

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

February 16, 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 Legacy Plan Actuarial Valuation as of June 30, 2015

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 Legacy Plan as of June 30, 2015. The liabilities and assets of the Program’s Horizon 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 (this closed plan) will be accounted for separately from the Horizon Plan (the 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:

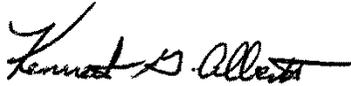
- (1) Assets meet or exceed liabilities on the valuation date; or
- (2) Assets are expected to meet or exceed liabilities at a future date based on the measurements on the valuation date and the expected future revenue based on the Program’s funding policy.

The Legacy Plan has a deficit of \$128 Million as of June 30, 2015. This deficit is expected to grow at the assumed rate of return of 6.75% per year. The Legacy Plan is projected to be insolvent by 2025 if all assumptions are met.

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
LEGACY PLAN
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SECTION A
EXECUTIVE SUMMARY

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

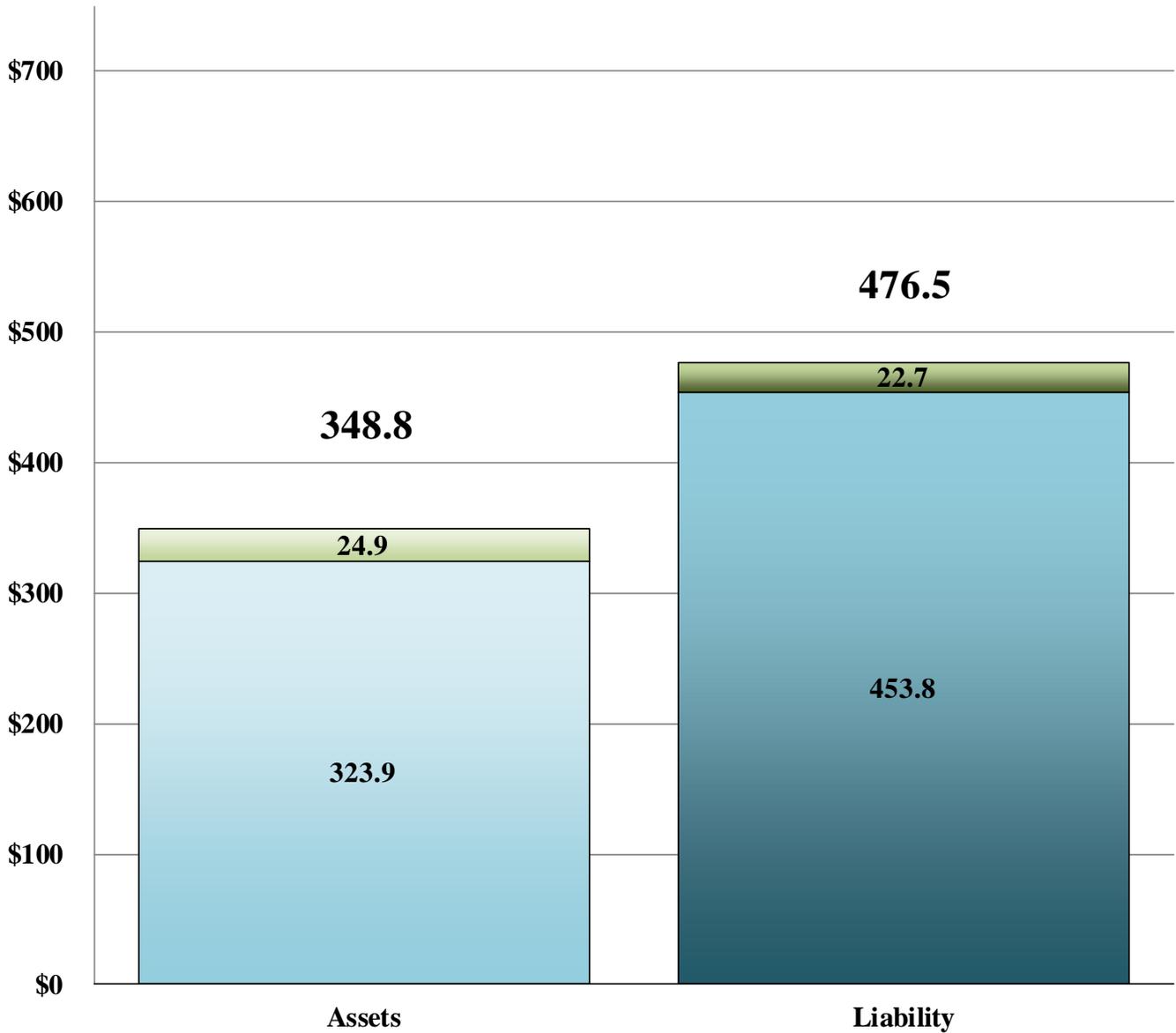
Principal Valuation Results

Valuation Date:	June 30, 2015	June 30, 2014
Membership Summary:		
Accounts		
Not yet Matriculating	13,842	15,144
Matriculated or Termination in Progress	5,308	5,059
Total	19,150	20,203
Average Years until Expected Enrollment if not yet in Payment Status	5.1	5.6
Assets		
· Actuarial Value of Assets (AVA)	\$ 323,856,851	\$ 327,092,089
· Present Value of Future Contract Payments	\$ 24,905,059	\$ 31,174,690
Total	\$ 348,761,910	\$ 358,266,779
· Return on AVA for Year Ended June 30, 2015	5.50%	18.34%
· Return on Market Value of Assets for Year Ended June 30, 2015	2.50%	18.34%
Actuarial Liabilities (Present Value of Future Tuition Payments, Refunds, Fees, and Administrative Expenses)	\$ 476,528,201	\$ 488,063,349
Margin/(Deficit)	\$ (127,766,291)	\$ (129,796,570)
Funded Ratio #	73.2%	73.4%

Based on the Board's funding target of 100%, this plan is not currently meeting the Board's funding target and is not expected to meet the target in the future without substantial experience gains or future infusions of cash.

