College Illinois!® Prepaid Tuition Program

Actuarial Soundness Valuation Report as of June 30, 2017

GRS Retirement Consulting
P: 312.456.9800 | F: 312.683.3271 | www.grsconsulting.com

November 1, 2017

Mr. Eric Zarnikow
Executive Director
Illinois Student Assistance Commission
1755 Lake Cook Road
Deerfield, Illinois 60015-5209

Re: College Illinois!® Prepaid Tuition Program Actuarial Valuation as of June 30, 2017

Dear Mr. Zarnikow:

In accordance with the request of the Illinois Student Assistance Commission ("ISAC"), Gabriel, Roeder, Smith & Company ("GRS") has performed an actuarial soundness valuation of the College Illinois!® Prepaid Tuition Program ("CIPTP") as of June 30, 2017. Although the term "actuarial soundness" is not specifically defined, the primary purpose of this actuarial valuation is to evaluate the financial status of the program as of June 30, 2017.

This report presents the principal results of the actuarial soundness valuation of the CIPTP including the following:

- A comparison of the actuarial present value of the obligations for prepaid tuition contracts purchased through June 30, 2017, with the value of the assets associated with the program as of that same date;
- An analysis of the factors which caused the deficit/surplus to change since the prior actuarial valuation; and
- A summary of the actuarial assumptions and methods utilized in the actuarial calculations.

This report was prepared at the request of ISAC and is intended for use by ISAC and those designated or approved by ISAC. This report may be provided to parties other than ISAC only in its entirety and only with the permission of ISAC. This report should not be relied on for any purpose other than the purpose described above.

The actuarial soundness valuation results set forth in this report are based upon data and information, furnished by ISAC, concerning program benefits, financial transactions and beneficiaries of the CIPTP. We reviewed this information for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the Illinois Student Assistance Commission. Further, the data and information provided is through June 30, 2017, and does not reflect subsequent market volatility.

The actuarial soundness valuation results summarized in this report involve actuarial calculations that require assumptions about future events. Most of the actuarial assumptions used in this valuation were based on an experience review for the period from July 1, 2011, to June 30, 2014, and were adopted for use commencing with the June 30, 2015, actuarial valuation. Beginning with the actuarial valuation as of June 30, 2017, the investment return assumption and related discount rate for liabilities was decreased from a static 6.75 percent to a "select and ultimate" rate structure beginning with a rate of 6.50 percent in fiscal year 2018 and grading down to the ultimate rate of 3.75 percent in fiscal years on and after 2025. First effective with the actuarial soundness valuation as of June 30, 2017, the calculation of the total administrative expenses related to marketing was changed from an assumption of 12 percent of total administrative expenses to incorporate actual marketing expenses in the prior fiscal year, as provided by ISAC. The amount of administrative expenses assumed to be non-marketing related is the basis for the present value of future administrative expenses for current contract beneficiaries. The major actuarial assumptions used in this analysis were provided by and are the responsibility of ISAC.

Considering the current asset allocation, liquidity requirements and deferment of the next enrollment period, we believe the net investment rate of return assumption of 6.50 percent in fiscal year 2018 grading down to 3.75 percent in 2025, on a select and ultimate basis, is consistent with applicable Actuarial Standards of Practice.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law. We have performed an analysis of the sensitivity of certain changes in future assumptions.

We believe that the actuarial methods used in this report are reasonable and appropriate for the purpose for which they have been used. In addition, because it is not possible or practical to consider every possible contingency, we may use summary information, estimates or simplifications of calculations to facilitate the modeling of future events. We may also exclude factors or data that are deemed to be immaterial.

To the best of our knowledge, the information contained in this report is accurate and fairly presents the actuarial position of the College Illinois!® Prepaid Tuition Program as of June 30, 2017. All calculations have been made in conformity with generally accepted actuarial principles and practices commonly applicable to similar types of arrangements.

There are currently no Actuarial Standards of Practice which specifically relate to prepaid tuition plans. We have looked to the Actuarial Standards of Practice related to pensions for guidance due to their similar nature.

Lance J. Weiss, Amy Williams and Alex Rivera are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. Lance J. Weiss, Amy Williams and Alex Rivera are independent of ISAC.

Respectfully submitted,

Lance J. Weiss, EA, MAAA, FCA
Senior Consultant and Team Leader

Amy Williams, ASA, MAAA, FCA
Consultant

Alex Rivera, FSA, EA, MAAA, FCA
Senior Consultant

Contents

		Page
Section A	Executive Summary	
	Summary of Results	1-3
	Discussion	4-7
Section B	Actuarial Soundness Valuation Results	
	Exhibit I – Principal Actuarial Soundness Valuation Results	1-2
	Exhibit II – Gain/Loss Summary	3
	Exhibit III – Gain/Loss History	4
	Exhibit IV – Sensitivity Testing Results	5-6
Section C	Fund Assets	
	Statement of Plan Net Assets	1
	Allocation of Assets by Category at June 30, 2017	2
	Reconciliation of Market Value of Plan Assets	3
Section D	Participant Data	1-6
Section E	Methods & Assumptions	1-5
Section F	Plan Provisions	1-2

SECTION A

EXECUTIVE SUMMARY

Summary of Results

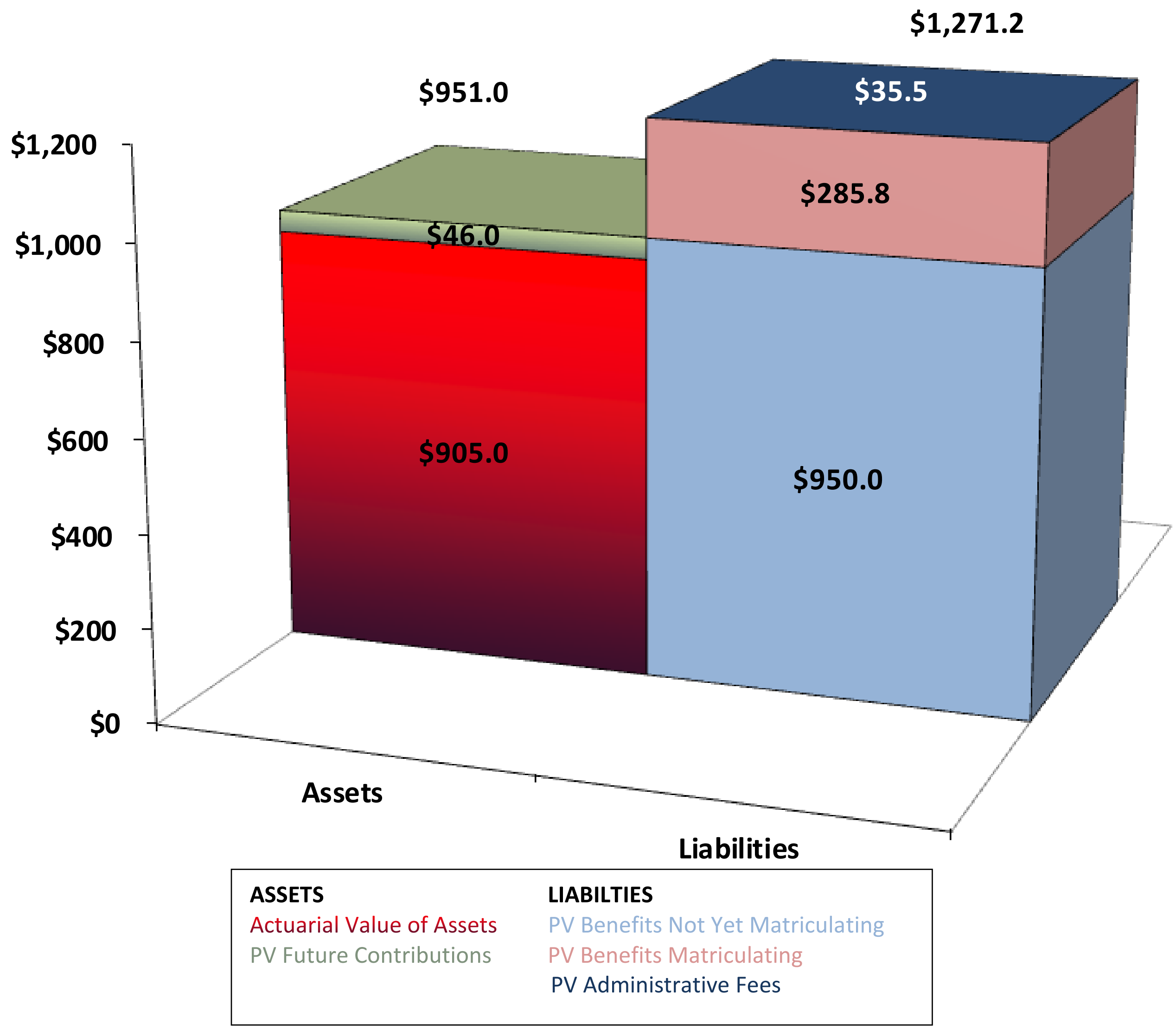
Principal Actuarial Soundness Valuation Results

