PREPAID TUITION

College Illinois!®
529 prepaid tuition program

College Illinois!® 529 Prepaid Tuition Program

ANNUAL REPORT

Fiscal Year 2009

Illinois Student Assistance Commission

February 26, 2010

The Honorable Pat Quinn, Governor of the State of Illinois
The Honorable John Cullerton, President of the Illinois Senate
The Honorable Michael J. Madigan, Speaker of the Illinois House of Representatives
The Honorable William Holland, Auditor General of the State of Illinois
Members of the Illinois Board of Higher Education
Citizens of Illinois

We are pleased to issue the fiscal year 2009 Actuarial Valuation Report for the College Illinois!® 529 Prepaid Tuition Program (College Illinois!), as a portion of the 2009 Annual Report for College Illinois!, which is required by the Illinois Prepaid Tuition Act 110 ILCS 979/30(d) to be submitted by March 1, 2010. As soon as the final audit is issued by the Auditor General, the remainder of the 2009 Annual Report for College Illinois! will be submitted to you.

As of June 30, 2009, the actuarial value of expected liabilities exceeds assets (including the value of future payments by contract purchasers) by $515 million, resulting in a funded ratio of approximately 68 percent. Based on an alternative valuation method, which amortizes investment gains/losses over a 5-year timeframe, the funded ratio of the program would be approximately 84 percent.

For the 2009 fiscal year, the program's actuarially-determined assets were less than liabilities because the dollar impact of positive factors (e.g., price premiums and new contracts sold) was lower than the dollar impact of negative factors (such as tuition and fee increases at public universities, performance of portfolio investments, and changes to underlying assumptions). The Commission, however, has been consistent each year in setting realistic investment return and tuition and fee inflation assumptions. In addition, the Commission also continued its practice of setting contract prices for 2009-10 at a level that will over time amortize the actuarial deficit. In 2008, SmartChoice pricing was introduced to provide more affordable options to purchasers and residents of Illinois. Additionally, a year-round enrollment strategy was implemented beginning November, 2009, with monthly pricing periods that allow increased access to the program. These actions and the new initiatives, combined with our marketing efforts, are expected to have a positive impact upon the program's continued viability and financial soundness.

The 2009 Annual Report for the College Illinois! 529 Prepaid Tuition Program will reference the program's 11th consecutive year of operation, including the program's 11th enrollment period – from October 29, 2008 through April 30, 2009 – during which more than 3,400 College Illinois! contracts were purchased. When the 11th annual enrollment period was completed, College Illinois! prepaid tuition contracts in force on June 30, 2009 totaled nearly 55,000. In fact, College Illinois! participants have committed more than $1.4 billion toward the purchase of prepaid tuition contracts, representing more than 200,000 years of college either already prepaid or in the process of being prepaid through the program.

We are pleased that the College Illinois! 529 Prepaid Tuition Program continues to be popular with families in Illinois facing the financial burden of funding a future college student's education. The program has increased public awareness of the rising costs of college and the importance of establishing and funding a financial plan. College Illinois! seeks to facilitate that planning by providing a safe and secure way for Illinois citizens to ensure the affordability of a college education for their children or grandchildren.

We encourage you to contact the College Illinois! 529 Prepaid Tuition Program should you have any questions regarding the program or this report.

Sincerely,

Andrew A. Davis
Executive Director
Illinois Student Assistance Commission

Frank Bello
Chief Investment Officer
College Illinois!® 529 Prepaid
Tuition Program

March 12, 2010

The Honorable Pat Quinn, Governor of the State of Illinois
The Honorable John Cullerton, President of the Illinois Senate
The Honorable Michael J. Madigan, Speaker of the Illinois House of Representatives
The Honorable William Holland, Auditor General of the State of Illinois
Members of the Illinois Board of Higher Education
Citizens of Illinois

We are pleased to update the fiscal year 2009 Annual Report for the *College Illinois!®* 529 Prepaid Tuition Program (College Illinois!), submitted to you on March 1, 2010, as the final audit has now been issued by the Auditor General.

The 2009 Annual Report for College Illinois! includes the Financial Statements for the year ended June 30, 2009 and the Actuarial Report as of June 30, 2009.

We encourage you to contact the College Illinois! 529 Prepaid Tuition Program should you have any questions regarding the program or this report.

Sincerely,

Andrew A. Davis	Frank Bello
Executive Director	Chief Investment Officer
Illinois Student Assistance Commission	College Illinois! 529 Prepaid Tuition Program

The Illinois Student Assistance Commission *

Donald J. McNeil, Chairman
Partner, Barnes & Thornburg LLP, of Chicago

Sharon Taylor Alpi
Coleman Foundation Professor in Entrepreneurship, Tabor School of Business, Millikin University, of Decatur

Dr. Lynda Andre
Assistant Superintendent of Curriculum, Edwardsville School District, of Edwardsville

Sean Dauber
The Horton Group, of Frankfort

Dr. Mary Ann Louderback
Former Member, Illinois Educational Labor Relations Board, of Cary

Hugh E. Van Voorst
Owner, Van Voorst Lumber Company, of Union Hill

Kelvin Wing
Student Commissioner, of Chicago

*Commission Membership as of June 30, 2009

College Illinois! Investment Advisory Panel*

George Clam
President, Oak Brook Bank, of Woodridge

Edward J. Donnellan
Three Zero Three Capital Partners, LLC, of Chicago

Susan Keegan
D'Amato, Keegan & Douglas, of Chicago

Michael Mann
Associate Director, Illinois Board of Higher Education, of Jacksonville

Alexander I. Rorke
Loop Capital Markets, of Evanston

*Panel Membership as of June 30, 2009

PROGRAM OVERVIEW

The College Illinois!® 529 Prepaid Tuition Program is administered by the Illinois Student Assistance Commission, the state agency working to make college accessible and affordable for Illinois students since 1957. As a qualified tuition program under Section 529 of the Internal Revenue Code, College Illinois! provides individuals with an opportunity to lock in the cost of future tuition and mandatory fees, protecting against tuition inflation. The Program was enacted by the General Assembly and then signed into law by the Governor in November 1997.

The College Illinois! 529 Prepaid Tuition Program offers plans for public university semesters, community college semesters and a combined plan that includes two years at a community college and two years at a public university. Plans can be purchased one semester at a time or up to a maximum of nine semesters for any one future student. Benefits may also be used at private colleges within Illinois and at public universities and private colleges and universities across the country as well.

The program has no age restrictions for future students. Beneficiaries of a plan do not have to choose a school until time of college enrollment. Plans can be purchased with a single lump-sum payment, or in monthly or annual installments for five, ten or fifteen years. College Illinois! 529 Prepaid Tuition Program benefits cover undergraduate tuition and mandatory fees, but not other expenses such as room and board, books and transportation.

Benefits provided by the College Illinois! 529 Prepaid Tuition Program are entirely exempt from both federal and state income tax. In addition, contributions to College Illinois! up to a maximum of $10,000 per individual or $20,000 per couple are deductible from Illinois taxable income.

During FY2009, the College Illinois! 529 Prepaid Tuition Program completed its 11th enrollment period. As of June 30, 2009 there were 54,965 contracts in force. The value of all contracts purchased now exceeds $1.4 billion.

A College Illinois! 529 Prepaid Tuition Program contract can protect purchasers against tuition and fee increases that have historically averaged approximately eight percent per year over the past 20 years at public universities in Illinois. Thousands of Illinois families have enjoyed the benefits of this affordable, flexible and tax-advantaged program, making it the cornerstone of their college funding plan.

FINANCIAL STATEMENTS

State of Illinois
Illinois Student Assistance Commission
Illinois Prepaid Tuition Program

Financial Statements
For the Year Ended June 30, 2009

Performed as Special Assistant Auditors for the
Auditor General, State of Illinois

State of Illinois
Illinois Student Assistance Commission
Illinois Prepaid Tuition Program

Table of Contents

Agency Officials

Executive Director	Andrew Davis
Chief Financial Officer	John Sinsheimer
General Counsel	Kim Barker Lee

Agency offices are located at:

1755 Lake Cook Road
Deerfield, IL 60015-5209

500 West Monroe
Springfield, IL 62704

100 West Randolph
Suite 3-200
Chicago, IL 60601

Financial Statement Report

Summary

The audit of the accompanying financial statements of the Illinois Prepaid Tuition Program of the State of Illinois, Illinois Student Assistance Commission (Program) was performed by McGladrey and Pullen, LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Program's financial statements.

McGladrey & Pullen
Certified Public Accountants

Independent Auditors' Report

Honorable William G. Holland
Auditor General
State of Illinois, and

Mr. Donald J. McNeil
Honorable Chairman of the Governing Board
Illinois Student Assistance Commission

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the Illinois Prepaid Tuition Program of the State of Illinois, Illinois Student Assistance Commission as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the State of Illinois, Illinois Student Assistance Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the financial statements present only the Illinois Prepaid Tuition Program, a fund of the State of Illinois, Illinois Student Assistance Commission and do not purport to, and do not present fairly the financial position of the State of Illinois or the Student Assistance Commission as of June 30, 2009, and its changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Illinois Prepaid Tuition Program of the State of Illinois, Illinois Student Assistance Commission, as of June 30, 2009, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The State of Illinois, Illinois Student Assistance Commission has not presented a management's discussion and analysis for the Illinois Prepaid Tuition Program that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 25, 2010 on our consideration of the State of Illinois, Illinois Student Assistance Commission's internal control over financial reporting of the Illinois Prepaid Tuition Program and on our tests of the State of Illinois, Illinois Student Assistance Commission's compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

McGladrey & Pullen, LLP

Schaumburg, Illinois
January 25, 2010

State of Illinois
Illinois Student Assistance Commission
Illinois Prepaid Tuition Program

Statement of Net Assets
June 30, 2009

Assets		
Current		
Cash and cash equivalents	$	61,331,548
Receivables:		
Accrued interest on investments		6,865
Securities lending collateral		72,330,822
Total current assets		133,669,235
Noncurrent		
Investments		824,995,537
Total assets		958,664,772
Liabilities		
Current		
Accounts payable and accrued expenses		638,094
Tuition payable		55,050,000
Accreted tuition payable		4,950,000
Due to other State funds		88,480
Due to State of Illinois component units		12,832
Compensated absences		6,746
Securities lending collateral obligation		77,663,481
Total current liabilities		138,409,633
Noncurrent		
Tuition payable		829,435,313
Accreted tuition payable		332,418,746
Compensated absences		60,713
Total noncurrent liabilities		1,161,914,772
Total liabilities		1,300,324,405
Net assets, unrestricted (deficit)	$	(341,659,633)

See Notes to Financial Statements.

State of Illinois
Illinois Student Assistance Commission
Illinois Prepaid Tuition Program

Statement of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2009

Operating revenues:	
Loss from investment securities	$ (155,993,677)
Interest revenue - other	120,614
Application and other fees	1,940,342
Net operating revenues	(153,932,721)
Operating expenses:	
Salaries and employee benefits	1,856,385
Accreted tuition expenses	67,775,477
Management and professional services	3,437,547
Investment management fees	1,649,207
Total operating expenses	74,718,616
Operating loss	(228,651,337)
Transfer - Out	(31,300)
Change in net assets	(228,682,637)
Net assets (deficit), July 1, 2008	(112,976,996)
Net assets (deficit), June 30, 2009	$ (341,659,633)

See Notes to Financial Statements.

State of Illinois
Illinois Student Assistance Commission
Illinois Prepaid Tuition Program

Statement of Cash Flows
Year Ended June 30, 2009

Cash flows from operating activities	
Cash receipts from prepaid tuition contracts	$ 114,320,191
Cash received from application and other fees	1,940,342
Cash paid for refund of contracts	(8,791,427)
Cash paid for tuition and accretion	(53,855,616)
Cash payments to suppliers for goods and services	(3,562,034)
Cash payments to employees for services	(1,868,359)
Net cash provided by operating activities	48,183,097
Cash flows from noncapital financing activities	
Transfer out	(31,300)
Cash flows from investing activities	
Purchase of investment securities	(302,900,480)
Sales and maturities of investment securities	287,524,025
Cash returned for securities lending collateral transactions	(93,113,008)
Investments sold from securities lending collateral transactions	93,113,008
Interest and dividends on investments	24,207,837
Cash paid to investment managers	(1,649,207)
Net cash provided by investing activities	7,182,175
Net increase in cash and cash equivalents	55,333,972
Cash and cash equivalents, July 1, 2008	5,997,576
Cash and cash equivalents, June 30, 2009	$ 61,331,548

(Continued)

State of Illinois
Illinois Student Assistance Commission
Illinois Prepaid Tuition Program

Statement of Cash Flows (Continued)
Year Ended June 30, 2009

Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	$ (228,651,337)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Investment loss and other interest income	155,873,063
Investment management fees	1,649,207
Accreted tuition expense	67,775,477
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(222,235)
Due to other State funds	84,917
Due to State of Illinois component units	12,832
Tuition payable	51,673,147
Compensated absences	(11,974)
Total adjustments	276,834,434
Net cash provided by operating activities	$ 48,183,097
Supplemental disclosure of noncash investing transactions:	
Net depreciation in fair value of investments	$ (180,056,484)

See Notes to Financial Statements.

Note 1. Description of Program

The Illinois Student Assistance Commission (ISAC) administers the nonshared proprietary fund, Illinois Prepaid Tuition Program (*College Illinois!®*) described below. A nonshared fund is a fund in which a single State agency is responsible for administering substantially all financial transactions of the fund.

Legislation authorizing ISAC to administer an Illinois Prepaid Tuition Program was passed in November 1997. The Illinois Prepaid Tuition Program is administered by ISAC with advice and counsel from an investment advisory panel consisting of seven members appointed by ISAC. The purpose of this program is to provide Illinois families with an affordable tax-advantaged method to pay for college. Illinois Prepaid Tuition contracts will allow participants to prepay the cost of tuition and mandatory fees at Illinois public universities and community colleges at current program prices, which are significantly less than projected future college costs. Benefits of the contracts can also be used at private and out-of-state colleges and universities. Contracts can be purchased in a lump sum payment or in installments.

The first contracts were offered for sale in 1998. After eleven enrollment periods, as of June 30, 2009, the Illinois Prepaid Tuition Program had 54,965 contracts in force with a purchased value of $1,472 million. As of June 30, 2009, the fund has received cash collections of $1,052 million.

The Illinois Prepaid Tuition Program Fund is a non-appropriated fund.

Note 2. Summary of Significant Accounting Policies

The financial statements of the Illinois Prepaid Tuition Program administered by ISAC have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). To facilitate the understanding of data included in the financial statements, summarized below are the more significant accounting policies.

A. Reporting Entity

As defined by GAAP, the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

1) Appointment of a voting majority of the component unit's board and either (a) the primary government's ability to impose its will, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or

2) Fiscal dependency on the primary government.

Based upon the required criteria, the Illinois Prepaid Tuition Program does not have component units, nor is it a component unit of any other entity. However, because the Illinois Prepaid Tuition Program is not legally separate from the State of Illinois, it is included in the financial statements of the State as a proprietary fund. The State of Illinois' Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller's Office, Financial Reporting Department, 325 West Adams Street, Springfield, Illinois 62704-1871.

Note 2. Summary of Significant Accounting Policies - Continued

A. Reporting Entity - Continued

The financial statements present only the Illinois Prepaid Tuition Program administered by the State of Illinois, Illinois Student Assistance Commission (ISAC) and do not purport to, and do not, present fairly the financial position of the State of Illinois or ISAC as of June 30, 2009, and changes in financial positions and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

B. Basis of Presentation

In government, the basic accounting and reporting entity is a fund. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. A statement of net assets, statement of revenues, expenses, and changes in net assets, and statement of cash flows have been presented for the Illinois Prepaid Tuition Program administered by ISAC.

Operating revenues result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Due to the nature of the Illinois Prepaid Tuition Program activities, income from investments is considered an operating activity in the Statement of Revenues, Expenses and Changes in Net Assets. Nonoperating revenues and expenses result from nonexchange transactions or ancillary activities.

C. Basis of Accounting

The Illinois Prepaid Tuition Program is reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. The fund accounts for resources received and used for financing self-supporting activities of the Illinois Prepaid Tuition Program that offers services on a user-charge basis to the general public.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The State also has the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The State has elected not to follow subsequent private-sector guidance as it relates to the Program's operations.

D. Cash and Cash Equivalents

Cash and cash equivalents consist principally of deposits held in the State Treasury. Cash and cash equivalents include cash on hand, cash in banks, interest bearing deposits with banks, and securities with maturities at the date of purchase of 90 days or less.

