

**MISSISSIPPI PREPAID AFFORDABLE
COLLEGE TUITION PLAN
PRICING REPORT
FOR 2016/2017 ACADEMIC YEAR**

August 25, 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 Pricing Report as of June 30, 2016

Dear Trustees:

Gabriel, Roeder, Smith & Company (“GRS”) has performed the pricing for the Mississippi Prepaid Affordable College Tuition Plan (“MPACT”) for fiscal year 2017. The purpose of this report is to set the Plan’s pricing for future contracts in the Horizon Plan for the 2016/2017 academic year.

This report presents:

- A calculation of the Weighted Average Tuition (WAT) for the 2016/2017 academic year; and
- A calculation of the future pricing for new contracts in MPACT’s Horizon Plan during the 2016/2017 academic year.

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 pricing results set forth in this report are based upon data and information, furnished by MPACT, concerning Plan benefits, Board’s funding policy, and current tuition and enrollment information of Mississippi Colleges and Universities. We reviewed this information for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by MPACT.

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 WAT and pricing calculations 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 of past and expected plan administration. Based on our limited analyses, we believe these assumptions are within a reasonable range and are in compliance with actuarial standards regarding pension calculations.

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 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 Plan.

To the best of our knowledge, the information contained in this report is accurate and fairly presents the actuarial pricing of the Mississippi Prepaid Affordable College Tuition Plan contracts for the 2016/2017 academic year based on the Board's funding policy and administrative rules.

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 opinion 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:ah

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SECTION A

WEIGHTED AVERAGE TUITION

WEIGHTED AVERAGE TUITION DEVELOPMENT

The Weighted Average Tuition (WAT) is an average of the tuition charged by participating schools, weighted by their resident enrollment. It is the basis on which the costs of the program are established. In addition, for participants who chose private or out-of-state schools, the WAT is used to determine the benefit payable upon matriculation.

2016/2017 WAT Development for 4-Year Senior College/University

	2015 Fall Resident Student Enrollment	Computation of Weighting	2016/2017 Tuition & Required Fees	Proportionate Share Based on Weighting
Alcorn State University	2,838	5%	\$ 6,552	\$ 322.36
Delta State University	2,923	6%	6,418	325.39
Jackson State University	7,781	13%	7,261	979.51
Mississippi State University	14,096	24%	7,780	1,902.21
Mississippi University for Women	2,298	4%	6,065	241.99
Mississippi Valley State University	1,767	3%	6,116	187.15
University of Mississippi	14,233	25%	7,734 #	1,908.75
University of Southern Mississippi	11,727	20%	7,659	1,557.84
Total	57,663	100%	2016/2017 WAT*	\$ 7,425
			2015/2016 WAT	\$ 7,092
			Increase over 2015/2016 WAT	4.7%

* Annual WAT is rounded to the nearest dollar.

Average Tuition & Required Fees for the University of Mississippi and the University of Mississippi Medical Center (\$7,754 and \$7,644 respectively) weighted by reported 2015 Fall enrollments (11,646 and 2,587 respectively).

Per Credit Hour, based on 31 credit hours per year (prior method reduced from 32 credit hours to 31).	Per Quarter Credit Hour, based on 31 credit hours per year (prior method reduced) for schools on a trimester academic calendar year.
\$239.52	\$159.68

In the recent past, enrollment has been provided based on 1) full resident enrollment (as shown above); and 2) undergraduate resident enrollment. We tested the calculation using the undergraduate resident enrollment and determined the WAT using that basis was within a few dollars of the WAT using the full resident enrollment. We, therefore, used the full resident enrollment to be consistent with the historical calculations.

WEIGHTED AVERAGE TUITION DEVELOPMENT

2016/2017 WAT Development for 2-Year Community College

	2015 Fall Resident Student Enrollment	Computation of Weighting	2016/2017 Tuition & Required Fees	Proportionate Share Based on Weighting
Coahoma CC	2,085	3%	\$ 2,670	\$ 79.57
Copiah-Lincoln CC	2,959	4%	2,730	115.48
East Central CC	2,490	4%	2,330	82.95
East Mississippi CC	4,194	6%	2,840	170.12
Hinds CC	10,985	16%	2,840	445.60
Holmes CC	6,021	9%	2,740	235.64
Itawamba CC	5,627	8%	2,600	209.04
Jones County JC	4,595	7%	3,000	196.80
Meridian CC	3,018	4%	2,514	108.35
Mississippi Delta CC	2,293	3%	2,620	85.67
Mississippi Gulf Coast CC	9,062	13%	3,040	393.38
Northeast Mississippi CC	3,426	5%	2,702	132.13
Northwest Mississippi CC	7,195	9%	2,800	287.84
Pearl River CC	4,293	6%	2,990	183.29
Southwest Mississippi CC	1,773	3%	2,800	70.84
Total	70,016	100%	2016/2017 WAT*	\$ 2,797
			2015/2016 WAT	\$ 2,612
			Increase over 2015/2016 WAT	7.1%

* Annual WAT is rounded to the nearest dollar.

