College Illinois!® Prepaid Tuition Program

Actuarial Soundness Valuation Report as of June 30, 2020

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August 28, 2020

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

Re: College Illinois!® Prepaid Tuition Program Actuarial Soundness Valuation as of June 30, 2020

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, 2020. 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, 2020.

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

- A comparison of the actuarial present value of the obligations for prepaid tuition contracts purchased through June 30, 2020, 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;
- Sensitivity testing; and
- A summary of the actuarial assumptions and methods utilized in the actuarial calculations.

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

The actuarial soundness valuation results set forth in this report are based upon data and information furnished by ISAC, concerning program benefits, financial transactions and beneficiaries of the CIPTP. We reviewed this information for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the Illinois Student Assistance Commission. Further, the data and information provided is through June 30, 2020, and does not reflect subsequent market volatility.

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The actuarial soundness valuation results summarized in this report involve actuarial calculations that require assumptions about future events. Most of the actuarial assumptions used in this valuation were based on an experience review for the period from July 1, 2011 to June 30, 2014, and were adopted for use commencing with the June 30, 2015, actuarial valuation. The following change was made beginning with the actuarial valuation as of June 30, 2020:

- The “select and ultimate” rate structure for the investment return assumption and related discount rate for liabilities was changed from an initial rate of 6.00 percent for fiscal year 2020 and grading down to the ultimate rate of 3.50 percent for fiscal years 2026 and after to an initial rate of 5.75 percent for fiscal year 2021 (compared to the expected rate of 5.583 percent under the previous assumption) and grading down to the ultimate rate of 3.50 percent for fiscal years 2025 and after. The change in the fiscal year for which the ultimate rate first applies from 2026 to 2025 is based on the year in which additional funds will be required to maintain solvency.

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

The College Illinois!® Prepaid Tuition Program stopped accepting new contracts as of the 2017/2018 enrollment period and is still not accepting new contracts for the 2020/2021 enrollment period. Program enrollment remains closed as ISAC continues to engage with legislators and the Governor’s office to help define proposals that will address the Program’s unfunded liability.

Considering the current asset allocation, current and future liquidity requirements and the fact that program enrollment is on hold, we believe the net investment rate of return assumption of 5.75 percent in fiscal year 2021 grading down to 3.50 percent in 2025, on a select and ultimate basis, is reasonable based on applicable Actuarial Standards of Practice. However, based on a survey of capital market assumptions, the probability of achieving the assumed returns is expected to be less than 50 percent.

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 and assumptions 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, 2020. 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.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

This report reflects the impact of COVID-19 through June 30, 2020. However, this report does not reflect the longer term and still developing future impact of COVID-19, which is likely to further influence demographic experience and economic expectations. We will continue to monitor these developments and their impact.

Lance J. Weiss and Amy Williams 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 and Amy Williams are independent of ISAC.

Respectfully submitted,

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

Amy Williams, ASA, MAAA, FCA
Senior Consultant

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SECTION A

EXECUTIVE SUMMARY

Summary of Results

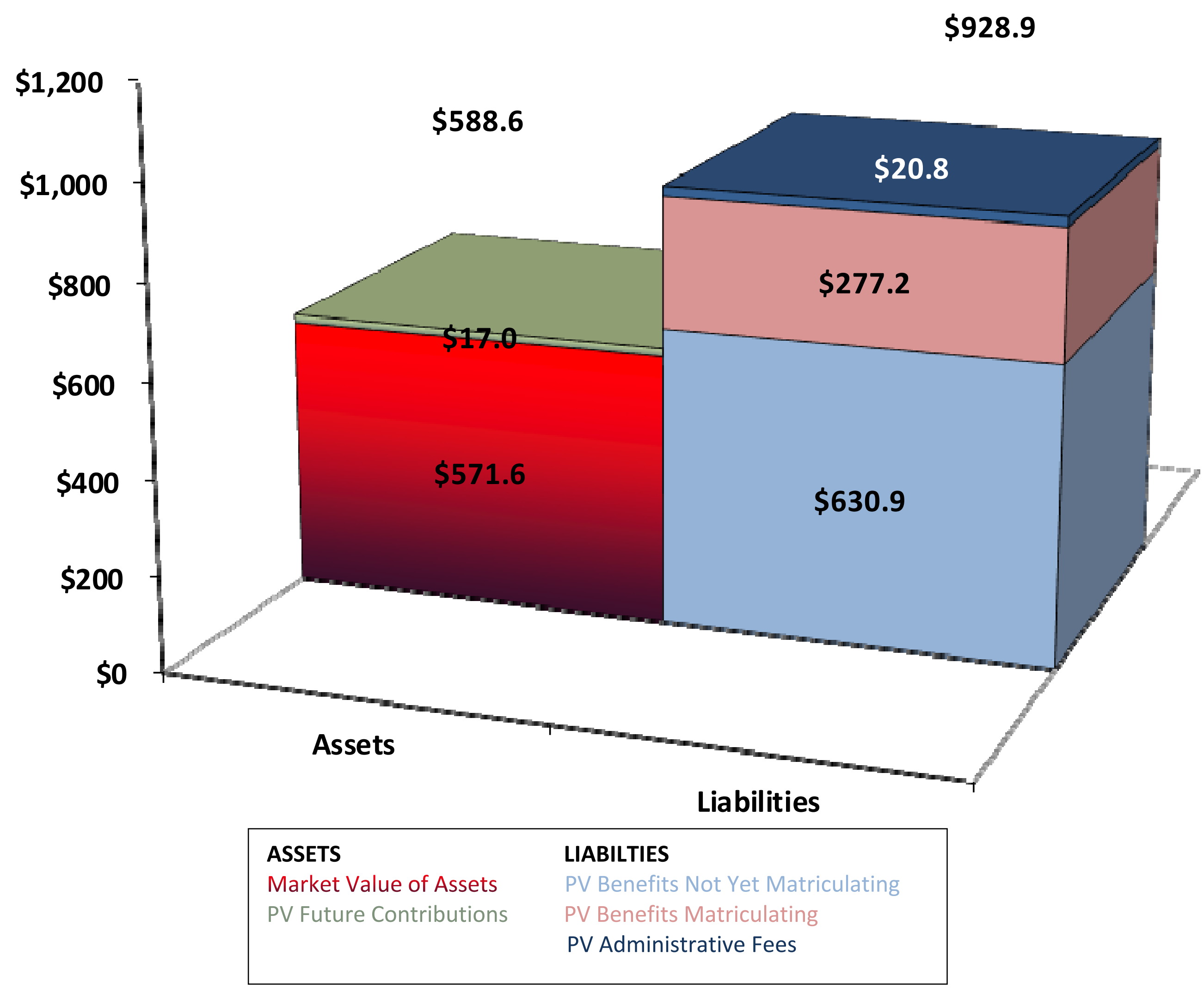
Principal Actuarial Soundness Valuation Results

Valuation Date:	June 30, 2020	June 30, 2019
Membership Summary:		
Counts		
Not Yet Matriculating	15,693	18,566
Matriculating[a]	12,355	13,064
Total	28,048	31,630
Average years until Enrollment if Not Yet Matriculating	3.2	3.5
Assets[b]		
· Actuarial Value of Assets (AVA)	$588,608,378	$725,896,683
· Estimated Return	1.30%	4.12%
Actuarial Liabilities (Present Value of Future Tuition Payments, Fees and Administrative Expenses)	$928,920,938	$1,043,388,044
Unfunded Liabilities	$340,312,560	$317,491,361
Funded Ratio	63.4%	69.6%

[a] *Counts include 5,060 contracts in 2020 and 4,836 contracts in 2019 that are classified as "Matriculating" but have used a minimal amount of credits within the past year.*

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

Summary of Assets and Liabilities as of June 30, 2020
$ in Millions



Numbers may not add due to rounding.

