

# 2026 GET Unit Price Setting

Presentation to:

WA529 Committee

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Actuary

June 3, 2026



# Today's Presentation

## Purpose

- Updated actuarial analysis to assist the Committee in adopting a unit price for the upcoming enrollment period (2026-27).

## Current Program Status

- Key program assumptions.
- Refresher on results of *June 30, 2025, GET Actuarial Valuation Report*.
- Program funded status history.

## Price-Setting Information

- Key considerations for 2026 Analysis.
- 2026-27 enrollment best estimate unit price and range.

## Risk Analysis

- Key pricing metrics under various risk scenarios.

# Key Assumptions

## Investment Return

- The GET fund target asset allocation is 60% fixed income and 40% global equities.

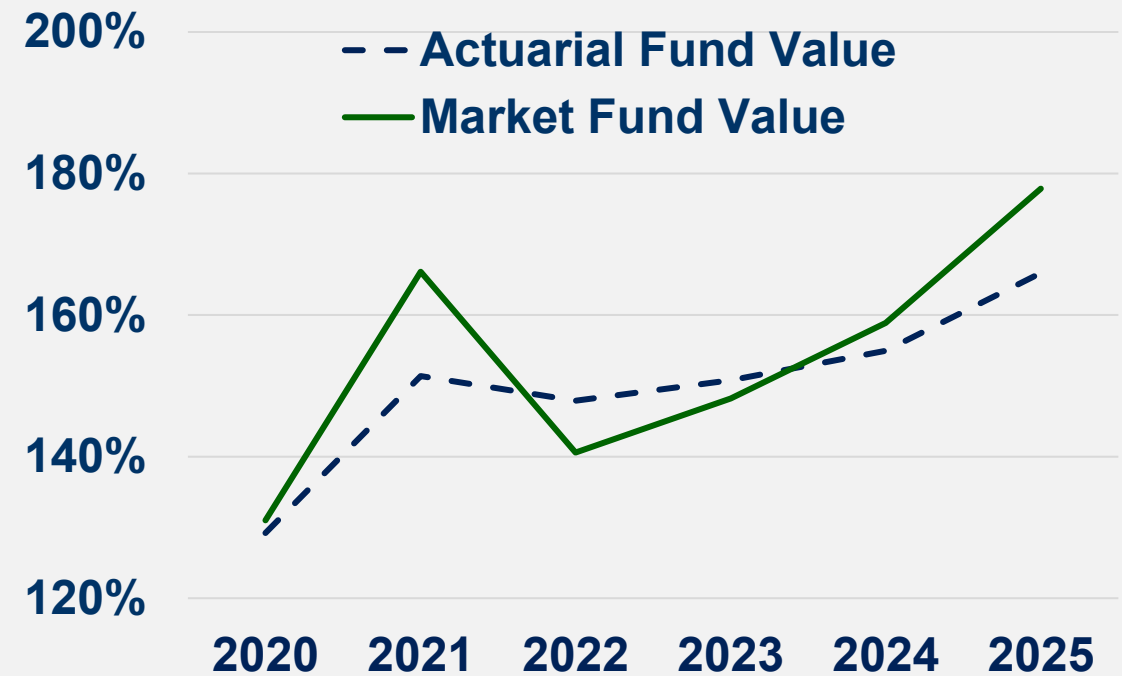
## Tuition Growth

- Short-term: Projection of growth based on current tuition policy.
- Long-term: Expected long-term tuition growth inflation.

