

**NEVADA PREPAID TUITION PROGRAM
ACTUARIAL VALUATION REPORT
AS OF JUNE 30, 2016**

October 14, 2016

Board of Trustees of the College Savings Plans of Nevada
Office of the State Treasurer
555 E. Washington Ave., Suite 4600
Las Vegas, NV 89101

Attention: Ms. Sheila A. Salehian, Deputy Treasurer

Re: Nevada Prepaid Tuition Program Actuarial Valuation as of June 30, 2016

Dear Trustees:

Gabriel, Roeder, Smith & Company (“GRS”) has performed an actuarial valuation of the Nevada Prepaid Tuition Program (the “Program”) as of June 30, 2016. The purpose of this actuarial valuation is to evaluate the financial status of the Program as of June 30, 2016.

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

- A comparison of the actuarial present value of the obligations for prepaid tuition contracts purchased through June 30, 2016, with the value of the assets associated with the program as of that same date;
- An analysis of the factors which caused the deficit/surplus 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 Program’s Board and is intended for use by the Program’s Board and those designated or approved by the Program’s Board. This report may be provided to parties other than the Program’s Board only in its entirety and only with the permission of the Program’s Board. This report should not be relied on for any purpose other than the purpose described above. GRS is not responsible for unauthorized use of this report.

The valuation results set forth in this report are based upon data and information, furnished by the Program, concerning Program benefits, financial transactions, and beneficiaries of the Program. We reviewed this information for internal and year-over-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the Program. Further, the data and information provided is through June 30, 2016, 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 their 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 Program and the Program’s Board. We have not performed a detailed experience study but have performed some limited analyses on the assumptions annually. Based on our 2016 limited analyses, we believe these assumptions are within a reasonable range and are in compliance with actuarial standards regarding pension calculations, and consequently, for the Program.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: Program 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.

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 the Program. GRS makes no representations or warranties to any person participating in or considering participation in the Program. Current and future participants should be aware that the promises of the Program will only be met if the assets of the Program are sufficient to pay its obligations.

To the best of our knowledge, the information contained in this report is accurate and fairly presents the actuarial position of the Nevada Prepaid Tuition Program as of June 30, 2016.

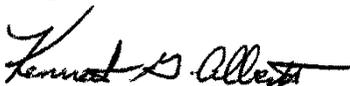
The term “sound” or “actuarially sound” is not explicitly defined in the actuarial standards. To the extent it is used in this report, it refers to the situation where either:

- (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 Guideline.

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

GRS is independent of the plan sponsor.

Respectfully submitted,



Kenneth G. Alberts



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

KGa/DTK:mrB

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SECTION A
EXECUTIVE SUMMARY

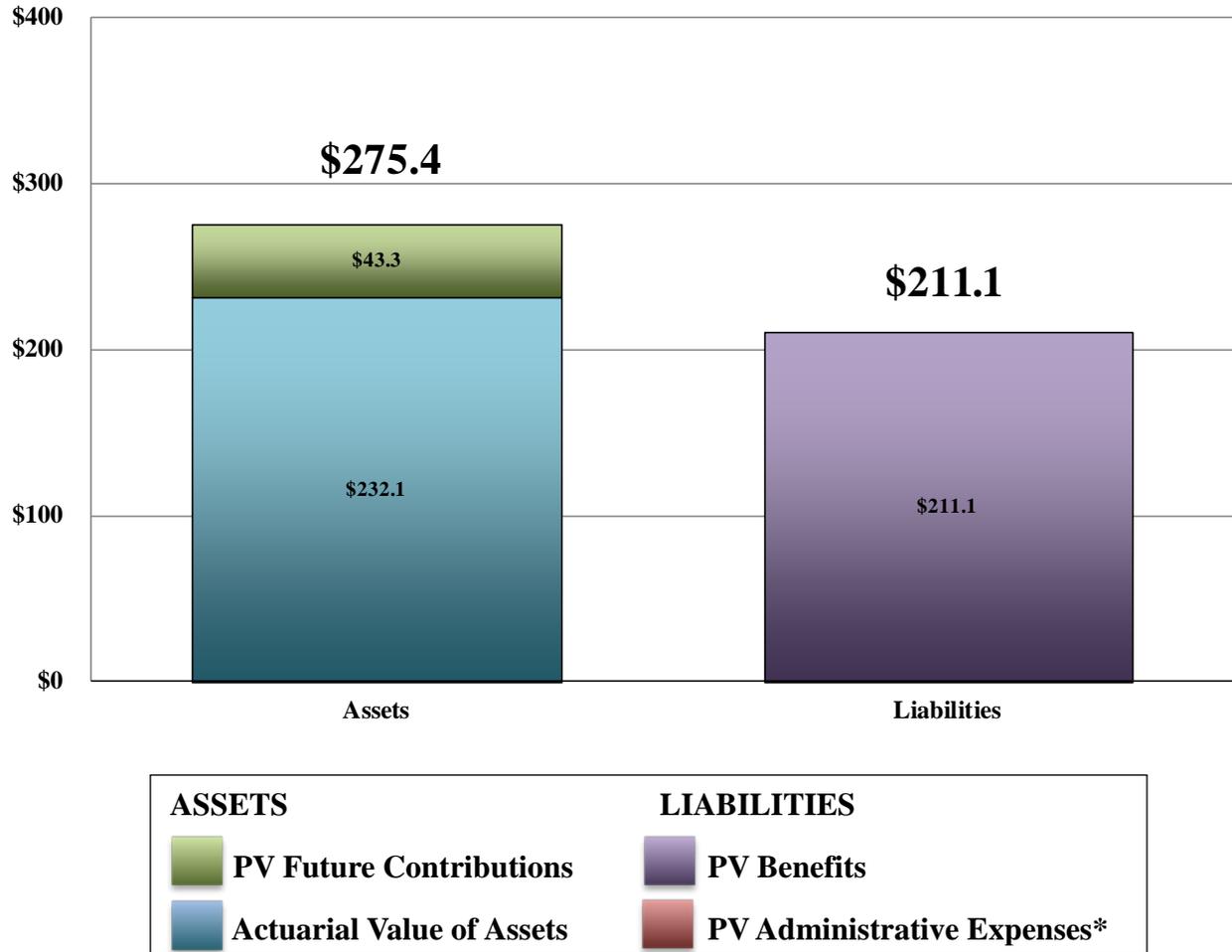
SUMMARY OF RESULTS

Valuation Date:	June 30, 2016
Membership Summary:	
Counts	
Contract Payments in Progress	3,733
Contract Payments Fully Paid	5,109
Delinquent in Contract Payments	365
Benefit Payments in Progress	2,683
Deferred Benefits	261
Total	12,151
Average Years until Expected Enrollment if not yet in Payment Status	7.8
Assets	
Actuarial Value of Assets	\$ 232,139,078
Present Value of Future Contract Payments	\$ 43,307,704
Total	\$ 275,446,782
Rate of Return on Actuarial Value of Assets for Year Ended June 30, 2016	5.39%
Actuarial Liabilities (Present Value of Future Tuition Payments, Refunds and Fees)	\$ 211,119,557
Surplus/(Deficit)	\$ 64,327,225
Funded Ratio*	130.5%

* The Funded Ratio is the ratio of the Actuarial Value of Assets to actuarial liabilities as defined in the Board's Funding Policy Guideline (see Appendix). This ratio may not be appropriate for determining the Program's settlement costs. This ratio is appropriate for determining the need for future contributions from sources other than new contract purchases. A ratio above 100% indicates that additional future contributions from sources other than new contract purchases is not currently needed under the current set of assumptions (including the assumption that the Program will continue to be open to new participants). The funded status would be 128.2% if the Market Value of Assets was used. The rate of return on a Market Value basis was 4.35%.