Summary of Results

Funded Status as of June 30, 2020

	June 30, 2020
Actuarial Present Value of Future Tuition Payments, Fees and Expenses	$928,920,938
Actuarial Value of Assets (Including the Present Value of Installment Contract Receivables)	$588,608,378
Deficit/(Surplus) as of June 30, 2020	$340,312,560

Gain/Loss Summary

	Unfunded Liability
Value at June 30, 2019	$ 317,491,361
Expected Value at June 30, 2020	$ 336,540,843
(Gain)/Loss Due to:	
Investment Experience	$ 29,831,698
Change in Assumptions and Methods	2,020,837
Tuition/Fee Inflation	(17,329,898)
Other Demographic Experience*	(10,750,920)
Total	$ 3,771,717
Actual Value at June 30, 2020	$ 340,312,560

* *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.*

The change in actuarial assumptions includes the change in the investment return assumption

Additional Details on the development of the Expected Value at June 30, 2020, can be found on page B-3.

Discussion

Actuarial Soundness Valuation

Gabriel, Roeder, Smith & Company ("GRS") has performed an actuarial soundness valuation of the College Illinois!® Prepaid Tuition Program ("CIPTP") as of June 30, 2020.

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, 2020, and compare such liabilities with the value of the assets associated with the program as of that same date;
- Illustrate results under sensitivity scenarios; and
- Analyze the factors which caused the deficit/surplus to change since the prior actuarial valuation.

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

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

Background

Legislation authorizing ISAC to administer an Illinois Prepaid Tuition Program was passed in November 1997. The purpose of the program is to provide Illinois families with an affordable tax-advantaged method to pay for college. CIPTP has been open to all Illinois residents and non-Illinois residents purchasing contracts for Illinois-resident beneficiaries. CIPTP contracts allow participants to prepay the cost of tuition and mandatory fees at Illinois public universities and community colleges at expected projected 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, 2020, the CIPTP had 28,048 contracts in force.

The College Illinois!® Prepaid Tuition Program stopped accepting new contracts as of the 2017/2018 enrollment period and is still not accepting new contracts for the 2020/2021 enrollment period. Program enrollment remains closed as ISAC continues to engage with legislators and the Governor's office to help define proposals that will address the Program's unfunded liability.

Actuarial Assumptions

The actuarial soundness valuation results summarized in this report involve actuarial calculations that require assumptions about future events. Most of the actuarial assumptions used in this actuarial soundness valuation were based on an experience review for the period from July 1, 2011 to June 30, 2014, and were approved and adopted for use commencing with the June 30, 2015 actuarial soundness valuation by ISAC. These actuarial assumptions are the responsibility of ISAC.

Discussion

Changes in Actuarial Assumptions since Prior Valuation

The net investment return assumption under the "select and ultimate" rate structure was changed from an initial rate of 6.00 percent for fiscal year 2020 grading down to the ultimate rate of 3.50 percent in fiscal years on and after 2026 (in 0.417 percent annual increments) to an initial rate of 5.75 percent for fiscal year 2021 grading down to the ultimate rate of 3.50 percent in fiscal years on and after 2025 (in 0.563 percent annual increments).

Considering the current asset allocation, current and future liquidity requirements, and the fact that the program enrollment is on hold (and has been since the 2017/2018 enrollment period), we believe the net investment rate of return assumption being used in the June 30, 2020 actuarial soundness valuation is reasonable, based on applicable Actuarial Standards of Practice. However, based on a survey of capital market assumptions, the probability of achieving the assumed returns is expected to be less than 50 percent.

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, 2020

As of June 30, 2020, the present value of all future tuition obligations under contracts outstanding (and including future administrative expenses) is $928,920,938. The value of fund assets as of June 30, 2020, including the market value of program assets and the present value of installment contract receivables, is $588,608,378.

The difference between the present value of future tuition obligations and the value of assets as of June 30, 2020, represents a program deficit of $340,312,560. The comparable program deficit as of the last actuarial soundness valuation as of June 30, 2019, was $317,491,361. This represents an increase in the deficit of $22,821,199.

Gain/Loss Analysis

As described above, the program deficit increased from $317.5 million as of June 30, 2019, to $340.3 million as of June 30, 2020. Based on the actuarial assumptions used during the June 30, 2019 actuarial soundness valuation and actual tuition payments, refunds and fees, the deficit was expected to increase to $336.5 million. The primary factor which caused the deficit to increase by $3.8 million compared to the expected deficit was losses due to investment returns that were less than expected (an actual rate of return less than the assumption of 6.00 percent used in the last actuarial valuation). This also resulted in the ultimate investment return rate first being used one year earlier (in 2025) which increased the deficit. This increase was partially offset due to (1) tuition and fee increases that were less than expected (increases that were lower than the assumption of 4.75 percent used in the last actuarial valuation) and (2) other demographic experience (which includes deviations in actual contract beneficiary experience from our assumptions related to rates of enrollment and utilization of benefits and contract terminations and refunds).

Discussion

The funded ratio decreased from 69.6 percent as of June 30, 2019, to 63.4 percent as of June 30, 2020.

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, 2019.

Assets

CIPTP assets are held in trust. ISAC provided the asset information used in the June 30, 2020 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 1.30 percent for the year ended June 30, 2020.

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

Contract Prices

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

Contracts Sold by Enrollment Year

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

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

- Program enrollment was placed on hold commencing with the 2017/2018 enrollment period and continues to be on hold. Therefore, there were zero contracts sold during the 2017/2018, the 2018/2019 and the 2019/2020 enrollment periods.

Projection Scenarios

Full projection scenarios are included in a separate report.

The College Illinois!® Prepaid Tuition Program stopped accepting new contracts as of the 2017/2018 enrollment period and is still not accepting new contracts for the 2020/2021 enrollment period. While the closing of the CIPTP has not occurred, we have completed a projection assuming that the program continues to operate but with no new contract sales after June 30, 2020. Based on an investment return assumption that grades down from 5.75 percent for the 2021 fiscal year to 3.50 percent for the 2025 fiscal year, future payments from current contract holders, current Trust assets and future investment income are projected to be insufficient by the year 2025 to make the required tuition payments and additional funds will be required to maintain solvency. The results of this “closed group” projection are included in a separate report.

Future actuarial measurements may differ significantly from the measurements presented in this projection 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.

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 future participation in the CIPTP.

SECTION B

ACTUARIAL SOUNDNESS VALUATION RESULTS

Exhibit I
Principal Actuarial Soundness Valuation Results

Valuation Date:	June 30, 2020	June 30, 2019
1. Number of Members		
a. Not Yet Matriculating:	15,693	18,566
b. Matriculating[a]:	12,355	13,064
c. Total	28,048	31,630
Average Years until Enrollment if Not Yet Matriculating	3.2	3.5
2. Assets		
a. Market Value of Assets (in Trust)	$ 571,613,198	$ 702,216,197
b. PV Future Member Contributions	16,995,180	23,680,486
c. Total Actuarial Value of Assets (AVA) (2a + 2b)	$ 588,608,378	$ 725,896,683
3. Actuarial Results		
Liabilities		
a. Not yet Matriculating - Tuition and Fees	$ 630,885,129	$ 728,860,971
b. Matriculating - Tuition and Fees	277,216,693	290,136,226
c. Present Value of Future Administrative Expenses	20,819,116	24,390,847
d. Total	$ 928,920,938	$ 1,043,388,044
Unfunded Liability	$ 340,312,560	$ 317,491,361
Funded Ratio	63.4%	69.6%

[a] *Counts include 5,060 contracts in 2020 and 4,836 contracts in 2019 that are classified as "Matriculating" but have used a minimal amount of credits within the past year.*

