%
Best Estimate	3.30%	3.40%	4.35%
High Price Range	3.30%	3.40%	4.85%

Investment Return Assumptions	
	All Years
Low Price Range	5.90%
Best Estimate	5.40%
High Price Range	4.90%

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23

23

Price Cap Calculation

- Price cap conditions met
 - Funded status as of June 30, 2025, is above 120%
 - Tuition policy remains unchanged

GET Unit Price Information	
Price Cap Calculation	
2025-26 Payout Value	\$127.85
+10%	12.79
2025-26 Price Cap	\$140.00

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24

24

Program Expenses

- To determine the expense component of the unit price, we relied on projected program expenses and fee revenue, as of June 30, 2025, provided by program staff as shown in the table to the right.
- We reviewed this data and found it reasonable for this analysis

Development of Administrative Expenses				
FY	Administrative Expenses	Expected Fee Revenue	Net Expenses	PV of Net Expenses
2026	\$6,531,242	\$491,426	\$6,039,815	\$5,883,061
2027	3,634,200	410,700	3,223,500	2,978,974
2028	3,390,800	388,900	3,001,900	2,632,053
2029	1,328,100	363,000	965,100	802,842
2030	1,309,800	331,500	978,300	772,128
2031	1,275,800	298,300	977,500	731,970
2032	1,232,300	264,800	967,500	687,364
2033	1,181,800	233,400	948,400	639,274
2034	1,170,600	205,000	965,600	617,521
2035	1,130,300	181,300	949,000	575,812
2036	1,110,100	158,600	951,500	547,750
2037	1,085,100	138,200	946,900	517,174
2038	1,079,500	119,700	959,800	497,363
2039	1,051,300	104,000	947,300	465,735
2040	1,051,400	89,200	962,200	448,824
2041	1,012,900	69,500	943,400	417,510
2042	1,019,700	55,900	963,800	404,685
2043	1,005,800	44,100	961,700	383,115
2044	1,000,400	33,100	967,300	365,603
2045	1,007,300	22,900	984,400	353,004
2046	945,300	13,700	931,600	316,955
2047	928,700	6,800	921,900	297,585
2048	640,800	2,000	638,800	195,637
2049	569,400	100	569,300	165,420
2050	\$585,200	\$0	\$585,200	\$161,328
PV of Administrative Expenses				\$21,858,687

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25

25

Current Program Status Disclosures

- Current program status in this presentation starts with a projection of results of the June 30, 2024, GET Actuarial Financial Reporting letter
- To estimate the June 30, 2025, program measures, we enhance that projection to reflect additional unit sales and redemptions as well as updated assets as of the new measurement date
 - See our 2025 Financial Reporting letter, dated August 19, 2025, for supporting information on the data, assumptions, and methods used for the current program status

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26

26

Data, Assumptions and Methods

- Price setting and risk analysis
 - Program staff provided the current payout value and we relied on that information to prepare the price setting and risk analysis
 - No other data was required to perform the price setting
- Current program status and funded status measurements
 - We used the same data as disclosed in our 2025 Financial Reporting letter

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27

27

Data, Assumptions and Methods *(Continued)*

- Price-setting analysis
 - To develop the best estimate unit price and range, we relied on the key assumptions disclosed in this presentation
 - We used the new unit sales profile and redemption rate assumption disclosed in the 2021 GET Experience Study to determine the expected duration between unit purchase and ultimate redemption of the unit
 - All other assumptions are consistent with those disclosed in the 2023 GAVR or 2025 Financial Reporting letter
- We excluded the potential impacts of differential tuition policy from our analysis
- Risk analysis
 - For each risk scenario, we varied our assumptions from the best estimate assumptions to produce different accumulated assets and projected payout values from our best estimate
 - The assumptions are disclosed in this presentation
 - To determine funded status measurements, we used the same assumptions as disclosed in our 2025 Financial Reporting letter, unless otherwise noted in this presentation

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28

28

Data, Assumptions and Methods *(Continued)*

- Price-setting analysis
 - To determine the best estimate unit price and range, we estimate the future payout value of a single unit based on assumptions for future tuition growth and holding periods for the unit (the duration between purchase and ultimate redemption)
 - Assumed holding periods are based on the assumed new unit sales profile
 - We calculate the present value of this future unit using the expected rate of investment return
 - We then add an additional component to the unit price for contributions to the administrative expenses of the program using the following procedure
 - Start with the present value of program expenses for currently unredeemed units at June 30, 2025, as disclosed in slide 25
 - Divide that amount by the number of unredeemed units at June 30, 2025
 - Finally, we include a reserve component in the unit price to account for adverse deviation from our assumptions (unexpected costs)

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29

29

Data, Assumptions and Methods *(Continued)*

- Risk analysis and unit sale illustration
 - For each scenario, we compare the projected unit payout value to the expected growth in assets attributable to the purchase of a single unit (accumulated assets)
 - We selected a 15-year period to approximate the average holding period of new contracts or a 2-year period as the minimum holding period for unit redemption
 - We calculate a hypothetical unit price as the present value of the 15-year (or 2-year) projected unit payout value under our best estimate tuition growth rates with a 15% reserve
 - We excluded the expense component from this analysis
 - To determine funded status measurements, we used the same methods as disclosed in our 2025 Financial Reporting letter

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30

30

Actuarial Certification

- Actuarial standards of practice that specifically apply to the measurement or evaluation of prepaid tuition programs have not been defined within the actuarial profession
 - We used the standards of practice for pension systems where possible
- The data, assumptions, and methods used in this analysis are reasonable and appropriate for the primary purpose stated on slide 1 and are in conformity with generally accepted actuarial principles and standards of practice as of the date of this presentation
 - The use of another set of assumptions and methods could also be reasonable and could produce materially different results
- This analysis may not be appropriate for other purposes and should be replaced with updated analysis for adopting a unit price in subsequent enrollment periods
- Since this analysis is based on assumptions about uncertain future events, actual results will differ to the extent that future experience differs from these assumptions
- No members of the WA529 Committee or their respective staff attempted to bias our work product
 - We are not aware of any matters that impacted the independence and objectivity of our work
- Sarah Baker, ASA, MAAA, served as the certifying actuary for this work and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein

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31

31