Per Credit Hour, based on 31 credit hours per year (prior method reduced from 32 credit hours to 31). <p style="text-align: center;">\$90.23</p>	Per Quarter Credit Hour, based on 31 credit hours per year (prior method reduced) for schools on a trimester academic calendar year. <p style="text-align: center;">\$60.15</p>
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SECTION B
PRICING

2016-2017 ACADEMIC YEAR – FOUR-YEAR SENIOR COLLEGE/UNIVERSITY PLAN

<i>Accounting for an Average Usage of 12.8 Credit Hours per Semester and 9.4 Semesters to Graduate</i>														
Age/Grade of Beneficiary as of Sept. 1, 2016	Projected Enrollment Year	Annual Tuition Increase	Present Value of Benefits	Lump Sum Single Payment	Monthly Extended Plan Monthly Payment			Monthly 5-Year Plan - Monthly Payment			Monthly 8-Year Plan - Monthly Payment			
					Number of Payments	Lump Sum Amount			Lump Sum Amount			Lump Sum Amount		
						\$0	\$ 2,000	\$5,000	\$0	\$2,000	\$5,000	\$0	\$2,000	\$5,000
12th Grade	2017	9.50%	\$ 37,942	\$ 44,943	4	\$11,412	\$10,904	\$10,142	N/A	N/A	N/A	N/A	N/A	N/A
11th Grade	2018	9.50%	38,920	46,101	16	3,037	2,905	2,707	N/A	N/A	N/A	N/A	N/A	N/A
10th Grade	2019	9.50%	39,649	46,965	28	1,833	1,755	1,638	N/A	N/A	N/A	N/A	N/A	N/A
9th Grade	2020	9.50%	40,084	47,480	40	1,345	1,288	1,203	N/A	N/A	N/A	N/A	N/A	N/A
8th Grade	2021	9.50%	40,222	47,644	52	1,076	1,031	963	N/A	N/A	N/A	N/A	N/A	N/A
7th Grade	2022	9.50%	40,058	47,449	64	902	864	807	\$951	\$910	\$850	N/A	N/A	N/A
6th Grade	2023	5.50%	39,589	46,894	76	777	744	694	939	899	839	N/A	N/A	N/A
5th Grade	2024	5.50%	39,126	46,345	88	686	656	612	928	888	828	N/A	N/A	N/A
4th Grade	2025	5.50%	38,540	45,651	100	615	588	548	914	874	814	\$634	\$606	\$564
3rd Grade	2026	5.50%	37,818	44,796	112	557	532	495	897	857	797	622	594	552
2nd Grade	2027	5.50%	36,966	43,787	124	508	485	450	877	837	777	608	580	538
1st Grade	2028	5.50%	35,989	42,630	136	466	444	411	854	814	754	592	564	522
Kindergarten	2029	3.50%	34,893	41,331	148	429	408	377	828	788	728	574	546	504
4 Year Old	2030	3.50%	33,831	40,073	160	397	377	347	803	763	703	556	528	487
3 Year Old	2031	3.50%	32,801	38,853	172	369	350	322	778	738	678	539	511	470
2 Year Old	2032	3.50%	31,802	37,670	184	345	327	299	755	715	654	523	495	453
1 Year Old	2033	3.50%	30,834	36,523	196	323	306	279	732	692	631	507	479	437
Newborn	2034	3.50%	29,895	35,448	208	305	288	262	710	670	610	492	464	423

**2016-2017 ACADEMIC YEAR – FOUR-YEAR SENIOR COLLEGE/UNIVERSITY PLAN
(CONCLUDED)**

<i>Accounting for an Average Usage of 12.8 Credit Hours per Semester and 9.4 Semesters to Graduate</i>												
Age/Grade of Beneficiary as of	Monthly 10-Year Plan - Monthly Payment			Monthly 12-Year Plan - Monthly Payment			Annual 3-Year Plan - Annual Payment			Annual 5-Year Plan - Annual Payment		
	Lump Sum Amount			Lump Sum Amount			Lump Sum Amount			Lump Sum Amount		
Sept. 1, 2016	\$0	\$2,000	\$5,000	\$0	\$2,000	\$5,000	\$0	\$2,000	\$5,000	\$0	\$2,000	\$5,000
12th Grade	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
11th Grade	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10th Grade	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
9th Grade	N/A	N/A	N/A	N/A	N/A	N/A	\$18,341	\$17,568	\$16,409	N/A	N/A	N/A
8th Grade	N/A	N/A	N/A	N/A	N/A	N/A	18,404	17,632	16,473	N/A	N/A	N/A
7th Grade	N/A	N/A	N/A	N/A	N/A	N/A	18,329	17,556	16,397	\$11,806	\$11,308	\$10,562
6th Grade	N/A	N/A	N/A	N/A	N/A	N/A	18,114	17,342	16,183	11,668	11,170	10,424
5th Grade	N/A	N/A	N/A	N/A	N/A	N/A	17,902	17,130	15,971	11,531	11,033	10,287
4th Grade	N/A	N/A	N/A	N/A	N/A	N/A	17,634	16,862	15,703	11,358	10,861	10,114
3rd Grade	N/A	N/A	N/A	N/A	N/A	N/A	17,304	16,531	15,373	11,146	10,648	9,902
2nd Grade	\$519	\$496	\$460	N/A	N/A	N/A	16,914	16,142	14,983	10,895	10,397	9,651
1st Grade	506	482	446	N/A	N/A	N/A	16,467	15,695	14,536	10,607	10,109	9,363
Kindergarten	490	467	431	\$436	\$415	\$383	15,966	15,193	14,034	10,283	9,786	9,039
4 Year Old	475	452	416	423	402	370	15,480	14,707	13,548	9,970	9,473	8,726
3 Year Old	461	437	402	410	389	357	15,008	14,236	13,077	9,667	9,169	8,423
2 Year Old	447	423	388	397	376	345	14,551	13,779	12,620	9,373	8,875	8,129
1 Year Old	433	410	374	385	364	332	14,108	13,336	12,177	9,087	8,590	7,843
Newborn	421	397	361	374	353	321	13,693	12,920	11,762	8,820	8,322	7,576