Exhibit I (Continued)
Principal Actuarial Soundness Valuation Results

Valuation Date:	June 30, 2020	June 30, 2019
1. Assets		
a. Market Value of Assets (in Trust)	$ 571,613,198	$ 702,216,197
b. PV Future Member Contributions (Short Term)[a]	4,953,206	6,647,238
c. PV Future Member Contributions (Long Term)[b]	12,041,974	17,033,248
d. Total Market Value of Assets (MVA)	$ 588,608,378	$ 725,896,683
2. Actuarial Present Value of Tuition, Fees and Admin Expenses		
a. Short Term[a]	$ 140,781,833	$ 145,130,169
b. Long Term[b]	788,139,105	898,257,875
c. Total	$ 928,920,938	$ 1,043,388,044
Unfunded Liability (Surplus)	$ 340,312,560	$ 317,491,361
Funded Ratio	63.4%	69.6%

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

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

Exhibit II
Gain/Loss Summary

	Present Value of Benefits	Plan Assets[a]	Unfunded Liability
1. Values at June 30, 2019	$ 1,043,388,044	$725,896,683	$ 317,491,361
2. Actual Tuition Payments, Refunds and Administrative Expenses	$ (147,000,218)	$ (147,000,218)	$ -
3. Interest on 1. and 2. at 6.00%	$ 58,257,513	$ 39,208,032	$ 19,049,481
4. New Contracts	$ -	$ -	$ -
5. Projected Values at June 30, 2020 (1. + 2. + 3. + 4.)	$ 954,645,340	$ 618,104,497	$ 336,540,843
6. (Gain)/Loss Due to:			
Investment Experience	$ -	$ 29,831,698	$ 29,831,698
Change in Assumptions and Methods	2,027,562	(6,725)	2,020,837
Tuition/Fee Inflation	(17,329,898)	-	(17,329,898)
Other Demographic Experience[b]	(10,422,066)	(328,854)	(10,750,920)
Total	$ (25,724,402)	$ 29,496,119	$ 3,771,717
7. Actual Values at June 30, 2020 (5. + 6.)	$ 928,920,938	$ 588,608,378	$ 340,312,560

[a] *Equals the sum of the market value of trust assets plus the present value of expected future contract payments from current contract holders. Actual values at June 30, 2020, are equal to (5.-6.) which is the projected value minus the (gain)/loss total.*

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

Exhibit III
Gain/Loss History

	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	Total 8-Year Change
Unfunded Liability at Prior Valuation Date	$ 467,404,585	$ 448,506,323	$ 328,182,173	$ 292,111,181	$ 264,313,965	$ 320,237,004	$ 307,711,673	$ 317,491,361	
Projected Unfunded Liability at Valuation Date	$ 491,441,672	$ 474,596,839	$ 346,104,498	$ 309,309,748	$ 278,495,729	$ 341,052,409	$ 326,943,653	$ 336,540,843	
(Gain)/Loss Due to:									
Investment Experience	$ (13,003,926)	$ (44,221,698)	$ 31,916,454	$ 8,218,414	$ (4,435,878)	$ 7,573,155	$ 15,885,182	$ 29,831,698	$ 31,763,401
Change in Assumptions	24,441,468	(53,755,927)	(49,845,761)	(21,711,495)	78,869,711	(4,384,888)	(4,317,928)	2,020,837	(28,683,983)
Tuition/Fee Inflation*	(66,164,363)	(45,359,154)	(47,420,647)	(40,802,985)	(31,916,630)	(25,580,322)	(16,543,198)	(17,329,898)	(291,117,197)
Other Demographic Experience	11,791,472	(3,077,887)	11,356,637	9,300,283	(775,927)	(10,948,681)	(4,476,348)	(10,750,920)	2,418,629
Total	$ (42,935,349)	$ (146,414,666)	$ (53,993,317)	$ (44,995,783)	$ 41,741,276	$ (33,340,736)	$ (9,452,292)	$ 3,771,717	$ (285,619,150)
Unfunded Liability at Valuation Date	$ 448,506,323	$ 328,182,173	$ 292,111,181	$ 264,313,965	$ 320,237,004	$ 307,711,673	$ 317,491,361	$ 340,312,560	

Changes in Actuarial Assumptions

June 30, 2013	*Decrease in the investment return assumption from 7.25 percent to 7.00 percent.*
June 30, 2014	*Decrease in the tuition and fee select and ultimate rate increase assumption for Legacy, University and University Plus contracts.*
June 30, 2015	*Based on an experience review covering the period July 1, 2011 through June 30, 2014, changes in the matriculation rates, benefit utilization rates, cancellation rates, bias loads and growth rate for administrative expenses. No changes were made to the investment return or the tuition and fee increase assumptions.*
June 30, 2016	*Decrease in the investment return assumption from 7.00 percent to 6.75 percent, change in the tuition and fee increase assumption from a select and ultimate rate increase assumption with an ultimate increase rate of 5.00 percent to a flat rate of 5.00 percent for all future years.*
June 30, 2017	*Decrease in the investment return assumption from a flat rate of 6.75 percent to a select and ultimate rate structure with an initial rate of 6.50 percent, grading down in annual increments of 0.393 percent to an ultimate investment return rate of 3.75 percent. Change in the calculation of the total administrative expenses related to marketing from an assumption of 12 percent of total administrative expenses to actual marketing expenses in the prior fiscal year (which affects the present value of future administrative expenses for current contract beneficiaries).*
June 30, 2018	*The select and ultimate rate structure was changed from an initial rate of 6.50 percent for fiscal year 2018, grading down in annual increments of 0.393 percent to the ultimate rate of 3.75 percent in fiscal years on and after 2025 to an initial rate of 6.25 percent for fiscal year 2019, grading down in annual increments of 0.357 percent to the ultimate rate of 3.75 percent in fiscal years on and after 2026.*
June 30, 2019	*The select and ultimate rate structure was changed from an initial rate of 6.25 percent for fiscal year 2019, grading down in annual increments of 0.357 percent to the ultimate rate of 3.75 percent in fiscal years on and after 2026 to an initial rate of 6.00 percent for fiscal year 2020, grading down in annual increments of 0.417 percent to the ultimate rate of 3.50 percent in fiscal years on and after 2026. The tuition and fee increase assumption was decreased from a flat rate of 5.00 percent to a flat rate of 4.75 percent for all future years.*
June 30, 2020	*The select and ultimate rate structure was changed from an initial rate of 6.00 percent for fiscal year 2020, grading down in annual increments of 0.417 percent to the ultimate rate of 3.50 percent in fiscal years on and after 2026 to an initial rate of 5.75 percent for fiscal year 2021, grading down in annual increments of 0.563 percent to the ultimate rate of 3.50 percent in fiscal years on and after 2025.*

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 5.75 percent in Fiscal Year 2021 graded down in yearly increments to 3.50 percent on and after Fiscal Year 2025, actual returns are expected to vary from year to year. Therefore, we have projected CIPTP results under the following alternative assumptions for future investment income, tuition increases and fee increases.

1. Tuition increases are 100 basis points higher/lower (5.75%/3.75% compared to 4.75%) in each future year than assumed in the baseline valuation (measurement of soundness).
2. Fee increases are 100 basis points higher/lower (5.75%/3.75% compared to 4.75%) in each future year than assumed in the baseline valuation (measurement of soundness).
3. The investment return is 50 basis points higher/lower (6.25% initial and 4.00% ultimate/5.25% initial and 3.00% ultimate compared to 5.75% initial and 3.50% ultimate) in each future year than assumed in the baseline valuation (measurement of soundness).

