Gabriel Roeder Smith & Company
Consultants & Actuaries

COLLEGE ILLINOIS!® PREPAID TUITION PROGRAM
ACTUARIAL SOUNDNESS VALUATION REPORT
AS OF JUNE 30, 2016

GRS

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October 13, 2016

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, 2016

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, 2016. 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, 2016.

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, 2016, 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 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, 2016, 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. Beginning with the valuation as of June 30, 2016, the investment return assumption was decreased from 7.00 percent to 6.75 percent and the tuition and fee increase assumption was decreased to 5.00 percent for all future years.

The major actuarial assumptions used in this analysis were provided by and are the responsibility of ISAC.

Given the current asset allocation and liquidity requirements, and assuming that a sufficient number of new contracts are sold in the future to maintain the current asset allocation, the net investment rate of return assumption of 6.75 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, 2016. 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,

Gabriel, Roeder, Smith and Company

Lance J. Weiss

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

Amy Williams

Amy Williams, ASA, MAAA, FCA
Consultant

Alex Rivera

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

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SECTION A

EXECUTIVE SUMMARY

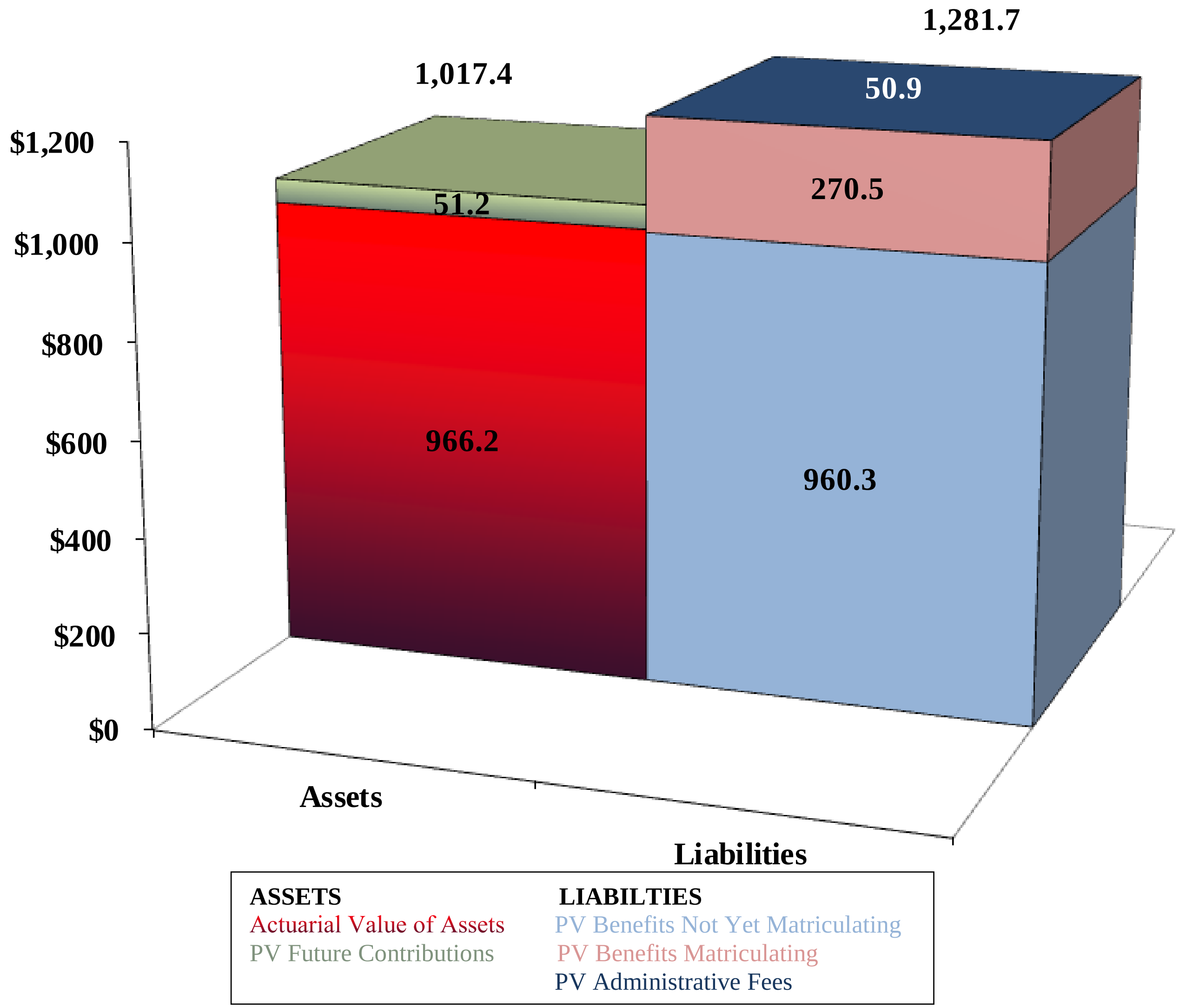
SUMMARY OF RESULTS

Principal Actuarial Soundness Valuation Results

Valuation Date:	June 30, 2016	June 30, 2015
Membership Summary:		
Counts		
Not yet Matriculating	28,234	31,194
Matriculating	12,841	12,385
Total	41,075	43,579
Average years until Enrollment if Not yet Matriculating	4.4	4.7
Assets [1]		
· Actuarial Value of Assets (AVA)	$1,017,411,839	$1,085,206,988
· Estimated Return	6.13%	3.90%
Actuarial Liabilities (Present Value of Future Tuition Payments, Fees, and Administrative Expenses)	$1,281,725,804	$1,377,318,169
Unfunded Liabilities	$264,313,965	$292,111,181
Funded Ratio	79.4%	78.8%

[1] *Asset values include present value of expected future contributions from current members.*

SUMMARY OF ASSETS AND LIABILITIES AS OF JUNE 30, 2016
$ IN MILLIONS



Funded Status as of June 30, 2016

	June 30, 2016
Actuarial Present Value of Future Tuition Payments, Fees and Expenses	$1,281,725,804
Actuarial Value of Assets (Including the Present Value of Installment Contract Receivables)	$1,017,411,839
Deficit/(Surplus) as of June 30, 2016	$264,313,965

Gain/Loss Summary

	Unfunded Liability (Market Value of Assets)
Value at June 30, 2015	$ 292,111,181
Expected Value at June 30, 2016	$ 309,309,748
(Gain)/Loss Due to:	
Investment Experience	$ 8,218,414
Change in Assumptions and Methods	(21,711,495)
Tuition/Fee Inflation	(40,802,985)
Other Demographic Experience*	9,300,283
Total	$ (44,995,783)
Actual Value at June 30, 2016	$ 264,313,965

**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, 2016, can be found on Page 9.

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, 2016.

