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Soundmark's Advice on Washington State GET Program

In July of this year, the Washington legislature approved a reduction of the state's colleges and university tuition. Beginning in the 2015-2016 academic year, tuition will decrease by 5%, and then fall another 10% by the 2016-2017 academic year. This is great news for college students attending in state institutions, however many people were concerned about the effect this would have on those who invested their education savings in the Washington State Guaranteed Education Tuition (GET) program.

On September 2, 2015 the GET program released a statement concerning the future of the program and concluded the following:

- 1) Based on the recent passage of the College Affordability Act, effective September 2, 2015 the payout value for the GET program will remain \$117.82 per unit until the time when one year of resident undergraduate tuition and state mandated fees at Washington State's highest priced public university surpasses \$11,782.
- 2) Based on the recent passage of the College Affordability Act, effective September 2, 2015 and through December 15, 2016, the GET program will waive all state program refund fees and the two-year hold requirement for all account owners.
- 3) Based on the recent passage of the College Affordability Act, effective September 2, 2015 and through December 15, 2016, the GET program will permit account owners to receive a refund of their contributions or the payout value, whichever is greater. *These refunds are available for a tax-free rollover to a 529 education savings plan.*

What does this mean for current GET participants?

The GET program has provided a quick and effective response to the concerns of those invested in the program. Based on the reduction in tuition and the payout options listed above, we recommend the following regarding your GET investments:

1. If the child or beneficiary of the GET program will be attending college in 2015-2016 and you will be able to *use all of your GET units within those years*, our general recommendation would be to use your GET units to pay for tuition. However, this recommendation could be different based on your specific situation and we advise you to consult with us prior to making a decision.
2. If your child or beneficiary is younger, then we recommend taking a distribution of the units and rolling them tax-free into a 529 education savings plan. As long as assets invested in the 529 plan are used for qualified college tuition, room and board, and other education expenses, the growth on the assets will be tax-free. We recommend a low cost 529 plan that utilizes age-based index or asset class portfolios.

We will be contacting our clients who own GET units to advise them on which course of action to take, and assist them in rolling over their GET units into a 529 plan, if appropriate.

If you or someone you know owns GET units and is unsure of what action they should take, please have them reach out to one of our Advisors. We can be reached at info@soundmarkwealth.com or 425-820-1769.