

# STATE OF MISSISSIPPI

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## *College Savings Plans of Mississippi Board of Directors*

### A Resolution

**WHEREAS**, the Mississippi Legislature created the Mississippi Prepaid Affordable College Tuition Program (MPACT) in 1996 to assist Mississippians in saving for the tuition costs associated with a college education, encouraging and fostering higher education in the State of Mississippi;

**WHEREAS**, the College Savings Plans of Mississippi Board of Directors deferred new enrollments in the Program in 2012 and commissioned an actuarial audit of the program to ensure the actuarial soundness of the Mississippi Prepaid Affordable College Tuition Program's trust fund;

**WHEREAS**, the actuarial audit revealed concerns within the actuarial assumptions and methods historically used by the Mississippi Prepaid Affordable College Tuition Program;

**WHEREAS**, the College Savings Plans of Mississippi Board of Directors unanimously voted to reopen MPACT to new enrollment on October 1, 2014, incorporating an updated and more accurate pricing structure, contract terms, and program risk assumptions;

**WHEREAS**, the College Savings Plans of Mississippi Board of Directors reopened MPACT enrollment with the understanding that the unfunded liability attributable to existing Legacy contracts will not be paid by future contract purchases and that the pricing of future Horizon contracts will be reflective of expected costs for each participant purchasing a new contract with a reserve for adverse experience;

**WHEREAS**, the College Savings Plans of Mississippi Board of Directors has established a funding target of 100% for the Legacy program and a funding target of 115% for the Horizon program;

**WHEREAS**, the College Savings Plans of Mississippi Board of Directors adopted a funding policy that states that in any year that the funded status falls below the funding target for Legacy contracts, the MPACT Board will request 10% of the unfunded amount as a special appropriation from the Legislature; and if the Legacy program is projected to be insolvent in less than five years, the Board will increase the appropriation request to 20%;

**WHEREAS**, as of June 30, 2016, the Horizon Program had a funded status of 117.2%, with a liability to the State of Mississippi of zero dollars for contracts sold between enrollment years 2014 and 2015;

**WHEREAS**, as of June 30, 2016, the Legacy Program had a funded status of 72.1%, with a liability to the State of Mississippi of approximately one hundred twenty six million, four hundred sixty nine

thousand, eight hundred seventy dollars (\$126,469,870) for contracts sold between calendar years 1997 and 2011;

**WHEREAS**, the Legacy Plan is projected to be insolvent by year 2025 if all assumptions are met and no cash infusion from the Legislature is received; and

**WHEREAS**, the State must make all participants in the Program whole by providing funding for all participants' college tuition needs as such obligations are guaranteed by the full faith and credit of the state of Mississippi;

**NOW, THEREFORE BE IT RESOLVED**, that the College Savings Plans of Mississippi Board of Directors urges the Mississippi Senate and the Mississippi House of Representatives to appropriate 10% of the unfunded liability, or twelve million, six hundred forty six thousand, nine hundred eighty seven dollars (\$12,646,987), for cash infusion into the Mississippi Prepaid Affordable College Tuition Program for Fiscal Year 2018.

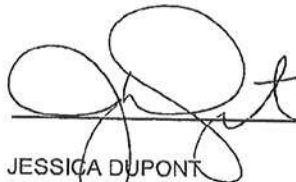
**WITNESS** the signature of the College Savings Plans of Mississippi Board of Directors by its duly authorized representatives the 1st day of March, 2017.



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LYNN  
FITCH

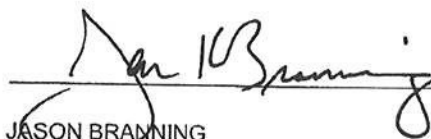
Chair, College Savings Plans of Mississippi Board of Directors



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JESSICA DUPONT

Chair, Rules and Regulations Committee of the College Savings  
Plans of Mississippi Board of Directors



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JASON BRANNING

Chair, Investment Committee of the College Savings Plans of  
Mississippi Board of Directors