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

Exhibit IV
Sensitivity Testing Results
$ in Millions

	Current Valuation Assumptions	Assumed Tuition Increases 100 Basis Points	Assumed Tuition Decreases 100 Basis Points	Assumed Fee Increases 100 Basis Points	Assumed Fee Decreases 100 Basis Points	Assumed Investment Return Increases 50 Basis Points	Assumed Investment Return Decreases 50 Basis Points
1. Assets							
a. Market Value of Assets (in Trust)	$571.6	$571.6	$571.6	$571.6	$571.6	$571.6	$571.6
b. PV Future Member Contributions	17.0	17.0	16.9	17.0	16.9	16.7	17.2
c. Total Actuarial Value of Assets (AVA) (2a + 2b)	$588.6	$588.6	$588.5	$588.6	$588.5	$588.3	$588.8
2. Actuarial Results							
Liabilities							
a. Not yet Matriculating - Tuition and Fees	$630.9	$645.9	$612.2	$639.2	$618.6	$609.6	$648.4
b. Matriculating - Tuition and Fees	277.2	279.1	274.8	278.3	275.5	274.0	279.9
c. Present Value of Future Administrative Expenses	20.8	20.8	20.7	20.8	20.7	20.3	21.2
d. Total	$928.9	$945.8	$907.7	$938.3	$914.8	$903.9	$949.5
Unfunded Liability	$340.3	$357.2	$319.2	$349.7	$326.3	$315.6	$360.7
Funded Ratio	63.4%	62.2%	64.8%	62.7%	64.3%	65.1%	62.0%
Difference from Current Assumptions							
Unfunded Liability	$0.0	$16.9	-$21.1	$9.4	-$14.0	-$24.7	$20.4
Funded Ratio	0.0%	-1.2%	1.4%	-0.7%	0.9%	1.7%	-1.4%

The current valuation assumptions and the non-favorable scenarios are expected to have assets depleted in 2025 (assumed tuition increases 100 basis points, assumed fee increases 100 basis points, and the assumed investment return decreases 50 basis points). The favorable scenarios are expected to have assets depleted in 2026 (assumed tuition decreases 100 basis points, assumed fee decreases 100 basis points, and the assumed investment return increases 50 basis points) and use an investment return assumption that grades down in yearly increments to 3.50 percent on and after fiscal year 2026.

SECTION C

FUND ASSETS

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

College Illinois!® Prepaid Tuition Program

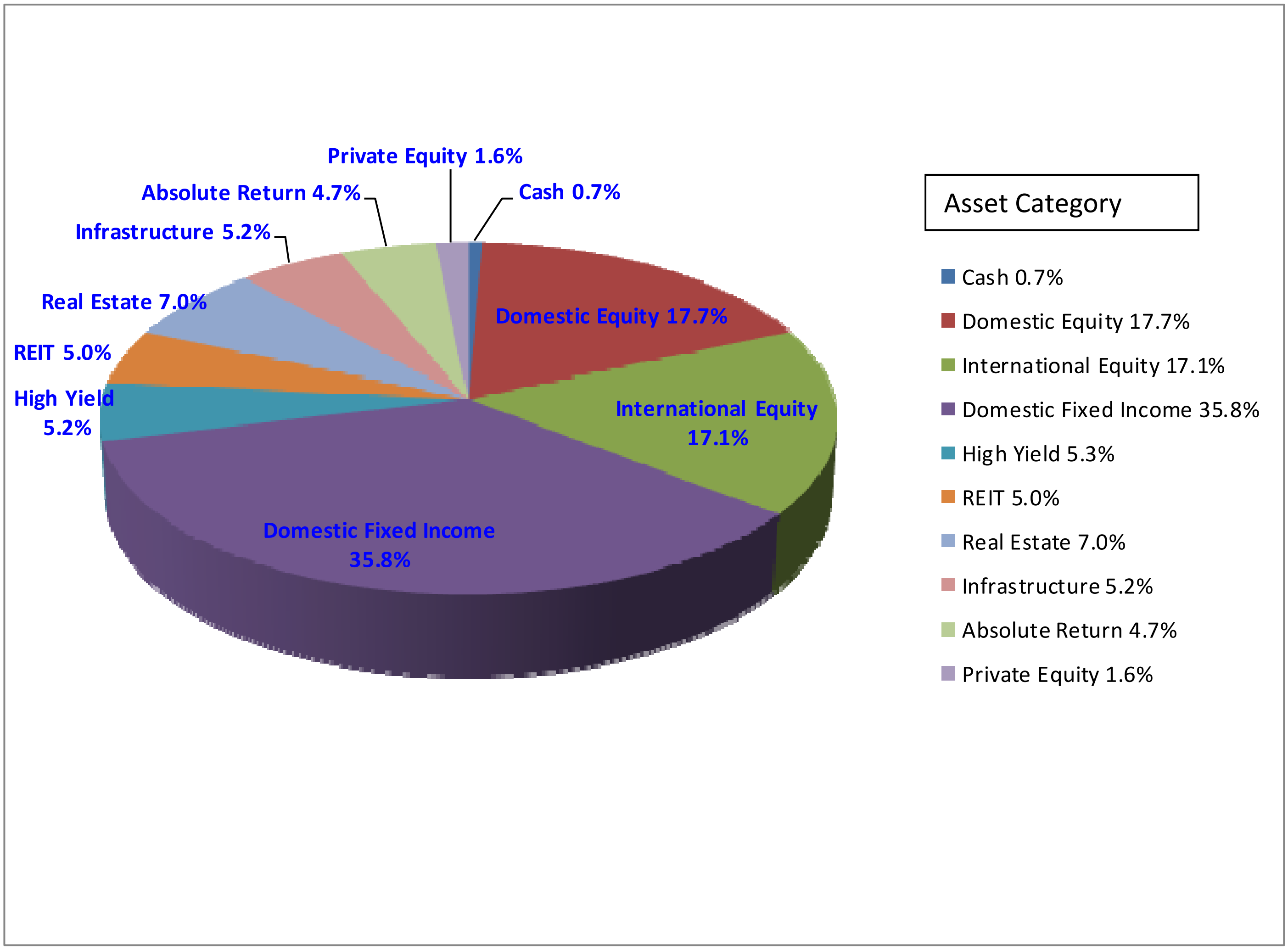
Statement of Plan Net Assets

Year ended June 30, 2020

			% of Total
Cash	$	3,926,657	0.7%
Investments			
Domestic Equity	$	101,285,052	17.7%
International Equity		97,847,075	17.1%
Domestic Fixed Income		204,539,407	35.8%
High Yield		30,011,880	5.3%
REIT		28,550,702	5.0%
Real Estate		39,787,079	7.0%
Infrastructure		29,930,466	5.2%
Absolute Return		26,770,111	4.7%
Private Equity		8,964,769	1.6%
Total Investments	$	567,686,541	99.3%
Total Assets	$	571,613,198	100.0%

Numbers may not add due to rounding.