SUMMARY OF ASSETS AND LIABILITIES AS OF JUNE 30, 2016

Nevada Prepaid Tuition Program (\$ in Millions)



**Present Value of Administrative Expenses is shown as zero, assuming administrative expenses continue to be paid from the College Savings Endowment Fund.*

FUNDED STATUS AS OF JUNE 30, 2016

Actuarial Present Value of Future Tuition Payments, Fees and Expenses	\$211,119,557
Actuarial Value of Assets (Including the Present Value of Installment Contract Receivables)	\$275,446,782
Surplus/(Deficit) as of June 30, 2016	\$ 64,327,225

GAIN/(LOSS) SUMMARY

	Surplus/(Deficit)
(1.) Values as of June 30, 2015	\$ 55,710,915
(2.) Endowment Contributions	\$ 1,820,000
(3.) Admin Fees net of Admin Contributions [^]	\$ -
(4.) Interest on (1.), (2.), and (3.) at Assumed Market Rate of Return	\$ 3,397,255
(5.) New Enrollment Group #	\$ 938,118
(6.) Projected Values at June 30, 2016 [(1.) + (2.) + (3.) + (4.) + (5.)]	\$ 61,866,288
(7.) Change Due to:	
a. Investment Experience	\$ (1,321,632)
b. Tuition/Fee Inflation	\$ -
c. Technical Valuation Programming Updates	\$ 4,623,608
d. Change in Investment Return Assumption	\$ (13,080,177)
e. Change in Tuition Increase Assumption	\$ 10,362,272
f. Other Program Experience During Fiscal Year 2016 @	\$ 1,876,866
(8.) Total [(7.)a. + (7.)b. + (7.)c. + (7.)d. + (7.)e. + (7.)f.]	\$ 2,460,937
(9.) Actual Values as of June 30, 2016 [(6.) + (8.)]	\$ 64,327,225

[^] Administrative fees are covered by a contribution from the Endowment Fund.

Determined before change in assumptions.

@ All other plan experience such as data changes, downgrades, upgrades, change of beneficiaries, using credits faster or slower than assumed, refunds, etc.

DISCUSSION

Actuarial Valuation

Gabriel, Roeder, Smith & Company (“GRS”) has performed an actuarial valuation of the Nevada Prepaid Tuition Program as of June 30, 2016.

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, 2016 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/surplus 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, Program provisions, and actuarial assumptions and methods.

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 Program’s Funding Policy Guideline.

Under this definition, the Program is actuarially sound, based on the actuarial assumptions used in this valuation.

Financial Status of Program

As of June 30, 2016, the present value of all future tuition obligations under contracts outstanding (and including estimated future administrative expenses) at that date is \$211.1 million. Fund assets as of June 30, 2016, including the Actuarial Value of Program Assets and the present value of installment contract receivables, are \$275.4 million.

The difference between the Actuarial Value of Assets of \$275.4 million and Program obligations of \$211.1 million represents a Program surplus of \$64.3 million. The comparable Program surplus as of the last actuarial valuation as of June 30, 2015 was \$55.7 million.

Under the approved assumptions, the Program is 130.5% funded and is expected to be able to pay benefits on behalf of all current contracts.

This surplus acts as a risk reserve to mitigate future experience losses.

DISCUSSION

Gain/Loss Analysis

In the absence of assumption and methodology changes, the Program experienced continued improvement in the funded status during the year ending June 30, 2016. This net gain was a combination of:

- A \$1.8 million contribution from the Nevada College Savings Trust Fund (NCSTF) (this represents 21% of the increase in the surplus);
- Pricing that includes a margin for all new contracts (see (5.) on page C-3);
- An investment return on assets that was below the assumed 6.00% rate of return. The return on a Market Value basis was 4.35%. However, using a 5-year smoothing method, the Actuarial Value of Assets recognized a rate of return of 5.39%. Due to the funded status in excess of 100%, the loss on the Actuarial Value of Assets was not large enough to prevent the surplus from increasing during the year as a result of investment return experience.

Assumption Changes

The Board of Trustees adopted changes to the assumed rate of price inflation (lowering the assumption by 100 basis points). While not directly used in this valuation, the result of this change was a lowering of the rate of investment return assumption and the tuition increase assumptions by 100 basis points. In addition, the long-term tuition increase assumption for community colleges was lowered by an additional 50 basis points to reflect the differing historical experience between community colleges and universities. These changes in the assumptions resulted in a 2.8 million dollar decrease in the surplus. All other assumptions are the same as used in the June 30, 2015 actuarial valuation.

Technical Valuation Programming Updates

Changes in the Valuation Programming were implemented to better model the utilization of remaining credit hours for contracts that have already matriculated, but are beyond the assumed utilization period of their Contracts (see page F-1 for the assumed periods). This change resulted in a 4.6 million dollar increase in the surplus.

Transfers from NCSTF

We understand that the annual Transfers from the NCSTF will not continue. Since no additional revenue was included in the development of the funded status, the discontinuation of the transfers will not affect the surplus. If there are any contributions from the NCSTF in the future, they will add to the surplus, unless offset by experience losses.

Benefit Provisions

We understand there were no changes in the Program provisions since the last actuarial valuation as of June 30, 2015 that would affect the computation of liabilities.

Annual Benefit Payouts

Annual benefit payouts have been less than expected over the last several valuations resulting in experience gains. The differences (and usually gains) have been small and well within the magnitude of normal year to year variation. As a result of the Valuation Methodology Adjustment discussed above, the magnitude of these variations are likely to decline. However, the actuary does suggest the utilization assumption be studied to see if changes to the assumptions are warranted for future valuations. We recommend such a study be performed before the next valuation cycle.

DISCUSSION

Reconciliation of Funded Status Change

	Surplus/(Deficit)	Funded %
June 30, 2015	\$ 55,710,915	127.9%
NCSTF Contribution	1,820,000	0.7%
Interest at Assumed Return (6.00%)	3,397,255	1.3%
Investment Gain/(Loss) (Return above/(below) Assumption)	(1,321,632)	-0.5%
New Contract Experience	938,118	0.4%
Increased Accuracy in Valuation Methodology	4,623,608	1.8%
Change in Investment Return Assumption#	(13,080,177)	-5.1%
Change in Tuition Increase Assumption#	10,362,272	4.1%
Other Experience	1,876,866	0.7%
Misc Change in %s due to Changing Denominator	N/A	-0.8%
June 30, 2016	\$ 64,327,225	130.5%

The Investment Return assumption was lowered from 6.00% to 5.00%. The long-term tuition increase assumption was lowered from 5.75% to 4.75% for 4-year universities and 5.50% to 4.00% for community colleges.

Asset Methodology

In accordance with the Funding Policy Guideline adopted by the Board, this valuation uses a smoothing process in determining the Actuarial Value of Assets (also known as the Funding Value of Assets). This process immediately recognizes the expected return. 20% of the difference between the actual and expected return is also recognized in the current year and 20% is recognized in each of the next 4 years. The Actuarial Value of Assets is not allowed to deviate by more than 20% from the market value. This smoothing process is intended to provide a more stable valuation from year to year. This method was first implemented in the June 30, 2015 Actuarial Valuation.

Reported Assets

The reported Market Value of Assets exceeded the beginning of year Market Value plus revenues less expenditures by approximately \$242 thousand. This difference was treated as investment income for purposes of the Valuation.

SECTION B

PROGRAM DESCRIPTION

SUMMARY OF PROGRAM DESCRIPTION EVALUATED JUNE 30, 2016

Purchasing Contracts – Contract holders may purchase contracts during an enrollment period for newborns to 9th graders. These contracts lock in the cost of tuition for the contract holder at the time of purchase. The holder may choose between a variety of school types and credit hours. Contracts available for purchase include the following:

- **University Plans**
 - 4-Year University (120 University Level Credit Hours)
 - 2-Year University (60 University Level Credit Hours)
 - 1-Year University (30 University Level Credit Hours)

- **Community College Plan**
 - 2-Year Community College (60 Community College Credit Hours)

- **University and Community College Plan**
 - 2-Year Community College & 2-Year University (60 Community College and 60 University Credit Hours)

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

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

* *Members may also elect monthly payment options with an additional down payment made at the time of enrollment to the Program.*

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

Refunds – If a contract purchaser elects to withdraw from the plan, the amount refunded will be equal to the sum amount the purchaser has paid into the plan less any fees and/or monies paid to a school on the student's behalf.

