College Illinois!® Prepaid Tuition Program

Actuarial Soundness Valuation Report as of June 30, 2024

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August 30, 2024

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, 2024

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, 2024. 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, 2024.

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, 2024, 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, 2024, and does not reflect subsequent market volatility.

The actuarial soundness valuation results summarized in this report involve actuarial calculations that require assumptions about future events. Most of the actuarial assumptions (with the exception of the investment return assumption and the tuition and fee increase assumption) used in this valuation were based on an experience review for the period from July 1, 2014, to June 30, 2023, and were adopted for use commencing with the June 30, 2024, actuarial valuation.

With regard to the investment return assumption and the tuition and fee increase assumption, ISAC annually provides us with a detailed analysis of these two assumptions and prescribes the corresponding rates to use for the annual actuarial valuation. As such, these assumptions were provided by and are the responsibility of ISAC.

Based on information provided to us by ISAC, the investment return assumption and tuition and fee increase assumptions for the June 30, 2024, actuarial valuation are as follows:

- The net investment return assumption under the "select and ultimate" rate structure was maintained from the prior valuation with an initial rate of 5.00 percent for fiscal year 2024 grading down to the ultimate rate of 3.00 percent in fiscal years on and after 2031 (in 0.286 percent annual increments). The initial rate used in this valuation is 4.714 percent for fiscal year 2025 grading down to the ultimate rate of 3.00 percent in fiscal years on and after 2031 (in 0.286 percent annual increments).
- The tuition and fee increase assumption was increased from 4.25 percent per year to 5.00 percent per year for all types of contracts.

The Investment Committee and Commission approved the adoption and implementation of a Liability Driven Investment (LDI) strategy on April 22, 2024. The goal is to match future expected benefits with future expected cash flows from a structured U.S. Treasury bond portfolio in order to minimize investment risk. As of June 30, 2024, approximately 80% of program assets are invested in US Treasury securities in accordance with the LDI strategy. Based on the LDI strategy current asset allocation and 2024 capital market assumptions from ISAC's investment consultant, the 10-year geometric mean return is 5.13%, which supports the current select and ultimate investment return assumption.

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 2024/2025 enrollment period. According to the ISAC website, "College Illinois! is no longer accepting new enrollments."

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.

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 4.714 percent in fiscal year 2025 grading down to 3.00 percent in 2031, on a select and ultimate basis, is reasonable for the purposes of measuring the Program's future obligations. Additionally, we believe the assumed rate of tuition increases of 5.00 percent per year is reasonable for the purpose of measuring the Program's future obligations, with a small margin for conservatism.

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. The combined effect of the assumptions, excluding prescribed assumptions or methods set by law, is expected to have no significant bias (i.e., not significantly optimistic or pessimistic). 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, 2024. All calculations have been made in conformity with generally accepted actuarial principles and practices commonly applicable to similar types of arrangements.

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, and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled. We are relying on the GRS actuaries and Internal Software, Training, and Processes Team who developed and maintain the model.

Alex Rivera, James R. Sparks, and Joshua Murner are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Alex Rivera, James R. Sparks, and Joshua Murner are independent of ISAC.

Respectfully submitted,
Gabriel, Roeder, Smith & Company

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Senior Consultant

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SECTION A

EXECUTIVE SUMMARY

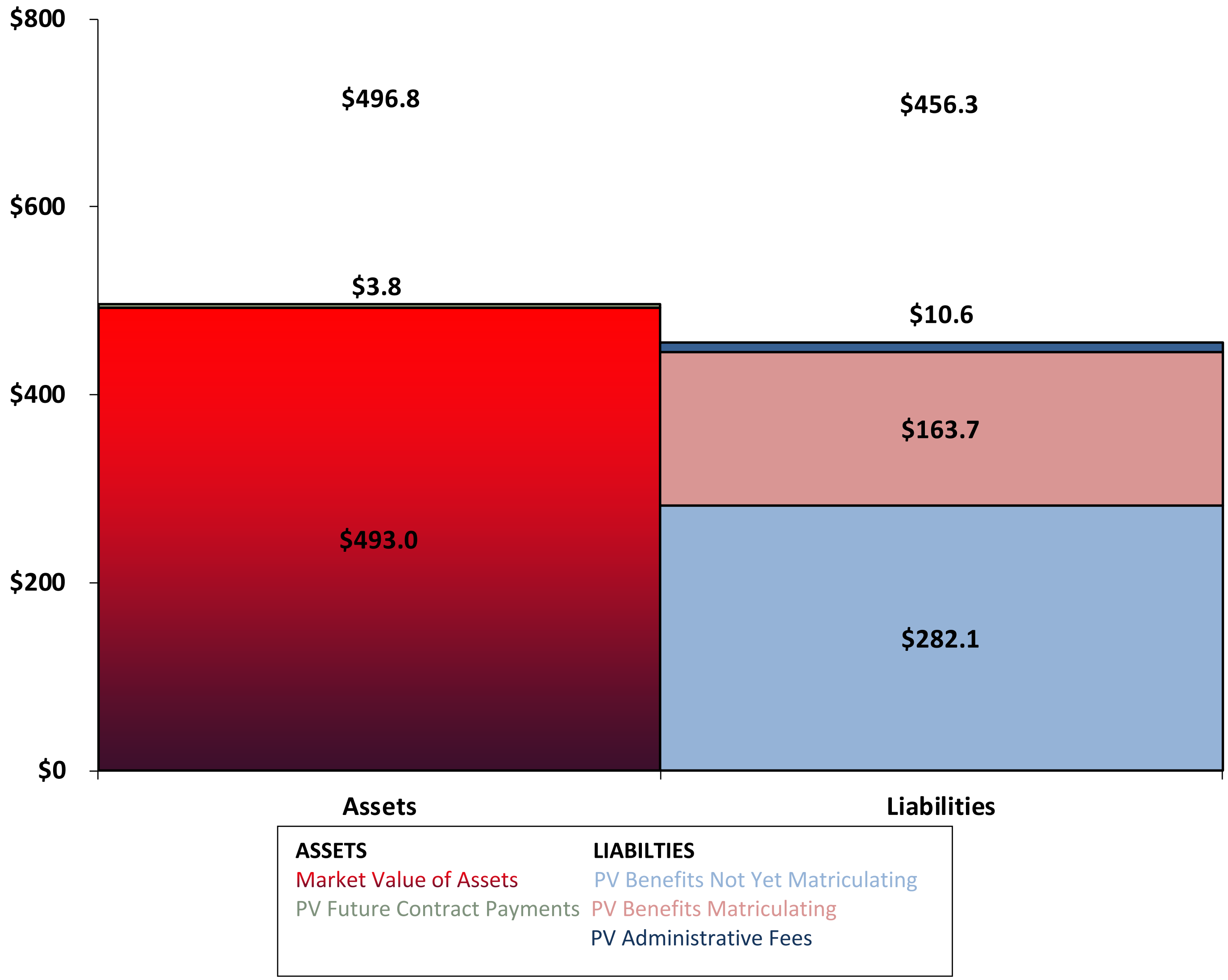
Summary of Results

Principal Actuarial Soundness Valuation Results

Valuation Date:	June 30, 2024	June 30, 2023
Membership Summary:		
Counts		
Not Yet Matriculating	6,960	8,735
Matriculating	8,799	9,991
Total	15,759	18,726
Average years until Enrollment if Not Yet Matriculating	2.1	2.3
Assets[a]		
· Actuarial Value of Assets (AVA)	$496,773,753	$564,715,923
· Estimated Return	7.6%	6.0%
Actuarial Liabilities (Present Value of Future Tuition Payments, Fees and Administrative Expenses)	$456,332,540	$559,928,714
(Surplus)	($40,441,213)	($4,787,209)
Funded Ratio	108.9%	100.9%

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

Summary of Assets and Liabilities as of June 30, 2024
$ in Millions



Numbers may not add due to rounding.

