

**COLLEGE ILLINOIS!® PREPAID TUITION PROGRAM  
ACTUARIAL SOUNDNESS VALUATION REPORT  
AS OF JUNE 30, 2015**

October 29, 2015

Mr. Eric Zarnikow  
Executive Director  
Illinois Student Assistance Commission  
James R. Thompson Center  
100 West Randolph, Suite 3-200  
Chicago, IL 60601-3293

**Re: College Illinois!® Prepaid Tuition Program Actuarial Valuation as of June 30, 2015**

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, 2015. 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, 2015.

This report presents the principal results of the actuarial 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, 2015, 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 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 otherwise 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, 2015, and do not reflect subsequent market volatility.

The valuation results summarized in this report involve actuarial calculations that require assumptions about future events. The actuarial assumptions used in this analysis 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, valuation.

Given the current asset allocation and liquidity requirements, the net investment rate of return assumption of 7.00 percent, appears to be 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, 2015. All calculations have been made in conformity with generally accepted actuarial principles and practices commonly applicable to similar types of arrangements.

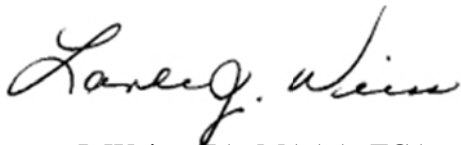
There are currently no Actuarial Standards of Practice which specifically relate to prepaid tuition plans. We have looked to the Actuarial Standards of Practice related to pensions for guidance due to their similar nature.

Lance Weiss, Paul Wood 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.

The signing actuaries are independent of ISAC.

Respectfully submitted,

Gabriel, Roeder, Smith and Company



Lance J. Weiss, EA, MAAA, FCA  
Senior Consultant



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## **SECTION A**

### EXECUTIVE SUMMARY

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## SUMMARY OF RESULTS

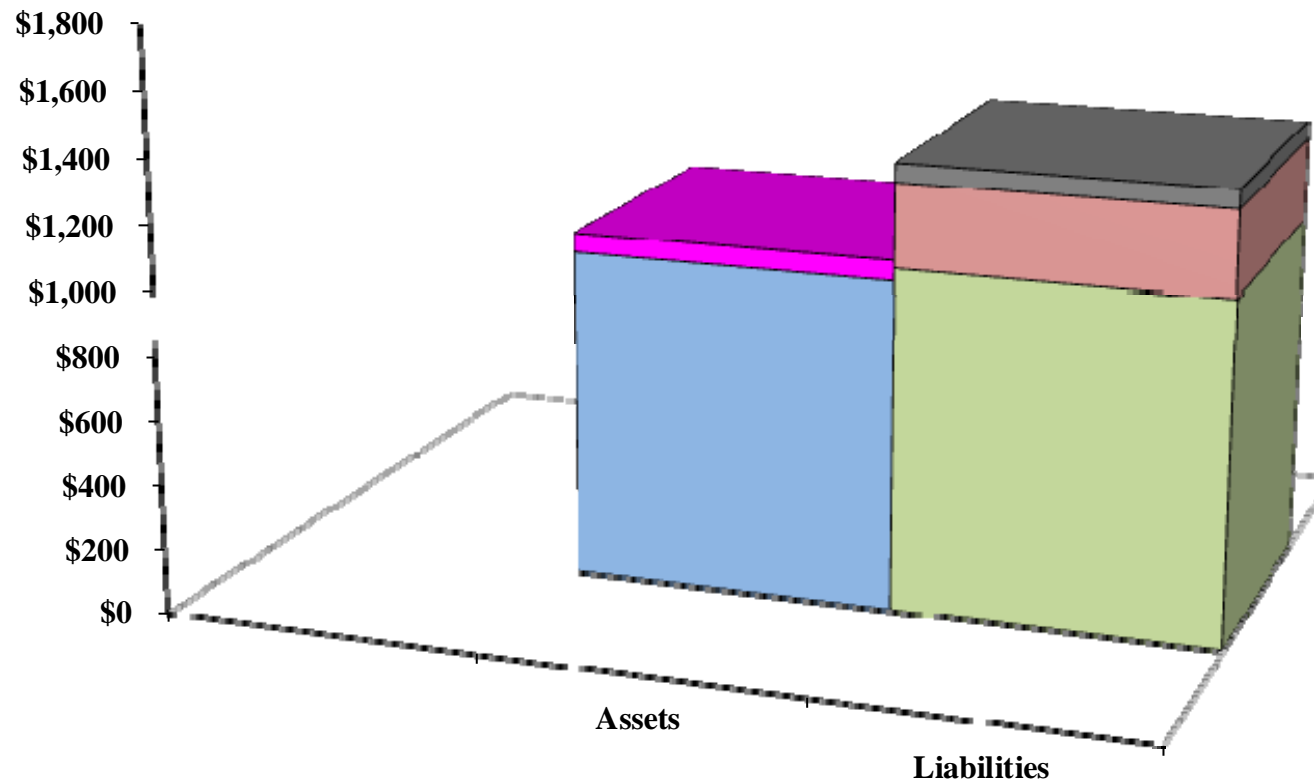
### Principal Valuation Results

Valuation Date:	June 30, 2015	June 30, 2014
Membership Summary:		
Counts		
Not yet Matriculating	31,194	34,125
Matriculating	12,385	11,713
Total	43,579	45,838
Average years until Enrollment if Not yet Matriculating	4.7	5.0
Assets <sup>1</sup>		
· Actuarial Value of Assets (AVA)	\$1,085,206,988	\$1,172,353,201
· Estimated Return <sup>2</sup>	3.90%	11.28%
Actuarial Liabilities (Present Value of Future Tuition Payments, Fees, and Administrative Expenses)	\$1,377,318,169	\$1,500,535,374
Unfunded Liabilities	\$292,111,181	\$328,182,173
Funded Ratio	78.8%	78.1%

<sup>1</sup> Asset values include present value of expected future contributions from current members.

<sup>2</sup> The estimated return was determined using the market value of assets due to the change in the asset valuation method.

**SUMMARY OF ASSETS AND LIABILITIES AS OF JUNE 30, 2015**  
**\$ IN MILLIONS**



ASSETS	LIABILITIES
Actuarial Value of Assets	PV Benefits Not Yet Matriculating
PV Future Contributions	PV Benefits Matriculating
	PV Administrative Fees

**Funded Status as of June 30, 2015 (Based on Actuarial Value of Assets)**

	<b>June 30, 2015</b>
<b>Actuarial Present Value of Future Tuition Payments, Fees and Expenses</b>	<b>\$1,377,318,169</b>
<b>Actuarial Value of Assets (Including the Present Value of Installment Contract Receivables)</b>	<b>\$1,085,206,988</b>
<b>Deficit/(Surplus) as of June 30, 2015</b>	<b>\$292,111,181</b>

**Gain/Loss Summary**

	Unfunded Liability (Market Value of Assets)
Value at June 30, 2014	\$ 328,182,173
Expected Value at June 30, 2015	\$ 346,104,498
(Gain)/Loss Due to:	
Investment Experience	\$ 31,916,454
Change in Assumptions and Methods	(49,845,761)
Tuition/Fee Inflation	(47,420,647)
Other Demographic Experience*	11,356,637
Total	\$ (53,993,317)
Actual Value at June 30, 2015	\$ 292,111,181

*\*Other Demographic Experience includes deviations in actual participant experience from our assumptions related to rates of participant deaths and disabilities, rates of separation from active membership, rates of enrollment and utilization of benefits.*

Additional Details on the development of the Expected Value at June 30, 2015, can be found on Page 10.



## **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, 2015.

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, 2015, 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, strictly for illustrative purposes, also presents the results of (1) a closed group business model and (2) alternative open group business models. Finally, the report also presents the impact of variances 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 member data, financial data, plan provisions and actuarial assumptions and methods.

The actuarial assumptions and methods used for this June 30, 2015, actuarial soundness 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, valuation.

On October 17, 2014, CIPTP announced reduced pricing for purchasers of new contracts. In addition, price adjustments were made to certain existing CIPTP contract holders who purchased prepaid plans after October 2010. This June 30, 2015, actuarial soundness valuation takes into account such reduced pricing as well as the price adjustments made to certain existing contract holders.

### **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, 2015, the CIPTP had 43,579 contracts in force.

### **Actuarial Assumptions**

The valuation results summarized in this report involve actuarial calculations that require assumptions about future events. The actuarial assumptions used in this actuarial soundness valuation are 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. These actuarial assumptions are the responsibility of ISAC.

### **Key Actuarial Assumptions – Changes Since Prior Valuation**

An experience review of the actuarial assumptions used in the annual actuarial soundness valuation of the College Illinois!® Prepaid Tuition Program for the period July 1, 2011, to June 30, 2014, was performed. The primary purpose of the study was to determine the continued appropriateness of the actuarial assumptions by comparing actual experience to expected experience. Our study was based on census information as provided by ISAC and annual actuarial soundness valuations for the period from July 1, 2011, to June 30, 2014.

Following is a summary of our key findings and recommendations, as approved by ISAC.

- **Price inflation:** Maintain the rate of price inflation of 3.00 percent.
- **Investment return:** Maintain the current investment return assumption of 7.00 percent, net of investment expenses.
- **Tuition and fee increases:** Maintain the current “select and ultimate” rate increase structure.
- **Rates of cancellation before and after projected college entrance year:** Updated this assumption based on recent experience. Furthermore, it is assumed that a 100 percent of contract holders will cancel their contracts ten years after their projected college entrance date if the contract has not been used by that point.
- **Probability of matriculation at or beyond projected college entrance year:** Updated and simplified this assumption based on recent experience.
- **Utilization of benefits that applies both to contracts in and not yet in payment status:** Lowered the assumed number of credit hours used by beneficiaries.
- **Mortality and Disability:** Maintain the current assumption of no provision for death and disability.
- **Weighted Average Tuition and Bias Load:** Maintain the methodology to calculate the Weighted Average Tuition. Furthermore, the Bias Loads were modified to better track recent experience.
- **Administrative Expenses:** Maintain the current basis for determining the level of administrative expenses used in the Actuarial Soundness Valuation. The growth rate of administrative expenses was lowered to be consistent with the price inflation assumption.
- **Truth in Tuition:** Maintain the current assumption pertaining to Truth in Tuition for beneficiaries who attend school for no more than four years. For those beneficiaries that attend school beyond four years, the amount charged was modified to the amount charged the year after they first enrolled.
- **Asset Valuation Method:** The use of asset smoothing was eliminated and the actuarial value of assets was set to the market value of assets.

ISAC approved these assumptions for use in the June 30, 2015, actuarial soundness valuation. The impact of the change in assumptions and methods is shown in Exhibit II on Page 10.

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, 2015**

As of June 30, 2015, the present value of all future tuition obligations under contracts outstanding (and including future administrative expenses) at that date is \$1,377,318,169. Fund assets as of June 30, 2015, including the market value of program assets and the present value of installment contract receivables, is \$1,085,206,988.

The difference between the present value of future tuition obligations and the value of assets as of June 30, 2015, represents a program deficit of \$292,111,181. The comparable program deficit as of the last valuation as of June 30, 2014, was \$328,182,173.