SECTION C
VALUATION RESULTS

PRINCIPAL VALUATION RESULTS AS OF JUNE 30, 2016

	2016	2015
Number of Members		
a. Contract Payments in Progress	3,733	3,679
b. Contract Payments Fully Paid	5,109	4,979
c. Delinquent in Contract Payments	365	410
d. Benefit Payments in Progress	2,683	2,544
e. Deferred Benefits	261	244
f. Total	12,151	11,856
Average Years until Enrollment if Not Yet In Payment Status	7.8	7.9
Assets		
a. Actuarial Value of Assets	\$ 232,139,078	\$ 214,319,167
b. PV Future Member Contributions	43,307,704	40,783,154
c. Total Actuarial Value of Assets	\$ 275,446,782	\$ 255,102,321
Actuarial Results		
Liabilities - Tuition and Fees	\$ 211,119,557	\$ 199,391,406
Liabilities - Present Value of Future Administrative Expenses	-	-
Liabilities Total	\$ 211,119,557	\$ 199,391,406
Surplus/(Deficit)	\$ 64,327,225	\$ 55,710,915
Funded Ratio	130.5%	127.9%

PRINCIPAL VALUATION RESULTS AS OF JUNE 30, 2016 (CONCLUDED)

	2016	2015
Assets		
a. Actuarial Value of Assets	\$ 232,139,078	\$ 214,319,167
b. PVFMC* (Short Term) ^a	9,701,679	8,870,584
c. PVFMC* (Long Term) ^b	33,606,025	31,912,570
d. Total Actuarial Value of Assets	\$ 275,446,782	\$ 255,102,321
 Actuarial Present Value of Tuition, Refunds, Fees and Admin Expenses		
a. Short Term ^a	\$ 17,922,341	\$ 17,692,108
b. Long Term ^b	193,197,216	181,699,298
c. Total	\$ 211,119,557	\$ 199,391,406
 Surplus/(Deficit)	 \$ 64,327,225	 \$ 55,710,915
 Funded Ratio	 130.5%	 127.9%

* Present Value of Future Member Contributions.

^a Present value of amounts in following year.

^b Present value of amounts after first year.

GAIN/(LOSS) SUMMARY

	Present Value of Benefits	PV Future Member Contributions	Funding Value of Assets	Surplus/(Deficit)
(1.) Values as of June 30, 2015	\$ 199,391,406	\$ 40,783,154	\$ 214,319,167	\$ 55,710,915
(2.) Contract Payments, Endowment Contributions	\$ -	\$ (9,448,377)	\$ 11,268,377	\$ 1,820,000
(3.) Tuition Payments, Refunds, Admin Fees net of Admin Contributions [^]	\$ (12,439,396)	\$ -	\$ (12,439,396)	\$ -
(4.) Interest on (1.), (2.), and (3.) at Assumed Market Rate of Return	\$ 11,590,302	\$ 2,163,538	\$ 12,824,019	\$ 3,397,255
(5.) New Enrollment Group #	\$ 15,528,452	\$ 8,978,027	\$ 7,488,543	\$ 938,118
(6.) Projected Values at June 30, 2016 [(1.) + (2.) + (3.) + (4.) + (5.)]	\$ 214,070,764	\$ 42,476,342	\$ 233,460,710	\$ 61,866,288
(7.) Change Due to:				
a. Investment Experience*	\$ -	\$ -	\$ (1,321,632)	\$ (1,321,632)
b. Tuition/Fee Inflation	-	-	-	-
c. Technical Valuation Programming Updates	(4,623,608)	-	-	4,623,608
d. Change in Investment Return Assumption	14,523,453	1,443,276	-	(13,080,177)
e. Change in Tuition Increase Assumption	(10,362,272)	-	-	10,362,272
f. Other Program Experience During Fiscal Year 2016 @	(2,488,780)	(611,914)	-	1,876,866
(8.) Total [(7.)a. + (7.)b. + (7.)c. + (7.)d. + (7.)e. + (7.)f.]	\$ (2,951,207)	\$ 831,362	\$ (1,321,632)	\$ 2,460,937
(9.) Actual Values as of June 30, 2016 [(6.) + (8.)]	\$ 211,119,557	\$ 43,307,704	\$ 232,139,078	\$ 64,327,225

* Investment Experience on Actuarial Value of Assets includes any differentiation in Market Value of Assets as provided by the Program.

[^] Administrative fees are covered by a contribution from the Endowment Fund.

Determined before change in assumptions.

@ All other plan experience such as data changes, downgrades, upgrades, change of beneficiaries, using credits faster or slower than assumed, refunds, etc.

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 Nevada Prepaid Tuition Program. 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 fund will earn 5.00% each year throughout the life of the contracts, actual returns are expected to vary from year to year. Therefore, we have projected the Program's results under alternative assumptions for future investment income and tuition increases as follows:

1. Current valuation assumptions approved by the Program's Board (5.00% investment return with 4.75% and 4.00% long-term tuition increases for Universities and Community Colleges respectively).
2. Tuition increase assumptions are 100 basis points higher/lower than currently assumed.
3. The investment return assumption is 100 basis points higher/lower than assumed.
4. Tuition increase assumptions are 100 basis points higher and the investment return assumption is 100 basis points lower than assumed.
5. Tuition increase assumptions are 100 basis points lower and the investment return assumption is 100 basis points higher than assumed.

Investment gains and losses not yet realized on the valuation date as a result of the 5-year asset smoothing method will be realized in each of the next 4 years. For purposes of this sensitivity testing, future experience was assumed to match the illustrated change in assumptions.

A 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.

SENSITIVITY TESTING RESULTS (CONCLUDED)

\$ in Millions

	Current Valuation Assumptions (G-1)	Assumed Tuition Increases +100 Basis Points (G-2)	Assumed Tuition Increases -100 Basis Points (G-3)	Assumed Investment Return +100 Basis Points (G-4)	Assumed Investment Return -100 Basis Points (G-5)	Assumed Tuition Increases +100 Basis Points and Investment Return -100 Basis Points (G-6)	Assumed Tuition Increases -100 Basis Points and Investment Return +100 Basis Points (G-7)
Assumed Investment Return	5.00%	5.00%	5.00%	6.00%	4.00%	4.00%	6.00%
Assumed Long-Term Tuition Increases (Univ)	4.75%	5.75%	3.75%	4.75%	4.75%	5.75%	3.75%
Assumed Long-Term Tuition Increases (CC)	4.00%	5.00%	3.00%	4.00%	4.00%	5.00%	3.00%
Assets							
a. Actuarial Value of Assets	\$232.1	\$232.1	\$232.1	\$232.1	\$232.1	\$232.1	\$232.1
b. PV Future Member Contributions	43.3	43.3	43.3	41.9	44.9	44.9	41.9
c. Total Assets	\$275.4	\$275.4	\$275.4	\$274.0	\$277.0	\$277.0	\$274.0
Actuarial Results							
Liabilities - Tuition and Fees	\$211.1	\$221.3	\$201.8	\$197.7	\$226.1	\$237.5	\$189.3
Liabilities - PV of Future Admin. Expenses	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Liabilities Total	\$211.1	\$221.3	\$201.8	\$197.7	\$226.1	\$237.5	\$189.3
Surplus/(Deficit)	\$ 64.3	\$ 54.1	\$ 73.6	\$ 76.3	\$ 50.9	\$ 39.5	\$ 84.7
Funded Ratio	130.5%	124.5%	136.5%	138.6%	122.5%	116.6%	144.7%
Difference From Results based on Current Assumptions							
Surplus	\$ 0.0	\$ (10.2)	\$ 9.3	\$ 12.0	\$(13.4)	\$(24.8)	\$ 20.4
Funded Ratio	0.0%	(6.0)%	6.0%	8.1%	(8.0)%	(13.9)%	14.2%

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

SECTION D
FUND ASSETS

STATEMENT OF PROGRAM ASSETS (AT MARKET VALUE)

Nevada Prepaid Tuition Program
Statement of Program Market Value of Assets
Year Ended June 30, 2016