Summary of Results

Funded Status as of June 30, 2024

	June 30, 2024
Actuarial Present Value of Future Tuition Payments, Fees, and Expenses	**$456,332,540**
Actuarial Value of Assets (Including the Present Value of Installment Contract Receivables)	**$496,773,753**
(Surplus) as of June 30, 2024	**$(40,441,213)**

Gain/Loss Summary

	(Surplus)
Value at June 30, 2023	$ (4,787,209)
Expected Value at June 30, 2024	$ (5,026,569)
(Gain)/Loss Due to:	
Investment Experience	$ (13,228,187)
Due from Other State Funds	-
Experience Study Assumption Changes	(18,242,376)
Tuition and Fee Assumption Changes	3,781,132
Tuition and Fee Inflation Experience	(6,209,550)
Other Demographic Experience*	(1,515,663)
Total	$ (35,414,644)
Actual Value at June 30, 2024	$ (40,441,213)

* *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. Also includes changes in expected future administrative expenses compared to projections from the previous actuarial valuation.*

Additional Details on the development of the Expected Value at June 30, 2024, 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, 2024.

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, 2024, 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 first CIPTP contracts were offered for sale in 1998.

The purpose of the program was to provide Illinois families with an affordable tax-advantaged method to pay for college.

Existing 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 were able to 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 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 2024/2025 enrollment period. According to the ISAC website, "College Illinois! is no longer accepting new enrollments."

As of June 30, 2024, the CIPTP had 15,759 contracts included in the actuarial valuation.

Discussion

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 (with the exception of the investment return assumption and the tuition and fee increase assumption) used in this valuation were based on an experience review for the period from July 1, 2014, to June 30, 2023, and were adopted for use commencing with the June 30, 2024, actuarial valuation.

Although the College Illinois!® Prepaid Tuition Program stopped accepting new contracts as of the 2017/2018 enrollment period and is still not accepting new contracts, we recommend performing an experience study to determine the continued appropriateness of the actuarial assumptions every five years.

With regard to the investment return assumption and the tuition and fee increase assumption, ISAC annually provides us with a detailed analysis of these two assumptions and prescribes the corresponding rates to use for the annual actuarial valuation. As such, these assumptions were provided by and are the responsibility of ISAC. We have reviewed these assumptions and have determined they do not significantly conflict with what, in our professional judgment, would be reasonable for the purposes of the measurement.

Changes in Actuarial Assumptions since Prior Valuation

The actuarial assumptions have changed from the prior actuarial valuation as of June 30, 2023, to reflect changes adopted from the experience study performed for the period July 1, 2014, through June 30, 2023, and are effective with this actuarial valuation as of June 30, 2024.

Following is a summary of the key changes:

Rates of cancellation before and after projected college entrance year: Rates were updated to reflect recent experience.

Rates of cancellation after matriculation: An assumption was added for contracts to cancel after they've already matriculated.

Probability of matriculation at or beyond projected college entrance year: Rates were updated to reflect recent experience.

Utilization of benefits that applies both to contracts in and not yet in payment status: Utilization was updated to reflect recent experience.

Weighted Average Tuition (WAT) Bias Load:

- Decreased the Bias Load on the Community College WAT from 5.5 percent to 0.0 percent,
- Decreased the Bias Load on the University WAT from 2.5 percent to -3.0 percent,
- Increased the Bias Load on the University Plus WAT from 0.0 percent to 3.0 percent, and

- Decreased the Bias Load on the Legacy WAT from 4.0 percent to 0.0 percent.

The net investment return assumption under the “select and ultimate” rate structure was maintained from the prior valuation with an initial rate of 5.00 percent for fiscal year 2024 grading down to the ultimate rate of 3.00 percent in fiscal years on and after 2031 (in 0.286 percent annual increments). The initial rate used in this valuation is 4.714 percent for fiscal year 2025 grading down to the ultimate rate of 3.00 percent in fiscal years on and after 2031 (in 0.286 percent annual increments).

The tuition and fee increase assumption was increased from 4.25 percent per year to 5.00 percent per year for all types of contracts.

Considering the current asset allocation, LDI strategy, current and future liquidity requirements, and the fact that program enrollment is on hold, we believe the net investment rate of return assumption of 4.714 percent in fiscal year 2025 grading down to 3.00 percent in 2031, on a select and ultimate basis, is reasonable for the purposes of measuring the Program's future obligations. Additionally, we believe the assumed rate of tuition increases of 5.00 percent per year is reasonable for the purpose of measuring the Program's future obligations, with a small margin for conservatism.

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.

Assets

CIPTP assets are held in trust. ISAC provided the asset information used in the June 30, 2024, actuarial valuation.

This report contains several exhibits summarizing the plan’s assets, including a summary of the market value of assets broken down by asset category and a reconciliation of the assets from the last actuarial valuation date to the current actuarial valuation date. The approximate return on market value of assets was 7.6 percent for the year ended June 30, 2024.

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.

Financial Status of Program as of June 30, 2024

As of June 30, 2024, the present value of all future tuition obligations under contracts outstanding (and including future administrative expenses) is $456,332,540. The actuarial value of assets as of June 30, 2024, including the market value of program assets and the present value of installment contract receivables, is $496,773,753.

Discussion

The difference between the present value of future tuition obligations and the actuarial value of assets as of June 30, 2024, represents a program surplus of $40,441,213. This is comparable to the program surplus from the June 30, 2023, actuarial soundness valuation of $4,787,209.

Gain/Loss Analysis

As described on the previous page, over the past year, the financial status of the program changed from a surplus of $4.8 million as of June 30, 2023, to a surplus of $40.4 million as of June 30, 2024. Based on the actuarial assumptions used during the June 30, 2023, actuarial soundness valuation and actual tuition payments, refunds, and fees, the surplus was expected to increase to $5.0 million. The factors which caused the surplus to increase by $35.4 million compared to the expected surplus were (1) assumption changes including the changes from the experience study covering the period July 1, 2014, to June 30, 2023 (the increase as a result of the experience study was partially offset by increases to the tuition and fee inflation assumptions), (2) tuition and fee increases in the past year that were less than expected (increases that were lower than the assumption of 4.25 percent used in the last actuarial valuation) and (3) investment experience that was more than expected (the estimated return on the market value of assets was 7.60 percent compared to the assumption of 5.00 percent for fiscal year 2024 used in the last actuarial valuation).

The funded ratio increased from 100.9 percent as of June 30, 2023, to 108.9 percent as of June 30, 2024.

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”).

It is our understanding there were no changes in the program provisions since the last actuarial soundness valuation as of June 30, 2023.

Discussion

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 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 for the periods from 2017/2018 to 2023/2024.