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

	June 30, 2015	June 30, 2014
Actuarial Present Value of Future Tuition Payments, Fees and Expenses	\$ 476,528,201	\$ 488,063,349
Actuarial Value of Assets (Including the Present Value of Installment Contract Receivables)	\$ 348,761,910	\$ 358,266,779
Margin/(Deficit)	\$(127,766,291)	\$(129,796,570)

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

	Margin/(Deficit)
(1) Values as of June 30, 2014	\$ (129,796,570)
(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	\$ (9,085,759)
(5) New Enrollments (Actual) #	\$ -
(6) Projected Values as of June 30, 2015 [(1) + (2) + (3) + (4) + (5)]	\$ (138,882,329)
(7) Change Due to:	
a. Investment Experience	\$ (4,746,319)
b. Tuition/Fee Inflation	10,498,675
c. Change in Plan Assumptions	(343,025)
d. Other Plan Experience During Fiscal Year 2015	5,706,707
(8) Total [(7)a + (7)b + (7)c + (7)d]	\$ 11,116,038
(9) Actual Values as of June 30, 2015 [(6) + (8)]	\$ (127,766,291)

* Discounted to beginning of prior year.

The Legacy Plan is closed to new enrollments.

MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN

LEGACY 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; and
- Analyze the factors which caused the deficit/margin to change since the prior actuarial valuation.

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 \$476.5 million. Legacy Plan assets as of June 30, 2015, including the Actuarial Value of Plan Assets and the present value of installment contract receivables, are \$348.8 million.

The difference between the Actuarial Value of Assets of \$348.8 million and Legacy Plan obligations of \$476.5 million represents a Plan deficit of \$127.7 million. The comparable plan deficit as of the last actuarial valuation as of June 30, 2014, was \$129.8 million. The Legacy Plan is 73.2% funded. On a Market Value basis, the Legacy Plan is 71.2% funded. The funded status is not appropriate for measuring the settlement cost of the Plan. A funded status less than 100% is an indication that additional contributions will be needed in the Plan to satisfy all the Plan liabilities, even if all assumptions are met.

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.

The Legacy Plan’s deficit is expected to grow at the assumed rate of return of 6.75% per year. The Legacy Plan is projected to be insolvent by 2025 if all assumptions are met.

MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN

LEGACY PLAN

DISCUSSION (CONTINUED)

Gain/(Loss) Analysis

The Legacy 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);
- Less credit utilization occurred than expected; and
- Data/Records cleanup.

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. These new assumptions were adopted by the Board in August 2015 and resulted in an increase in the funding deficit by approximately \$343,000.

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 Legacy Plan provisions since the last actuarial valuation as of June 30, 2014.

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 an on-going open plan for both tiers. The funded status of the Legacy Plan, as of June 30, 2015 is 73.2%. The Funded Status of the Horizon 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.

MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN
LEGACY PLAN
DISCUSSION (CONTINUED)

Future Outlook (continued)

As this plan contracts in size, the funded status is expected to decline in the absence of future experience gains, since tuition payments are made at 100% of the amount due and the funded status is currently less than 100%.

Data Cleanup

The data/records cleanup mentioned on the previous page resulted in a significant experience gain during the year. As we understand the process, staff went through all the participant information and issued refunds on cancellations for participants that were no longer using benefits (due to graduation, expiration, or delinquencies). Over 1,000 member records were removed when compared to data submitted for the prior valuation. The total experience gain for “other” activity (see page A-3) was approximately \$5.7 million. Approximately 380 of the records removed (of the 1,000+) accounted for approximately \$4.5 million of that gain.

SECTION B
PLAN DESCRIPTION

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

Legacy Plan (contract purchased prior to 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**
 - 5-Year University (160 University Level Credit Hours)
 - 4-Year University (128 University Level Credit Hours)
 - 3-Year University (96 University Level Credit Hours)
 - 2-Year University (64 University Level Credit Hours)
 - 1-Year University (32 University Level Credit Hours)

- **Community College Plan**
 - 2-Year Community College (64 Community College Credit Hours)
 - 1-Year Community College (32 Community College Credit Hours)

- **University and Community College Plan**
 - 1-Year Community College & 4-Year Univ. (32 Community College and 128 Univ. Credit Hours)
 - 2-Year Community College & 3-Year Univ. (64 Community College and 96 Univ. Credit Hours)
 - 1-Year Community College & 3-Year Univ. (32 Community College and 96 Univ. Credit Hours)
 - 2-Year Community College & 2-Year Univ. (64 Community College and 64 Univ. Credit Hours)
 - 1-Year Community College & 1-Year Univ. (32 Community College and 32 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)
- 1-Year Monthly Payments* (12 monthly payments after purchase of contract)
- 2-Year Monthly Payments* (24 monthly payments after purchase of contract)
- 3-Year Monthly Payments* (36 monthly payments after purchase of contract)
- 5-Year Monthly Payments* (60 monthly payments after purchase of contract)
- 6-Year Monthly Payments* (72 monthly payments after purchase of contract)
- 9-Year Monthly Payments* (108 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 \$10,000 made at the time of enrollment to the Plan.*

**MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN
LEGACY PLAN
SUMMARY OF PLAN DESCRIPTION EVALUATED JUNE 30, 2015
(CONCLUDED)**