1. Cash	\$ 2,942,374
2. Equities	
a. Large Cap Equities	\$ 88,745,414
b. Mid Cap Equities	16,096,378
c. Small Cap Equities	<u>8,074,414</u>
Total Equities	\$ 112,916,206
3. Fixed Income	\$ 68,121,167
4. Other Investments	\$ 43,455,044
5. Net Assets = (1) + (2) + (3) + (4)	<u>\$ 227,434,791</u>

RECONCILIATION OF PROGRAM ASSETS

Nevada Prepaid Tuition Program
Statement of Changes in Program Market Value of Assets
Twelve Month Period Ended June 30, 2016

1. Market Value of Assets at Beginning of Year	\$ 211,990,199
2. Changes During Year	
a. Additions	
(1) Investment Income	\$ 9,488,974 *
(2) Contract Payments	16,718,808
(3) Administration Fees	125,798
(4) Transfers from Endowment Account	2,451,893
Total Additions = (1) + (2) + (3) + (4)	<u>\$ 28,785,473</u>
b. Deductions	
(1) Tuition Payments	\$ 10,139,549
(2) Refunds	2,425,646
(3) Administration Expenses	631,893
(4) Investment Expenses	143,793
Total Deductions = (1) + (2)	<u>\$ 13,340,881</u>
Net Increases (Decreases) During Year = a - b	<u>\$ 15,444,592</u>
3. Market Value of Assets at End of Year = 1 + 2	\$ 227,434,791
4. Purchased Interest	\$ -
5. Net Market Value of Assets at End of Year = 3 + 4	<u><u>\$ 227,434,791</u></u>

* *Investment Income includes \$241,601.64 variance in reported assets. Inclusion of this cash flow as investment income does not have a significant effect on valuation results.*

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

Year Ended June 30	2015	2016	2017	2018	2019	2020
A. Actuarial Value of Assets Beginning of Year	\$ 194,649,483	\$ 214,319,167				
B. Market Value End of Year	211,990,199	227,434,791				
C. Market Value Beginning of Year	194,649,483	211,990,199				
D. Non-Investment/Administrative Net Cash Flow						
D1. Contract Payments, Admin Fees, Endowment Contributions	19,259,797	19,296,499				
D2. Tuition Payments, Refunds, Admin Expenses	(11,418,504)	(13,197,088)				
D3. Total Net Cash Flow: D1+D2	7,841,293	6,099,411				
E. Investment Return						
E1. Market Total: B-C-D3	9,499,423	9,345,181				
E2. Assumed Rate of Return	6.25%	6.00%	5.00%			
E3. Assumed Amount of Return	12,410,633	13,042,132				
E4. Amount Subject to Phase-In: E1-E3	(2,911,210)	(3,696,951)				
F. Phased-In Recognition of Investment Return						
F1. Current Year: 0.20 x E4	(582,242)	(739,390)				
F2. First Prior Year	-	(582,242)	\$ (739,390)			
F3. Second Prior Year	-	-	(582,242)	\$ (739,390)		
F4. Third Prior Year	-	-	-	(582,242)	\$ (739,390)	
F5. Fourth Prior Year	-	-	-	-	(582,242)	\$ (739,391)
F6. Total Phase-Ins	(582,242)	(1,321,632)	(1,321,632)	(1,321,632)	(1,321,632)	(739,391)
G. Actuarial Value of Assets End of Year						
G1. Preliminary Actuarial Value End of Year: A+D3+E3+F6	\$ 214,319,167	\$ 232,139,078				
G2. Upper Corridor Limit: 120% x B	254,388,239	272,921,749				
G3. Lower Corridor Limit: 80% x B	169,592,159	181,947,833				
G4. Actuarial Value of Assets End of Year	\$ 214,319,167	\$ 232,139,078				
H. Difference Between Market and Actuarial Value	(2,328,968)	(4,704,287)	(3,382,655)	(2,061,023)	(739,391)	-
I. Recognized Rate of Return	5.96 %	5.39 %				
J. Market Rate of Return	4.78 %	4.35 %				
K. Ratio of Actuarial Value to Market Value	101 %	102 %				

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 5-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 4 consecutive years, Actuarial Value will become equal to Market Value.

SECTION E
PARTICIPANT DATA

MEMBER DATA BEGINNING TO END OF YEAR SUMMARY AS OF JUNE 30, 2016

	Type of Contract					Total
	4-Yr. Univ	2-Yr. Univ	1-Yr. Univ	2+2	2-Yr. Comm. Coll	
Beginning of Year (6/30/2015)	8,748	952	252	1,153	751	11,856
New Contracts	536	165	76	106	81	964
Removed Contracts	523	34	8	60	44	669
End of Year (6/30/2016)	8,761	1,083	320	1,199	788	12,151

MEMBER MATRICULATION SUMMARY AS OF JUNE 30, 2016

Projected Enrollment Year	Type of Contract					2-Yr. Comm. Coll	Total	
	4-Yr. Univ	2-Yr. Univ	1-Yr. Univ	2+2				
2002	5	-	-	1	-	6	0.05%	
2003	16	-	-	3	2	21	0.17%	
2004	29	-	-	6	-	35	0.29%	
2005	47	1	-	3	1	52	0.43%	
2006	65	-	-	16	4	85	0.70%	
2007	71	1	-	18	3	93	0.77%	
2008	95	1	-	17	9	122	1.00%	
2009	117	2	-	22	4	145	1.19%	
2010	164	5	-	22	5	196	1.61%	
2011	203	5	-	34	10	252	2.07%	
2012	314	7	-	39	13	373	3.07%	
2013	469	6	-	43	10	528	4.35%	
2014	500	26	2	49	20	597	4.91%	
2015	529	29	3	54	31	646	5.32%	
2016	574	40	9	65	33	721	5.93%	
2017	576	55	5	83	39	758	6.24%	
2018	625	57	8	71	53	814	6.71%	
2019	557	77	18	58	47	757	6.23%	
2020	414	78	18	74	59	643	5.29%	
2021	439	80	31	60	67	677	5.57%	
2022	415	73	29	62	58	637	5.24%	
2023	371	67	21	56	38	553	4.55%	
2024	331	75	35	63	49	553	4.55%	
2025	319	80	25	61	45	530	4.36%	
2026	291	69	15	36	34	445	3.66%	
2027	235	50	20	47	26	378	3.11%	
2028	216	44	15	30	34	339	2.79%	
2029	197	38	18	30	30	313	2.58%	
2030	191	33	17	29	28	298	2.45%	
2031	163	49	9	21	22	264	2.17%	
2032	135	22	11	17	9	194	1.60%	
2033	88	13	11	9	5	126	1.04%	
Total	8,761	1,083	320	1,199	788	12,151	100.00%	
	72.10%	8.91%	2.63%	9.87%	6.49%	100.00%		

MEMBER PAYMENT OPTION SUMMARY AS OF JUNE 30, 2016

Contract Payment Type	Type of Contract					Total	
	4-Yr. Univ	2-Yr. Univ	1-Yr. Univ	2+2	2-Yr. Comm. Coll		
Lump Sum	3,163	321	145	284	165	4,078	33.56%
5-Year Payments	3,026	290	87	369	302	4,074	33.53%
Extended Payments	2,572	472	88	546	321	3,999	32.91%
Total	8,761	1,083	320	1,199	788	12,151	100.00%
	72.10%	8.91%	2.63%	9.87%	6.49%	100.00%	

SECTION F

METHODS AND ASSUMPTIONS

VALUATION METHODS AND ASSUMPTIONS

All actuarial assumptions are expectations of future experience, not market measures. The rationale for the assumptions is described in the June 30, 2012 Replication Valuation Report and the annual assumptions letters addressed to the Board.

Assumed Rate of Return, Net of Investment Fees: 5.00%

Assumed Rate of Tuition Increases from Prior Academic Year:

Academic Year	University	Community College
2017-2018	4.00%	4.00%
2018-2019	4.00%	4.00%
2019-2020+	4.75%	4.00%

Utilization of Credits*: Benefit payments are based on the following schedule in accordance with the type of Contract and the expected Payout Year.