Projected Results

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 2024/2025 enrollment period. According to the ISAC website, "College Illinois! is no longer accepting new enrollments." 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, 2024. Based on an investment return assumption that grades down from 4.714 percent for the 2025 fiscal year to 3.00 percent for the 2031 fiscal year, current Trust assets including future payments from current contract holders, and future investment income are projected to be sufficient to make the required tuition payments and maintain solvency until the end of the program. 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, 2024	June 30, 2023
1. Number of Members		
a. Not Yet Matriculating:	6,960	8,735
b. Matriculating:	8,799	9,991
c. Total	15,759	18,726
Average Years until Enrollment if Not Yet Matriculating	2.1	2.3
2. Assets		
a. Market Value of Assets (in Trust)	$ 492,981,843	$ 559,315,908
b. PV Future Member Contributions	3,791,910	5,400,015
c. Total Actuarial Value of Assets (AVA) (2a + 2b)	$ 496,773,753	$ 564,715,923
3. Actuarial Results		
Liabilities		
a. Not yet Matriculating - Tuition and Fees	$ 282,053,271	$ 333,899,619
b. Matriculating - Tuition and Fees	163,717,645	219,323,803
c. Present Value of Future Administrative Expenses	10,561,624	6,705,292
d. Total	$ 456,332,540	$ 559,928,714
(Surplus)	$ (40,441,213)	$ (4,787,209)
Funded Ratio	108.9%	100.9%

Exhibit I
Principal Actuarial Soundness Valuation Results

Valuation Date:	June 30, 2024	June 30, 2023
1. Assets		
a. Market Value of Assets (in Trust)	$ 492,981,843	$ 559,315,908
b. PV Future Member Contributions (Short Term)[a]	1,174,243	1,721,406
c. PV Future Member Contributions (Long Term)[b]	2,617,667	3,678,609
d. Total Market Value of Assets (MVA)	$ 496,773,753	$ 564,715,923
2. Actuarial Present Value of Tuition, Fees and Admin Expenses		
a. Short Term[a]	$ 97,600,423	$ 105,578,406
b. Long Term[b]	358,732,117	454,350,308
c. Total	$ 456,332,540	$ 559,928,714
(Surplus)	$ (40,441,213)	$ (4,787,209)
Funded Ratio	108.9%	100.9%

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

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

Exhibit II
(Gain)/Loss Summary

	Present Value of Benefits	Plan Assets[a]	(Surplus)
1. Values at June 30, 2023	$ 559,928,714	$ 564,715,923	$ (4,787,209)
2. Actual Tuition Payments, Refunds and Administrative Expenses	$ (107,132,450)	$ (107,132,450)	$ -
3. Interest on 1. and 2. at 5.00%	$ 25,350,792	$ 25,590,152	$ (239,360)
4. New Contracts	$ -	$ -	$ -
5. Expected Value at June 30, 2024 (1. + 2. + 3. + 4.)	$ 478,147,056	$ 483,173,625	$ (5,026,569)
6. (Gain)/Loss Due to:			
Investment Experience	$ -	$ (13,228,187)	$ (13,228,187)
Due from Other State Funds	-	-	-
Experience Study Assumption Changes	(18,221,424)	(20,952)	(18,242,376)
Tuition and Fee Assumption Changes	3,781,132	-	3,781,132
Tuition and Fee Inflation Experience	(6,209,550)	-	(6,209,550)
Other Demographic Experience[b]	(1,164,674)	(350,989)	(1,515,663)
Total	$ (21,814,516)	$ (13,600,128)	$ (35,414,644)
7. Actual Values at June 30, 2024 (5. + 6.)	$ 456,332,540	$ 496,773,753	$ (40,441,213)

[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, 2024, 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. Also includes changes in expected future administrative expenses compared to projections from the previous actuarial valuation. 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, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	Total 5-Year Change
Unfunded Liability/(Surplus) at Prior Valuation Date	$ 317,491,361	$ 340,312,560	$ 238,281,263	$ 28,006,113	$ (4,787,209)	
Projected Unfunded Liability/(Surplus) at Valuation Date	$ 336,540,843	$ 359,880,533	$ 250,791,030	$ 29,406,418	$ (5,026,569)	
(Gain)/Loss Due to:						
Investment Experience	$ 29,831,698	$ (58,571,581)	$ 76,345,371	$ (6,059,305)	$ (13,228,187)	$ 28,317,996
Due from Other State Funds	-	(30,000,000)	(250,000,000)	-	-	(280,000,000)
Change in Assumptions	2,020,837	(5,170,637)	(11,965,512)	(11,458,863)	(14,461,244)	(41,035,419)
Tuition and Fee Inflation Experience	(17,329,898)	(26,860,166)	(26,830,449)	(11,955,238)	(6,209,550)	(89,185,301)
Other Demographic Experience	(10,750,920)	(996,886)	(10,334,327)	(4,720,221)	(1,515,663)	(28,318,017)
Total	$ 3,771,717	$ (121,599,270)	$ (222,784,917)	$ (34,193,627)	$ (35,414,644)	$ (410,220,741)
Unfunded Liability/(Surplus) at Valuation Date	$ 340,312,560	$ 238,281,263	$ 28,006,113	$ (4,787,209)	$ (40,441,213)	

Following is a summary of the investment return assumption and tuition and fee increase assumption used in each of the past five actuarial valuations.

Valuation Date

June 30, 2020 — *A select and ultimate rate structure of 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. A flat 4.75 percent tuition and fee increase assumption for all future years.*

June 30, 2021 — *A select and ultimate rate structure of an initial rate of 5.25 percent for fiscal year 2022, grading down in annual increments of 0.450 percent to the ultimate rate of 3.00 percent in fiscal years on and after 2027. A flat 4.50 percent tuition and fee increase assumption for all future years.*

June 30, 2022 — *A select and ultimate rate structure of an initial rate of 5.00 percent for fiscal year 2023, grading down in annual increments of 0.333 percent to the ultimate rate of 3.00 percent in fiscal years on and after 2029. A flat 4.25 percent tuition and fee increase assumption for all future years.*

June 30, 2023 — *A select and ultimate rate structure of an initial rate of 5.00 percent for fiscal year 2024, grading down in annual increments of 0.286 percent to the ultimate rate of 3.00 percent in fiscal years on and after 2031. A flat 4.25 percent tuition and fee increase assumption for all future years.*

June 30, 2024 — *A select and ultimate rate structure of an initial rate of 4.714 percent for fiscal year 2025, grading down in annual increments of 0.286 percent to the ultimate rate of 3.00 percent in fiscal years on and after 2031. A flat 5.00 percent tuition and fee increase assumption for all future years.*

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 4.714 percent in Fiscal Year 2025 graded down in yearly increments to 3.00 percent on and after Fiscal Year 2031, 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 (6.00%/4.00% compared to 5.00%) in each future year than assumed in the baseline valuation (measurement of soundness).
2. Fee increases are 100 basis points higher/lower (6.00%/4.00% compared to 5.00%) in each future year than assumed in the baseline valuation (measurement of soundness).
3. The investment return is 50 basis points higher/lower (5.214% initial and 3.50% ultimate/4.214% initial and 2.50% ultimate compared to 4.714% initial and 3.00% 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)	$493.0	$493.0	$493.0	$493.0	$493.0	$493.0	$493.0
b. PV Future Member Contributions	3.8	3.8	3.8	3.8	3.8	3.7	3.8
c. Total Actuarial Value of Assets (AVA) (2a + 2b)	$496.8	$496.8	$496.8	$496.8	$496.8	$496.7	$496.8
2. Actuarial Results							
Liabilities							
a. Not yet Matriculating - Tuition and Fees	$282.1	$286.6	$277.7	$284.4	$279.8	$275.7	$288.6
b. Matriculating - Tuition and Fees	163.7	164.0	163.5	164.0	163.4	162.0	165.5
c. Present Value of Future Administrative Expenses	10.6	10.6	10.6	10.6	10.6	10.4	10.7
d. Total	$456.3	$461.2	$451.8	$459.0	$453.8	$448.1	$464.8
Unfunded Liability/(Surplus)	-$40.5	-$35.6	-$45.0	-$37.8	-$43.0	-$48.6	-$32.0
Funded Ratio	108.9%	107.7%	110.0%	108.2%	109.5%	110.8%	106.9%
Depletion Year	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Difference from Current Assumptions							
Unfunded Liability/(Surplus)		$4.9	-$4.5	$2.7	-$2.5	-$8.1	$8.5
Funded Ratio		-1.2%	1.1%	-0.7%	0.6%	1.9%	-2.0%

Numbers may not add due to rounding.

