

# WA529

Washington Education Savings Plans



## FINANCIAL PLANNING FOR EDUCATION

TIPS & STRATEGIES FOR FAMILIES TO SAVE AND PLAN FOR FUTURE EDUCATION COSTS

**Luke Minor, WSAC Senior Director for Postsecondary Affordability | May 8, 2025**

## The Basics (10-15 minutes)

- Education savings options overview
- Brief review of 529 plans
- Washington's 529 options:
  - GET
  - WA529 Invest

## New Developments (20 minutes)

- Plan refresh: DreamAhead → WA529 Invest
- National and state legislative landscape
- 529 to Roth IRA rollover updates

## The Big Picture (10-15 minutes)

- Interaction of 529 plans with other college funding resources
- FAFSA simplification and 529 plans
- Federal, state, and institutional aid considerations

## Discussion & Resources (10-15 minutes)

- Q&A
- College savings and readiness resources
- Further reading suggestions
- Connect with us to set up workshops, lunch & learns, & webinars

# TODAY'S LEARNING OBJECTIVES

**#1**

Review education and career training savings options, with a focus on 529 plans

**#2**

Get up to speed on the changing national and state 529 plan landscape

**#3**

Examine 529 plan interactions with the updated FAFSA

**#4**

Discuss additional college funding and financial assistance resources available through the State of Washington



THE BASICS

# ESSENTIAL ROLE OF EDUCATION SAVINGS



Education savings can serve as a nexus between larger public policy initiatives such as building an educated workforce, promoting economic security and mobility, and ensuring equitable access to opportunity.



College and education savings accounts are an essential early intervention tool that fosters financial empowerment and builds a college-going identity at a young age.



When possible, saving is better than borrowing. For many families, savings is a vital tool to help cover the gap between what grant-based aid can cover and the cost of attendance.



College savings tools such as 529 plans offer federal tax benefits (and additional state tax benefits in several states).

# WHAT ARE 529 PLANS?

- Tax-advantaged college savings plans
- Named for Section 529 of the Internal Revenue Code
- Legally known as “qualified tuition programs (QTPs)”
- Sponsored by a state or educational institutions
- Tax-deferred growth; tax-free withdrawals when used for “qualified higher education expenses (QHEE)”

# 529 INDUSTRY OVERVIEW

## ○ History

- First plans opened in 1986 (Florida, Michigan, Wyoming)
- Federal enabling legislation in 1996
- Full tax-free treatment in 2001 (Tax Relief Act)
  - made permanent in 2006

## ○ Current status

- 49 states, Washington D.C., and one private college consortium sponsor at least one 529 plan
  - 11 open prepaid tuition plans
- Qualified expenses recently expanded to include apprenticeships, loan repayment, and Roth IRA rollovers

### ***National Stats***

*(as of 12.31.24):*

**\$525B in assets**

**17M accounts**

**\$31K avg. account  
balance**

*Source: College Savings Plans Network*

**Trivia Question:** One state's prepaid tuition plan is not technically a 529 plan. Which state is it?

# TYPES OF 529 PLANS



PREPAID  
TUITION  
PLANS



DIRECT SOLD  
INVESTMENT/  
SAVINGS PLANS



ADVISOR SOLD  
INVESTMENT/  
SAVINGS PLANS



# QUALIFIED EDUCATIONAL EXPENSES



## ROOM AND BOARD

Expenses for campus housing and meal plans or certain off-campus rent and food costs. Students must attend at least half-time. Expenses can't exceed room and board allowances listed in an institution's 'Cost of Attendance budget.'



## TUITION AND FEES

Includes full or part time status for undergraduate or graduate programs. Also includes state-mandated fees such as operating, building, and services and activities fees.



## BOOKS AND SUPPLIES

Text books, supplies and certain items required in a syllabus for course work.



## COMPUTERS AND EQUIPMENT

Purchase of computer or peripheral equipment, computer software, and Internet access to be used primarily by a 529 plan beneficiary while enrolled.

## SPECIAL NEEDS

Expenses of a student with special needs that are necessary in connection with that person's higher education.



## APPRENTICESHIP PROGRAMS

Certain expenses associated with apprenticeship programs registered and certified by the Secretary of Labor under the National Apprenticeship Act.



## STUDENT LOANS

Principal and interest on qualified education loans of a beneficiary or the sibling of a beneficiary. This provision applies to repayments up to \$10,000 per individual.



## K-12 TUITION

Up to \$10,000 annually at elementary and secondary public, private, and religious schools.