Allocation of Assets at June 30, 2020



Reconciliation of Market Value of Plan Assets

College Illinois!® Prepaid Tuition Program

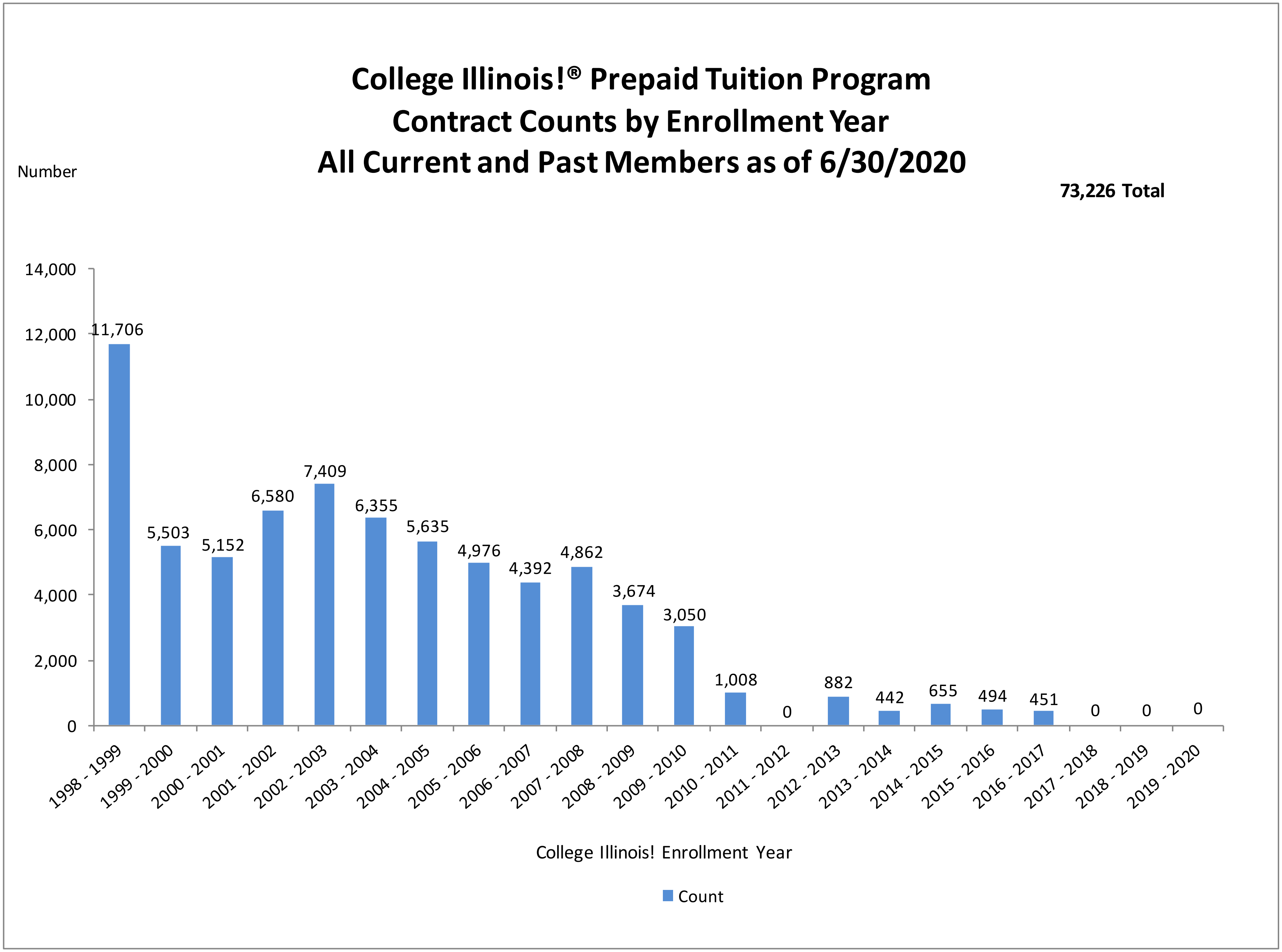
Statement of Changes in Plan Net Assets

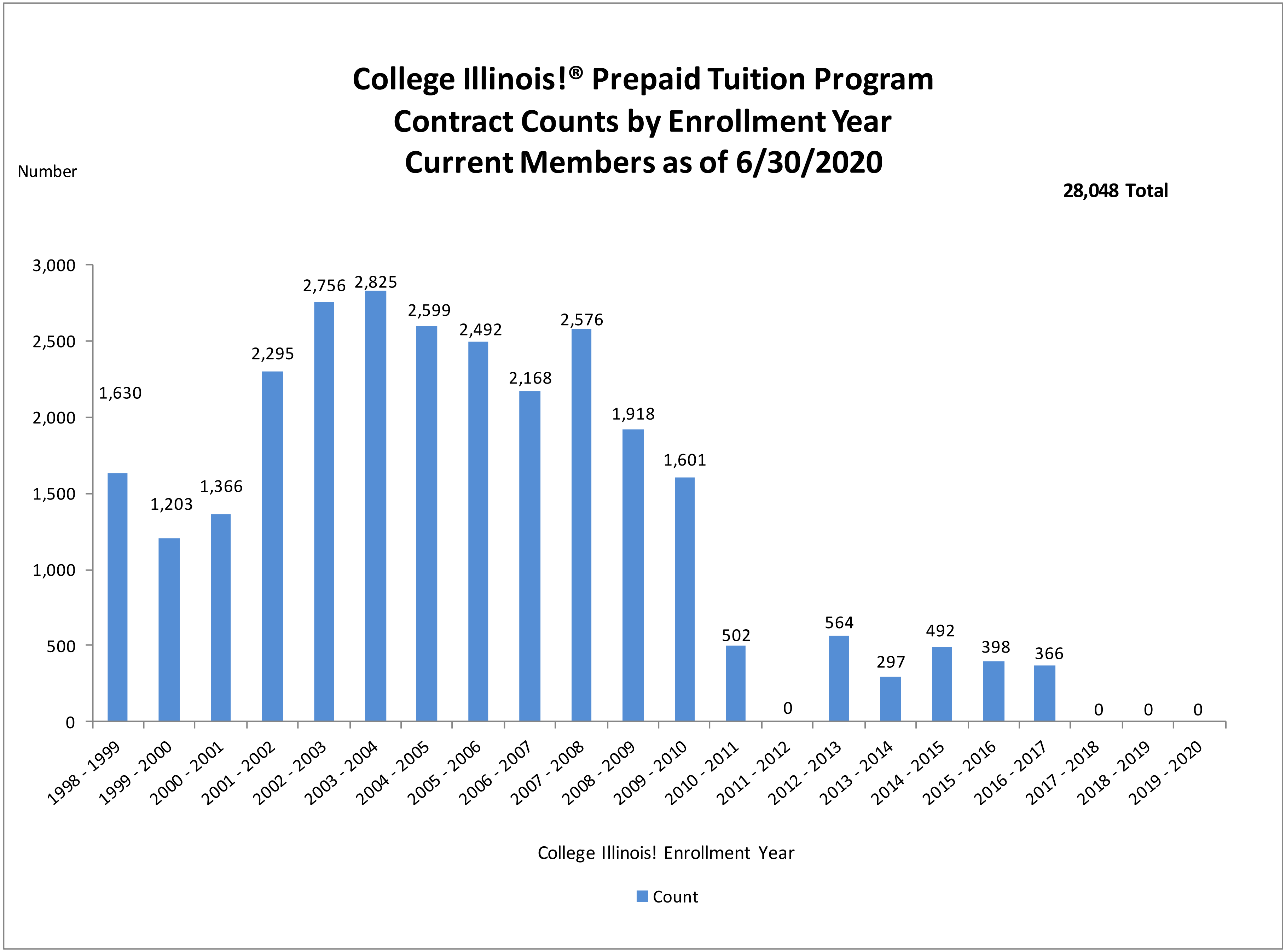
Twelve-Month Period ended June 30, 2020

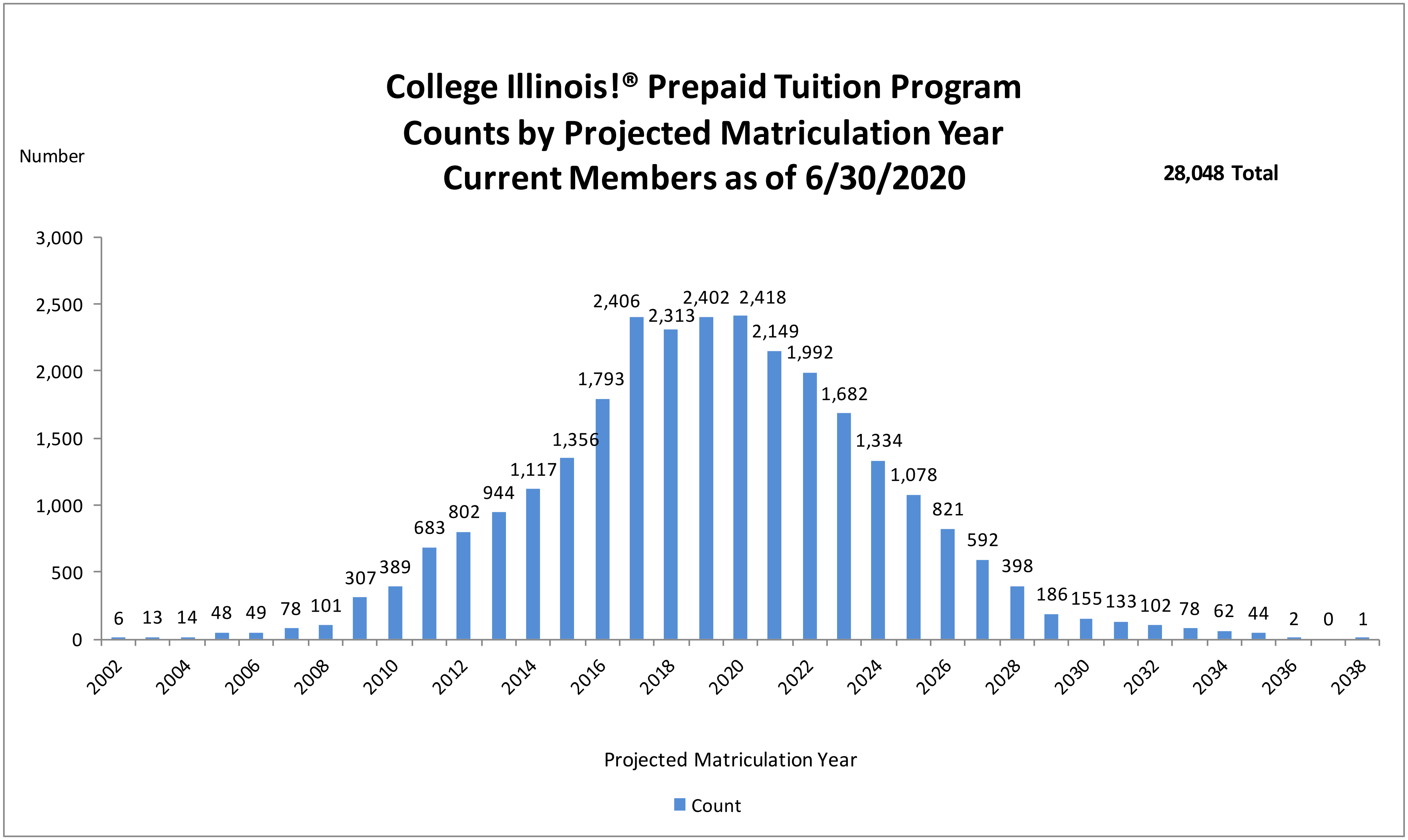
Beginning of Period		7/1/2019
End of Period		6/30/2020
Additions:		
Contributions received	$	8,199,317
Gross investment income		10,436,905
Realized/Unrealized investment gains/(losses)		(680,335)
Total Additions	$	17,955,887
Deductions:		
Tuition payments	$	117,150,322
Refunds to Purchasers		26,402,803
Investment expenses & advisory fees		1,558,668
Administrative expenses		3,447,093
Total Deductions	$	148,558,886
Net increase/(decrease)	$	(130,602,999)
Market Value of Assets:		
Beginning of period	$	702,216,197
End of period (6/30/2020)	$	571,613,198
Present Value of Future Contributions by Current Contract Holders		16,995,180
Market Value of Total Fund Assets as of June 30, 2020	$	588,608,378