### **Gain/Loss Analysis**

As described above, the program deficit decreased from \$328.2 million as of June 30, 2014, to \$292.1 million as of June 30, 2015. Based on the actuarial assumptions used during the June 30, 2014, actuarial soundness valuation, the deficit was expected to increase to \$346.1 million. The primary factors which caused the expected deficit to decrease by \$54.0 million include tuition and fee increases that were less than expected and the change in assumptions and methods. These gains were partially offset by losses due to investment returns that were less than expected and other demographic experience which includes deviations in actual participant experience from our assumptions related to rates of separation from active membership and rates of enrollment and utilization of benefits.

The funded ratio increased from 78.1 percent as of June 30, 2014, to 78.8 percent as of June 30, 2015.

### **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 valuation as of June 30, 2014.

### **Assets**

CIPTP assets are held in trust. ISAC provided the asset information used in the June 30, 2015, 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 valuation date to the current valuation date. The approximate return on market value of assets was 3.90 percent for the year ended June 30, 2015.

Commencing with the June 30, 2015, valuation, the actuarial value of assets is equal to the market value of assets.

### **Closed Group Business Model (Run-Off Scenario)**

While the closing of the program has not occurred, in Exhibit IV, we have provided a closed group projection (i.e., run off scenario) for illustration purposes assuming no new contract sales after June 30, 2015. Under this scenario, member payments, fund principal and investment income are projected to be insufficient to make the required tuition payments by the year 2025 and additional funds will be required to maintain solvency (\$684 million for the period 2025 to 2051). Under this scenario, the shortfall is expected to grow from the current level of \$292 million until it reaches a high of \$538 million in 2024.

### **Open Group Ongoing Business Scenarios**

Exhibits V, VI, VII and VIII present the results of an open group scenario assuming the sale of additional new contracts. The alternative open group scenarios included in this section of the report (the sale of 500, 1,000, 1,500 and 2,500 new contracts each year) were provided to us by ISAC and are presented for illustrative purposes only. Because there are many factors that may impact the decision to purchase a new contract including but not limited to contract prices, expected future tuition cost increases, competing savings vehicles, etc., it is very difficult to assess the likelihood of selling a particular number of contracts. Therefore, GRS is unable to judge the reasonableness of these new contract sales scenarios. Please refer to Page 22 in this report for a summary of historical contract sales.

Exhibits V and VI illustrate the program results based on an investment return assumption of 7.00 percent and an assumption of 500 and 1,000 new contract sales each year. Under these more conservative new contract sales assumptions, member payments, fund principal and investment income are projected to be insufficient to make the required tuition payments and additional funds will be required for a period of time.

Exhibit VII illustrates the program results based on an investment return assumption of 7.00 percent and an assumption of 1,500 new contract sales each year. Under this new contract sales assumption, the CIPTP funded status is projected to decrease to 54 percent in 2030 and gradually increase to 78 percent in 2050.

Exhibit VIII illustrates the program results based on an investment return assumption of 7.00 percent and an assumption of 2,500 new contract sales each year. Under this new contract sales assumption, the CIPTP funded status is projected to stay fairly level at around 78 to 83 percent for a number of years before gradually improving to 100 percent in 2036.

The level of contribution premium over the expected costs can significantly impact the number of new contract future sales. The projection scenarios are for illustrative purposes only and do not consider how increases in contract costs can impact future sales.

**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 unforeseen changes in actuarial projections 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 22 in Section D 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 during the period 1999 to 2010 was 5,236; whereas the average annual number of contracts sold during the last five year period 2010 to 2015 was 598 including 2011/2012 when the plan was not open for new contract sales, or 748 excluding 2011/2012 when the plan was not open for new contract sales.

*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.*

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## **SECTION B**

### VALUATION RESULTS

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**Exhibit I**  
**Principal Valuation Results**

Valuation Date:	June 30, 2015	June 30, 2014
1 Number of Members		
a. Not yet Matriculating:	31,194	34,125
b. Matriculating:	12,385	11,713
c. Total	43,579	45,838
Average Years until Enrollment if Not Yet Matriculating	4.7	5.0
2 Assets		
a. Market Value of Assets (in Trust)	\$ 1,025,385,432	\$ 1,096,307,516
b. PV Future Member Contributions	59,821,556	76,045,685
c. Total Actuarial Value of Assets (AVA) (2a + 2b)	\$ 1,085,206,988	\$ 1,172,353,201
3 Actuarial Results		
Liabilities		
a. Not yet Matriculating - Tuition and Fees	\$ 1,062,457,974	\$ 1,202,693,448
b. Matriculating - Tuition and Fees	257,743,983	243,961,994
c. Present Value of Future Administrative Expenses	57,116,212	53,879,932
d. Total	\$ 1,377,318,169	\$ 1,500,535,374
Unfunded Liability	\$ 292,111,181	\$ 328,182,173
Funded Ratio	78.8%	78.1%

**Exhibit II**  
**Gain/Loss Summary**

	Present Value of Benefits	Market Value of Assets	Unfunded Liability
1. Values at June 30, 2014	\$ 1,500,535,374	\$1,172,353,201	\$ 328,182,173
2. Actual Tuition Payments, Refunds, and Administrative Expenses	\$ (144,739,442)	\$ (144,739,442)	\$ -
3. Interest on 1. and 2. at 7.00%	\$ 100,057,275	\$ 77,084,523	\$ 22,972,752
4. New Contracts	\$ 15,200,234	\$ 20,250,661	\$ (5,050,427)
5. Projected Values at June 30, 2015 (1. + 2. + 3. + 4.)	\$ 1,471,053,441	\$ 1,124,948,943	\$ 346,104,498
6. (Gain)/Loss Due to:			
Investment Experience	\$ -	\$ 31,916,454	\$ 31,916,454
Change in Assumptions and Methods	(52,491,873)	2,646,111	(49,845,761)
Tuition/Fee Inflation	(47,420,647)	-	(47,420,647)
Other Demographic Experience*	6,177,247	5,179,390	11,356,637
Total	\$ (93,735,273)	\$ 39,741,955	\$ (53,993,317)
7. Actual Values at June 30, 2015 (5. + 6.)	\$ 1,377,318,169	\$ 1,085,206,988	\$ 292,111,181

*\*Other Demographic Experience includes deviations in actual participant experience from our assumptions related to rates of participant deaths and disabilities, rates of separation from active membership, rates of enrollment and utilization of benefits.*



**Exhibit III**  
**Gain and Loss History**

	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
Unfunded Liability at Prior Valuation Date	\$ 531,271,895	\$ 536,337,123	\$ 467,404,585	\$ 448,506,323	\$ 328,182,173
Projected Unfunded Liability at Valuation Date	\$ 548,401,665	\$ 585,357,342	\$ 491,441,672	\$ 474,596,839	\$ 346,104,498
(Gain)/Loss Due to:					
Investment Experience	\$ (82,811,259)	\$ 50,941,188	\$ (13,003,926)	\$ (44,221,698)	\$ 31,916,454
Change in Assumptions	112,715,224	(81,435,163)	24,441,468	(53,755,927)	(49,845,761)
Tuition/Fee Inflation*	N/A	N/A	(66,164,363)	(45,359,154)	(47,420,647)
Other Demographic Experience	(41,968,507)	(87,458,782)	11,791,472	(3,077,887)	11,356,637
Total	\$ (12,064,542)	\$ (117,952,757)	\$ (42,935,349)	\$ (146,414,666)	\$ (53,993,317)
Unfunded Liability at Valuation Date	\$ 536,337,123	\$ 467,404,585	\$ 448,506,323	\$ 328,182,173	\$ 292,111,181

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

## Exhibit IV

### Closed Group Business Model (Run Off Scenario) – Current Year Assumptions

Closed Group Projections (No New Contracts)

Projection Based on Data as of June 30, 2015

Assumptions Based on Those Used in Actuarial Valuation as of June 30, 2015

7.00% Assumed Net Investment Return

0 New Contracts Per Year

Year Ending 6/30	Assumed Net Rate of Return	Annual New Contracts	Assets							Liabilities					Unfunded Liability	Funded Ratio
			Contributions	Additional Required Solvency Contributions <sup>1</sup>	Tuition Payments, Refunds, and Fees	Administrative Expenses	Net Investment Return	Market Value of Assets (EOY)	Total Present Value of Future Contributions	Total Fund Assets (MVA + PVFC)	Total Present Value of Future Benefits	Present Value of Future Admin Expenses	Total Present Value of Future Benefits, Fees, and Expenses			
2015			33,221,359	0	137,976,098	6,763,344	40,595,999	1,025,385,432	59,821,556	1,085,206,988	1,320,201,957	57,116,212	1,377,318,169	292,111,181	78.8%	
2016	7.00%	0	18,270,942	0	163,506,101	5,951,743	66,485,439	940,683,970	45,109,455	985,793,425	1,243,484,021	54,957,817	1,298,441,838	312,648,413	75.9%	
2017	7.00%	0	12,937,171	0	157,378,831	6,145,174	60,577,339	850,674,475	34,884,803	885,559,278	1,167,733,907	52,448,246	1,220,182,153	334,622,875	72.6%	
2018	7.00%	0	10,601,619	0	158,628,037	6,284,385	54,146,335	750,510,007	26,360,339	776,870,346	1,085,389,078	49,619,005	1,135,008,083	358,137,737	68.4%	
2019	7.00%	0	8,442,663	0	160,149,575	6,364,871	47,003,188	639,441,412	19,472,404	658,913,816	995,706,203	46,508,461	1,042,214,664	383,300,848	63.2%	
2020	7.00%	0	6,054,475	0	152,765,915	6,383,718	39,402,568	525,748,822	14,572,675	540,321,497	907,383,229	43,160,685	950,543,914	410,222,417	56.8%	
2021	7.00%	0	4,665,555	0	146,037,537	6,339,763	31,632,506	409,669,583	10,766,675	420,436,258	819,837,533	39,624,030	859,461,563	439,025,305	48.9%	
2022	7.00%	0	4,279,801	0	145,372,001	6,233,689	23,520,465	285,864,159	7,093,282	292,957,441	726,852,073	35,949,535	762,801,608	469,844,167	38.4%	
2023	7.00%	0	3,090,906	0	142,096,261	6,068,009	14,932,923	155,723,718	4,392,553	160,116,271	630,746,085	32,189,204	662,935,289	502,819,018	24.2%	
2024	7.00%	0	1,984,274	0	136,649,501	5,846,986	5,982,733	21,194,238	2,647,483	23,841,721	533,546,855	28,394,279	561,941,134	538,099,413	4.2%	
2025	7.00%	0	1,092,345	108,437,323	125,864,177	5,576,442	716,713	0	1,702,876	1,702,876	440,700,113	24,613,562	465,313,675	463,610,799	0.4%	
2026	7.00%	0	690,430	120,267,101	115,748,930	5,208,601	0	0	1,107,891	1,107,891	351,817,401	20,948,693	372,766,094	371,658,203	0.3%	
2027	7.00%	0	585,354	103,143,119	98,966,020	4,762,453	0	0	579,948	579,948	274,073,290	17,488,781	291,562,071	290,982,123	0.2%	
2028	7.00%	0	347,147	86,624,855	82,711,267	4,260,735	0	0	261,453	261,453	207,701,152	14,305,658	222,006,810	221,745,357	0.1%	
2029	7.00%	0	191,293	70,290,811	66,754,137	3,727,967	0	0	81,880	81,880	153,189,161	11,450,815	164,639,976	164,558,096	0.0%	
2030	7.00%	0	84,697	54,733,216	51,629,510	3,188,403	0	0	0	0	110,506,379	8,954,263	119,460,642	119,460,642	0.0%	
2031	7.00%	0	0	41,454,954	38,790,810	2,664,144	0	0	0	0	78,116,267	6,825,249	84,941,516	84,941,516	0.0%	
2032	7.00%	0	0	30,521,077	28,347,453	2,173,624	0	0	0	0	54,261,548	5,054,603	59,316,151	59,316,151	0.0%	
2033	7.00%	0	0	22,336,826	20,606,213	1,730,613	0	0	0	0	36,744,608	3,618,265	40,362,873	40,362,873	0.0%	
2034	7.00%	0	0	15,877,326	14,550,554	1,326,772	0	0	0	0	24,265,509	2,499,120	26,764,629	26,764,629	0.0%	
2035	7.00%	0	0	11,043,150	10,065,173	977,977	0	0	0	0	15,552,590	1,662,431	17,215,021	17,215,021	0.0%	
2036	7.00%	0	0	7,412,800	6,720,812	691,988	0	0	0	0	9,689,203	1,063,003	10,752,206	10,752,206	0.0%	
2037	7.00%	0	0	4,833,765	4,364,575	469,190	0	0	0	0	5,852,693	652,079	6,504,772	6,504,772	0.0%	
2038	7.00%	0	0	3,090,398	2,786,132	304,266	0	0	0	0	3,380,381	382,989	3,763,370	3,763,370	0.0%	
2039	7.00%	0	0	1,850,506	1,662,179	188,327	0	0	0	0	1,897,635	214,992	2,112,627	2,112,627	0.0%	
2040	7.00%	0	0	1,046,832	935,829	111,003	0	0	0	0	1,062,440	115,219	1,177,659	1,177,659	0.0%	
2041	7.00%	0	0	598,498	536,350	62,148	0	0	0	0	582,005	58,998	641,003	641,003	0.0%	
2042	7.00%	0	0	355,398	321,353	34,045	0	0	0	0	290,335	27,912	318,247	318,247	0.0%	
2043	7.00%	0	0	190,016	173,033	16,983	0	0	0	0	131,672	12,298	143,970	143,970	0.0%	
2044	7.00%	0	0	93,212	85,510	7,702	0	0	0	0	52,437	5,192	57,629	57,629	0.0%	
2045	7.00%	0	0	33,048	29,981	3,067	0	0	0	0	25,095	2,383	27,478	27,478	0.0%	
2046	7.00%	0	0	16,370	14,902	1,468	0	0	0	0	11,437	1,031	12,468	12,468	0.0%	
2047	7.00%	0	0	7,762	7,093	669	0	0	0	0	4,900	411	5,311	5,311	0.0%	
2048	7.00%	0	0	3,523	3,236	287	0	0	0	0	1,896	144	2,040	2,040	0.0%	
2049	7.00%	0	0	1,510	1,399	111	0	0	0	0	582	39	621	621	0.0%	
2050	7.00%	0	0	527	493	34	0	0	0	0	113	6	119	119	0.0%	