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

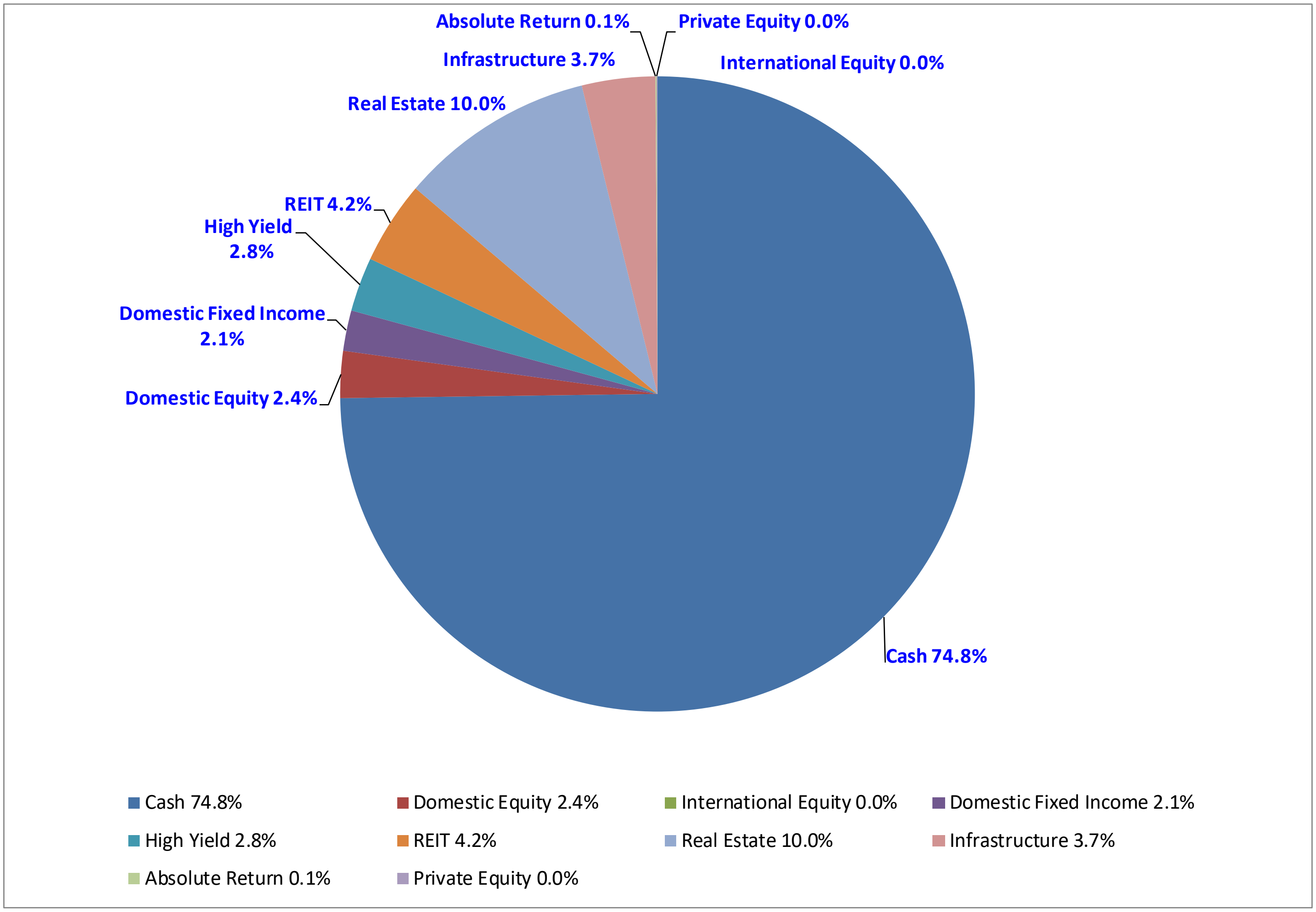
Year ended June 30, 2024

			% of Total
Cash[a]	$	368,697,080	74.8%
Investments			
Domestic Equity	$	11,752,687	2.4%
International Equity		494	0.0%
Domestic Fixed Income		10,161,775	2.1%
High Yield		13,581,418	2.8%
REIT		20,776,416	4.2%
Real Estate		49,085,521	10.0%
Infrastructure		18,412,041	3.7%
Absolute Return		284,563	0.1%
Private Equity		229,848	0.0%
Total Investments	$	124,284,763	25.2%
Due from Other State Funds	$	-	0.0%
Total Assets	$	492,981,843	100.0%

[a] *Cash amount includes $364,222,088 from the GH Fixed Income Ladder.*

Numbers may not add due to rounding.