Valuation Date:	June 30, 2017	June 30, 2016
Membership Summary:		
Counts		
Not yet Matriculating	25,146	28,234
Matriculating[a]	13,251	12,841
Total	38,397	41,075
Average years until Enrollment if Not yet Matriculating	4.1	4.4
Assets[b]		
· Actuarial Value of Assets (AVA)	$950,969,333	$1,017,411,839
· Estimated Return	7.22%	6.13%
Actuarial Liabilities (Present Value of Future Tuition Payments, Fees, and Administrative Expenses)	$1,271,206,337	$1,281,725,804
Unfunded Liabilities	$320,237,004	$264,313,965
Funded Ratio	74.8%	79.4%

[a] *Counts include 4,592 in contracts in 2017 and 4,125 contracts in 2016 that are classified as "Matriculating" but have not used any credits within the past year.*

[b] *Asset values include present value of expected future contract payments from current contract holders.*

Summary of Assets and Liabilities as of June 30, 2017
$ in Millions



Numbers may not add due to rounding.

Summary of Results

Funded Status as of June 30, 2017

	June 30, 2017
Actuarial Present Value of Future Tuition Payments, Fees and Expenses	$1,271,206,337
Actuarial Value of Assets (Including the Present Value of Installment Contract Receivables)	$950,969,333
Deficit/(Surplus) as of June 30, 2017	$320,237,004

Gain/Loss Summary

	Unfunded Liability
Value at June 30, 2016	$ 264,313,965
Expected Value at June 30, 2017	$ 278,495,729
(Gain)/Loss Due to:	
Investment Experience	$ (4,435,878)
Change in Assumptions and Methods	78,869,711
Tuition/Fee Inflation	(31,916,630)
Other Demographic Experience*	(775,927)
Total	$ 41,741,276
Actual Value at June 30, 2017	$ 320,237,004

**Other Demographic Experience includes deviations in actual contract beneficiary experience from our assumptions related to rates of enrollment and utilization of benefits and contract terminations and refunds.*

Additional Details on the development of the Expected Value at June 30, 2017, can be found on page B-3.

Discussion

Actuarial Valuation

Gabriel, Roeder, Smith & Company ("GRS") has performed an actuarial soundness valuation of the College Illinois!® Prepaid Tuition Program ("CIPTP") as of June 30, 2017.

The primary purposes of the actuarial soundness valuation are to:

- Determine the actuarial present value of the obligations for prepaid tuition contracts purchased through June 30, 2017, and compare such liabilities with the value of the assets associated with the program as of that same date; and
- Analyze the factors which caused the deficit/surplus to change since the prior actuarial valuation.

This report summarizes those results and also illustrates the sensitivity of the deficit/surplus to changes in the rate of tuition and fee increases as well as the rate of investment return on assets.

In addition, the report provides summaries of the contract beneficiary data, financial data, plan provisions and actuarial assumptions and methods.

Background

Legislation authorizing ISAC to administer an Illinois Prepaid Tuition Program was passed in November 1997. The purpose of the program is to provide Illinois families with an affordable tax-advantaged method to pay for college. CIPTP is open to all Illinois residents and non-Illinois residents purchasing for Illinois-resident beneficiaries. CIPTP contracts may allow participants to prepay the cost of tuition and mandatory fees at Illinois public universities and community colleges at expected projected costs, which may be more stable than actual future costs.

Benefits of the program can also be used at private and out-of-state colleges and universities. Contracts can be purchased in a lump sum or in installments. As a Section 529 plan, CIPTP earnings are exempt from state and federal income taxes.

The first CIPTP contracts were offered for sale in 1998. As of June 30, 2017, the CIPTP had 38,397 contracts in force.

Actuarial Assumptions

The actuarial soundness valuation results summarized in this report involve actuarial calculations that require assumptions about future events. Most of the actuarial assumptions used in this actuarial soundness valuation were based on an experience review for the period from July 1, 2011, to June 30, 2014, and were approved and adopted for use commencing with the June 30, 2015, actuarial soundness valuation by ISAC. The tuition and fee increase assumption was updated first commencing with the June 30, 2015, actuarial soundness valuation to a flat rate of 5.00 percent for all future years for all contract types. These actuarial assumptions are the responsibility of ISAC.

Discussion

Changes in Actuarial Assumptions Since Prior Valuation

The net investment return assumption was decreased from 6.75 percent used in the June 30, 2016, actuarial soundness valuation, to a select and ultimate rate structure beginning with 6.50 percent for fiscal year 2018 and grading down in annual increments of 0.393 percent to an ultimate investment return rate of 3.75 percent for fiscal years on and after fiscal year 2025. The calculation of the total administrative expenses related to marketing was changed from an assumption of 12 percent of total administrative expenses to incorporate actual marketing expenses in the prior fiscal year. The amount of administrative expenses assumed to be non-marketing related is the basis for the present value of future administrative expenses for current contract beneficiaries. These assumptions were provided to us by ISAC.

Considering the current asset allocation and liquidity requirements, and that the CIPTP will be deferring open enrollment in the immediate future beginning with the 2017/2018 enrollment period, we believe the net investment rate of return assumption being used in the June 30, 2017, actuarial soundness valuation is consistent with applicable Actuarial Standards of Practice.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law. We have performed an analysis of the sensitivity of certain changes in assumptions.

Financial Status of Program as of June 30, 2017

As of June 30, 2017, the present value of all future tuition obligations under contracts outstanding (and including future administrative expenses) at that date is $1,271,206,337. Fund assets as of June 30, 2017, including the market value of program assets and the present value of installment contract receivables, is $950,969,333.

The difference between the present value of future tuition obligations and the value of assets as of June 30, 2017, represents a program deficit of $320,237,004. The comparable program deficit as of the last valuation as of June 30, 2016, was $264,313,965.

Gain/Loss Analysis

As described above, the program deficit increased from $264.3 million as of June 30, 2016, to $320.2 million as of June 30, 2017. Based on the actuarial assumptions used during the June 30, 2016, actuarial soundness valuation, the deficit was expected to increase to $278.5 million. The primary factor which caused the expected deficit to increase by $41.7 million was the net impact of the changes in assumptions (change in the investment return assumption, partially offset by the change in the non-marketing related administrative expense assumption). This increase was partially offset by gains due to investment returns that were greater than expected (an actual rate of return greater than the assumption of 6.75 percent), tuition and fee increases that were less than expected (increases that were lower than the assumption of 5.00 percent) and other demographic experience (which includes deviations in actual contract beneficiary experience from our assumptions related to rates of enrollment and utilization of benefits and contract terminations and refunds).

Discussion

The funded ratio decreased from 79.4 percent as of June 30, 2016, to 74.8 percent as of June 30, 2017.

Benefit Provisions

The basic terms and conditions of the College Illinois!® Prepaid Tuition Program (the "Program") are included in the Illinois Prepaid Tuition Act, 110 ILCS 979 (the "Act") and ISAC Administrative Rules (23 Ill. Adm. Code 2775, et. seq.) ("ISAC Rules").

We understand there were no changes in the program provisions since the last actuarial soundness valuation as of June 30, 2016.

Assets

CIPTP assets are held in trust. ISAC provided the asset information used in the June 30, 2017, actuarial valuation.

This report contains several exhibits summarizing the plan's assets, including a summary of the market value of assets broken down by asset category and a reconciliation of the assets from the last actuarial valuation date to the current actuarial valuation date. The approximate return on market value of assets was 7.22 percent for the year ended June 30, 2017.

Commencing with the June 30, 2015, valuation, the actuarial value of assets is equal to the market value of assets plus the present value of expected future contract payments from current contract holders.

Contract Prices

Contract prices are determined for each enrollment period based upon a variety of factors and include a built-in stabilization factor. The stabilization factor is intended to help insulate the Program from unexpected market volatility and improve the funded status of the Program over time. Each year, ISAC reviews the actuarial soundness report, the Mean Weighted Average Tuition and Fees and the stabilization factor amount to establish contract pricing. In effect, contract prices are reviewed in order to reflect tuition and fee increases at Illinois public institutions, as well as other actuarial criteria.