Note: WA529 plans are designed to save for expenses at postsecondary school and not intended to meet your K-12 savings goals. Please consult a tax and/or financial professional.



# 529 PLAN FEATURES AND LIMITATIONS

- Account owner maintains complete control of account
- Typically, relatively high contribution limits compared to other options
- No annual contribution maximums, though savers may be limited by the annual gift tax exclusion amount of \$19,000 (\$38,000 for couples)
  - The IRS allows larger amounts (up to 5 years) to be made in a single year
- Favorable financial aid treatment compared to other assets/income in many cases
  - FAFSA simplification made changes to treatment on accounts owned by someone other than the beneficiary's parent
- Some states offer additional incentives/tax benefits to in-state residents

**Trivia Question:** What is WA's per beneficiary maximum contribution limit?

# WASHINGTON'S 529 PLANS

- GET opened in 1998; WA529 Invest opened (originally as DreamAhead) in 2018
- Statutory purpose (RCW 28B.95):
  - Help make higher education affordable and accessible;
  - Encourage savings and enhance the ability of WA residents to obtain financial access to institutions of higher education;
  - Encourage elementary and secondary school students to do well in school as a means of preparing for and aspiring to higher education attendance; and
  - Promote a well-educated and financially secure population.

# WA529 PLANS OVERVIEW

	529 Prepaid Tuition Plan	529 Investment Plan
Plan Name	<b>GET Prepaid Tuition Plan</b> Enrollment period November – May	<b>WA529 Invest</b> Year-round enrollment
Plan Type	<b>Defined Benefit:</b> hedge against <b>tuition growth</b> at highest priced WA public university. State-backed guarantee.	<b>Defined Contribution:</b> Account growth tied to <b>investment performance</b> and are not guaranteed.
Governance and Administration	Five-member governing committee supported by staff at WSAC and the Office of the State Actuary. WSAC self-administers plan operations.	Five-member governing committee supported by WSAC staff. Program management services provided by TIAA-CREF Tuition Financing, Inc.
Investment Manager	Washington State Investment Board	TIAA-CREF Tuition Financing, Inc.
Common Features/Benefits	<ul style="list-style-type: none"> <li>• <b>Transferability:</b> beneficiary can be changed to another family member</li> <li>• <b>Tax-deferred growth</b> and tax-free withdrawals when used for qualified expenses</li> <li>• <b>Flexible usage:</b> can be used at nearly any public or private college or university in the U.S. – even some schools abroad – for trade schools, technical schools, apprenticeship programs, career training, or certification programs</li> <li>• Anyone can open and/or contribute to an account for a beneficiary</li> </ul>	

# WA529 PLANS OVERVIEW

GET Prepaid Tuition Plan	WA529 Invest
Unit System: 100 units = 1 year of resident undergraduate tuition and state-mandated fees at WA's most expensive public university.	Investor chooses investment portfolio(s).
State-backed guarantee to match future resident undergraduate tuition and state-mandated fees at highest priced WA public university (not guaranteed to increase).	Returns subject to investment performance and may lose value (no state-backed guarantee).
Choose a contribution plan: <ul style="list-style-type: none"> <li>- Lump Sum (<i>one-time or on-going</i>)</li> <li>- Custom Monthly (<i>currently suspended</i>)</li> <li>- Combination of both (<i>when available</i>)</li> </ul>	Investors can choose from a combination of: <ul style="list-style-type: none"> <li>- College enrollment year plans that self-adjust from more aggressive to more conservative investments as a student ages;</li> <li>- Risk-based fixed allocation portfolios that do not change over time.</li> <li>- Individual fund portfolios.</li> </ul>
Lifetime maximum per beneficiary of 800 units. Student beneficiary can used up to 200 units per academic year.	No additional contributions once account balance reaches \$500,000 for all WA529 accounts (WA529 Invest and GET) with the same beneficiary.
Initial residency requirement.	No residency requirement.