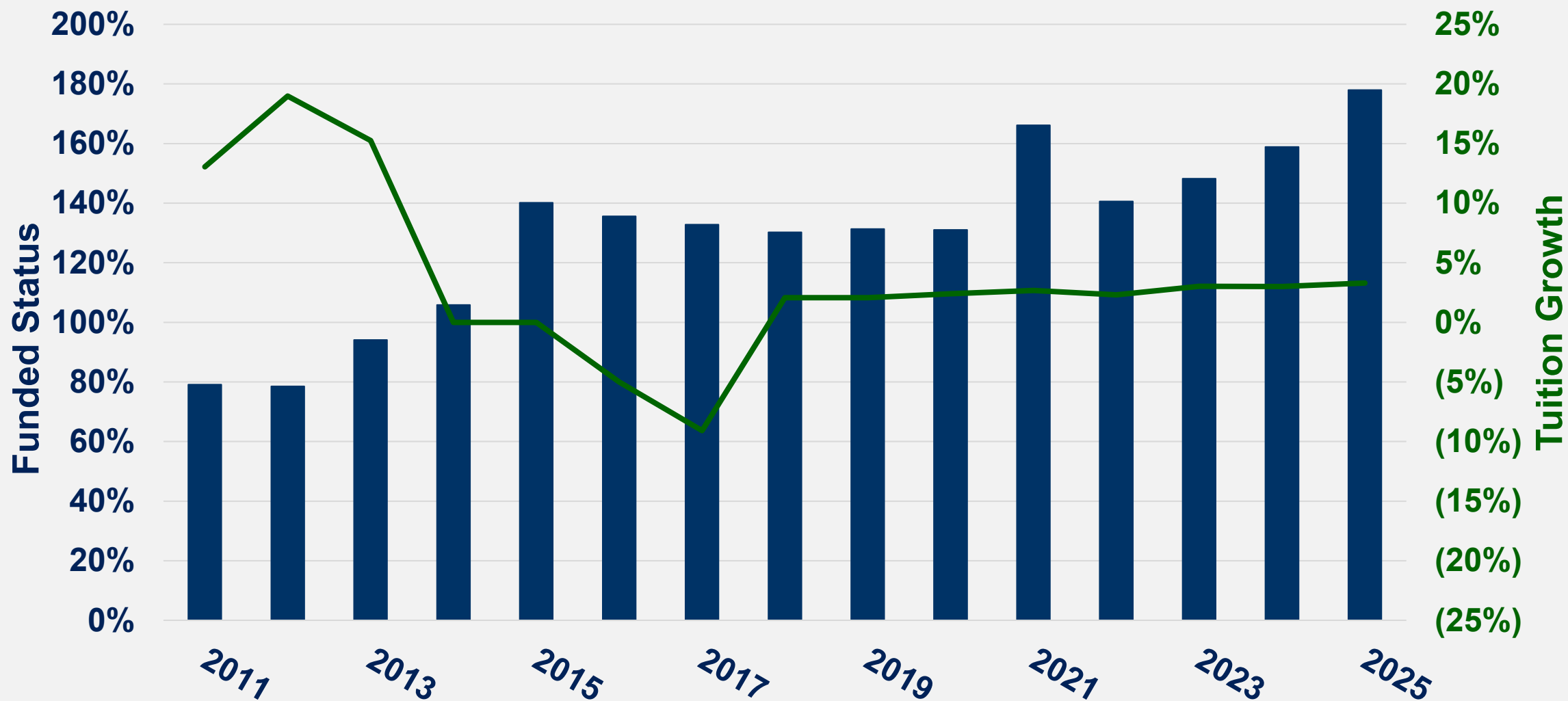
| Key Assumptions               |       |
|-------------------------------|-------|
| Investment Return             |       |
| All Years                     | 5.40% |
| Tuition Growth by School Year |       |
| 2026-27                       | 3.30% |
| 2027-29                       | 3.40% |
| 2029-30+                      | 4.35% |

# Program Funded Status at June 30, 2025

| Funded Status Summary               |                   |
|-------------------------------------|-------------------|
| (Dollars in Millions)               | Market Fund Value |
| Present Value of Future Obligations | \$1,089           |
| Present Value of Fund               | \$1,942           |
| Funded Status                       | 178%              |
| Reserve/(Deficit)                   | \$852             |



# Funded Status and Tuition Growth History



# Price-Setting Considerations

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- 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 provide a calculated unit price and a best estimate range that allows the Committee members to balance policy issues.
- We consider any price within the calculated price range to be reasonable from an actuarial perspective.

# 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 calculated 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.

# Price-Setting Adoption – Key Considerations

| Historical Unit Information |                    |              |            |
|-----------------------------|--------------------|--------------|------------|
| Enrollment Year             | Adopted Unit Price | Payout Value | Units Sold |
| 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    |
| 2025-26                     | \$123.76           | \$127.85     | TBD        |

- Current tuition policy began with the 2015-16 academic year.
- Best estimate calculation continues to include a 15% reserve.
- Current enrollment first time adopted price lower than payout value.