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
LEGACY PLAN
PRINCIPAL VALUATION RESULTS AS OF JUNE 30, 2015**

	<u>2015</u>	<u>2014</u>
1. Number of Members		
a. Not yet Matriculated	13,842	15,144
b. Matriculated or Termination in Progress	<u>5,308</u>	<u>5,059</u>
c. Total	19,150	20,203
 Average Years until Enrollment if Not Yet Matriculating	 5.1	 5.6
2. Assets		
a. Actuarial Value of Assets (in Trust) *	\$ 323,856,851	\$ 327,092,089
b. PV Future Member Contributions	<u>24,905,059</u>	<u>31,174,690</u>
c. Total Actuarial Value of Assets *	\$ 348,761,910	\$ 358,266,779
3. Actuarial Results		
Liabilities - Tuition and Fees	\$ 453,836,382	\$ 464,822,237
Liabilities - Present Value of Future Administrative Expenses	\$ 22,691,819	\$ 23,241,112
Liabilities Total	\$ 476,528,201	\$ 488,063,349
Margin/(Deficit)	\$ (127,766,291)	\$ (129,796,570)
Funded Ratio	73.2%	73.4%

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

	<u>2015</u>	<u>2014</u>
1. Assets		
a. Actuarial Value of Assets (in Trust)	\$ 323,856,851	\$ 327,092,089
b. PVFMC* (Short-Term) ^a	5,453,049	6,855,851
c. PVFMC* (Long-Term) ^b	19,452,010	24,318,839
d. Total Actuarial Value of Assets	<u>\$ 348,761,910</u>	<u>\$ 358,266,779</u>
2. Actuarial Present Value of Tuition, Refunds, Fees and Admin Expenses		
a. Short-Term ^a	\$ 31,468,608	\$ 28,896,229
b. Long-Term ^b	445,059,593	459,167,120
c. Total	<u>\$ 476,528,201</u>	<u>\$ 488,063,349</u>
Margin/(Deficit)	\$ (127,766,291)	\$ (129,796,570)
Funded Ratio	73.2%	73.4%

* 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
LEGACY 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	\$ 488,063,349	\$ 31,174,690	\$ 327,092,089	\$ (129,796,570)
(2.) Expected Contract Payments (Excluding New Enrollments)*	\$ -	\$ (6,855,851)	\$ 6,855,851	\$ -
(3.) Expected Tuition Payments, Refunds, and Administrative Fees*	\$ (28,896,229)	\$ -	\$ (28,896,229)	\$ -
(4.) Interest on (1), (2), and (3) at Assumed Rate from Previous Valuation	\$ 32,141,698	\$ 1,702,319	\$ 21,353,620	\$ (9,085,759)
(5.) New Enrollments (Actual) #	\$ -	\$ -	\$ -	\$ -
(6.) Projected Values as of June 30, 2015 [(1) + (2) + (3) + (4) + (5)]	\$ 491,308,818	\$ 26,021,158	\$ 326,405,331	\$ (138,882,329)
(7.) Change Due to:				
a. Investment Experience	\$ -	\$ -	\$ (4,746,319)	\$ (4,746,319)
b. Tuition/Fee Inflation	(10,498,675)	-	-	10,498,675
c. Change in Plan Assumptions	540,432	197,407	-	(343,025)
d. Other Plan Experience During Fiscal Year 2015	(4,822,374)	(1,313,506)	2,197,839	5,706,707
(8.) Total [(7)a + (7)b + (7)c + (7)d]	\$ (14,780,617)	\$ (1,116,099)	\$ (2,548,480)	\$ 11,116,038
(9.) Actual Values as of June 30, 2015 [(6) + (8)]	\$ 476,528,201	\$ 24,905,059	\$ 323,856,851	\$ (127,766,291)

* Discounted to beginning of prior year

The Legacy Plan is closed to new enrollments.

MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN
LEGACY 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.
8. Cash Infusion Projection.

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
LEGACY 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	Cash Infusion Projection G-8 #
Assumed Investment Return	6.75%	6.75%	6.75%	7.75%	5.75%	5.75%	7.75%	6.75%
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%	6.25%/5.75%
1 Assets								
a. Actuarial Value of Assets (in Trust)	\$323.9	\$323.9	\$323.9	\$323.9	\$323.9	\$323.9	\$323.9	\$323.9
b. PV Future Member Contributions	24.9	24.9	24.9	24.1	25.7	25.7	24.1	25.0
c. Total Actuarial Value of Assets	\$348.8	\$348.8	\$348.8	\$348.0	\$349.6	\$349.6	\$348.0	\$348.9
2 Actuarial Results								
Liabilities - Tuition and Fees	\$453.8	\$482.7	\$427.2	\$425.5	\$485.2	\$517.0	\$401.3	\$304.6 *
Liabilities - PV of Future Admin. Expenses	22.7	24.1	21.4	21.3	24.3	25.9	20.1	22.7
Liabilities Total	\$476.5	\$506.8	\$448.6	\$446.8	\$509.5	\$542.9	\$421.4	\$327.3
Margin/(Deficit)	\$(127.7)	\$(158.0)	\$(99.8)	\$(98.8)	\$(159.9)	\$(193.3)	\$(73.4)	\$21.6
Funded Ratio	73.2%	68.8%	77.8%	77.9%	68.6%	64.4%	82.6%	106.6%
Increase/(Decrease) in								
Margin/(Deficit)	\$0.0	\$(30.3)	\$27.9	\$28.9	\$(32.2)	\$(65.6)	\$54.3	\$149.3
Funded Ratio	0.0%	(4.4)%	4.6%	4.7%	(4.6)%	(8.8)%	9.4%	33.4%

* Net of additional annual cash contributions.