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, 2016, 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 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, 2016, actuarial soundness valuation, with the exception of the net investment return and tuition and fee increase assumptions, 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 soundness valuation. The change in the net investment return and tuition and fee increase assumptions are discussed below.

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, 2016, the CIPTP had 41,075 contracts in force.

Actuarial Assumptions

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

Changes in Actuarial Assumptions Since Prior Valuation

For "Community College," "University," "University Plus" and "Legacy" contracts, the select and ultimate rate structure for tuition and fee increases were changed to a flat rate of 5.00 percent for fiscal years 2017 and beyond for all contract types. Furthermore, the net investment return assumption was decreased from 7.00 percent used in the June 30, 2015, actuarial soundness valuation, to 6.75 percent for the June 30, 2016, actuarial soundness valuation. These assumptions were provided to us by ISAC.

Given the current asset allocation and liquidity requirements, and assuming that a sufficient number of new contracts are sold in the future to maintain the current asset allocation, the net investment rate of return assumption of 6.75 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 assumptions.

Financial Status of Program as of June 30, 2016

As of June 30, 2016, the present value of all future tuition obligations under contracts outstanding (and including future administrative expenses) at that date is $1,281,725,804. Fund assets as of June 30, 2016, including the market value of program assets and the present value of installment contract receivables, is $1,017,411,839.

The difference between the present value of future tuition obligations and the value of assets as of June 30, 2016, represents a program deficit of $264,313,965. The comparable program deficit as of the last valuation as of June 30, 2015, was $292,111,181.

Gain/Loss Analysis

As described above, the program deficit decreased from $292.1 million as of June 30, 2015, to $264.3 million as of June 30, 2016. Based on the actuarial assumptions used during the June 30, 2015, actuarial soundness valuation, the deficit was expected to increase to $309.3 million. The primary factors which caused the expected deficit to decrease by $45.0 million include tuition and fee increases that were less than expected and the change in actuarial 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 contract beneficiary experience from our assumptions related to rates of enrollment and utilization of benefits and contract terminations and refunds).

The funded ratio increased from 78.8 percent as of June 30, 2015, to 79.4 percent as of June 30, 2016.

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, 2015.

Assets

CIPTP assets are held in trust. ISAC provided the asset information used in the June 30, 2016, 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 6.13 percent for the year ended June 30, 2016.

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

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 16 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 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 six year period 2010/2011 to 2015/2016 was 577 including 2011/2012 when the plan was not open for new contract sales.
- The average annual number of contracts sold during the last six year period 2010/2011 to 2015/2016 was 692 excluding 2011/2012 when the plan was not open for new contract sales.

Projection Scenarios

The June 30, 2015 Actuarial Soundness Report included both closed group and open group projection scenarios. At the request of ISAC, such projections will now be 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, 2016**	**June 30, 2015**
1. Number of Members		
a. Not yet Matriculating:	28,234	31,194
b. Matriculating:	12,841	12,385
c. Total	41,075	43,579
Average Years until Enrollment if Not Yet Matriculating	4.4	4.7
2. Assets		
a. Market Value of Assets (in Trust)	$ 966,205,198	$ 1,025,385,432
b. PV Future Member Contributions	51,206,641	59,821,556
c. Total Actuarial Value of Assets (AVA) (2a + 2b)	$ 1,017,411,839	$ 1,085,206,988
3. Actuarial Results		
Liabilities		
a. Not yet Matriculating - Tuition and Fees	$ 960,311,076	$ 1,062,457,974
b. Matriculating - Tuition and Fees	270,488,425	257,743,983
c. Present Value of Future Administrative Expenses	50,926,303	57,116,212
d. Total	$ 1,281,725,804	$ 1,377,318,169
Unfunded Liability	$ 264,313,965	$ 292,111,181
Funded Ratio	79.4%	78.8%

Exhibit I
Principal Actuarial Soundness Valuation Results (Continued)

Valuation Date:	June 30, 2016	June 30, 2015
1. Assets		
a. Market Value of Assets (in Trust)	$ 966,205,198	
b. PV Future Member Contributions (Short Term)[a]	15,322,801	
c. PV Future Member Contributions (Long Term)[b]	35,883,840	
d. Total Market Value of Assets (MVA)	$ 1,017,411,839	$ 1,085,206,988
2. Actuarial Present Value of Tuition, Fees and Admin Expenses		
a. Short Term[a]	$ 152,815,221	
b. Long Term[b]	1,128,910,583	
c. Total	$ 1,281,725,804	$ 1,377,318,169
Unfunded Liability (Surplus)	$ 264,313,965	$ 292,111,181
Funded Ratio	79.4%	78.8%