<sup>1</sup> Additional contributions in the amount of \$684,263,923 are needed over the years 2025 through 2050 to pay all benefits due.

**Exhibit V****Continuing Business Model – Current Year Assumptions – New Contract Sales of 500 Per Year**

Open Group Projections (Continuing Business Scenario)

Projection Based on Data as of June 30, 2015

Assumptions Based on Those Used in Actuarial Valuation as of June 30, 2015

7.00% Assumed Net Investment Return

500 New Contracts Per Year

Year Ending 6/30	Assumed Net Rate of Return	Annual New Contracts	Assets							Liabilities					Unfunded Liability	Funded Ratio
			Contributions	Additional Required Solvency Contributions <sup>2</sup>	Tuition Payments, Refunds, and Fees	Administrative Expenses	Net Investment Return	Market Value of Assets (EOY)	Total Present Value of Future Contributions	Total Fund Assets (MVA + PVFC)	Total Present Value of Future Benefits	Present Value of Future Admin Expenses	Total Present Value of Future Benefits, Fees, and Expenses			
2015			33,221,359	0	137,976,098	6,763,344	40,595,999	1,025,385,432	59,821,556	1,085,206,988	1,320,201,957	57,116,212	1,377,318,169	292,111,181	78.8%	
2016	7.00%	500	18,270,942	0	163,506,101	5,951,743	66,485,439	940,683,970	60,438,989	1,001,122,959	1,255,293,456	55,133,501	1,310,426,957	309,303,998	76.4%	
2017	7.00%	500	22,361,824	0	157,391,010	6,160,054	60,906,255	860,400,985	57,882,964	918,283,949	1,192,771,396	53,147,031	1,245,918,427	327,634,477	73.7%	
2018	7.00%	500	22,118,078	0	158,937,861	6,344,855	55,217,307	772,453,654	56,323,079	828,776,733	1,124,880,667	51,556,447	1,176,437,114	347,660,381	70.4%	
2019	7.00%	500	22,049,420	0	160,773,875	6,535,201	48,987,668	676,181,666	55,719,526	731,901,192	1,050,990,703	50,376,539	1,101,367,242	369,466,050	66.5%	
2020	7.00%	500	21,846,696	0	153,909,574	6,731,257	42,474,922	579,862,453	56,344,521	636,206,974	979,720,834	49,612,056	1,029,332,890	393,125,916	61.8%	
2021	7.00%	500	22,745,758	0	147,774,317	6,933,195	35,971,710	483,872,409	57,189,966	541,062,375	910,523,511	49,248,622	959,772,133	418,709,758	56.4%	
2022	7.00%	500	23,911,699	0	147,947,617	7,141,191	29,279,870	381,975,170	58,068,757	440,043,927	837,061,221	49,259,252	886,320,473	446,276,547	49.6%	
2023	7.00%	500	24,322,261	0	145,789,784	7,355,426	22,229,459	275,381,680	59,652,653	335,034,333	761,471,670	49,603,710	811,075,380	476,041,047	41.3%	
2024	7.00%	500	24,730,025	0	141,728,911	7,576,089	14,916,593	165,723,298	62,063,407	227,786,705	685,625,414	50,236,095	735,861,509	508,074,804	31.0%	
2025	7.00%	500	25,364,055	0	132,585,340	7,803,372	7,574,768	58,273,409	65,219,581	123,492,990	614,831,509	51,756,194	666,587,703	543,094,713	18.5%	
2026	7.00%	500	26,509,037	45,671,654	124,387,225	8,037,473	1,970,598	0	68,613,930	68,613,930	548,442,992	53,988,069	602,431,061	533,817,131	11.4%	
2027	7.00%	500	27,935,742	90,034,244	109,691,389	8,278,597	0	0	72,066,971	72,066,971	493,559,362	56,736,796	550,296,158	478,229,187	13.1%	
2028	7.00%	500	29,271,140	74,901,659	95,645,844	8,526,955	0	0	75,778,607	75,778,607	450,387,581	59,789,613	510,177,194	434,398,586	14.9%	
2029	7.00%	500	30,758,258	60,142,732	82,118,226	8,782,764	0	0	79,694,959	79,694,959	419,274,001	62,946,323	482,220,324	402,525,365	16.5%	
2030	7.00%	500	32,354,150	46,233,008	69,540,911	9,046,247	0	0	83,704,608	83,704,608	400,069,997	66,028,117	466,098,114	382,393,506	18.0%	
2031	7.00%	500	33,979,147	34,664,445	59,325,958	9,317,634	0	0	87,965,029	87,965,029	391,298,294	68,904,313	460,202,607	372,237,578	19.1%	
2032	7.00%	500	35,721,950	25,426,979	51,551,766	9,597,163	0	0	92,378,265	92,378,265	391,169,065	71,497,673	462,666,738	370,288,472	20.0%	
2033	7.00%	500	37,508,093	18,921,727	46,544,742	9,885,078	0	0	96,966,473	96,966,473	397,466,159	73,985,024	471,451,183	374,484,709	20.6%	
2034	7.00%	500	39,362,149	14,287,213	43,467,732	10,181,630	0	0	101,858,445	101,858,445	408,779,907	76,249,175	485,029,082	383,170,637	21.0%	
2035	7.00%	500	41,362,908	11,232,832	42,108,661	10,487,079	0	0	106,911,154	106,911,154	423,675,235	78,266,784	501,942,019	395,030,865	21.3%	
2036	7.00%	500	43,404,150	9,158,339	41,760,798	10,801,691	0	0	112,307,496	112,307,496	441,513,353	80,084,635	521,597,988	409,290,492	21.5%	
2037	7.00%	500	45,611,133	7,809,201	42,294,592	11,125,742	0	0	117,834,327	117,834,327	461,540,070	81,796,506	543,336,576	425,502,249	21.7%	
2038	7.00%	500	47,829,757	7,142,932	43,513,175	11,459,514	0	0	123,840,823	123,840,823	483,458,294	83,514,345	566,972,639	443,131,816	21.8%	
2039	7.00%	500	50,305,560	6,552,369	45,054,629	11,803,300	0	0	129,928,896	129,928,896	506,945,047	85,344,653	592,289,700	462,360,804	21.9%	
2040	7.00%	500	52,741,164	6,329,887	46,913,652	12,157,399	0	0	136,535,311	136,535,311	532,067,100	87,369,778	619,436,878	482,901,567	22.0%	
2041	7.00%	500	55,458,675	6,153,305	49,089,859	12,522,121	0	0	143,240,611	143,240,611	558,490,523	89,624,480	648,115,003	504,874,392	22.1%	
2042	7.00%	500	58,141,220	6,245,306	51,488,741	12,897,785	0	0	150,477,160	150,477,160	586,361,397	92,157,013	678,518,410	528,041,250	22.2%	
2043	7.00%	500	61,112,634	6,189,032	54,016,948	13,284,718	0	0	157,992,350	157,992,350	615,653,876	94,948,027	710,601,903	552,609,553	22.2%	
2044	7.00%	500	64,153,702	6,232,959	56,703,401	13,683,260	0	0	165,899,450	165,899,450	646,425,318	97,982,247	744,407,565	578,508,116	22.3%	
2045	7.00%	500	67,366,608	6,251,638	59,524,489	14,093,757	0	0	174,183,657	174,183,657	678,739,309	101,218,408	779,957,717	605,774,060	22.3%	
2046	7.00%	500	70,723,625	6,290,612	62,497,667	14,516,570	0	0	182,896,346	182,896,346	712,674,079	104,625,093	817,299,172	634,402,826	22.4%	
2047	7.00%	500	74,265,797	6,307,538	65,621,268	14,952,067	0	0	192,040,264	192,040,264	748,307,892	108,151,948	856,459,840	664,419,575	22.4%	
2048	7.00%	500	77,978,105	6,324,380	68,901,856	15,400,629	0	0	201,641,879	201,641,879	785,723,566	111,751,245	897,474,811	695,832,932	22.5%	
2049	7.00%	500	81,876,895	6,332,661	72,346,908	15,862,648	0	0	211,723,945	211,723,945	825,010,289	115,383,553	940,393,842	728,669,896	22.5%	
2050	7.00%	500	85,970,155	6,332,980	75,964,607	16,338,528	0	0	222,310,234	222,310,234	866,260,666	119,024,651	985,285,317	762,975,083	22.6%	

<sup>1</sup> Additional contributions in the amount of \$521,169,632 are needed over the years 2026 through 2050 to maintain solvency.