Contracts Sold by Enrollment Year

The chart on page D-1 illustrates the number of contracts sold by enrollment year.

As this chart indicates, the number of contracts sold has decreased significantly during the last five enrollment years from the number sold per year in previous years.

- The average annual number of contracts sold beginning with the enrollment period 1999/2000 and ending with the enrollment period 2009/2010 was 5,235.
- The average annual number of contracts sold during the last seven year period 2010/2011 to 2016/2017 was 559 including 2011/2012 when the plan was not open for new contract sales.
- The average annual number of contracts sold during the last seven year period 2010/2011 to 2016/2017 was 652 excluding 2011/2012 when the plan was not open for new contract sales.

Discussion

Projection Scenarios

Projection scenarios are included in a separate report.

Disclosure

This report is not a recommendation to anyone to participate or not participate in the CIPTP. GRS makes no representations or warranties to any person participating in or considering participation in the CIPTP.

SECTION B

ACTUARIAL SOUNDNESS VALUATION RESULTS

Exhibit I
Principal Actuarial Soundness Valuation Results

Valuation Date:	June 30, 2017	June 30, 2016
1. Number of Members		
a. Not yet Matriculating:	25,146	28,234
b. Matriculating:[a]	13,251	12,841
c. Total	38,397	41,075
Average Years until Enrollment if Not Yet Matriculating	4.1	4.4
2. Assets		
a. Market Value of Assets (in Trust)	$ 904,972,812	$ 966,205,198
b. PV Future Member Contributions	45,996,521	51,206,641
c. Total Actuarial Value of Assets (AVA) (2a + 2b)	$ 950,969,333	$ 1,017,411,839
3. Actuarial Results		
Liabilities		
a. Not yet Matriculating - Tuition and Fees	$ 949,953,385	$ 960,311,076
b. Matriculating - Tuition and Fees	285,760,376	270,488,425
c. Present Value of Future Administrative Expenses	35,492,576	50,926,303
d. Total	$ 1,271,206,337	$ 1,281,725,804
Unfunded Liability	$ 320,237,004	$ 264,313,965
Funded Ratio	74.8%	79.4%

[a] *Counts include 4,592 contracts in 2017 and 4,125 contracts in 2016 that are classified as "Matriculating" but have not used any credits within the past year.*

Exhibit I (Continued)
Principal Actuarial Soundness Valuation Results

Valuation Date:	June 30, 2017	June 30, 2016
1. Assets		
a. Market Value of Assets (in Trust)	$ 904,972,812	$ 966,205,198
b. PV Future Member Contributions (Short Term)[a]	12,865,968	15,322,801
c. PV Future Member Contributions (Long Term)[b]	33,130,553	35,883,840
d. Total Market Value of Assets (MVA)	$ 950,969,333	$ 1,017,411,839
2. Actuarial Present Value of Tuition, Fees and Admin Expenses		
a. Short Term[a]	$ 152,765,034	$ 152,815,221
b. Long Term[b]	1,118,441,303	1,128,910,583
c. Total	$ 1,271,206,337	$ 1,281,725,804
Unfunded Liability (Surplus)	$ 320,237,004	$ 264,313,965
Funded Ratio	74.8%	79.4%

[a] *Present value of amounts in following year.*

[b] *Present value of amounts after first year.*

Exhibit II
Gain/Loss Summary

	Present Value of Benefits	Plan Assets[a]	Unfunded Liability
1. Values at June 30, 2016	$ 1,281,725,804	$ 1,017,411,839	$ 264,313,965
2. Actual Tuition Payments, Refunds, and Administrative Expenses	$ (150,082,133)	$ (150,082,133)	$ -
3. Interest on 1. and 2. at 6.75%	$ 81,533,928	$ 63,692,735	$ 17,841,193
4. New Contracts	$ 10,537,835	$ 14,197,264	$ (3,659,429)
5. Projected Values at June 30, 2017 (1. + 2. + 3. + 4.)	$ 1,223,715,434	$ 945,219,705	$ 278,495,729
6. (Gain)/Loss Due to:			
Investment Experience	$ -	$ (4,435,878)	$ (4,435,878)
Change in Assumptions and Methods	80,051,712	(1,182,001)	78,869,711
Tuition/Fee Inflation	(31,916,630)	-	(31,916,630)
Other Demographic Experience[b]	(644,179)	(131,748)	(775,927)
Total	$ 47,490,903	$ (5,749,628)	$ 41,741,276
7. Actual Values at June 30, 2017 (5. + 6.)	$ 1,271,206,337	$ 950,969,333	$ 320,237,004

[a] *Equals the sum of the market value of trust assets plus the present value of expected future contract payments from current contract holders. Actual values at June 30, 2017, are equal to (5.-6.) which is the projected value minus the (gain)/loss total.*

[b] *Other Demographic Experience includes deviations in actual contract beneficiary experience from the assumptions related to rates of enrollment and utilization of benefits and contract terminations and refunds. Other Demographic Experience for Plan Assets is the change in the present value of expected future contract payments from current contract holders.*

Exhibit III
Gain/Loss History

	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	Total 6-Year Change
Unfunded Liability at Prior Valuation Date	$ 536,337,123	$ 467,404,585	$ 448,506,323	$ 328,182,173	$292,111,181	$ 264,313,965	
Projected Unfunded Liability at Valuation Date	$ 585,357,342	$ 491,441,672	$ 474,596,839	$ 346,104,498	$309,309,748	$ 278,495,729	
(Gain)/Loss Due to:							
Investment Experience	$ 50,941,188	$ (13,003,926)	$ (44,221,698)	$ 31,916,454	$8,218,414	$ (4,435,878)	$ 29,414,554
Change in Assumptions	(81,435,163)	24,441,468	(53,755,927)	(49,845,761)	(21,711,495)	78,869,711	(103,437,167)
Tuition/Fee Inflation*	N/A	(66,164,363)	(45,359,154)	(47,420,647)	(40,802,985)	(31,916,630)	(231,663,779)
Other Demographic Experience	(87,458,782)	11,791,472	(3,077,887)	11,356,637	9,300,283	(775,927)	(58,864,204)
Total	$ (117,952,757)	$ (42,935,349)	$ (146,414,666)	$ (53,993,317)	$ (44,995,783)	$ 41,741,276	$ (364,550,596)
Unfunded Liability at Valuation Date	$ 467,404,585	$ 448,506,323	$ 328,182,173	$ 292,111,181	$264,313,965	$ 320,237,005	

**Prior to the June 30, 2013, actuarial soundness valuation, Tuition and Fee Inflation was included with "Other Demographic Experience".*

Changes in Actuarial Assumptions

June 30, 2012 — *Decrease in the investment return assumption from 7.50 percent to 7.25 percent, change in the tuition and fee increase assumption from a flat rate increase assumption to a select and ultimate rate increase assumption.*

June 30, 2013 — *Decrease in the investment return assumption from 7.25 percent to 7.00 percent.*

June 30, 2014 — *Decrease in the tuition and fee select and ultimate rate increase assumption for Legacy, University and University Plus contracts.*

June 30, 2015 — *Based on an experience review covering the period July 1, 2011, through June 30, 2014, changes in the matriculation rates, benefit utilization rates, cancellation rates, bias loads and growth rate for administrative expenses. No changes were made to the investment return or the tuition and fee increase assumptions.*

June 30, 2016 — *Decrease in the investment return assumption from 7.00 percent to 6.75 percent, change in the tuition and fee increase assumption from a select and ultimate rate increase assumption with an ultimate increase rate of 5.00 percent to a flat rate of 5.00 percent for all future years*

June 30, 2017 — *Decrease in the investment return assumption from a flat rate of 6.75 percent to a select and ultimate rate structure with an initial rate of 6.50 percent, grading down in annual increments of 0.393 percent to an ultimate investment return rate of 3.75 percent. Change in the calculation of the total administrative expenses related to marketing from an assumption of 12 percent of total administrative expenses to incorporate actual marketing expenses in the prior fiscal year (which affects the present value of future administrative expenses for current contract beneficiaries).*

Exhibit IV
Sensitivity Testing Results

The actuarial assumptions regarding future increases in tuition costs and fees and the future rate of investment return were provided to us by ISAC. In our opinion, the actuarial assumptions provided to us are reasonable for the purpose of the measurement. However, no one really knows what the future holds with respect to economic conditions and other contingencies. For example, while it is assumed that the assets of the fund will earn 6.50 percent in 2018 graded down in yearly increments to 3.75 percent on and after 2025, actual returns are expected to vary from year to year. Therefore, we have projected CIPTP results under alternative assumptions for future investment income, tuition increases and fee increases.