# Unit Price Information

- Relies on a 2026-27 projected payout value of \$132.
- Unit price cap is projected to be \$145.
- Last year the committee retained the unit price at \$123.76, roughly \$4 lower than the 2025-26 payout value.

| GET Unit Price Information |                       |                  |
|----------------------------|-----------------------|------------------|
| 2026-27 Enrollment         |                       |                  |
| Unit Price                 | Calculated Unit Price | Unit Price Range |
| Expected Cost              | \$109.12              |                  |
| Expenses                   | 2.45                  |                  |
| Reserve                    | 16.73                 |                  |
| Amortization               | N/A                   |                  |
| Total Unit Price           | \$128                 | \$113 - \$146    |
| Projected Premium          | -3%                   |                  |

*Note: Projected premium represents the increase/decrease of the Total Unit Price over today's unit payout value, expressed as a percentage.*

# Summary of Risk Analysis for Unit Pricing

## Risk Analysis

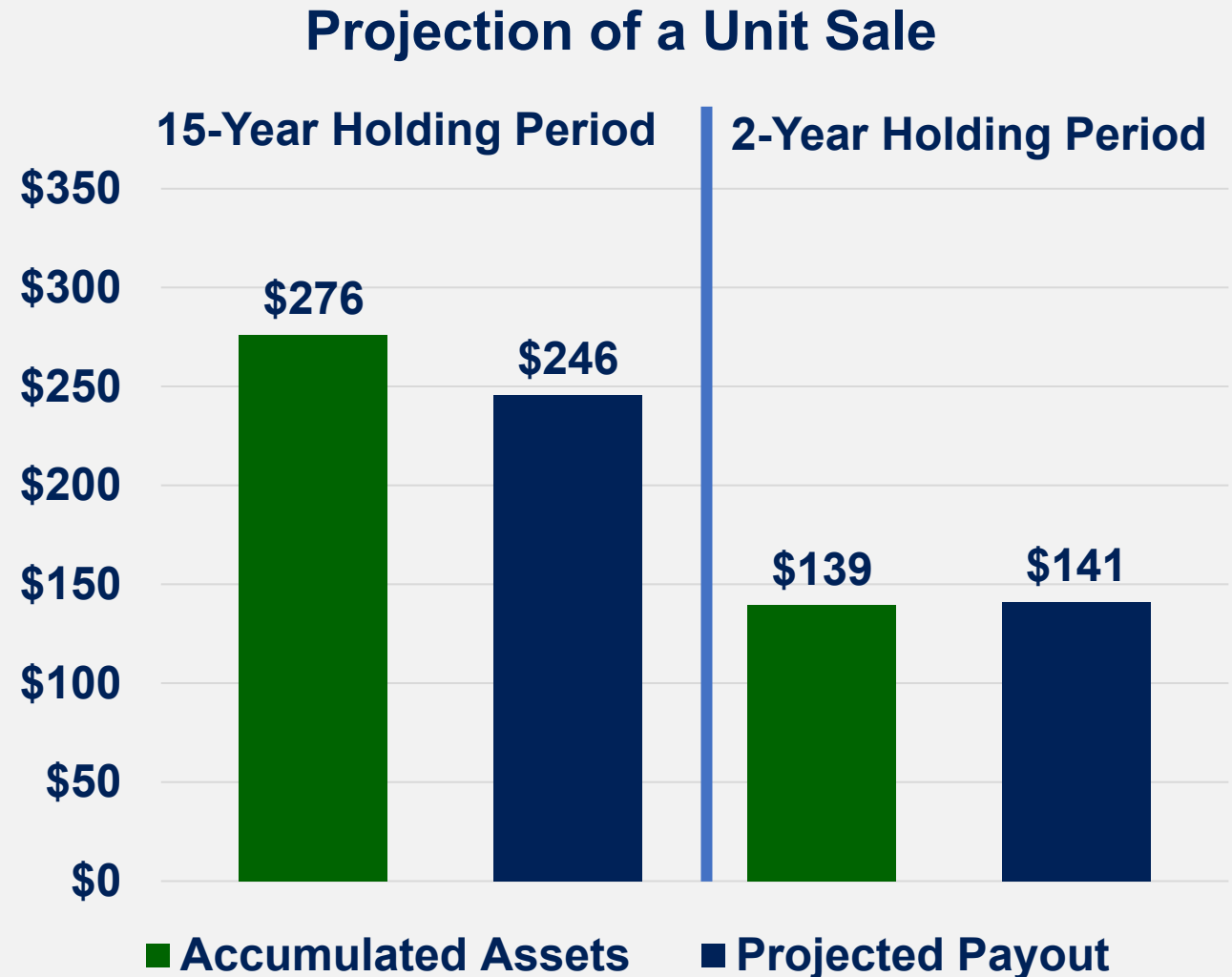
- We performed risk analysis to test the 15% reserve and the impact to the June 30, 2025, funded status (program reserve).
- We recommend the Committee continue to consider and evaluate the reserve policy.