Note 2. Summary of Significant Accounting Policies - Continued

E. Investments

The Illinois Prepaid Tuition Program presents investments on its Statement of Net Assets at fair value. The net appreciation or depreciation in the fair value of investments is included in income from investment securities in the Statement of Revenues, Expenses and Changes in Net Assets. The investments are classified as noncurrent, as current cash flows cover current payouts for the program and the program has no plans to withdraw investments in the near future.

F. Interfund Transactions

The Illinois Prepaid Tuition Program has the following type of interfund transactions with other funds of the State:

Loans— amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e. due from other funds) in lender funds and interfund payables (i.e. due to other funds) in borrower funds.

Reimbursements—repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the reimbursed fund.

Transfers—flows of assets (such as cash or goods) without equivalent flow of assets in return and without a requirement for repayment. Transfers are reported after nonoperating revenues and expenses.

G. Compensated Absences

The liability for compensated absences reported in the Illinois Prepaid Tuition Program consists of unpaid, accumulated vacation and sick leave balances for Illinois Prepaid Tuition Program employees. The liability has been calculated using the vesting method in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability has been calculated based on the employees' current salary level and includes salary-related costs (e.g., Social Security and Medicare tax).

Legislation that became effective January 1, 1998 capped the paid sick leave for all State Employees' Retirement System members at December 31, 1997. Employees continue to accrue twelve sick days per year, but will not receive monetary compensation for any additional time earned after December 31, 1997. Sick days earned between 1984 and December 31, 1997 (with a 50% cash value) would only be used after all days with no cash value are depleted. Any sick days earned and unused after December 31, 1997 will be converted to service time for purposes of calculating employee pension benefits.

H. Tuition Payable

Tuition payable in the Illinois Prepaid Tuition Program represents the net principal payments received for the 54,965 contracts held by the fund as of June 30, 2009.

Note 2. Summary of Significant Accounting Policies - Continued

I. Net Assets, Unrestricted (Deficit)

The program does not have any net assets that are restricted by outside parties or by law or through constitutional provisions or enabling legislation. As a result, all net assets are categorized as unrestricted.

J. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K. Funding and Actuarial Assumptions

Program funding is derived entirely from payments received from contract purchasers and the investment income earned by the Fund. The Commission has obtained actuarial assistance in order to establish, maintain and certify assets sufficient to meet the Fund's obligations. The assets of the Fund are to be preserved, invested and expended solely pursuant to and for the purposes of the Fund and may not be loaned or otherwise transferred or used by the State of Illinois for any other purpose.

In the event the Commission, with the concurrence of the State of Illinois, determines the Illinois Prepaid Tuition Program to be financially infeasible, the Commission may discontinue, prospectively, the operation of the Illinois Prepaid Tuition Program. Any beneficiary who has been accepted by and is enrolled, or will within five years enroll, at an eligible institution shall be entitled to exercise the complete benefits of his/her contract. All other contract holders shall receive an appropriate refund of all contributions and accrued interest up to the time the Illinois Prepaid Tuition Program is discontinued.

L. Subsequent Events

The Illinois Prepaid Tuition Program has evaluated subsequent events for potential recognition and/or disclosure through January 25, 2010, the date the financial statements were available to be issued.

Note 3. Deposits and Investments

A. Investment Authority and Legal Compliance

The State Treasury is the custodian of the State's cash and cash equivalents for the Illinois Prepaid Tuition Program maintained in the State Treasury. The investment authority for the State Treasury is found in the State Treasurer Act (15 ILCS 505), which authorizes the State of Illinois primary government and its component units to engage in a wide variety of investment activities. For further details please refer to the State of Illinois Comprehensive Annual Financial Report, available in the Office of the Treasurer, Fiscal Officer Responsibilities Audit Report. A copy of the report can be obtained from the State Treasurer at 300 West Jefferson, Springfield, Illinois, 62701.

Note 3. Deposits and Investments - Continued

A. Investment Authority and Legal Compliance - Continued

The Illinois Prepaid Tuition Program independently manages cash and cash equivalents maintained outside the State Treasury. The Commission by statute (Illinois Prepaid Tuition Act, 110 ILCS 979) is required to appoint an investment advisory panel to offer advice and counseling regarding the investments of the Illinois Prepaid Tuition Program. The panel is required to annually review and advise the Commission on provisions of the strategic investment plan, which will specify the investment policies to be utilized by the Commission in the administration of the Illinois Prepaid Tuition Program.

The Commission may direct that assets of those Funds be placed in savings accounts or may use the same to purchase fixed or variable life insurance or annuity contracts, securities, evidence of indebtedness, or other investment products pursuant to the comprehensive investment plan and in such proportions as may be designated or approved under that plan.

Investment managers are hired who, by their record and experience have demonstrated their fiduciary responsibility, their investment expertise, their investment experience, and their capacity to undertake the mandate for which they are being considered. Investment managers retained for the Illinois Prepaid Tuition Program acknowledge in writing, a fiduciary relationship with respect to the Illinois Prepaid Tuition Program and need to be currently registered and maintain registration as an investment advisor under the Investment Advisors Act of 1940, a bank (as defined in the Act), or an insurance company qualified to perform investment management services under the law of more than one state unless otherwise approved on an exception basis. The Commission has established investment guidelines for the investment managers and conducts thorough due diligence before the appointment of all investment managers.

A qualified investment consultant, on an ongoing basis, evaluates the Illinois Prepaid Tuition Program. Written reports are provided to the Commission by the investment consultant no later than 45 days after the end of each calendar quarter. The investment consultant meets with the various investment managers on a regular basis to review the investment guidelines and analyzes the general liability structure of the Illinois Prepaid Tuition Program. They also assist the Commission and the Investment Advisory Panel with the selection of investment managers and custodians. The qualified investment consultant retained by the Commission is required to exercise discretion within the parameters set forth in the investment policy guidelines for the portfolio(s) they manage. Additionally, the program has contracted with Marquette Associates to evaluate the investment performance of the Illinois Prepaid Tuition Program on a quarterly basis.

The Illinois Prepaid Tuition Program investment policy dictates certain guidelines and restrictions that apply to investments in domestic equities by the investment managers. The manager may only hold up to 5% of its portfolio in a money market and/or cash. The only exception to this rule is during trading activity, which can only be maintained for very short time periods, i.e. less than 30 days. Further, options, financial futures, private placements, restricted stock, issues related to the investment manager, or venture capital may not be purchased. The policy also prohibits the purchase of securities on margin and short selling. Also, investments cannot be made in securities not traded on a U.S. exchange or traded in U.S. dollars.

Note 3. Deposits and Investments - Continued

A. Investment Authority and Legal Compliance - Continued

The investment policy authorizes the Commission to utilize a third party custodian to safe-keep the assets of the fund and to provide reports on a monthly basis to all necessary parties. The custodian is responsible for sweeping all interest and dividend payments and any other un-invested cash into a short-term money market fund for re-deployment. The custodian retained by the Commission is required to exercise discretion within the parameters set forth in the investment policy guidelines for the portfolio(s) they manage on behalf of the fund.

B. Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Illinois Prepaid Tuition Program's deposits may not be returned to it. State law (30 ILCS 230/2C) requires that all deposits of public funds be covered by FDIC insurance or eligible collateral. The Illinois Prepaid Tuition Program has no policy that would further limit the requirements under State law. As of June 30, 2009, the Illinois Prepaid Tuition Program's locally held deposits were not exposed to custodial credit risk.

The State Treasurer is the custodian of the State's cash and cash equivalents for the Illinois Prepaid Tuition Program maintained in the State Treasury. Deposits in the custody of the State Treasurer totaled $58,733,232 at June 30, 2009. These deposits are pooled and invested with other State funds in accordance with the Deposits of State Moneys Act of the Illinois Compiled Statutes (15 ILCS 520/11). Funds held by the State Treasurer have not been addressed as to custodial credit risk because the Illinois Prepaid Tuition Program does not own individual securities. Details on the nature of these deposits and investments are available within the State of Illinois' Comprehensive Annual Financial Report.

C. Investments

ISAC is required annually to adopt a comprehensive investment plan to invest the funds received through contract payments. The Commission approved the Illinois Prepaid Tuition Program's most recent revision to the investment plan in June 2008. The comprehensive investment plan specifies the investment policies to be utilized by the Commission in its administration of the Illinois Prepaid Tuition Program. The Commission may direct that assets of those funds be invested in a manner that will provide the investment return and risk level consistent with the actuarial return requirements and risk levels and cash flow demands of the Fund. The investments should be in compliance with all applicable federal and state laws and other statutes governing the investment of Illinois Prepaid Tuition Program resources.

ISAC has retained State Street Global Advisors, LSV Asset Management, Galliard Capital, Income Research Management, Rhumb Line Advisors, Pugh Capital, C.S. McKee Investment, Piedmont Investment, and ShoreBank as investment managers to assist with the investment of the fund assets for the Illinois Prepaid Tuition Program. Approximately $3,500,000 of additional contract payments received have been invested as of the end of the fiscal year June 30, 2009. The program has contracted with Marquette Associates to evaluate the investment performance of the Program on a quarterly basis. Use of funds invested on behalf of the Illinois Prepaid Tuition Program by the investment managers is restricted to the payout of tuition and fee benefits for program beneficiaries.

Note 3. Deposits and Investments - Continued

C. Investments - Continued

As of June 30, 2009, 34% of the funds were invested in Domestic Equities, 44% in Domestic Fixed Income, 10% in International Equity, 1% in Private Equity, and 11% as Cash and Equivalents. Investments of the Fund are recorded at fair value based on quoted market prices.

The Illinois Prepaid Tuition Program's cash and investments at June 30, 2009 are presented below at fair value by investment type and by investment manager:

Investment Managers
Asset Allocation
June 30, 2009

Asset Class	Investment Manager	Fair Value	Actual Allocation
Fixed Income-Intermediate	Galliard Capital	$ 79,004,966	8.91%
Fixed Income-Core	C.S. Mckee	76,698,142	8.65%
Fixed Income-Core	Piedmont	30,556,796	3.45%
Fixed Income-Core	Pugh Capital	32,701,899	3.69%
Fixed Income-Intermediate	Income Research Management	81,450,590	9.19%
Fixed Income-Core	SSgA Passive Bonds	57,908,317	6.53%
TIPS Account	N/A	30,687,702	3.46%
Total Fixed Income Portfolio		**389,008,412**	**43.88%**
Large-Cap Core Equity	SSgA S&P 500 Index	108,477,538	12.24%
Large-Cap Value Equity	LSV Asset Management	24,540,647	2.77%
Large-Cap Growth Equity	Rhumb Line Advisors	90,819,592	10.25%
Small-Cap Value Equity	Rhumb Line Advisors	38,347,554	4.33%
Small-Cap Core Equity	Rhumb Line Advisors	38,226,410	4.30%
Total Domestic Equity		**300,411,741**	**33.89%**
International Core Equity	SSgA MSCI EAFE	41,102,296	4.64%
International Core Equity	LSV Asset Management	46,157,739	5.21%
Total International Equity		**87,260,035**	**9.85%**
Private Equity Venture	ShoreBank	9,534,375	1.08%
Total Private Equity		**9,534,375**	**1.08%**
Money Market Mutual Funds	U.S. Bank	**38,780,974**	**4.38%**
Total Investments		**824,995,537**	**93.08%**
Cash and Equivalents	N/A	61,331,548	6.92%
Total Cash Equivalents		**61,331,548**	**6.92%**
TOTAL PORTFOLIO		$ 886,327,085	100%

Note 3. Deposits and Investments - Continued

C. Investments - Continued

Securities Lending Collateral

As of June 30, 2009, the Illinois Prepaid Tuition Program had the following cash collateral investments in its securities lending program:

Investment		Fair Value
Mount Vernon Prime Money Market Mutual Fund	$	53,178,800
Ineligible Securities Liquidating Trust		12,520,566
Deeper Discounted Securities Liquidating Trust		3,355,920
Illiquid Securities Liquidating Trust		3,275,536
	$	**72,330,822**

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Illinois Prepaid Tuition Program's policy for managing interest rate risk is to ensure that the investment managers comply with its investment policy guidelines. As per the investment policy, the operational guidelines for the Fixed Income Securities Managers require that the average duration of the manager's portfolio not vary more than +/- 30% of the duration of the Barclays Intermediate Government/Credit Index and the Barclays Aggregate Index, respectively (see schedule of investments on previous page).

As of June 30, 2009, all portfolios are within the guidelines permitted by the investment policy. The duration of the portfolios, by Manager, for the fixed income securities, compared to the benchmark index(s) is as follows:

Fixed Income Portfolio Manager	Portfolio Average Duration	BarCap Aggregate Index	BarCap Int. Government/ Credit Index
Galliard Capital	3.4 Years	N/A	3.9 Years
Income Research Management	3.7 Years	N/A	3.9 Years
SSgA	4.3 Years	4.3 Years	N/A
C.S. McKee	3.6 Years	4.3 Years	N/A
Piedmont	4.3 Years	4.3 Years	N/A
Pugh Capital	4.1 Years	4.3 Years	N/A

Note 3. Deposits and Investments - Continued

C. Investments - Continued

Interest Rate Risk -Continued

Portfolio Weighted Average Maturity

Portfolio Weighted Average

Investment Type	Fair Value	Weighted Average Maturity (in Years)
U.S. treasury bills	$ 1,703,150	0.4
U.S. treasury notes	23,495,709	5.3
U.S. treasury bonds	45,310,537	10.7
Federal agencies bonds and notes	30,523,734	11.4
U.S. agency asset-backed securities	471,357	31.4
Municipal debt	10,267,170	4.6
Corporate debt securities	113,229,225	6.4
Corporate asset-backed securities	7,682,916	6.4
Other debt securities	948,682	12.7
Passive bond index funds	57,908,317	6.6
Corporate mortgage-backed securities (CMBS)	13,738,622	30.4
Mortgage backed securities (MBS):		
Pass through (fixed rate, adjustable rate)	51,475,546	16.7
Collateralized mortgage obligations	7,108,110	19.9
Delegated underwriting and servicing bonds and surety bonds	22,717,788	5.7
Money market mutual funds	41,208,523	0.2
Equity in public treasurer's investment pool (Illinois Funds)	1,469,319	0.1
Total Fair Value	**$ 429,258,705**	
Portfolio weighted average maturity		**8.7**

Note 3. Deposits and Investments - Continued

C. Investments - Continued

Securities Lending Collateral

The weighted average maturity of the cash collateral invested in liquidating trusts consisting of debt securities is as follows:

Investment		Fair Value	Weighted Average Maturity (Days)
Ineligible Securities Liquidating Trust	$	12,520,566	255.2
Deeper Discounted Securities Liquidating Trust		3,355,920	112.0

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Commission is authorized to hire competent registered professional investment managers to manage the assets of the Illinois Prepaid Tuition Program. The operational guidelines as set forth in the Illinois Prepaid Tuition Program investment policy for fixed income investments dictate that no securities with a credit rating below BBB- by Standard & Poor's or Ba3 by Moody's may be purchased. In the case of a split rating, the higher rating shall apply. Securities, which are downgraded below the policy minimum, may only be held at the manager's discretion for up to 6 months.