1. Tuition increases are 100 basis points higher/lower in each future year than assumed in the baseline valuation (measurement of soundness).
2. Fee increases are 100 basis points higher/lower in each future year than assumed in the baseline valuation (measurement of soundness).
3. The investment return is 50 basis points higher/lower in each future year than assumed in the baseline valuation (measurement of soundness).

The impact of each of these scenarios on the principal actuarial soundness valuation results is presented on the following page.

Exhibit IV
Sensitivity Testing Results
$ in Millions

	Current Valuation Assumptions	Assumed Tuition Increases 100 Basis Points	Assumed Tuition Decreases 100 Basis Points	Assumed Fee Increases 100 Basis Points	Assumed Fee Decreases 100 Basis Points	Assumed Investment Return Increases 50 Basis Points	Assumed Investment Return Decreases 50 Basis Points
1 Assets							
a. Market Value of Assets (in Trust)	$905.0	$905.0	$905.0	$905.0	$905.0	$905.0	$905.0
b. PV Future Member Contributions	46.0	46.0	46.0	46.0	46.0	45.4	46.6
c. Total Actuarial Value of Assets (AVA) (2a + 2b)	$951.0	$951.0	$951.0	$951.0	$951.0	$950.4	$951.6
2 Actuarial Results							
Liabilities							
a. Not yet Matriculating - Tuition and Fees	$950.0	$978.8	$922.9	$965.0	$938.9	$921.1	$980.2
b. Matriculating - Tuition and Fees	285.8	286.9	281.0	287.1	284.9	282.9	288.7
c. Present Value of Future Administrative Expenses	35.5	35.5	35.5	35.5	35.5	34.7	36.3
d. Total	$1,271.3	$1,301.2	$1,239.4	$1,287.6	$1,259.3	$1,238.7	$1,305.2
Unfunded Liability	$320.3	$350.2	$288.4	$336.6	$308.3	$288.3	$353.6
Funded Ratio	74.8%	73.1%	76.7%	73.9%	75.5%	76.7%	72.9%
Difference From Current Assumptions							
Unfunded Liability	$0.0	$29.9	-$31.9	$16.3	-$12.0	-$32.0	$33.3
Funded Ratio	0.0%	-1.7%	1.9%	-0.9%	0.7%	1.9%	-1.9%

SECTION C

FUND ASSETS

Statement of Net Plan Assets
(Assets at Market or Fair Value)

College Illinois!® Prepaid Tuition Program

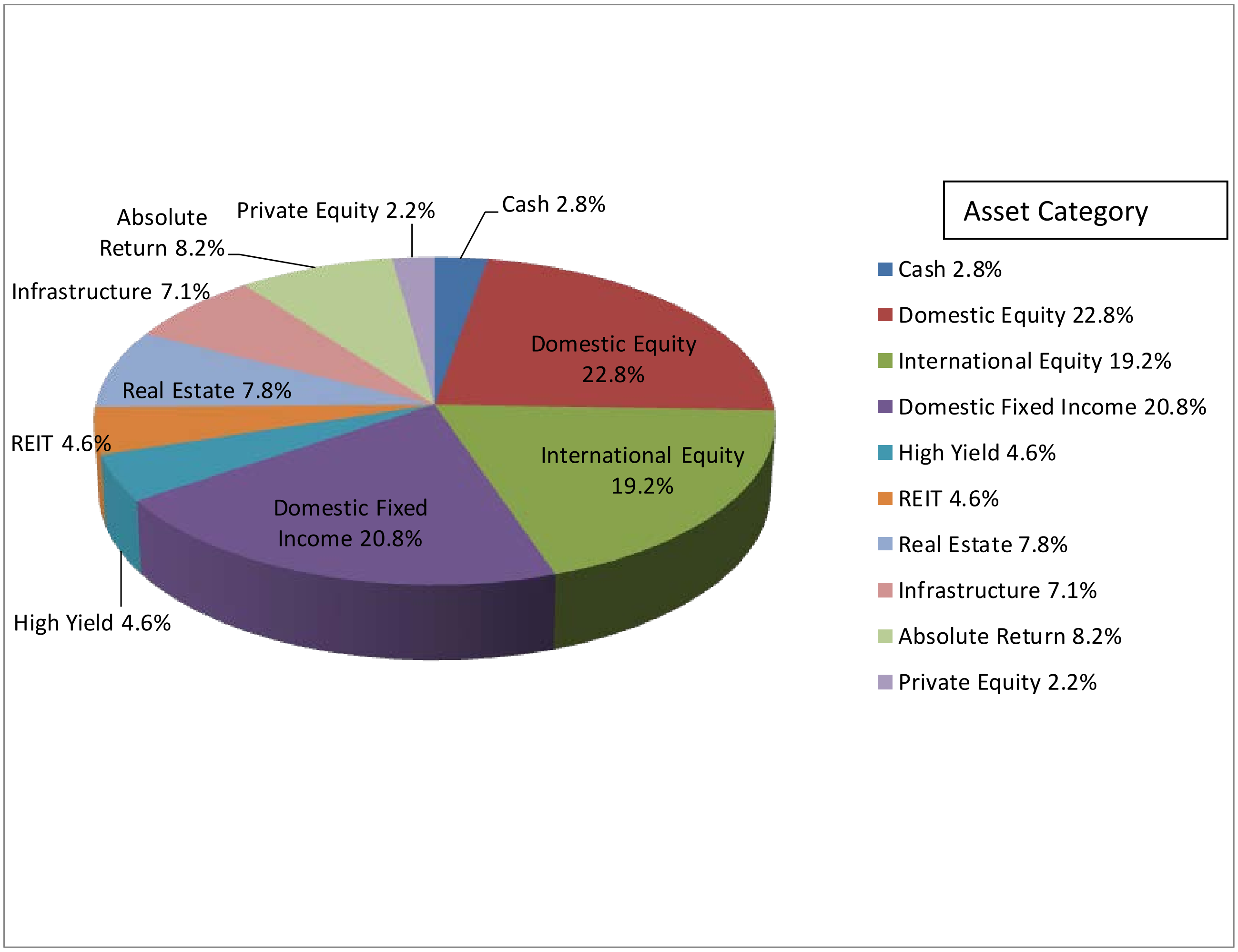
Statement of Plan Net Assets

Year ended June 30, 2017

			% of Total
Cash	$	25,031,456	2.8%
Investments			
Domestic Equity	$	206,257,988	22.8%
International Equity		173,913,856	19.2%
Domestic Fixed Income		187,907,010	20.8%
High Yield		41,588,526	4.6%
REIT		41,784,078	4.6%
Real Estate		70,474,360	7.8%
Infrastructure		64,299,667	7.1%
Absolute Return		73,798,783	8.2%
Private Equity		19,917,088	2.2%
Total Investments	$	879,941,356	97.2%
Total Assets	$	904,972,812	100.0%

Numbers may not add due to rounding.