2016-2017 ACADEMIC YEAR – TWO-YEAR SENIOR COLLEGE/UNIVERSITY PLAN

<i>Accounting for an Average Usage of 12.8 Credit Hours per Semester and 9.4 Semesters to Graduate</i>														
Age/Grade of Beneficiary as of Sept. 1, 2016	Projected Enrollment Year	Annual Tuition Increase	Present Value of Benefits	Lump Sum Single Payment	Monthly Extended Plan Monthly Payment				Monthly 5-Year Plan - Monthly Payment			Monthly 8-Year Plan - Monthly Payment		
					Number of Payments	Lump Sum Amount			Lump Sum Amount			Lump Sum Amount		
						\$0	\$2,000	\$5,000	\$0	\$2,000	\$5,000	\$0	\$2,000	\$5,000
12th Grade	2017	9.50%	\$ 18,573	\$ 22,000	4	\$5,586	\$5,078	\$4,317	N/A	N/A	N/A	N/A	N/A	N/A
11th Grade	2018	9.50%	19,052	22,567	16	1,486	1,355	1,157	N/A	N/A	N/A	N/A	N/A	N/A
10th Grade	2019	9.50%	19,543	23,149	28	904	826	708	N/A	N/A	N/A	N/A	N/A	N/A
9th Grade	2020	9.50%	20,046	23,745	40	673	616	531	N/A	N/A	N/A	N/A	N/A	N/A
8th Grade	2021	9.50%	20,419	24,187	52	546	501	433	N/A	N/A	N/A	N/A	N/A	N/A
7th Grade	2022	9.50%	20,487	24,267	64	461	423	366	\$486	\$446	\$386	N/A	N/A	N/A
6th Grade	2023	5.50%	20,247	23,983	76	397	364	314	480	440	380	N/A	N/A	N/A
5th Grade	2024	5.50%	20,010	23,702	88	351	321	277	475	435	375	N/A	N/A	N/A
4th Grade	2025	5.50%	19,776	23,425	100	316	289	248	469	429	369	\$325	\$297	\$256
3rd Grade	2026	5.50%	19,544	23,150	112	288	263	226	464	424	364	321	294	252
2nd Grade	2027	5.50%	19,248	22,800	124	265	241	207	457	417	357	316	289	247
1st Grade	2028	5.50%	18,811	22,282	136	244	222	189	446	406	346	309	281	240
Kindergarten	2029	3.50%	18,238	21,603	148	224	203	172	433	393	333	300	272	230
4 Year Old	2030	3.50%	17,683	20,946	160	207	188	158	420	380	319	291	263	221
3 Year Old	2031	3.50%	17,145	20,309	172	193	174	145	407	367	307	282	254	212
2 Year Old	2032	3.50%	16,623	19,690	184	180	162	134	394	354	294	273	245	204
1 Year Old	2033	3.50%	16,117	19,091	196	169	151	125	382	342	282	265	237	196
Newborn	2034	3.50%	15,626	18,509	208	159	142	116	371	331	271	257	229	187

2016-2017 ACADEMIC YEAR – TWO-YEAR SENIOR COLLEGE/UNIVERSITY PLAN (CONCLUDED)

<i>Accounting for an Average Usage of 12.8 Credit Hours per Semester and 9.4 Semesters to Graduate</i>												
Age/Grade of Beneficiary as of Sept. 1, 2016	Monthly 10-Year Plan - Monthly Payment			Monthly 12-Year Plan - Monthly Payment			Annual 3-Year Plan - Annual Payment			Annual 5-Year Plan - Annual Payment		
	Lump Sum Amount			Lump Sum Amount			Lump Sum Amount			Lump Sum Amount		
	\$0	\$2,000	\$5,000	\$0	\$2,000	\$5,000	\$0	\$2,000	\$5,000	\$0	\$2,000	\$5,000
12th Grade	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
11th Grade	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10th Grade	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
9th Grade	N/A	N/A	N/A	N/A	N/A	N/A	\$9,172	\$8,400	\$7,241	N/A	N/A	N/A
8th Grade	N/A	N/A	N/A	N/A	N/A	N/A	9,343	8,570	7,412	N/A	N/A	N/A
7th Grade	N/A	N/A	N/A	N/A	N/A	N/A	9,374	8,601	7,443	\$6,038	\$5,540	\$4,794
6th Grade	N/A	N/A	N/A	N/A	N/A	N/A	9,264	8,492	7,333	5,967	5,470	4,723
5th Grade	N/A	N/A	N/A	N/A	N/A	N/A	9,156	8,383	7,224	5,897	5,400	4,653
4th Grade	N/A	N/A	N/A	N/A	N/A	N/A	9,049	8,276	7,117	5,828	5,331	4,584
3rd Grade	N/A	N/A	N/A	N/A	N/A	N/A	8,942	8,170	7,011	5,760	5,262	4,516
2nd Grade	\$270	\$247	\$211	N/A	N/A	N/A	8,807	8,035	6,876	5,673	5,175	4,429
1st Grade	264	241	205	N/A	N/A	N/A	8,607	7,835	6,676	5,544	5,046	4,300
Kindergarten	256	233	197	\$228	\$207	\$175	8,345	7,572	6,413	5,375	4,877	4,131
4 Year Old	248	225	189	221	200	168	8,091	7,319	6,160	5,212	4,714	3,967
3 Year Old	241	217	182	214	193	161	7,845	7,072	5,914	5,053	4,555	3,809
2 Year Old	234	210	174	208	187	155	7,606	6,833	5,675	4,899	4,401	3,655
1 Year Old	226	203	167	201	180	149	7,375	6,602	5,443	4,750	4,252	3,506
Newborn	220	196	160	195	174	142	7,150	6,377	5,218	4,605	4,108	3,361