Type of Contract	First Year	Second Year	Third Year	Fourth Year	Fifth Year	Sixth Year
Four-Year Contracts	20%	20%	20%	20%	15%	5%
Two-Year Contracts	40%	40%	15%	5%	0%	0%
One-Year Contracts	100%	0%	0%	0%	0%	0%

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

Refunds: Accumulated contract payments to plan without interest. Withdrawal rates at the beginning of each year are based on the following schedule in accordance with the type of contract purchased.

Years of Payment Since Purchase	Lump Sum	Five-Year Payments	Extended Payments
1-3	0.50%	3.00%	5.00%
4	0.50%	1.25%	3.50%
5	0.50%	1.20%	2.00%
6+	0.50%	0.50%	0.50%

VALUATION METHODS AND ASSUMPTIONS (CONCLUDED)

Election of Program Changes:	None.
Election of Change of Beneficiary:	None.
Liability Adjustments for Administrative Expenses:	None. Administrative expenses are paid from outside the trust.
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.
Timing of Tuition Payments#:	Once per year at beginning of year.
Timing of Refunds:	At the end of the month the member withdraws from the plan.
Weighted Average Tuition (WAT) for the 2016/2017 Academic Year:	
○ 4-Year College:	\$6,217.50
○ 2-Year College:	\$2,745.00
Bias Load:	None.

Note: Since all the covered in-state 4-year colleges and universities charge the same tuition and all the covered in-state two-year colleges charge the same tuition, the WAT is simply the rate of tuition and fees. If the covered colleges and universities begin to charge different rates of tuition in the future, a WAT (averaging) calculation will be performed and a bias load may be necessary.

GRS models liabilities assuming two payments per year (one in the fall, one in the winter) for beneficiaries who have matriculated.

SECTION G
PROJECTION RESULTS

Nevada Prepaid Tuition Program
Projection Based on June 30, 2016 Valuation Results

Input	
Valuation	
Assumed Rate of Investment Return	5.00%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	5.00%
Annual Contribution from NCSTF	-

Estimated Valuation Results	
Present Value of Future Tuition and Fees	\$211,119,557
Present Value of Future Contract Payments	\$ 43,307,704
June 30, 2016 Actuarial Value of Assets	\$232,139,078
Unfunded Liability	\$ (64,327,225)
Funded Status	130.5%
Year Insolvent	Never

Fiscal Year Ending June 30,	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Comm. Colleges/CC	Actual Tuition Increase for Actuarial Value of Assets (BOY*)	Payments & Refunds (Discounted to BOY*)	Other Payments	Transfers from NCSTF (EOY*)	Projected Contract Payments (Discounted to BOY*)	Projected Funded Status
2017	5.00%	n/a	n/a	\$ 232,139,078	\$ 17,922,341	\$ -	-	\$ 9,701,679	130.5%
2018	5.00%	4.00%	4.00%	233,792,705	19,047,031	-	-	8,248,283	132.6%
2019	5.00%	4.00%	4.00%	232,822,024	20,349,160	-	-	6,824,636	135.3%
2020	5.00%	4.75%	4.00%	228,940,743	20,934,580	-	-	5,540,027	138.8%
2021	5.00%	4.75%	4.00%	223,484,108	19,770,841	-	-	4,253,532	143.4%
2022	5.00%	4.75%	4.00%	218,365,139	19,114,998	-	-	3,216,793	149.2%
2023	5.00%	4.75%	4.00%	212,590,281	18,650,829	-	-	2,815,490	156.0%
2024	5.00%	4.75%	4.00%	206,592,689	17,619,607	-	-	2,451,532	164.4%
2025	5.00%	4.75%	4.00%	200,995,844	16,909,892	-	-	2,044,300	174.4%
2026	5.00%	4.75%	4.00%	195,436,764	16,468,136	-	-	1,605,620	186.6%
2027	5.00%	4.75%	4.00%	189,602,959	15,833,494	-	-	1,298,794	202.3%
2028	5.00%	4.75%	4.00%	183,821,673	14,857,537	-	-	1,022,348	222.6%
2029	5.00%	4.75%	4.00%	178,485,808	13,772,685	-	-	802,333	248.9%
2030	5.00%	4.75%	4.00%	173,791,229	12,818,578	-	-	576,042	283.9%
2031	5.00%	4.75%	4.00%	169,626,129	11,934,860	-	-	388,062	332.1%
2032	5.00%	4.75%	4.00%	165,983,298	11,079,510	-	-	215,599	402.6%
2033	5.00%	4.75%	4.00%	162,875,356	10,151,198	-	-	94,044	513.4%
2034	5.00%	4.75%	4.00%	160,459,111	8,805,054	-	-	6,504	707.8%
2035	5.00%	4.75%	4.00%	159,243,590	6,557,536	-	-	-	1093.8%
2036	5.00%	4.75%	4.00%	160,320,356	4,507,879	-	-	-	1908.4%
2037	5.00%	4.75%	4.00%	163,603,101	2,697,917	-	-	-	4002.6%
2038	5.00%	4.75%	4.00%	168,950,443	1,198,691	-	-	-	11580.3%
2039	5.00%	4.75%	4.00%	176,139,339	273,267	-	-	-	64456.8%

* Beginning/End of year (Fiscal).

Nevada Prepaid Tuition Program
Projection Based on June 30, 2016 Tuition Increases +100 Basis Points

Input	
Valuation	
Assumed Rate of Investment Return	5.00%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	5.00%
Annual Contribution from NCSTF	-

Estimated Valuation Results	
Present Value of Future Tuition and Fees	\$221,282,248
Present Value of Future Contract Payments	\$ 43,307,704
June 30, 2016 Actuarial Value of Assets	\$232,139,078
Unfunded Liability	\$ (54,164,534)
Funded Status	124.5%
Year Insolvent	Never

Fiscal Year Ending June 30,	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Comm. Colleges/CC	Actuarial Value of Assets (BOY*)	Payments & Refunds (Discounted to BOY*)	Other Payments	Transfers from NCSTF (EOY*)	Projected Contract Payments (Discounted to BOY*)	Projected Funded Status
2017	5.00%	n/a	n/a	\$ 232,139,078	\$ 17,922,341	\$ -	-	\$ 9,701,679	124.5%
2018	5.00%	4.00%	4.00%	233,792,705	19,047,031	-	-	8,248,283	126.0%
2019	5.00%	4.00%	4.00%	232,822,024	20,349,160	-	-	6,824,636	127.9%
2020	5.00%	5.75%	5.00%	228,940,743	21,128,840	-	-	5,540,027	130.3%
2021	5.00%	5.75%	5.00%	223,280,135	20,141,128	-	-	4,253,532	133.6%
2022	5.00%	5.75%	5.00%	217,762,166	19,656,738	-	-	3,216,793	137.9%
2023	5.00%	5.75%	5.00%	211,388,332	19,360,252	-	-	2,815,490	142.9%
2024	5.00%	5.75%	5.00%	204,585,748	18,462,337	-	-	2,451,532	148.9%
2025	5.00%	5.75%	5.00%	198,003,690	17,886,764	-	-	2,044,300	156.1%
2026	5.00%	5.75%	5.00%	191,269,287	17,585,892	-	-	1,605,620	165.0%
2027	5.00%	5.75%	5.00%	184,053,465	17,069,881	-	-	1,298,794	176.2%
2028	5.00%	5.75%	5.00%	176,696,498	16,171,001	-	-	1,022,348	190.7%
2029	5.00%	5.75%	5.00%	169,625,238	15,133,989	-	-	802,333	209.6%
2030	5.00%	5.75%	5.00%	163,058,261	14,221,374	-	-	576,042	234.4%
2031	5.00%	5.75%	5.00%	156,883,577	13,369,258	-	-	388,062	268.6%
2032	5.00%	5.75%	5.00%	151,097,500	12,531,894	-	-	215,599	318.4%
2033	5.00%	5.75%	5.00%	145,720,265	11,593,607	-	-	94,044	396.6%
2034	5.00%	5.75%	5.00%	140,931,737	10,153,855	-	-	6,504	533.1%
2035	5.00%	5.75%	5.00%	137,323,605	7,634,311	-	-	-	803.3%
2036	5.00%	5.75%	5.00%	136,173,760	5,298,138	-	-	-	1370.7%
2037	5.00%	5.75%	5.00%	137,419,403	3,201,130	-	-	-	2822.7%
2038	5.00%	5.75%	5.00%	140,929,187	1,435,846	-	-	-	8050.5%
2039	5.00%	5.75%	5.00%	146,468,008	330,457	-	-	-	44322.9%

* Beginning/End of year (Fiscal).