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

Based on current valuation assumptions, an approximate annual amount of \$3,500,000 is required to prevent depletion of the fund before satisfying all expected tuition payments.

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 LEGACY 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.)	(27,050,883)		
D3. Change in Accounts Payable	407,355		
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	\$ (4,803,411)	\$ (4,803,411)	\$ (4,803,410)
G. Total MPACT Actuarial Value of Assets End of Year			
G1. Preliminary Actuarial Value End of Year: A+D3+E3+F6	\$ 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. Legacy Plan Actuarial Value of Assets Beginning of Year <i>(2014 Market Value of Assets Net of Payables)</i>	\$ 327,092,089		
M. Legacy Plan Non-Investment/Administrative Net Cash Flow			
M1. Revenue (Contract payments, net of refunds, admin fees, etc.)	5,651,177		
M2. Expenses (Tuition, Admin Expenses, etc.)	(26,773,453)		
M3. Change in Accounts Payable	460,087		
M4. Total Net Cash Flow: M1+M2+M3	\$ (20,662,189)		
N. Legacy Plan Phased-In Recognition of Investment Return: (L+ M4 / 2) * I	\$ 17,426,951		
O. Legacy Plan Actuarial Value of Assets End of Year: L+M4+N	\$ 323,856,851		
P. Reported Legacy Plan Market Value of Assets	\$ 314,286,576		

The Actuarial Value of Assets was set to the Market Value of Assets 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
LEGACY PLAN
MEMBER MATRICULATION SUMMARY AS OF JUNE 30, 2015**

Projected Matriculation Year	Type of Contract												Total		
	2 + 2	1 + 3	4-Yr. Univ	3-Yr. Univ	2-Yr. Univ	1-Yr. Univ	2-Yr. Jr. Coll	1-Yr. Jr. Col	5-Yr. Univ	1 + 4	2 + 3	Other*			
2003	-	1	-	-	-	-	-	-	-	-	-	-	-	1	0.0%
2004	-	-	3	-	-	-	-	-	-	-	-	-	-	3	0.0%
2005	16	3	80	-	4	2	12	1	2	1	1	-	-	122	0.6%
2006	37	4	127	2	6	8	18	-	3	-	3	-	-	208	1.1%
2007	45	4	178	4	6	6	15	2	7	3	3	-	-	273	1.4%
2008	70	3	222	2	9	7	20	2	7	-	4	-	-	346	1.8%
2009	80	15	261	5	17	12	24	1	17	1	6	-	-	439	2.3%
2010	108	15	325	5	24	9	34	1	32	3	10	-	-	566	3.0%
2011	140	16	518	7	20	19	27	4	46	-	9	-	-	806	4.2%
2012	225	24	633	6	40	25	32	3	47	1	11	-	-	1,047	5.5%
2013	273	33	650	9	72	20	56	5	50	1	12	-	-	1,181	6.2%
2014	240	31	680	11	63	40	73	5	56	1	21	-	-	1,221	6.4%
2015	275	39	744	7	62	38	75	7	47	1	13	-	-	1,308	6.8%
2016	259	22	679	7	59	37	68	12	50	3	24	-	-	1,220	6.4%
2017	246	28	595	9	72	26	68	7	81	4	32	-	-	1,168	6.1%
2018	236	23	648	8	54	42	71	7	101	5	24	-	-	1,219	6.4%
2019	234	25	651	7	66	25	74	6	102	3	28	-	-	1,221	6.4%
2020	226	9	517	4	51	28	47	10	69	5	33	2	-	1,001	5.2%
2021	223	9	436	5	63	33	56	5	83	2	21	-	-	936	4.9%
2022	163	9	492	3	60	20	43	4	70	1	22	-	-	887	4.6%
2023	138	9	426	2	40	25	60	6	62	-	16	-	-	784	4.1%
2024	146	6	406	5	36	15	34	11	71	1	22	-	-	753	3.9%
2025	115	8	307	7	32	24	28	5	52	-	22	-	-	600	3.1%
2026	104	6	288	5	35	17	35	7	65	1	12	-	-	575	3.0%
2027	83	7	305	1	37	13	30	4	39	1	5	-	-	525	2.7%
2028	73	2	222	3	33	7	27	-	35	2	8	-	-	412	2.2%
2029	58	3	186	3	11	10	11	3	37	-	6	-	-	328	1.7%
Total	3,813	354	10,579	127	972	508	1,038	118	1,231	40	368	2		19,150	
	19.9%	1.8%	55.3%	0.7%	5.1%	2.7%	5.4%	0.6%	6.4%	0.2%	1.9%	0.0%		100.0%	

* A contract was split equally between parents as a result of a court order.

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

Contract Payment Type	Type of Contract												Total	
	2 + 2	1 + 3	4-Yr. Univ	3-Yr. Univ	2-Yr. Univ	1-Yr. Univ	2-Yr. Jr. Coll	1-Yr. Jr. Col	5-Yr. Univ	1 + 4	2 + 3	Other*		
Lump Sum	1,117	88	4,443	51	385	281	344	48	520	9	120	-	7,406	38.7%
1-Year Monthly	4	5	10	1	1	1	1	-	1	-	-	-	24	0.1%
2-Year Monthly	4	1	16	-	4	1	1	2	2	-	-	-	31	0.2%
3-Year Monthly	219	25	523	3	60	36	114	14	72	3	21	-	1,090	5.7%
5-Year Monthly	668	62	1,409	11	98	55	207	15	122	7	46	-	2,700	14.1%
6-Year Monthly	72	6	193	2	27	5	30	2	16	1	3	-	357	1.9%
9-Year Monthly	87	8	131	3	14	6	16	-	21	2	8	-	296	1.5%
10-Year Monthly	583	48	1,070	12	93	31	77	9	145	9	63	-	2,140	11.2%
12-Year Monthly	136	13	316	3	40	11	30	6	77	-	18	-	650	3.4%
Monthly Extended	742	82	1,672	37	202	66	199	19	147	4	68	2	3,240	16.9%
3-Year Annually	86	10	387	1	29	10	15	-	50	2	7	-	597	3.1%
5-Year Annually	95	6	409	3	19	5	4	3	58	3	14	-	619	3.2%
Total	3,813	354	10,579	127	972	508	1,038	118	1,231	40	368	2	19,150	
	19.9%	1.8%	55.3%	0.7%	5.1%	2.7%	5.4%	0.6%	6.4%	0.2%	1.9%	0.0%	100.0%	

*A contract was split equally between parents as a result of a court order.