## Risk Scenarios

- We project the assets and liabilities of a single example unit sale under various scenarios:
  - Illustration of different holding periods.
  - Pessimistic scenario:
    - Investment returns 1% lower and tuition growth 1% higher than assumed.
  - Optimistic scenario:
    - Extension of current law tuition policy.
  - Illustration of impacts from various 1-year investment returns.

# Holding Period Illustration

- Approximate results if future experience matches expectations.
  - Illustration based on calculated unit price excluding expense component.
  - Includes beginning payout value of \$132.



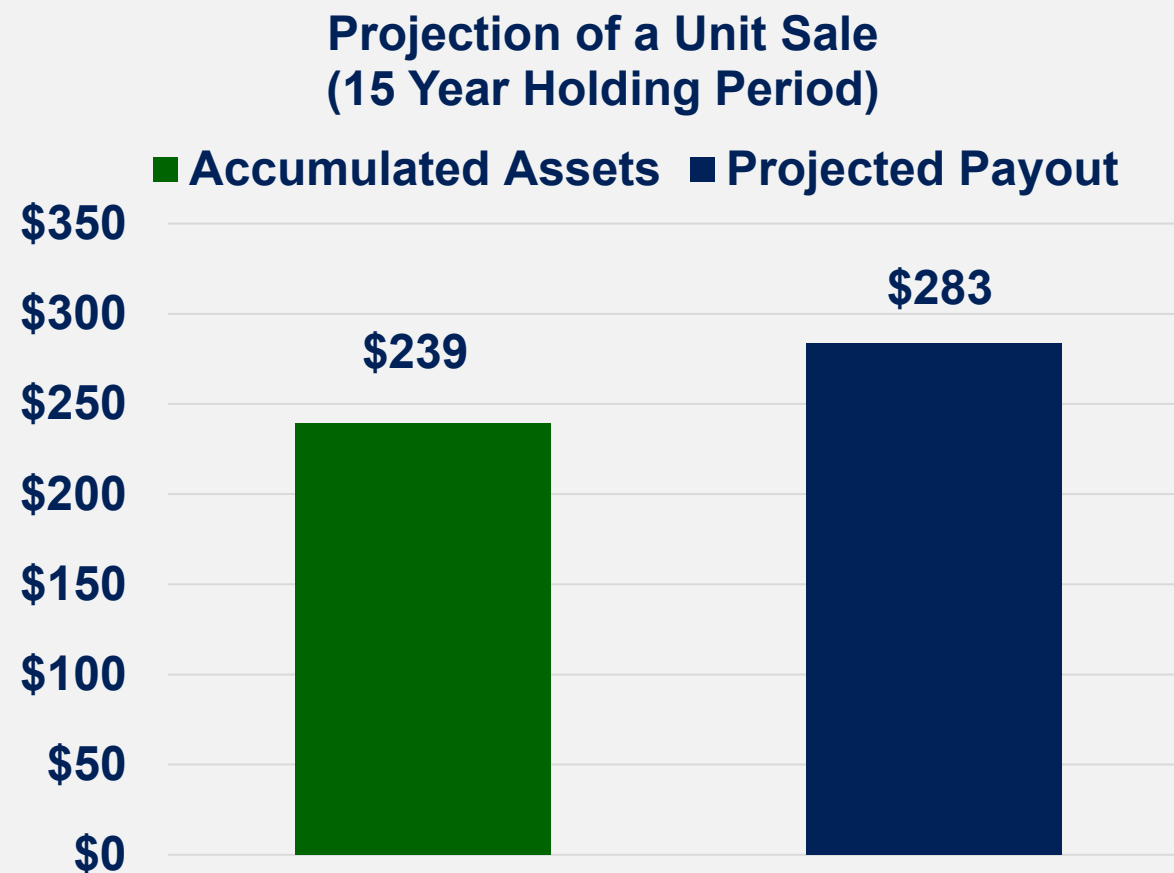
# Pessimistic Risk Scenario

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

