

College Illinois!® Prepaid

Tuition Program

Supplemental Actuarial Soundness Valuation Report
as of June 30, 2023





October 2, 2023

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

**Re: College Illinois!® Prepaid Tuition Program
Supplemental Actuarial Soundness Valuation Report as of June 30, 2023**

Dear Mr. Zarnikow:

In accordance with the request of the Illinois Student Assistance Commission ("ISAC"), Gabriel, Roeder, Smith & Company ("GRS") has performed a supplemental actuarial valuation of the College Illinois!® Prepaid Tuition Program ("Program" or "CIPTP") as of June 30, 2023 under a prescribed Closed Group Run-Off projection scenario. The purpose of this supplemental actuarial valuation is to provide additional information to ISAC regarding the Program's projected funding status.

GRS provides independent actuarial services and advice to ISAC. GRS has no decision making authority or other such responsibility for ISAC, the State of Illinois, the CIPTP and anyone else affiliated with ISAC, and therefore, is specifically NOT serving in a fiduciary role in any way whatsoever.

This supplemental actuarial valuation and 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 with the permission of ISAC. This supplemental actuarial valuation and report should not be relied on for any purpose other than the purpose described above. GRS is not responsible for unauthorized use of this projection.

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.

This supplemental actuarial valuation report represents one of multiple documents providing actuarial soundness valuation results for the College Illinois!® Prepaid Tuition Program as of June 30, 2023. Additional information regarding the underlying financial and beneficiary data and important additional disclosures are provided in the June 30, 2023 Actuarial Soundness Valuation Report.

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

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.

For purposes of this projection, we used the actuarial soundness valuation results from the June 30, 2023 Actuarial Soundness Valuation, and unless noted differently, the same actuarial assumptions and methods as used for the June 30, 2023 Actuarial Soundness Valuation. The projection results 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, 2023, and does not reflect subsequent market volatility.

The projection results involve actuarial calculations that require assumptions about future events. We believe that the actuarial assumptions, including those prescribed to us by ISAC, are reasonable for the purposes of measuring the Program's future obligations.

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 2023/2024 enrollment period. According to the ISAC website "College Illinois! is no longer accepting new enrollments." Since 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, 2023.

Based on discussions with ISAC, we have incorporated a "select and ultimate" approach to the investment return assumption (and also the related discount rate for the liabilities). Under this "select and ultimate" approach to the investment return assumption, we have assumed that the net investment return and discount rate grade down from an initial rate of 5.00 percent for fiscal year 2024 to the ultimate rate of 3.00 percent in fiscal years on and after 2031 (in 0.286 percent annual increments.) Based on this investment return assumption, 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.

This report was prepared using our proprietary valuation model and related software and projection spreadsheet models which, in our professional judgment, have the capability to provide results that are consistent with the purposes of the valuation, and have no material limitations or known weaknesses. We performed tests to ensure that the models reasonably represent 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 proprietary valuation model.



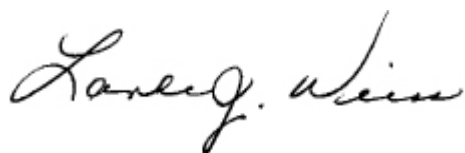
Mr. Eric Zarnikow
Illinois Student Assistance Commission
October 2, 2023
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Lance J. Weiss and Alex Rivera are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Lance J. Weiss and Alex Rivera are independent of ISAC.

Respectfully submitted,

Gabriel, Roeder, Smith & Company



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



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SECTION A

BACKGROUND

Background

Purpose of Projection

In accordance with the request of the Illinois Student Assistance Commission (“ISAC”), Gabriel, Roeder, Smith & Company (“GRS”) has performed a supplemental actuarial valuation of the College Illinois!® Prepaid Tuition Program (“Program” or “CIPTP”) as of June 30, 2023 under a prescribed Closed Group Run-Off projection scenario. The purpose of this supplemental actuarial valuation is to provide additional information to ISAC regarding the Program’s projected funding status.

Closed Group Run-Off Scenario

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 2023/2024 enrollment period. According to the ISAC website “College Illinois! is no longer accepting new enrollments.”