Allocation of Assets at June 30, 2024



Reconciliation of Market Value of Plan Assets

College Illinois!® Prepaid Tuition Program

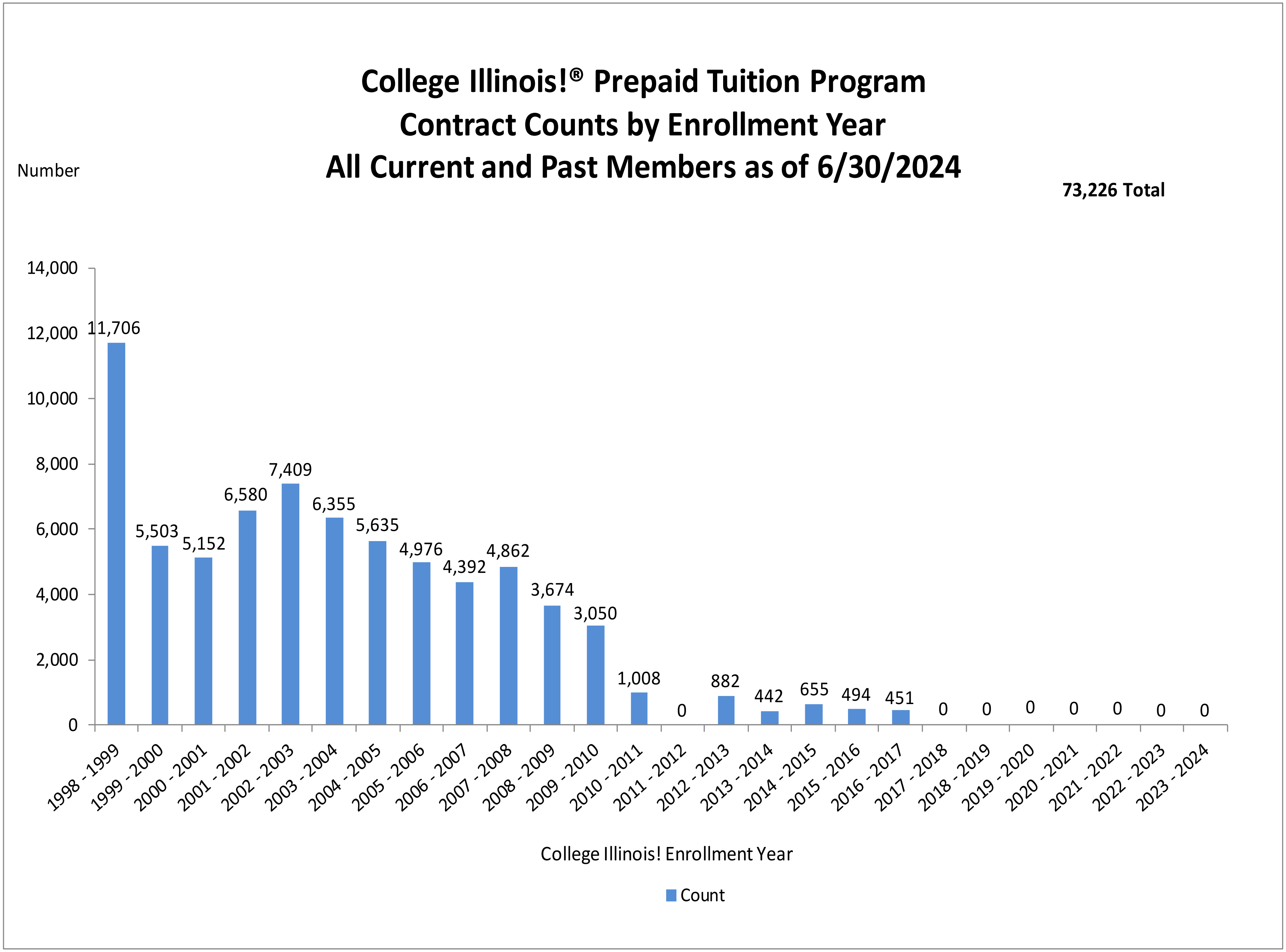
Statement of Changes in Plan Net Assets

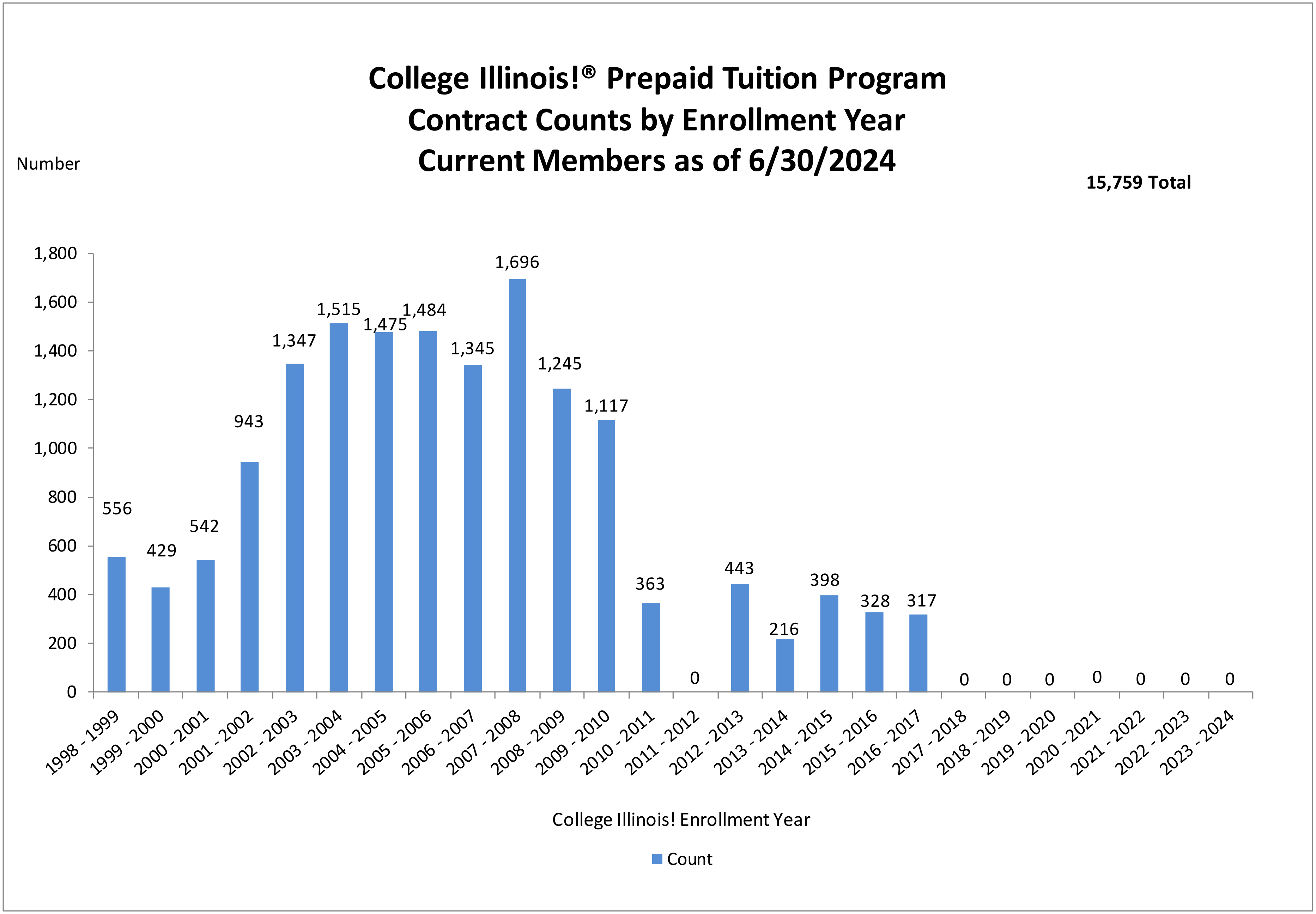
Twelve-Month Period ended June 30, 2024

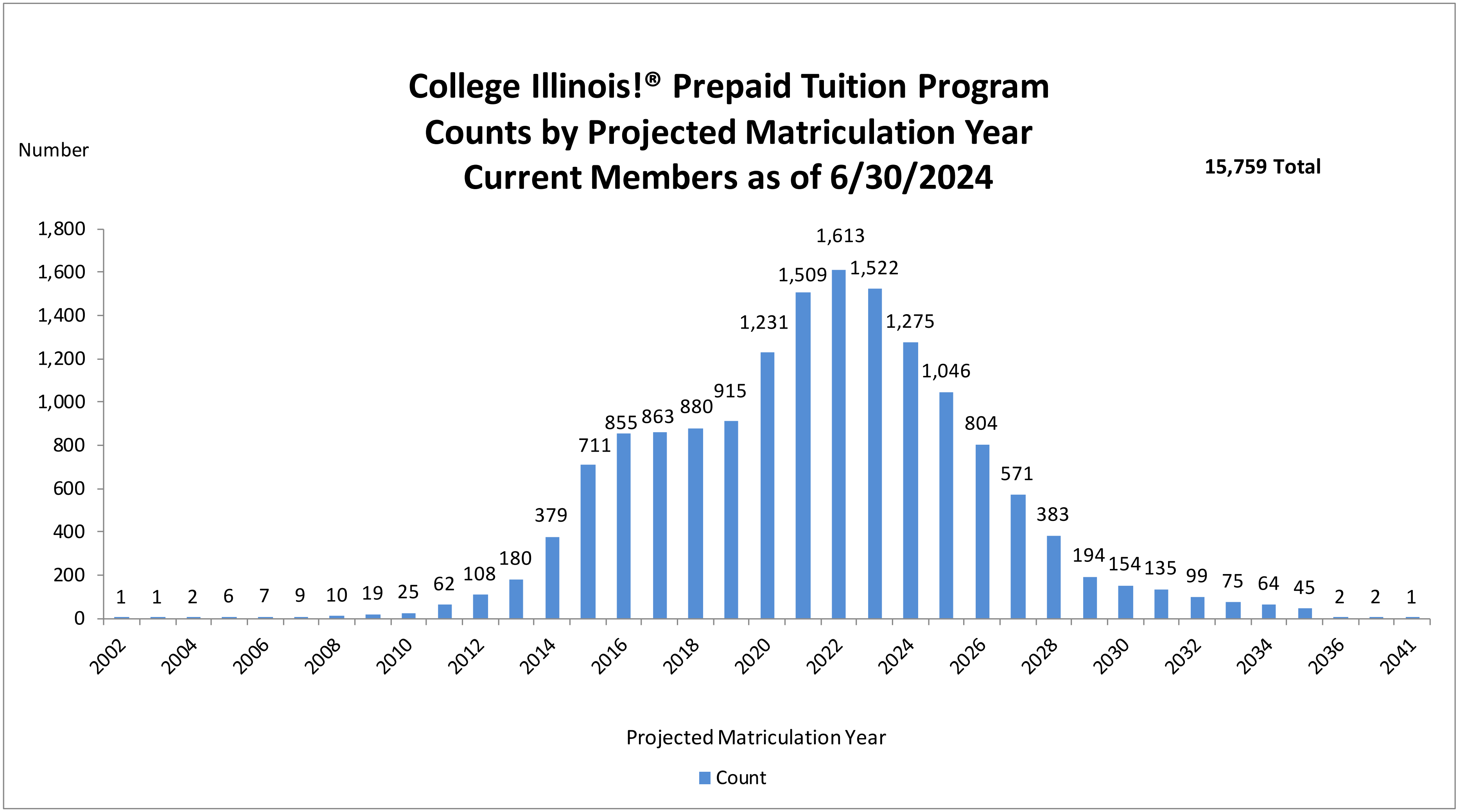
Beginning of Period		7/1/2023
End of Period		6/30/2024
Additions:		
Contributions Received and Contract Fees	$	2,195,821
Gross investment income		9,275,810
Realized/Unrealized investment gains/(losses)		30,036,711
Due from Other State Funds		-
Total Additions	$	41,508,342
Deductions:		
Tuition payments	$	80,926,297
Refunds to Purchasers		23,716,944
Investment expenses & advisory fees		709,957
Administrative expenses		2,489,209
Total Deductions	$	107,842,407
Net increase/(decrease)	$	(66,334,065)
Market Value of Assets:		
Beginning of period	$	559,315,908
End of period (6/30/2024)	$	492,981,843
Present Value of Future Contributions by Current Contract Holders		3,791,910
Market Value of Total Fund Assets as of June 30, 2024	$	496,773,753

