College Illinois!® Prepaid Tuition Program

Supplemental Actuarial Soundness Valuation Report as of June 30, 2024

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October 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
Supplemental Actuarial Soundness Valuation Report 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 a supplemental actuarial valuation of the College Illinois!® Prepaid Tuition Program ("Program" or "CIPTP") as of June 30, 2024 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, 2024. Additional information regarding the underlying financial and beneficiary data and important additional disclosures are provided in the June 30, 2024 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.

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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, 2024 Actuarial Soundness Valuation, and unless noted differently, the same actuarial assumptions and methods as used for the June 30, 2024 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, 2024, 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 2024/2025 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, 2024.

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.) The initial rate used in the projections 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 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.

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.

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

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

James R. Sparks, ASA, MAAA, FCA
Consultant

Joshua Murner, ASA, EA, MAAA
Senior Analyst

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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, 2024 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 2024/2025 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, 2024. 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, 2024 Actuarial Soundness Valuation, and unless noted differently, the same actuarial assumptions and methods as used for the June 30, 2024 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, 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 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 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).

Background

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 value of fund 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. The difference between the present value of future tuition obligations and the 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.

Based on the actuarial assumptions used in the June 30, 2023 actuarial soundness valuation and actual tuition payments, refunds and fees, the surplus of $4.8 million at June 30, 2023 was expected to increase to $5.0 million as of June 30, 2024. 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 in surplus 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).

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

	(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, utilization of benefits, and contract terminations and refunds. Also includes changes in expected future administrative expenses compared to projections from the previous actuarial valuation.*

The changes in assumptions includes the changes from the experience study covering the period from July 1, 2014 to June 30, 2023 and the change in the tuition and fee increase assumption.

The Program assets earned an approximate 7.6 percent rate of return for FY 2024 compared to the assumption for FY 2024 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 2024/2025 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, 2024.

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, 2024 is 108.9 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 4.714 percent for fiscal year 2025 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
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Projection Based on Data as of June 30, 2024
Assumed Net Investment Return and Discount Rates Graded Down from 4.714% to 3.000% in 0.286% Yearly Increments
Other Assumptions Based on Those Used in the Actuarial Valuation as of June 30, 2024, Including Assumed Tuition and Fee Increase Assumption of 5.00%
Zero New Contracts Per Year

