

**MISSISSIPPI PREPAID AFFORDABLE
COLLEGE TUITION PLAN – HORIZON PLAN
ACTUARIAL VALUATION REPORT – REVISED
AS OF JUNE 30, 2015**

February 29, 2016

Board of Trustees
Mississippi Prepaid Affordable College Tuition Plan
501 North West Street, Suite 1101
Jackson, MS 39201

Attention: Ms. Lynn Fitch, State Treasurer

Re: MPACT Horizon Plan Actuarial Valuation as of June 30, 2015 - Revised

Dear Trustees:

Gabriel, Roeder, Smith & Company (“GRS”) has performed an actuarial valuation of the Mississippi Prepaid Affordable College Tuition Plan (“MPACT”) as of June 30, 2015. The purpose of this actuarial valuation is to evaluate the financial status of the Program’s Horizon Plan as of June 30, 2015. **This revised report replaces the report dated February 16, 2015 for the Horizon Plan to more accurately describe the plan provisions. The valuation results are unchanged.** The liabilities and assets of the Program’s Legacy Plan are covered in a separate report and are not included in this report.

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

- A comparison of the actuarial present value of the obligations for prepaid tuition contracts purchased through June 30, 2015, with the value of the assets associated with the program as of that same date;
- An analysis of the factors which caused the deficit/margin to change since the prior actuarial valuation; and
- A summary of the actuarial assumptions and methods utilized in the actuarial calculations.

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

The valuation results set forth in this report are based upon data and information, furnished by MPACT, concerning Plan benefits, financial transactions, and beneficiaries of MPACT. We reviewed this information for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by MPACT. Further, the data and information provided is through June 30, 2015, and does not reflect subsequent market changes.

There are currently no Actuarial Standards of Practice that specifically refer to prepaid tuition plans. We have followed the guidance from the Actuarial Standards of Practice on pensions due to its similar nature.

The valuation results summarized in this report involve actuarial calculations that require assumptions about future events. The major actuarial assumptions used in this analysis were adopted by and are the responsibility of the Plan and the Plan's Board. We have not performed a detailed experience study, but have performed some analyses on the assumptions as described in our Phase II Actuarial Audit Report dated April 19, 2013. Based on our limited analysis of additional utilization data received in 2014 and observations related to the difference between actual and expected benefit payouts, we believe these assumptions are within a reasonable range and are in compliance with actuarial standards regarding pension calculations.

The Program has now been re-opened. However, we understand that assets and liabilities from the Legacy Plan (the closed plan) will be accounted for separately from the Horizon Plan (this new open plan), but pooled together for investment purposes. Since the two plans will be pooled together for investment purposes, we believe that it is reasonable to use the same investment return assumption for both plans. This, in effect, treats the Legacy Plan as an open, on-going plan for investment purposes. If the plans cease to be pooled for investment purposes in the future, the assumed rate of investment return for the Legacy Plan may need to be lowered, resulting in an increase in liabilities and unfunded liabilities.

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.

The actuarial assumptions are set by the Board based on consultation with the actuary. We believe that the actuarial methods used in this report are reasonable and appropriate for the purpose for which they have been used. In addition, because it is not possible or practical to consider every possible contingency, we may use summary information, estimates or simplifications of calculations to facilitate the modeling of future events. We may also exclude factors or data that are deemed to be immaterial.

This report is not a recommendation to anyone to participate in MPACT. GRS makes no representations or warranties to any person participating in or considering participation in the Program.

To the best of our knowledge, the information contained in this report is accurate and fairly presents the actuarial position of the Mississippi Prepaid Affordable College Tuition Plan as of June 30, 2015.

Under Mississippi Code 37-155-9 (6), the Board shall annually evaluate the actuarial soundness of the fund. The term “sound” or “actuarially sound” is not explicitly defined in the statutes or in the actuarial standards. To the extent it is used in this report, it refers to the situation where either:

- (1) Assets meet or exceed liabilities on the valuation date; or
- (2) Assets are expected to meet or exceed liabilities at a future date based on the measurements on the valuation date and the expected future revenue based on the Program’s funding policy.

As of June 30, 2015, the Horizon Plan meets the Board’s Funding Policy of maintaining a 115% funding target.

David T. Kausch is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

The signing individuals are independent of the plan sponsor.

Respectfully submitted,



Kenneth G. Alberts



David T. Kausch, FSA, EA, FCA, MAAA

KGA/DTK:mrB

**MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN
HORIZON PLAN
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SECTION A
EXECUTIVE SUMMARY

**MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN
HORIZON PLAN
SUMMARY OF RESULTS**

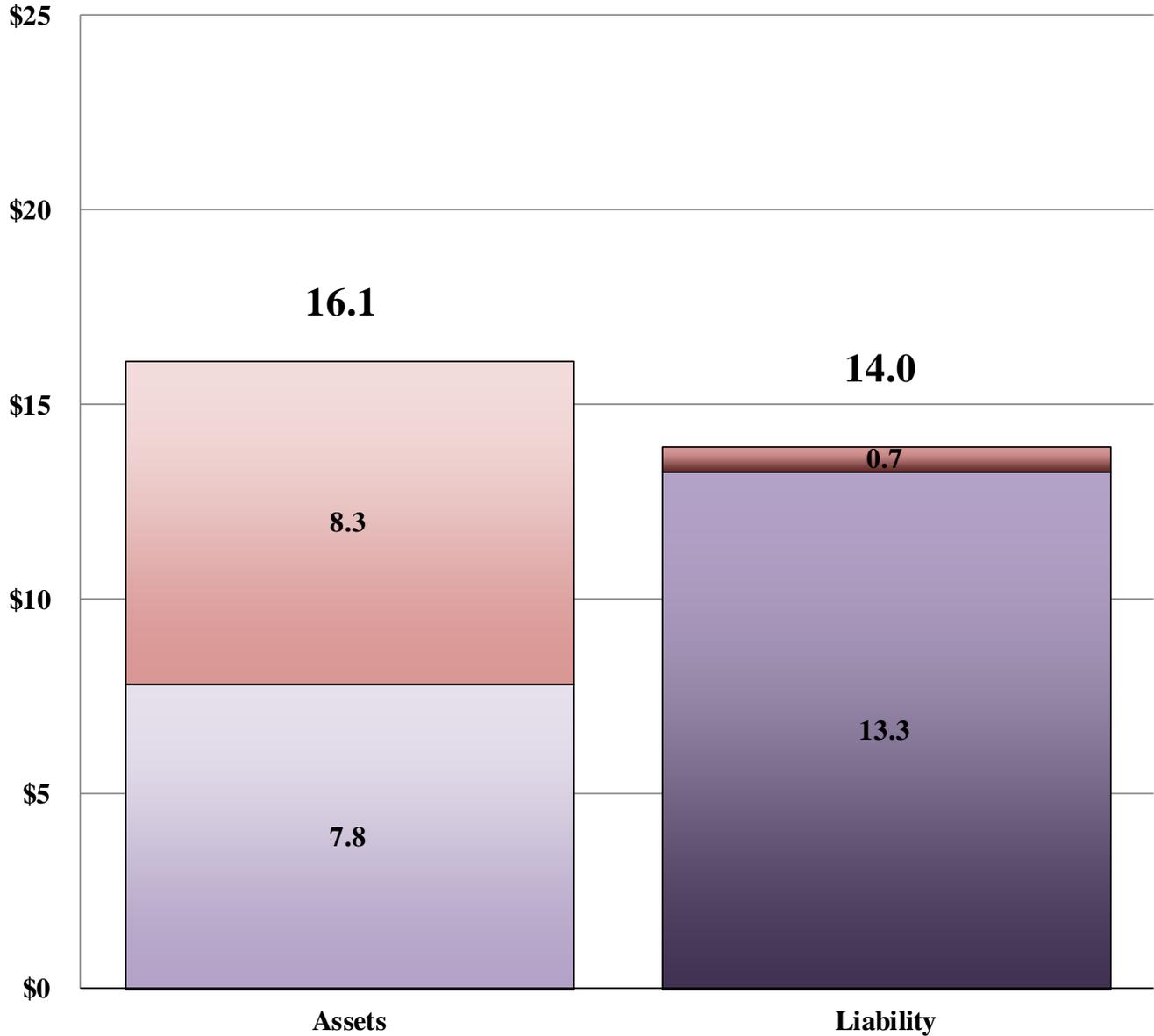
Principal Valuation Results

Valuation Date:	June 30, 2015
Membership Summary:	
Accounts	
Not yet Matriculating	530
Matriculated or Termination in Progress	-
Total	530
Average Years until Expected Enrollment if not yet in Payment Status	12.4
Assets	
· Actuarial Value of Assets (AVA)	\$ 7,830,100
· Present Value of Future Contract Payments	\$ 8,311,265
Total	\$ 16,141,365
· Approximate Return on AVA for Year Ended June 30, 2015	5.50%
· Return on Market Value of Assets for Year Ended June 30, 2015	2.50%
Actuarial Liabilities (Present Value of Future Tuition Payments, Refunds, Fees, and Administrative Expenses)	\$ 13,961,773
Margin/(Deficit)	\$ 2,179,592
Funded Ratio #	115.6%