SECTION D

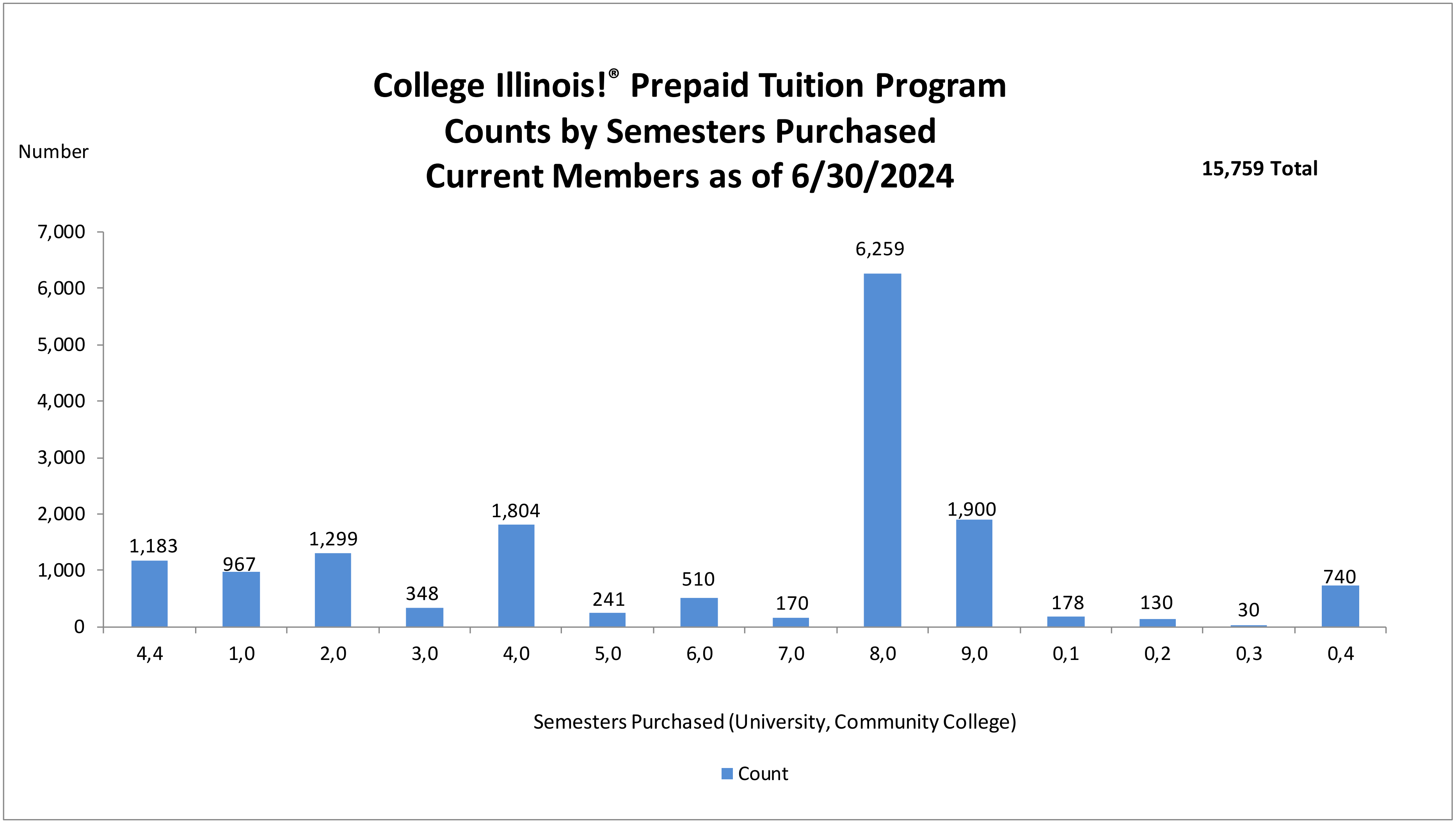
PARTICIPANT DATA

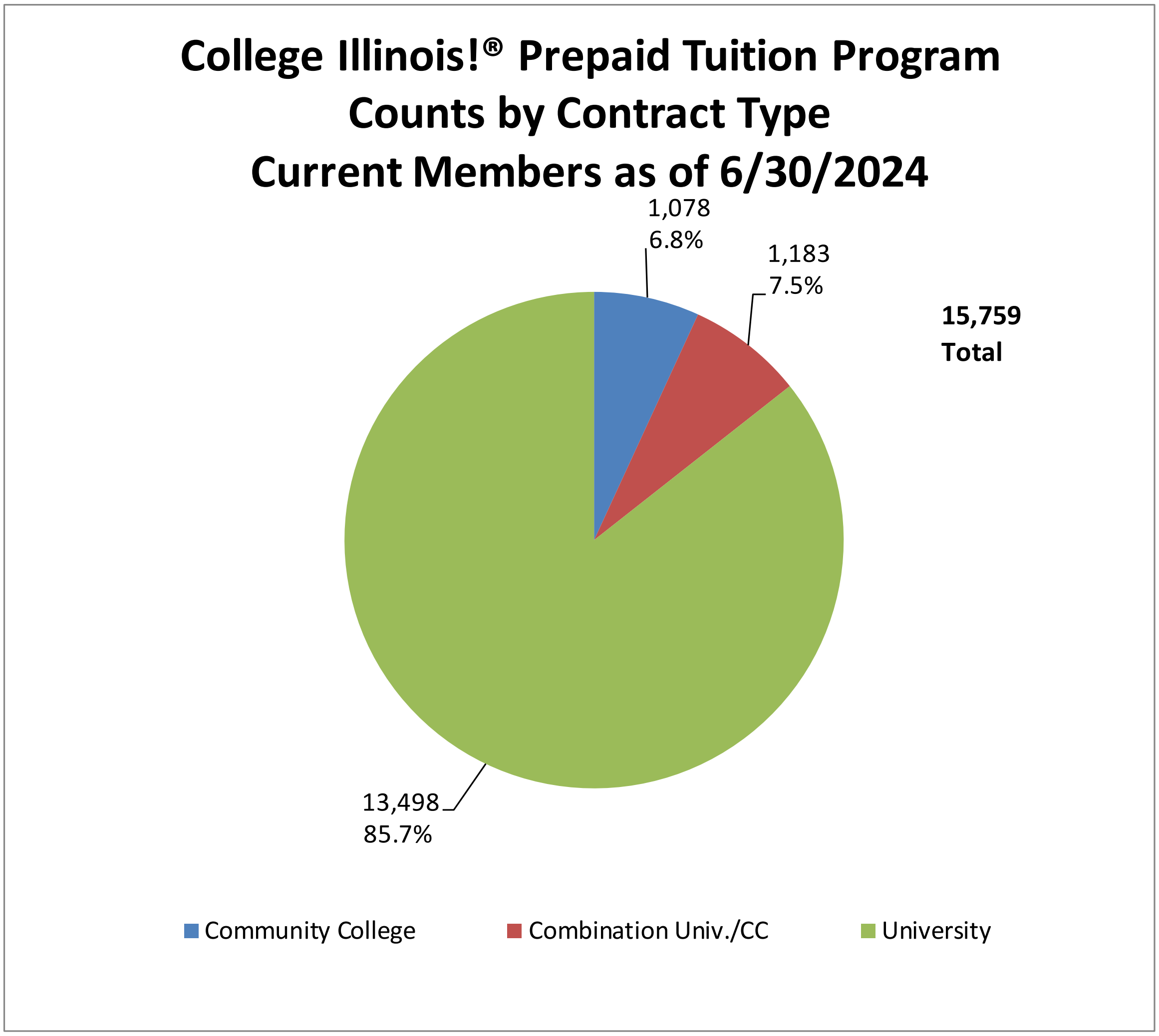

College Illinois!® Prepaid Tuition Program
Contract Counts by Enrollment Year
All Current and Past Members as of 6/30/2024
Number
73,226 Total
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
11,706
5,503
5,152
6,580
7,409
6,355
5,635
4,976
4,392
4,862
3,674
3,050
1,008
0
882
442
655
494
451
0
0
0
0
0
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
2020 - 2021
2021 - 2022
2022 - 2023
2023 - 2024
College Illinois! Enrollment Year
Count

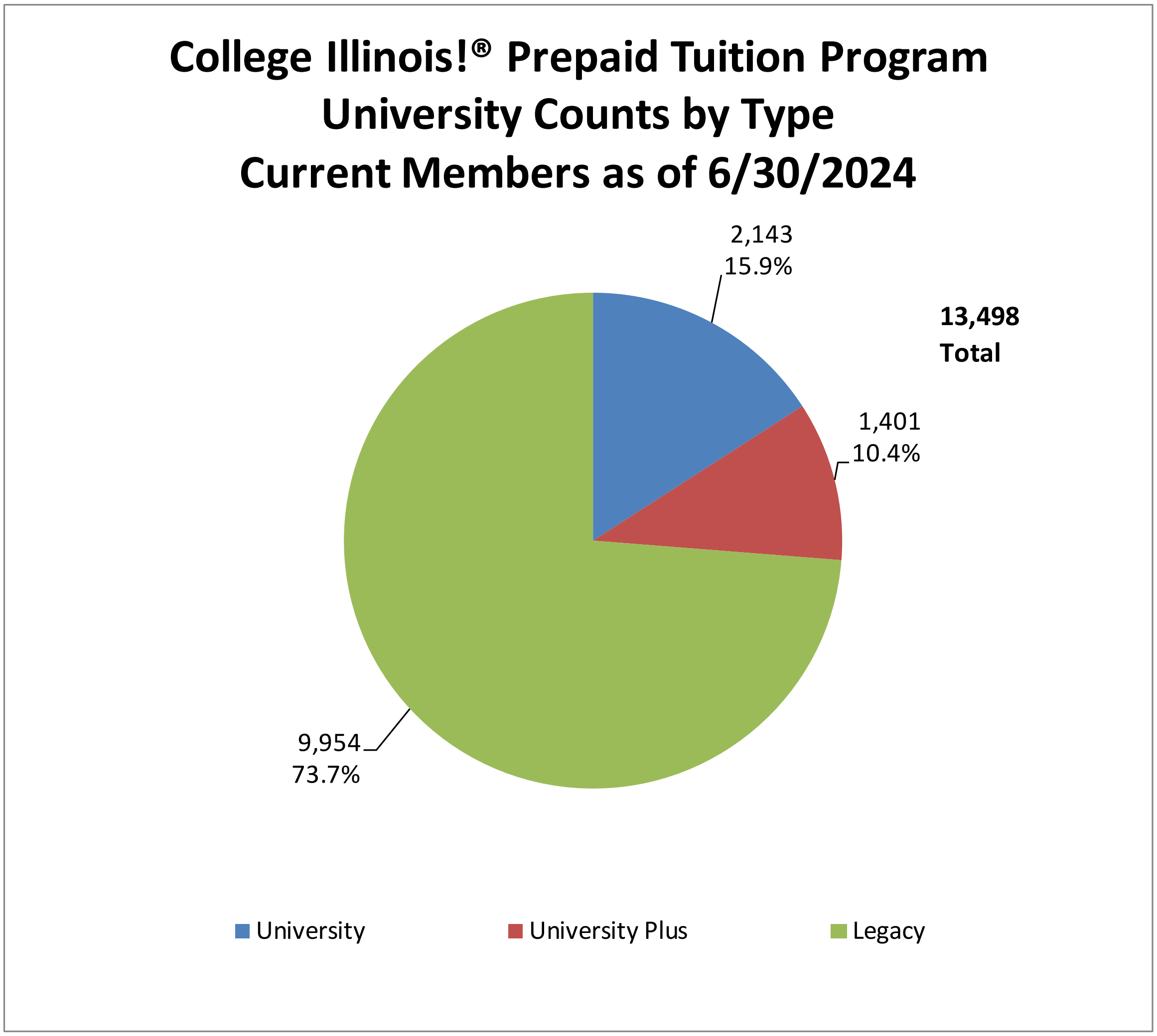

College Illinois!® Prepaid Tuition Program
Contract Counts by Enrollment Year
Current Members as of 6/30/2024
Number
15,759 Total
1,800
1,600
1,400
1,200
1,000
800
600
400
200
0
556
429
542
943
1,347
1,515
1,475
1,484
1,345
1,696
1,245
1,117
363
0
443
216
398
328
317
0
0
0
0
0
0
0
1998 - 1999
1999 - 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
2020 - 2021
2021 - 2022
2022 - 2023
2023 - 2024
College Illinois! Enrollment Year
Count



College Illinois!® Prepaid Tuition Program
Counts by Projected Matriculation Year
Current Members as of 6/30/2024
Number
15,759 Total
1,800
1,600
1,400
1,200
1,000
800
600
400
200
0
1 1 2 6 7 9 10 19 25 62 108 180 379 711 855 863 880 915 1,231 1,509 1,613 1,522 1,275 1,046 804 571 383 194 154 135 99 75 64 45 2 2 1
2002 2004 2006 2008 2010 2012 2014 2016 2018 2020 2022 2024 2026 2028 2030 2032 2034 2036 2041
Projected Matriculation Year
Count


College Illinois!® Prepaid Tuition Program
Counts by Semesters Purchased
Current Members as of 6/30/2024
Number
15,759 Total
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
1,183
967
1,299
348
1,804
241
510
170
6,259
1,900
178
130
30
740
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 6/30/2024
1,078
6.8%
1,183
7.5%
15,759
Total
13,498
85.7%
Community College
Combination Univ./CC
University


College Illinois!® Prepaid Tuition Program
University Counts by Type
Current Members as of 6/30/2024
2,143
15.9%
13,498
Total
1,401
10.4%
9,954
73.7%
University
University Plus
Legacy

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, 2014, through June 30, 2023, which was issued on May 22, 2024. The assumptions were adopted for first use in the actuarial soundness valuation as of June 30, 2024. 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 2024/2025 enrollment period.