2016-2017 ACADEMIC YEAR – ONE-YEAR SENIOR COLLEGE/UNIVERSITY PLAN

<i>Accounting for an Average Usage of 12.8 Credit Hours per Semester and 9.4 Semesters to Graduate</i>														
Age/Grade of Beneficiary as of Sept. 1, 2016	Projected Enrollment Year	Annual Tuition Increase	Present Value of Benefits	Lump Sum Single Payment	Monthly Extended Plan Monthly Payment			Monthly 5-Year Plan - Monthly Payment			Monthly 8-Year Plan - Monthly Payment			
					Number of Payments	Lump Sum Amount			Lump Sum Amount			Lump Sum Amount		
						\$0	\$2,000	\$5,000	\$0	\$2,000	\$5,000	\$0	\$2,000	\$5,000
12th Grade	2017	9.50%	\$9,147	\$ 10,835	4	\$2,751	\$2,243	\$1,482	N/A	N/A	N/A	N/A	N/A	N/A
11th Grade	2018	9.50%	9,382	11,113	16	732	600	403	N/A	N/A	N/A	N/A	N/A	N/A
10th Grade	2019	9.50%	9,624	11,400	28	445	367	250	N/A	N/A	N/A	N/A	N/A	N/A
9th Grade	2020	9.50%	9,872	11,694	40	331	275	190	N/A	N/A	N/A	N/A	N/A	N/A
8th Grade	2021	9.50%	10,126	11,994	52	271	226	158	N/A	N/A	N/A	N/A	N/A	N/A
7th Grade	2022	9.50%	10,315	12,218	64	232	194	137	\$245	\$205	\$145	N/A	N/A	N/A
6th Grade	2023	5.50%	10,194	12,075	76	200	167	117	242	202	142	N/A	N/A	N/A
5th Grade	2024	5.50%	10,075	11,934	88	177	147	103	239	199	139	N/A	N/A	N/A
4th Grade	2025	5.50%	9,957	11,794	100	159	132	92	236	196	136	\$164	\$136	\$94
3rd Grade	2026	5.50%	9,840	11,656	112	145	120	83	233	193	133	162	134	92
2nd Grade	2027	5.50%	9,725	11,519	124	134	110	76	231	191	131	160	132	90
1st Grade	2028	5.50%	9,578	11,345	136	124	102	69	227	187	127	157	130	88
Kindergarten	2029	3.50%	9,286	10,999	148	114	93	62	220	180	120	153	125	83
4 Year Old	2030	3.50%	9,003	10,664	160	106	86	56	214	174	113	148	120	79
3 Year Old	2031	3.50%	8,729	10,340	172	98	79	51	207	167	107	143	116	74
2 Year Old	2032	3.50%	8,463	10,025	184	92	73	46	201	161	101	139	111	70
1 Year Old	2033	3.50%	8,206	9,720	196	86	68	42	195	155	95	135	107	66
Newborn	2034	3.50%	7,956	9,424	208	81	64	38	189	149	89	131	103	61