SECTION F
METHODS & ASSUMPTIONS

**MISSISSIPPI PREPAID AFFORDABLE COLLEGE TUITION PLAN
LEGACY 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 increases 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
LEGACY 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	\$ 476,528,201
Present Value of Future Contract Payments	\$ 24,905,059
June 30, 2015 Assets	\$ 323,856,851
Unfunded Liability / (Margin)	\$ 127,766,291
Funded Status	73.19%
Year Insolvent	2025

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)*	Projected Administrative Expenses Plus Cash Contributions	Projected Contract Payments (BOY)
2016	6.75%	n/a	n/a	\$ 323,856,851	\$ 31,468,608	\$ 1,573,430	\$ 5,453,049
2017	6.75%	6.25%	5.75%	311,519,623	35,276,832	1,763,842	4,826,001
2018	6.75%	6.25%	5.75%	293,411,715	39,296,343	1,964,817	4,125,951
2019	6.75%	6.25%	5.75%	273,575,171	44,592,340	2,229,617	3,587,554
2020	6.75%	6.25%	5.75%	245,888,770	49,528,952	2,476,448	3,036,148
2021	6.75%	6.25%	5.75%	210,211,586	48,859,933	2,442,997	2,457,892
2022	6.75%	6.25%	5.75%	172,258,790	49,348,661	2,467,433	1,913,704
2023	6.75%	6.25%	5.75%	130,615,457	50,740,279	2,537,014	1,463,593
2024	6.75%	6.25%	5.75%	84,120,876	51,245,121	2,562,256	1,158,523
2025	6.75%	6.25%	5.75%	33,596,384	50,009,883	2,500,494	865,061
2026	6.75%	6.25%	5.75%	(19,267,235)	44,705,493	2,235,275	671,164
2027	6.75%	6.25%	5.75%	(69,960,576)	43,520,270	2,176,014	493,812
2028	6.75%	6.25%	5.75%	(122,936,553)	41,703,703	2,085,185	318,902
2029	6.75%	6.25%	5.75%	(177,638,981)	39,500,099	1,975,005	186,556
2030	6.75%	6.25%	5.75%	(233,705,137)	36,101,865	1,805,093	75,626
2031	6.75%	6.25%	5.75%	(289,865,181)	29,150,918	1,457,546	30,946
2032	6.75%	6.25%	5.75%	(342,072,581)	22,137,062	1,106,853	15,121
2033	6.75%	6.25%	5.75%	(389,959,219)	14,194,734	709,737	1,080
2034	6.75%	6.25%	5.75%	(432,190,835)	7,596,502	379,825	-
2035	6.75%	6.25%	5.75%	(469,878,445)	1,520,941	76,047	-
2036	6.75%	6.25%	5.75%	(503,300,025)	302,079	15,104	-
2037	6.75%	6.25%	5.75%	(537,611,369)	-	-	-

* 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
LEGACY 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	\$ 506,858,792
Present Value of Future Contract Payments	\$ 24,905,059
June 30, 2015 Assets	\$ 323,856,851
Unfunded Liability / (Margin)	\$ 158,096,882
Funded Status	68.81%
Year Insolvent	2025

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)*	Projected Administrative Expenses Plus Cash Contributions	Projected Contract Payments (BOY)
2016	6.75%	n/a	n/a	\$ 323,856,851	\$ 31,468,608	\$ 1,573,430	\$ 5,453,049
2017	6.75%	7.25%	6.75%	311,519,623	35,605,172	1,780,259	4,826,001
2018	6.75%	7.25%	6.75%	293,043,687	40,027,437	2,001,372	4,125,951
2019	6.75%	7.25%	6.75%	272,362,834	45,842,919	2,292,146	3,587,554
2020	6.75%	7.25%	6.75%	243,192,858	51,384,857	2,569,243	3,036,148
2021	6.75%	7.25%	6.75%	205,253,462	51,144,914	2,557,246	2,457,892
2022	6.75%	7.25%	6.75%	164,404,815	52,122,776	2,606,139	1,913,704
2023	6.75%	7.25%	6.75%	119,121,903	54,067,637	2,703,382	1,463,593
2024	6.75%	7.25%	6.75%	68,121,955	55,025,250	2,751,262	1,158,523
2025	6.75%	7.25%	6.75%	12,280,483	54,127,643	2,706,382	865,061
2026	6.75%	7.25%	6.75%	(46,637,454)	49,096,914	2,454,846	671,164
2027	6.75%	7.25%	6.75%	(104,100,517)	48,245,154	2,412,258	493,812
2028	6.75%	7.25%	6.75%	(164,676,945)	46,666,506	2,333,325	318,902
2029	6.75%	7.25%	6.75%	(227,759,530)	44,616,702	2,230,835	186,556
2030	6.75%	7.25%	6.75%	(292,943,896)	41,162,080	2,058,104	75,626
2031	6.75%	7.25%	6.75%	(358,774,425)	33,549,469	1,677,473	30,946
2032	6.75%	7.25%	6.75%	(420,563,426)	25,716,819	1,285,841	15,121
2033	6.75%	7.25%	6.75%	(477,760,655)	16,645,215	832,261	1,080
2034	6.75%	7.25%	6.75%	(528,665,551)	8,991,749	449,587	-
2035	6.75%	7.25%	6.75%	(574,429,102)	1,817,236	90,862	-
2036	6.75%	7.25%	6.75%	(615,239,960)	364,324	18,216	-
2037	6.75%	7.25%	6.75%	(657,177,019)	-	-	-