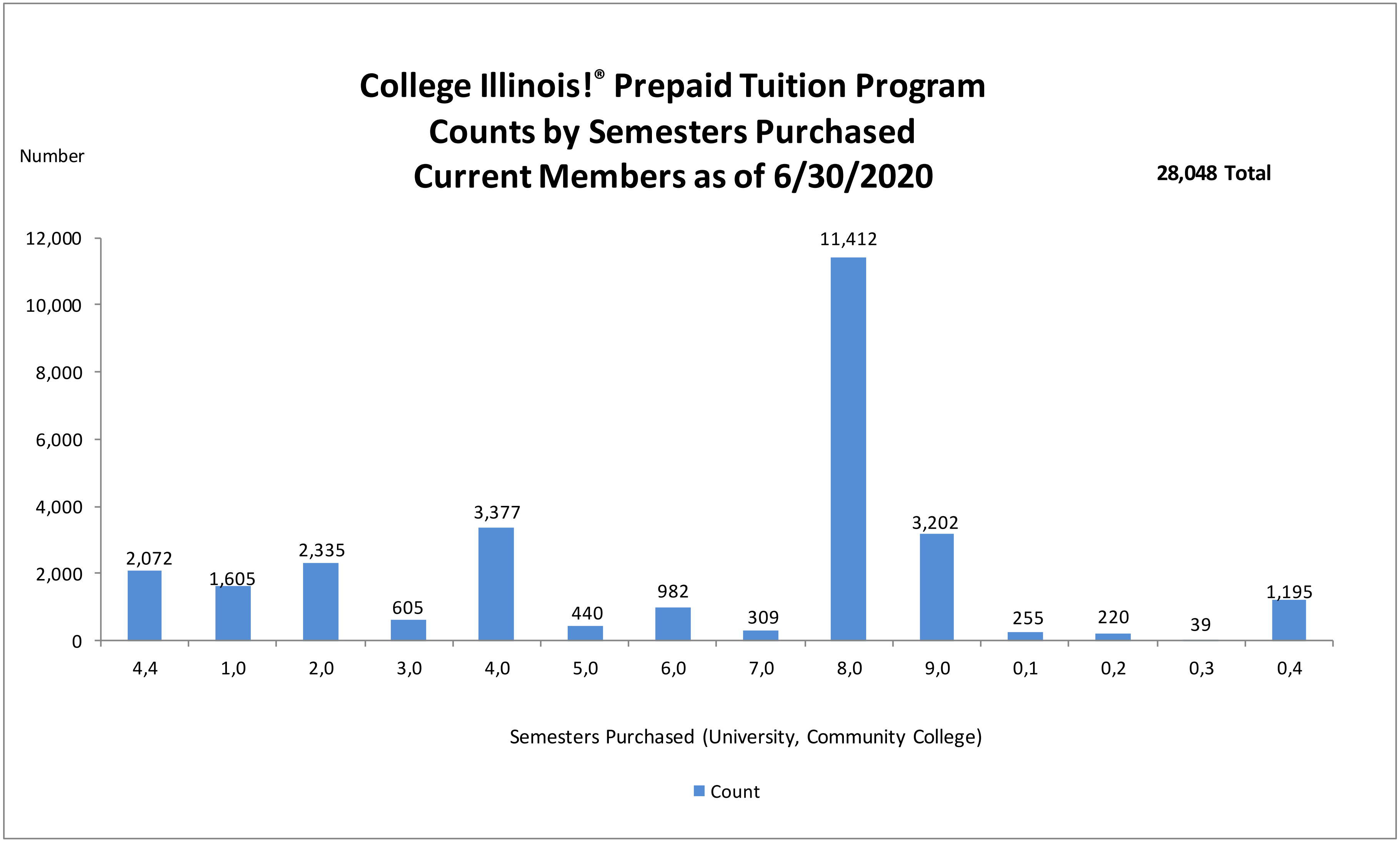
SECTION D

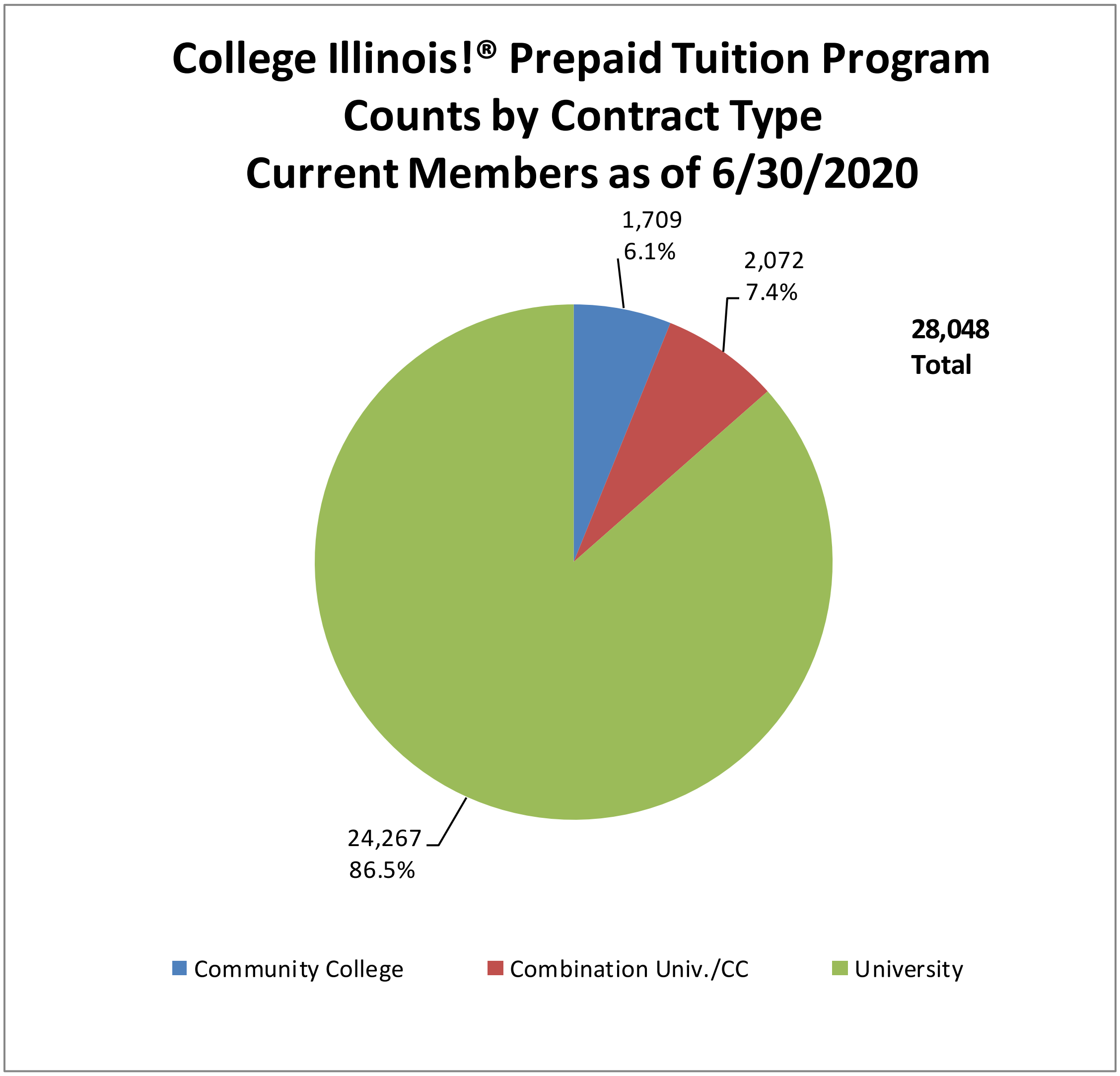
PARTICIPANT DATA


College Illinois!® Prepaid Tuition Program
Contract Counts by Enrollment Year
All Current and Past Members as of 6/30/2020
Number
73,226 Total
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
11,706
5,503
5,152
6,580
7,409
6,355
5,635
4,976
4,392
4,862
3,674
3,050
1,008
0
882
442
655
494
451
0
0
0
1998 - 1999
1999 - 2000
2000 - 2001
2001 - 2002
2002 - 2003
2003 - 2004
2004 - 2005
2005 - 2006
2006 - 2007
2007 - 2008
2008 - 2009
2009 - 2010
2010 - 2011
2011 - 2012
2012 - 2013
2013 - 2014
2014 - 2015
2015 - 2016
2016 - 2017
2017 - 2018
2018 - 2019
2019 - 2020
College Illinois! Enrollment Year
Count

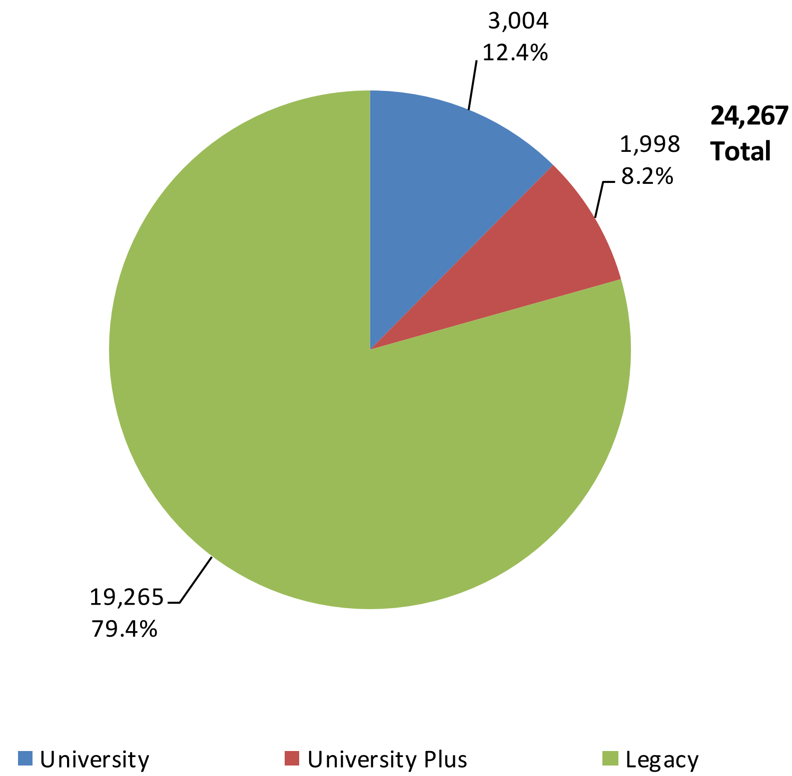

College Illinois!® Prepaid Tuition Program
Contract Counts by Enrollment Year
Current Members as of 6/30/2020
Number
28,048 Total
3,000
2,500
2,000
1,500
1,000
500
0
1,630
1,203
1,366
2,295
2,756
2,825
2,599
2,492
2,168
2,576
1,918
1,601
502
0
564
297
492
398
366
0
0
0
1998 - 1999
1999 - 2000
2000 - 2001
2001 - 2002
2002 - 2003
2003 - 2004
2004 - 2005
2005 - 2006
2006 - 2007
2007 - 2008
2008 - 2009
2009 - 2010
2010 - 2011
2011 - 2012
2012 - 2013
2013 - 2014
2014 - 2015
2015 - 2016
2016 - 2017
2017 - 2018
2018 - 2019