**2016-2017 ACADEMIC YEAR – ONE-YEAR SENIOR COLLEGE/UNIVERSITY PLAN
(CONCLUDED)**

<i>Accounting for an Average Usage of 12.8 Credit Hours per Semester and 9.4 Semesters to Graduate</i>												
Age/Grade of Beneficiary as of Sept. 1, 2016	Monthly 10-Year Plan - Monthly Payment			Monthly 12-Year Plan - Monthly Payment			Annual 3-Year Plan - Annual Payment			Annual 5-Year Plan - Annual Payment		
	Lump Sum Amount			Lump Sum Amount			Lump Sum Amount			Lump Sum Amount		
	\$0	\$2,000	\$5,000	\$0	\$2,000	\$5,000	\$0	\$2,000	\$5,000	\$0	\$2,000	\$5,000
12th Grade	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
11th Grade	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10th Grade	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
9th Grade	N/A	N/A	N/A	N/A	N/A	N/A	\$4,517	\$3,745	\$2,586	N/A	N/A	N/A
8th Grade	N/A	N/A	N/A	N/A	N/A	N/A	4,633	3,861	2,702	N/A	N/A	N/A
7th Grade	N/A	N/A	N/A	N/A	N/A	N/A	4,720	3,947	2,788	\$3,040	\$2,542	\$1,796
6th Grade	N/A	N/A	N/A	N/A	N/A	N/A	4,664	3,892	2,733	3,004	2,507	1,760
5th Grade	N/A	N/A	N/A	N/A	N/A	N/A	4,610	3,837	2,678	2,969	2,472	1,725
4th Grade	N/A	N/A	N/A	N/A	N/A	N/A	4,556	3,783	2,624	2,934	2,437	1,690
3rd Grade	N/A	N/A	N/A	N/A	N/A	N/A	4,503	3,730	2,571	2,900	2,402	1,656
2nd Grade	\$137	\$113	\$77	N/A	N/A	N/A	4,450	3,677	2,518	2,866	2,368	1,622
1st Grade	135	111	75	N/A	N/A	N/A	4,382	3,610	2,451	2,823	2,325	1,579
Kindergarten	130	107	71	\$116	\$95	\$63	4,249	3,476	2,317	2,737	2,239	1,493
4 Year Old	127	103	67	112	91	60	4,119	3,347	2,188	2,653	2,156	1,409
3 Year Old	123	99	63	109	88	56	3,994	3,222	2,063	2,573	2,075	1,329
2 Year Old	119	95	60	106	85	53	3,873	3,100	1,941	2,494	1,997	1,250
1 Year Old	115	92	56	103	81	50	3,755	2,982	1,823	2,418	1,921	1,174
Newborn	112	88	52	99	78	47	3,640	2,868	1,709	2,345	1,847	1,101

2016-2017 ACADEMIC YEAR – TWO-YEAR COMMUNITY COLLEGE AND TWO-YEAR SENIOR COLLEGE/UNIVERSITY PLAN

<i>Accounting for an Average Usage of 11.9/12.8 Credit Hours per Semester</i>														
Age/Grade of Beneficiary as of Sept. 1, 2016	Projected Enrollment Year	Annual Tuition Increase	Present Value of Benefits	Lump Sum Single Payment	Monthly Extended Plan Monthly Payment			Monthly 5-Year Plan - Monthly Payment			Monthly 8-Year Plan - Monthly Payment			
					Number of Payments	Lump Sum Amount			Lump Sum Amount			Lump Sum Amount		
						\$0	\$2,000	\$5,000	\$0	\$2,000	\$5,000	\$0	\$2,000	\$5,000
12th Grade	2017	9.50%	\$ 27,521	\$ 32,094	4	\$8,149	\$7,641	\$6,879	N/A	N/A	N/A	N/A	N/A	N/A
11th Grade	2018	9.50%	28,086	32,753	16	2,157	2,026	1,828	N/A	N/A	N/A	N/A	N/A	N/A
10th Grade	2019	9.50%	28,352	33,063	28	1,291	1,213	1,095	N/A	N/A	N/A	N/A	N/A	N/A
9th Grade	2020	9.50%	28,315	33,020	40	935	879	794	N/A	N/A	N/A	N/A	N/A	N/A
8th Grade	2021	9.50%	28,212	32,900	52	743	698	630	N/A	N/A	N/A	N/A	N/A	N/A
7th Grade	2022	9.50%	27,997	32,649	64	620	582	525	\$654	\$614	\$554	N/A	N/A	N/A
6th Grade	2023	5.50%	27,669	32,266	76	534	501	452	646	606	546	N/A	N/A	N/A
5th Grade	2024	5.50%	27,278	31,810	88	471	441	397	637	597	537	N/A	N/A	N/A
4th Grade	2025	5.50%	26,747	31,191	100	420	393	353	625	585	525	\$433	\$405	\$363
3rd Grade	2026	5.50%	26,081	30,414	112	378	353	316	609	569	509	422	394	353
2nd Grade	2027	5.50%	25,400	29,620	124	344	321	286	593	553	493	411	383	342
1st Grade	2028	5.50%	24,683	28,784	136	315	293	260	577	537	476	399	372	330
Kindergarten	2029	3.50%	23,931	27,907	148	289	269	238	559	519	459	387	360	318
4 Year Old	2030	3.50%	23,203	27,058	160	268	248	218	542	502	442	376	348	306
3 Year Old	2031	3.50%	22,496	26,234	172	249	230	202	526	485	425	364	336	295
2 Year Old	2032	3.50%	21,811	25,435	184	233	215	187	510	469	409	353	325	284
1 Year Old	2033	3.50%	21,147	24,661	196	218	201	174	494	454	394	342	314	273
Newborn	2034	3.50%	20,504	23,911	208	206	188	163	479	439	379	332	304	262

2016-2017 ACADEMIC YEAR – TWO-YEAR COMMUNITY COLLEGE AND TWO-YEAR SENIOR COLLEGE/UNIVERSITY PLAN (CONCLUDED)