Although the Program is closed to new enrollments, a “discontinuance” of the CIPTP has not occurred (as defined in the College Illinois!® 529 Prepaid Tuition Program Disclosure Statement and Master Agreement.) Therefore, based on discussions with ISAC, we have performed a supplemental actuarial valuation of the CIPTP under a prescribed Closed Group Run-Off projection scenario, assuming that the program continues to operate but with no new contract sales after June 30, 2023. Please note that this specific closed group projection scenario was prescribed to us by ISAC and is being presented for illustrative purposes only.

Projection Assumptions

For purposes of this analysis, we used the actuarial soundness valuation results from the June 30, 2023 Actuarial Soundness Valuation, and unless noted differently, the same actuarial assumptions and methods as used for the June 30, 2023 Actuarial Soundness Valuation.

Based on information prescribed to us by ISAC, the investment return assumption and tuition and fee increase assumptions for the June 30, 2023 actuarial valuation are as follows:

- The net investment return assumption under the “select and ultimate” rate structure was changed from an initial rate of 5.00 percent for fiscal year 2023 grading down to the ultimate rate of 3.00 percent in fiscal years on and after 2029 (in 0.333 percent annual increments) to 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 tuition and fee increase assumption was unchanged from 4.25 percent per year for all types of contracts.

Based on recent experience, the present value of future administrative expenses calculation was changed from the method used in the June 30, 2022 actuarial valuation of:

- *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.*



Background

To the following method for the June 30, 2023 actuarial valuation of:

- *Administrative expenses for FY 2024 are projected to equal actual 2023 expenses multiplied by the ratio of actual 2023 administrative expenses to actual 2022 administrative expenses. Future year (for FY 2025 and later) administrative expenses are projected to then decline at the same rate the present value of benefits declines.*

The projection results involve actuarial calculations that require assumptions about future events. We believe that the actuarial assumptions, including those prescribed to us by ISAC, are reasonable for the purposes of measuring the Program's future obligations.

Financial Status of Program as of June 30, 2023

As of June 30, 2023, the present value of all future tuition obligations under contracts outstanding (and including future administrative expenses) is \$559,928,714. The value of fund assets as of June 30, 2023, including the market value of program assets and the present value of installment contract receivables, is \$564,715,923. The difference between the present value of future tuition obligations and the value of assets as of June 30, 2023 represents a program surplus of \$4,787,209. This is comparable to the program deficit from the June 30, 2022 actuarial soundness valuation of \$28,006,113.

Based on the actuarial assumptions used in the June 30, 2022 actuarial soundness valuation and actual tuition payments, refunds and fees, the deficit of \$28.0 million at June 30, 2022 was expected to increase to \$29.4 million as of June 30, 2023. The factors which caused the deficit to decrease by \$34.2 million to a surplus of \$4.8 million compared to the expected deficit of \$29.4 million were (1) investment experience that was greater than the investment return assumption of 5.00 percent, (2) assumption changes including the change in the investment return assumption, (3) tuition and fee increases that were less than expected (increases that were lower than the assumption of 4.25 percent used in the last actuarial valuation) and (4) other demographic experience (which includes deviations in actual contract beneficiary experience from our assumptions related to rates of enrollment, utilization of benefits, contract terminations and refunds, and lower projected future administrative expenses compared to the previous actuarial valuation).

These results are illustrated in the table on the following page.

Background

	Deficit/(Surplus)
Value at June 30, 2022	\$ 28,006,113
Expected Value at June 30, 2023	\$ 29,406,418
(Gain)/Loss Due to:	
Investment Experience	\$ (6,059,305)
Due from Other State Funds	-
Change in Assumptions and Methods	(11,458,863)
Tuition/Fee Inflation	(11,955,238)
Other Demographic Experience*	(4,720,221)
Total	\$ (34,193,627)
Actual Value at June 30, 2023	\$ (4,787,209)

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

The change in assumptions and methods includes the change in the near-term investment return assumption, change in the present value of future administrative expenses calculation, and the change in the ultimate investment return assumption first being used in fiscal year 2031 compared to fiscal year 2029.