NEW DEVELOPMENTS

**WA529**  
Washington Education Savings Plans

DREAMAHEAD → WA529 INVEST

## New Identity for WA529

**WA529**  
WASHINGTON COLLEGE SAVINGS PLANS



**WA529**  
Washington Education Savings Plans

## **New Look, New Vendor, Enhanced Offering**

- TIAA-CREF Tuition Financing, Inc. is the new program manager as of February 10, 2025
- DreamAhead rebranded to WA529 Invest
- Several product and user experience enhancements
- Lower fees





## Key Plan Enhancements

- Reduced fees
  - Eliminated \$30 account maintenance fee, lower asset-based fees
- Streamlined investment lineup
  - Single, progressive glidepath (quarterly rebalancing)
  - New individual fund portfolios, including ESG option
  - Zero-fee guaranteed portfolio (stable value)
- Enhanced user experience



# DREAMAHEAD → WA529 INVEST

## Existing Account Investment Crosswalk – Enrollment Year

DREAMAHEAD - CURRENT		WA529 INVEST - NEW	
Growth Year of Enrollment Portfolios		Enrollment Year Investment Option	
2042		2042/2043 Enrollment Portfolio	
2040		2042/2043 Enrollment Portfolio	
2038		2042/2043 Enrollment Portfolio	
2036		2042/2043 Enrollment Portfolio	
2034		2040/2041 Enrollment Portfolio	
2032		2038/2039 Enrollment Portfolio	
2030		2036/2037 Enrollment Portfolio	
2028		2032/2033 Enrollment Portfolio	
2026		2026/2027 Enrollment Portfolio	
College Enrolled		Enrolled Portfolio	
Moderate Year of Enrollment Portfolios		Enrollment Year Investment Option	
2042		2042/2043 Enrollment Portfolio	
2040		2040/2041 Enrollment Portfolio	
2038		2038/2039 Enrollment Portfolio	
2036		2036/2037 Enrollment Portfolio	
2034		2034/2035 Enrollment Portfolio	
2032		2032/2033 Enrollment Portfolio	
2030		2028/2029 Enrollment Portfolio	
2028		Enrolled Portfolio	
2026		Enrolled Portfolio	
College Enrolled		Enrolled Portfolio	
Conservative Year of Enrollment Portfolios		Enrollment Year Investment Option	
2042		2034/2035 Enrollment Portfolio	
2040		2032/2033 Enrollment Portfolio	
2038		2030/2031 Enrollment Portfolio	
2036		2028/2029 Enrollment Portfolio	
2034		2026/2027 Enrollment Portfolio	
2032		Enrolled Portfolio	
2030		Enrolled Portfolio	
2028		Enrolled Portfolio	
2026		Enrolled Portfolio	
College Enrolled		Enrolled Portfolio	

## Existing Account Investment Crosswalk – Static Allocations

Static Investment Portfolios	Multi-Fund Investment Option
Growth Portfolio	Aggressive Growth Portfolio
Moderate Growth Portfolio	Growth Portfolio
Conservative Growth Portfolio	Moderate Growth Portfolio
Balanced Portfolio	Balanced Portfolio
Income & Growth Portfolio	Conservative Portfolio
Income Portfolio	Income Portfolio
Individual Fund Portfolios	Single Fund Investment Option
N/A	U.S. Equity Index Portfolio
N/A	Fixed Income Index Portfolio
N/A	Socially Responsible Portfolio
Cash Preservation Portfolio	Guaranteed Investment Option
Cash Preservation Portfolio	Principal Plus Interest Portfolio

**Rebranding to “GET” as part of overall refresh**

**Continuation of unit pricing directly aligned with tuition rates**

- Four years of GET unit prices with no premium over current payout (\$123.76 for 2024-25)

**State sticking to current tuition policy tied to growth in state median hourly wage (currently ~3%)**

- Current payout of \$123.76

**Trivia Question:** What was GET's original tagline?



## **Federal**

- Active legislation that would expand K-12 529 plan usage (Education Savings Accounts)

## **State**

- WA State Legislature finished 2025 session on April 27
- Proposed tuition increases, but not adopted
- Impacts to state financial aid eligibility

## **Key provisions**

- Tax-free rollovers from 529 to Roth IRA plans permissible effective January 1, 2024
- The rollover can only be for the 529 beneficiary
- The 529 account must have been maintained for 15 years or longer
- Any 529 contributions (and associated earnings) within the last 5 years are ineligible
- Annual limit: Federal IRA contribution limit for the year, less any standard IRA (Roth or traditional) contributions made for the year
- Lifetime limit: \$35,000