| Tuition Growth Assumption by School Year |               |               |
|------------------------------------------|---------------|---------------|
|                                          | Best Estimate | Risk Scenario |
| 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%          |



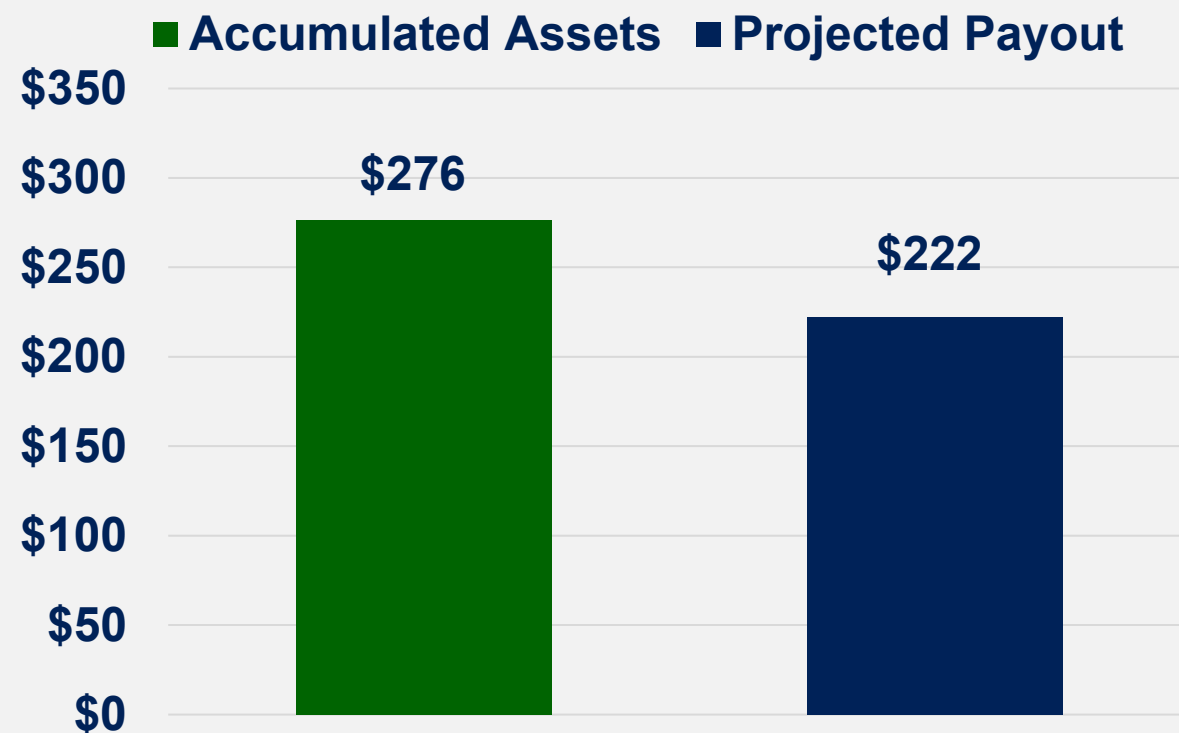
# Optimistic Risk Scenario

## Current Law Tuition Growth

| Tuition Growth Assumption by School Year |               |               |
|------------------------------------------|---------------|---------------|
|                                          | Best Estimate | Risk Scenario |
| 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%          |