Nevada Prepaid Tuition Program
Projection Based on June 30, 2016 Tuition Increases -100 Basis Points

Input	
Valuation	
Assumed Rate of Investment Return	5.00%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	5.00%
Annual Contribution from NCSTF	-

Estimated Valuation Results	
Present Value of Future Tuition and Fees	\$201,759,583
Present Value of Future Contract Payments	\$ 43,307,704
June 30, 2016 Actuarial Value of Assets	\$232,139,078
Unfunded Liability	\$ (73,687,199)
Funded Status	136.5%
Year Insolvent	Never

Fiscal Year Ending June 30,	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Comm. Colleges/CC	Actuarial Value of Assets (BOY*)	Payments & Refunds (Discounted to BOY*)	Other Payments	Transfers from NCSTF (EOY*)	Projected Contract Payments (Discounted to BOY*)	Projected Funded Status
2017	5.00%	n/a	n/a	\$ 232,139,078	\$ 17,922,341	\$ -	-	\$ 9,701,679	136.5%
2018	5.00%	4.00%	4.00%	233,792,705	19,047,031	-	-	8,248,283	139.4%
2019	5.00%	4.00%	4.00%	232,822,024	20,349,160	-	-	6,824,636	143.0%
2020	5.00%	3.75%	3.00%	228,940,743	20,740,320	-	-	5,540,027	147.6%
2021	5.00%	3.75%	3.00%	223,688,082	19,404,074	-	-	4,253,532	153.7%
2022	5.00%	3.75%	3.00%	218,964,418	18,583,507	-	-	3,216,793	161.3%
2023	5.00%	3.75%	3.00%	213,777,589	17,961,442	-	-	2,815,490	170.3%
2024	5.00%	3.75%	3.00%	208,563,219	16,808,461	-	-	2,451,532	181.4%
2025	5.00%	3.75%	3.00%	203,916,605	15,978,567	-	-	2,044,300	194.6%
2026	5.00%	3.75%	3.00%	199,481,455	15,412,625	-	-	1,605,620	210.9%
2027	5.00%	3.75%	3.00%	194,958,172	14,677,051	-	-	1,298,794	231.8%
2028	5.00%	3.75%	3.00%	190,658,912	13,640,674	-	-	1,022,348	259.0%
2029	5.00%	3.75%	3.00%	186,942,615	12,523,484	-	-	802,333	294.5%
2030	5.00%	3.75%	3.00%	183,982,538	11,543,535	-	-	576,042	341.7%
2031	5.00%	3.75%	3.00%	181,665,798	10,643,483	-	-	388,062	407.2%
2032	5.00%	3.75%	3.00%	179,980,896	9,784,366	-	-	215,599	502.9%
2033	5.00%	3.75%	3.00%	178,932,735	8,877,163	-	-	94,044	654.2%
2034	5.00%	3.75%	3.00%	178,657,097	7,625,009	-	-	6,504	920.2%
2035	5.00%	3.75%	3.00%	179,590,522	5,624,425	-	-	-	1450.7%
2036	5.00%	3.75%	3.00%	182,664,402	3,829,555	-	-	-	2575.5%
2037	5.00%	3.75%	3.00%	187,776,589	2,270,081	-	-	-	5480.8%
2038	5.00%	3.75%	3.00%	194,781,833	998,975	-	-	-	16047.3%
2039	5.00%	3.75%	3.00%	203,472,001	225,564	-	-	-	90206.1%

* Beginning/End of year (Fiscal).

Nevada Prepaid Tuition Program
Projection Based on June 30, 2016 Investment Return +100 Basis Points

Input	
Valuation	
Assumed Rate of Investment Return	6.00%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	6.00%
Annual Contribution from NCSTF	-

Estimated Valuation Results	
Present Value of Future Tuition and Fees	\$197,711,705
Present Value of Future Contract Payments	\$ 41,864,428
June 30, 2016 Actuarial Value of Assets	\$232,139,078
Unfunded Liability	\$ (76,291,801)
Funded Status	138.6%
Year Insolvent	Never

Fiscal Year Ending June 30,	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Comm. Colleges/CC	Actuarial Value of Assets (BOY*)	Payments & Refunds (Discounted to BOY*)	Other Payments	Transfers from NCSTF (EOY*)	Projected Contract Payments (Discounted to BOY*)	Projected Funded Status
2017	6.00%	n/a	n/a	\$ 232,139,078	\$ 17,851,339	\$ -	-	\$ 9,655,808	138.6%
2018	6.00%	4.00%	4.00%	236,058,528	18,971,625	-	-	8,209,284	141.7%
2019	6.00%	4.00%	4.00%	237,492,325	20,268,781	-	-	6,792,368	145.6%
2020	6.00%	4.75%	4.00%	236,135,236	20,852,044	-	-	5,513,833	150.6%
2021	6.00%	4.75%	4.00%	233,305,455	19,692,961	-	-	4,233,421	157.1%
2022	6.00%	4.75%	4.00%	230,916,670	19,039,761	-	-	3,201,584	165.1%
2023	6.00%	4.75%	4.00%	227,983,201	18,577,446	-	-	2,802,178	174.7%
2024	6.00%	4.75%	4.00%	224,940,410	17,550,297	-	-	2,439,940	186.4%
2025	6.00%	4.75%	4.00%	222,419,856	16,843,397	-	-	2,034,634	200.5%
2026	6.00%	4.75%	4.00%	220,067,759	16,403,407	-	-	1,598,028	217.8%
2027	6.00%	4.75%	4.00%	217,578,122	15,771,283	-	-	1,292,653	240.0%
2028	6.00%	4.75%	4.00%	215,285,462	14,799,179	-	-	1,017,515	268.9%
2029	6.00%	4.75%	4.00%	213,594,026	13,718,603	-	-	798,540	306.6%
2030	6.00%	4.75%	4.00%	212,714,401	12,768,260	-	-	573,319	356.6%
2031	6.00%	4.75%	4.00%	212,550,627	11,888,029	-	-	386,228	426.0%
2032	6.00%	4.75%	4.00%	213,111,756	11,036,053	-	-	214,579	527.6%
2033	6.00%	4.75%	4.00%	214,427,700	10,111,396	-	-	93,599	688.0%
2034	6.00%	4.75%	4.00%	216,674,497	8,770,539	-	-	6,473	970.2%
2035	6.00%	4.75%	4.00%	220,385,057	6,531,832	-	-	-	1532.8%
2036	6.00%	4.75%	4.00%	226,684,418	4,490,209	-	-	-	2725.7%
2037	6.00%	4.75%	4.00%	235,525,862	2,687,342	-	-	-	5806.8%
2038	6.00%	4.75%	4.00%	246,808,831	1,193,993	-	-	-	17012.1%
2039	6.00%	4.75%	4.00%	260,351,729	272,196	-	-	-	95648.6%

* Beginning/End of year (Fiscal).