The following tables indicate credit ratings, as of June 30, 2009, for the Program's debt security investments (other than obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government which are not considered to have credit risk). Ratings for debt security investments that have multiple ratings are on the following page:

Credit Ratings (Excludes Multiple-Rated Securities)
June 30, 2009

			Credit Rating*		
		Total Fair Value	Moody's	Standard & Poor's	Fitch
U.S. Agency asset-backed securities	$	471,357	Baa3	NR	NR
Other debt securities		948,682	Aaa	AAA	AAA
Mortgage-backed securities (collateralized and delegated)		29,825,898	Aaa	AAA	AAA
Passive Bond Index funds		57,908,317	NR	NR	NR

*NR - not rated

Note 3. Deposits and Investments - Continued

C. Investments - Continued

Credit Risk - Continued

The following tables indicate credit ratings, as of June 30, 2009, for debt security investments that received multiple ratings:

Credit Ratings (Multiple-Rated Securities)
June 30, 2009

Rating Agency	Investment Type	Credit Rating*	Fair Value
Moody's:	Corporate debt securities	Aaa	$ 1,593,513
	Corporate debt securities	Aa	21,720,650
	Corporate debt securities	A	56,218,866
	Corporate debt securities	Baa	32,770,413
	Corporate debt securities	Ba	536,317
	Corporate debt securities	NR	389,466
			113,229,225
Standard & Poor's:	Corporate debt securities	AAA	2,380,000
	Corporate debt securities	AA	14,075,327
	Corporate debt securities	A	65,121,730
	Corporate debt securities	BBB	30,268,392
	Corporate debt securities	BB	232,978
	Corporate debt securities	B	295,067
	Corporate debt securities	NR	855,731
			113,229,225
Fitch:	Corporate debt securities	AAA	422,976
	Corporate debt securities	AA	14,558,275
	Corporate debt securities	A	54,403,948
	Corporate debt securities	BBB	25,120,705
	Corporate debt securities	BB	528,045
	Corporate debt securities	NR	18,195,276
			113,229,225

* NR - not rated

Note 3. Deposits and Investments - Continued

C. Investments - Continued

Credit Risk - Continued

Credit Ratings (Multiple-Rated Securities), continued
June 30, 2009

Rating Agency	Investment Type	Credit Rating*	Fair Value
Moody's:	Corporate asset-backed securities	Aaa	$ 7,239,101
	Corporate asset-backed securities	Caa	115,076
	Corporate asset-backed securities	NR	328,739
			7,682,916
Standard & Poor's:	Corporate asset-backed securities	AAA	6,789,958
	Corporate asset-backed securities	AA	328,739
	Corporate asset-backed securities	D	115,076
	Corporate asset-backed securities	NR	449,143
			7,682,916
Fitch:	Corporate asset-backed securities	AAA	4,980,808
	Corporate asset-backed securities	AA	328,739
	Corporate asset-backed securities	NR	2,373,369
			7,682,916

* NR - not rated

Note 3. Deposits and Investments - Continued

C. Investments - Continued

Credit Risk - Continued

Credit Ratings (Multiple-Rated Securities), continued
June 30, 2009

Rating Agency	Investment Type	Credit Rating*	Fair Value
Moody's:	Municipal Debt	Aaa	$ 3,120,304
	Municipal Debt	Aa	5,042,927
	Municipal Debt	A	978,416
	Municipal Debt	Baa	552,862
	Municipal Debt	NR	572,661
			10,267,170
Standard & Poor's:	Municipal Debt	AAA	2,706,386
	Municipal Debt	AA	6,189,818
	Municipal Debt	A	1,056,085
	Municipal Debt	NR	314,881
			10,267,170
Fitch:	Municipal Debt	AA	255,380
	Municipal Debt	BB	1,909,371
	Municipal Debt	NR	8,102,419
			10,267,170
Moody's:	CMBS	Aaa	12,765,820
	CMBS	NR	972,802
			13,738,622
Standard & Poor's:	CMBS	AAA	12,166,547
	CMBS	NR	1,572,075
			13,738,622
Fitch:	CMBS	AAA	7,451,476
	CMBS	NR	6,287,146
			13,738,622

* NR - not rated

Note 3. Deposits and Investments - Continued

C. Investments - Continued

Credit Risk - Continued

Credit Ratings (Multiple-Rated Securities), continued
June 30, 2009

Rating Agency	Investment Type	Credit Rating*	Fair Value
Moody's:	MBS-Pass Through	Aaa	$ 50,406,505
	MBS-Pass Through	Aa	529,147
	MBS-Pass Through	A	74,945
	MBS-Pass Through	Caa	464,949
			51,475,546
Standard & Poor's:	MBS-Pass Through	AAA	51,343,715
	MBS-Pass Through	AA	131,831
			51,475,546
Fitch:	MBS-Pass Through	AAA	42,321,559
	MBS-Pass Through	NR	9,153,987
			51,475,546
Moody's:	Federal Agencies Bonds and Notes	Aaa	30,523,734
			30,523,734
Standard & Poor's:	Federal Agencies Bonds and Notes	AAA	29,340,528
	Federal Agencies Bonds and Notes	AA	857,151
	Federal Agencies Bonds and Notes	A	326,055
			30,523,734
Fitch:	Federal Agencies Bonds and Notes	AAA	29,038,213
	Federal Agencies Bonds and Notes	AA	326,055
	Federal Agencies Bonds and Notes	NR	1,159,466
			30,523,734

* NR - not rated

Securities Lending Collateral

The liquidating trusts consisting of debt securities were not rated.

Note 3. Deposits and Investments - Continued

C. Investments - Continued

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the Illinois Prepaid Tuition Program will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Program does not have an investment policy for custodial credit risk for investments.

As of June 30, 2009, investments of cash collateral under the securities lending program ($72.3 million) were held by the counterparty in the Program's name. These investments are subject to custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

The operational guidelines as set forth in the Illinois Prepaid Tuition Program's investment policy for fixed income investments dictate that no single security should comprise more than 10% of the portfolio's overall allocation after accounting for price appreciation, except for any U.S. Treasury or U.S. agency security, which may comprise no more than 15% of the portfolio's overall allocation after accounting for price appreciation. In the case of investments in domestic equities the policy states that no single security in the manager's portfolio will comprise more than 5% of its equity allocation at the time of purchase, nor will it be more than 10% of the equity allocation of the portfolio after accounting for price appreciation. Additionally, in the case of the small-cap investment managers at no point in time should the portfolio hold a security such that the investment management firm's aggregate position in that company exceeds 20% of the fair value of the outstanding stock of the company.

There were no investments in any single issuer (other than U.S. Treasury or securities explicitly guaranteed by the U.S. government) that exceeded 5% or more of the total investment portfolio as of June 30, 2009.

Foreign Currency Risk

Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value of an investment.

The Illinois Prepaid Tuition Program's investment policy authorizes a maximum of 10% of the portfolio for investments in international equities. As of June 30, 2009, 10% is invested in international equities; however, none of these investments are denominated in foreign currencies.

Securities Lending

State statutes and the Illinois Prepaid Tuition Program's investment policy allow the Illinois Prepaid Tuition Program to use investments to enter into securities lending transactions – loans of securities to broker-dealers for collateral with a simultaneous agreement to return the collateral for the same securities in the future. Effective August 1, 2007, ISAC participates in a securities lending program with U.S. Bank, who acts as the securities lending agent. All securities are eligible for the securities lending program. Securities are loaned to brokers, and collateral received in return consists solely of cash equal to 102% of the value of the loaned securities.

Note 3. Deposits and Investments - Continued

C. Investments - Continued

Securities Lending - Continued

Substantially all securities loans can be terminated on demand either by the Commission or by the borrower, although generally the term of these loans range from 1 day to 75 days. Securities lending cash collateral is invested and managed according to yield and duration needs of participants in the U.S. Bank securities lending program. In lending securities, cash collateral is invested in the lending agent's (U.S. Bank) securities lending investment pools (5 separate pools), which at year-end have varying weighted average maturities. The majority of the Commission's securities lending collateral is invested in a short-term investment pool consisting of securities limited to a weighted average maturity of 90 days. The investment pool is designed to meet liquidity and duration needs of all the participants invested in the pool. The relationship between the maturities of the investment pool and the Commission's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Commission cannot determine.

As of June 30, 2009, the market value of securities on loan was $74,671,707, and the value of cash collateral invested was $72,330,822. Liabilities to the borrowers totaled $77,663,481. The approximate $5.3 million decline in the fair value of the invested cash collateral has been recorded as a loss and is reported as a component of income (loss) from investment securities in the statement of revenues, expenses and changes in net assets. At year-end, the Illinois Prepaid Tuition Program has no credit risk exposure to borrowers because the amounts the Illinois Prepaid Tuition Program owes the borrowers exceeds the amounts the borrowers owe the Illinois Prepaid Tuition Program. In the event of borrower default, U.S. Bank provides ISAC with counterparty default indemnification.

Note 4. Balances Due to Other State Funds and Transfers

As of June 30, 2009, the Illinois Prepaid Tuition Program owed $3,261 to the Communications Revolving Fund for telephone service, $85,219 to the Audit Fund for the cost of the fiscal year 2008 audit, and $12,832 to Southern Illinois University for payment of tuition and fee benefits. During the year, $31,300 was transferred to the ISAC COP Debt Service Fund for lease payments.

Note 5. Compensated Absences Payable

Changes in compensated absences for the year ended June 30, 2009, were as follows:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009	Amounts Due Within One Year
Compensated absences	$ 79,433	$ 68,299	$ 80,273	$ 67,459	$ 6,746

Note 6. Tuition Payable

Tuition payable activity for the year ended June 30, 2009 is as follows:

Balance July 1, 2008	$ 828,099,799
Add:	
Contributions	114,320,191
Less:	
Return of contributions	(8,791,427)
Tuition payments	(49,143,250)
Balance June 30, 2009	$ 884,485,313
Reported as:	
Current	$ 55,050,000
Noncurrent	829,435,313
	$ 884,485,313

Note 7. Accretion Payable

Accretion payable is management's estimate of the present value of the estimated tuition payment to be made in excess of principal payments received and is expected to be financed from investments of prepaid tuition contracts. The accretion expense for fiscal year 2009 is estimated as a percentage of net tuition contracts paid to date. The rate is 8.25% and is based on the average increase in tuition for Illinois colleges.

Average monthly tuition payable over the year	$ 829,819,125
Estimate of 8.25% increase of tuition payable	$ 68,460,078
Present value	$ 67,775,477
Beginning balance accretion payable as of July 1, 2008	$ 274,305,635
Accretion expense	67,775,477
Accretion payments	(4,712,366)
Ending balance accretion payable as of June 30, 2009	$ 337,368,746
Reported as:	
Current	$ 4,950,000
Noncurrent	332,418,746
	$ 337,368,746

Note 7. Accretion Payable - Continued

The accretion expense is calculated on a monthly basis on the balance in the tuition payable account. Accretion expense is reflected as an expense in the Statement of Revenues, Expenses and Changes in Net Assets and as an increase to liabilities on the Statement of Net Assets.

Note 8. Pension Plan

Substantially all of ISAC's full-time employees who are not eligible for participation in another state-sponsored retirement plan participate in the State Employees' Retirement System (SERS), which is a pension trust fund in the State of Illinois reporting entity. The SERS is a single-employer defined/benefit public employee retirement system (PERS) in which State employees participate, except those covered by the State Universities, Teachers', General Assembly, and Judges' Retirement Systems. The financial position and results of operations of the SERS for fiscal year 2009 are included in the State of Illinois' Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2009. The SERS issues a separate CAFR that may be obtained by writing to the SERS, 2101 South Veterans Parkway, Springfield, Illinois 62794-9255.

A summary of SERS benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the SERS' CAFR. Also included is a discussion of employer and employee obligations to contribute and the authority under which those obligations are established.

The Commission pays employer retirement contributions for the Illinois Prepaid Tuition Program based upon an actuarially determined percentage of its payroll. For fiscal years 2009, 2008 and 2007, the employer contribution rate was 21.0%, 16.6% and 11.5%, respectively. The required and actual contribution for fiscal years 2009, 2008 and 2007 was $268,065, $98,701 and $59,974, respectively.

Note 9. Post-employment Benefits

The State provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Healthcare and Family Services along with the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employees' Retirement System do not contribute towards health, dental, and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health, dental, and vision benefits. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes $5,000.

The total cost of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as an expenditure by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis.

Note 9. Post-employment Benefits - Continued

The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements, including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Healthcare and Family Services. A copy of the financial statements of the Department of Healthcare and Family Services may be obtained by writing to the Department of Healthcare and Family Services, 201 South Grand Ave., Springfield, Illinois, 62763-3838.

Note 10. Fund Deficits

The estimated actuarially determined deficit for *College Illinois!®,* the State's section 529 prepaid tuition program, as of June 30, 2009 is $516 million.

In terms of the program's actuarially determined deficit, actual investment performance is only one influencing factor. Expected future investment performance is another factor, as is the level of actual tuition and fee increases at Illinois public universities, new contracts for each <u>future</u> enrollment period, as well as <u>future</u> expectations for tuition and fee increases at those institutions.

Implementation of the Truth-in-Tuition law (in 2004) has impacted and will continue to impact future tuition increases for classes of new students entering the State's public universities. Another significant fact that only became evident after the law was implemented was that while tuition rates charged to students who remain enrolled for continuous academic years must remain level, public universities typically continue to increase fees annually for all students, not just new enrollees.

Tuition and fee increase assumptions were reevaluated for FY2010 and beyond. Each year when setting plan prices, the Commission reviews the assumptions that influence the actuarial deficit. The program opened on November 1, 2009 for its first year-round enrollment in the program's history. Contract prices have been recommended at a level that will provide revenue from contract sales sufficient not only to fund future contract obligations and current administrative costs, but also to improve the actuarial soundness of the program. Management believes that this provision of building a stabilization premium into contract prices provides a buffer against uncertainty associated with the annual volatility of college cost increases and performance of program investments.

Note 10. Fund Deficits - Continued

Investment performance lagged the assumed return for FY2009 due to the extreme market conditions experienced during the year. Additionally, the actuarial deficit has been significantly impacted by the negative investment performance recorded during FY2009. To address these unusual conditions, the Commission approved changes to the program's investment policy in June 2008. Those changes are designed to reduce the volatility in returns and to enhance performance over time.

The Commission also approved changes to the program's investment policy in June 2009. Those changes are designed to reduce the volatility in returns and to enhance performance over time. Consistent with past Commission action, the ultimate goal is to eliminate the current actuarial deficit over time.

In September 2009, ISAC's Commissioners approved new prices for 2009-2010 which reflect ISAC's ongoing efforts to expand the *College Illinois!* ® program to more people at more price points. In the fall of 2008, *College Illinois!* ® introduced SmartChoice Pricing. Under SmartChoice Pricing, purchasers have, for the first time, the option of purchasing semesters at Community Colleges (Choice 1), at public universities and colleges within the State of Illinois excluding the University of Illinois at Urbana-Champaign (Choice 2), and finally, semesters at any public university and college, including the University of Illinois at Urbana-Champaign (Choice 3). This differential pricing expands the market for *College Illinois!*® contracts to a wider range of household incomes. Management believes that contract sales for the upcoming enrollment will reach 5,500.

The Actuary's Report on Soundness as of June 30, 2009 indicates that the program's cash flow is expected to remain positive through the fiscal year that ends in 2011 even without reflecting expected proceeds from contracts sold after June 30, 2009 and the program's assets are projected to cover expected benefit payments through fiscal year 2018. The report also highlights a continuing business scenario based on current point estimate and future contract sales projected by the Commission. Based on this scenario, the soundness of the program would improve over time.

	Actuarial Evaluation (Unaudited)
Net assets, before tuition/accretion payable	$ 880,194,425
Actuarial present value of future payments expected to be made by contract purchasers	196,581,404
Subtotal	1,076,775,829
Actuarial present value of future payments expected to be made by the program	1,592,332,340
Actuarial deficit as of June 30, 2009	$ (515,556,511)

Note 11. Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers compensation and natural disasters. The State retains the risk of loss (i.e., self insured) for these risks except for insurance purchased by the Commission for the building and EDP equipment. There has been no reduction in insurance coverage from coverage in the prior year. Settlement amounts have not exceeded coverage for the current or prior two years. The Commission's risk management activities for workers compensation are financed through appropriations to the Illinois Department of Central Management Services and are accounted for in the general fund of the State. The claims are not considered to be a liability of the Commission and, accordingly, have not been reported in the Commission's financial statements for the year ended June 30, 2009.

Note 12. New Governmental Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following statements:

Statement No. 51, *Accounting and Financial Reporting for Intangible Assets,* establishes accounting and financial reporting requirements for intangible assets. All intangible assets not specifically excluded by the scope of this Statement should be classified as capital assets. All existing authoritative guidance for capital assets should be applied to these intangible assets, as applicable. The Commission is required to implement this Statement for the year ending June 30, 2010.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. The Commission is required to implement this Statement for the year ending June 30, 2010.

Management has completed their assessment of these Statements. They do not have a material effect on the overall financial statement presentation.

McGladrey & Pullen
Certified Public Accountants

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*

Honorable William G. Holland
Auditor General
State of Illinois, and

Mr. Donald J. McNeil
Honorable Chairman of the Governing Board
Illinois Student Assistance Commission

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the Illinois Prepaid Tuition Program of the State of Illinois, Illinois Student Assistance Commission (Commission), as of and for the year ended June 30, 2009, and have issued our report thereon dated January 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting of the Illinois Prepaid Tuition Program as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, Commission management, the Commission Board and federal awarding agencies and passthrough entities and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Schaumburg, Illinois
January 25, 2010

Prior Finding Not Repeated

A. Securities Lending Program Not Accounted For Properly

(Note: This prior finding not repeated is also disclosed in the Department-wide audit of the Illinois Student Assistance Commission.)