The Program assets earned an approximate 6.0 percent rate of return for FY 2023 compared to the assumption for FY 2023 of 5.0 percent.

SECTION B

PROJECTION RESULTS

Discussion of Scenario Results

Closed Group -- Run-Off Scenario; Zero New Contracts Sold Per Year

Please note that this specific closed group projection scenario was prescribed to us by ISAC and is being presented for illustrative purposes only.

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 2023/2024 enrollment period. According to the ISAC website “College Illinois! is no longer accepting new enrollments.”

Although the Program is closed to new enrollments, a “discontinuance” of the CIPTP has not occurred (as defined in the College Illinois!® 529 Prepaid Tuition Program Disclosure Statement and Master Agreement.) Therefore, based on discussions with ISAC, we have performed a supplemental actuarial valuation of the CIPTP under a prescribed Closed Group Run-Off projection scenario, assuming that the program continues to operate but with no new contract sales after June 30, 2023.

Under this illustrative closed group projection scenario:

- 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, and
- The CIPTP funded status as of June 30, 2023 is 100.9 percent and is projected to remain above 100 percent for the remaining years in the projection period.

Under this prescribed Closed Group Run-Off scenario, Trust assets are projected to decline rapidly as tuition benefits are paid. Therefore, based on discussions with ISAC, we have incorporated a “select and ultimate” approach to the investment return assumption (and also the related discount rate for the liabilities). Under this “select and ultimate” approach to the investment return assumption, we have assumed that the net investment return and discount rate grade down from an initial rate of 5.00 percent for fiscal year 2024 to the ultimate rate of 3.00 percent for fiscal years 2031 and after, in equal annual increments of 0.286 percent.

SECTION C

PROJECTION TABLE

Projection Table

Closed Group Projections

Scenario 1 — Run-Off Scenario

Projection Based on Data as of June 30, 2023

Assumed Net Investment Return and Discount Rates Graded Down from 5.00% to 3.00% in 0.286% Yearly Increments

Other Assumptions Based on Those Used in the Actuarial Valuation as of June 30, 2023, Including Assumed Tuition and Fee Increase Assumption of 4.25%