Allocation of Assets at June 30, 2017



Reconciliation of Market Value of Plan Assets

College Illinois!® Prepaid Tuition Program

Statement of Changes in Plan Net Assets

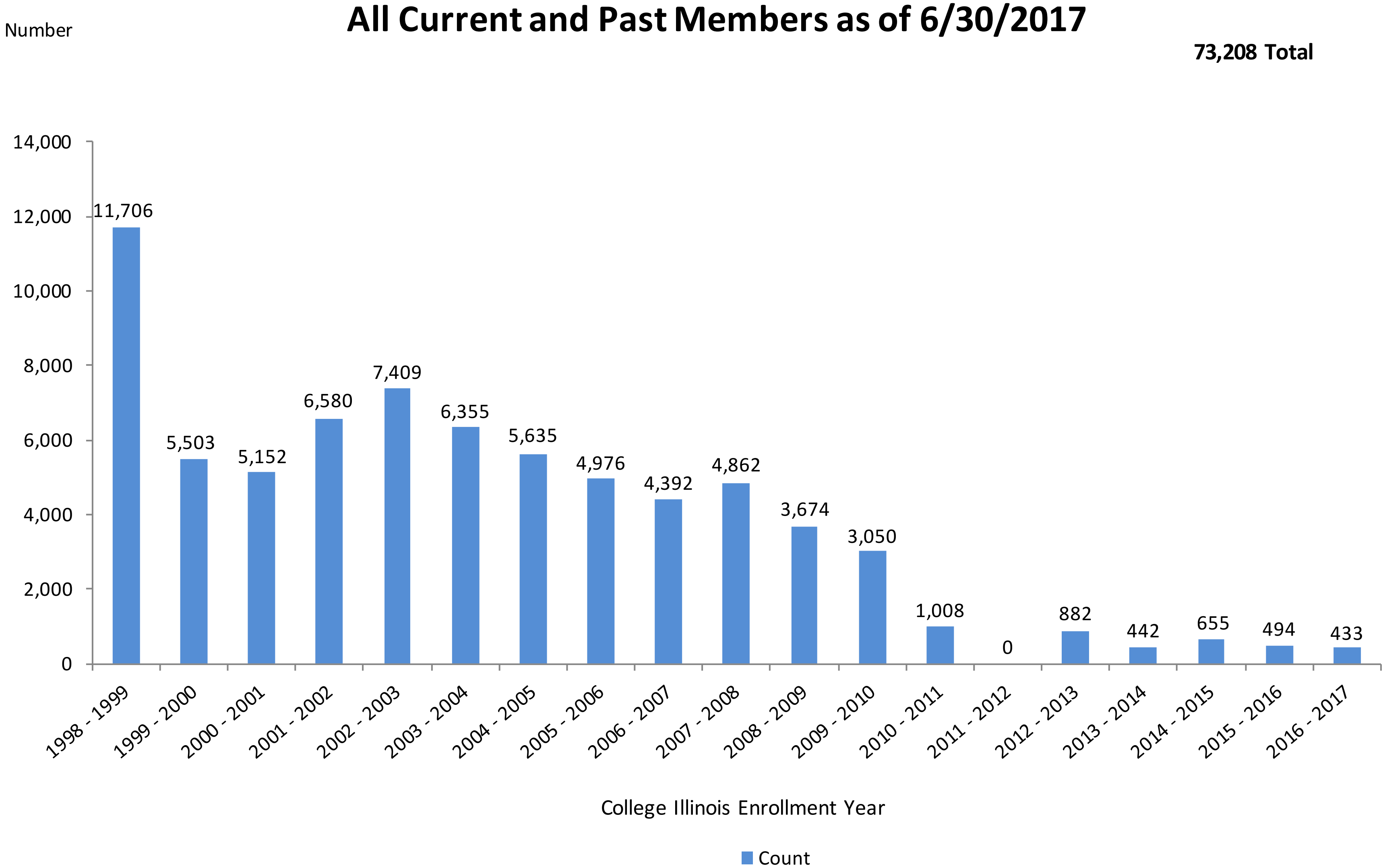
Twelve Month Period ended June 30, 2017

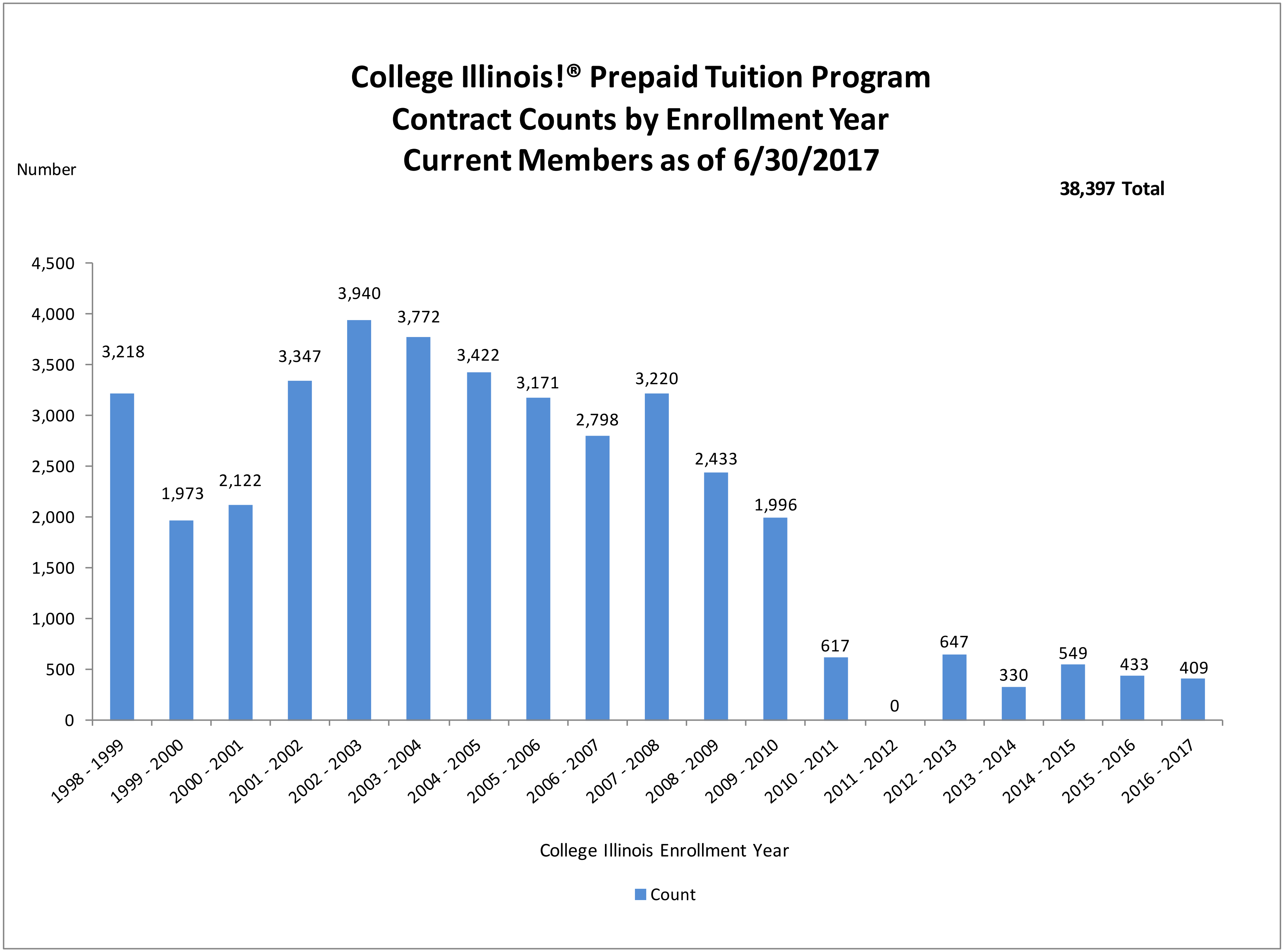
Beginning of Period		07/01/2016
End of Period		06/30/2017
Additions:		
Contributions received	$	23,659,545
Gross investment income		23,759,637
Realized/Unrealized investment gains/(losses)		45,293,156
Total Additions	$	92,712,338
Deductions:		
Tuition payments	$	125,688,617
Refunds to Purchasers		17,770,271
Investment expenses & advisory fees		3,862,591
Administrative expenses		6,623,245
Total Deductions	$	153,944,724
Net increase/(decrease)	$	(61,232,386)
Market Value of Assets:		
Beginning of period	$	966,205,198
End of period (6/30/2017)	$	904,972,812
Present Value of Future Contributions by Current Contract Holders		45,996,521
Market Value of Total Fund Assets as of June 30, 2017	$	950,969,333