<i>Accounting for an Average Usage of 11.9/12.8 Credit Hours per Semester</i>												
Age/Grade of Beneficiary as of Sept. 1, 2016	Monthly 10-Year Plan - Monthly Payment			Monthly 12-Year Plan - Monthly Payment			Annual 3-Year Plan - Annual Payment			Annual 5-Year Plan - Annual Payment		
	Lump Sum Amount			Lump Sum Amount			Lump Sum Amount			Lump Sum Amount		
	\$0	\$2,000	\$5,000	\$0	\$2,000	\$5,000	\$0	\$2,000	\$5,000	\$0	\$2,000	\$5,000
12th Grade	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
11th Grade	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10th Grade	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
9th Grade	N/A	N/A	N/A	N/A	N/A	N/A	\$12,755	\$11,983	\$10,824	N/A	N/A	N/A
8th Grade	N/A	N/A	N/A	N/A	N/A	N/A	12,709	11,936	10,777	N/A	N/A	N/A
7th Grade	N/A	N/A	N/A	N/A	N/A	N/A	12,612	11,839	10,680	\$8,123	\$7,626	\$6,879
6th Grade	N/A	N/A	N/A	N/A	N/A	N/A	12,464	11,691	10,532	8,028	7,530	6,784
5th Grade	N/A	N/A	N/A	N/A	N/A	N/A	12,288	11,515	10,356	7,915	7,417	6,671
4th Grade	N/A	N/A	N/A	N/A	N/A	N/A	12,049	11,276	10,117	7,761	7,263	6,517
3rd Grade	N/A	N/A	N/A	N/A	N/A	N/A	11,748	10,976	9,817	7,567	7,070	6,323
2nd Grade	\$351	\$328	\$292	N/A	N/A	N/A	11,442	10,669	9,510	7,370	6,872	6,126
1st Grade	341	318	282	N/A	N/A	N/A	11,119	10,346	9,187	7,162	6,664	5,918
Kindergarten	331	307	272	\$294	\$273	\$242	10,780	10,007	8,849	6,943	6,446	5,699
4 Year Old	321	297	262	285	264	233	10,452	9,680	8,521	6,732	6,235	5,488
3 Year Old	311	288	252	277	256	224	10,134	9,361	8,202	6,527	6,030	5,283
2 Year Old	302	278	242	268	247	215	9,825	9,053	7,894	6,328	5,831	5,084
1 Year Old	293	269	233	260	239	207	9,526	8,754	7,595	6,136	5,638	4,892
Newborn	284	260	224	252	231	199	9,236	8,464	7,305	5,949	5,452	4,705

2016-2017 ACADEMIC YEAR – TWO-YEAR COMMUNITY COLLEGE PLAN

<i>Accounting for an Average Usage of 11.9 Credit Hours per Semester</i>														
Age/Grade of Beneficiary as of Sept. 1, 2016	Projected Enrollment Year	Annual Tuition Increase	Present Value of Benefits	Lump Sum Single Payment	Monthly Extended Plan Monthly Payment				Monthly 5-Year Plan - Monthly Payment			Monthly 8-Year Plan - Monthly Payment		
					Number of Payments	Lump Sum Amount			Lump Sum Amount			Lump Sum Amount		
						\$0	\$2,000	\$5,000	\$0	\$2,000	\$5,000	\$0	\$2,000	\$5,000
12th Grade	2017	9.50%	\$ 7,475	\$ 8,379	4	\$2,128	\$1,620	\$858	N/A	N/A	N/A	N/A	N/A	N/A
11th Grade	2018	9.50%	7,667	8,594	16	566	434	237	N/A	N/A	N/A	N/A	N/A	N/A
10th Grade	2019	9.50%	7,865	8,816	28	344	266	149	N/A	N/A	N/A	N/A	N/A	N/A
9th Grade	2020	9.50%	8,067	9,042	40	256	199	114	N/A	N/A	N/A	N/A	N/A	N/A
8th Grade	2021	9.50%	8,202	9,193	52	208	162	95	N/A	N/A	N/A	N/A	N/A	N/A
7th Grade	2022	9.50%	8,222	9,216	64	175	137	80	\$185	\$145	\$84	N/A	N/A	N/A
6th Grade	2023	5.50%	8,125	9,107	76	151	118	68	182	142	82	N/A	N/A	N/A
5th Grade	2024	5.50%	8,030	9,001	88	133	104	59	180	140	80	N/A	N/A	N/A
4th Grade	2025	5.50%	7,936	8,895	100	120	93	52	178	138	78	\$123	\$96	\$54
3rd Grade	2026	5.50%	7,843	8,791	112	109	84	47	176	136	76	122	94	53
2nd Grade	2027	5.50%	7,717	8,650	124	100	77	42	173	133	73	120	92	51
1st Grade	2028	5.50%	7,538	8,449	136	92	70	38	169	129	69	117	89	48
Kindergarten	2029	3.50%	7,309	8,192	148	85	64	33	164	124	64	114	86	44
4 Year Old	2030	3.50%	7,086	7,943	160	79	59	29	159	119	59	110	82	41
3 Year Old	2031	3.50%	6,870	7,700	172	73	54	26	154	114	54	107	79	37
2 Year Old	2032	3.50%	6,661	7,466	184	68	50	23	150	109	49	104	76	34
1 Year Old	2033	3.50%	6,458	7,239	196	64	46	20	145	105	45	100	73	31
Newborn	2034	3.50%	6,262	7,019	208	60	43	17	141	101	40	97	70	28