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

Measurement Date

June 30, 2024

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, 2023, and prescribed to us by ISAC.)

Net Investment Return Rate

Fiscal Year Ending 6/30	Net Investment Return Rate
2025	4.714%
2026	4.429%
2027	4.143%
2028	3.857%
2029	3.571%
2030	3.286%
2031+	3.000%

Considering the current asset allocation, LDI strategy, current and future liquidity requirements and the fact that program enrollment is on hold, we believe the net investment rate of return assumption of 4.714 percent in fiscal year 2025 grading down to 3.00 percent in 2031, on a select and ultimate basis, is reasonable for the purposes of measuring the Program's future obligations. Additionally, we believe the assumed rate of tuition increases of 5.00 percent per year is reasonable for the purpose of measuring the Program's future obligations, with a small margin for conservatism.

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†
2024-2025 Weighted Tuition	$4,539	$11,871	$14,658	$12,569
2024-2025 Weighted Fees	558	4,599	4,928	4,681
2024-2025 Total WATF	5,097	16,470	19,586	17,250

†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.

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

	Contract Type			
	Choice 1	Choice 2	Choice 3	
	Community College	University	University Plus	Legacy
2024-2025 Total WATF	$5,097	$16,470	$19,586	$17,250
2023-2024 Total WATF	4,955	15,673	19,689	16,685
WATF Increase	2.87%	5.09%	-0.52%	3.39%

Bias Load

Contract beneficiaries may select a university or major with costs that are higher or lower than the overall WATF. In addition, contract beneficiaries may use more or less than the 15 credits assumed to calculate the WAT. For example, certain institutions may charge the same fixed rate for someone using 12 credits as someone using 16 credits (i.e., “Block” pricing). The following bias loads were used to recognize the biases that exist in how the WAT is calculated and how the WAT is used by contract beneficiaries.

	Contract Type			
	Choice 1	Choice 2	Choice 3	
	Community College	University	University Plus	Legacy
Bias Load	0.00%	-3.00%	3.00%	0.00%

Tuition and Fee Increase Assumption

Tuition and Fee Increase Assumption - June 30, 2024, Actuarial Valuation				
Effective Date	Community College	University	University Plus	Legacy
6/30/2024 and Beyond	5.00%	5.00%	5.00%	5.00%

(First effective with the actuarial soundness valuation as of June 30, 2024, 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. The 5.00 percent assumption is intended to include conservatism.

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
2024-2025 Weighted Tuition	$4,539	$11,871	$14,658	$12,569
2023-2024 Weighted Tuition	4,410	11,514	14,829	12,349
2022-2023 Weighted Tuition	4,360	11,300	14,619	12,235
2021-2022 Weighted Tuition	4,281	11,123	14,074	11,914
2020-2021 Weighted Tuition	4,075	11,151	14,106	11,950

Rates of Cancellation before Matriculation

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, a different set of assumptions apply.

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

Years from Projected College Entrance Year	Cancellation Rate
-1	1.5%
0	1.5%
1	3.0%
2	3.0%
3	5.0%
4	6.0%
5	7.5%
6	7.5%
7	7.5%
8	7.5%
9	25.0%
10	50.0%
11	33.0%
12	33.0%
13	33.0%
14+	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 Cancellation after Matriculation

These rates are used to measure the probability of eligible contract beneficiaries cancelling their contracts after contract beneficiaries are assumed to have matriculated and started using benefits.

Years from Projected College Entrance Year	Matriculation Rate
0	0.25%
1	0.25%
2	0.50%
3	1.50%
4	2.50%
5	3.00%
6	3.25%
7	3.50%
8	3.75%
9	25.00%
10	50.00%
11	33.00%
12	33.00%
13	33.00%
14+	100.00%

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 Matriculation

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	67.5%
1	37.5%
2	35.0%
3	30.0%
4	20.0%
5	15.0%
6	9.0%
7	9.0%
8	8.0%
9	8.0%
10	0.0%

Utilization of Benefits

The following number of credits were assumed to be utilized for contract beneficiaries. Contract beneficiaries are assumed to use the benefits as described by the CIPTP Master Agreement.

	Number of Semesters Purchased								
Years Since Matriculation	1	2	3	4	5	6	7	8	9
1	9.00	21.00	28.00	28.00	30.00	30.00	30.00	30.00	30.00
2	5.00	16.00	23.00	23.00	28.00	28.00	28.00	28.00	28.00
3	3.00	8.00	14.00	14.00	24.00	24.00	26.00	26.00	26.00
4	2.00	6.00	9.00	9.00	16.00	16.00	22.00	22.00	22.00
5	2.00	4.00	7.00	7.00	9.00	9.00	12.00	12.00	12.00
6	2.00	3.00	6.00	6.00	7.00	7.00	7.00	7.00	7.00
7	2.00	2.00	5.00	5.00	6.00	6.00	6.00	6.00	6.00
8	2.00	2.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00
9	2.00	2.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00
10+	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00

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 only be applicable to future contracts. Administrative expenses for FY 2025 are projected to equal actual 2024 expenses multiplied by the ratio of actual 2024 administrative expenses to actual 2023 administrative expenses, with a maximum value of the actual 2024 administrative expenses. Future year (for FY 2026 and later) administrative expenses are projected to then decline at the same rate the present value of benefits declines. The present value of future administrative expenses for FY 2024 is equal to approximately 2.3 percent of the total liabilities.

Mortality and Disability

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

Contract Transfers

No explicit assumption is made for contract transfers. However, the set of assumptions is slightly conservative and losses due to contract transfers are expected to reduce the implied margin of conservatism. We recommend monitoring contract transfer experience to evaluate if an explicit assumption is needed.

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. (For contracts sold prior to October 2008, there was one type of University contract, which are currently referred to as Legacy contacts.)

From the College Illinois! Prepaid Tuition Program Student Handbook:

Choice 1 Community College Plan
Provides in-district tuition and mandatory fees for each semester (15 credit hours) purchased at an Illinois Community College.

Choice 2 University Plan
Provides undergraduate in-state tuition and mandatory fee coverage for each semester (15 credit hours) purchased at any of the following eligible institutions: Chicago State University, Eastern Illinois University, Governors State University, Illinois State University, Northeastern Illinois University, Northern Illinois University, Southern Illinois University Carbondale, Southern Illinois University Edwardsville, University of Illinois Chicago, University of Illinois Springfield, Western Illinois University.

Choice 3 University Plus Plan
Provides undergraduate in-state tuition and mandatory fee coverage for each semester (15 credit hours) purchased at the University of Illinois Urbana Champaign.

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. New Contracts	Effective as of the 2017/2018 period, CIPTP has not accepted new contracts.
L. Extraordinary Contributions	In fiscal year 2022, ISAC secured state funding that significantly addressed the College Illinois!® Prepaid Tuition Program unfunded liability. There were two State appropriations from the State's General Revenue Fund on behalf of fiscal year 2022 – one for $20 million and a second appropriation of $230 million that are reflected in the actuarial valuation as of June 30, 2022. (There was an additional State appropriation of $30 million on behalf of fiscal year 2021.)
M. Changes from Previous Valuation	None.