Nevada Prepaid Tuition Program
Projection Based on June 30, 2016 Investment Return -100 Basis Points

Input	
Valuation	
Assumed Rate of Investment Return	4.00%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	4.00%
Annual Contribution from NCSTF	-

Estimated Valuation Results	
Present Value of Future Tuition and Fees	\$226,110,320
Present Value of Future Contract Payments	\$ 44,857,460
June 30, 2016 Actuarial Value of Assets	\$232,139,078
Unfunded Liability	\$ (50,886,218)
Funded Status	122.5%
Year Insolvent	Never

Fiscal Year Ending June 30,	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Comm. Colleges/CC	Actuarial Value of Assets (BOY*)	Payments & Refunds (Discounted to BOY*)	Other Payments	Transfers from NCSTF (EOY*)	Projected Contract Payments (Discounted to BOY*)	Projected Funded Status
2017	4.00%	n/a	n/a	\$ 232,139,078	\$ 17,994,376	\$ -	-	\$ 9,748,210	122.5%
2018	4.00%	4.00%	4.00%	231,526,996	19,123,534	-	-	8,287,843	123.8%
2019	4.00%	4.00%	4.00%	228,197,326	20,430,710	-	-	6,857,369	125.5%
2020	4.00%	4.75%	4.00%	221,887,312	21,018,318	-	-	5,566,598	127.6%
2021	4.00%	4.75%	4.00%	213,953,625	19,849,856	-	-	4,273,933	130.6%
2022	4.00%	4.75%	4.00%	206,312,809	19,191,331	-	-	3,232,222	134.5%
2023	4.00%	4.75%	4.00%	197,967,847	18,725,282	-	-	2,828,994	139.0%
2024	4.00%	4.75%	4.00%	189,354,422	17,689,927	-	-	2,463,290	144.5%
2025	4.00%	4.75%	4.00%	181,092,895	16,977,357	-	-	2,054,105	151.1%
2026	4.00%	4.75%	4.00%	172,816,429	16,533,809	-	-	1,613,320	159.1%
2027	4.00%	4.75%	4.00%	164,211,778	15,896,612	-	-	1,305,024	169.4%
2028	4.00%	4.75%	4.00%	155,604,998	14,916,746	-	-	1,027,252	182.6%
2029	4.00%	4.75%	4.00%	147,384,124	13,827,555	-	-	806,182	199.7%
2030	4.00%	4.75%	4.00%	139,737,260	12,869,629	-	-	578,805	222.3%
2031	4.00%	4.75%	4.00%	132,544,294	11,982,374	-	-	389,924	253.5%
2032	4.00%	4.75%	4.00%	125,789,918	11,123,602	-	-	216,633	298.8%
2033	4.00%	4.75%	4.00%	119,478,267	10,191,581	-	-	94,495	369.9%
2034	4.00%	4.75%	4.00%	113,756,428	8,840,071	-	-	6,535	494.3%
2035	4.00%	4.75%	4.00%	109,119,808	6,583,615	-	-	-	740.1%
2036	4.00%	4.75%	4.00%	106,637,641	4,525,806	-	-	-	1256.5%
2037	4.00%	4.75%	4.00%	106,196,308	2,708,646	-	-	-	2577.9%
2038	4.00%	4.75%	4.00%	107,627,168	1,203,458	-	-	-	7335.2%
2039	4.00%	4.75%	4.00%	110,680,658	274,354	-	-	-	40342.3%

* Beginning/End of year (Fiscal).

Nevada Prepaid Tuition Program

Projection Based on June 30, 2016 Tuition Increases +100 Basis Points & Investment Return -100 Basis Points

Input	
Valuation	
Assumed Rate of Investment Return	4.00%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	4.00%
Annual Contribution from NCSTF	-

Estimated Valuation Results	
Present Value of Future Tuition and Fees	\$237,533,268
Present Value of Future Contract Payments	\$ 44,857,460
June 30, 2016 Actuarial Value of Assets	\$232,139,078
Unfunded Liability	\$ (39,463,270)
Funded Status	116.6%
Year Insolvent	Never

Fiscal Year Ending June 30,	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Comm. Colleges/CC	Actuarial Value of Assets (BOY*)	Payments & Refunds (Discounted to BOY*)	Other Payments	Transfers from NCSTF (EOY*)	Projected Contract Payments (Discounted to BOY*)	Projected Funded Status
2017	4.00%	n/a	n/a	\$ 232,139,078	\$ 17,994,376	\$ -	-	\$ 9,748,210	116.6%
2018	4.00%	4.00%	4.00%	231,526,996	19,123,534	-	-	8,287,843	117.4%
2019	4.00%	4.00%	4.00%	228,197,326	20,430,710	-	-	6,857,369	118.4%
2020	4.00%	5.75%	5.00%	221,887,312	21,213,351	-	-	5,566,598	119.6%
2021	4.00%	5.75%	5.00%	213,750,790	20,221,616	-	-	4,273,933	121.5%
2022	4.00%	5.75%	5.00%	205,715,232	19,735,226	-	-	3,232,222	124.1%
2023	4.00%	5.75%	5.00%	196,780,717	19,437,526	-	-	2,828,994	127.1%
2024	4.00%	5.75%	5.00%	187,379,071	18,536,009	-	-	2,463,290	130.7%
2025	4.00%	5.75%	5.00%	178,158,607	17,958,114	-	-	2,054,105	135.0%
2026	4.00%	5.75%	5.00%	168,744,782	17,656,009	-	-	1,613,320	140.3%
2027	4.00%	5.75%	5.00%	158,810,177	17,137,916	-	-	1,305,024	146.9%
2028	4.00%	5.75%	5.00%	148,696,376	16,235,433	-	-	1,027,252	155.5%
2029	4.00%	5.75%	5.00%	138,827,723	15,194,273	-	-	806,182	166.6%
2030	4.00%	5.75%	5.00%	129,417,217	14,278,004	-	-	578,805	181.2%
2031	4.00%	5.75%	5.00%	120,346,739	13,422,476	-	-	389,924	201.2%
2032	4.00%	5.75%	5.00%	111,606,754	12,581,761	-	-	216,633	230.3%
2033	4.00%	5.75%	5.00%	103,211,291	11,639,726	-	-	94,495	275.9%
2034	4.00%	5.75%	5.00%	95,332,702	10,194,237	-	-	6,535	355.2%
2035	4.00%	5.75%	5.00%	88,550,801	7,664,671	-	-	-	511.4%
2036	4.00%	5.75%	5.00%	84,121,575	5,319,208	-	-	-	838.1%
2037	4.00%	5.75%	5.00%	81,954,462	3,213,861	-	-	-	1670.3%
2038	4.00%	5.75%	5.00%	81,890,225	1,441,556	-	-	-	4651.4%
2039	4.00%	5.75%	5.00%	83,666,616	331,771	-	-	-	25218.2%

* Beginning/End of year (Fiscal).

Nevada Prepaid Tuition Program

Projection Based on June 30, 2016 Tuition Increases -100 Basis Points & Investment Return +100 Basis Points

Input	
Valuation	
Assumed Rate of Investment Return	6.00%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	6.00%
Annual Contribution from NCSTF	-

Estimated Valuation Results	
Present Value of Future Tuition and Fees	\$189,346,096
Present Value of Future Contract Payments	\$ 41,864,428
June 30, 2016 Actuarial Value of Assets	\$232,139,078
Unfunded Liability	\$ (84,657,410)
Funded Status	144.7%
Year Insolvent	Never

Fiscal Year Ending June 30,	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Comm. Colleges/CC	Actuarial Value of Assets (BOY*)	Payments & Refunds (Discounted to BOY*)	Other Payments	Transfers from NCSTF (EOY*)	Projected Contract Payments (Discounted to BOY*)	Projected Funded Status
2017	6.00%	n/a	n/a	\$ 232,139,078	\$ 17,851,339	\$ -	-	\$ 9,655,808	144.7%
2018	6.00%	4.00%	4.00%	236,058,528	18,971,625	-	-	8,209,284	148.6%
2019	6.00%	4.00%	4.00%	237,492,325	20,268,781	-	-	6,792,368	153.5%
2020	6.00%	3.75%	3.00%	236,135,236	20,658,545	-	-	5,513,833	159.8%
2021	6.00%	3.75%	3.00%	233,510,564	19,327,631	-	-	4,233,421	168.1%
2022	6.00%	3.75%	3.00%	231,521,335	18,510,353	-	-	3,201,584	178.3%
2023	6.00%	3.75%	3.00%	229,185,320	17,890,761	-	-	2,802,178	190.4%
2024	6.00%	3.75%	3.00%	226,942,541	16,742,330	-	-	2,439,940	205.3%
2025	6.00%	3.75%	3.00%	225,398,561	15,915,722	-	-	2,034,634	223.3%
2026	6.00%	3.75%	3.00%	224,208,521	15,352,033	-	-	1,598,028	245.5%
2027	6.00%	3.75%	3.00%	223,081,787	14,619,372	-	-	1,292,653	274.1%
2028	6.00%	3.75%	3.00%	222,340,372	13,587,085	-	-	1,017,515	311.5%
2029	6.00%	3.75%	3.00%	222,357,050	12,474,299	-	-	798,540	360.4%
2030	6.00%	3.75%	3.00%	223,322,168	11,498,215	-	-	573,319	425.7%
2031	6.00%	3.75%	3.00%	225,141,108	10,601,713	-	-	386,228	516.4%
2032	6.00%	3.75%	3.00%	227,821,160	9,745,985	-	-	214,579	649.7%
2033	6.00%	3.75%	3.00%	231,387,140	8,842,354	-	-	93,599	860.9%
2034	6.00%	3.75%	3.00%	235,996,688	7,595,120	-	-	6,473	1233.7%
2035	6.00%	3.75%	3.00%	242,112,524	5,602,379	-	-	-	1980.2%
2036	6.00%	3.75%	3.00%	250,700,754	3,814,544	-	-	-	3570.2%
2037	6.00%	3.75%	3.00%	261,699,382	2,261,183	-	-	-	7697.3%
2038	6.00%	3.75%	3.00%	275,004,491	995,059	-	-	-	22783.7%
2039	6.00%	3.75%	3.00%	290,449,997	224,679	-	-	-	129273.1%