* 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
LEGACY 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	\$ 448,593,351
Present Value of Future Contract Payments	\$ 24,905,059
June 30, 2015 Assets	\$ 323,856,851
Unfunded Liability / (Margin)	\$ 99,831,442
Funded Status	77.75%
Year Insolvent	2026

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)*	Projected Administrative Expenses Plus Cash Contributions	Projected Contract Payments (BOY)
2016	6.75%	n/a	n/a	\$ 323,856,851	\$ 31,468,608	\$ 1,573,430	\$ 5,453,049
2017	6.75%	5.25%	4.75%	311,519,623	34,948,492	1,747,425	4,826,001
2018	6.75%	5.25%	4.75%	293,779,744	38,572,099	1,928,605	4,125,951
2019	6.75%	5.25%	4.75%	274,779,828	43,365,087	2,168,254	3,587,554
2020	6.75%	5.25%	4.75%	248,550,338	47,724,730	2,386,236	3,036,148
2021	6.75%	5.25%	4.75%	215,075,118	46,659,400	2,332,970	2,457,892
2022	6.75%	5.25%	4.75%	179,917,133	46,702,101	2,335,105	1,913,704
2023	6.75%	5.25%	4.75%	141,757,201	47,595,654	2,379,783	1,463,593
2024	6.75%	5.25%	4.75%	99,539,419	47,706,057	2,385,303	1,158,523
2025	6.75%	5.25%	4.75%	54,022,527	46,190,838	2,309,542	865,061
2026	6.75%	5.25%	4.75%	6,818,345	40,670,797	2,033,540	671,164
2027	6.75%	5.25%	4.75%	(37,591,829)	39,219,864	1,960,993	493,812
2028	6.75%	5.25%	4.75%	(83,562,699)	37,229,063	1,861,453	318,902
2029	6.75%	5.25%	4.75%	(130,591,879)	34,929,998	1,746,500	186,556
2030	6.75%	5.25%	4.75%	(178,359,845)	31,624,463	1,581,223	75,626
2031	6.75%	5.25%	4.75%	(225,765,473)	25,295,402	1,264,770	30,946
2032	6.75%	5.25%	4.75%	(269,324,592)	19,028,612	951,431	15,121
2033	6.75%	5.25%	4.75%	(308,816,556)	12,086,792	604,340	1,080
2034	6.75%	5.25%	4.75%	(343,208,304)	6,407,530	320,376	-
2035	6.75%	5.25%	4.75%	(373,556,904)	1,270,816	63,541	-
2036	6.75%	5.25%	4.75%	(400,196,420)	250,025	12,501	-
2037	6.75%	5.25%	4.75%	(427,489,926)	-	-	-

* 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
LEGACY 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	\$ 446,797,734
Present Value of Future Contract Payments	\$ 24,133,665
June 30, 2015 Assets	\$ 323,856,851
Unfunded Liability / (Margin)	\$ 98,807,218
Funded Status	77.89%
Year Insolvent	2026

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)*	Projected Administrative Expenses Plus Cash Contributions	Projected Contract Payments (BOY)
2016	7.75%	n/a	n/a	\$ 323,856,851	\$ 31,350,635	\$ 1,567,532	\$ 5,427,686
2017	7.75%	6.25%	5.75%	314,588,445	35,145,698	1,757,285	4,803,554
2018	7.75%	6.25%	5.75%	299,635,596	39,150,148	1,957,507	4,106,760
2019	7.75%	6.25%	5.75%	282,988,890	44,425,269	2,221,263	3,570,868
2020	7.75%	6.25%	5.75%	258,506,500	49,342,212	2,467,111	3,022,026
2021	7.75%	6.25%	5.75%	225,972,443	48,676,443	2,433,822	2,446,460
2022	7.75%	6.25%	5.75%	191,050,056	49,164,053	2,458,203	1,904,803
2023	7.75%	6.25%	5.75%	152,285,880	50,551,422	2,527,571	1,456,786
2024	7.75%	6.25%	5.75%	108,465,107	51,058,515	2,552,926	1,153,135
2025	7.75%	6.25%	5.75%	60,347,328	49,830,596	2,491,530	861,037
2026	7.75%	6.25%	5.75%	9,574,923	44,534,500	2,226,725	668,042
2027	7.75%	6.25%	5.75%	(39,348,425)	43,353,589	2,167,679	491,515
2028	7.75%	6.25%	5.75%	(90,917,488)	41,543,906	2,077,195	317,419
2029	7.75%	6.25%	5.75%	(144,623,312)	39,348,773	1,967,439	185,688
2030	7.75%	6.25%	5.75%	(200,149,758)	35,963,772	1,798,189	75,275
2031	7.75%	6.25%	5.75%	(256,268,768)	29,039,718	1,451,986	30,802
2032	7.75%	6.25%	5.75%	(308,951,219)	22,052,732	1,102,637	15,051
2033	7.75%	6.25%	5.75%	(357,828,631)	14,141,629	707,081	1,075
2034	7.75%	6.25%	5.75%	(401,558,678)	7,568,354	378,418	-
2035	7.75%	6.25%	5.75%	(441,242,122)	1,516,161	75,808	-
2036	7.75%	6.25%	5.75%	(477,153,733)	301,493	15,075	-
2037	7.75%	6.25%	5.75%	(514,474,249)	-	-	-