## Projection of a Unit Sale (15 Year Holding Period)



# Investment Risk Scenarios

## 1-Year Investment Performance

- Projected Unit Sale Ratio = Accumulated Assets / Projected Payout.

| 1-Year Investment Return | Projected Unit Sale Ratio | June 30, 2025, Funded Status |
|--------------------------|---------------------------|------------------------------|
| 20%                      | 128%                      | 202%                         |
| 10%                      | 117%                      | 186%                         |
| 5.4% (Best Estimate)     | 112%                      | 178%                         |
| 0%                       | 107%                      | 169%                         |
| -20%                     | 85%                       | 136%                         |

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

# Summary of Results

## Current Program Status

- Funded status of 178% and reserve of \$852 million at June 30, 2025.

## Price-Setting Information

- Calculated unit price of \$128 with a range of \$113 to \$146 for next enrollment period.
- Current law is projected to cap the unit price at \$145.
- Payout value is projected to be \$132 for 2026-27 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.

# Questions?



# Thank You

For questions, please contact

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Sarah Baker

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# Appendix

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- Historical Unit Price and Premiums.
- Tuition Growth and Return Assumptions for Best Estimate Range.
- Projected Price Cap Calculation.
- Data, Assumptions, and Methods.
- Actuarial Certification.

# 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                 | 45.2         | 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                 | 62.9         | 18%     | 2,102,305  |
| 2008-09                     | 76                 | 67.2         | 13%     | 3,177,699  |
| 2009-10                     | 101                | 76           | 33%     | 2,624,367  |
| 2010-11                     | 117                | 85.92        | 36%     | 2,697,696  |
| 2011-12                     | \$163              | \$102.23     | 59%     | 1,503,962  |

| Historical Unit Information |                    |              |         |            |
|-----------------------------|--------------------|--------------|---------|------------|
| Enrollment Year             | Adopted Unit Price | Payout Value | Premium | Units Sold |
| 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    |
| 2025-26                     | \$123.76           | \$127.85     | -3%     | TBD        |

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

# 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 long-term tuition growth rates.

| Tuition Growth Assumption |         |         |          |
|---------------------------|---------|---------|----------|
|                           | 2026-27 | 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%     |

# Projected Price Cap Calculation

| GET Unit Price Information     |           |
|--------------------------------|-----------|
| Price Cap Calculation          |           |
| 2026-27 Projected Payout Value | \$132     |
| <u>+10%</u>                    | <u>13</u> |
| 2026-27 Projected Price Cap    | \$145     |

- Price cap conditions met:
  - Funded status as of June 30, 2025, is above 120%.
  - Tuition policy remains unchanged.
- Projected payout value based on the maximum increase in tuition as disclosed in the OFM College Affordability Plan Tuition Growth Rate letter dated October 1, 2025.
  - Actual price cap may vary.

# Data, Assumptions, and Methods (1 of 5)

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- Current Program Status:
  - See 2025 GAVR for applicable disclosures.
- 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 2025 GAVR.
  - We excluded the potential impacts of differential tuition policy from our analysis.

# Data, Assumptions, and Methods (2 of 5)

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- 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.

# Data, Assumptions, and Methods (3 of 5)

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- Price-Setting Analysis, continued:
  - 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 on page 18 of the 2025 GAVR.
    - Divide that amount by the number of unredeemed units at June 30, 2025.
    - Roll forward the results by 1 year of assumed inflation.
  - Finally, we include a reserve component in the unit price to account for adverse deviation from our assumptions (unexpected costs).

# Data, Assumptions, and Methods (4 of 5)

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- 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.
  - Please see the [2025 GET Unit Price Setting PPT](#) for disclosures on funded status measurements.

# Data, Assumptions, and Methods (5 of 5)

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- 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.

# Actuarial Certification (1 of 3)

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- Actuarial Standards of Practice (ASOPs) that specifically apply to the measurement or evaluation of prepaid tuition programs have not been defined within the actuarial profession.
  - We used the ASOPs for pension systems where possible to guide our work.
- 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 ASOPs 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.

# Actuarial Certification (2 of 3)

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- 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.

# Actuarial Certification (3 of 3)

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- 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.