Zero New Contracts Per Year

Year Ending 6/30	Assumed Net Rate of Return	Annual New Contracts	Assets										Liabilities				Unfunded Liability	Funded Ratio
			Contract Contributions	Additional Required Solvency Contributions	Tuition Payments, Refunds and Fees	Administrative Expenses	Net Non-Investment Cash Flow	Net Investment Return	Market Value of Assets (EOY)	Total Present Value of Future Contributions	Total Fund Assets (MVA + PVFC)	Total Present Value of Future Benefits	Present Value of Future Admin Expenses	Total Present Value of Future Benefits, Fees and Expenses				
2023			\$ 3,117,318	\$ -	\$ 115,938,252	\$ 2,065,454	\$ (114,886,388)	\$ 35,173,611	\$ 559,315,908	\$ 5,400,015	\$ 564,715,923	\$ 553,223,422	\$ 6,705,292	\$ 559,928,714	\$ (4,787,209)	100.9%		
2024	5.000%	0	1,763,916	-	106,583,322	1,602,351	(106,421,757)	23,891,817	476,785,968	3,862,539	480,648,507	471,669,188	5,398,636	477,067,823	(3,580,684)	100.8%		
2025	4.714%	0	1,264,021	-	99,052,134	1,366,138	(99,154,252)	20,009,860	397,641,576	2,751,158	400,392,734	392,544,973	4,255,174	396,800,147	(3,592,587)	100.9%		
2026	4.429%	0	840,130	-	91,615,417	1,136,964	(91,912,250)	15,596,688	321,326,014	2,014,463	323,340,477	316,307,040	3,281,750	319,588,790	(3,751,687)	101.2%		
2027	4.143%	0	721,941	-	84,008,624	916,149	(84,202,832)	11,585,576	248,708,758	1,361,176	250,069,934	243,680,045	2,482,775	246,162,820	(3,907,114)	101.6%		
2028	3.857%	0	557,793	-	67,929,047	705,793	(68,077,046)	8,292,559	188,924,271	845,229	189,769,500	183,852,421	1,859,264	185,711,685	(4,057,815)	102.2%		
2029	3.571%	0	376,147	-	48,605,182	532,508	(48,761,544)	5,884,192	146,046,920	492,611	146,539,531	140,953,061	1,383,732	142,336,793	(4,202,738)	103.0%		
2030	3.286%	0	281,825	-	39,465,681	408,255	(39,592,111)	4,153,500	110,608,309	222,379	110,830,688	105,475,570	1,014,290	106,489,859	(4,340,829)	104.1%		
2031	3.000%	0	157,603	-	29,473,345	305,498	(29,621,241)	2,877,214	83,864,282	69,101	83,933,383	78,727,658	734,671	79,462,329	(4,471,054)	105.6%		
2032	3.000%	0	70,130	-	23,228,998	228,026	(23,386,894)	2,167,717	62,645,105	-	62,645,105	57,514,630	525,290	58,039,920	(4,605,185)	107.9%		
2033	3.000%	0	-	-	15,440,570	166,585	(15,607,155)	1,646,976	48,684,926	-	48,684,926	43,569,602	371,984	43,941,585	(4,743,341)	110.8%		
2034	3.000%	0	-	-	14,108,391	126,195	(14,234,586)	1,248,607	35,698,947	-	35,698,947	30,558,236	255,070	30,813,306	(4,885,641)	115.9%		
2035	3.000%	0	-	-	9,655,733	88,509	(9,744,241)	925,885	26,880,591	-	26,880,591	21,675,485	172,895	21,848,380	(5,032,211)	123.0%		
2036	3.000%	0	-	-	7,300,574	62,781	(7,363,354)	696,784	20,214,021	-	20,214,021	14,916,476	114,367	15,030,843	(5,183,178)	134.5%		
2037	3.000%	0	-	-	5,224,939	43,204	(5,268,143)	527,982	15,473,860	-	15,473,860	10,061,237	73,951	10,135,188	(5,338,672)	152.7%		
2038	3.000%	0	-	-	3,724,115	29,141	(3,753,256)	408,333	12,128,937	-	12,128,937	6,583,510	46,594	6,630,104	(5,498,833)	182.9%		
2039	3.000%	0	-	-	2,601,393	19,068	(2,620,462)	324,852	9,833,327	-	9,833,327	4,140,890	28,640	4,169,529	(5,663,798)	235.8%		
2040	3.000%	0	-	-	1,653,648	11,994	(1,665,641)	270,200	8,437,886	-	8,437,886	2,586,847	17,326	2,604,174	(5,833,712)	324.0%		
2041	3.000%	0	-	-	1,030,773	7,493	(1,038,266)	237,678	7,637,298	-	7,637,298	1,618,332	10,242	1,628,575	(6,008,723)	469.0%		
2042	3.000%	0	-	-	694,420	4,687	(699,107)	218,710	7,156,901	-	7,156,901	962,123	5,792	967,915	(6,188,986)	739.4%		
2043	3.000%	0	-	-	434,012	2,787	(436,799)	208,203	6,928,305	-	6,928,305	550,512	3,138	553,650	(6,374,655)	1000+%		
2044	3.000%	0	-	-	257,706	1,594	(259,300)	203,988	6,872,993	-	6,872,993	305,485	1,614	307,099	(6,565,894)	1000+%		
2045	3.000%	0	-	-	153,689	885	(154,573)	203,888	6,922,308	-	6,922,308	158,672	764	159,437	(6,762,871)	1000+%		
2046	3.000%	0	-	-	103,085	460	(103,544)	206,128	7,024,892	-	7,024,892	58,813	321	59,134	(6,965,758)	1000+%		
2047	3.000%	0	-	-	29,623	170	(29,793)	210,303	7,205,402	-	7,205,402	30,513	158	30,671	(7,174,731)	1000+%		
2048	3.000%	0	-	-	16,614	88	(16,702)	215,913	7,404,613	-	7,404,613	14,567	73	14,640	(7,389,973)	1000+%		
2049	3.000%	0	-	-	8,218	42	(8,260)	222,015	7,618,368	-	7,618,368	6,664	32	6,696	(7,611,672)	1000+%		
2050	3.000%	0	-	-	3,819	19	(3,838)	228,494	7,843,024	-	7,843,024	2,988	13	3,001	(7,840,023)	1000+%		
2051	3.000%	0	-	-	1,844	9	(1,853)	235,263	8,076,434	-	8,076,434	1,206	5	1,211	(8,075,223)	1000+%		
2052	3.000%	0	-	-	831	3	(834)	242,281	8,317,881	-	8,317,881	399	2	401	(8,317,480)	1000+%		
2053	3.000%	0	-	-	313	1	(314)	249,532	8,567,099	-	8,567,099	93	0	94	(8,567,005)	1000+%		
2054	3.000%	0	-	-	63	0	(63)	257,012	8,824,048	-	8,824,048	32	0	32	(8,824,016)	1000+%		
2055	3.000%	0	-	-	26	0	(26)	264,721	9,088,743	-	9,088,743	7	0	7	(9,088,736)	1000+%		
2056	3.000%	0	-	-	7	0	(7)	272,662	9,361,398	-	9,361,398	-	-	-	(9,361,398)	0.0%		