2019 - 2020
College Illinois! Enrollment Year
Count


College Illinois!® Prepaid Tuition Program
Counts by Projected Matriculation Year
Current Members as of 6/30/2020
Number
28,048 Total
3,000
2,500
2,000
1,500
1,000
500
0
6
13
14
48
49
78
101
307
389
683
802
944
1,117
1,356
1,793
2,406
2,313
2,402
2,418
2,149
1,992
1,682
1,334
1,078
821
592
398
186
155
133
102
78
62
44
2
0
1
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020
2022
2024
2026
2028
2030
2032
2034
2036
2038
Projected Matriculation Year
Count


College Illinois!® Prepaid Tuition Program
Counts by Semesters Purchased
Current Members as of 6/30/2020
Number
28,048 Total
12,000
10,000
8,000
6,000
4,000
2,000
0
2,072
1,605
2,335
605
3,377
440
982
309
11,412
3,202
255
220
39
1,195
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 6/30/2020
1,709
6.1%
2,072
7.4%
28,048
Total
24,267
86.5%
Community College
Combination Univ./CC
University

College Illinois!® Prepaid Tuition Program
University Counts by Type
Current Members as of 6/30/2020



SECTION E

ACTUARIAL VALUATION METHODS AND ASSUMPTIONS

Actuarial Valuation Methods

Actuarial Value of Assets – The Actuarial Value of Assets is equal to the Market Value of Assets plus the present value of expected future contract payments from current contract holders.