Based on the Board's funding target of 115%, this plan is currently meeting the Board's funding target.

**MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN
HORIZON PLAN
SUMMARY OF ASSETS AND LIABILITIES AS OF JUNE 30, 2015**

(\$ in Millions)



ASSETS		LIABILITIES	
	PV Future Contributions		PV Administrative Expenses
	Actuarial Value of Assets		PV Benefits

PV – Present Value

**MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN
HORIZON PLAN
FUNDED STATUS**

	June 30, 2015
Actuarial Present Value of Future Tuition Payments, Fees and Expenses	\$ 13,961,773
Actuarial Value of Assets (Including the Present Value of Installment Contract Receivables)	\$ 16,141,365
Margin/(Deficit)	\$ 2,179,592

GAIN/(LOSS) SUMMARY FOR YEAR ENDING JUNE 30, 2015

	Margin/(Deficit)
(1) Values as of June 30, 2014	\$ -
(2) Expected Contract Payments (Excluding New Enrollments)*	\$ -
(3) Expected Tuition Payments, Refunds, and Administrative Fees*	\$ -
(4) Interest on (1), (2), and (3) at Assumed Rate from Previous Valuation	\$ -
(5) New Enrollments (Actual)	\$ 1,907,971
(6) Projected Values as of June 30, 2015 [(1) + (2) + (3) + (4) + (5)]	\$ 1,907,970
(7) Change Due to:	
a. Investment Experience	\$ (57,093)
b. Tuition/Fee Inflation	322,934
c. Change in Plan Assumptions	60,358
d. Other Plan Experience During Fiscal Year 2015	(54,577)
(8) Total [(7)a + (7)b + (7)c + (7)d]	\$ 271,622
(9) Actual Values as of June 30, 2015 [(6) + (8)]	\$ 2,179,592

* Discounted to beginning of prior year.

MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN

HORIZON PLAN

DISCUSSION

Actuarial Valuation

Gabriel, Roeder, Smith & Company (“GRS”) has performed an actuarial valuation of the Mississippi Prepaid Affordable College Tuition Plan as of June 30, 2015.

The primary purposes of the actuarial valuation are to:

- Determine the actuarial present value of the obligations for prepaid tuition contracts purchased through June 30, 2015, and compare such liabilities with the value of the assets associated with the program as of that same date;
- Analyze the factors which caused the deficit/margin to change since the prior actuarial valuation; and
- Compare the funded status of the Board’s funded status target.

This report summarizes the results under the current assumptions and also presents the impact of variances in the rate of tuition and fee increases as well as the rate of investment return on assets.

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

The statutes and the actuarial standards do not define the term “sound” or “actuarially sound.” For purposes of this report we are defining this term to mean the following:

- (1) Assets meet or exceed liabilities on the valuation date; or
- (2) Assets are expected to meet or exceed liabilities at a future date based on the measurements on the valuation date and the expected future revenue based on the Plan’s funding policy.

Financial Status of Plan

As of June 30, 2015, the present value of all future tuition obligations under contracts outstanding (and including estimated future administrative expenses) at that date is \$14.0 million. Horizon Plan assets as of June 30, 2015, including the Actuarial Value of Plan Assets and the present value of installment contract receivables, are \$16.1 million.

The difference between the Actuarial Value of Assets of \$16.1 million and Horizon Plan obligations of \$14.0 million represents a Plan margin of \$2.1 million. The Horizon Plan is 115.6% funded. On a Market Value basis, the Horizon Plan is 115.3% funded. The funded status is not appropriate for measuring the settlement cost of the Plan. If the funded status were less than 100% it would be an indication that additional contributions will be needed in the Plan to satisfy all the Plan liabilities, even if all assumptions are met. A funded status greater than 100% does not mean the Plan assets are guaranteed to cover the Plan liabilities in all future years.

The Board’s funding target is 115%. The plan currently meets the target.

Liabilities of this Plan are backed by the full faith and credit of the State of Mississippi in accordance with Mississippi Code 37-155-125. It is our understanding that this means that the State of Mississippi will pay for the unfunded benefits when they come due in the absence of future gains.

MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN

HORIZON PLAN

DISCUSSION (CONTINUED)

Gain/(Loss) Analysis

The Horizon Plan experienced an overall gain during the year. The primary sources of that gain were:

- Tuition increases less than assumed (4.1%/5.0% actual increases in WAT versus 6.5%/6.0 expected).

Valuation Assumptions

Assumed Price inflation was reduced by $\frac{1}{4}\%$ from 2.75% to 2.50%, which reduced the assumed rate of return and the assumed rate of tuition increases by $\frac{1}{4}\%$ from 7.00% to 6.75%, net of investment expenses.

Valuation Methods

In accordance with the funding policy adopted by the Board, we have implemented an actuarial value of asset method (also known as an asset smoothing method or funding value of asset method). The method is detailed on page D-3 and spreads investment income above or below the assumed rate of return over a 3-year period, subject to a 20% corridor around the market value. This method is intended to reduce the volatility of the annual measurement of the funded status.

Benefit Provisions

We understand there were no changes in the Horizon Plan provisions since its implementation.

Plan Status

MPACT is now an open plan. However, there are two sub-plans (or tiers): the Legacy Plan and the Horizon Plan. The Legacy Plan covers beneficiaries who joined the plan in 2012 or earlier. The Horizon Plan covers those participants who joined the Plan in 2014 or later. The Legacy Plan is closed to new beneficiaries. However, for investment purposes, the assets of both tiers will be pooled and invested together, thereby allowing for the use of an assumed rate of return associated with a fully invested on-going open plan for both tiers. The funded status of the Horizon Plan, as of June 30, 2015 is 115.6%. The Funded Status of the Legacy Plan is detailed in a separate report. The assumptions used to value the liabilities are adopted by the Board based on recommendations from the Actuary. We believe the assumptions currently in use are reasonable. Please see Section G to see how changes in the investment return assumption (sensitivity) affects the funded status.

Future Outlook

The Actuarial Value of Assets recognized a 5.50% rate of return compared to a market rate of return of 2.50%. Unless offset by future gains, the funded status of the plan is expected to decrease as the market losses for this year are recognized in the Actuarial Value of Assets over the next two years. However given the effective date of this plan and the current asset base, we do not expect the future reduction in funded status to be significant.