			Assets									Liabilities				
Year Ending 6/30	Assumed Net Rate of Return	Annual New Contracts	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	Unfunded Liability	Funded Ratio
2024			$ 2,195,821	$ -	$ 104,643,241	$ 2,489,209	$ (104,936,629)	$ 38,602,564	$ 492,981,843	$ 3,791,910	$ 496,773,753	$ 445,770,916	$ 10,561,624	$ 456,332,540	$ (40,441,213)	108.9%
2025	4.714%	0	1,201,601	-	97,385,166	2,489,209	(98,672,774)	20,940,228	415,249,297	2,741,064	417,990,361	367,130,454	8,512,295	375,642,749	(42,347,612)	111.3%
2026	4.429%	0	823,623	-	84,573,505	2,050,076	(85,799,959)	16,509,448	345,958,786	2,020,786	347,979,572	296,962,395	6,794,271	303,756,666	(44,222,906)	114.6%
2027	4.143%	0	697,025	-	70,485,782	1,658,254	(71,447,011)	12,867,031	287,378,806	1,393,184	288,771,990	237,333,595	5,383,481	242,717,076	(46,054,914)	119.0%
2028	3.857%	0	554,644	-	58,118,352	1,325,284	(58,888,992)	9,959,271	238,449,085	881,680	239,330,765	187,258,991	4,240,522	191,499,513	(47,831,252)	125.0%
2029	3.571%	0	386,684	-	46,678,147	1,045,664	(47,337,127)	7,677,943	198,789,901	519,640	199,309,541	146,442,282	3,327,793	149,770,075	(49,539,466)	133.1%
2030	3.286%	0	292,002	-	35,175,388	817,742	(35,701,127)	5,949,804	169,038,579	239,953	169,278,532	115,505,297	2,606,066	118,111,363	(51,167,169)	143.3%
2031	3.000%	0	167,776	-	26,323,956	644,988	(26,801,168)	4,672,111	146,909,522	76,877	146,986,399	92,254,558	2,029,657	94,284,215	(52,702,184)	155.9%
2032	3.000%	0	78,022	-	20,180,130	515,154	(20,617,263)	4,100,312	130,392,571	-	130,392,571	74,541,600	1,567,722	76,109,321	(54,283,250)	171.3%
2033	3.000%	0	-	-	15,740,334	416,244	(16,156,579)	3,671,219	117,907,211	-	117,907,211	60,803,153	1,192,311	61,995,464	(55,911,747)	190.2%
2034	3.000%	0	-	-	13,847,538	339,528	(14,187,066)	3,325,983	107,046,128	-	107,046,128	48,573,531	883,497	49,457,029	(57,589,099)	216.4%
2035	3.000%	0	-	-	12,716,060	271,237	(12,987,297)	3,018,014	97,076,845	-	97,076,845	37,125,346	634,727	37,760,072	(59,316,773)	257.1%
2036	3.000%	0	-	-	10,298,296	207,310	(10,505,606)	2,755,886	89,327,125	-	89,327,125	27,787,477	443,372	28,230,849	(61,096,276)	316.4%
2037	3.000%	0	-	-	8,255,583	155,167	(8,410,750)	2,554,585	83,470,960	-	83,470,960	20,242,599	299,196	20,541,795	(62,929,165)	406.3%
2038	3.000%	0	-	-	6,722,198	113,036	(6,835,234)	2,402,358	79,038,084	-	79,038,084	14,027,592	193,453	14,221,045	(64,817,039)	555.8%
2039	3.000%	0	-	-	5,435,283	78,331	(5,513,614)	2,289,049	75,813,519	-	75,813,519	8,932,210	119,759	9,051,969	(66,761,550)	837.5%
2040	3.000%	0	-	-	3,444,773	49,878	(3,494,651)	2,222,373	74,541,241	-	74,541,241	5,704,114	72,732	5,776,845	(68,764,396)	1000+%
2041	3.000%	0	-	-	2,297,408	31,852	(2,329,260)	2,201,557	74,413,538	-	74,413,538	3,543,623	42,587	3,586,210	(70,827,328)	1000+%
2042	3.000%	0	-	-	1,566,968	19,788	(1,586,756)	2,208,781	75,035,563	-	75,035,563	2,059,632	23,782	2,083,415	(72,952,148)	1000+%
2043	3.000%	0	-	-	977,924	11,501	(989,425)	2,236,335	76,282,473	-	76,282,473	1,128,937	12,824	1,141,760	(75,140,713)	1000+%
2044	3.000%	0	-	-	524,460	6,304	(530,764)	2,280,572	78,032,281	-	78,032,281	630,537	6,810	637,347	(77,394,934)	1000+%
2045	3.000%	0	-	-	315,663	3,521	(319,184)	2,336,216	80,049,313	-	80,049,313	329,089	3,441	332,531	(79,716,782)	1000+%
2046	3.000%	0	-	-	177,677	1,838	(179,515)	2,398,807	82,268,605	-	82,268,605	158,639	1,680	160,319	(82,108,286)	1000+%
2047	3.000%	0	-	-	80,190	886	(81,076)	2,466,851	84,654,380	-	84,654,380	82,014	831	82,845	(84,571,535)	1000+%
2048	3.000%	0	-	-	42,616	458	(43,074)	2,538,990	87,150,296	-	87,150,296	41,224	391	41,615	(87,108,681)	1000+%
2049	3.000%	0	-	-	23,796	230	(24,026)	2,614,151	89,740,421	-	89,740,421	18,311	169	18,480	(89,721,941)	1000+%
2050	3.000%	0	-	-	11,787	102	(11,889)	2,692,036	92,420,568	-	92,420,568	6,897	70	6,968	(92,413,600)	1000+%
2051	3.000%	0	-	-	3,613	39	(3,652)	2,772,563	95,189,479	-	95,189,479	3,438	33	3,471	(95,186,008)	1000+%
2052	3.000%	0	-	-	2,045	19	(2,064)	2,855,654	98,043,069	-	98,043,069	1,465	15	1,480	(98,041,589)	1000+%
2053	3.000%	0	-	-	790	8	(798)	2,941,280	100,983,551	-	100,983,551	707	7	715	(100,982,836)	1000+%
2054	3.000%	0	-	-	368	4	(372)	3,029,501	104,012,680	-	104,012,680	355	3	359	(104,012,321)	1000+%
2055	3.000%	0	-	-	167	2	(169)	3,120,378	107,132,889	-	107,132,889	196	1	198	(107,132,691)	1000+%
2056	3.000%	0	-	-	156	1	(157)	3,213,984	110,346,716	-	110,346,716	44	0	44	(110,346,672)	1000+%
2057	3.000%	0	-	-	32	0	(32)	3,310,401	113,657,085	-	113,657,085	13	0	13	(113,657,072)	0.0%

SECTION D

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

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%

Actuarial Valuation Methods and Assumptions

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	Years from Projected College Entrance Year	Cancellation Rate
-17	6.0%	-1	1.5%
-16	6.0%	0	1.5%
-15	4.0%	1	3.0%
-14	3.0%	2	3.0%
-13	3.0%	3	5.0%
-12	3.0%	4	6.0%
-11	2.0%	5	7.5%
-10	2.0%	6	7.5%
-9	1.5%	7	7.5%
-8	1.5%	8	7.5%
-7	1.5%	9	25.0%
-6	1.5%	10	50.0%
-5	1.0%	11	33.0%
-4	1.0%	12	33.0%
-3	1.0%	13	33.0%
-2	1.0%	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 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.

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.