2016-2017 ACADEMIC YEAR – TWO-YEAR COMMUNITY COLLEGE PLAN (CONCLUDED)

<i>Accounting for an Average Usage of 11.9 Credit Hours per Semester</i>												
Age/Grade of Beneficiary as of Sept. 1, 2016	Monthly 10-Year Plan - Monthly Payment			Monthly 12-Year Plan - Monthly Payment			Annual 3-Year Plan - Annual Payment			Annual 5-Year Plan - Annual Payment		
	Lump Sum Amount			Lump Sum Amount			Lump Sum Amount			Lump Sum Amount		
	\$0	\$2,000	\$5,000	\$0	\$2,000	\$5,000	\$0	\$2,000	\$5,000	\$0	\$2,000	\$5,000
12th Grade	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
11th Grade	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10th Grade	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
9th Grade	N/A	N/A	N/A	N/A	N/A	N/A	\$3,493	\$2,720	\$1,561	N/A	N/A	N/A
8th Grade	N/A	N/A	N/A	N/A	N/A	N/A	3,551	2,779	1,620	N/A	N/A	N/A
7th Grade	N/A	N/A	N/A	N/A	N/A	N/A	3,560	2,787	1,629	\$2,293	\$1,795	\$1,049
6th Grade	N/A	N/A	N/A	N/A	N/A	N/A	3,518	2,745	1,586	2,266	1,768	1,022
5th Grade	N/A	N/A	N/A	N/A	N/A	N/A	3,477	2,704	1,546	2,240	1,742	995
4th Grade	N/A	N/A	N/A	N/A	N/A	N/A	3,436	2,663	1,505	2,213	1,716	969
3rd Grade	N/A	N/A	N/A	N/A	N/A	N/A	3,396	2,623	1,464	2,187	1,690	943
2nd Grade	\$103	\$79	\$43	N/A	N/A	N/A	3,341	2,569	1,410	2,152	1,655	908
1st Grade	100	77	41	N/A	N/A	N/A	3,264	2,491	1,332	2,102	1,605	858
Kindergarten	97	73	38	\$86	\$65	\$34	3,164	2,392	1,233	2,038	1,541	794
4 Year Old	94	71	35	84	63	31	3,068	2,296	1,137	1,976	1,479	732
3 Year Old	91	68	32	81	60	28	2,974	2,202	1,043	1,916	1,418	672
2 Year Old	89	65	29	79	58	26	2,884	2,111	953	1,858	1,360	614
1 Year Old	86	62	27	76	55	24	2,796	2,024	865	1,801	1,304	557
Newborn	83	60	24	74	53	21	2,711	1,939	780	1,746	1,249	502

2016-2017 ACADEMIC YEAR – ONE-YEAR COMMUNITY COLLEGE PLAN

<i>Accounting for an Average Usage of 11.9 Credit Hours per Semester</i>														
Age/Grade of Beneficiary as of Sept. 1, 2016	Projected Enrollment Year	Annual Tuition Increase	Present Value of Benefits	Lump Sum Single Payment	Monthly Extended Plan Monthly Payment				Monthly 5-Year Plan - Monthly Payment			Monthly 8-Year Plan - Monthly Payment		
					Number of Payments	Lump Sum Amount			Lump Sum Amount			Lump Sum Amount		
						\$0	\$2,000	\$5,000	\$0	\$2,000	\$5,000	\$0	\$2,000	\$5,000
12th Grade	2017	9.50%	\$ 3,742	\$4,194	4	\$1,065	\$557	N/A	N/A	N/A	N/A	N/A	N/A	N/A
11th Grade	2018	9.50%	3,839	4,303	16	283	152	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10th Grade	2019	9.50%	3,938	4,414	28	172	94	N/A	N/A	N/A	N/A	N/A	N/A	N/A
9th Grade	2020	9.50%	4,039	4,527	40	128	72	N/A	N/A	N/A	N/A	N/A	N/A	N/A
8th Grade	2021	9.50%	4,143	4,644	52	105	60	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7th Grade	2022	9.50%	4,211	4,720	64	90	52	N/A	\$95	\$54	N/A	N/A	N/A	N/A
6th Grade	2023	5.50%	4,161	4,664	76	77	44	N/A	93	53	N/A	N/A	N/A	N/A
5th Grade	2024	5.50%	4,113	4,610	88	68	39	N/A	92	52	N/A	N/A	N/A	N/A
4th Grade	2025	5.50%	4,064	4,555	100	61	34	N/A	91	51	N/A	\$63	\$35	N/A
3rd Grade	2026	5.50%	4,017	4,503	112	56	31	N/A	90	50	N/A	62	35	N/A
2nd Grade	2027	5.50%	3,970	4,450	124	52	28	N/A	89	49	N/A	62	34	N/A
1st Grade	2028	5.50%	3,905	4,377	136	48	26	N/A	88	48	N/A	61	33	N/A
Kindergarten	2029	3.50%	3,786	4,244	148	44	23	N/A	85	45	N/A	59	31	N/A
4 Year Old	2030	3.50%	3,671	4,115	160	41	21	N/A	82	42	N/A	57	29	N/A
3 Year Old	2031	3.50%	3,559	3,989	172	38	19	N/A	80	40	N/A	55	28	N/A
2 Year Old	2032	3.50%	3,451	3,868	184	35	17	N/A	77	37	N/A	54	26	N/A
1 Year Old	2033	3.50%	3,346	3,750	196	33	15	N/A	75	35	N/A	52	24	N/A
Newborn	2034	3.50%	3,244	3,636	208	31	14	N/A	73	33	N/A	50	23	N/A