SECTION B
PLAN DESCRIPTION

MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN
HORIZON PLAN
SUMMARY OF PLAN DESCRIPTION EVALUATED JUNE 30, 2015

Horizon Plan (contract purchased on or after October 1, 2014)

Purchasing Contracts – Contract holders may purchase contracts during an enrollment period for beneficiaries who are ages eighteen (18) years or younger on date of purchase. These contracts lock in the cost of tuition for the contract holder at the time of purchase. The holder may choose between a variety of school types and credit hours. Contracts available for purchase include the following:

- **University Plans**
 - 4-Year University (124 University Level Credit Hours)
 - 2-Year University (62 University Level Credit Hours)
 - 1-Year University (31 University Level Credit Hours)

- **Community College Plan**
 - 2-Year Community College (62 Community College Credit Hours)
 - 1-Year Community College (31 Community College Credit Hours)

- **University and Community College Plan**
 - 2-Year Community College & 2-Year Univ. (62 Community College and 62 Univ. Credit Hours)

Contract Payments – Contract holders may agree to pay-off their contracts in a variety of ways:

- Lump-Sum Payment (Full Contract paid-in-full at time of enrollment to the Program)
- 5-Year Monthly Payments* (60 monthly payments after purchase of contract)
- 8-Year Monthly Payments* (96 monthly payments after purchase of contract)
- 10-Year Monthly Payments* (120 monthly payments after purchase of contract)
- 12-Year Monthly Payments* (144 monthly payments after purchase of contract)
- Extended Monthly Payments* (Monthly payments after purchase of contract for defined period up to and including the year of high school matriculation)
- 3-Year Annual Payments* (3 annual payments after purchase of contract)
- 5-Year Annual Payments* (5 annual payments after purchase of contract)

** Members may also elect monthly payment options with an additional Down Payment up to \$5,000 made at the time of enrollment to the Plan.*

**MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN
HORIZON PLAN
SUMMARY OF PLAN DESCRIPTION EVALUATED JUNE 30, 2015**

Tuition Payments – When the beneficiary matriculates, the portion of tuition covered by the Plan will be dependent on the school of which they attend and the plan they purchase. The Plan will pay the tuition and mandatory fees for all public Universities or Community Colleges in the state of Mississippi. If the beneficiary elects to attend a private or out-of-state University or Community College, the Plan will pay out the maximum amount that it would have paid to a Mississippi school under the matching contract that was purchased.

Refunds – If a contract purchaser elects to withdraw from the Plan, the amount refunded will include, but not be limited to, the amount paid in and an additional amount in the nature of interest at a rate that corresponds to the prevailing interest rates for savings accounts provided by banks and savings and loan associations.

This is a summary of the contract provisions as they pertain to this valuation. The actual terms of the contracts will apply to policy holders.

SECTION C

VALUATION RESULTS

MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN
HORIZON PLAN
PRINCIPAL VALUATION RESULTS AS OF JUNE 30, 2015

	2015
1. Number of Members	
a. Not yet Matriculated	530
b. Matriculated or Termination in Progress	-
c. Total	530
Average Years until Enrollment if Not Yet Matriculating	12.4
2. Assets	
a. Market Value of Assets (in Trust)	\$ 7,830,100
b. PV Future Member Contributions	8,311,265
c. Total Market Value of Assets (MVA)	\$ 16,141,365
3. Actuarial Results	
Liabilities - Tuition and Fees	\$ 13,296,927
Liabilities - Present Value of Future Administrative Expenses	\$ 664,846
Liabilities Total	\$ 13,961,773
Margin/(Deficit)	\$ 2,179,592
Funded Ratio	115.6%

**MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN
HORIZON PLAN
PRINCIPAL VALUATION RESULTS AS OF JUNE 30, 2015 (CONCLUDED)**

	2015
1. Assets	
a. Market Value of Assets (in Trust)	\$ 7,830,100
b. PVFMC* (Short-Term) ^a	2,247,920
c. PVFMC* (Long-Term) ^b	6,063,345
d. Total Market Value of Assets (MVA)	\$ 16,141,365
2. Actuarial Present Value of Tuition, Refunds, Fees and Admin Expenses	
a. Short-Term ^a	\$ 178,549
b. Long-Term ^b	13,783,225
c. Total	\$ 13,961,773
Margin/(Deficit)	\$ 2,179,592
Funded Ratio	115.6%

** Present value of future member contributions.*

^a Present value of amounts in following year.

^b Present value of amounts after first year.

**MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN
HORIZON PLAN
GAIN/(LOSS) SUMMARY**

	Present Value of Benefits	PV Future Member Contributions	Actuarial Value of Assets	Margin/(Deficit)
(1.) Values as of June 30, 2014	\$ -	\$ -	\$ -	\$ -
(2.) Expected Contract Payments (Excluding New Enrollments)*	\$ -	\$ -	\$ -	\$ -
(3.) Expected Tuition Payments, Refunds, and Administrative Fees*	\$ -	\$ -	\$ -	\$ -
(4.) Interest on (1), (2), and (3) at Assumed Rate from Previous Valuation	\$ -	\$ -	\$ -	\$ -
(5.) New Enrollments (Actual)	\$ 14,273,673	\$ 8,239,873	\$ 7,941,770	\$ 1,907,971
(6.) Projected Values as of June 30, 2015 [(1) + (2) + (3) + (4) + (5)]	\$ 14,273,673	\$ 8,239,873	\$ 7,941,770	\$ 1,907,970
(7.) Change Due to:				
a. Investment Experience	\$ -	\$ -	\$ (57,093)	\$ (57,093)
b. Tuition/Fee Inflation	(322,934)	-	-	322,934
c. Change in Plan Assumptions	11,034	71,392	-	60,358
d. Other Plan Experience During Fiscal Year 2015	-	-	(54,577)	(54,577)
(8.) Total [(7)a + (7)b + (7)c + (7)d]	\$ (311,900)	\$ 71,392	\$ (111,670)	\$ 271,622
(9.) Actual Values as of June 30, 2015 [(6) + (8)]	\$ 13,961,773	\$ 8,311,265	\$ 7,830,100	\$ 2,179,592

* Discounted to beginning of prior year.

MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN
HORIZON PLAN
SENSITIVITY TESTING RESULTS

The actuarial assumptions regarding future increases in tuition costs and fees and the future rate of investment return were adopted by the Mississippi Prepaid Affordable College Tuition Plan. In our opinion, the assumptions prescribed to us are reasonable for the purpose of the measurement. However, no one knows with certainty what the future holds with respect to economic and other contingencies. For example, while it is assumed that the assets of the Plan will earn 6.75% net of investment expenses each year throughout the life of the contracts, actual returns are expected to vary from year to year. Therefore, we have projected the Plan's results under alternative assumptions for future investment income and tuition increases, as follows:

1. Current valuation assumptions approved by the Plan's Board (6.75% investment return net of investment expenses, 6.25%/5.75% long-term tuition increases for Universities/Community Colleges respectively).
- 2-3. Tuition increases are 100 basis points higher/lower in each future year than assumed in this year's valuation.
- 4-5. The investment return is 100 basis points higher/lower in each future year than assumed in this year's valuation.
6. Tuition increases are 100 basis points higher and the investment return is 100 basis points lower in each future year than assumed in this year's valuation.
7. Tuition increases are 100 basis points lower and the investment return is 100 basis points higher in each future year than assumed in this year's valuation.

The summary of the impact of each of these scenarios on the principal valuation results is presented on the following page. See Section G for detailed projection results of each scenario.

MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN
HORIZON PLAN
SENSITIVITY TESTING RESULTS (CONCLUDED)

\$ in Millions

	Current Valuation Assumptions G-1	Assumed Tuition Increases +100 Basis Points G-2	Assumed Tuition Increases -100 Basis Points G-3	Assumed Investment Return +100 Basis Points G-4	Assumed Investment Return -100 Basis Points G-5	Assumed Tuition Increases +100 Basis Points and Investment Return -100 Basis Points G-6	Assumed Tuition Increases -100 Basis Points and Investment Return +100 Basis Points G-7
Assumed Investment Return	6.75%	6.75%	6.75%	7.75%	5.75%	5.75%	7.75%
Assumed Tuition Increases	6.25%/5.75%	7.25%/6.75%	5.25%/4.75%	6.25%/5.75%	6.25%/5.75%	7.25%/6.75%	5.25%/4.75%
1. Assets							
a. Market Value of Assets (in Trust)	\$ 7.8	\$ 7.8	\$ 7.8	\$ 7.8	\$ 7.8	\$ 7.8	\$ 7.8
b. PV Future Member Contributions	8.3	8.3	8.3	8.0	8.6	8.6	8.0
c. Total Market Value of Assets (MVA)	\$16.1	\$16.1	\$16.1	\$15.8	\$16.4	\$16.4	\$15.8
2. Actuarial Results							
Liabilities - Tuition and Fees	\$13.3	\$15.2	\$11.6	\$11.6	\$15.3	\$17.6	\$10.2
Liabilities - PV of Future Admin. Expenses	0.7	0.8	0.6	0.6	0.8	0.9	0.5
Liabilities Total	\$14.0	\$16.0	\$12.2	\$12.2	\$16.1	\$18.5	\$10.7
Margin/(Deficit)	\$ 2.1	\$ 0.1	\$ 3.9	\$ 3.6	\$ 0.3	\$ (2.1)	\$ 5.1
Funded Ratio	115.6%	100.6%	132.0%	129.5%	101.9%	88.6%	147.7%
Increase/(Decrease) in							
Margin/(Deficit)	\$ 0.0	\$ (2.0)	\$ 1.8	\$ 1.5	\$ (1.8)	\$ (4.2)	\$ 3.0
Funded Ratio	0.0%	(15.0)%	16.4%	13.9%	(13.7)%	(27.0)%	32.1%

* Net of additional annual cash contributions.

Numbers may not match schedules in Section G due to rounding.

SECTION D
PLAN ASSETS

**MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN
STATEMENT OF TOTAL MPACT ASSETS (AT MARKET VALUE)**

	as of June 30,	
	2015	2014
1. Cash and cash equivalents	\$ N/A	\$ 7,960,600
2. Investments		
a. U.S. Treasury & Agency Obligations	\$ N/A	\$ 57,188,316
b. Corporate Bonds	N/A	20,705,902
c. Domestic Equity	N/A	124,921,551
d. International Equity	N/A	29,282,923
e. Other Long-Term Investments	N/A	25,968,168
f. Allowance for Change in Market Value	N/A	61,080,187
Total Investments	\$ N/A	\$ 319,147,047
3. Receivables		
a. Investments	\$ N/A	\$ 2,552,038
b. Interest and Dividends Receivable	N/A	602,319
Total Receivables	\$ N/A	\$ 3,154,357
4. Payables	\$ N/A	\$ 3,169,915
5. Net Total MPACT Assets 1 + 2 + 3 - 4	\$ 322,080,130	\$ 327,092,089
6. Net Total MPACT Assets Allocated for Legacy Plan	\$ 314,286,575	\$ 327,092,089
7. Net Total MPACT Assets Allocated for Horizon Plan	\$ 7,793,555	\$ -

**MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN
RECONCILIATION OF TOTAL MPACT ASSETS (AT MARKET VALUE)**

Twelve-Month Period Ended June 30, 2015

	Legacy Plan	Horizon Plan	Total
1a. Market Value of Assets reported for 6/30/2014 Valuation (net of payables)	\$ 327,092,089	\$ -	\$ 327,092,089
2. Payables as of 6/30/2014	\$ 3,169,916	\$ -	\$ 3,169,916
3. Market Value of assets reported as of 6/30/2014 = 1. + 2.	\$ 330,262,005	\$ -	\$ 330,262,005
4. Changes during year			
a. Additions			
(1) Contract Payments (net of refunds)	\$ 4,948,967	\$ 7,853,309	\$ 12,802,276
(2) Administrative Fees	702,210	97,329	799,539
Total Additions = (1) + (2)	\$ 5,651,177	\$ 7,950,638	\$ 13,601,815
b. Deductions			
(1) Tuition Payments	\$ 25,493,646	\$ -	\$ 25,493,646
(2) Administrative Expenses	1,279,807	277,430	1,557,237
Total Deductions = (1) + (2)	\$ 26,773,453	\$ 277,430	\$ 27,050,883
c. Investment Income	\$ 6,113,511	\$ 187,616	\$ 6,301,127
Net increases (decreases) during year = a - b + c	\$ (15,008,765)	\$ 7,860,824	\$ (7,147,941)
5. Payables as of 6/30/2015	\$ 966,665	\$ 67,269	\$ 1,033,934
6. Net Total MPACT Market Value of Assets at end of year = 3 + 4 - 5	\$ 314,286,575	\$ 7,793,555	\$ 322,080,130

DEVELOPMENT OF HORIZON PLAN ACTUARIAL VALUE OF ASSETS

Year Ended June 30	2015	2016	2017
A. Total MPACT Actuarial Value of Assets Beginning of Year <i>(2014 Market Value of Assets Net of Payables for the 2015 valuation)</i>	\$ 327,092,089		
B. Total MPACT Market Value End of Year	\$ 322,080,130		
C. Total MPACT Market Value Beginning of Year	\$ 327,092,089		
D. Total MPACT Non-Investment Cash Flow			
D1. Revenue (Contract payments, net of refunds, admin fees, etc.)	13,601,815		
D2. Expenses (Tuition, Admin Expenses, etc.)	<u>(26,643,528)</u>		
D3. Change in Accounts Payable			
D4. Total Net Cash Flow: D1+D2+D3	\$ (13,041,713)		
E. Total MPACT Investment Return			
E1. Market Total: B-C-D4	\$ 8,029,754		
E2. Assumed Rate of Return (prior valuation assumed rate of return)	7.00%		
E3. Assumed Amount of Return	22,439,986		
E4. Amount Subject to Phase-In: E1-E3	\$ (14,410,232)		
F. Total MPACT Phased-In Recognition of Investment Return			
F1. Current Year: E4 / 3	\$ (4,803,411)		
F2. First Prior Year	-	\$ (4,803,411)	
F3. Second Prior Year	-	-	\$ (4,803,410)
F4. Total Phase-Ins	<u>\$ (4,803,411)</u>	<u>\$ (4,803,411)</u>	<u>\$ (4,803,410)</u>
G. Total MPACT Actuarial Value of Assets End of Year			
G1. Preliminary Actuarial Value End of Year: A+D3+E3+F4	\$ 331,686,951		
G2. Upper Corridor Limit: 120% x B	386,496,156		
G3. Lower Corridor Limit: 80% x B	257,664,104		
G4. Total MPACT Actuarial Value of Assets End of Year	\$ 331,686,951		
H. Difference Between Market and Actuarial Value	(9,606,821)	(4,803,410)	-
I. Recognized Rate of Return	5.50 %		
J. Market Rate of Return	2.50 %		
K. Ratio of Actuarial Value to Market Value	103 %		
<hr/>			
L. Horizon Plan Actuarial Value of Assets Beginning of Year <i>(2014 Market Value of Assets Net of Payables)</i>	\$ -		
M. Horizon Plan Non-Investment Net Cash Flow			
M1. Revenue (Contract payments, net of refunds, admin fees, etc.)	7,950,638		
M2. Expenses (Tuition, Admin Expenses, etc.)	(277,430)		
M3. Change in Accounts Payable	<u>(52,732)</u>		
M4. Total Net Cash Flow: M1+M2+M3	\$ 7,620,476		
N. Horizon Plan Phased-In Recognition of Investment Return: (L+ M4 / 2) * I	\$ 209,624		
O. Horizon Plan Actuarial Value of Assets End of Year: L+M4+N	\$ 7,830,100		
P. Reported Horizon Plan Market Value of Assets	\$ 7,793,554		

The Horizon Plan Market of Assets was \$0 as of June 30, 2014.

The Actuarial Value of Assets recognizes assumed investment return (line E3) fully each year. Differences between actual and assumed investment return (line E4) are phased-in over a closed 3-year period. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, Actuarial Value of Assets will tend to be greater than Market Value. If assumed rates are exactly realized for 2 consecutive years, Actuarial Value will become equal to Market Value.