* 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
LEGACY 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	\$ 509,464,531
Present Value of Future Contract Payments	\$ 25,726,893
June 30, 2015 Assets	\$ 323,856,851
Unfunded Liability / (Margin)	\$ 159,880,786
Funded Status	68.62%
Year Insolvent	2025

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)*	Projected Administrative Expenses Plus Cash Contributions	Projected Contract Payments (BOY)
2016	5.75%	n/a	n/a	\$ 323,856,851	\$ 31,588,264	\$ 1,579,413	\$ 5,478,771
2017	5.75%	6.25%	5.75%	308,451,282	35,409,836	1,770,492	4,848,765
2018	5.75%	6.25%	5.75%	287,250,284	39,444,624	1,972,231	4,145,413
2019	5.75%	6.25%	5.75%	264,352,626	44,761,799	2,238,090	3,604,477
2020	5.75%	6.25%	5.75%	233,662,253	49,718,367	2,485,918	3,050,470
2021	5.75%	6.25%	5.75%	195,117,673	49,046,053	2,452,303	2,469,486
2022	5.75%	6.25%	5.75%	154,488,909	49,535,913	2,476,796	1,922,731
2023	5.75%	6.25%	5.75%	110,401,870	50,931,842	2,546,592	1,470,497
2024	5.75%	6.25%	5.75%	61,751,583	51,434,399	2,571,720	1,163,988
2025	5.75%	6.25%	5.75%	9,421,746	50,191,736	2,509,587	869,141
2026	5.75%	6.25%	5.75%	(44,849,035)	44,878,933	2,243,947	674,330
2027	5.75%	6.25%	5.75%	(96,547,196)	43,689,337	2,184,467	496,141
2028	5.75%	6.25%	5.75%	(150,085,537)	41,865,788	2,093,289	320,406
2029	5.75%	6.25%	5.75%	(204,863,350)	39,653,590	1,982,679	187,436
2030	5.75%	6.25%	5.75%	(260,475,134)	36,241,935	1,812,097	75,983
2031	5.75%	6.25%	5.75%	(315,614,241)	29,263,709	1,463,185	31,092
2032	5.75%	6.25%	5.75%	(366,222,871)	22,222,598	1,111,130	15,192
2033	5.75%	6.25%	5.75%	(411,940,038)	14,248,594	712,430	1,085
2034	5.75%	6.25%	5.75%	(451,446,725)	7,625,049	381,252	-
2035	5.75%	6.25%	5.75%	(485,871,576)	1,525,786	76,289	-
2036	5.75%	6.25%	5.75%	(515,503,387)	302,672	15,134	-
2037	5.75%	6.25%	5.75%	(545,480,911)	-	-	-

* 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
LEGACY 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	\$ 542,886,897
Present Value of Future Contract Payments	\$ 25,726,893
June 30, 2015 Assets	\$ 323,856,851
Unfunded Liability / (Margin)	\$ 193,303,153
Funded Status	64.39%
Year Insolvent	2024

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)*	Projected Administrative Expenses Plus Cash Contributions	Projected Contract Payments (BOY)
2016	5.75%	n/a	n/a	\$ 323,856,851	\$ 31,588,264	\$ 1,579,413	\$ 5,478,771
2017	5.75%	7.25%	6.75%	308,451,282	35,739,429	1,786,971	4,848,765
2018	5.75%	7.25%	6.75%	286,884,313	40,178,524	2,008,926	4,145,413
2019	5.75%	7.25%	6.75%	263,150,707	46,017,210	2,300,860	3,604,477
2020	5.75%	7.25%	6.75%	230,997,247	51,581,507	2,579,075	3,050,470
2021	5.75%	7.25%	6.75%	190,230,646	51,339,961	2,566,998	2,469,486
2022	5.75%	7.25%	6.75%	146,773,780	52,320,857	2,616,043	1,922,731
2023	5.75%	7.25%	6.75%	99,150,788	54,272,185	2,713,609	1,470,497
2024	5.75%	7.25%	6.75%	46,144,532	55,229,261	2,761,463	1,163,988
2025	5.75%	7.25%	6.75%	(11,296,431)	54,325,496	2,716,275	869,141
2026	5.75%	7.25%	6.75%	(71,348,532)	49,287,390	2,464,369	674,330
2027	5.75%	7.25%	6.75%	(129,465,454)	48,432,575	2,421,629	496,141
2028	5.75%	7.25%	6.75%	(190,163,369)	46,847,878	2,342,394	320,406
2029	5.75%	7.25%	6.75%	(252,777,646)	44,790,075	2,239,504	187,436
2030	5.75%	7.25%	6.75%	(316,847,927)	41,321,782	2,066,089	75,983
2031	5.75%	7.25%	6.75%	(380,869,005)	33,679,279	1,683,964	31,092
2032	5.75%	7.25%	6.75%	(440,132,723)	25,816,186	1,290,809	15,192
2033	5.75%	7.25%	6.75%	(494,089,936)	16,708,374	835,419	1,085
2034	5.75%	7.25%	6.75%	(541,051,521)	9,025,540	451,277	-
2035	5.75%	7.25%	6.75%	(582,183,717)	1,823,025	91,151	-
2036	5.75%	7.25%	6.75%	(617,683,521)	365,039	18,252	-
2037	5.75%	7.25%	6.75%	(653,605,654)	-	-	-