During our fiscal year 2008 audit, the Illinois Prepaid Tuition Program (Program) of the Illinois Student Assistance Commission (Commission) did not have adequate internal controls over financial reporting for its securities lending transactions. The Commission implemented a securities lending program in fiscal year 2008. The Commission did not record its $168 million in securities lending collateral investments or $171 million in liabilities related to securities lending as of June 30, 2008, or the associated $3 million unrealized loss incurred for the fiscal year. In addition, the draft financial statements provided to the auditors did not have the required securities lending disclosures. (Finding Code No. 08-1)

During our fiscal year 2009 audit, we noted that the securities lending program was properly accounted for. The Commission recorded the assets, liabilities and loss related to the securities lending transactions balances on a monthly basis throughout the year. In addition, the financial statements provided to the auditors had the required securities lending disclosures.

ACTUARIAL REPORT

COLLEGE ILLINOIS!
PREPAID TUITION PROGRAM

Actuary's Report on Soundness
As of June 30, 2009

November 2009

PricewaterhouseCoopers LLP
One North Wacker
Chicago, IL 60606
Telephone (312) 298-2000
Facsimile (312) 298-2001

November 4, 2009

Rick Kaye, Owner
Richard M. Kaye & Associates
PricewaterhouseCoopers Plaza
1900 St. Antoine Street
Detroit, MI 48226

Dear Mr. Kaye:

PricewaterhouseCoopers LLP (PwC) has performed an actuarial valuation of the *College Illinois!* Prepaid Tuition Program (the Program) as of June 30, 2009. The valuation compares the value of the assets of the Program to the value of the expected future benefits and expenses of the Program. The following pages summarize the valuation of the Program as of June 30, 2009.

A comparison of the assets and liabilities of the Program shows that as of June 30, 2009 there is an estimated deficit of $515,556,511 as compared to an estimated deficit of $273,165,515 as of June 30, 2008. The funded ratio of the Program is presently approximately 68%, compared to approximately 81% one year ago. Based on an alternative valuation method, which amortizes investment gains / losses over a 5-year timeframe, the funded ratio of the program would be approximately 83.6%.

The valuation was performed based upon generally accepted actuarial principles, using assumptions as specified by the Board of the *College Illinois!* Prepaid Tuition Program.

Respectfully submitted,

Christopher Walker, FCAS, MAAA
Principal
PricewaterhouseCoopers LLP

Michael E. Mielzynski, FCAS, MAAA
Manager
PricewaterhouseCoopers LLP

Table of Contents

Introduction

Introduction

Purpose

Richard M. Kaye & Associates has engaged PricewaterhouseCoopers LLP (PwC) to provide a determination of the soundness of the *College Illinois*! Prepaid Tuition Program (CIPTP or the Program) as of June 30, 2009. This soundness measure results in a point estimate of the surplus / (deficit) associated with the Program as of June 30, 2009.

Distribution and Use

This report was prepared for Richard M. Kaye & Associates and internal use by the Board of the CIPTP. Any external use or distribution of this report is not authorized without prior written approval of PwC.

Reliance Upon CIPTP Data

The data used in this analysis were prepared by and are the responsibility of the management of CIPTP. At the time of this review, the data were unaudited.

Reliance Upon CIPTP Assumptions

The major valuation assumptions used in this analysis, such as the tuition and fee inflation and the investment return, were provided by and are the responsibility of the management of CIPTP.

Limitations

The projected benefits, refunds, expenses, investment income, contract payments, and resulting surplus / (deficit) shown in this report are point estimates. As estimates, these values are subject to variability. The possibility of this variability arises from the fact that not all factors affecting the projections have taken place and cannot be evaluated with absolute certainty. We have, however, used methods of estimation that we believe produce reasonable results given current information. No guarantee should be inferred that cash flows will develop as shown in this report.

Executive Summary

Executive Summary

Valuation Results

As of June 30, 2009, the Program has an estimated deficit of $515.6 million. The value of assets, including the present value of future payments by current contract purchasers, is less than the expected present value of the tuition benefit, mandatory fees benefit, and administrative expense liabilities of the Program. The current estimated deficit is $242.4 million higher than the $273.2 million deficit estimated as of June 30, 2008.

There were several major factors that accounted for the majority of the change in the deficit. On the positive side, the premium charged during the latest enrollment period designed to improve the soundness of the Program generated approximately $8.5 million. Also, tuition and fee increases over the last year were below expectations, leading to a decrease in the deficit of approximately $30.8 million. On the negative side, the interest accumulated on last year's deficit was approximately $22.4 million, and asset appreciation lagged expectations by approximately $238.0 million. Changes to the underlying assumptions increased the deficit by approximately $18.2 million, and a new allocation of expenses to the Program exceeded expectations, leading to an increase in the deficit of approximately $10.0 million.

The primary change in assumptions related to the expected gross investment yield. Last year it was assumed that returns would be 8.75% in 2010 and 9.00% per annum thereafter. For the current estimate it is assumed that returns will be 9.25% in 2010 and 8.75% per annum thereafter.

The point estimate of the deficit is based upon a number of assumptions, including expectations regarding future investment returns and future tuition and fee increases, and is subject to considerable uncertainty. On Page 28 of the report, we display the financial status of the Program based upon alternative assumptions regarding investment yields, tuition inflation, and fee inflation.

The program's current funded ratio of 67.6% is lower than the 81.3% funded ratio as of June 30, 2008. Based on an alternative valuation method, which amortizes investment gains / losses over a 5-year timeframe, the funded ratio of the program would be approximately 83.6%. This method is discussed in more detail later in this report.

The cash flow projection shown in Appendix C represents a run-off scenario based on the current point estimate in which no new contracts are assumed to be sold. Based on this scenario, the Program's cash flow is expected to turn negative in fiscal year 2011 and the Program's assets are projected to cover expected benefit payments through fiscal year 2018.

The cash flow projection shown in Appendix D represents a continuing business scenario based on the current point estimate and future contract sales sold at a rate provided by the CIPTP. Based on this scenario, the soundness of the Program would improve over time and the deficit would be eliminated in fiscal year 2023. This model and its underlying assumptions are discussed in further detail later in this report.

Executive Summary (continued)

Truth in Tuition

The Program deficit recognizes the impact of the state's Truth in Tuition law, which provides that, beginning with the 2004-2005 matriculation year, Illinois public universities cannot increase the amount of tuition charged to students who remain enrolled for four continuous academic years as their degree program requires. The Truth in Tuition law does not apply to fees.

Due to the Truth in Tuition law, the actuarial calculations to estimate the outstanding liability needed to be revised starting at June 30, 2004. It is now necessary to have two separate projections - one for students who matriculated prior to the law change and one for students affected by the Truth in Tuition law. The reason for this separation was that both the current average tuition and its ability to increase in future years are different for the two groups. The number of public university contracts still remaining prior to Truth in Tuition is 231.

Contracts in Force

As of June 30, 2009, the total number of contracts in force (net of cancellations and depleted contracts) for CIPTP was 54,965. Contracts for university enrollment represent approximately 87% of sales, while contracts for community college enrollment and combined community college and university enrollment represent approximately 13% of sales. The most common contract sold is for four years at a university, accounting for approximately 41% of all contract sales. Enrollment data is summarized in Appendix E.

Weighted Average Tuition

The Weighted Average Tuition (WAT) is the average of tuition and mandatory fees for public in-state schools weighted in proportion to the number of full-time equivalent students attending such schools. The 2009-2010 Illinois public university overall WAT is $10,447, a 10.5% increase over the 2008-2009 WAT. The 2009-2010 Illinois community college WAT is $2,939, an increase of 6.4% over the 2008-2009 WAT.

To account for the Truth in Tuition law, for projection purposes the Illinois public university overall WAT was segmented into a 2009 enrollment WAT, a 2008 enrollment WAT, a 2007 enrollment WAT, and a 2006 enrollment WAT. Given that a "continuing rate" is no longer available for public university beneficiaries whose matriculation began prior to the enactment of the Truth in Tuition law, the overall WAT was applied to these beneficiaries. Furthermore, since fees are allowed to increase annually, even for students under the Truth in Tuition law, our projections estimate fees separately from tuition. The breakout of these figures is shown later in this report.

Executive Summary (continued)

Tiered Contracts
Starting with the 2008/2009 enrollment *College Illinois!* introduced tiered contract pricing in an effort to give purchasers more options. The two tiers consisted of isolating the University of Illinois at Urbana-Champaign (UIUC) as one tier for public university (PU) contracts and having the other tier representing all other PUs. Community college portions of contracts were not impacted by this change. For purposes of the following exhibits the following definitions will be used in regards to contract structure:

"Legacy" – Enrollments prior to 2008/2009 in which PU WAT and fees included all PUs.
"University" – 2008/2009 enrollment in which PU WAT and fees excludes UIUC.
"University Plus" – 2008/2009 enrollment in which PU WAT and fees is based on UIUC only.

Valuation Assumptions
The valuation assumptions are chosen by the CIPTP. Specifically, the freshman weighted average tuition for public universities is assumed to increase by 9.00% in 2010 and then by 8.00% per annum thereafter for "Legacy" contracts, by 8.50% in 2010 and then by 7.50% per annum thereafter for "University" contracts, and by 9.50% in 2010 and then by 8.50% per annum thereafter for "University Plus" contracts. Tuition for community colleges is assumed to increase by 6.50% per annum.

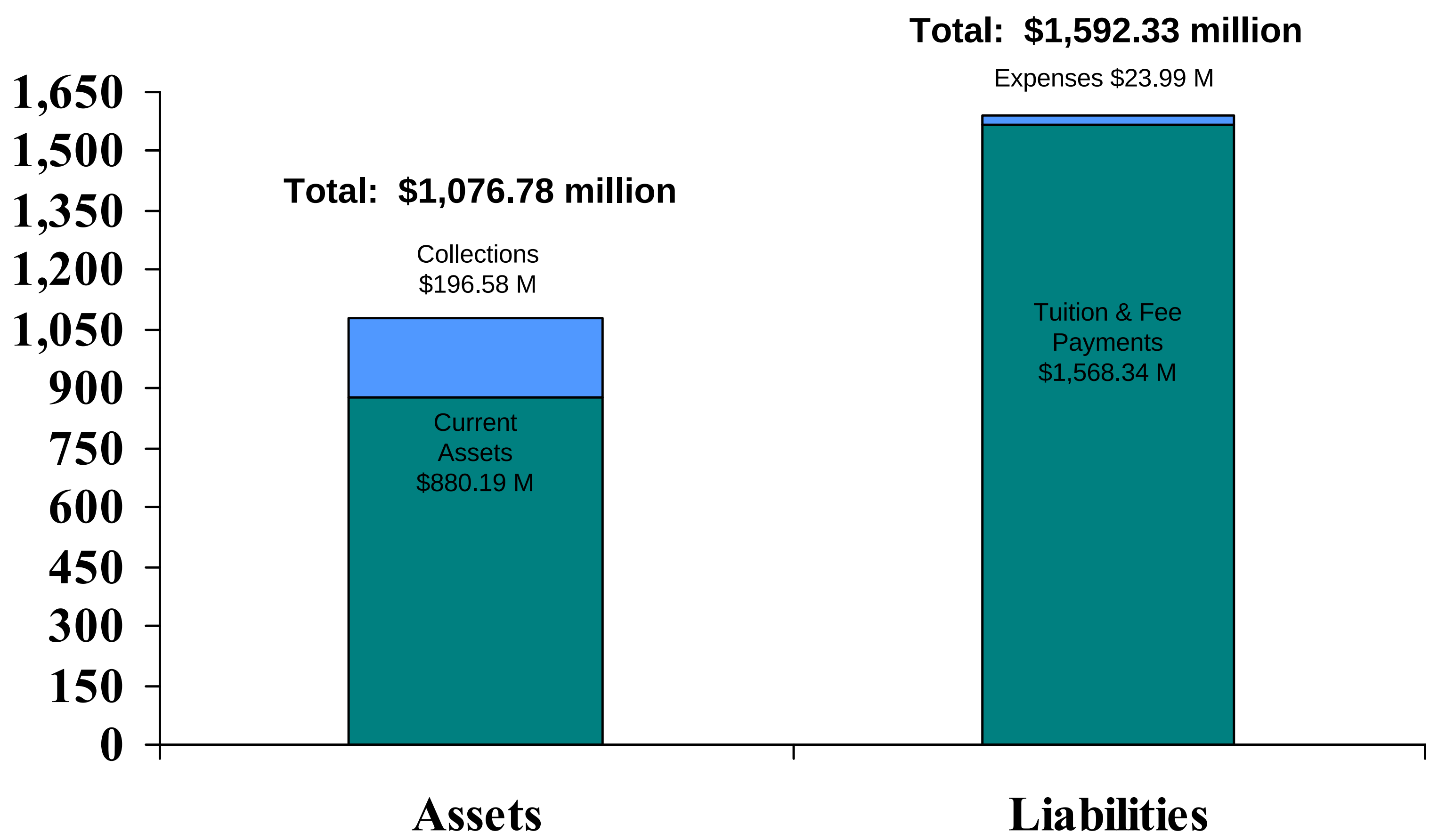
Fees are assumed to increase by 9.00% in 2010 and then by 8.00% per annum thereafter for "Legacy" contracts, by 8.50% in 2010 and then by 7.50% per annum thereafter for "University" contracts, and by 9.50% in 2010 and then by 8.50% per annum thereafter for "University Plus" contracts. Fees for community colleges are assumed to increase by 6.50% per annum.

Investments are expected to earn on a gross basis 9.25% in 2010 and 8.75% per annum afterwards. Investment expense is estimated to be 30 basis points. It is assumed that 5,500 new contracts will be sold in 2010 and this will increase by 500 each year, capping at 15,000. The valuation assumptions and methods are described in a later section of this report.

Valuation Exhibits

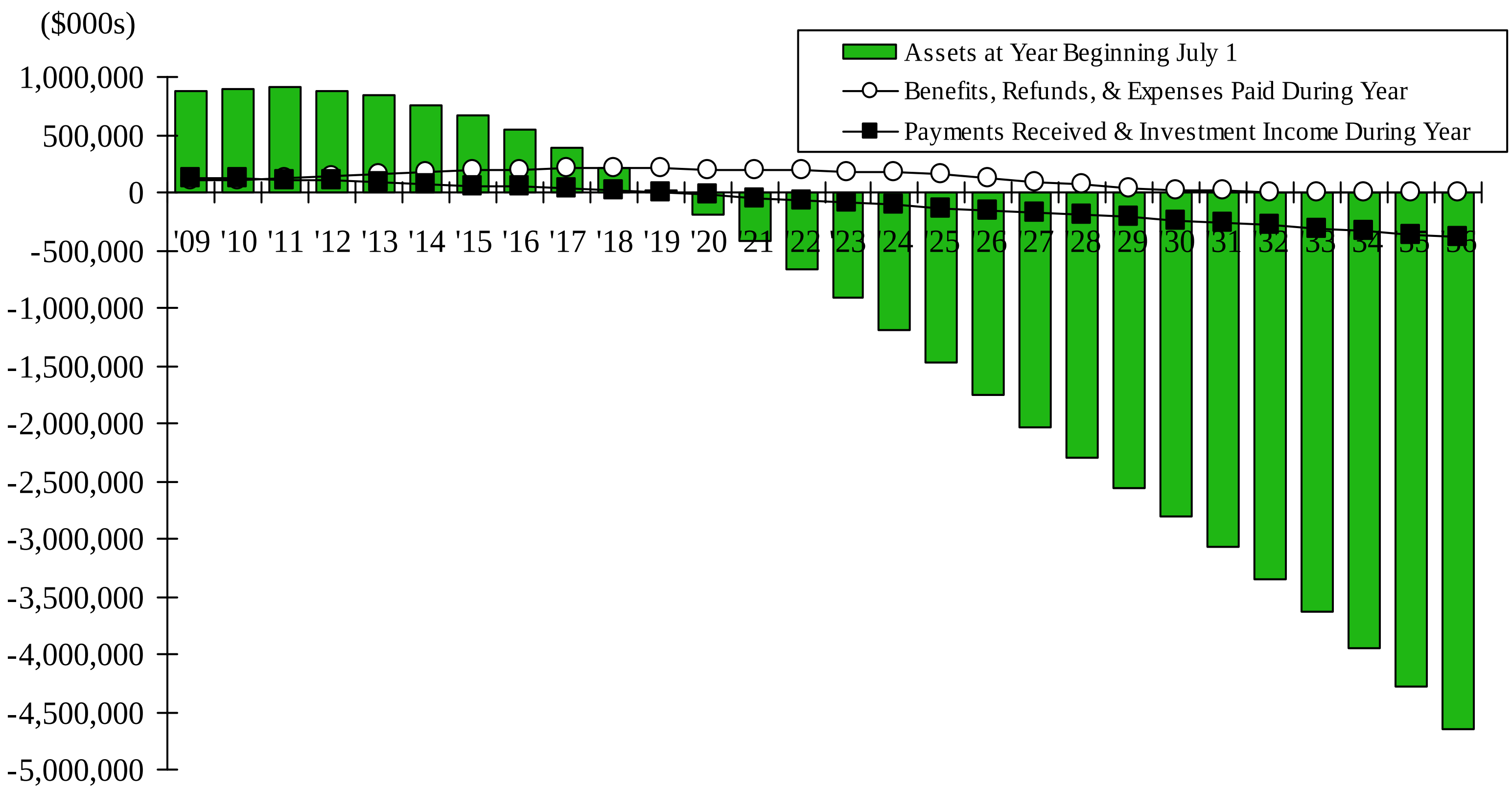
Funded Status

The estimated deficit of the Program as of June 30, 2009 is $515,556,511. The funded ratio, calculated as assets divided by liabilities, is 67.6%. The assumptions used to perform the actuarial valuation of the Program are described later in the report.