# UPDATE ON 529 TO ROTH IRA ROLLOVERS

- Newest update
  - 1099-Q tax form now includes a “QTP to Roth IRA” check box

3131 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-1760 <b>Form 1099-Q</b> (Rev. April 2025) For calendar year _____		<b>Payments From Qualified Education Programs (Under Sections 529 and 530)</b>  <b>Copy A For Internal Revenue Service Center</b>  For filing information, Privacy Act, and Paperwork Reduction Act Notice, see the <b>General Instructions for Certain Information Returns.</b>  <a href="http://www.irs.gov/Form1099">www.irs.gov/Form1099</a>
PAYER'S/TRUSTEE'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.  <div style="border: 1px solid black; height: 40px; width: 100%;"></div>		1 Gross distribution	\$ _____	
		2 Earnings	\$ _____	
		PAYER'S/TRUSTEE'S TIN _____ RECIPIENT'S TIN _____  RECIPIENT'S name _____  Street address (including apt. no.) _____  City or town, state or province, country, and ZIP or foreign postal code _____  Account number (see instructions) _____		
		4 Type of transfer:	a <input type="checkbox"/> Trustee-to-trustee <b>b <input type="checkbox"/> QTP to Roth IRA</b> 6 Check if the recipient is not the designated beneficiary <input type="checkbox"/>	
		5 Distribution is from:		
		a <input type="checkbox"/> Private QTP		
		b <input type="checkbox"/> State QTP		
		c <input type="checkbox"/> Coverdell ESA		

Form **1099-Q** (Rev. 4-2025) Cat. No. 32223J [www.irs.gov/Form1099Q](http://www.irs.gov/Form1099Q) Department of the Treasury - Internal Revenue Service

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Washington Education Savings Plans

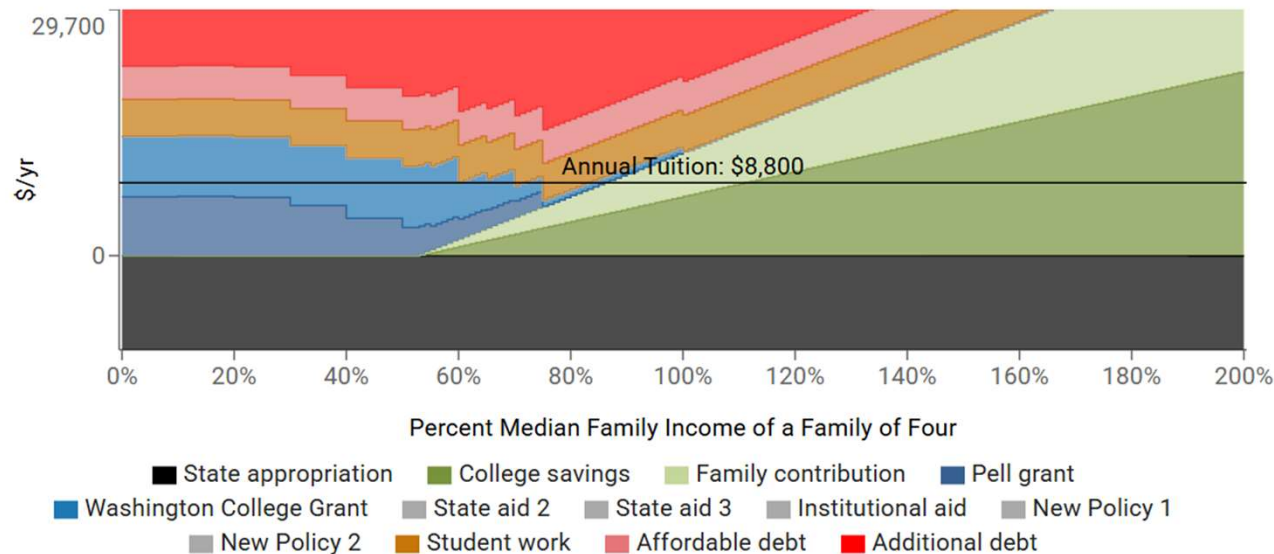
**Trivia Question:** In 2001, Washington got close to launching an investment-based 529 plan. What was the proposed name?

## THE BIG PICTURE



# HOW FAMILIES PAY FOR COLLEGE IN WA

The total cost of attending a public regional institution in Washington, based on 2022 - 2023 costs and policies, is \$29,800 per year or \$119,000 for 4 years. Use the tool below to analyze the resources available to make this affordable for students at different family income levels.