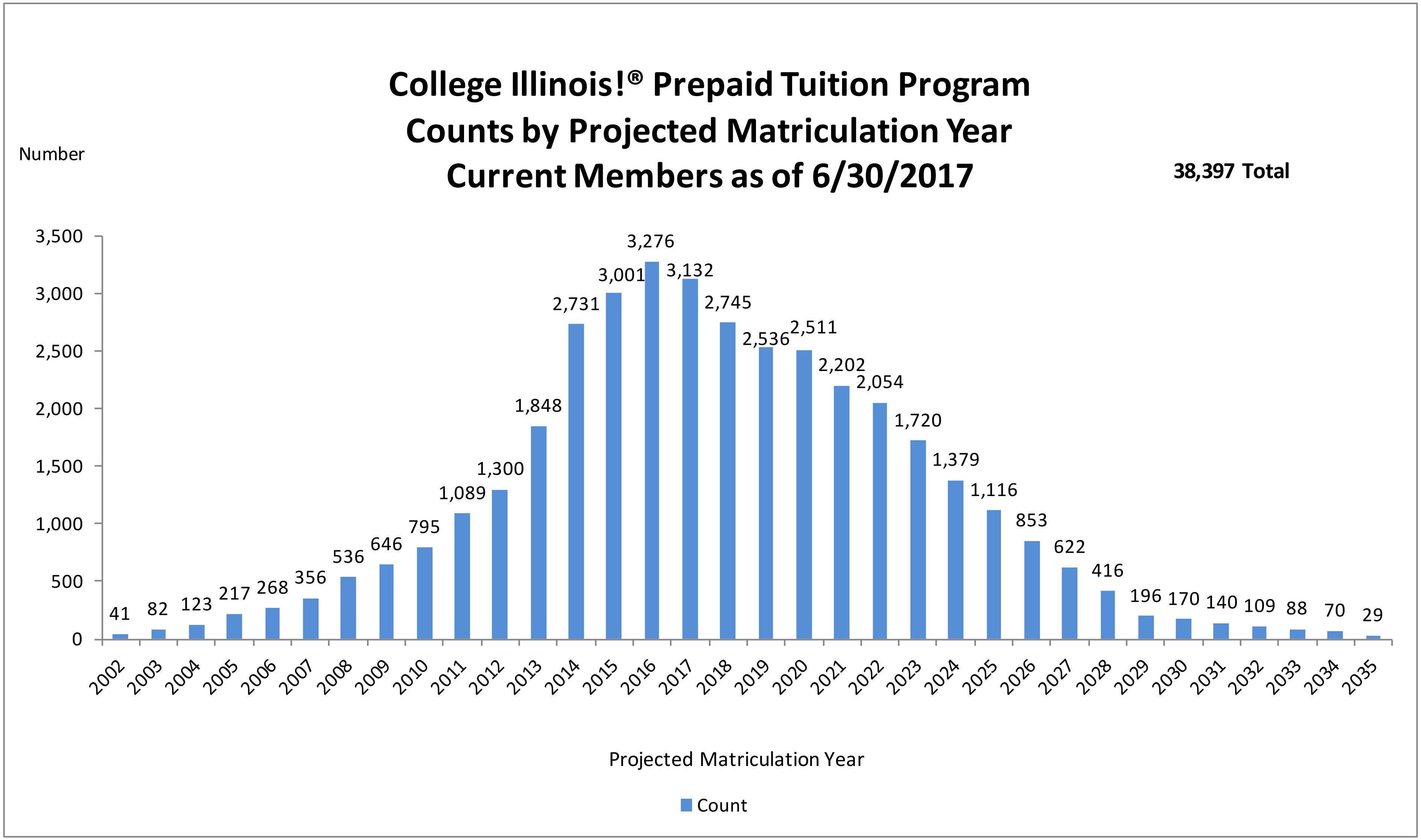
SECTION D

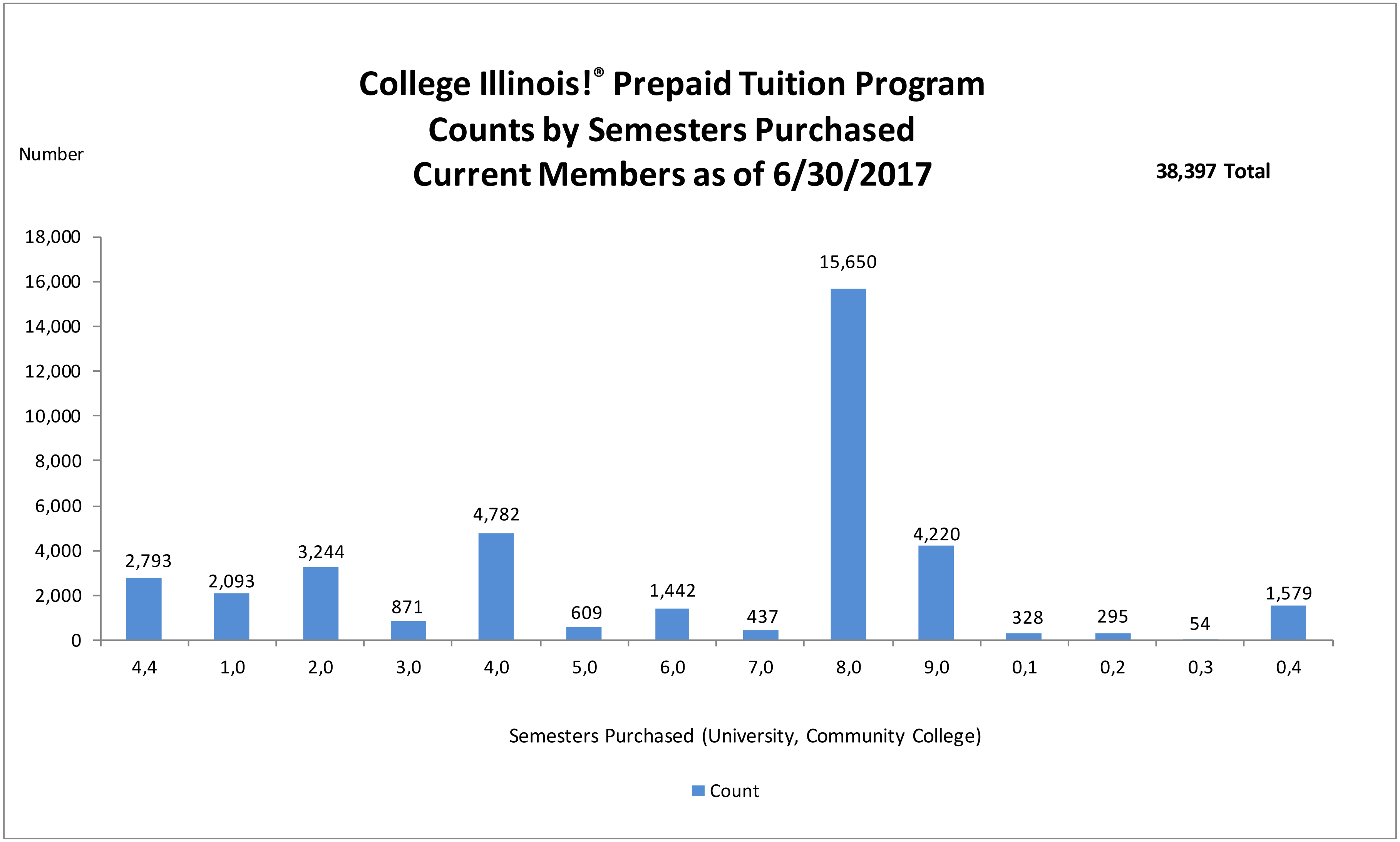
PARTICIPANT DATA

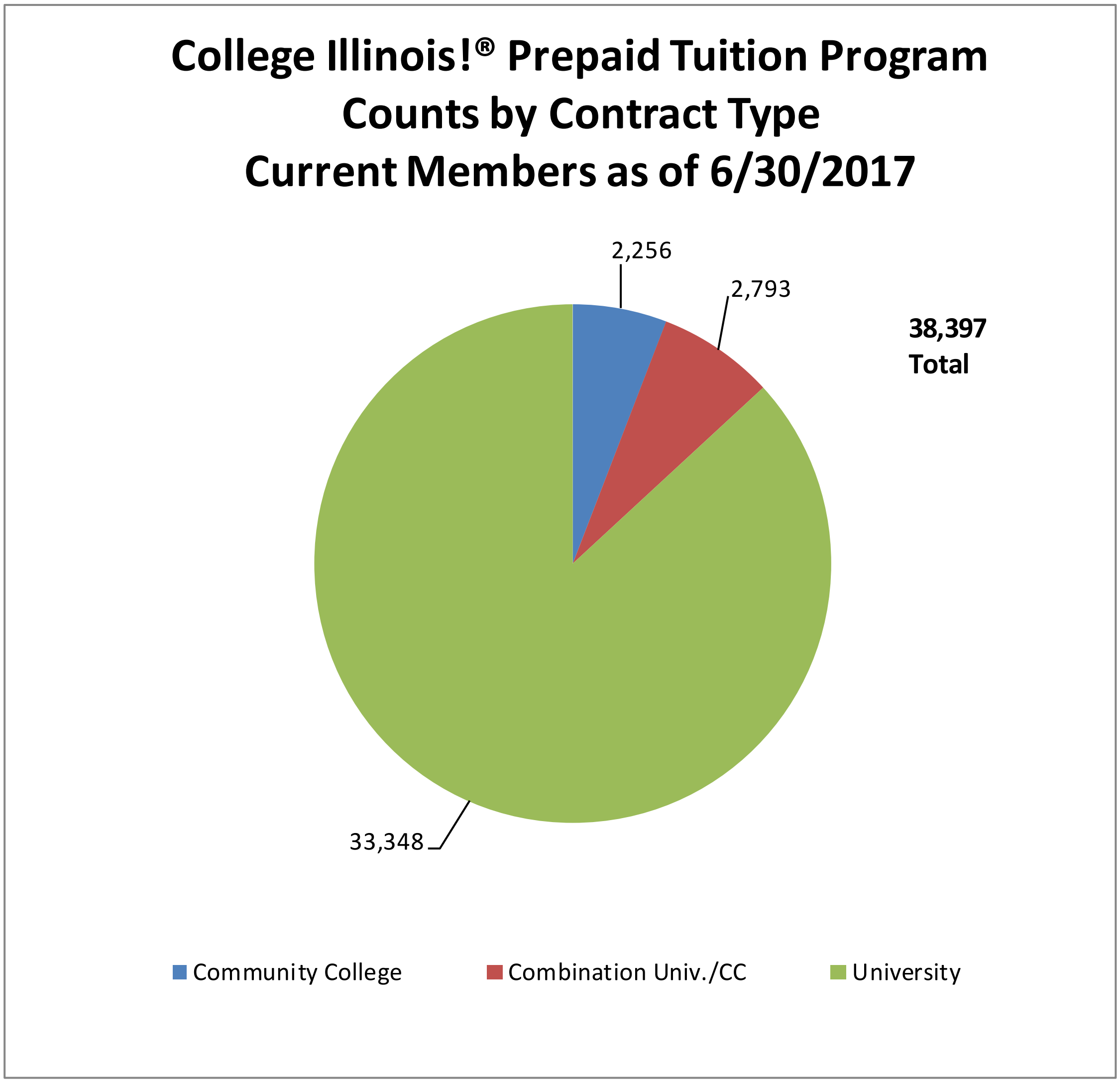
College Illinois!® Prepaid Tuition Program
Contract Counts by Enrollment Year
All Current and Past Members as of 6/30/2017