Cash Flow Projection

The expected income and disbursements of the Program, based on the assumptions used in the actuarial valuation and the current group of contract beneficiaries, are shown below. These amounts are cash amounts, not present value amounts.

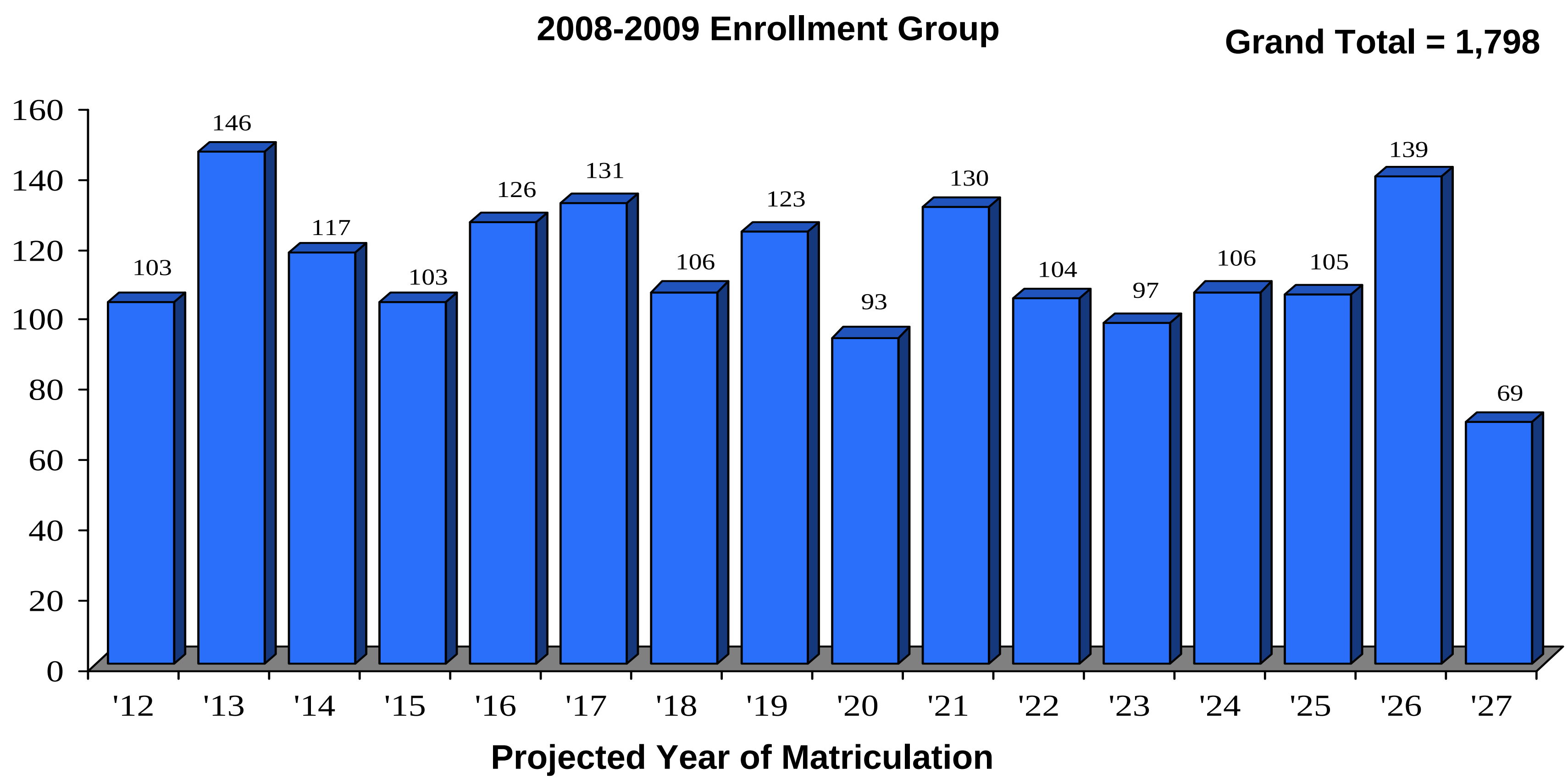


Fiscal Year Beginning July 1

PRICEWATERHOUSECOOPERS

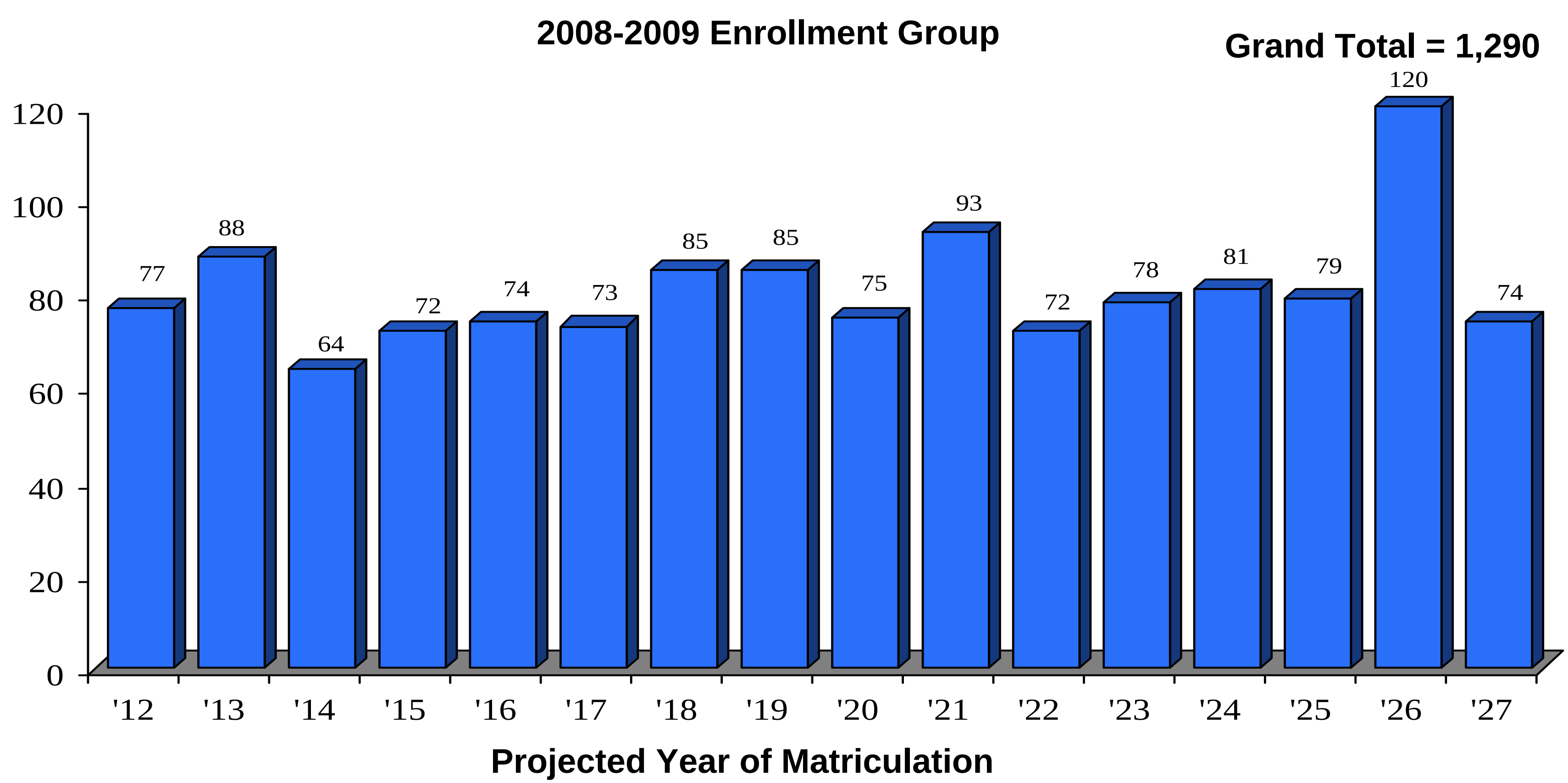
"University" Contracts in Force for the 2008-2009 Enrollment Group

The chart below illustrates the total number of active contracts by expected year of community college or university matriculation for the 2008-2009 "University" enrollment group.



"University Plus" Contracts in Force for the 2008-2009 Enrollment Group

The chart below illustrates the total number of active contracts by expected year of community college or university matriculation for the 2008-2009 "University Plus" enrollment group.



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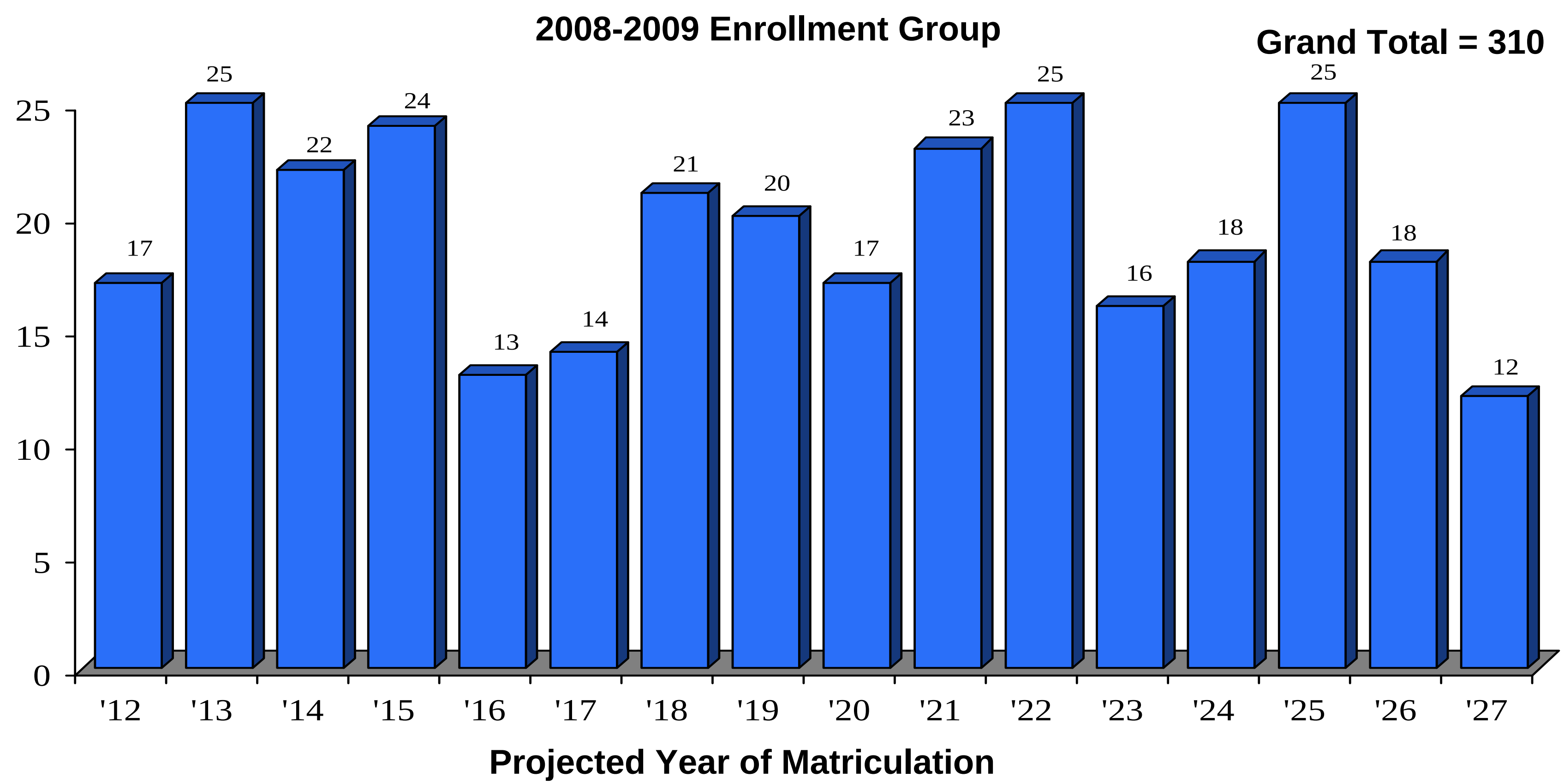
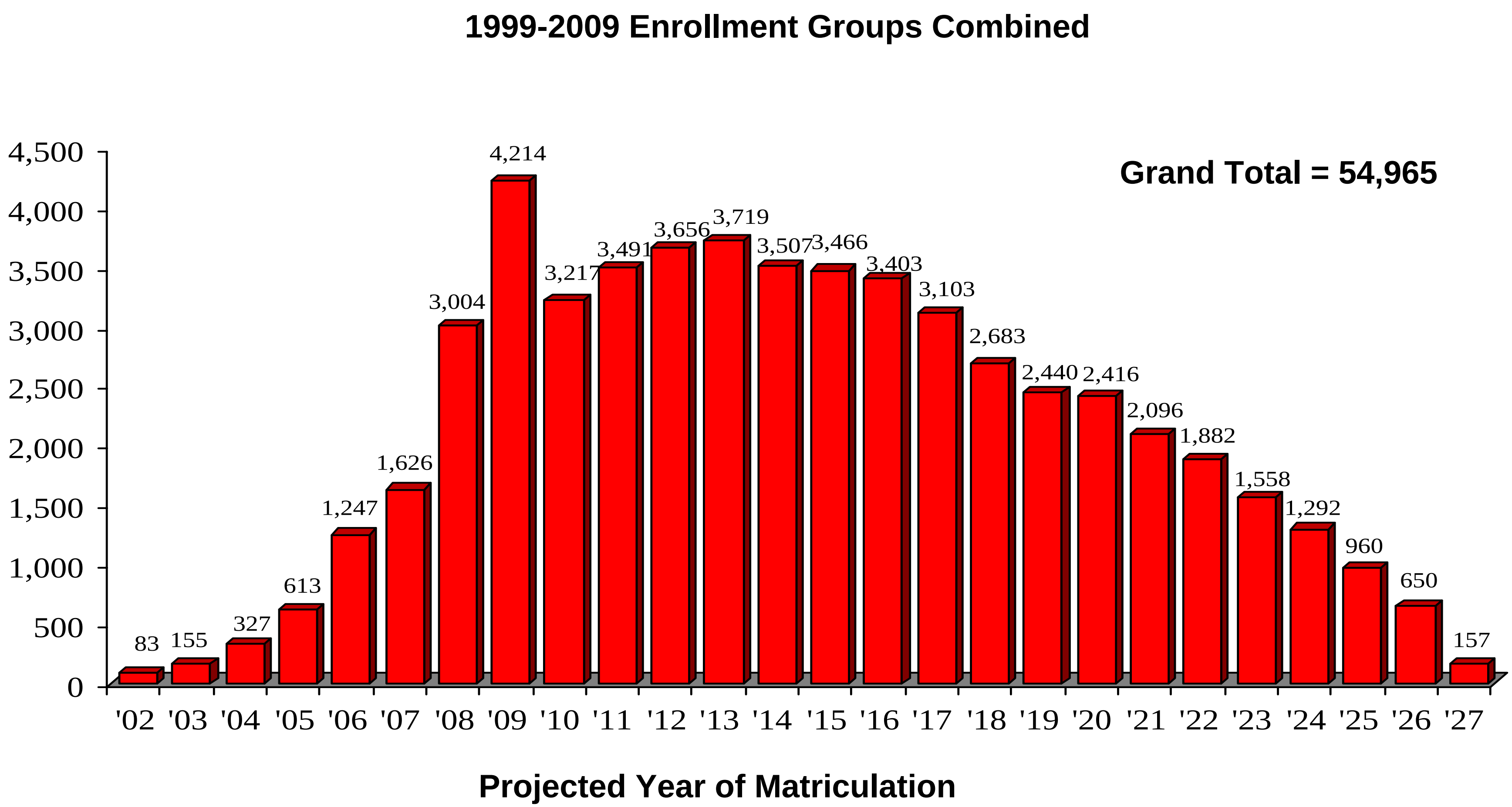
Community College Contracts in Force for the 2008-2009 Enrollment Group

The chart below illustrates the total number of active contracts by expected year of community college matriculation for the 2008-2009 Community College enrollment group.