## Exhibit VI

## Continuing Business Model – Current Year Assumptions – New Contract Sales of 1,000 Per Year

Open Group Projections (Continuing Business Scenario)

Projection Based on Data as of June 30, 2015

Assumptions Based on Those Used in Actuarial Valuation as of June 30, 2015

7.00% Assumed Net Investment Return

1,000 New Contracts Per Year

Year Ending 6/30	Assumed Net Rate of Return	Annual New Contracts	Assets								Liabilities				
			Contributions	Additional Required Solvency Contributions <sup>2</sup>	Tuition Payments, Refunds, and Fees	Administrative Expenses	Net Investment Return	Market Value of Assets (EOY)	Total Present Value of Future Contributions	Total Fund Assets (MVA + PVFC)	Total Present Value of Future Benefits	Present Value of Future Admin Expenses	Total Present Value of Future Benefits, Fees, and Expenses	Unfunded Liability	Funded Ratio
2015			33,221,359	0	137,976,098	6,763,344	40,595,999	1,025,385,432	59,821,556	1,085,206,988	1,320,201,957	57,116,212	1,377,318,169	292,111,181	78.8%
2016	7.00%	1,000	18,270,942	0	163,506,101	5,951,743	66,485,439	940,683,970	75,778,187	1,016,462,157	1,267,110,337	55,133,501	1,322,243,838	305,781,681	76.9%
2017	7.00%	1,000	31,792,419	0	157,403,196	6,160,054	61,235,899	870,149,038	80,872,721	951,021,759	1,217,807,273	53,147,031	1,270,954,304	319,932,545	74.8%
2018	7.00%	1,000	33,627,716	0	159,247,863	6,344,855	56,291,658	794,475,694	86,316,974	880,792,668	1,164,395,306	51,556,447	1,215,951,753	335,159,085	72.4%
2019	7.00%	1,000	35,676,216	0	161,398,147	6,535,201	50,984,299	713,202,861	91,987,403	805,190,264	1,106,305,991	50,376,539	1,156,682,530	351,492,266	69.6%
2020	7.00%	1,000	37,646,799	0	155,053,932	6,731,257	45,579,357	634,643,828	98,104,413	732,748,241	1,052,071,322	49,612,056	1,101,683,378	368,935,137	66.5%
2021	7.00%	1,000	40,813,545	0	149,511,803	6,933,195	40,377,967	559,390,342	103,639,876	663,030,218	1,001,242,156	49,248,622	1,050,490,778	387,460,560	63.1%
2022	7.00%	1,000	43,560,398	0	150,523,993	7,141,191	35,163,656	480,449,212	109,047,372	589,496,584	947,298,700	49,259,252	996,557,952	407,061,368	59.2%
2023	7.00%	1,000	45,552,404	0	149,484,703	7,355,426	29,736,374	398,897,861	114,935,311	513,833,172	892,239,276	49,603,710	941,842,986	428,009,814	54.6%
2024	7.00%	1,000	47,487,835	0	146,809,705	7,576,089	24,181,422	316,181,324	121,497,431	437,678,755	837,752,223	50,236,095	887,988,318	450,309,563	49.3%
2025	7.00%	1,000	49,641,953	0	139,309,004	7,803,372	18,721,228	237,432,129	128,672,983	366,105,112	788,956,043	51,756,194	840,712,237	474,607,124	43.5%
2026	7.00%	1,000	52,284,817	0	133,028,250	8,037,473	13,512,917	162,164,140	136,081,256	298,245,396	745,047,216	53,988,069	799,035,285	500,789,889	37.3%
2027	7.00%	1,000	55,271,899	0	120,418,682	8,278,597	8,781,601	97,520,361	143,608,520	241,128,881	713,080,121	56,736,796	769,816,917	528,688,036	31.3%
2028	7.00%	1,000	58,239,244	0	108,582,652	8,526,955	4,765,963	43,415,961	151,318,732	194,734,693	693,116,333	59,789,613	752,905,946	558,171,252	25.9%
2029	7.00%	1,000	61,332,598	51,621	97,485,589	8,782,764	1,468,173	0	159,278,247	159,278,247	685,366,478	62,946,323	748,312,801	589,034,554	21.3%
2030	7.00%	1,000	64,596,411	31,905,398	87,455,562	9,046,247	0	0	167,431,517	167,431,517	689,657,517	66,028,117	755,685,634	588,254,117	22.2%
2031	7.00%	1,000	67,975,267	21,206,456	79,864,089	9,317,634	0	0	175,900,063	175,900,063	704,476,206	68,904,313	773,380,519	597,480,456	22.7%
2032	7.00%	1,000	71,425,858	12,930,154	74,758,849	9,597,163	0	0	184,694,760	184,694,760	728,033,882	71,497,673	799,531,555	614,836,795	23.1%
2033	7.00%	1,000	74,983,018	7,386,787	72,484,727	9,885,078	0	0	193,953,786	193,953,786	758,179,087	73,985,024	832,164,111	638,210,324	23.3%
2034	7.00%	1,000	78,748,005	3,819,844	72,386,219	10,181,630	0	0	203,691,791	203,691,791	793,266,959	76,249,175	869,516,134	665,824,343	23.4%
2035	7.00%	1,000	82,710,828	1,929,564	74,153,313	10,487,079	0	0	213,878,518	213,878,518	831,816,936	78,266,784	910,083,720	696,205,202	23.5%
2036	7.00%	1,000	86,845,367	757,654	76,801,330	10,801,691	0	0	224,546,826	224,546,826	873,291,383	80,084,635	953,376,018	728,829,191	23.6%
2037	7.00%	1,000	91,170,752	182,124	80,227,134	11,125,742	0	0	235,793,637	235,793,637	917,281,495	81,796,506	999,078,001	763,284,364	23.6%
2038	7.00%	1,000	95,746,263	0	84,238,869	11,459,514	1,676	49,556	247,550,524	247,600,080	963,467,077	83,514,345	1,046,981,422	799,381,342	23.6%
2039	7.00%	1,000	100,512,517	0	88,447,628	11,803,300	12,625	323,770	260,019,301	260,343,071	1,012,064,382	85,344,653	1,097,409,035	837,065,964	23.7%
2040	7.00%	1,000	105,598,548	0	92,888,302	12,157,399	42,014	918,631	272,888,232	273,806,863	1,062,979,767	87,369,778	1,150,349,545	876,542,682	23.8%
2041	7.00%	1,000	110,782,595	0	97,645,234	12,522,121	85,838	1,619,709	286,628,346	288,248,055	1,116,447,387	89,624,480	1,206,071,867	917,823,812	23.9%
2042	7.00%	1,000	116,398,987	0	102,651,200	12,897,785	143,130	2,612,841	300,926,670	303,539,511	1,172,442,000	92,157,013	1,264,599,013	961,059,502	24.0%
2043	7.00%	1,000	122,188,668	0	107,861,654	13,284,718	219,379	3,874,516	316,014,549	319,889,065	1,231,201,284	94,948,027	1,326,149,311	1,006,260,246	24.1%
2044	7.00%	1,000	128,326,845	0	113,316,875	13,683,260	317,651	5,518,877	331,761,620	337,280,497	1,292,793,741	97,982,247	1,390,775,988	1,053,495,491	24.3%
2045	7.00%	1,000	134,700,492	0	119,019,499	14,093,757	441,875	7,547,988	348,369,865	355,917,853	1,357,454,533	101,218,408	1,458,672,941	1,102,755,088	24.4%
2046	7.00%	1,000	141,458,026	0	124,979,896	14,516,570	597,014	10,106,562	365,785,911	375,892,473	1,425,339,554	104,625,093	1,529,964,647	1,154,072,173	24.6%
2047	7.00%	1,000	148,527,827	0	131,235,664	14,952,067	789,363	13,236,021	384,076,939	397,312,960	1,496,613,518	108,151,948	1,604,765,466	1,207,452,506	24.8%
2048	7.00%	1,000	155,955,751	0	137,800,621	15,400,629	1,022,929	17,013,451	403,279,291	420,292,742	1,571,447,096	111,751,245	1,683,198,341	1,262,905,599	25.0%
2049	7.00%	1,000	163,750,605	0	144,693,254	15,862,648	1,302,756	21,510,910	423,445,422	444,956,332	1,650,020,400	115,383,553	1,765,403,953	1,320,447,620	25.2%
2050	7.00%	1,000	171,940,332	0	151,928,516	16,338,528	1,634,329	26,818,527	444,617,336	471,435,863	1,732,521,520	119,024,651	1,851,546,171	1,380,110,308	25.5%

<sup>1</sup> Additional contributions in the amount of \$80,169,602 are needed over the years 2029 through 2037 to maintain solvency.

**Exhibit VII****Continuing Business Model – Current Year Assumptions – New Contract Sales of 1,500 Per Year****Open Group Projections (Continuing Business Scenario)****Projection Based on Data as of June 30, 2015****Assumptions Based on Those Used in Actuarial Valuation as of June 30, 2015****7.00% Assumed Net Investment Return****1,500 New Contracts Per Year**