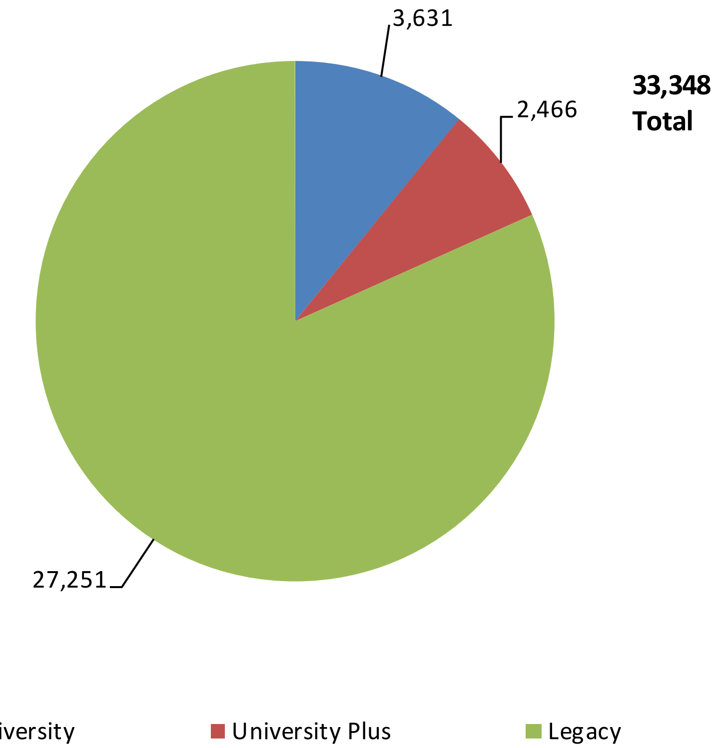

College Illinois!® Prepaid Tuition Program
Contract Counts by Enrollment Year
Current Members as of 6/30/2017
Number
38,397 Total
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
3,218
1,973
2,122
3,347
3,940
3,772
3,422
3,171
2,798
3,220
2,433
1,996
617
0
647
330
549
433
409
1998 - 1999
1999 - 2000
2000 - 2001
2001 - 2002
2002 - 2003
2003 - 2004
2004 - 2005
2005 - 2006
2006 - 2007
2007 - 2008
2008 - 2009
2009 - 2010
2010 - 2011
2011 - 2012
2012 - 2013
2013 - 2014
2014 - 2015
2015 - 2016
2016 - 2017
College Illinois Enrollment Year
Count


College Illinois!® Prepaid Tuition Program
Counts by Projected Matriculation Year
Current Members as of 6/30/2017
Number
38,397 Total
3,500
3,000
2,500
2,000
1,500
1,000
500
0
41
82
123
217
268
356
536
646
795
1,089
1,300
1,848
2,731
3,001
3,276
3,132
2,745
2,536
2,511
2,202
2,054
1,720
1,379
1,116
853
622
416
196
170
140
109
88
70
29
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
2027
2028
2029
2030
2031
2032
2033
2034
2035
Projected Matriculation Year
Count


College Illinois!® Prepaid Tuition Program
Counts by Semesters Purchased
Current Members as of 6/30/2017
Number
38,397 Total
18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
2,793
2,093
3,244
871
4,782
609
1,442
437
15,650
4,220
328
295
54
1,579
4,4
1,0
2,0
3,0
4,0
5,0
6,0
7,0
8,0
9,0
0,1
0,2
0,3
0,4
Semesters Purchased (University, Community College)
Count


College Illinois!® Prepaid Tuition Program
Counts by Contract Type
Current Members as of 6/30/2017
2,256
2,793
38,397
Total
33,348
Community College
Combination Univ./CC
University

College Illinois!® Prepaid Tuition Program
University Counts by Type
Current Members as of 6/30/2017



SECTION E

METHODS & ASSUMPTIONS

Valuation Methods

Actuarial Value of Assets – The Actuarial Value of Assets is equal to the Market Value of Assets.

Valuation Assumptions

The rationale for the assumptions (except as indicated) may be found in the experience study report covering the period July 1, 2011, through June 30, 2014, which was issued on August 26, 2015. The assumptions were adopted for first use in the actuarial valuation as of June 30, 2015.

The actuarial assumptions used in the actuarial valuation are shown in this Section.

Measurement Date

June 30, 2017

Net Investment Return Rate

Select and ultimate rate structure beginning with 6.50 percent for fiscal year 2018 and grading down in increments of 0.393 percent to an ultimate investment return rate of 3.75 percent for fiscal years on and after fiscal year 2025, compounded annually. Includes inflation assumption of 2.50 percent. (First effective with the actuarial soundness valuation as of June 30, 2017, and provided by ISAC.)

Considering the current asset allocation, liquidity requirements and deferment of the next enrollment period, we believe the net investment rate of return assumption of 6.50 percent in fiscal year 2018 grading down to 3.75 percent in 2025, on a select and ultimate basis, is consistent with applicable Actuarial Standards of Practice.

Weighted Average Tuition and Fees (WATF) by Contract Type Based on the Freshman Tuition Rates Adjusted for Differential Tuition (Blended)

	Contract Type			
	Choice 1	Choice 2	Choice 3	
	Community College	University	University Plus	Legacy†
2017-2018 Weighted Tuition	$3,862	$10,675	$13,884	$11,525
2017-2018 Weighted Fees	494	3,729	3,832	3,756
2017-2018 Total WATF	4,356	14,404	17,716	15,281

†Legacy contracts refer to contracts sold prior to October 2008. These contracts can be used for full tuition and fees at any public University in the State of Illinois, including UIUC.

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.

Weighted Average Tuition and Fees (WATF) Increase from Prior Year

	Contract Type			
	Choice 1	Choice 2	Choice 3	
	Community College	University	University Plus	Legacy
2017-2018 Total WATF	$4,356	$14,404	$17,716	$15,281
2016-2017 Total WATF	4,157	14,158	17,798	15,045
WATF Increase	4.79%	1.74%	-0.46%	1.57%

Bias Load

"Legacy," Choice 1 and Choice 2 contract beneficiaries were assumed on average to attend more expensive schools than indicated by the headcount information that was used to determine the 2017-2018 WATF. The following bias loads were used to recognize this bias toward enrollment at more expensive schools. No bias load was applied to the "University Plus" beneficiaries due to the separation of UIUC.

	Contract Type			
	Choice 1	Choice 2	Choice 3	
	Community College	University	University Plus	Legacy
Bias Load	5.50%	2.50%	0.00%	4.00%

Tuition and Fee Increase Assumption

Tuition and Fee Increase Assumption - June 30, 2017, Actuarial Valuation				
Effective Date	Community College	University	University Plus	Legacy
6/30/2017 and Beyond	5.00%	5.00%	5.00%	5.00%

(First effective with the actuarial soundness valuation as of June 30, 2016, and provided by ISAC.)