* Beginning/End of year (Fiscal).

Nevada Prepaid Tuition Program

Projection Based on June 30, 2016 with \$1.8 Million Annual Contribution from NCSTF

Input	
Valuation	
Assumed Rate of Investment Return	5.00%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	5.00%
Annual Contribution from NCSTF	1,800,000

Estimated Valuation Results	
Present Value of Future Tuition and Fees	\$211,119,557
Present Value of Future Contract Payments	\$ 43,307,704
June 30, 2016 Actuarial Value of Assets	\$232,139,078
Unfunded Liability	\$ (64,327,225)
Funded Status	130.5%
Year Insolvent	Never
Adjusted Funded Status #	141.09%

Fiscal Year Ending June 30,	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Colleges/CC	Actuarial Value of Assets (BOY*)	Payments & Refunds (Discounted to BOY*)	Other Payments	Transfers from NCSTF (EOY*)	Projected Contract Payments (Discounted to BOY*)	Projected Funded Status
2017	5.00%	n/a	n/a	\$ 232,139,078	\$ 17,922,341	\$ -	1,800,000	\$ 9,701,679	130.5%
2018	5.00%	4.00%	4.00%	235,592,705	19,047,031	-	1,800,000	8,248,283	133.5%
2019	5.00%	4.00%	4.00%	236,512,024	20,349,160	-	1,800,000	6,824,636	137.3%
2020	5.00%	4.75%	4.00%	234,615,243	20,934,580	-	1,800,000	5,540,027	141.9%
2021	5.00%	4.75%	4.00%	231,242,333	19,770,841	-	1,800,000	4,253,532	148.0%
2022	5.00%	4.75%	4.00%	228,311,275	19,114,998	-	1,800,000	3,216,793	155.6%
2023	5.00%	4.75%	4.00%	224,833,724	18,650,829	-	1,800,000	2,815,490	164.6%
2024	5.00%	4.75%	4.00%	221,248,304	17,619,607	-	1,800,000	2,451,532	175.6%
2025	5.00%	4.75%	4.00%	218,184,240	16,909,892	-	1,800,000	2,044,300	188.8%
2026	5.00%	4.75%	4.00%	215,284,580	16,468,136	-	1,800,000	1,605,620	205.1%
2027	5.00%	4.75%	4.00%	212,243,166	15,833,494	-	1,800,000	1,298,794	225.9%
2028	5.00%	4.75%	4.00%	209,393,890	14,857,537	-	1,800,000	1,022,348	253.0%
2029	5.00%	4.75%	4.00%	207,136,636	13,772,685	-	1,800,000	802,333	288.5%
2030	5.00%	4.75%	4.00%	205,674,599	12,818,578	-	1,800,000	576,042	335.6%
2031	5.00%	4.75%	4.00%	204,903,666	11,934,860	-	1,800,000	388,062	400.9%
2032	5.00%	4.75%	4.00%	204,824,712	11,079,510	-	1,800,000	215,599	496.6%
2033	5.00%	4.75%	4.00%	205,458,841	10,151,198	-	1,800,000	94,044	647.6%
2034	5.00%	4.75%	4.00%	206,971,771	8,805,054	-	1,800,000	6,504	913.0%
2035	5.00%	4.75%	4.00%	209,881,882	6,557,536	-	1,800,000	-	1441.7%
2036	5.00%	4.75%	4.00%	215,290,563	4,507,879	-	1,800,000	-	2562.8%
2037	5.00%	4.75%	4.00%	223,121,818	2,697,917	-	-	-	5458.8%
2038	5.00%	4.75%	4.00%	231,445,096	1,198,691	-	-	-	15863.9%
2039	5.00%	4.75%	4.00%	241,758,725	273,267	-	-	-	88469.7%

* Beginning/End of year (Fiscal).

Includes PV of contributions from NCSTF for next 20 years (through 2035).

APPENDIX

BOARD'S FUNDING POLICY GUIDELINE

Introduction

The purpose of this Funding Policy Guideline is to document the funding objectives and policy set by the Board of Trustees (Board) for the Nevada Prepaid Tuition Program (Program). The Board establishes this Funding Policy Guideline to:

- 1) Ensure that the trust will have sufficient funds to pay tuition benefits when due;
- 2) Provide guidance with respect to establishing appropriate risk reserves for pricing of future contracts; and
- 3) Provide the Board with established guidelines for requesting funds from or repaying funds to the State for tuition benefits associated with contracts.

Funding Goals

1. The objective is to maintain assets in excess of the liability based on the funding target.
2. The pricing of future contracts will be reflective of (1) future expected costs for each participant purchasing a new contract and (2) an explicit risk premium (also referred to as a margin for adverse experience).

Funding Target

1. The Board has established a funding target of actuarial value of assets equal to 120% of actuarial liability for the Program.
2. The Board has established a target explicit risk premium for pricing new contracts of 8% for universities (4-year institutions) and 0% for community colleges (2-year institutions).

The Board may review the explicit risk premium and the potential impact on the funded ratio on an annual basis. The Board may consider other objectives in setting the pricing (e.g., keeping pricing unchanged from one year to the next), and review the impact on the explicit risk premium.

Requesting Funds from or Repaying Funds to the State

The Board will review any transfers from the Endowment Fund, the NCSTF, and other State sources on an annual basis following the annual actuarial valuation. The Board may review the projected funded status of the Program before considering the impact of any change in payments to and from the State.

Board Review of Funding Policy Guideline

The Board will informally review this policy guideline document annually. The Board may 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 actuarial 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; and

The denominator will be the present value of future expected tuition payments, refunds, fees 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 5-year period. In no event will the actuarial value of assets be less than 80% of market value or more than 120% of market value.

Review of Actuarial Assumptions and Methods

1. The Board will review the tuition increase assumption annually based on readily available market information and tuition price increases as set by the Nevada System of Higher Education.
2. The Board will review the assumed rates of inflation and investment return annually based on readily available capital market information and the Board's investment policy.
3. The Board will review the target explicit risk premium annually in conjunction with new contract pricing.
4. The Board will review all actuarial assumptions used in the annual actuarial valuation every five years with the June 30, 2012 replication valuation serving as the most recent review.

Glossary

1. **Actuarial Liability (AL):** The actuarial present value of future expected tuition plan benefits, refunds, fees and expenses.
2. **Actuarial Assumptions:** Estimates of future plan experience with respect to utilization of credits, rates of refunds, elections and timing of tuition payments. Decrement assumptions (rates of utilization, refunds, etc.) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (tuition increases and investment rate of return) consist of a long-term average rate of inflation plus real return above inflation on invested assets, and tuition increase expectations above inflation.
3. **Actuarial Value of Assets:** The value of current plan assets recognized for valuation purposes (may be 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 excess, if any, of the actuarial liability over the actuarial value of assets. Sometimes referred to as "unfunded accrued liability."
6. **Margin for Adverse Experience (MAE):** The excess, if any, of the actuarial value of assets over the actuarial liability.