Year Ending 6/30	Assumed Net Rate of Return	Annual New Contracts	Assets							Liabilities					Unfunded Liability	Funded Ratio
			Contributions	Additional Required Solvency Contributions	Tuition Payments, Refunds, and Fees	Administrative Expenses	Net Investment Return	Market Value of Assets (EOY)	Total Present Value of Future Contributions	Total Fund Assets (MVA + PVFC)	Total Present Value of Future Benefits	Present Value of Future Admin Expenses	Total Present Value of Future Benefits, Fees, and Expenses			
2015			33,221,359	0	137,976,098	6,763,344	40,595,999	1,025,385,432	59,821,556	1,085,206,988	1,320,201,957	57,116,212	1,377,318,169	292,111,181	78.8%	
2016	7.00%	1,500	18,270,942	0	163,506,101	5,951,743	66,485,439	940,683,970	91,117,385	1,031,801,355	1,278,927,217	55,133,501	1,334,060,718	302,259,363	77.3%	
2017	7.00%	1,500	41,223,013	0	157,415,383	6,160,054	61,565,543	879,897,089	103,862,477	983,759,566	1,242,843,150	53,147,031	1,295,990,181	312,230,615	75.9%	
2018	7.00%	1,500	45,137,354	0	159,557,864	6,344,855	57,366,008	816,497,732	116,276,317	932,774,049	1,203,883,887	51,556,447	1,255,440,334	322,666,285	74.3%	
2019	7.00%	1,500	49,281,769	0	162,022,393	6,535,201	52,980,187	750,202,094	128,238,977	878,441,071	1,161,592,450	50,376,539	1,211,968,989	333,527,918	72.5%	
2020	7.00%	1,500	53,442,792	0	156,197,634	6,731,257	48,682,133	689,398,128	139,888,556	829,286,684	1,124,419,478	49,612,056	1,174,031,534	344,744,850	70.6%	
2021	7.00%	1,500	58,901,013	0	151,248,635	6,933,195	44,783,040	634,900,351	150,054,882	784,955,233	1,091,929,090	49,248,622	1,141,177,712	356,222,478	68.8%	
2022	7.00%	1,500	63,184,530	0	153,099,936	7,141,191	41,046,044	578,889,798	160,011,364	738,901,162	1,057,500,723	49,259,252	1,106,759,975	367,858,814	66.8%	
2023	7.00%	1,500	66,777,308	0	153,178,350	7,355,426	37,240,809	522,374,139	170,205,366	692,579,505	1,022,968,522	49,603,710	1,072,572,232	379,992,727	64.6%	
2024	7.00%	1,500	70,242,309	0	151,889,139	7,576,089	33,443,388	466,594,608	180,919,753	647,514,361	989,838,170	50,236,095	1,040,074,265	392,559,903	62.3%	
2025	7.00%	1,500	73,916,913	0	146,030,356	7,803,372	29,864,534	416,542,327	192,162,513	608,704,840	963,072,676	51,756,194	1,014,828,870	406,124,030	60.0%	
2026	7.00%	1,500	78,084,712	0	141,666,839	8,037,473	26,651,277	371,574,004	203,613,099	575,187,103	941,682,745	53,988,069	995,670,814	420,483,711	57.8%	
2027	7.00%	1,500	82,642,068	0	131,143,930	8,278,597	24,022,864	338,816,409	215,073,018	553,889,427	932,555,203	56,736,796	989,291,999	435,402,572	56.0%	
2028	7.00%	1,500	87,146,939	0	121,517,630	8,526,955	22,215,731	318,134,494	226,891,229	545,025,723	935,836,459	59,789,613	995,626,072	450,600,349	54.7%	
2029	7.00%	1,500	91,936,262	0	112,849,392	8,782,764	21,230,058	309,668,658	238,864,329	548,532,987	951,452,303	62,946,323	1,014,398,626	465,865,640	54.1%	
2030	7.00%	1,500	96,840,212	0	105,368,140	9,046,247	21,061,710	313,156,193	251,159,244	564,315,437	979,239,642	66,028,117	1,045,267,759	480,952,322	54.0%	
2031	7.00%	1,500	101,971,013	0	100,398,936	9,317,634	21,649,839	327,060,475	263,831,160	590,891,635	1,017,647,930	68,904,313	1,086,552,243	495,660,608	54.4%	
2032	7.00%	1,500	107,123,706	0	97,964,049	9,597,163	22,878,921	349,501,890	277,014,296	626,516,186	1,064,894,747	71,497,673	1,136,392,420	509,876,233	55.1%	
2033	7.00%	1,500	112,461,091	0	98,423,000	9,885,078	24,610,488	378,265,391	290,940,790	669,206,181	1,118,889,331	73,985,024	1,192,874,355	523,668,173	56.1%	
2034	7.00%	1,500	118,133,544	0	101,303,138	10,181,630	26,711,285	411,625,452	305,523,848	717,149,300	1,177,751,818	76,249,175	1,254,000,993	536,851,693	57.2%	
2035	7.00%	1,500	124,057,886	0	106,196,774	10,487,079	29,071,873	448,071,358	320,843,783	768,915,141	1,239,956,342	78,266,784	1,318,223,126	549,307,985	58.3%	
2036	7.00%	1,500	130,285,153	0	111,840,512	10,801,691	31,632,498	487,346,806	336,868,280	824,215,086	1,305,129,111	80,084,635	1,385,213,746	560,998,660	59.5%	
2037	7.00%	1,500	136,781,416	0	118,157,866	11,125,742	34,376,700	529,221,314	353,700,477	882,921,791	1,373,024,505	81,796,506	1,454,821,011	571,899,220	60.7%	
2038	7.00%	1,500	143,616,734	0	124,965,625	11,459,514	37,297,198	573,710,107	371,348,301	945,058,408	1,443,547,263	83,514,345	1,527,061,608	582,003,200	61.9%	
2039	7.00%	1,500	150,778,117	0	131,840,898	11,803,300	40,409,395	621,253,421	389,948,758	1,011,202,179	1,517,117,252	85,344,653	1,602,461,905	591,259,726	63.1%	
2040	7.00%	1,500	158,344,897	0	138,864,690	12,157,399	43,744,038	672,320,267	409,388,055	1,081,708,322	1,593,969,232	87,369,778	1,681,339,010	599,630,689	64.3%	
2041	7.00%	1,500	166,221,637	0	146,198,894	12,522,121	47,324,940	727,145,829	429,948,812	1,157,094,641	1,674,410,968	89,624,480	1,764,035,448	606,940,806	65.6%	
2042	7.00%	1,500	174,596,613	0	153,817,871	12,897,785	51,176,042	786,202,828	451,374,061	1,237,576,889	1,758,531,039	92,157,013	1,850,688,052	613,111,163	66.9%	
2043	7.00%	1,500	183,269,119	0	161,707,617	13,284,718	55,323,885	849,803,497	474,029,634	1,323,833,131	1,846,756,215	94,948,027	1,941,704,242	617,871,111	68.2%	
2044	7.00%	1,500	192,494,542	0	169,935,629	13,683,260	59,796,893	918,476,043	497,632,237	1,416,108,280	1,939,172,395	97,982,247	2,037,154,642	621,046,362	69.5%	
2045	7.00%	1,500	202,046,043	0	178,516,462	14,093,757	64,623,577	992,535,444	522,548,543	1,515,083,987	2,036,175,383	101,218,408	2,137,393,791	622,309,805	70.9%	
2046	7.00%	1,500	212,184,736	0	187,464,235	14,516,570	69,834,619	1,072,573,994	548,674,694	1,621,248,688	2,138,008,369	104,625,093	2,242,633,462	621,384,774	72.3%	
2047	7.00%	1,500	222,790,156	0	196,852,328	14,952,067	75,464,681	1,159,024,436	576,115,164	1,735,139,600	2,244,922,349	108,151,948	2,353,074,297	617,934,697	73.7%	
2048	7.00%	1,500	233,934,958	0	206,701,116	15,400,629	81,545,873	1,252,403,522	604,917,377	1,857,320,899	2,357,172,727	111,751,245	2,468,923,972	611,603,073	75.2%	
2049	7.00%	1,500	245,625,244	0	217,040,460	15,862,648	88,113,521	1,353,239,179	635,167,980	1,988,407,159	2,475,032,837	115,383,553	2,590,416,390	602,009,231	76.8%	
2050	7.00%	1,500	257,910,953	0	227,893,444	16,338,528	95,205,507	1,462,123,667	666,924,992	2,129,048,659	2,598,783,705	119,024,651	2,717,808,356	588,759,697	78.3%	

## Exhibit VIII

## Continuing Business Model – Current Year Assumptions – New Contract Sales of 2,500 Per Year

Open Group Projections (Continuing Business Scenario)

Projection Based on Data as of June 30, 2015

Assumptions Based on Those Used in Actuarial Valuation as of June 30, 2015

7.00% Assumed Net Investment Return

2,500 New Contracts Per Year

Year Ending 6/30	Assumed Net Rate of Return	Annual New Contracts	Assets							Liabilities					Unfunded Liability	Funded Ratio
			Contributions	Additional Required Solvency Contributions	Tuition Payments, Refunds, and Fees	Administrative Expenses	Net Investment Return	Market Value of Assets (EOY)	Total Present Value of Future Contributions	Total Fund Assets (MVA + PVFC)	Total Present Value of Future Benefits	Present Value of Future Admin Expenses	Total Present Value of Future Benefits, Fees, and Expenses			
2015			33,221,359	0	137,976,098	6,763,344	40,595,999	1,025,385,432	59,821,556	1,085,206,988	1,320,201,957	57,116,212	1,377,318,169	292,111,181	78.8%	
2016	7.00%	2,500	18,270,942	0	163,506,101	5,951,743	66,485,439	940,683,970	121,795,781	1,062,479,751	1,302,560,977	55,133,501	1,357,694,478	295,214,727	78.3%	
2017	7.00%	2,500	60,084,202	0	157,439,756	6,160,054	62,224,832	899,393,194	149,874,662	1,049,267,856	1,292,939,719	53,147,031	1,346,086,750	296,818,894	77.9%	
2018	7.00%	2,500	68,176,718	0	160,177,893	6,344,855	59,515,413	860,562,577	176,210,420	1,036,772,997	1,282,888,507	51,556,447	1,334,444,954	297,671,957	77.7%	
2019	7.00%	2,500	76,496,763	0	163,271,511	6,535,201	56,973,532	824,226,160	200,755,732	1,024,981,892	1,272,194,948	50,376,539	1,322,571,487	297,589,595	77.5%	
2020	7.00%	2,500	85,038,629	0	158,485,690	6,731,257	54,889,590	798,937,432	223,429,807	1,022,367,239	1,269,118,808	49,612,056	1,318,730,864	296,363,625	77.5%	
2021	7.00%	2,500	95,056,016	0	154,723,340	6,933,195	53,594,602	785,931,515	242,918,340	1,028,849,855	1,273,335,930	49,248,622	1,322,584,552	293,734,696	77.8%	
2022	7.00%	2,500	102,457,983	0	158,252,337	7,141,191	52,812,462	775,808,432	261,951,356	1,037,759,788	1,277,941,191	49,259,252	1,327,200,443	289,440,655	78.2%	
2023	7.00%	2,500	109,230,305	0	160,567,370	7,355,426	52,252,353	769,368,294	280,712,837	1,050,081,131	1,284,433,272	49,603,710	1,334,036,982	283,955,851	78.7%	
2024	7.00%	2,500	115,727,136	0	162,049,817	7,576,089	51,969,324	767,438,848	299,755,007	1,067,193,855	1,294,015,316	50,236,095	1,344,251,411	277,057,556	79.4%	
2025	7.00%	2,500	122,464,728	0	159,474,986	7,803,372	52,152,242	774,777,460	319,136,933	1,093,914,393	1,311,311,939	51,756,194	1,363,068,133	269,153,739	80.3%	
2026	7.00%	2,500	129,686,080	0	158,946,016	8,037,473	52,929,013	790,409,064	338,620,093	1,129,029,157	1,334,921,433	53,988,069	1,388,909,502	259,880,344	81.3%	
2027	7.00%	2,500	137,349,196	0	152,596,392	8,278,597	54,505,232	821,388,503	358,140,258	1,179,528,761	1,371,589,307	56,736,796	1,428,326,103	248,797,343	82.6%	
2028	7.00%	2,500	145,056,215	0	147,389,005	8,526,955	57,117,104	867,645,862	377,919,568	1,245,565,430	1,421,242,320	59,789,613	1,481,031,933	235,466,502	84.1%	
2029	7.00%	2,500	153,051,479	0	143,580,872	8,782,764	60,759,285	929,092,990	398,066,552	1,327,159,542	1,483,626,830	62,946,323	1,546,573,153	219,413,611	85.8%	
2030	7.00%	2,500	161,358,919	0	141,193,376	9,046,247	65,425,685	1,005,637,971	418,613,909	1,424,251,880	1,558,406,316	66,028,117	1,624,434,433	200,182,553	87.7%	
2031	7.00%	2,500	169,962,187	0	141,471,388	9,317,634	71,065,719	1,095,876,855	439,698,728	1,535,575,583	1,643,995,436	68,904,313	1,712,899,749	177,324,165	89.6%	
2032	7.00%	2,500	178,525,936	0	144,374,691	9,597,163	77,570,773	1,198,001,710	461,717,973	1,659,719,683	1,738,668,662	71,497,673	1,810,166,335	150,446,652	91.7%	
2033	7.00%	2,500	187,452,023	0	150,300,777	9,885,078	84,814,436	1,310,082,314	484,952,826	1,795,035,140	1,840,367,966	73,985,024	1,914,352,990	119,317,850	93.8%	
2034	7.00%	2,500	196,917,457	0	159,139,048	10,181,630	92,671,649	1,430,350,742	509,141,963	1,939,492,705	1,946,727,802	76,249,175	2,022,976,977	83,484,272	95.9%	
2035	7.00%	2,500	206,713,602	0	170,286,128	10,487,079	101,032,466	1,557,323,603	534,684,538	2,092,008,141	2,056,180,502	78,266,784	2,134,447,286	42,439,145	98.0%	
2036	7.00%	2,500	217,115,361	0	181,920,504	10,801,691	109,866,413	1,691,583,182	561,380,414	2,252,963,596	2,168,681,531	80,084,635	2,248,766,166	-4,197,430	100.2%	
2037	7.00%	2,500	227,941,599	0	194,019,731	11,125,742	119,208,687	1,833,587,995	589,521,628	2,423,109,623	2,284,440,145	81,796,506	2,366,236,651	-56,872,972	102.4%	
2038	7.00%	2,500	239,389,837	0	206,416,708	11,459,514	129,104,136	1,984,205,746	618,914,814	2,603,120,560	2,403,632,075	83,514,345	2,487,146,420	-115,974,140	104.7%	
2039	7.00%	2,500	251,295,589	0	218,626,178	11,803,300	139,624,716	2,144,696,573	649,887,790	2,794,584,363	2,527,214,540	85,344,653	2,612,559,193	-182,025,170	107.0%	
2040	7.00%	2,500	263,889,476	0	230,816,450	12,157,399	150,860,807	2,316,473,007	682,419,665	2,998,892,672	2,655,940,101	87,369,778	2,743,309,879	-255,582,793	109.3%	
2041	7.00%	2,500	277,105,425	0	243,304,496	12,522,121	162,897,869	2,500,649,684	716,503,117	3,217,152,801	2,790,247,039	89,624,480	2,879,871,519	-337,281,282	111.7%	
2042	7.00%	2,500	290,931,915	0	256,146,913	12,897,785	175,811,530	2,698,348,431	752,339,288	3,450,687,719	2,930,690,219	92,157,013	3,022,847,232	-427,840,487	114.2%	
2043	7.00%	2,500	305,486,592	0	269,393,122	13,284,718	189,682,696	2,910,839,879	789,951,866	3,700,791,745	3,077,761,026	94,948,027	3,172,709,053	-528,082,693	116.6%	
2044	7.00%	2,500	320,759,425	0	283,167,000	13,683,260	204,595,612	3,139,344,656	829,448,274	3,968,792,930	3,231,909,664	97,982,247	3,329,891,911	-638,901,019	119.2%	
2045	7.00%	2,500	336,798,009	0	297,503,015	14,093,757	220,636,169	3,385,182,062	870,921,137	4,256,103,199	3,393,601,921	101,218,408	3,494,820,329	-761,282,869	121.8%	
2046	7.00%	2,500	353,637,307	0	312,429,220	14,516,570	237,896,947	3,649,770,526	914,470,025	4,564,240,551	3,563,334,020	104,625,093	3,667,959,113	-896,281,438	124.4%	
2047	7.00%	2,500	371,321,058	0	328,078,852	14,952,067	256,474,092	3,934,534,757	960,192,238	4,894,726,995	3,741,525,489	108,151,948	3,849,677,437	-1,045,049,558	127.1%	
2048	7.00%	2,500	389,886,068	0	344,497,724	15,400,629	276,467,003	4,240,989,475	1,008,201,846	5,249,191,321	3,928,613,038	111,751,245	4,040,364,283	-1,208,827,038	129.9%	
2049	7.00%	2,500	409,380,221	0	361,729,674	15,862,648	297,981,840	4,570,759,214	1,058,611,712	5,629,370,926	4,125,048,173	115,383,553	4,240,431,726	-1,388,939,200	132.8%	
2050	7.00%	2,500	429,849,491	0	379,819,545	16,338,528	321,132,345	4,925,582,977	1,111,541,632	6,037,124,609	4,331,301,758	119,024,651	4,450,326,409	-1,586,798,200	135.7%	