# HOW FAMILIES PAY FOR COLLEGE IN WA

## Example – Family of 4 at 100% Median Family Income

**Total cost of attendance:** \$29,800

**Annual tuition:** \$8,800

**MFI Percent:** 100%

**Additional debt:** \$8,250

**Affordable debt:** \$3,990

**Student work:** \$4,500

**Washington College Grant:** \$740

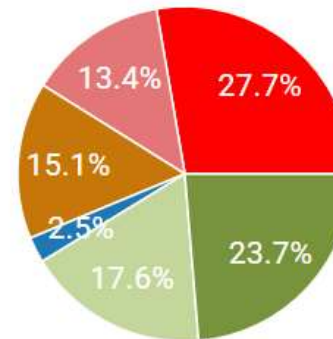
Head Count: 139

Income Interval: \$106,684.05 - \$112,299

**Family contribution:** \$5,230

**College savings:** \$7,050

**State appropriation:** \$11,400





**Will savings impact  
financial aid eligibility?**

Parent or Dependent student is 529 plan account owner:

- Considered a parental asset on FAFSA and CSS Profile.
- May impact need-based aid up to 5.64% of the account value.

Grandparent/non-custodial parent or another person is 529 account owner:

- Not considered on FAFSA but may be considered as student asset on CSS Profile.
- May impact need-based aid up to 25% of the account value on CSS Profile.

- Delayed rollout of 2023-24 form (2024-25 aid year); improvements for current year, but challenges remain
- Fewer questions
- Student Aid Index (SAI) replaced Expected Family Contribution (EFC)
- Changes to treatment of multiple students in college
- Withdrawals from non-parent owned 529 accounts no longer considered untaxed student income for FAFSA purposes
  - May still be considered on CSS Profile

## OTHER WSAC PROGRAMS & INITIATIVES

- State Financial Aid
  - Washington College Grant (WA Grant)
  - College Bound
  - State Work Study
  - Passport to Careers
  - Merit-based programs
  - Targeted workforce programs
  - FAFSA/WASFA support

Learn more at  
[wsac.wa.gov](https://wsac.wa.gov)

## OTHER WSAC PROGRAMS & INITIATIVES

- Other Programs
  - GEAR UP
  - TheWashBoard.org – scholarship opportunities
  - Student, parent, and educator education and outreach – college and career planning resources, 12<sup>th</sup> Year Campaign, Otterbot, Aim Higher, Financial Aid Toolkit, etc.
- Student Loan Supports
  - Loan forgiveness programs
  - Student loan advocate
- Policy and Research

Learn more at  
[wsac.wa.gov](https://wsac.wa.gov)

## MORE ON WA GRANT

- WA Grant is one of the most generous financial aid programs in the country.
- The amount a student receives depends on family size, income, and the cost of your school or program.
  - For example, if your family of four makes:
    - \$78,500 or less, college or career training could be free
    - Up to \$120,500, a student could get some money for college or training.





# DISCUSSION & RESOURCES



## HOW YOU CAN HELP

- Gather Washington College Saving Plans resources and review the GET and WA529 Invest FAQs.
- Be prepared to field client inquiries about GET and WA529 Invest and discuss how they compare to other options.
- Connect with us anytime with general questions or to help a mutual customer/client.
- Let us know of any other ways that we can help you.

# WHAT QUESTIONS DO YOU HAVE?



## FURTHER READING

- **Washington's College Savings Plans:** [529.wa.gov](https://529.wa.gov)
  - Info specifically for financial advisors: <https://529.wa.gov/index.php/for-financial-advisors>
- **Washington Student Achievement Council (WA529 parent agency):** [www.wsac.wa.gov](https://www.wsac.wa.gov)
- **College Savings Plans Network (learn about 529 plans nationwide):** [www.collegesavings.org](https://www.collegesavings.org)
- **IRS Publication 970 (learn about 529 plan tax treatment and benefits):**  
<https://www.irs.gov/pub/irs-pdf/p970.pdf>
- **The new FAFSA**
  - U.S. Department of Education information: <https://studentaid.gov/h/apply-for-aid/fafsa>
  - Washington State resources: <https://wsac.wa.gov/2024-25-FAFSA-Updates>

## OTHER STATE FINANCIAL WELLNESS PROGRAMS AND RESOURCES

- **Washington State ABLE Savings Plan:**  
<https://www.washingtonstateable.com/>
- **Financial Education Public-Private Partnership (FEPPP):**  
<https://ospi.k12.wa.us/student-success/resources-subject-area/financial-education/financial-education-resources>
- **Department of Financial Institutions:** <https://dfi.wa.gov/financial-education>
- **Washington State Office of the State Treasurer:**  
<https://tre.wa.gov/policy-and-education/personal-finance>



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THANK YOU!