[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 [1]	Unfunded Liability
1. Values at June 30, 2015	$ 1,377,318,169	$ 1,085,206,988	$ 292,111,181
2. Actual Tuition Payments, Refunds, and Administrative Expenses	$ (145,128,444)	$ (145,128,444)	$ -
3. Interest on 1. and 2. at 7.00%	$ 91,418,686	$ 70,970,904	$ 20,447,782
4. New Contracts	$ 10,109,059	$ 13,358,274	$ (3,249,215)
5. Projected Values at June 30, 2016 (1. + 2. + 3. + 4.)	$ 1,333,717,470	$ 1,024,407,722	$ 309,309,748
6. (Gain)/Loss Due to:			
Investment Experience	$ -	$ 8,218,414	$ 8,218,414
Change in Assumptions and Methods	(21,389,151)	(322,344)	(21,711,495)
Tuition/Fee Inflation	(40,802,985)	-	(40,802,985)
Other Demographic Experience [2]	10,200,470	(900,187)	9,300,283
Total	$ (51,991,666)	$ 6,995,883	$ (44,995,783)
7. Actual Values at June 30, 2016 (5. + 6.)	$ 1,281,725,804	$ 1,017,411,839	$ 264,313,965

[1] *Equals sum of market value of trust assets plus present value of future member contributions*

[2] *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. Other Demographic Experience for Plan Assets is the change in the present value of future member contributions.*

Exhibit III
Gain/Loss History

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

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

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 6.75 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 actuarial soundness valuation results is presented on the following page.

Exhibit IV
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)	$966.2	$966.2	$966.2	$966.2	$966.2	$966.2	$966.2
b. PV Future Member Contributions	51.2	51.2	51.2	51.2	51.2	50.6	51.9
c. Total Actuarial Value of Assets (AVA) (2a + 2b)	$1,017.4	$1,017.4	$1,017.4	$1,017.4	$1,017.4	$1,016.8	$1,018.1
2 Actuarial Results							
Liabilities							
a. Not yet Matriculating - Tuition and Fees	$960.3	$988.9	$933.5	$973.8	$947.8	$932.2	$989.8
b. Matriculating - Tuition and Fees	270.5	271.9	270.4	272.2	270.1	267.9	273.2
c. Present Value of Future Administrative Expenses	50.9	50.9	50.9	50.9	50.9	49.6	52.3
d. Total	$1,281.7	$1,311.7	$1,254.8	$1,296.9	$1,268.8	$1,249.7	$1,315.3
Unfunded Liability	$264.3	$294.3	$237.4	$279.5	$251.4	$232.9	$297.2
Funded Ratio	79.4%	77.6%	81.1%	78.4%	80.2%	81.4%	77.4%
Difference From Current Assumptions							
Unfunded Liability	$0.0	$30.0	-$26.9	$15.2	-$12.9	-$31.4	$32.9
Funded Ratio	0.0%	-1.8%	1.7%	-1.0%	0.8%	2.0%	-2.0%

SECTION C

FUND ASSETS

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

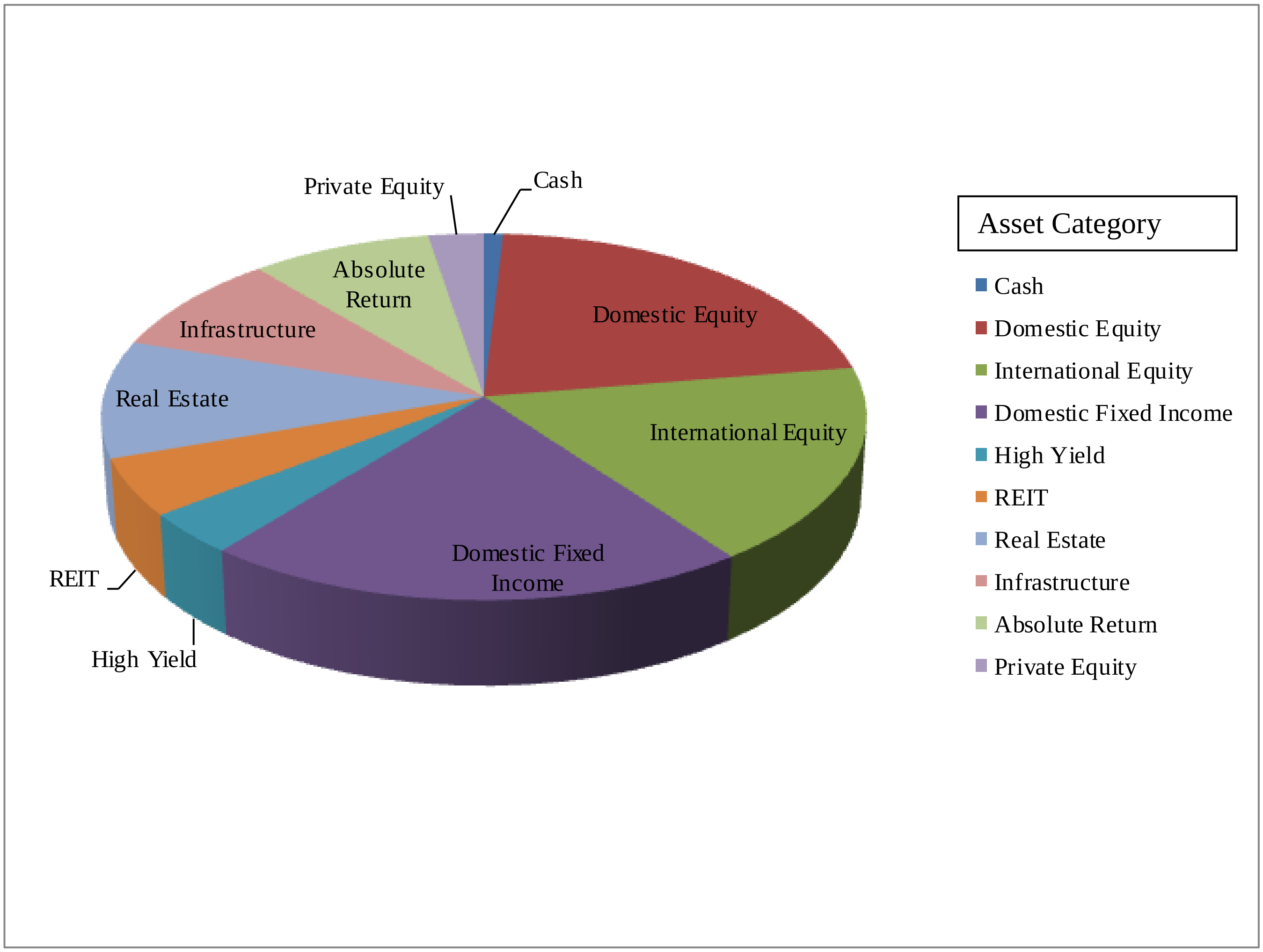
College Illinois!® Prepaid Tuition Program