**Exhibit IX**  
**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 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 and other contingencies. For example, while it is assumed that the assets of the fund will earn 7.00 percent each year throughout the life of the contracts, 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 valuation results is presented on the following page.

**Exhibit IX**  
**Sensitivity Testing Results (Continued)**
**\$ in Millions**

	Current Valuation Assumptions	Assumed Tuition Increases +100 Basis Points	Assumed Tuition Increases -100 Basis Points	Assumed Fee Increases +100 Basis Points	Assumed Fee Increases -100 Basis Points	Assumed Investment Return +50 Basis Points	Assumed Investment Return -50 Basis Points
1 Assets							
a. Market Value of Assets (in Trust)	\$1,025.4	\$1,025.4	\$1,025.4	\$1,025.4	\$1,025.4	\$1,025.4	\$1,025.4
b. PV Future Member Contributions	59.8	59.8	59.8	59.8	59.8	59.0	60.6
c. Total Actuarial Value of Assets (AVA) (2a + 2b)	\$1,085.2	\$1,085.2	\$1,085.2	\$1,085.2	\$1,085.2	\$1,084.4	\$1,086.0
2 Actuarial Results							
Liabilities							
a. Not yet Matriculating - Tuition and Fees	\$1,062.5	\$1,096.2	\$1,030.9	\$1,078.3	\$1,047.7	\$1,030.2	\$1,096.4
b. Matriculating - Tuition and Fees	257.7	258.1	257.4	258.5	257.0	255.9	259.6
c. Present Value of Future Administrative Expenses	57.1	57.1	57.1	57.1	57.1	55.4	58.9
d. Total	\$1,377.3	\$1,411.4	\$1,345.4	\$1,393.9	\$1,361.8	\$1,341.5	\$1,414.9
Unfunded Liability	\$292.1	\$326.2	\$260.2	\$308.7	\$276.6	\$257.1	\$328.9
Funded Ratio	78.8%	76.9%	80.7%	77.9%	79.7%	80.8%	76.8%
<b>Difference From Current Assumptions</b>							
Unfunded Liability	\$0.0	\$34.1	-\$31.9	\$16.6	-\$15.5	-\$35.0	\$36.8
Funded Ratio	0.0%	-1.9%	1.9%	-0.9%	0.9%	2.0%	-2.0%



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**SECTION C**  
FUND ASSETS

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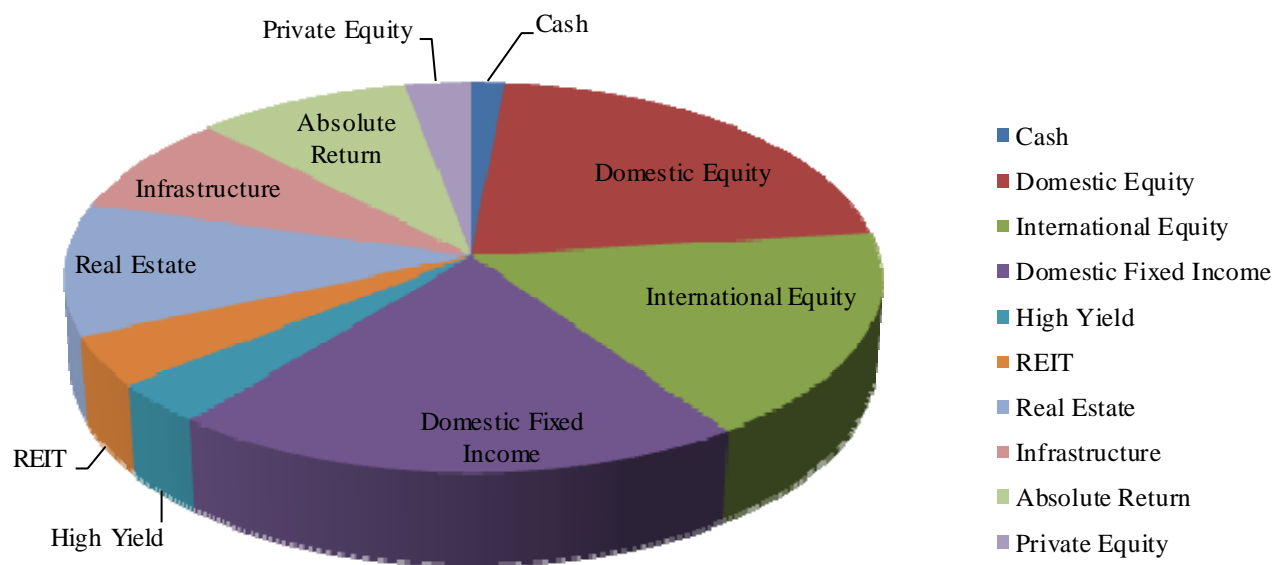
**STATEMENT OF PLAN ASSETS  
(ASSETS AT MARKET OR FAIR VALUE)**

**College Illinois!® Prepaid Tuition Program**

**Statement of Plan Net Assets**

**Year ended June 30, 2015**

Cash	\$	14,740,099
Investments		
Domestic Equity	\$	222,656,065
International Equity		176,034,838
Domestic Fixed Income		210,972,823
High Yield		35,589,028
REIT		42,257,467
Real Estate		110,655,501
Infrastructure		85,823,076
Absolute Return		96,379,477
Private Equity		30,277,058
Total Investments	\$	<u>1,010,645,333</u>
Total Assets	\$	<u><u>1,025,385,432</u></u>

**ALLOCATION OF ASSETS AT JUNE 30, 2015**

**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, 2015**

Beginning of Period		7/1/2014
End of Period		6/30/2015
Additions:		
Contributions received	\$	33,221,359
Gross investment income		19,281,370
Realized/Unrealized investment gains/(losses)		24,809,103
Total Additions	\$	77,311,832
Deductions:		
Tuition payments	\$	120,683,478
Refunds to Purchasers		17,292,620
Investment expenses & advisory fees		3,494,474
Administrative expenses		6,763,344
Total Deductions	\$	148,233,916
Net increase/(decrease)	\$	(70,922,084)
Market Value of Assets:		
Beginning of period	\$	1,096,307,516
End of period (6/30/2015)	\$	1,025,385,432
Present Value of Future Contributions by Current Contract Holders		59,821,556
Market Value of Total Fund Assets as of June 30, 2015	\$	<u>1,085,206,988</u>