SECTION E
PARTICIPANT DATA

**MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN
HORIZON PLAN
MEMBER MATRICULATION SUMMARY AS OF JUNE 30, 2015**

Projected Matriculation Year	Type of Contract						Total	
	2 + 2	4-Yr. Univ	2-Yr. Univ	1-Yr. Univ	2-Yr. Jr. Coll	1-Yr. Jr. Col		
2015	-	19	1	5	1	-	26	4.9%
2016	1	7	1	-	1	-	10	1.9%
2017	2	4	2	3	-	-	11	2.1%
2018	-	3	1	-	1	1	6	1.1%
2019	3	9	1	1	1	-	15	2.8%
2020	3	3	1	-	1	-	8	1.5%
2021	2	8	1	-	3	-	14	2.6%
2022	1	5	1	-	-	-	7	1.3%
2023	5	10	3	-	3	-	21	4.0%
2024	5	6	1	-	-	1	13	2.5%
2025	4	8	4	2	1	-	19	3.6%
2026	6	9	2	2	3	-	22	4.2%
2027	5	13	5	-	-	-	23	4.3%
2028	7	15	4	-	-	-	26	4.9%
2029	5	18	7	1	2	1	34	6.4%
2030	6	26	9	3	3	1	48	9.1%
2031	13	56	4	2	5	3	83	15.7%
2032	32	84	10	7	10	1	144	27.1%
Total	100	303	58	26	35	8	530	
	18.9%	57.2%	10.9%	4.9%	6.6%	1.5%	100.0%	

**MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN
HORIZON PLAN
MEMBER PAYMENT OPTION SUMMARY AS OF JUNE 30, 2015**

Contract Payment Type	Type of Contract						Total	
	2 + 2	4-Yr. Univ	2-Yr. Univ	1-Yr. Univ	2-Yr. Jr. Coll	1-Yr. Jr. Col		
Lump Sum	49	131	25	19	13	5	242	45.6%
5-Year Monthly	6	19	1	1	8	-	35	6.6%
8-Year Monthly	3	15	3	-	1	-	22	4.2%
10-Year Monthly	7	19	3	1	4	-	34	6.4%
12-Year Monthly	15	34	7	-	3	3	62	11.7%
Monthly Extended	14	43	11	5	5	-	78	14.7%
3-Year Annually	3	14	3	-	1	-	21	4.0%
5-Year Annually	3	28	5	-	-	-	36	6.8%
Total	100	303	58	26	35	8	530	
	18.9%	57.2%	10.9%	4.9%	6.6%	1.5%	100.0%	

SECTION F
METHODS & ASSUMPTIONS

**MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN
HORIZON PLAN
VALUATION METHODS AND ASSUMPTIONS**

Assumed Rate of Return:

	Gross Gross	Net Gross*	Net Net
Current Assumptions	7.25%	6.75%	6.25% @

* *Discount rate actually used in valuation calculation.*

@ *Approximate return net of investment and administrative expenses. Not directly used in valuation.*

Assumed Rate of Tuition Increases:

4-Year Universities – 6.25%

2-Year Community Colleges – 5.75%

Utilization of Credits*: Members who have matriculated or are expected to matriculate on or after the valuation date are expected to utilize 25.6 credits per year at the University level and 23.8 credits per year at the Community College level until they have exhausted all credits. 75% of remaining members who were expected to matriculate prior to the valuation date but have not, are assumed to matriculate in each of the next 3 years with all remaining matriculating in the fourth year after the valuation date.

* *Liabilities are modeled assuming two payments per year (one in mid-September, one in mid-February) for beneficiaries who have matriculated.*

Refunds: 80% of members who are past their expected matriculation and have utilized zero credits or have not utilized credits during both the past Fall and Spring semesters are assumed to refund their remaining balances on their 10th anniversary of their original expected matriculation. If the 10th anniversary has already occurred, these members are assumed to refund on the valuation date.

Election of Program Changes: None.

Election of Change of Beneficiary: None.

Liability Adjustments for Administrative Expenses: A 5% load is added to all expected future tuition payments to adjust for administrative expenses experienced by the Plan.

Contract Terms: No changes in contract terms are assumed once initiated.

Pricing Methodology: Based on Weighted Average Tuition (WAT) rate increased to assumed year of payment, based on tuition rate increase assumption and discounted to payment date based on net investment return assumption.

Weighted Average Tuition (WAT) for the year as of June 30, 2015:

4-Year Universities – \$7,092

2-Year Community Colleges – \$2,612

Bias Load: Liabilities are increased by 2.0% to account for the 2.6% bias (this is approximately equal to 75% x 2.6%) for future costs for attendance at 4-year colleges.

SECTION G

PROJECTION RESULTS

MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN
HORIZON PLAN
PROJECTION BASED ON JUNE 30, 2015 VALUATION RESULTS

Input	
Valuation	
Assumed Rate of Investment Return	6.75%
Geometric Average of Actual Rates of Investment Returns	6.75%
Annual Cash Contribution from State or Other Outside Source	\$ -

Estimated Valuation Results	
Present Value of Future Tuition and Fees	\$ 13,961,773
Present Value of Future Contract Payments	\$ 8,311,265
June 30, 2015 Assets	\$ 7,830,100
Unfunded Liability / (Margin)	\$ (2,179,592)
Funded Status	115.61%
Year Insolvent	Never

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Colleges/CC	Actuarial Value of Assets at BOY	Projected Tuition Payments (BOY)*	Administrative Expenses Plus Cash Contributions	Projected Contract Payments (BOY)
2016	6.75%	n/a	n/a	\$ 7,830,100	\$ 178,549	\$ 8,927	\$ 2,247,920
2017	6.75%	6.25%	5.75%	10,501,062	226,043	11,302	1,283,239
2018	6.75%	6.25%	5.75%	12,269,282	302,877	15,144	1,159,541
2019	6.75%	6.25%	5.75%	13,995,781	333,207	16,660	1,093,274
2020	6.75%	6.25%	5.75%	15,734,084	427,514	21,376	836,035
2021	6.75%	6.25%	5.75%	17,209,411	322,248	16,112	621,029
2022	6.75%	6.25%	5.75%	18,672,795	368,091	18,405	619,292
2023	6.75%	6.25%	5.75%	20,181,719	402,788	20,139	573,186
2024	6.75%	6.25%	5.75%	21,704,387	564,712	28,236	481,306
2025	6.75%	6.25%	5.75%	23,050,255	566,623	28,331	446,034
2026	6.75%	6.25%	5.75%	24,447,176	708,895	35,445	352,191
2027	6.75%	6.25%	5.75%	25,678,740	828,836	41,442	294,858
2028	6.75%	6.25%	5.75%	26,797,795	1,043,969	52,198	129,457
2029	6.75%	6.25%	5.75%	27,574,683	1,206,560	60,328	115,004
2030	6.75%	6.25%	5.75%	28,206,338	1,558,356	77,918	108,681
2031	6.75%	6.25%	5.75%	28,479,560	2,139,984	106,999	93,387
2032	6.75%	6.25%	5.75%	28,102,966	3,179,090	158,954	64,555
2033	6.75%	6.25%	5.75%	26,505,467	5,129,364	256,468	6,171
2034	6.75%	6.25%	5.75%	22,551,797	4,819,301	240,965	-
2035	6.75%	6.25%	5.75%	18,672,210	4,665,206	233,260	-
2036	6.75%	6.25%	5.75%	14,703,472	4,207,324	210,366	-
2037	6.75%	6.25%	5.75%	10,980,071	2,646,208	132,310	-
2038	6.75%	6.25%	5.75%	8,755,158	18,057	903	-
2039	6.75%	6.25%	5.75%	9,325,891	-	-	-

* Includes estimated refund payments for contracts who are past the expected matriculation year and did not utilize credits within the past year.

MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN
HORIZON PLAN
PROJECTION BASED ON JUNE 30, 2015 TUITION INCREASES +100 BASIS POINTS

Input	
Valuation	
Assumed Rate of Investment Return	6.75%
Geometric Average of Actual Rates of Investment Returns	6.75%
Annual Cash Contribution from State or Other Outside Source	\$ -

Estimated Valuation Results		
Present Value of Future Tuition and Fees	\$	15,984,983
Present Value of Future Contract Payments	\$	8,311,265
June 30, 2015 Assets	\$	7,830,100
Unfunded Liability / (Margin)	\$	(156,382)
Funded Status		100.98%
Year Insolvent		Never

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Colleges/CC	Actuarial Value of Assets at BOY	Projected Tuition Payments (BOY)*	Administrative Expenses Plus Cash Contributions	Projected Contract Payments (BOY)
2016	6.75%	n/a	n/a	\$ 7,830,100	\$ 178,549	\$ 8,927	\$ 2,247,920
2017	6.75%	7.25%	6.75%	10,501,062	228,171	11,409	1,283,239
2018	6.75%	7.25%	6.75%	12,266,897	308,606	15,430	1,159,541
2019	6.75%	7.25%	6.75%	13,986,814	342,706	17,135	1,093,274
2020	6.75%	7.25%	6.75%	15,713,863	443,841	22,192	836,035
2021	6.75%	7.25%	6.75%	17,169,525	337,708	16,885	621,029
2022	6.75%	7.25%	6.75%	18,612,889	389,384	19,469	619,292
2023	6.75%	7.25%	6.75%	20,093,903	430,096	21,505	573,186
2024	6.75%	7.25%	6.75%	21,580,034	608,677	30,434	481,306
2025	6.75%	7.25%	6.75%	22,868,230	616,493	30,825	446,034
2026	6.75%	7.25%	6.75%	24,196,966	778,544	38,927	352,191
2027	6.75%	7.25%	6.75%	25,333,573	918,841	45,942	294,858
2028	6.75%	7.25%	6.75%	26,328,445	1,168,224	58,411	129,457
2029	6.75%	7.25%	6.75%	26,934,378	1,362,875	68,144	115,004
2030	6.75%	7.25%	6.75%	27,347,602	1,776,808	88,840	108,681
2031	6.75%	7.25%	6.75%	27,318,002	2,462,932	123,147	93,387
2032	6.75%	7.25%	6.75%	26,501,019	3,693,320	184,666	64,555
2033	6.75%	7.25%	6.75%	24,218,999	6,015,249	300,762	6,171
2034	6.75%	7.25%	6.75%	19,118,027	5,704,800	285,240	-
2035	6.75%	7.25%	6.75%	14,014,126	5,574,200	278,710	-
2036	6.75%	7.25%	6.75%	8,712,098	5,074,266	253,713	-
2037	6.75%	7.25%	6.75%	3,612,547	3,221,511	161,076	-
2038	6.75%	7.25%	6.75%	245,483	22,190	1,109	-
2039	6.75%	7.25%	6.75%	237,182	-	-	-

* Includes estimated refund payments for contracts who are past the expected matriculation year and did not utilize credits within the past year.

MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN HORIZON PLAN

PROJECTION BASED ON JUNE 30, 2015 TUITION INCREASES -100 BASIS POINTS

Input	
Valuation	
Assumed Rate of Investment Return	6.75%
Geometric Average of Actual Rates of Investment Returns	6.75%
Annual Cash Contribution from State or Other Outside Source	\$ -

Estimated Valuation Results	
Present Value of Future Tuition and Fees	\$ 12,212,130
Present Value of Future Contract Payments	\$ 8,311,265
June 30, 2015 Assets	\$ 7,830,100
Unfunded Liability / (Margin)	\$ (3,929,235)
Funded Status	132.17%
Year Insolvent	Never

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Junior Colleges/CC	Actuarial Value of Assets at BOY	Projected Tuition Payments (BOY)*	Administrative Expenses Plus Cash Contributions	Projected Contract Payments (BOY)
2016	6.75%	n/a	n/a	\$ 7,830,100	\$ 178,549	\$ 8,927	\$ 2,247,920
2017	6.75%	5.25%	4.75%	10,501,062	223,915	11,196	1,283,239
2018	6.75%	5.25%	4.75%	12,271,667	297,201	14,860	1,159,541
2019	6.75%	5.25%	4.75%	14,004,689	323,885	16,194	1,093,274
2020	6.75%	5.25%	4.75%	15,754,041	411,642	20,582	836,035
2021	6.75%	5.25%	4.75%	17,248,507	307,360	15,368	621,029
2022	6.75%	5.25%	4.75%	18,731,218	347,778	17,389	619,292
2023	6.75%	5.25%	4.75%	20,266,854	376,980	18,849	573,186
2024	6.75%	5.25%	4.75%	21,824,195	523,551	26,178	481,306
2025	6.75%	5.25%	4.75%	23,224,287	520,372	26,019	446,034
2026	6.75%	5.25%	4.75%	24,684,796	644,905	32,245	352,191
2027	6.75%	5.25%	4.75%	26,004,125	746,918	37,346	294,858
2028	6.75%	5.25%	4.75%	27,236,963	931,938	46,597	129,457
2029	6.75%	5.25%	4.75%	28,169,067	1,066,944	53,347	115,004
2030	6.75%	5.25%	4.75%	28,997,335	1,365,067	68,253	108,681
2031	6.75%	5.25%	4.75%	29,540,603	1,856,911	92,846	93,387
2032	6.75%	5.25%	4.75%	29,552,919	2,732,578	136,629	64,555
2033	6.75%	5.25%	4.75%	28,553,774	4,367,359	218,368	6,171
2034	6.75%	5.25%	4.75%	25,592,478	4,064,758	203,238	-
2035	6.75%	5.25%	4.75%	22,763,885	3,897,875	194,894	-
2036	6.75%	5.25%	4.75%	19,931,417	3,482,325	174,116	-
2037	6.75%	5.25%	4.75%	17,373,536	2,169,604	108,480	-
2038	6.75%	5.25%	4.75%	16,114,395	14,665	733	-
2039	6.75%	5.25%	4.75%	17,185,679	-	-	-

* Includes estimated refund payments for contracts who are past the expected matriculation year and did not utilize credits within the past year.

MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN
HORIZON PLAN
PROJECTION BASED ON JUNE 30, 2015 INVESTMENT RETURN +100 BASIS POINTS

Input	
Valuation	
Assumed Rate of Investment Return	7.75%
Geometric Average of Actual Rates of Investment Returns	7.75%
Annual Cash Contribution from State or Other Outside Source	\$ -

Estimated Valuation Results	
Present Value of Future Tuition and Fees	\$ 12,188,655
Present Value of Future Contract Payments	\$ 8,033,299
June 30, 2015 Assets	\$ 7,830,100
Unfunded Liability / (Margin)	\$ (3,674,744)
Funded Status	130.15%
Year Insolvent	Never

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Junior Colleges/CC	Actuarial Value of Assets at BOY	Projected Tuition Payments (BOY)*	Administrative Expenses Plus Cash Contributions	Projected Contract Payments (BOY)
2016	7.75%	n/a	n/a	\$ 7,830,100	\$ 177,862	\$ 8,893	\$ 2,237,464
2017	7.75%	6.25%	5.75%	10,589,479	225,189	11,259	1,277,270
2018	7.75%	6.25%	5.75%	12,474,556	301,720	15,086	1,154,147
2019	7.75%	6.25%	5.75%	14,343,570	331,940	16,597	1,088,189
2020	7.75%	6.25%	5.75%	16,252,172	425,919	21,296	832,146
2021	7.75%	6.25%	5.75%	17,926,478	321,040	16,052	618,141
2022	7.75%	6.25%	5.75%	19,618,611	366,677	18,334	616,412
2023	7.75%	6.25%	5.75%	21,388,387	401,238	20,062	570,520
2024	7.75%	6.25%	5.75%	23,206,771	562,569	28,128	479,068
2025	7.75%	6.25%	5.75%	24,885,014	564,456	28,223	443,960
2026	7.75%	6.25%	5.75%	26,653,358	706,200	35,310	350,553
2027	7.75%	6.25%	5.75%	28,297,737	825,644	41,282	293,487
2028	7.75%	6.25%	5.75%	29,872,930	1,040,018	52,001	128,855
2029	7.75%	6.25%	5.75%	31,150,272	1,201,923	60,096	114,469
2030	7.75%	6.25%	5.75%	32,327,933	1,552,414	77,621	108,175
2031	7.75%	6.25%	5.75%	33,193,545	2,131,783	106,589	92,952
2032	7.75%	6.25%	5.75%	33,454,355	3,167,010	158,350	64,255
2033	7.75%	6.25%	5.75%	32,533,226	5,109,823	255,491	6,142
2034	7.75%	6.25%	5.75%	29,280,043	4,800,844	240,042	-
2035	7.75%	6.25%	5.75%	26,117,692	4,647,189	232,359	-
2036	7.75%	6.25%	5.75%	22,884,099	4,191,477	209,574	-
2037	7.75%	6.25%	5.75%	19,915,485	2,636,580	131,829	-
2038	7.75%	6.25%	5.75%	18,475,974	18,022	901	-
2039	7.75%	6.25%	5.75%	19,887,473	-	-	-

* Includes estimated refund payments for contracts who are past the expected matriculation year and did not utilize credits within the past year.

MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN
HORIZON PLAN
PROJECTION BASED ON JUNE 30, 2015 INVESTMENT RETURN -100 BASIS POINTS

Input	
Valuation	
Assumed Rate of Investment Return	5.75%
Geometric Average of Actual Rates of Investment Returns	5.75%
Annual Cash Contribution from State or Other Outside Source	\$ -

Estimated Valuation Results		
Present Value of future tuition and fees	\$	16,056,416
Present Value of Future Contract Payments	\$	8,610,390
June 30, 2015 Assets	\$	7,830,100
Unfunded Liability / (Margin)	\$	(384,074)
Funded Status		102.39%
Year insolvent		Never

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Colleges/CC	Actuarial Value of Assets at BOY	Projected Tuition Payments (BOY)*	Administrative Expenses Plus Cash Contributions	Projected Contract Payments (BOY)
2016	5.75%	n/a	n/a	\$ 7,830,100	\$ 179,246	\$ 8,962	\$ 2,258,523
2017	5.75%	6.25%	5.75%	10,412,596	226,909	11,345	1,289,292
2018	5.75%	6.25%	5.75%	12,065,699	304,050	15,202	1,165,010
2019	5.75%	6.25%	5.75%	13,653,865	334,492	16,725	1,098,431
2020	5.75%	6.25%	5.75%	15,229,142	429,132	21,457	839,978
2021	5.75%	6.25%	5.75%	16,516,597	323,474	16,174	623,959
2022	5.75%	6.25%	5.75%	17,766,960	369,525	18,476	622,213
2023	5.75%	6.25%	5.75%	19,036,240	404,359	20,218	575,890
2024	5.75%	6.25%	5.75%	20,290,836	566,885	28,344	483,576
2025	5.75%	6.25%	5.75%	21,339,486	568,821	28,441	448,138
2026	5.75%	6.25%	5.75%	22,408,808	711,629	35,581	353,852
2027	5.75%	6.25%	5.75%	23,281,338	832,073	41,604	296,249
2028	5.75%	6.25%	5.75%	24,009,385	1,047,976	52,399	130,068
2029	5.75%	6.25%	5.75%	24,363,826	1,211,265	60,563	115,546
2030	5.75%	6.25%	5.75%	24,541,978	1,564,383	78,219	109,194
2031	5.75%	6.25%	5.75%	24,331,562	2,148,301	107,415	93,827
2032	5.75%	6.25%	5.75%	23,444,428	3,191,342	159,567	64,859
2033	5.75%	6.25%	5.75%	21,317,486	5,149,185	257,459	6,200
2034	5.75%	6.25%	5.75%	16,832,272	4,838,022	241,901	-
2035	5.75%	6.25%	5.75%	12,428,109	4,683,481	234,174	-
2036	5.75%	6.25%	5.75%	7,942,305	4,223,398	211,170	-
2037	5.75%	6.25%	5.75%	3,709,432	2,655,972	132,799	-
2038	5.75%	6.25%	5.75%	973,600	18,092	905	-
2039	5.75%	6.25%	5.75%	1,009,492	-	-	-

* Includes estimated refund payments for contracts who are past the expected matriculation year and did not utilize credits within the past year.

**MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN
HORIZON PLAN**

**PROJECTION BASED ON JUNE 30, 2015 TUITION INCREASES +100 BASIS POINTS & INVESTMENT
RETURN -100 BASIS POINTS**

Input	
Valuation	
Assumed Rate of Investment Return	5.75%
Geometric Average of Actual Rates of Investment Returns	5.75%
Annual Cash Contribution from State or Other Outside Source	\$ -

Estimated Valuation Results	
Present Value of future tuition and fees	\$ 18,430,082
Present Value of Future Contract Payments	\$ 8,610,390
June 30, 2015 Assets	\$ 7,830,100
Unfunded Liability / (Margin)	\$ 1,989,592
Funded Status	89.20%
Year insolvent	2036

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Junior Colleges/CC	Actuarial Value of Assets at BOY	Projected Tuition Payments (BOY)*	Administrative Expenses Plus Cash Contributions	Projected Contract Payments (BOY)
2016	5.75%	n/a	n/a	\$ 7,830,100	\$ 179,246	\$ 8,962	\$ 2,258,523
2017	5.75%	7.25%	6.75%	10,412,596	229,045	11,452	1,289,292
2018	5.75%	7.25%	6.75%	12,063,327	309,801	15,490	1,165,010
2019	5.75%	7.25%	6.75%	13,644,971	344,028	17,201	1,098,431
2020	5.75%	7.25%	6.75%	15,209,148	445,521	22,276	839,978
2021	5.75%	7.25%	6.75%	16,477,255	338,992	16,950	623,959
2022	5.75%	7.25%	6.75%	17,708,126	390,901	19,545	622,213
2023	5.75%	7.25%	6.75%	18,950,287	431,774	21,589	575,890
2024	5.75%	7.25%	6.75%	20,169,501	611,019	30,551	483,576
2025	5.75%	7.25%	6.75%	21,162,169	618,885	30,944	448,138
2026	5.75%	7.25%	6.75%	22,165,706	781,547	39,077	353,852
2027	5.75%	7.25%	6.75%	22,946,623	922,429	46,121	296,249
2028	5.75%	7.25%	6.75%	23,555,094	1,172,708	58,635	130,068
2029	5.75%	7.25%	6.75%	23,744,914	1,368,189	68,409	115,546
2030	5.75%	7.25%	6.75%	23,713,234	1,783,680	89,184	109,194
2031	5.75%	7.25%	6.75%	23,211,663	2,472,505	123,625	93,827
2032	5.75%	7.25%	6.75%	21,900,149	3,707,554	185,378	64,859
2033	5.75%	7.25%	6.75%	19,111,220	6,038,493	301,925	6,200
2034	5.75%	7.25%	6.75%	13,511,680	5,726,960	286,348	-
2035	5.75%	7.25%	6.75%	7,929,528	5,596,036	279,802	-
2036	5.75%	7.25%	6.75%	2,171,778	5,093,652	254,683	-
2037	5.75%	7.25%	6.75%	(3,359,208)	3,233,398	161,670	-
2038	5.75%	7.25%	6.75%	(7,142,647)	22,233	1,112	-
2039	5.75%	7.25%	6.75%	(7,578,036)	-	-	-

* Includes estimated refund payments for contracts who are past the expected matriculation year and did not utilize credits within the past year.

MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN
HORIZON PLAN
PROJECTION BASED ON JUNE 30, 2015 TUITION INCREASES -100 BASIS POINTS & INVESTMENT
RETURN +100 BASIS POINTS

Input	
Valuation	
Assumed Rate of Investment Return	7.75%
Geometric Average of Actual Rates of Investment Returns	7.75%
Annual Cash Contribution from State or Other Outside Source	\$ -

Estimated Valuation Results	
Present Value of Future Tuition and Fees	\$ 10,691,365
Present Value of Future Contract Payments	\$ 8,033,299
June 30, 2015 Assets	\$ 7,830,100
Unfunded Liability / (Margin)	\$ (5,172,034)
Funded Status	148.38%
Year Insolvent	Never

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Junior Colleges/CC	Actuarial Value of Assets at BOY	Projected Tuition Payments (BOY)*	Administrative Expenses Plus Cash Contributions	Projected Contract Payments (BOY)
2016	7.75%	n/a	n/a	\$ 7,830,100	\$ 177,862	\$ 8,893	\$ 2,237,464
2017	7.75%	5.25%	4.75%	10,589,479	223,069	11,153	1,277,270
2018	7.75%	5.25%	4.75%	12,476,954	296,066	14,803	1,154,147
2019	7.75%	5.25%	4.75%	14,352,550	322,653	16,133	1,088,189
2020	7.75%	5.25%	4.75%	16,272,355	410,106	20,505	832,146
2021	7.75%	5.25%	4.75%	17,966,117	306,208	15,310	618,141
2022	7.75%	5.25%	4.75%	19,678,102	346,442	17,322	616,412
2023	7.75%	5.25%	4.75%	21,475,382	375,530	18,776	570,520
2024	7.75%	5.25%	4.75%	23,329,595	521,565	26,078	479,068
2025	7.75%	5.25%	4.75%	25,063,748	518,381	25,919	443,960
2026	7.75%	5.25%	4.75%	26,898,071	642,453	32,123	350,553
2027	7.75%	5.25%	4.75%	28,633,537	744,042	37,202	293,487
2028	7.75%	5.25%	4.75%	30,327,076	928,411	46,421	128,855
2029	7.75%	5.25%	4.75%	31,765,885	1,062,843	53,142	114,469
2030	7.75%	5.25%	4.75%	33,148,608	1,359,862	67,993	108,175
2031	7.75%	5.25%	4.75%	34,295,670	1,849,796	92,490	92,952
2032	7.75%	5.25%	4.75%	34,960,928	2,722,195	136,110	64,255
2033	7.75%	5.25%	4.75%	34,659,811	4,350,721	217,536	6,142
2034	7.75%	5.25%	4.75%	32,430,268	4,049,191	202,460	-
2035	7.75%	5.25%	4.75%	30,362,461	3,882,821	194,141	-
2036	7.75%	5.25%	4.75%	28,322,625	3,469,208	173,460	-
2037	7.75%	5.25%	4.75%	26,592,652	2,161,710	108,085	-
2038	7.75%	5.25%	4.75%	26,207,878	14,637	732	-
2039	7.75%	5.25%	4.75%	28,222,429	-	-	-

* Includes estimated refund payments for contracts who are past the expected matriculation year and did not utilize credits within the past year.

SECTION H
FUNDING POLICY



Mississippi Prepaid Affordable College Tuition Program Funding Policy

Introduction

The purpose of this Funding Policy is to record the funding objectives and policy set by the Board of Trustees (Board) for the Mississippi Prepaid Affordable College Tuition Program (MPACT). The Board establishes this Funding Policy to:

- 1) ensure that the trust will have sufficient funds to pay benefits when due;
- 2) provide guidance with establishing risk reserves for pricing of future contracts;
- 3) provide the Board with established guidelines for requesting funds from the State under the full faith and credit backing of the State of Mississippi for benefits associated with Legacy contracts.

In 2012, the College Savings Plans of Mississippi Board chose to close the Program to new participants, pending a review of methods and assumptions used to price contracts and perform actuarial valuations. After a completion of this review, the Board in 2013/2014 decided to re-open the program to new participants under new terms and using updated methods and assumptions. New contracts are to start selling effective with the 2014/2015 academic year. The program will be bifurcated in the following manner:

- 1) The program in place when MPACT was closed in 2013, including all contracts sold prior to that time and all benefits/liabilities associated with such contracts, will be referred to as the Legacy MPACT Program (or Legacy);
- 2) The new program, including all contracts sold after the program is re-opened and all benefits/liabilities associated with such contracts will be referred to as the Horizon MPACT Program (or Horizon);
- 3) Pricing for the Horizon program will be determined in a manner that all benefits promised to contract holders will be included in the determination of the pricing of such contracts;
- 4) Pricing for the Horizon program will include a surcharge for risk reserving associated with Horizon contracts;
- 5) Pricing of Horizon contracts will not include a surcharge for paying off the Legacy unfunded liabilities.

Funding Goals

1. The unfunded liability attributable to existing contracts (Legacy) will not be paid by future contract purchases (Horizon); and
2. The pricing of future contracts (Horizon) will be reflective of future expected costs for each participant purchasing a new contract with a reserve for adverse experience.

Funding Target

1. **Legacy**
 - a. The Board has established a funding target of 100% for the Legacy program.
2. **Horizon**
 - a. The Board has established a funding target of 115% for the Horizon program.



Board Actions if Target is Not Met

1. Legacy

- a. In any year that the funded status falls below the funding target (100%), the MPACT Board will request 10% of the unfunded amount as a special appropriation from the legislature; and/or
- b. If the program is projected to be insolvent in less than 5 years, the Board will increase the appropriation request to 20%.

2. Horizon

- a. In any year that the funded target is not met, but is within 200 basis points, then the explicit risk premium for new contracts will be 3% for 4-year institutions and 0% for 2-year institutions.
- b. If the funded target is not met by at least 200 basis points but less than 500 basis points, then the explicit risk premium for new contracts will be increased to 5% for 4-year institutions and 2% for 2-year institutions.
- c. If the funded target is not met by at least 500 basis points, then the explicit risk premium for new contracts will be increased to 10% for 4-year institutions and 7% for 2-year institutions.

3. Full Faith and Credit

- a. Both Legacy and Horizon Programs are backed by Full Faith and Credit of the state of Mississippi. It is the responsibility of the Mississippi Legislature to address funding shortfalls existing in either program.

Board Actions if Target is Exceeded

1. Legacy

- a. In any year that the funded status exceeds the target by 1,500 basis points (in excess of 115% funded), a portion of previous state contributions will be returned to the General Fund. The portion returned will not exceed the amounts contributed and will be further limited so that the funded status does not fall below 115%.

2. Horizon

- a. In any year that the funded target is exceeded by less than 200 basis points, then the explicit risk premium for new contracts will be 3% for 4-year institutions and 0% for 2-year institutions.
- b. If the funded target is exceeded by at least 200 basis points but less than 500 basis points, then the explicit risk premium for new contracts will be set to 1% for 4-year institutions. The implicit premium for 2-year institutions will be reviewed and may be lowered.
- c. If the funded target is exceeded by at least 500 basis points, then the explicit risk premium for new contracts will be set to 0% for 4-year institutions. The implicit premium for 2-year institutions will be reviewed and may be lowered.
- d. If the funded target is exceeded by at least 1,000 basis points, then the implicit risk premium (if any) will be reviewed and possibly lowered for both 4-year and 2-year institutions.

Board Review of Funding Policy

The Board will informally review this policy annually. The Board will formally review this policy every two years until 2020 and every five years, thereafter.



Measurement of Funding Target

The Board will measure the funding target in an annual valuation. The target will be the funding status, determined as follows:

The funded status will be a fraction, whose numerator is the actuarial value of assets plus the present value of future contract payments for contracts already sold as of the valuation date;

The denominator will be the present value of future expected benefit payments and expenses.

Present values and expected payments will be based on the actuarial assumptions adopted by the Board for purposes of the annual actuarial valuation.

For this purpose, the actuarial value of assets will be a market related value that recognizes investment return above or below the assumed investment return over a 3-year period. In no event will the actuarial value of assets be less than 80% of market or more than 120% of market.

Glossary

1. **Actuarial Liability (AL):** The actuarial present value of future expected plan benefits and expenses.
2. **Actuarial Assumptions:** Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.
3. **Actuarial Value of Assets:** The value of current plan assets recognized for valuation purposes (generally based on a phased-in recognition of all or a portion of market related investment return) plus the present value of future contract payments for contract already initiated as of the valuation date. Sometimes referred to as Funding Value of Assets.
4. **Market Value of Assets:** The fair value of plan assets as reported in the plan's audited financial statements.
5. **Unfunded Actuarial Liability (UAL):** The positive difference, if any, between the actuarial liability and valuation assets. Sometimes referred to as "unfunded accrued liability."