Statement of Plan Net Assets

Year ended June 30, 2016

Cash	$	8,611,200
Investments		
Domestic Equity	$	208,004,323
International Equity		168,973,883
Domestic Fixed Income		202,020,259
High Yield		35,913,334
REIT		49,399,957
Real Estate		99,826,360
Infrastructure		85,683,602
Absolute Return		82,574,819
Private Equity		25,197,461
Total Investments	$	957,593,998
Total Assets	$	966,205,198

ALLOCATION OF ASSETS AT JUNE 30, 2016



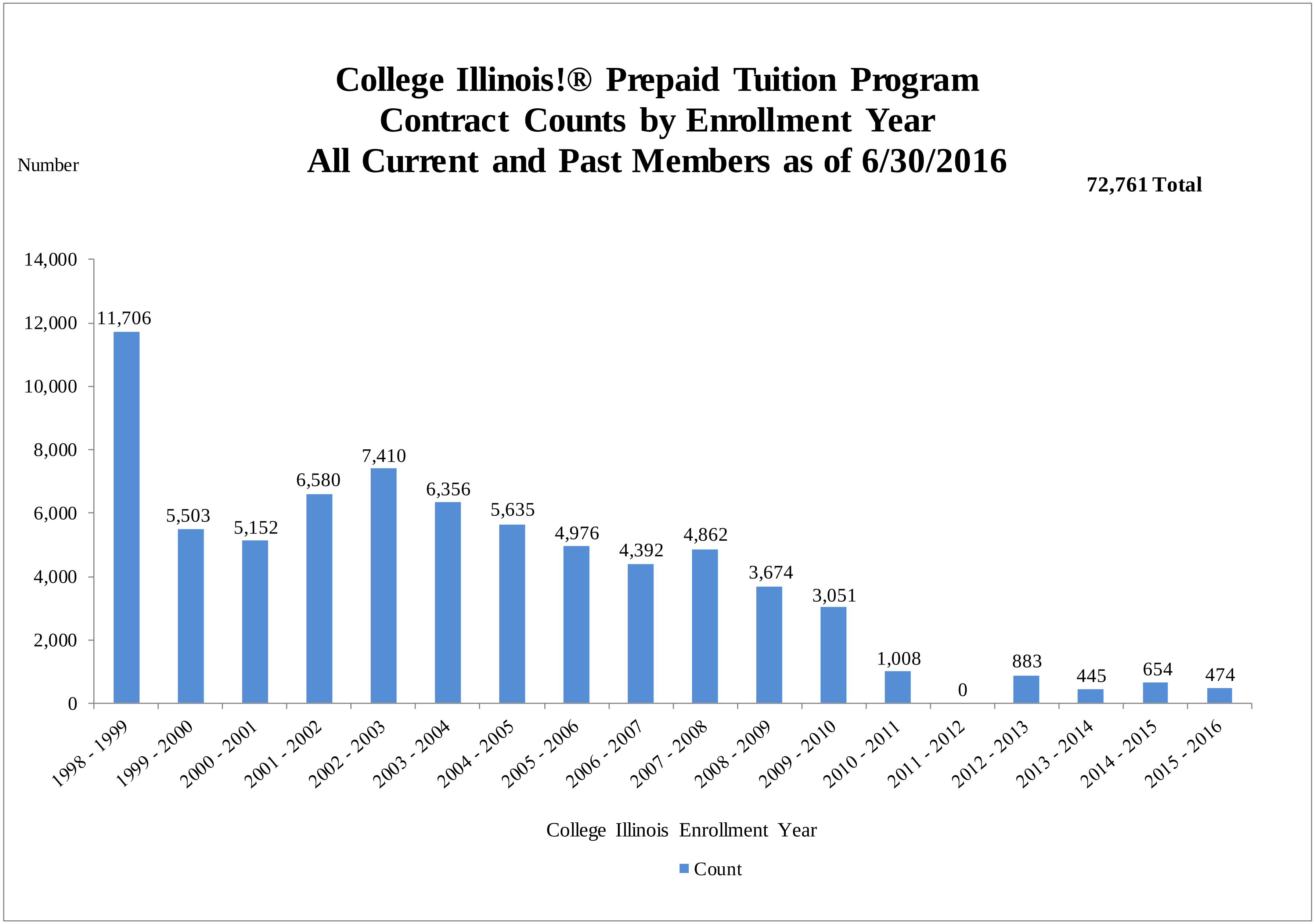
RECONCILIATION OF MARKET VALUE OF PLAN ASSETS

College Illinois!® Prepaid Tuition Program
Statement of Changes in Plan Net Assets
Twelve Month Period ended June 30, 2016

Beginning of Period		7/1/2015
End of Period		6/30/2016
Additions:		
Contributions received	$	26,712,224
Gross investment income		19,087,402
Realized/Unrealized investment gains/(losses)		43,237,231
Total Additions	$	89,036,857
Deductions:		
Tuition payments	$	123,731,864
Refunds to Purchasers		15,069,216
Investment expenses & advisory fees		3,088,647
Administrative expenses		6,327,364
Total Deductions	$	148,217,091
Net increase/(decrease)	$	(59,180,234)
Market Value of Assets:		
Beginning of period	$	1,025,385,432
End of period (6/30/2016)	$	966,205,198
Present Value of Future Contributions by Current Contract Holders		51,206,641
Market Value of Total Fund Assets as of June 30, 2016	$	1,017,411,839