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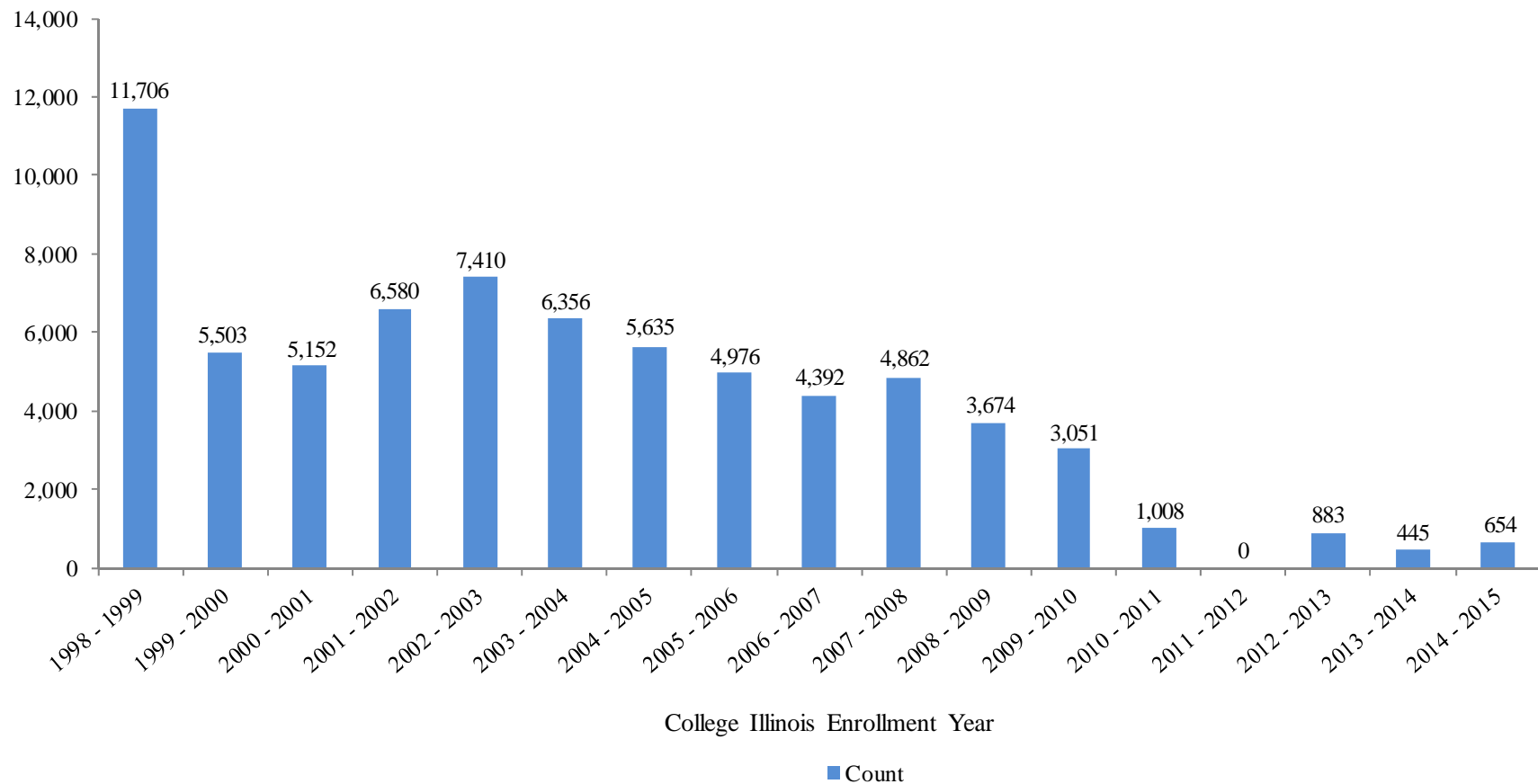
**SECTION D**  
PARTICIPANT DATA

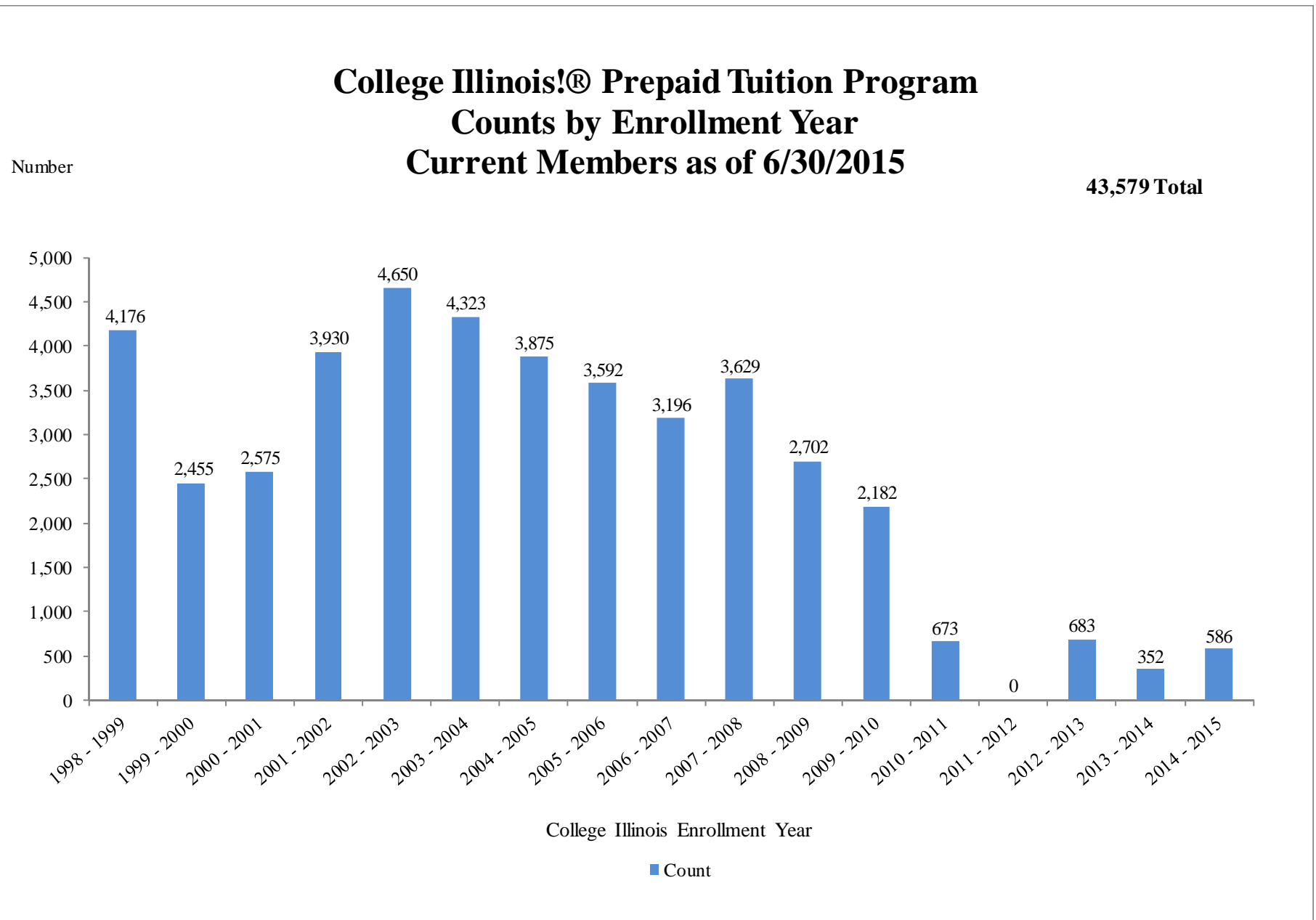
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**College Illinois!® Prepaid Tuition Program  
Counts by Enrollment Year  
All Current and Past Members as of 6/30/2015**