These assumptions were chosen by ISAC and consider historical Illinois public tuition and fee inflation, typically over a 20-year horizon, as well as current economic and political conditions.

Truth in Tuition

Under Illinois' Truth-in-Tuition law, the state's 12 public colleges and universities are required to charge incoming resident freshmen a fixed tuition rate for the first four years of college. The Truth in Tuition law does not apply to community colleges.

For contract beneficiaries with a Choice 2, Choice 3 or Legacy contract, 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 charged the year after the year they first enrolled. For contract beneficiaries with a Choice 1 contract, it was assumed that tuition will increase for each year enrolled. The fee portion of the WATF is assumed to increase each year for all contract types.

Methods and Assumptions

The following table shows the WAT (excluding fees) for the past four years that would be used for contract beneficiaries under the Truth-in-Tuition law. (Choice 1 is shown for informational purposes only.)

	Contract Type			
	Choice 1	Choice 2	Choice 3	
	Community College	University	University Plus	Legacy
2017-2018 Weighted Tuition	$3,862	$10,675	$13,884	$11,525
2016-2017 Weighted Tuition	3,698	10,410	14,136	11,318
2015-2016 Weighted Tuition	3,549	10,082	14,136	11,022
2014-2015 Weighted Tuition	3,331	9,903	14,145	10,871
2013-2014 Weighted Tuition	3,186	9,633	13,841	10,557

Rates of Cancellation

These rates are used to measure the probability of eligible contract beneficiaries cancelling their contracts before and after projected college entrance date. The rates apply to contract beneficiaries who have not yet matriculated and those who have matriculated, but have not used credits within the past year. Once the contract beneficiaries are assumed to have matriculated and started using benefits, the cancellation rates do not apply.

Years From Projected College Entrance Year	Cancellation Rate
-17	8.0%
-16	7.0%
-15	6.0%
-14	4.0%
-13	4.0%
-12	3.0%
-11	3.0%
-10	3.0%
-9	2.0%
-8	1.5%
-7	1.5%
-6	1.5%
-5	1.5%
-4	1.0%

Years From Projected College Entrance Year	Cancellation Rate
-3	1.0%
-2	1.0%
-1	1.5%
0	1.5%
1	3.0%
2	3.0%
3	5.0%
4	5.0%
5	7.5%
6	7.5%
7	5.0%
8	5.0%
9	5.0%
10	100.0%

In the event of a cancellation, it was assumed that a refund will be paid equal to the amount of all contract payments made accumulated with applicable interest, less benefits paid. (Two percent annual interest is applicable to contracts purchased prior to the 2013/2014 enrollment period. No interest is applicable to contracts purchased during or after the 2013/2014 enrollment period.)

Rates of Enrollment

These rates are used to measure the probability of eligible contract beneficiaries matriculating at and beyond their projected college entrance date. The rates apply to contract beneficiaries who have not yet matriculated and those who have matriculated, but have not used credits within the past year.

Years From Projected College Entrance Year	Matriculation Rate
0	70%
1	35%
2	40%
3	30%
4	20%
5	15%
6	15%
7	10%
8	10%
9	10%
10	0%

Utilization of Benefits

The following rates apply to contract beneficiaries who have not yet matriculated and those who have matriculated, but have not used credits within the past year. For those who have matriculated, the projected college entrance year is assumed to be the valuation year. Contract beneficiaries are assumed to use the benefits as described by the CIPTP Master Agreement.

Distribution of Benefit Utilization									
Number of Years Since Matriculation	Number of Semesters Purchased								
	1	2	3	4	5	6	7	8	9
1	73%	73%	49%	37%	29%	24%	21%	18%	16%
2	20%	20%	28%	35%	26%	24%	21%	18%	16%
3	7%	7%	14%	17%	19%	22%	21%	18%	16%
4			5%	6%	13%	15%	21%	18%	16%
5			5%	6%	7%	9%	8%	13%	16%
6					3%	4%	3%	6%	8%
7					2%	2%	2%	4%	6%
8							1%	2%	4%
9							1%	2%	1%

For contract beneficiaries who have matriculated and have used credits within the past year, it is assumed that the contract beneficiaries will utilize 22 credits per year until benefits are fully depleted.

Administrative Expenses

Administrative expenses of the Program are assumed to be paid through a combination of investment earnings and fees assessed on purchasers. Marketing expenses were excluded from the liabilities (present value of future administrative expenses) for current contract beneficiaries as it is assumed those costs should be applicable to future contracts. Administrative expenses are projected to increase by the rate of the inflation assumption of 2.50 percent for two years and then decline at the same rate the present value of benefits declines (combined with a 2.50 percent increase for inflation). The present value of future administrative expenses was determined to be equal to approximately 2.8 percent of the total liabilities.

First effective with the actuarial soundness valuation as of June 30, 2017, the calculation of the total administrative expenses related to marketing was changed from an assumption of 12 percent of total administrative expenses to incorporate actual marketing expenses in the prior fiscal year, as provided by ISAC. The amount of administrative expenses assumed to be non-marketing related is the basis for the present value of future administrative expenses for current contract beneficiaries.

	Assumed Current Contract Beneficiary Expenses			
Fiscal Year	Marketing	Other Administration	Total Administrative Expenses	Marketing % of Total
2017	$1,854,639	$4,768,606	$6,623,245	28.00%
2018	0	4,887,821	4,887,821	
2019	0	5,010,017	5,010,017	

Mortality and Disability

No assumption is made for death or disability. Valuing the rate of incidence is expected to be immaterial.

Data Adjustments

The following contract beneficiary records were excluded from the actuarial valuation:

- Records with a payment status indicating they were cancelled;
- Records with a contract usage status of depleted; and
- Records with the number of contract units used equal to the number of contract units purchased.

The projected college entrance year was adjusted for contract beneficiaries who are not scheduled to have completed payments for the contract by the college entrance year provided in the data.

The account balance that is eligible to be refunded is calculated by GRS based on the contract payment information provided, increased with applicable interest, less any tuition and fee benefits paid to date. Two percent annual interest is applicable to contracts purchased prior to the 2013/2014 enrollment period. No interest is applicable to contracts purchased during or after the 2013/2014 enrollment period.

SECTION F

PLAN PROVISIONS

Plan Provisions

(This is a summary only; the full terms and conditions of the College Illinois!® Prepaid Tuition Program are included in the Illinois Prepaid Tuition Act, 110 ILCS 979 (the "Act") and ISAC Administrative Rules (23 Ill. Adm. Code 2775, et. seq.) ("ISAC Rules").

A. Type of Contract

Three types of contracts are available for purchase: Choice 1 - Community College, Choice 2 – University and Choice 3 – University Plus.

B. Benefit

Covered benefits include tuition and mandatory fees at an Illinois public university or community college based on the in-state or in-district undergraduate rate for a full-time student.

Mandatory fees are fees that are required upon enrollment for all students attending the particular institution.

The benefit does not include any optional fees, expenses or cost of supplies.

The benefit shall never be less than the amount paid for the contract.

Benefits are available for use three years after the first payment due date. The plan must be paid in full prior to the use of any benefits. In addition, the beneficiary has up to 10 years from the projected college enrollment date to start using program benefits. Once the beneficiary starts using the prepaid benefits, they have 10 years to finish using benefits.

C. Contract Payments

The Program offers a variety of payment options, including the following:

- Lump Sum;
- 5-year installment plans paid monthly or annually;
- Extended installment plans of 6 to 15 years, depending on age, paid monthly or annually; and
- Down payment options are available for monthly installment plans.

D. Private or Out-of-State Institutions

For beneficiaries attending a private or out-of-state institution, the plan 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.

E. Scholarship	If 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. 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. 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 type of the purchased contract, less any benefits used to pay registration fees not covered by the scholarship and any applicable fees.
F. Not Attending an Institution of Higher Education (Transfer)	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.
G. Cancellation/Refunds	Refund equal to all contract payments made accumulated with applicable interest, less benefits paid and applicable cancellation fees. (Two percent annual interest is applicable to contracts purchased prior to the 2013/2014 enrollment period. No interest is applicable to contracts purchased during or after the 2013/2014 enrollment period.)
H. Death/Disability of Qualified Beneficiary	Refund equal to the value of the mean-weighted average cost of tuition at the colleges for the type of contract purchased will be made to the purchaser.
I. Other Ancillary Benefits	There are no ancillary benefits.
J. Truth in Tuition	Under Illinois' Truth-in-Tuition law, enacted with the fall 2004 semester, the state's 12 public colleges and universities are required to charge incoming resident freshmen a fixed tuition rate for the first four years of college.
K. Changes from Previous Valuation	None.