SECTION D

PARTICIPANT DATA


College Illinois!® Prepaid Tuition Program
Contract Counts by Enrollment Year
All Current and Past Members as of 6/30/2016
Number
72,761 Total
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
11,706
5,503
5,152
6,580
7,410
6,356
5,635
4,976
4,392
4,862
3,674
3,051
1,008
0
883
445
654
474
1998 - 1999
1999 - 2000
2000 - 2001
2001 - 2002
2002 - 2003
2003 - 2004
2004 - 2005
2005 - 2006
2006 - 2007
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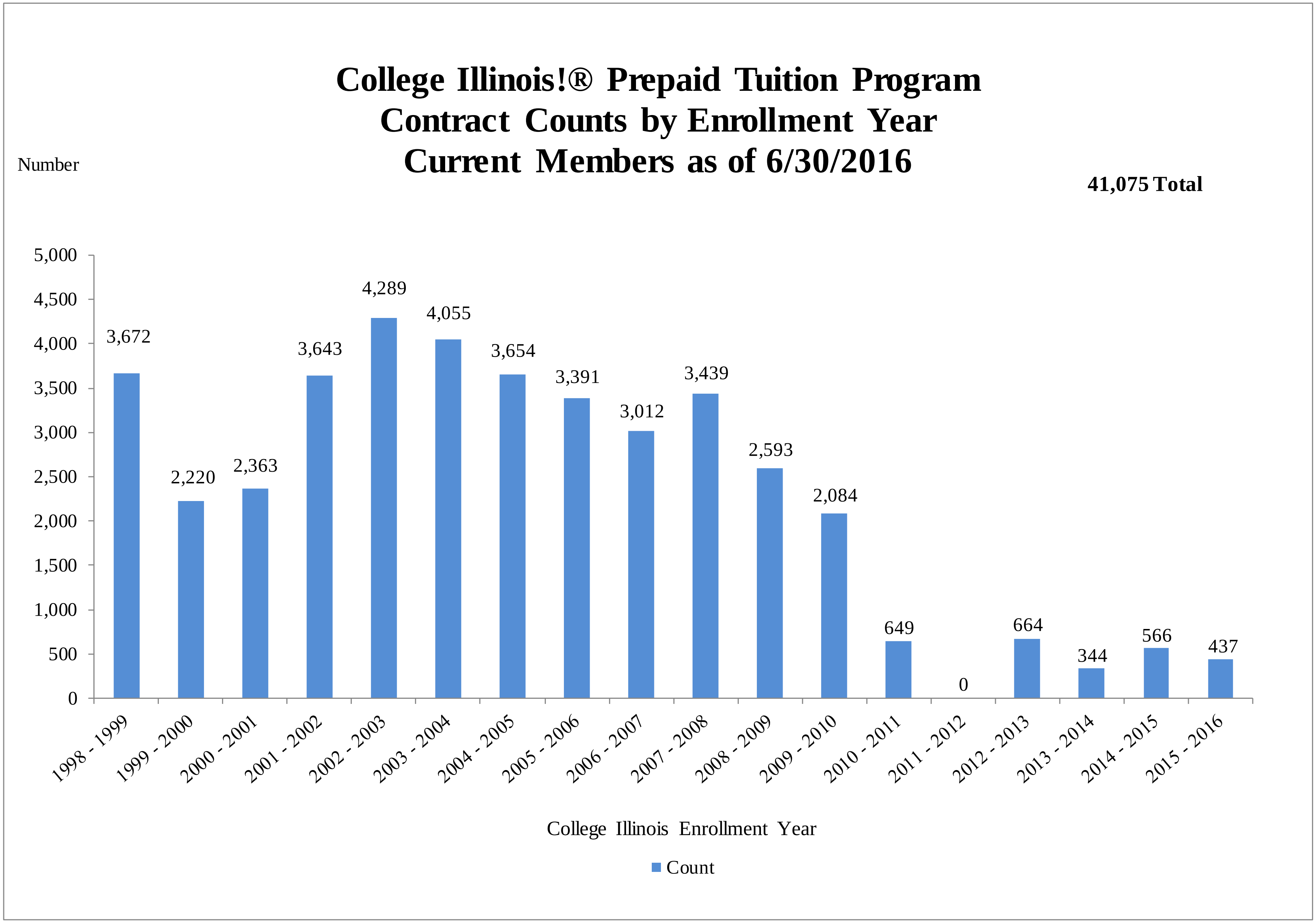
2009 - 2010
2010 - 2011
2011 - 2012
2012 - 2013
2013 - 2014
2014 - 2015
2015 - 2016
College Illinois Enrollment Year
Count