Contracts in Force for All Enrollment Groups

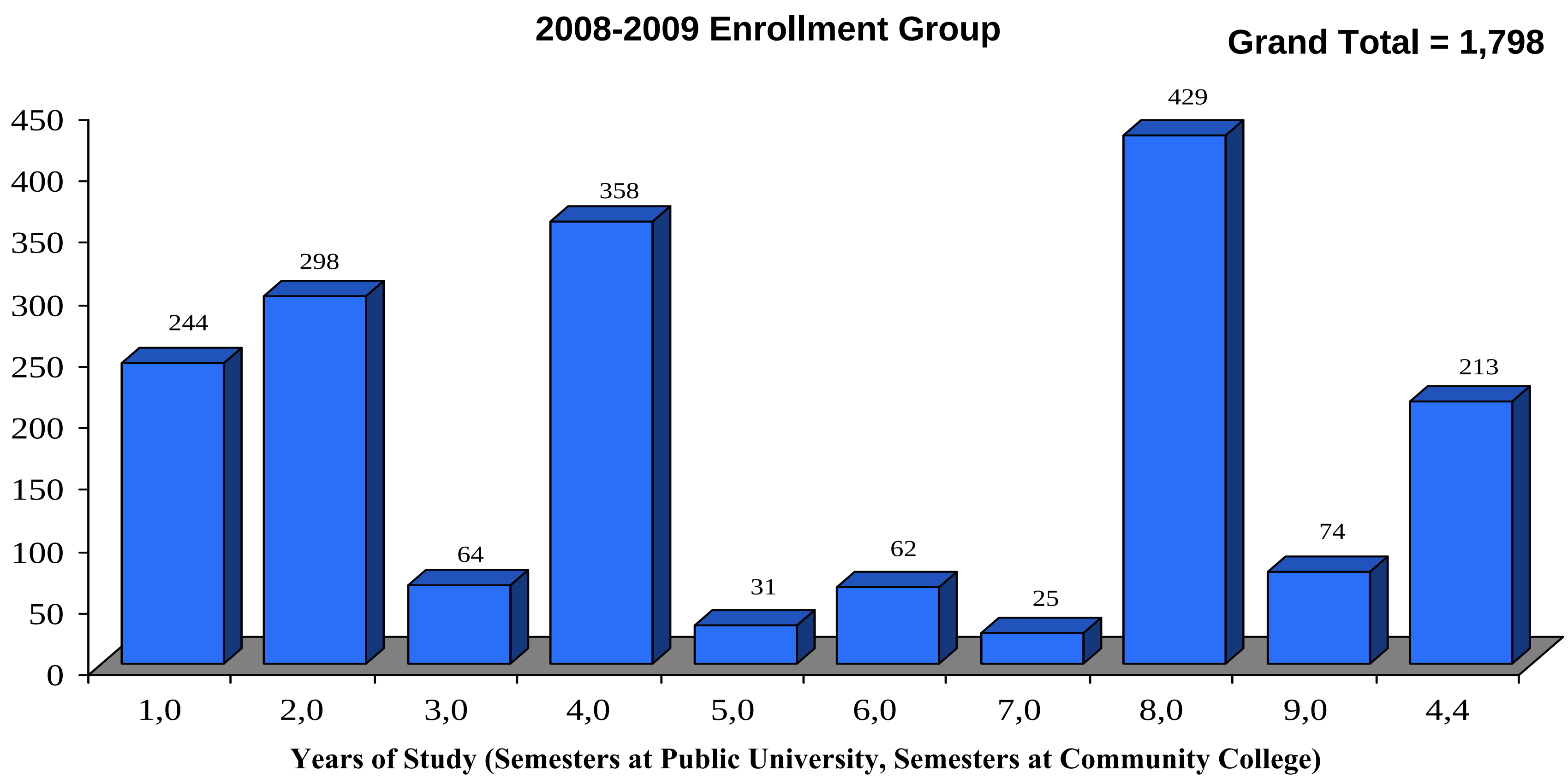
The chart below illustrates the total number of active contracts by expected year of community college or university matriculation for all enrollment groups combined.



The 2009 data includes students with expected matriculation dates prior to 2009 who have not yet enrolled.

Type of "University" Contract Sold to the 2008-2009 Enrollment Group

Contracts can be purchased for a variety of plans. The chart below illustrates the total number of active "University" contracts from the 2008-2009 enrollment period by type of plan.



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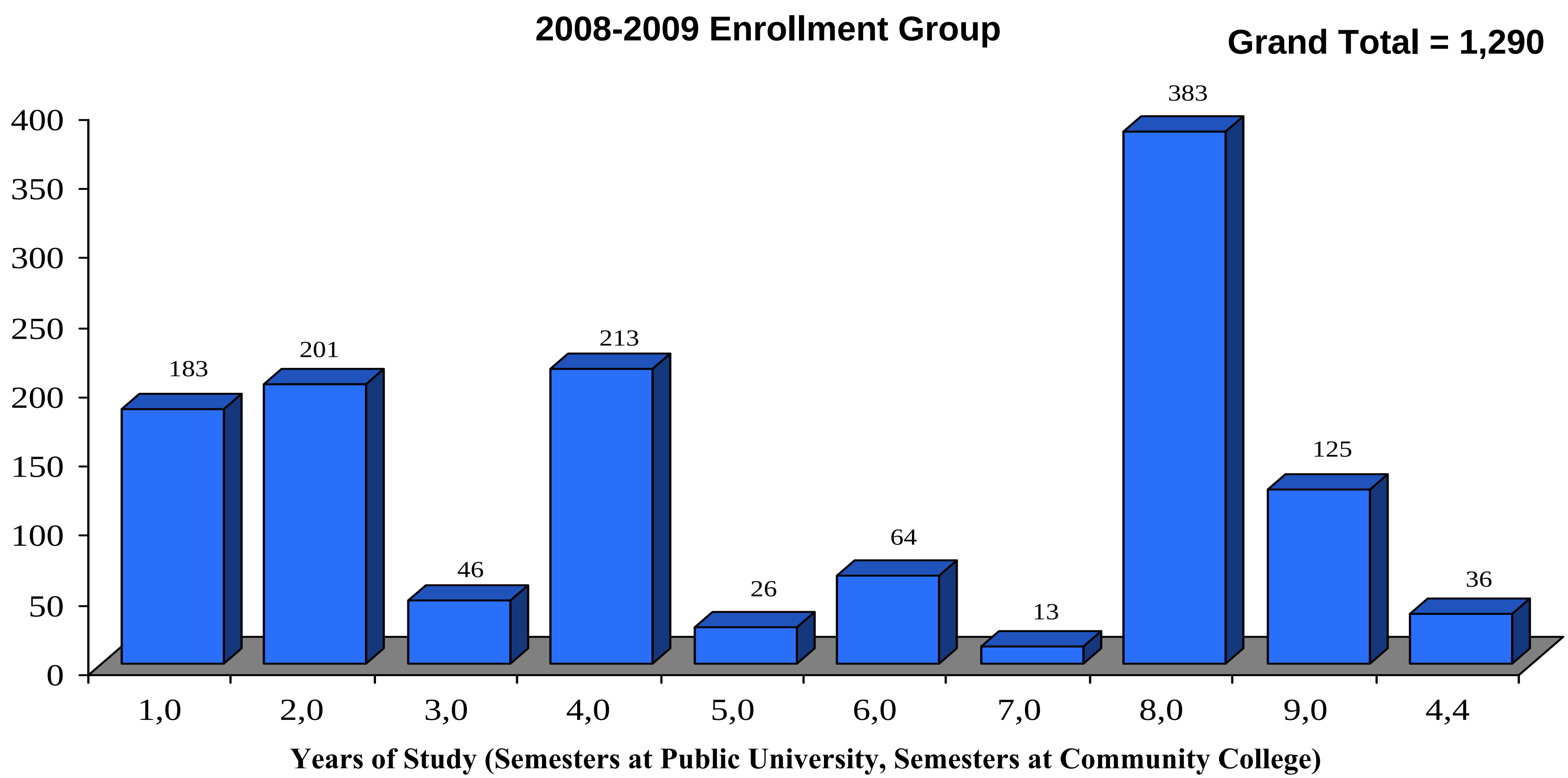
Type of "University Plus" Contract Sold to the 2008-2009 Enrollment Group

Contracts can be purchased for a variety of plans. The chart below illustrates the total number of active "University Plus" contracts from the 2008-2009 enrollment period by type of plan.

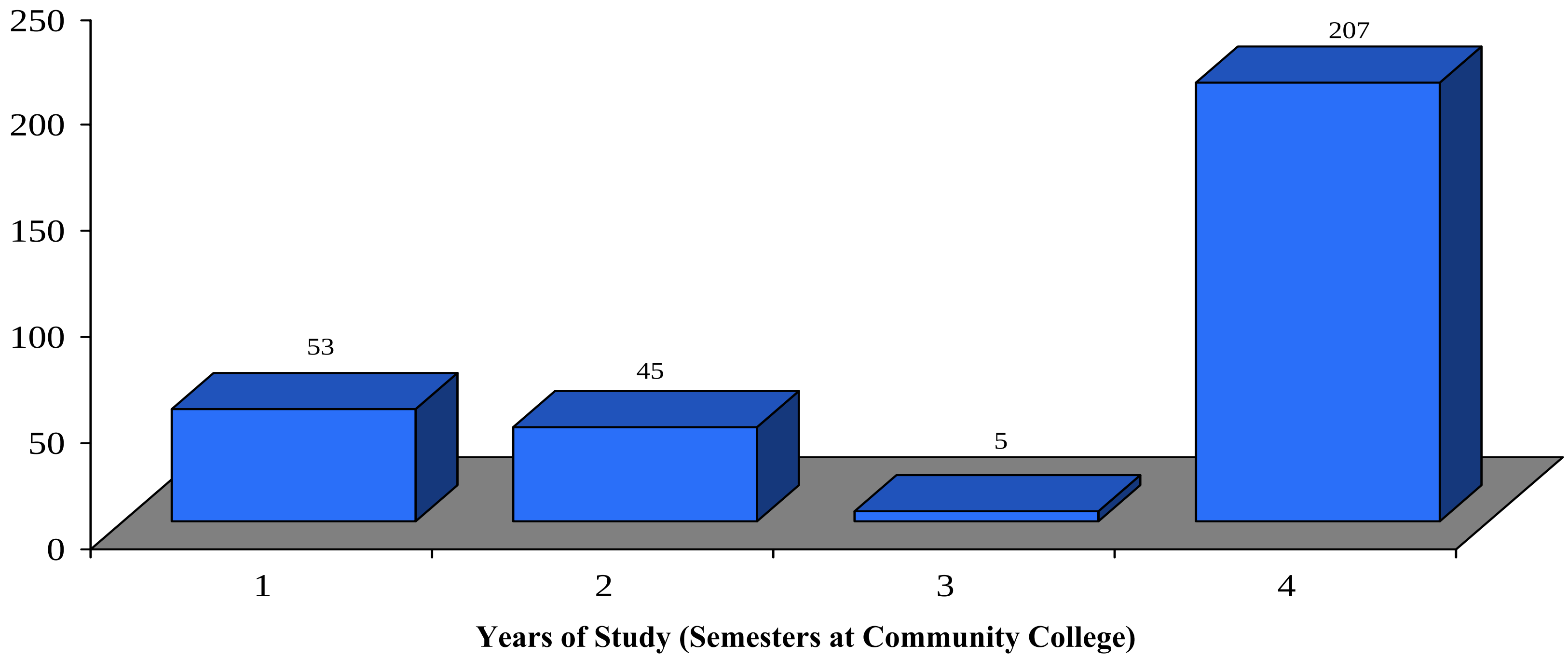


Type of Community College Contract Sold to the 2008-2009 Enrollment Group

Contracts can be purchased for a variety of plans. The chart below illustrates the total number of active Community College contracts from the 2008-2009 enrollment period by type of plan.

2008-2009 Enrollment Group

Grand Total = 310

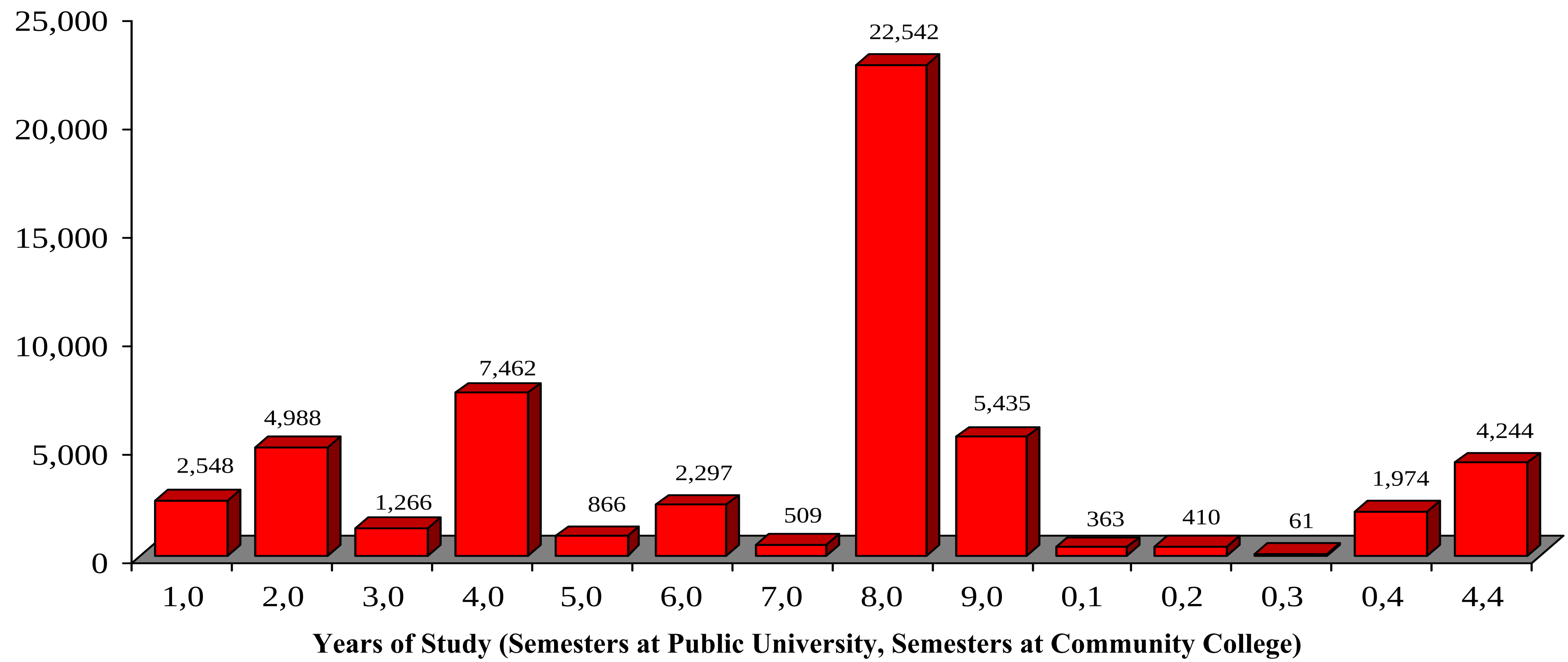


Type of Contract Sold to All Enrollment Groups

Contracts can be purchased for a variety of plans. The chart below illustrates the total number of active contracts from all enrollment periods combined by type of plan.

1999-2009 Enrollment Groups Combined

Grand Total = 54,965



Valuation Assumptions and Methods

Valuation Assumptions

The assumptions used in the actuarial valuation of the Program are described below. These valuation assumptions were chosen by the Board of the CIPTP. PwC makes no assessment as to the reasonableness of the valuation assumptions.