2016-2017 ACADEMIC YEAR – ONE-YEAR COMMUNITY COLLEGE PLAN (CONCLUDED)

<i>Accounting for an Average Usage of 11.9 Credit Hours per Semester</i>												
Age/Grade of Beneficiary as of Sept. 1, 2016	Monthly 10-Year Plan - Monthly Payment			Monthly 12-Year Plan - Monthly Payment			Annual 3-Year Plan - Annual Payment			Annual 5-Year Plan - Annual Payment		
	Lump Sum Amount			Lump Sum Amount			Lump Sum Amount			Lump Sum Amount		
	\$0	\$2,000	\$5,000	\$0	\$2,000	\$5,000	\$0	\$2,000	\$5,000	\$0	\$2,000	\$5,000
12th Grade	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
11th Grade	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10th Grade	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
9th Grade	N/A	N/A	N/A	N/A	N/A	N/A	\$1,749	\$976	N/A	N/A	N/A	N/A
8th Grade	N/A	N/A	N/A	N/A	N/A	N/A	1,794	1,021	N/A	N/A	N/A	N/A
7th Grade	N/A	N/A	N/A	N/A	N/A	N/A	1,823	1,051	N/A	\$1,174	\$677	N/A
6th Grade	N/A	N/A	N/A	N/A	N/A	N/A	1,802	1,029	N/A	1,160	663	N/A
5th Grade	N/A	N/A	N/A	N/A	N/A	N/A	1,781	1,008	N/A	1,147	649	N/A
4th Grade	N/A	N/A	N/A	N/A	N/A	N/A	1,760	987	N/A	1,133	636	N/A
3rd Grade	N/A	N/A	N/A	N/A	N/A	N/A	1,739	967	N/A	1,120	623	N/A
2nd Grade	\$53	\$29	N/A	N/A	N/A	N/A	1,719	946	N/A	1,107	610	N/A
1st Grade	52	28	N/A	N/A	N/A	N/A	1,691	918	N/A	1,089	591	N/A
Kindergarten	50	27	N/A	\$45	\$24	N/A	1,639	867	N/A	1,056	558	N/A
4 Year Old	49	25	N/A	43	22	N/A	1,590	817	N/A	1,024	526	N/A
3 Year Old	47	24	N/A	42	21	N/A	1,541	768	N/A	992	495	N/A
2 Year Old	46	22	N/A	41	20	N/A	1,494	722	N/A	962	465	N/A
1 Year Old	44	21	N/A	40	18	N/A	1,449	676	N/A	933	435	N/A
Newborn	43	19	N/A	38	17	N/A	1,405	632	N/A	905	407	N/A

SECTION C

METHODS & ASSUMPTIONS

2016 VALUATION METHODS AND ASSUMPTIONS

All actuarial assumptions are estimates of future experience, not observations of estimates inherent in market data. The rationale for the assumptions are shown in our annual letter to the Board reviewing assumptions. See correspondence dated July 27, 2016. Changes to the assumptions are described in that report.

Assumed Rate of Return:

Net Investment Return for Present Value of Benefits – 6.75%

Interest Charge for Payment Plan – 7.75%

Assumed Rate of Tuition Increases

	<u>Valuation Assumptions</u>	<u>Pricing Assumptions</u>
4-Year Universities	6.00% for all future years.	9.50% for first 6 years; 5.50% for next 6 years; 3.50% thereafter.
2-Year Community Colleges	5.50% for all future years.	9.50% for first 6 years; 5.50% for next 6 years; 3.50% thereafter.

Utilization of Credits: Members are expected to matriculate on or after the valuation date and 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.

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. Payments are expected to be made twice per year: once in mid-September and the other in mid-February.

Weighted Average Tuition (WAT) for the 2016/2017 Academic Year:

4-Year Universities – \$7,425

2-Year Community Colleges – \$2,797

Bias Load: Pricing for credits utilized was increased by a load for increased likelihood of Plan participants selecting more expensive in-state schools:

Senior Colleges and Universities – 2.6%

Community Colleges – 0.0%

Additional Risk Premium: Pricing for credits utilized in Senior Colleges and Universities was increased by 3.0%.

2016 VALUATION METHODS AND ASSUMPTIONS

Administrative Expenses: Pricing was increased by 5.0%.

Refunds: None.

Mortality: None.

Benefits for Less than 12 Credits Per Semester:

Senior Colleges and Universities – $\frac{1}{2}$ WAT divided by 12 multiplied by credits used.

Community Colleges – $\frac{1}{2}$ WAT divided by 11 multiplied by credits used.

Credits Acquired for Each Semester Purchased: 15.5 for both Senior Colleges/Universities and Community Colleges.

APPENDIX

BOARD'S 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; and
- 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."