College Illinois!® Prepaid Tuition Program
Contract Counts by Enrollment Year
Current Members as of 6/30/2016
Number
41,075 Total
5,000
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
3,672
2,220
2,363
3,643
4,289
4,055
3,654
3,391
3,012
3,439
2,593
2,084
649
0
664
344
566
437
1998 - 1999
1999 - 2000
2000 - 2001
2001 - 2002
2002 - 2003
2003 - 2004
2004 - 2005
2005 - 2006
2006 - 2007
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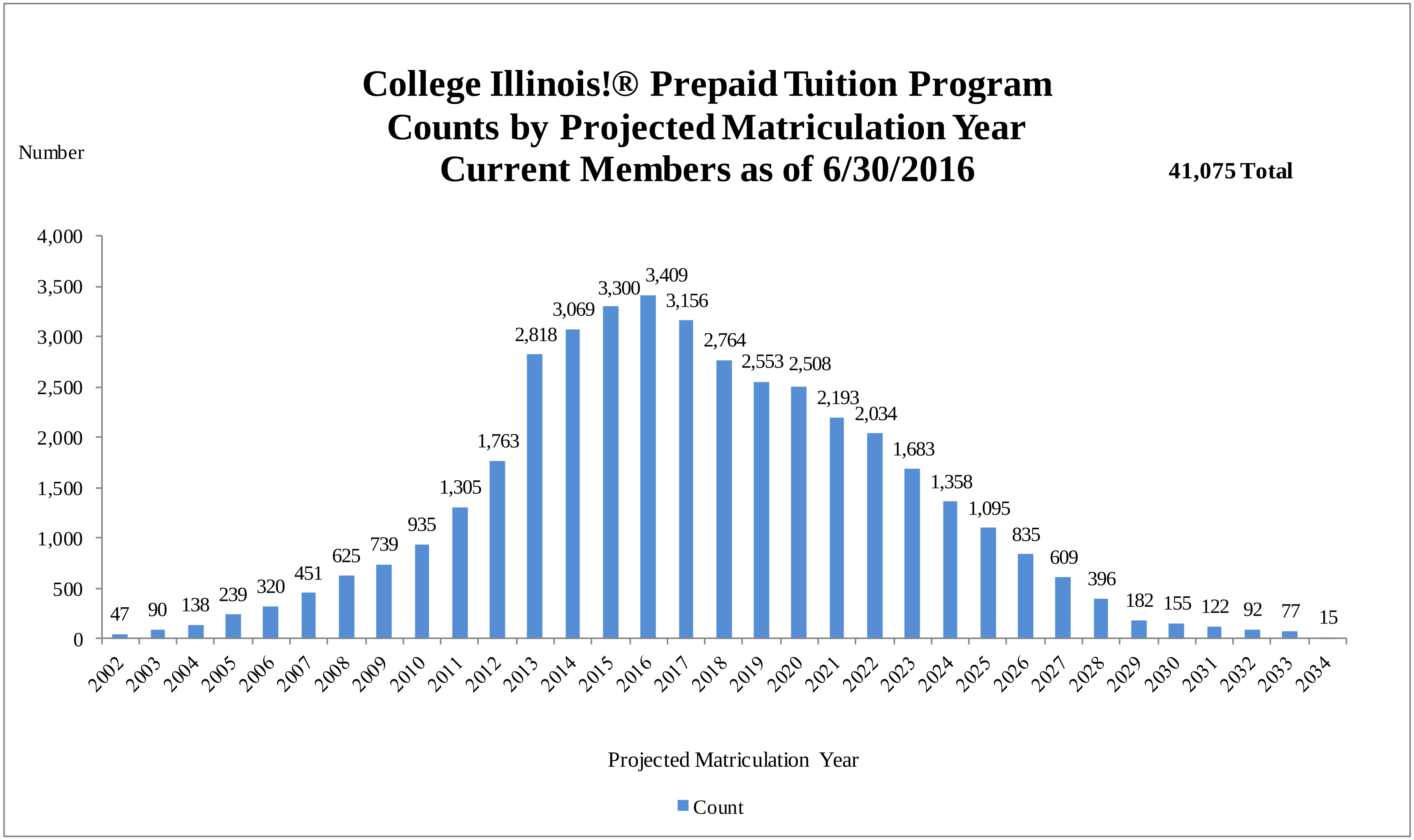
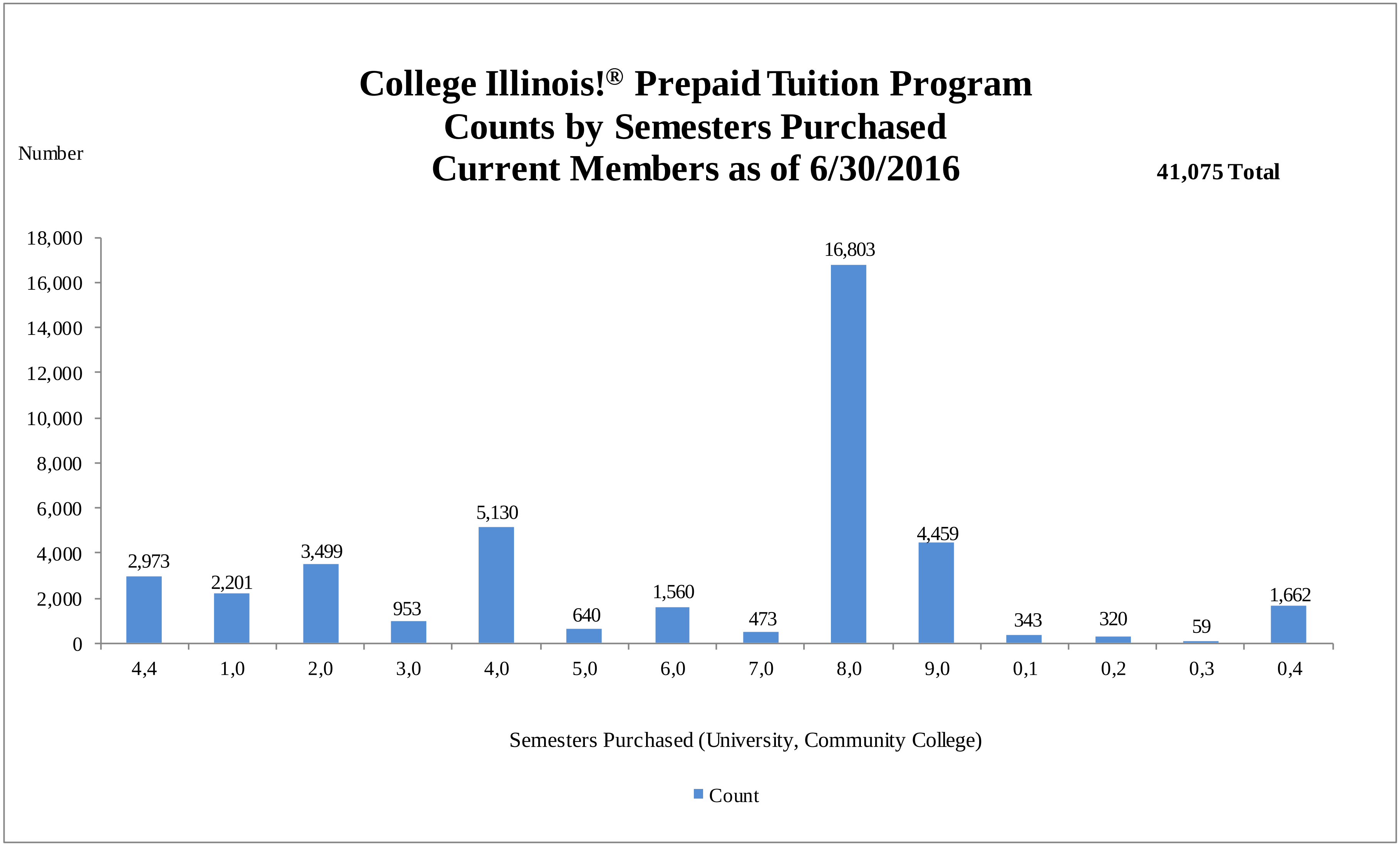
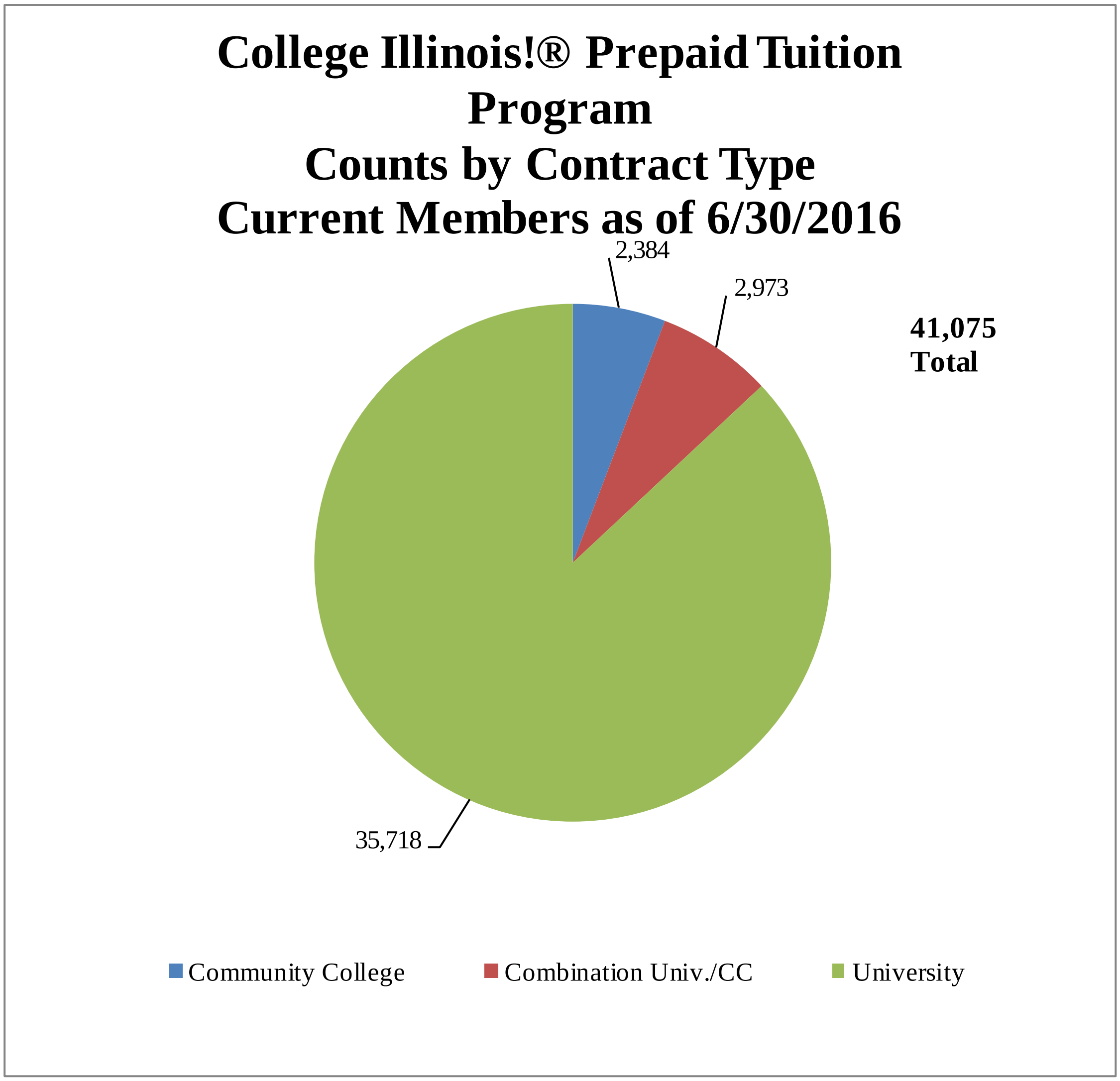
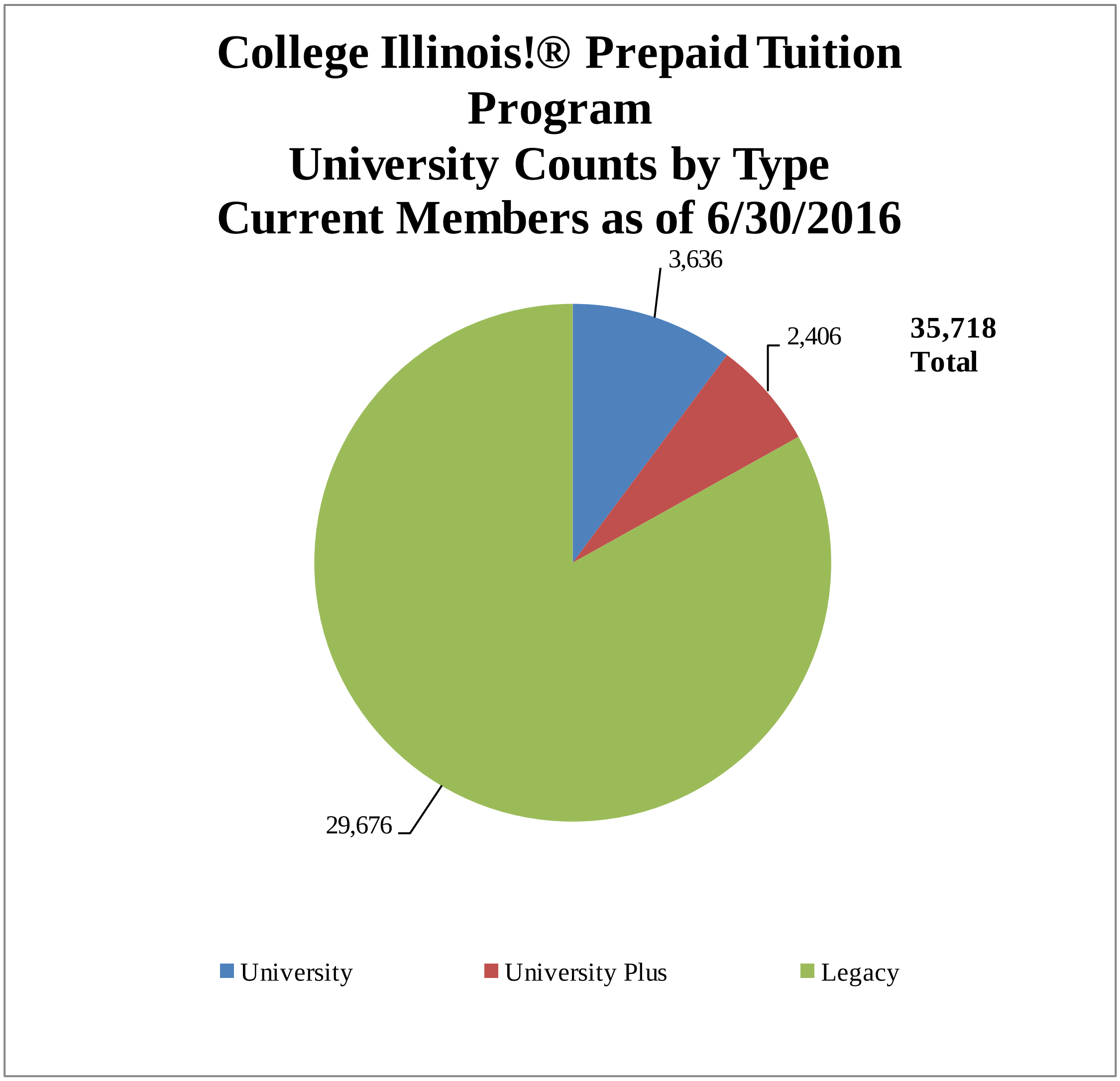
2014 - 2015
2015 - 2016
College Illinois Enrollment Year
Count