* 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
LEGACY 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	\$ 421,347,883
Present Value of Future Contract Payments	\$ 24,133,665
June 30, 2015 Assets	\$ 323,856,851
Unfunded Liability / (Margin)	\$ 73,357,367
Funded Status	82.59%
Year Insolvent	2026

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)*	Projected Administrative Expenses Plus Cash Contributions	Projected Contract Payments (BOY)
2016	7.75%	n/a	n/a	\$ 323,856,851	\$ 31,350,635	\$ 1,567,532	\$ 5,427,686
2017	7.75%	5.25%	4.75%	314,588,445	34,818,592	1,740,930	4,803,554
2018	7.75%	5.25%	4.75%	300,005,675	38,428,644	1,921,432	4,106,760
2019	7.75%	5.25%	4.75%	284,203,942	43,202,691	2,160,135	3,570,868
2020	7.75%	5.25%	4.75%	261,198,913	47,544,923	2,377,246	3,022,026
2021	7.75%	5.25%	4.75%	230,906,925	46,484,385	2,324,219	2,446,460
2022	7.75%	5.25%	4.75%	198,847,001	46,527,679	2,326,384	1,904,803
2023	7.75%	5.25%	4.75%	163,669,815	47,418,896	2,370,945	1,456,786
2024	7.75%	5.25%	4.75%	124,275,359	47,533,050	2,376,653	1,153,135
2025	7.75%	5.25%	4.75%	81,371,497	46,026,181	2,301,309	861,037
2026	7.75%	5.25%	4.75%	36,532,685	40,515,236	2,025,762	668,042
2027	7.75%	5.25%	4.75%	(5,754,142)	39,069,654	1,953,483	491,515
2028	7.75%	5.25%	4.75%	(49,872,909)	37,086,411	1,854,321	317,419
2029	7.75%	5.25%	4.75%	(95,354,680)	34,796,180	1,739,809	185,688
2030	7.75%	5.25%	4.75%	(141,912,118)	31,503,495	1,575,175	75,275
2031	7.75%	5.25%	4.75%	(188,471,466)	25,198,909	1,259,945	30,802
2032	7.75%	5.25%	4.75%	(231,554,231)	18,956,123	947,806	15,051
2033	7.75%	5.25%	4.75%	(270,929,950)	12,041,574	602,079	1,075
2034	7.75%	5.25%	4.75%	(305,549,399)	6,383,788	319,189	-
2035	7.75%	5.25%	4.75%	(336,451,935)	1,266,822	63,341	-
2036	7.75%	5.25%	4.75%	(363,960,211)	249,540	12,477	-
2037	7.75%	5.25%	4.75%	(392,449,450)	-	-	-

* 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
LEGACY PLAN
PROJECTION BASED ON JUNE 30, 2015 CASH INFUSION PROJECTION**

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	\$ 13,500,000

Estimated Valuation Results	
Present Value of Future Tuition and Fees [^]	\$ 327,262,824
Present Value of Future Contract Payments	\$ 24,905,059
June 30, 2015 Assets	\$ 323,856,851
Unfunded Liability / (Margin)	\$ (21,499,086)
Funded Status	106.57%
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)*	Projected Administrative Expenses Plus Cash Contributions	Projected Contract Payments (BOY)
2016	6.75%	n/a	n/a	\$ 323,856,851	\$ 31,468,608	\$ 1,573,430	\$ 5,453,049
2017	6.75%	6.25%	5.75%	311,519,623	35,276,832	(11,736,158)	4,826,001
2018	6.75%	6.25%	5.75%	307,822,965	39,296,343	(11,535,183)	4,125,951
2019	6.75%	6.25%	5.75%	303,370,430	44,592,340	(11,270,383)	3,587,554
2020	6.75%	6.25%	5.75%	292,106,459	49,528,952	(11,023,552)	3,036,148
2021	6.75%	6.25%	5.75%	273,960,220	48,859,933	(11,057,003)	2,457,892
2022	6.75%	6.25%	5.75%	254,721,706	49,348,661	(11,032,567)	1,913,704
2023	6.75%	6.25%	5.75%	233,055,870	50,740,279	(10,962,986)	1,463,593
2024	6.75%	6.25%	5.75%	207,887,266	51,245,121	(10,937,744)	1,158,523
2025	6.75%	6.25%	5.75%	180,128,256	50,009,883	(10,999,506)	865,061
2026	6.75%	6.25%	5.75%	151,566,788	44,705,493	(11,264,725)	671,164
2027	6.75%	6.25%	5.75%	126,815,995	43,520,270	(11,323,986)	493,812
2028	6.75%	6.25%	5.75%	101,533,686	41,703,703	(11,414,815)	318,902
2029	6.75%	6.25%	5.75%	76,394,249	39,500,099	(11,524,995)	186,556
2030	6.75%	6.25%	5.75%	51,886,586	36,101,865	(11,694,907)	75,626
2031	6.75%	6.25%	5.75%	29,415,233	29,150,918	(12,042,454)	30,946
2032	6.75%	6.25%	5.75%	13,170,511	22,137,062	(12,393,147)	15,121
2033	6.75%	6.25%	5.75%	3,674,032	14,194,734	(12,790,263)	1,080
2034	6.75%	6.25%	5.75%	2,423,910	7,596,502	(13,120,175)	-
2035	6.75%	6.25%	5.75%	8,484,045	1,520,941	(13,423,953)	-
2036	6.75%	6.25%	5.75%	21,763,184	302,079	(13,484,896)	-
2037	6.75%	6.25%	5.75%	37,304,856	-	(13,500,000)	-

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

[^] Net of additional annual cash contribution.

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 1500 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 1000 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."