Truth in Tuition. We have segregated the beneficiaries into two categories, those beneficiaries that fall under the Truth in Tuition law and those that do not. It was assumed that if the beneficiary has enrolled in school prior to the fall of 2004, they would not be covered under the Truth in Tuition law. Furthermore, the Truth in Tuition law does not apply to community colleges. Over 92% of the beneficiaries who are not modeled under the Truth in Tuition Law relate to community college contracts.

Beneficiaries Falling Under Truth in Tuition Law	51,926
All Other Beneficiaries	3,039

For Truth in Tuition beneficiaries, it was assumed that their tuition will not increase in their second, third and fourth year of school. If they attend school beyond four years, it was assumed that their tuition would increase to the amount of an incoming freshman. For all other beneficiaries, it was assumed that tuition will rise for each year enrolled. It was assumed fees will rise for each year enrolled.

Tuition and Fee Increases. The freshman weighted average tuition for public universities was assumed to increase by 9.00% in 2010 and then by 8.00% per annum thereafter for “Legacy” contracts, by 8.50% in 2010 and then by 7.50% per annum thereafter for “University” contracts, and by 9.50% in 2010 and then by 8.50% per annum thereafter for “University Plus” contracts. Tuition for community colleges was assumed to increase 6.50% per annum. Fees were assumed to increase by 9.00% in 2010 and then by 8.00% per annum thereafter for “Legacy” contracts, by 8.50% in 2010 and then by 7.50% per annum thereafter for “University” contracts, and by 9.50% in 2010 and then by 8.50% per annum thereafter for “University Plus” contracts for public university students subject to Truth in Tuition. For continuing students at public universities and students attending community colleges, fees are combined with tuition in our projections and follow their respective tuition inflation assumptions.

These assumptions were chosen by the Board and consider historical Illinois public tuition and fee inflation, typically over a 20-year horizon, as well as current economic and political conditions. The “University Plus” contract has separate assumptions due to the belief that UIUC has more pricing power than other Illinois public universities.

Administrative Expenses. Administrative expenses of the Program are assumed to be paid through a combination of investment earnings and fees assessed on purchasers. Administrative expenses were assumed to be $4,090,300 for fiscal year 2009. Marketing expenses are excluded as it is assumed those costs should be allocated to future contracts. Also, 50% of the budgeted Records Administration Services Costs are excluded as those expenses are also assumed to be a result of future contracts. It was assumed that administrative expenses will increase at the rate of 3.5% per annum and that all expenses beyond 2009 will be spread over current and future contract sales. The expenses increased significantly over the last year due to the Illinois Student Assistance Commission assigning a higher percentage of its expenses to the Program after a review of the resources used in conjunction with administering the Program. CIPTP views this as a one-time adjustment.

Valuation Assumptions (continued)

Investment Return. The actuarial valuation of the Program was determined using an assumed 9.25% gross rate of return on investments in 2010 and 8.75% per annum afterwards. The investment performance figures are the result of investment policy changes adopted in 2007 by the Commission as recommended by their investment advisors. These changes provide for the addition of new asset classes as well as a more diverse asset allocation among program investments. For the current evaluation, the Commission increased the short term investment assumption by 50 basis points and lowered the long term investment assumption by 25 basis points in response to the investment results in recent years. Investment expense is estimated to be 30 basis points. It was further assumed the Program is exempt from federal income tax.

It is important to highlight the sensitivity of this analysis to the investment return assumption. As illustrated in the Sensitivity Testing section, a one percent shortfall in such a goal would place the fund in a more extreme deficit position. Additionally, the nature of this type of program involves the payment of benefits at fixed future points in time, subjecting the fund to greater than average investment risk due to short-term fluctuations and in matching investment maturities with expected payments.

Enrollment of CIPTP Beneficiaries. It is assumed that beneficiaries will attend college full-time commencing with their expected matriculation date (the fall following high school graduation). For those students who did not enroll when expected, it was assumed that they will enroll in the fall of the current school year.

Bias Load. “Legacy” contract beneficiaries were assumed on average to attend more expensive schools than indicated by the headcount information that was used to determine the 2009-2010 WAT. A load was added to the tuition assumption to recognize this bias toward enrollment at more expensive schools. The bias load varies between 3% and 9% and is based on the beneficiary’s age at enrollment. An overall weighted average bias load was calculated for each enrollment year and ranges between 4.4% and 4.6%. No bias load was applied to the “University” and “University Plus” beneficiaries due to the separation of UIUC which historically has been the significant driver behind the need for the bias load.

Future Contract Sales. It is assumed that 5,500 contracts will be sold during the 2009-2010 enrollment period and that sales will increase by 500 in each subsequent enrollment period, capping at 15,000. Starting with the 2009-2010 enrollment, the Program expects to partner with several brokerage firms to sell contracts and CIPTP believes these agreements should greatly increase penetration and the long-term sales of the Program.

Cancellations, Terminations, and Refunds. It was assumed that 12.5% of contracts sold will not be utilized. This assumption was based on the historical cancellations of the Program. In the event of a cancellation, it was assumed that a refund will be paid equivalent to the 2009-2010 “Legacy” / “University” / “University Plus” WAT increased by 2% for each subsequent year.

Valuation Assumptions (continued)

Deaths and Disabilities. Mortality rates for beneficiaries are assumed to follow the 1990-1991 U.S. Life Tables. Approximately 0.27% of the total payout of benefits and expenses are expected to be the result of death and disability.

Utilization of Benefits. It was assumed beneficiaries use the benefits as described by the CIPTP Master Agreement according to the schedule below.

Distribution of Benefit Utilization					
Xth Year Since Matriculation	Number of Semesters Purchased				
	1-2	3-4	5-6	7-8	9
1	80%	45%	33%	24%	20%
2	15%	30%	25%	24%	19%
3	5%	15%	18%	20%	17%
4		5%	12%	18%	15%
5		5%	7%	7%	13%
6			3%	3%	7%
7			2%	2%	5%
8				1%	3%
9				1%	1%

Valuation Methods

The actuarial valuation of the Program is based on projections of the tuition and mandatory fee amounts expected to be paid from the Program to community colleges and universities, expenses incurred administering the Program, and the expected amounts to be paid into the Program by contract purchasers. The actuarial valuation is based on the data summarized below furnished by the CIPTP office.

CIPTP Beneficiaries Data. The number of beneficiaries by contract type is displayed in tabular form in Appendix E.

Weighted Average Tuition: Four-Year Universities. The Weighted Average Tuition (WAT) is the average of tuition and mandatory fees for public in-state schools weighted in proportion to the number of full-time equivalent students attending such schools. The overall WAT for public universities for 2009-2010 is $10,447.

To account for the Truth in Tuition law, for projection purposes the Illinois public university overall WAT was segmented into a 2009 enrollment WAT, a 2008 enrollment WAT, a 2007 enrollment WAT, and a 2006 enrollment WAT. These WATs were then used to produce subsets for the "University" and "University Plus" contracts. Given that a "continuing rate" is no longer available for public university beneficiaries whose matriculation began prior to the enactment of the Truth in Tuition law, the overall WAT was applied to these beneficiaries. Furthermore, since fees are allowed to increase annually, even for students under the Truth in Tuition law, fees are estimated separately from tuition. The table below lists these various tuition-only WATs. The fee portion of WATs are discussed on the following page.

WAT Type	PU Headcount	Legacy Tuition WAT	PU ex-UIUC Headcount	University Tuition WAT	UIUC Headcount	University Plus Tuition WAT
2009 Enrollment	33,677	8,685	25,798	7,923	7,879	11,180
2008 Enrollment	26,870	8,345	19,684	7,387	7,186	10,966
2007 Enrollment	32,800	7,445	25,266	6,692	7,534	9,971
2006 Enrollment	44,262	6,712	34,781	6,023	9,481	9,238
Overall	137,609	7,688	105,529	6,902	32,080	10,274

Valuation Methods (continued)

Fees. Fees were projected separately from tuition for beneficiaries who fall under the Truth in Tuition law since the law does not apply to fees. Fees are assumed to increase 9.00% in 2010 and then 8.00% per annum thereafter for "Legacy" contracts; 8.50% in 2010 and then 7.50% per annum thereafter for "University" contracts; and 9.50% in 2010 and then 8.50% per annum thereafter for "University Plus" contracts for public university students subject to Truth in Tuition. For continuing students at public universities and students attending community colleges, fees are combined with tuition in our projections and follow their respective tuition inflation assumptions. Fees represented $2,758 of the overall public university 2009-2010 WAT. This was applied to "Legacy" contracts. The fee portion of the WAT for "University" contracts was $2,713 for 2009-2010 and for "University Plus" contracts it was $2,908 for 2009-2010.

Weighted Average Tuition: Community Colleges. The WAT for community colleges is $2,939 for 2009-2010.

Sensitivity Testing

Sensitivity Testing

The Program operates with risk and uncertainty. For example, while it is assumed that the assets of the fund will earn between 8.75% and 9.25% each year throughout the life of the contracts, actual returns are expected to vary from year to year. The Program can also be affected by other changes, such as new legislation or the refinement of the underlying actuarial model. To accept the reasonableness of the basis for the measurement of the soundness, it is useful to know how the status of the fund may be affected by the vagaries of the markets and other factors. Therefore, we have rerun the valuation under alternative assumptions for future investment income, tuition increases, and fee increases and present results under the following alternative scenarios. Note that tuition increases in these scenarios represent tuition plus fee increases for continuing students at public universities and students attending community colleges.

1. Tuition increases are 100 basis points lower in each future year than assumed in the measurement of soundness.
2. Tuition increases are 100 basis points higher in each future year than assumed in the measurement of soundness.
3. Fee increases are 100 basis points lower in each future year than assumed in the measurement of soundness.
4. Fee increases are 100 basis points higher in each future year than assumed in the measurement of soundness.
5. The investment return is 100 basis points lower in each future year than assumed in the measurement of soundness.
6. The investment return is 100 basis points higher in each future year than assumed in the measurement of soundness.

The actuarial reserve that would exist as of June 30, 2009 under each of these scenarios is presented in the following table:

Scenario	Indicated Surplus / (Deficit) as of 6/30/2009	Funded Ratio	Scenario	Indicated Surplus / (Deficit) as of 6/30/2009	Funded Ratio
Base	($515,556,511)	67.6%	Base	($515,556,511)	67.6%
1	($447,044,660)	70.7%	4	($542,776,630)	66.5%
2	($590,311,512)	64.6%	5	($630,359,960)	63.2%
3	($490,734,739)	68.7%	6	($413,056,998)	72.2%

Alternative Asset Valuation

Alternative Asset Valuation

At the request of CIPTP, an alternative asset calculation was performed for comparative purposes. This approach consisted of realizing the shortage or excess of actual investment return versus expected investment return over a five-year time horizon. An interest rate of 8.45% percent, the long-term net investment assumption, was utilized in determining the amortized amounts of the shortages or excesses in the investment return.

As of June 30, 2009, this approach would decrease the reported deficit by $254.6 million, resulting in an alternative asset value of $1,134.8 million, a deficit of $260.9 million, and an alternative funded ratio of 83.6%.

The $254.6 million figure represents unrealized investment losses that would be amortized into the alternative asset value over the next four years. If future asset returns equal expected asset returns over the next four years, the alternative asset valuation would eventually yield the same result as the actual current assets.

Valuation Year	Investment Yield Excess / (Shortage) At Valuation Year	Investment Yield Excess / (Shortage) At June 30, 2009	Excess / (Shortage) Realized	Excess / (Shortage) Unrealized
2006	(5.9)	(7.5)	(6.2)	(1.3)
2007	58.6	69.0	44.7	24.3
2008	(159.5)	(173.0)	(77.7)	(95.3)
2009	(238.0)	(238.0)	(55.6)	(182.4)
	Totals:	(349.5)	(94.9)	(254.6)

The figures above are in millions.

Continuing Business Model

Continuing Business Model Valuation

Background

At the request of CIPTP, a valuation was performed assuming a continuing business model. This model takes into consideration the present value of future payments by future contract purchasers as well as the expected present value of the tuition benefit, mandatory fees benefit, and administrative expense liabilities attributed to those future contracts. The point estimates discussed previously in this report represent a run-off model in which a surplus / (deficit) is estimated based only on the active contracts as of June 30, 2009.

The purpose of the model is to give one possible scenario of how the soundness of the Program will develop in future years based on the underlying assumptions discussed previously, the Program's current pricing, and the assumed future contract sales. The assumptions are provided by CIPTP. Given the inherent variability in the underlying assumptions, actual cashflows will not follow those in the model. Additionally, the model has increased sensitivity around the assumption of future contract sales.

Model Methodology

Some of the key changes in assumptions and new assumptions compared to the run-off model are listed below:

1) The present value of collections and liabilities attributed to each future enrollment year are taken into consideration in their respective fiscal year. For example, contracts sold during the 2009-2010 enrollment year would start having an impact in fiscal year 2009-2010 but contracts sold in enrollment year 2010-2011 would not have an impact until fiscal year 2010-2011.

2) Marketing expenses and the full budgeted Records Administration Services Costs are included in administrative costs of the Program.

3) Future contract sales were assumed to follow a distribution similar to past contract sales.

4) Future contract pricing beyond the 2009-2010 enrollment was assumed to increase based on a weighted average of the tuition inflation assumptions for the various contract types based on the distribution from 3) above.

Results

Based on this scenario, the soundness of the Program would improve over time and the deficit would be eliminated in fiscal year 2023. Actual results may vary significantly from this scenario based on the actual investment returns, tuition inflation, and future contract sales.

Further detail relating to the Continuing Business Model Valuation can be found in Appendix D.

Plan Provisions

Plan Provisions

The plan covers the tuition and mandatory fees at an Illinois public university or community college depending upon the type of contract purchased based on the in-state (or in-district) undergraduate rate for a full-time student. Mandatory fees are those fees required as a condition of enrollment for all students attending the particular institution. The plan contract will not pay for optional fees nor will it pay for room, board, travel, special fees for specific courses, books or supplies. The purchaser is guaranteed that benefits received will be no less than the price paid.

<u>Payment Options:</u> Available options include a one-time lump sum payment, 60-month, 120-month, and 180-month installment options, and 5-year, 10-year, and 15-year annual payment options. There are also installment plans with down payment options.

<u>Private or Out-of-State Institutions</u>: If the contract is utilized to attend a private or out-of-state institution, then *College Illinois*! will pay an amount based upon the weighted average tuition and mandatory fees at Illinois public universities or community colleges depending on the type of contract purchased. Alternatively, benefits can be transferred to a member of the family or a purchaser can choose to receive a refund payment equal to all contributions, plus two percent interest, less applicable cancellation fees.

<u>Scholarship</u>: When a qualified beneficiary is awarded a grant or scholarship that duplicates the benefits covered by a prepaid tuition contract, the purchaser may request a refund in semester installments. If the qualified beneficiary is enrolled at an Illinois public university or community college, the installments will be in an amount equal to the current cost of in-state or in-district registration fees at that institution, less any benefits used to pay registration fees not covered by the scholarship and any applicable fees. If the qualified beneficiary is enrolled at an Illinois Private Institution or an eligible Out-of-State Institution, the installments will be in an amount equal to the current average mean-weighted credit hour value of registration fees at Illinois public universities or Illinois community colleges, depending on the plan purchased under the contract, less any benefits used to pay registration fees not covered by the scholarship and any applicable fees.

<u>Not Attending an Institution of Higher Education</u>: Benefits can be transferred to a member of the “family” as defined in Section 529 of the Internal Revenue Code. Purchasers can also choose to postpone the beneficiary’s use of contract benefits to a later time or receive a refund payment equal to all contributions, plus two percent interest, less applicable cancellation fees.

<u>Death or Disability</u>: In the event of death or total disability of the qualified beneficiary, monies paid for the purchase of the contract will be returned to the purchaser with all accrued earnings.

<u>Contract Conversion</u>: In cases where a public university plan contract is converted for usage at a community college, then the amount refunded shall be on a semester-by-semester basis. The refund should be the current value of the original contract minus the current value of the contract after conversion.

Appendices

Funded Status

Appendix A

a.	Market Value of Current Assets	$880,194,425
b.	Actuarial present value of future payments expected to be made to the fund by current contract purchasers	$196,581,404
c.	Subtotal (a + b)	$1,076,775,829
d.	Actuarial present value of future payments expected to be made from the Program to universities/colleges for tuition, mandatory fees, and for administrative expenses attributable to the current beneficiaries	$1,592,332,340
e.	Surplus / (Deficit) as of June 30, 2009 (c - d)	($515,556,511)

Item a) above was based on unaudited financial statements provided by CIPTP management.