College Illinois!® Prepaid Tuition Program
Counts by Projected Matriculation Year
Current Members as of 6/30/2016
41,075 Total
Number
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
47 90 138 239 320 451 625 739 935 1,305 1,763 2,818 3,069 3,300 3,409 3,156 2,764 2,553 2,508 2,193 2,034 1,683 1,358 1,095 835 609 396 182 155 122 92 77 15
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
Projected Matriculation Year
Count


College Illinois!® Prepaid Tuition Program
Counts by Semesters Purchased
Current Members as of 6/30/2016
41,075 Total
Number
18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
2,973
2,201
3,499
953
5,130
640
1,560
473
16,803
4,459
343
320
59
1,662
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 6/30/2016
2,384
2,973
41,075 Total
35,718
Community College
Combination Univ./CC
University


College Illinois!® Prepaid Tuition Program
University Counts by Type
Current Members as of 6/30/2016
3,636
2,406
35,718 Total
29,676
University
University Plus
Legacy

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

Measurement Date June 30, 2016

The net investment return rate 6.75 percent per annum, compounded annually. Includes inflation assumption of 3.00 percent. (Updated for the valuation as of June 30, 2016)

Given the current asset allocation and liquidity requirements, and assuming that a sufficient number of new contracts are sold in the future to maintain the current asset allocation, the net investment rate of return assumption of 6.75 percent, appears to be consistent with applicable Actuarial Standards of Practice.

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†
2016-2017 Weighted Tuition	$3,698	$10,410	$14,136	$11,318
2016-2017 Weighted Fees	459	3,748	3,662	3,727
2016-2017 Total WATF	4,157	14,158	17,798	15,045

†"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.

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†
2016-2017 Total WATF	$4,157	$14,158	$17,798	$15,045
2015-2016 Total WATF	3,980	13,770	17,726	14,687
WATF Increase	4.45%	2.82%	0.41%	2.44%

Tuition and Fee Increase Assumption

Tuition and Fee Increase Assumption - June 30, 2016, Actuarial Valuation				
Effective Date	Community College	University	University Plus	Legacy
6/30/2017 and Beyond	5.00%	5.00%	5.00%	5.00%

(Updated for the valuation as of June 30, 2016)

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. Marketing expenses (assumed to be 12 percent of the total administrative 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 3.0 percent for 7 years and then decline at the same rate the present value of benefits declines (combined with a 3.0 percent increase for inflation). The present value of future administrative expenses was determined to be equal to approximately 4.0 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 2016-2017 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 2016 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.

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%

Rates of Cancellation

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

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

Years From Projected College Entrance Year	Cancellation Rate
-3	1%
-2	1%
-1	1%
0	2%
1	2%
2	3%
3	3%
4	5%
5	5%
6	8%
7	8%
8	5%
9	5%
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.

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%

Once a contract beneficiary has matriculated, and if the contract beneficiary has used credits within the past year, it is assumed that the contract beneficiary will utilize 22 credits per year until benefits are fully depleted.

If the contract beneficiary has matriculated, but the contract beneficiary has not used credits within the past year, the matriculation rates, cancellation rates and benefit utilization rates that apply to members that have not matriculated yet are assumed. (Updated for the valuation as of June 30, 2016)

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.

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 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.

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.