SECTION D

ACTUARIAL METHODS AND ASSUMPTIONS

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 actuarial 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.

Measurement Date June 30, 2023

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

<u>Fiscal Year</u> <u>Ending 6/30</u>	<u>Net Investment Return Rate</u>
2024	5.000%
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, current and future liquidity requirements and the fact that program enrollment is on hold, we believe the net investment rate of return assumption of 5.00 percent in fiscal year 2024 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.

Actuarial Valuation Methods and Assumptions

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†
2023-2024 Weighted Tuition	\$4,410	\$11,514	\$14,829	\$12,349
2023-2024 Weighted Fees	545	4,159	4,860	4,336
2023-2024 Total WATF	4,955	15,673	19,689	16,685

†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
2023-2024 Total WATF	\$4,955	\$15,673	\$19,689	\$16,685
2022-2023 Total WATF	4,894	15,373	19,283	16,474
WATF Increase	1.25%	1.95%	2.11%	1.28%

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 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%

Actuarial Valuation Methods and Assumptions

Tuition and Fee Increase Assumption

Tuition and Fee Increase Assumption - June 30, 2023, Actuarial Valuation				
Effective Date	Community College	University	University Plus	Legacy
6/30/2023 and Beyond	4.25%	4.25%	4.25%	4.25%

First effective with the June 30, 2022 actuarial valuation 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
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
2019-2020 Weighted Tuition	4,012	11,025	13,885	11,805

Rates of Cancellation

These rates are used to measure the probability of eligible contract beneficiaries cancelling their contracts before and after their 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.

Actuarial Valuation Methods and Assumptions

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 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	70%
1	35%
2	40%
3	30%
4	20%
5	15%
6	15%
7	10%
8	10%
9	10%
10	0%

Actuarial Valuation Methods and Assumptions

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. Due to the fact that the College Illinois!® Prepaid Tuition Program is not accepting new contracts, marketing expenses are assumed to be \$0. Administrative expenses for FY 2024 are projected to equal actual 2023 expenses multiplied by the ratio of actual 2023 expenses to actual 2022 administrative expenses. Future year (for FY 2025 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 was determined to be equal to approximately 1.2 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.

Liability Adjustment

The liabilities for contract beneficiaries assumed to use tuition benefits were adjusted to account for the provision that benefits shall never be less than the amount paid for the contract.

Actuarial Valuation Methods and Assumptions

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 E

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 contracts.)

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.

Plan Provisions

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.

Plan Provisions

<i>G. Cancellation/Refunds</i>	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.)
<i>H. Death/Disability of Qualified Beneficiary</i>	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>I. Other Ancillary Benefits</i>	There are no ancillary benefits.
<i>J. Truth in Tuition</i>	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.
<i>K. New Contracts</i>	Effective as of the 2017/2018 period, CIPTP has not accepted new contracts.
<i>L. Extraordinary Contributions</i>	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.)
<i>M. Changes from Previous Valuation</i>	None.