**72,287 Total**

Number

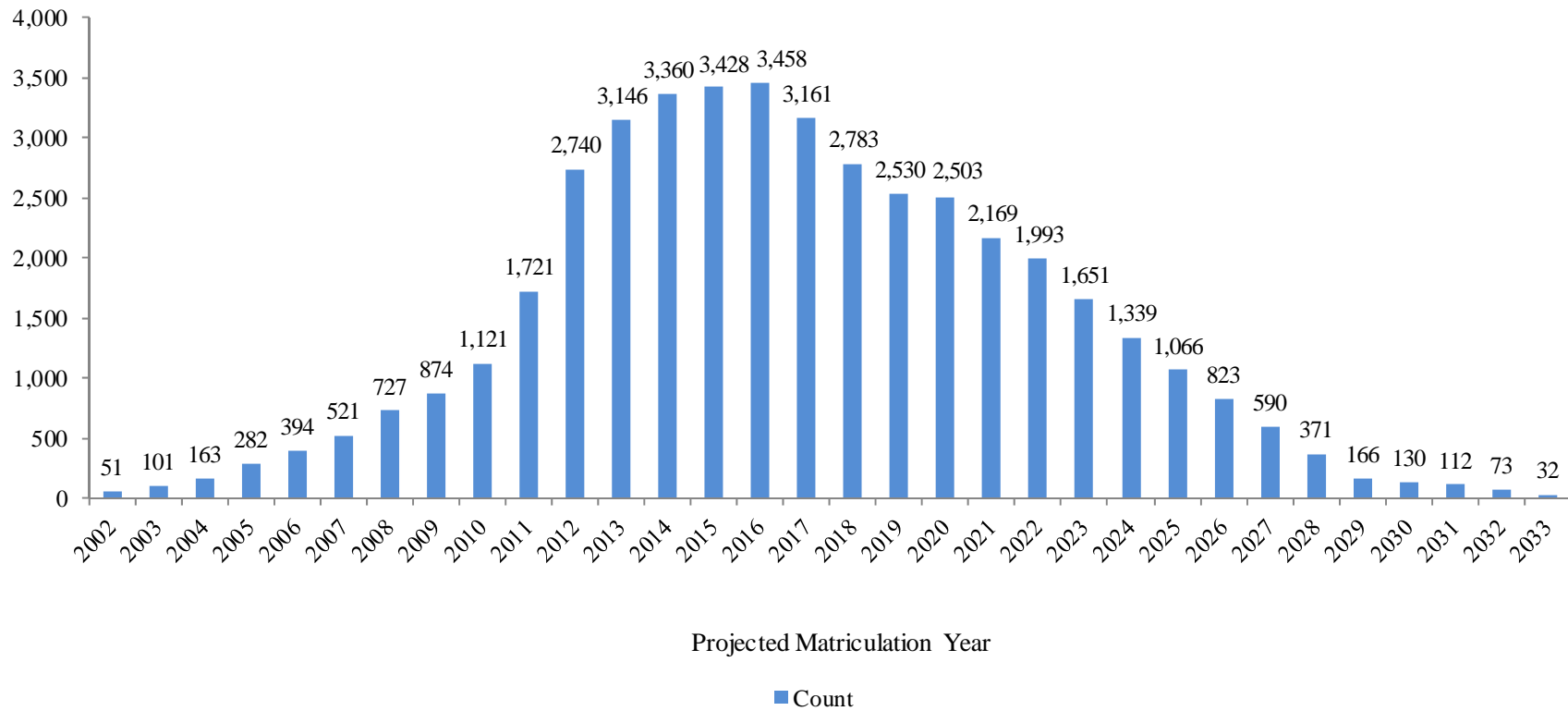




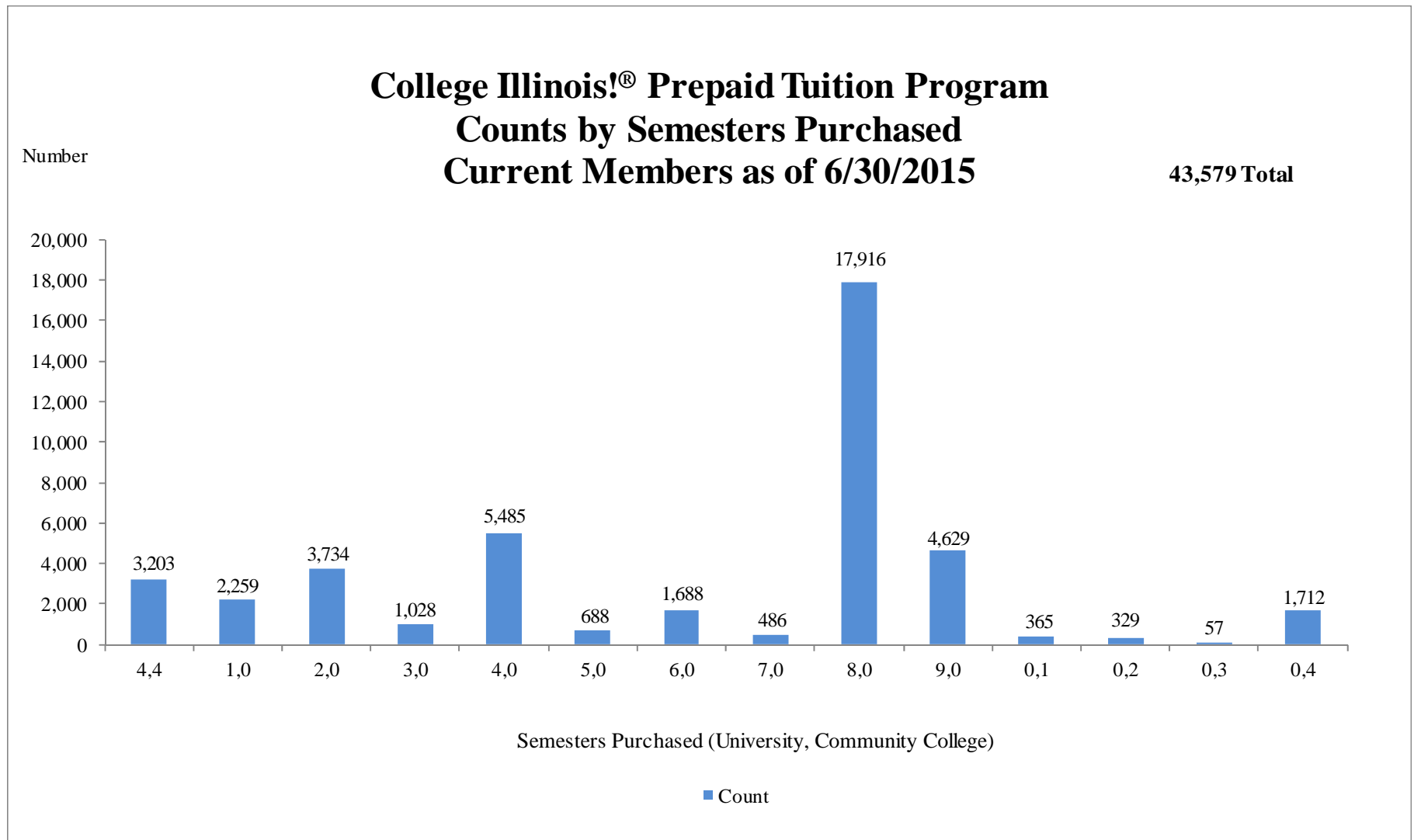
**College Illinois!® Prepaid Tuition Program  
Counts by Projected Matriculation Year  
Current Members as of 6/30/2015**

**43,579 Total**

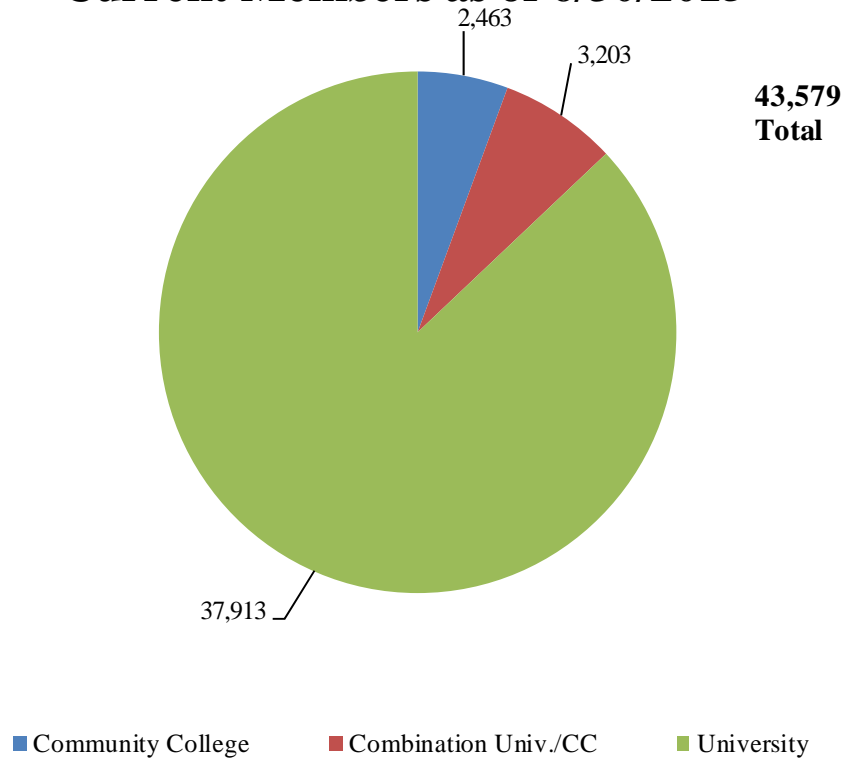
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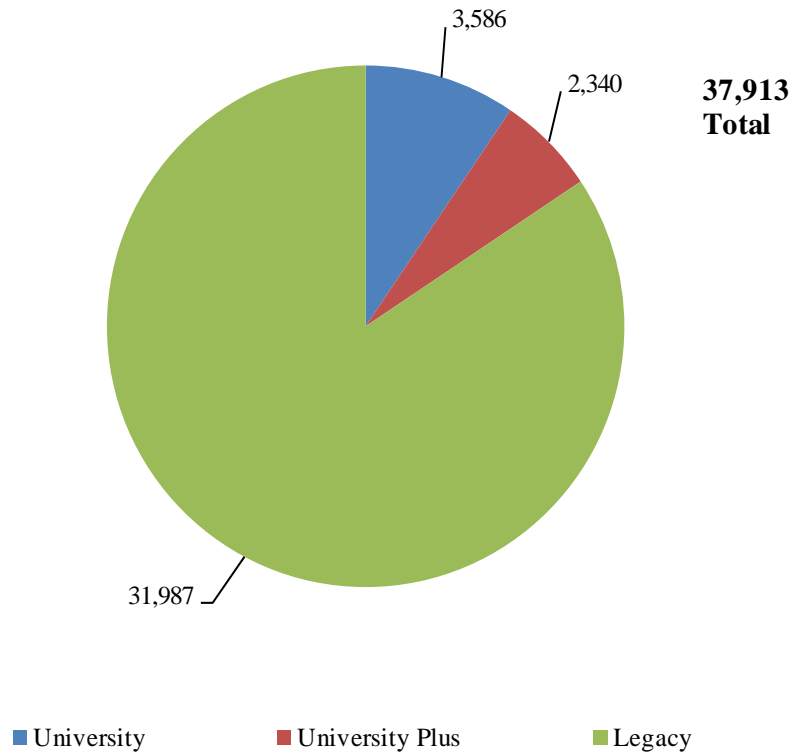




**College Illinois!® Prepaid Tuition  
Program  
Counts by Contract Type  
Current Members as of 6/30/2015**



**College Illinois!® Prepaid Tuition  
Program  
University Counts by Type  
Current Members as of 6/30/2015**



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## **SECTION E**

### **METHODS & ASSUMPTIONS**

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## VALUATION METHODS

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

## VALUATION ASSUMPTIONS

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

**Measurement Date** June 30, 2015

**The net investment return rate** 7.00 percent per annum, compounded annually. Includes inflation assumption of 3.00 percent.

**Weighted Average Tuition and Fees (WATF) Based on the Freshman Blended Tuition Rate and Increases by Contract Type**

	Contract Type			
	Choice 1	Choice 2	Choice 3	
	Community College	University	University Plus	Legacy†
2015-2016 Weighted Tuition	\$3,549	\$10,082	\$14,136	\$11,022
2015-2016 Weighted Fees	\$431	\$3,688	\$3,590	\$3,665
2015-2016 Total WATF	\$3,980	\$13,770	\$17,726	\$14,687

†“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 the 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.

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.

	Contract Type			
	Choice 1	Choice 2	Choice 3	
	Community College	University	University Plus	Legacy†
2015-2016 WATF	\$3,980	\$13,770	\$17,726	\$14,687
2014-2015 WATF	\$3,809	\$13,362	\$17,711	\$14,354
WATF Increase	4.49%	3.05%	0.08%	2.32%

Tuition and Fee Increase Assumption - June 30, 2015, Actuarial Valuation				
Effective Date	Community College	University	University Plus	Legacy
6/30/2016 through 6/30/2017	6.50%	6.50%	6.50%	6.50%
6/30/2018 through 6/30/2022	5.75%	5.75%	5.75%	5.75%
6/30/2023 and Beyond	5.00%	5.00%	5.00%	5.00%

***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. The Truth in Tuition law does not apply to community colleges.

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 charged the year after the year they first enrolled. 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.

***Administrative Expenses***

Administrative expenses of the Program are assumed to be paid through a combination of investment earnings and fees assessed on purchasers. For purposes of the closed group projections, marketing expenses were excluded as it is assumed those costs should be applicable only to future contracts. Expenses are assumed to grow at the rate of inflation assumption of 3.0 percent. Closed group administrative expenses are projected to decline at the same rate the present value of benefits decline and are therefore not dependent on the growth rate assumption. The present value of future administrative expenses was determined to be equal to approximately 4.1 percent of the total liabilities.

***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 2015-2016 WATF. A load of 4.0 percent for “Legacy” contracts, 5.5 percent for Choice 1 contracts and 2.5 percent for Choice 2 contracts was added to the WATF assumption 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.

***Mortality and Disability***

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

***Future Beneficiary Profile***

The characteristics of future beneficiaries are assumed to be the same as the characteristics of 2014 new beneficiaries.

***The Rates of Enrollment***

These rates are used to measure the probability of eligible members matriculating at and beyond their projected college entrance date.

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

***Rates of Cancellation***

These rates are used to measure the probability of eligible members cancelling their contracts before and after projected college entrance date.

<b>Years From Projected College Entrance Year</b>	<b>Cancellation Rate</b>	<b>Years From Projected College Entrance Year</b>	<b>Cancellation Rate</b>
-17	8%	-3	1%
-16	7%	-2	1%
-15	6%	-1	1%
-14	4%	0	2%
-13	4%	1	2%
-12	3%	2	3%
-11	3%	3	3%
-10	3%	4	5%
-9	2%	5	5%
-8	2%	6	8%
-7	2%	7	8%
-6	2%	8	5%
-5	2%	9	5%
-4	1%	10	5%

In the event of a cancellation, it was assumed that a refund will be paid equal to the amount of contributions paid by the contract holder, increased by 2 percent for each subsequent year after purchase for contracts sold prior to October 1, 2013.

**Utilization of Benefits**

Once they start matriculating, beneficiaries are assumed to use the benefits as described by the CIPTP Master Agreement according to the schedule below.

<b>Distribution of Benefit Utilization</b>									
<b>Number of Years Since Matriculation</b>	<b>Number of Semesters Purchased</b>								
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
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%

Once a member has matriculated, it is assumed that beneficiaries will utilize 22 credits per year until benefits are fully depleted.



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## **SECTION F**

### PLAN PROVISIONS

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## 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.

Benefit shall never be less than payment amount.

### **C. Member Contributions**

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;
- Down payment options are available for monthly installment plans.

### **D. Private or Out-of-State Institutions**

For beneficiaries attending 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.

**PLAN PROVISIONS (CONTINUED)*****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***

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 (only applicable to contracts purchased prior to the 2013/2014 enrollment period), less applicable cancellation fees.

***G. Death/Disability of Qualified Beneficiary***

Refunds equal to amount paid with all accrued earnings will be made to purchaser.

***H. Changes from Previous Valuation***

None.

***I. Other Ancillary Benefits***

There are no ancillary benefits.