Program Assets

Appendix B

Summary of Assets	Market Value
a) Cash	$61,331,548
b) Securities Lending Income	329,154
c) Securities Lending Collateral Loss	(5,332,659)
d) SSgA S&P 500	108,477,538
e) SSgA MSCI EAFE	41,102,296
f) SSgA Passive Bonds	57,908,317
g) LSV Asset Management - International	46,157,738
h) LSV Asset Management	24,540,647
i) Transition Account	33,808,101
j) Income Research & Development	81,450,590
k) Galliard Capital	79,004,966
l) RhumbLine Advisors	38,347,554
m) C.S. Mckee Investment Managers	76,698,142
n) RhumbLine Advisors Large Cap Growth	90,819,592
o) RhumbLine Advisors Small Cap Russell 2000	38,226,410
p) Pugh Capital Management	32,701,899
q) Piedmont Investment Advisors	30,556,796
r) ISAC-TIPS	30,687,702
s) Shorebank	9,534,375
t) Interest & Dividends Account	4,643,719
u) Accounts Payable and Accrued Liabilities - Net of Accrued Interest	800,000
Total Assets as of June 30, 2009 **Sum of (a) through (t), less (u)**	**$880,194,425**

The above information was based on unaudited financial statements provided by CIPTP management.

PRICEWATERHOUSECOOPERS

Cash Flow Projection (Run-off)

Appendix C

Year Beginning 7/1/XXXX	Assets at Beginning of Year	Payments Out of Trust Fund	Payments Into Trust Fund	Investment Income at End of Year
2009	880,194,425	104,275,141	52,428,042	74,545,795
2010	902,893,121	113,597,867	44,362,303	71,412,344
2011	905,069,901	128,253,663	38,067,362	70,468,937
2012	885,352,538	144,880,087	30,702,410	67,514,638
2013	838,689,499	160,828,223	22,554,774	62,291,145
2014	762,707,195	172,088,029	16,751,565	54,964,497
2015	662,335,228	184,459,116	13,569,563	45,619,699
2016	537,065,374	196,256,701	10,455,985	34,207,780
2017	385,472,439	204,180,828	8,057,605	20,830,250
2018	210,179,467	204,321,779	5,326,863	5,896,623
2019	17,081,174	202,012,623	3,241,687	(10,369,926)
2020	(192,059,688)	201,500,711	3,224,189	(28,012,778)
2021	(418,348,988)	197,287,761	3,019,791	(46,893,521)
2022	(659,510,479)	191,788,760	2,127,817	(66,983,366)
2023	(916,154,788)	183,069,004	931,358	(88,203,630)
2024	(1,186,496,064)	169,449,877	0	(110,280,555)
2025	(1,466,226,495)	149,439,944	0	(132,734,345)
2026	(1,748,400,784)	124,222,857	0	(155,086,678)
2027	(2,027,710,320)	92,223,800	0	(176,795,840)
2028	(2,296,729,959)	63,137,753	0	(197,807,787)
2029	(2,557,675,499)	39,286,478	0	(218,447,068)
2030	(2,815,409,045)	22,048,358	0	(239,206,053)
2031	(3,076,663,456)	11,481,245	0	(260,657,088)
2032	(3,348,801,789)	6,153,323	0	(283,337,672)
2033	(3,638,292,784)	2,895,437	0	(307,606,983)
2034	(3,948,795,203)	1,206,212	0	(333,744,533)
2035	(4,283,745,948)	258,146	0	(361,991,800)
2036	(4,645,995,894)	0	0	(392,586,653)

Cash Flow Projection (Continuing Business) Appendix D

Fiscal Year Beginning	Net Market Value of Assets As of Year Beginning XXXX	Payments Into Trust Fund	Payments Out Of Trust Fund	Investment Income at Year-End	Net Cash Flow	Net Market Value of Assets As of Year-End	Total Present Value of Future Collections	Total Present Value of Future Liabilities	Implied Surplus/ (Deficit) At Year-End	Funded Ratio
2009	880,194,425	152,308,587	(113,128,688)	74,994,843	114,174,742	994,369,167	237,411,269	(1,765,481,764)	(533,701,328)	69.8%
2010	994,369,167	173,989,059	(127,735,141)	80,034,136	126,288,055	1,120,657,222	289,027,519	(1,956,293,285)	(546,608,544)	72.1%
2011	1,120,657,222	201,722,786	(146,311,544)	90,175,003	145,586,245	1,266,243,467	350,432,891	(2,172,432,095)	(555,755,738)	74.4%
2012	1,266,243,467	233,154,953	(166,568,265)	101,922,958	168,509,647	1,434,753,113	422,631,932	(2,417,688,719)	(560,303,673)	76.8%
2013	1,434,753,113	269,108,558	(188,493,598)	115,601,885	196,216,845	1,630,969,958	506,267,389	(2,696,545,425)	(559,308,078)	79.3%
2014	1,630,969,958	313,300,832	(207,967,769)	131,935,821	237,268,884	1,868,238,842	598,559,599	(3,018,620,807)	(551,822,366)	81.7%
2015	1,868,238,842	360,377,878	(232,460,726)	151,500,933	279,418,085	2,147,656,927	703,200,386	(3,386,867,029)	(536,009,716)	84.2%
2016	2,147,656,927	413,679,288	(261,211,954)	174,503,325	326,970,659	2,474,627,586	820,801,687	(3,805,765,713)	(510,336,440)	86.6%
2017	2,474,627,586	474,505,136	(291,244,097)	201,602,306	384,863,345	2,859,490,931	951,280,335	(4,283,851,017)	(473,079,751)	89.0%
2018	2,859,490,931	542,525,520	(318,932,284)	233,879,238	457,472,473	3,316,963,405	1,095,578,274	(4,834,788,039)	(422,246,359)	91.3%
2019	3,316,963,405	619,506,439	(349,978,246)	272,276,628	541,804,821	3,858,768,226	1,253,605,740	(5,467,982,981)	(355,609,015)	93.5%
2020	3,858,768,226	703,478,324	(389,029,042)	317,469,900	631,919,182	4,490,687,407	1,428,514,940	(6,189,400,206)	(270,197,858)	95.6%
2021	4,490,687,407	796,644,913	(431,578,511)	370,259,287	735,325,689	5,226,013,097	1,622,013,385	(7,011,031,366)	(163,004,884)	97.7%
2022	5,226,013,097	899,456,463	(479,453,732)	431,669,141	851,671,872	6,077,684,969	1,836,469,039	(7,944,768,343)	(30,614,335)	99.6%
2023	6,077,684,969	1,013,338,135	(534,710,884)	502,700,456	981,327,707	7,059,012,676	2,074,040,017	(9,002,230,177)	130,822,517	101.5%
2024	7,059,012,676	1,140,001,140	(595,403,121)	584,628,094	1,129,226,114	8,188,238,790	2,336,454,570	(10,199,064,942)	325,628,418	103.2%

Future collections and administrative expenses have both been modified to exclude provisions relating to new Marketing Initiative.

COLLEGE ILLINOIS! PREPAID TUITION PROGRAM

CIPTP "University" Beneficiary Data - Enrollment Year 2008-2009 — Appendix E.1

Projected Enrollment Year	Plan Type (Semesters at Public University, at Community College)										Total Enrollment by Year	Percent of Total
	(1,0)	(2,0)	(3,0)	(4,0)	(5,0)	(6,0)	(7,0)	(8,0)	(9,0)	(4,4)		
2012	20	31	3	13	2	9	2	14	2	7	103	**5.7%**
2013	17	26	7	26	2	4	3	39	7	15	146	**8.1%**
2014	16	18	9	21	3	4	0	28	2	16	117	**6.5%**
2015	11	15	4	21	4	3	1	29	4	11	103	**5.7%**
2016	16	18	7	28	4	3	3	31	6	10	126	**7.0%**
2017	21	23	9	29	1	5	1	31	4	7	131	**7.3%**
2018	12	18	2	26	0	0	1	31	4	12	106	**5.9%**
2019	15	19	0	28	5	3	1	28	8	16	123	**6.8%**
2020	14	12	4	13	3	3	3	18	1	22	93	**5.2%**
2021	13	18	3	27	1	5	2	35	5	21	130	**7.2%**
2022	9	13	3	26	1	6	1	31	3	11	104	**5.8%**
2023	15	15	6	18	2	4	1	24	5	7	97	**5.4%**
2024	18	14	1	24	1	3	3	25	0	17	106	**5.9%**
2025	16	14	2	22	1	3	1	25	10	11	105	**5.8%**
2026	20	27	3	30	0	2	1	23	8	25	139	**7.7%**
2027	11	17	1	6	1	5	1	17	5	5	69	**3.8%**
Total	**244**	**298**	**64**	**358**	**31**	**62**	**25**	**429**	**74**	**213**	**1,798**	
Percent	**13.6%**	**16.6%**	**3.6%**	**19.9%**	**1.7%**	**3.4%**	**1.4%**	**23.9%**	**4.1%**	**11.8%**		

CIPTP "University Plus" Beneficiary Data - Enrollment Year 2008-2009 Appendix E.2

Projected Enrollment Year	Plan Type (Semesters at Public University, at Community College) (1,0)	(2,0)	(3,0)	(4,0)	(5,0)	(6,0)	(7,0)	(8,0)	(9,0)	(4,4)	Total Enrollment by Year	Percent of Total
2012	14	18	3	16	2	8	1	13	2	0	77	**6.0%**
2013	10	14	3	19	2	6	0	23	11	0	88	**6.8%**
2014	6	11	4	12	3	3	1	20	3	1	64	**5.0%**
2015	9	8	3	12	1	2	1	26	7	3	72	**5.6%**
2016	12	7	3	15	1	9	1	19	4	3	74	**5.7%**
2017	16	11	4	12	1	3	0	16	7	3	73	**5.7%**
2018	11	11	4	22	2	3	1	23	5	3	85	**6.6%**
2019	11	8	2	18	3	7	1	25	8	2	85	**6.6%**
2020	8	17	3	14	2	2	2	16	10	1	75	**5.8%**
2021	10	17	3	18	2	4	1	30	7	1	93	**7.2%**
2022	13	12	3	12	0	3	1	22	5	1	72	**5.6%**
2023	11	16	2	8	5	3	2	22	8	1	78	**6.0%**
2024	12	17	3	6	0	1	0	27	10	5	81	**6.3%**
2025	14	11	3	13	0	3	0	27	3	5	79	**6.1%**
2026	15	18	3	9	1	6	1	43	17	7	120	**9.3%**
2027	11	5	0	7	1	1	0	31	18	0	74	**5.7%**
Total	**183**	**201**	**46**	**213**	**26**	**64**	**13**	**383**	**125**	**36**	**1,290**	
Percent	**14.2%**	**15.6%**	**3.6%**	**16.5%**	**2.0%**	**5.0%**	**1.0%**	**29.7%**	**9.7%**	**2.8%**		

COLLEGE ILLINOIS! PREPAID TUITION PROGRAM

CIPTP Community College Beneficiary Data - Enrollment Year 2008-2009 Appendix E.3

Projected Enrollment Year	Plan Type (Semesters at Community College)				Total Enrollment by Year	Percent of Total
	(1)	(2)	(3)	(4)		
2011	3	3	1	10	17	**5.5%**
2012	1	7	1	16	25	**8.1%**
2013	0	5	0	17	22	**7.1%**
2014	4	2	0	18	24	**7.7%**
2015	3	4	0	6	13	**4.2%**
2016	0	6	0	8	14	**4.5%**
2017	6	0	0	15	21	**6.8%**
2018	3	0	0	17	20	**6.5%**
2019	5	2	0	10	17	**5.5%**
2020	2	4	1	16	23	**7.4%**
2021	5	4	1	15	25	**8.1%**
2022	6	3	0	7	16	**5.2%**
2023	4	2	0	12	18	**5.8%**
2024	5	2	1	17	25	**8.1%**
2025	5	0	0	13	18	**5.8%**
2026	1	1	0	10	12	**3.9%**
Total	**53**	**45**	**5**	**207**	**310**	
Percent	**17.1%**	**14.5%**	**1.6%**	**66.8%**		

PRICEWATERHOUSECOOPERS

CIPTP "Legacy" Beneficiary Data - All Enrollment Years

Appendix E.4

Projected Enrollment Year	Plan Type (Semesters at Public University, at Community College)										Total Enrollment by Year	Percent of Total
	(1,0)	(2,0)	(3,0)	(4,0)	(5,0)	(6,0)	(7,0)	(8,0)	(9,0)	(4,4)		
2002	0	5	1	8	1	6	4	34	12	7	78	**0.2%**
2003	0	4	2	10	3	15	0	77	25	17	153	**0.3%**
2004	0	7	2	39	4	16	4	154	57	37	320	**0.7%**
2005	3	23	2	51	6	32	11	321	92	51	592	**1.2%**
2006	2	32	9	77	16	73	15	715	185	93	1,217	**2.5%**
2007	5	35	12	168	28	126	19	844	196	157	1,590	**3.2%**
2008	71	230	77	526	54	174	28	1,253	257	210	2,880	**5.9%**
2009	179	527	117	715	69	218	32	1,490	343	288	3,978	**8.1%**
2010	116	271	81	461	49	153	26	1,328	298	254	3,037	**6.2%**
2011	120	311	92	486	59	150	24	1,447	330	297	3,316	**6.8%**
2012	118	299	96	451	55	119	29	1,529	339	248	3,283	**6.7%**
2013	109	325	93	449	61	133	37	1,439	357	268	3,271	**6.7%**
2014	134	263	88	413	54	123	23	1,476	312	271	3,157	**6.4%**
2015	112	263	72	415	41	112	28	1,440	322	282	3,087	**6.3%**
2016	142	272	70	408	43	119	38	1,380	323	228	3,023	**6.2%**
2017	125	254	64	352	44	113	32	1,235	305	223	2,747	**5.6%**
2018	125	223	48	303	27	105	24	1,060	256	177	2,348	**4.8%**
2019	127	190	42	291	29	66	22	908	255	175	2,105	**4.3%**
2020	114	189	48	308	46	76	19	925	256	145	2,126	**4.3%**
2021	101	158	37	250	42	67	16	732	209	157	1,769	**3.6%**
2022	117	165	29	211	14	62	13	671	186	141	1,609	**3.3%**
2023	106	141	30	189	24	47	10	499	131	109	1,286	**2.6%**
2024	89	138	24	168	20	39	10	384	90	61	1,023	**2.1%**
2025	72	114	14	97	16	21	6	253	68	59	720	**1.5%**
2026	34	49	6	44	4	6	1	136	32	40	352	**0.7%**
2027	0	1	0	1	0	0	0	0	0	0	2	**0.0%**
Total	**2,121**	**4,489**	**1,156**	**6,891**	**809**	**2,171**	**471**	**21,730**	**5,236**	**3,995**	**49,069**	

CIPTP Community College Beneficiary Data - All Enrollment Years — Appendix E.5

Projected Enrollment Year	Plan Type (Semesters at Community College) (1)	(2)	(3)	(4)	Total Enrollment by Year	Percent of Total
2002	0	0	0	5	5	**0.2%**
2003	0	0	0	2	2	**0.1%**
2004	0	1	1	5	7	**0.2%**
2005	0	3	1	17	21	**0.7%**
2006	0	5	1	24	30	**1.1%**
2007	0	3	0	33	36	**1.3%**
2008	11	16	1	96	124	**4.4%**
2009	14	36	8	178	236	**8.4%**
2010	15	22	5	138	180	**6.4%**
2011	16	24	3	132	175	**6.2%**
2012	19	34	5	135	193	**6.9%**
2013	16	36	5	157	214	**7.6%**
2014	15	26	3	125	169	**6.0%**
2015	27	32	2	143	204	**7.3%**
2016	25	26	3	126	180	**6.4%**
2017	17	26	0	109	152	**5.4%**
2018	24	17	2	101	144	**5.1%**
2019	20	23	2	82	127	**4.5%**
2020	28	16	5	73	122	**4.3%**
2021	20	15	2	67	104	**3.7%**
2022	20	16	5	56	97	**3.5%**
2023	31	11	2	53	97	**3.5%**
2024	23	11	3	45	82	**2.9%**
2025	13	6	1	36	56	**2.0%**
2026	8	4	1	26	39	**1.4%**
2027	1	1	0	10	12	**0.4%**
Total	**363**	**410**	**61**	**1,974**	**2,808**	

PRICEWATERHOUSECOOPERS