Actuarial Valuation Assumptions

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

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

Measurement Date

June 30, 2020

Net Investment Return Rate

The following select and ultimate rate structure, net of investment expenses and compounded annually, is assumed. Includes inflation assumption of 2.50 percent. (First effective with the actuarial soundness valuation as of June 30, 2020, and prescribed to us by ISAC.)

Net Investment Return Rate

Fiscal Year Ending 6/30	Net Investment Return Rate
2021	5.750%
2022	5.187%
2023	4.624%
2024	4.061%
2025+	3.500%

Considering the current asset allocation, current and future liquidity requirements and the fact that the program enrollment is on hold, we believe the current select and ultimate net investment rate of return assumption is reasonable, based on applicable Actuarial Standards of Practice. However, based on a survey of capital market assumptions, the probability of achieving the assumed returns is expected to be less than 50 percent.

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

	Contract Type			
	Choice 1	Choice 2	Choice 3	
	Community College	University	University Plus	Legacy†
2020-2021 Weighted Tuition	$4,075	$11,151	$14,106	$11,950
2020-2021 Weighted Fees	524	4,280	4,608	4,369
2020-2021 Total WATF	4,599	15,431	18,714	16,319

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

For continuing students at public universities and students attending community colleges, fees are combined with tuition in our projections and follow their respective tuition inflation assumptions.

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

	Contract Type			
	Choice 1	Choice 2	Choice 3	
	Community College	University	University Plus	Legacy
2020-2021 Total WATF	$4,599	$15,431	$18,714	$16,319
2019-2020 Total WATF	4,528	15,199	18,059	15,979
WATF Increase	1.57%	1.53%	3.63%	2.13%

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 2020-2021 WATF. The following bias loads were used to recognize this bias toward enrollment at more expensive schools. No bias load was applied to the "University Plus" beneficiaries due to the separation of UIUC.

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

Tuition and Fee Increase Assumption

Tuition and Fee Increase Assumption - June 30, 2020, Actuarial Valuation				
Effective Date	Community College	University	University Plus	Legacy
6/30/2020 and Beyond	4.75%	4.75%	4.75%	4.75%

(First effective with the actuarial soundness valuation as of June 30, 2019, and prescribed to us by ISAC.)

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

Truth in Tuition

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

For contract beneficiaries with a Choice 2, Choice 3 or Legacy contract, it was assumed that their tuition will not increase in their second, third and fourth year of school. If they attend school beyond four years, it was assumed that their tuition would increase to the amount charged the year after the year they first enrolled. For contract beneficiaries with a Choice 1 contract, it was assumed that tuition will increase for each year enrolled. The fee portion of the WATF is assumed to increase each year for all contract types.

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

	Contract Type			
	Choice 1	Choice 2	Choice 3	
	Community College	University	University Plus	Legacy
2020-2021 Weighted Tuition	$4,075	$11,151	$14,106	$11,950
2019-2020 Weighted Tuition	4,012	11,025	13,885	11,687
2018-2019 Weighted Tuition	3,942	10,925	13,885	11,687
2017-2018 Weighted Tuition	3,862	10,675	13,884	11,525
2016-2017 Weighted Tuition	3,698	10,410	14,136	11,318

Rates of Cancellation

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

Years from Projected College Entrance Year	Cancellation Rate	Years from Projected College Entrance Year	Cancellation Rate
-17	8.0%	-3	1.0%
-16	7.0%	-2	1.0%
-15	6.0%	-1	1.5%
-14	4.0%	0	1.5%
-13	4.0%	1	3.0%
-12	3.0%	2	3.0%
-11	3.0%	3	5.0%
-10	3.0%	4	5.0%
-9	2.0%	5	7.5%
-8	1.5%	6	7.5%
-7	1.5%	7	5.0%
-6	1.5%	8	5.0%
-5	1.5%	9	5.0%
-4	1.0%	10	100.0%

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

Rates of Enrollment

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

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

Utilization of Benefits

The following rates apply to contract beneficiaries who (1) have not yet matriculated and (2) those who have matriculated, but have used fewer than 10 credits within the past year. For those who have matriculated, the projected college entrance year is assumed to be the valuation year. Contract beneficiaries are assumed to use the benefits as described by the CIPTP Master Agreement.

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

For contract beneficiaries who have matriculated and have used 10 or more credits within the past year, it is assumed that the contract beneficiaries will utilize 22 credits per year until benefits are fully depleted.

Administrative Expenses

Administrative expenses of the Program are assumed to be paid through a combination of investment earnings and fees assessed on purchasers. Marketing expenses were excluded from the liabilities (present value of future administrative expenses) for current contract beneficiaries as it is assumed those costs should be applicable to future contracts. Administrative expenses are projected to increase by the rate of the inflation assumption of 2.50 percent for two years and then decline at the same rate the present value of benefits declines (combined with a 2.50 percent increase for inflation). The present value of future administrative expenses was determined to be equal to approximately 2.2 percent of the total liabilities.

Effective with the actuarial soundness valuation as of June 30, 2018, total administrative expenses were assumed to be all non-marketing related due to the ongoing deferment in open enrollment. The amount of administrative expenses assumed to be non-marketing related is the basis for the present value of future administrative expenses for current contract beneficiaries.

Fiscal Year	Assumed Current Contract Beneficiary Expenses: Marketing	Other Administration	Total Administrative Expenses	Marketing % of Total
2020	$0	$3,447,093	$3,447,093	0.00%
2021	0	3,533,270	3,533,270	0.00%
2022	0	3,621,602	3,621,602	0.00%

Mortality and Disability

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

Data Adjustments

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

- Records with a payment status indicating they were cancelled;
- Records with a contract usage status of depleted; and
- Records with less than one contract unit remaining (the number of contract units purchased minus the number of contract units used is less than one).

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

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

SECTION F

PLAN PROVISIONS

Plan Provisions

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

A. Type of Contract

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

B. Benefit

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

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

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

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

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

C. Contract Payments

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

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

D. Private or Out-of-State Institutions

For beneficiaries attending a private or out-of-state institution, the plan will pay an amount based upon the weighted average tuition and mandatory fees at Illinois public universities or community colleges depending on the type of contract purchased.

E. Scholarship	If a qualified beneficiary is awarded a grant or scholarship that duplicates the benefits covered by a prepaid tuition contract, the purchaser may request a refund in semester installments. Illinois public university or community college – the installments will be in an amount equal to the current cost of in-state or in-district registration fees at that institution, less any benefits used to pay registration fees not covered by the scholarship and any applicable fees. Illinois Private Institution or an eligible Out-of-State Institution – the installments will be in an amount equal to the current average mean-weighted credit hour value of registration fees at Illinois public universities or Illinois community colleges, depending on the type of the purchased contract, less any benefits used to pay registration fees not covered by the scholarship and any applicable fees.
F. Not Attending an Institution of Higher Education (Transfer)	Benefits can be transferred to a member of the "family" as defined in Section 529 of the Internal Revenue Code. Purchasers can also choose to postpone the beneficiary's use of contract benefits to a later time or receive a refund.
G. Cancellation/Refunds	Refund equal to all contract payments made accumulated with applicable interest, less benefits paid and applicable cancellation fees. (Two percent annual interest is applicable to contracts purchased prior to the 2013/2014 enrollment period. No interest is applicable to contracts purchased during or after the 2013/2014 enrollment period.)
H. Death/Disability of Qualified Beneficiary	Refund equal to the value of the mean-weighted average cost of tuition at the colleges for the type of contract purchased will be made to the purchaser.
I. Other Ancillary Benefits	There are no ancillary benefits.
J. Truth in Tuition	Under Illinois' Truth-in-Tuition law, enacted with the Fall 2004 semester, the state's 12 public colleges and universities are required to charge incoming resident freshmen a fixed tuition rate for the first four years of college.
K. Changes from Previous Valuation	None.