



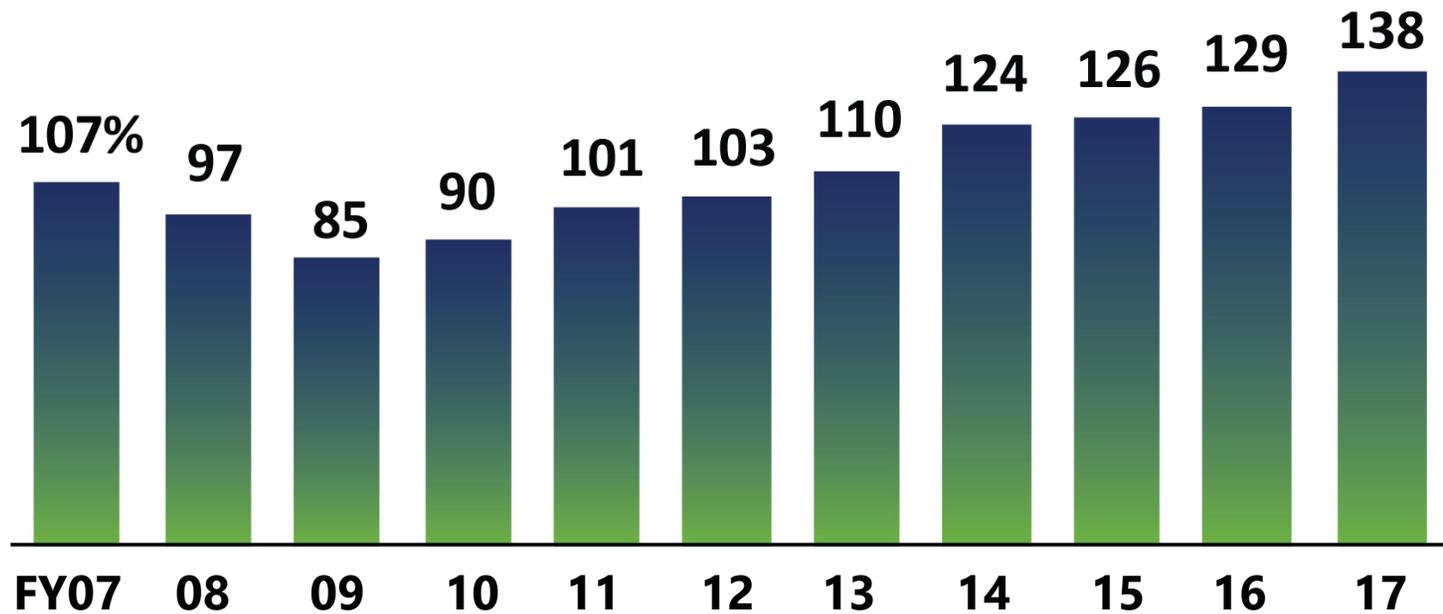
## Prepaid529 funded status

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- Funded status: value of accumulated assets relative to cost of current and future liability
- Funded status of Prepaid529 was 138 percent as of end of FY17
  - 98 percent probability that Prepaid529 assets will exceed liability
  - “Actuarial reserve” of \$787 million above estimated liability

## Prepaid529 funded status is at an all-time high



- Lost 22 percent of funded status during recession, but recovered by FY11, and has continued to increase

FY1997 to FY2006 funded status not shown. Virginia529 actuarial data

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## Growing funded status allows options to make Prepaid529 more affordable for customers

- Option: Reduce 10 percent “pricing load” currently added to all contracts sold
  - Example: reduction from 10 percent to 7 percent would reduce cost of one-year contract by approximately \$500; nearly \$2,000 for four-year contract.
- Option: Provide a rebate to current contract holders
  - Example: average of \$1,000 per contract holder

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## Balance between risk and affordability

- Program risk is being managed:
  - program assumptions are reasonable
  - funded status is at an all-time high
- Virginia529 could consider improving affordability of contracts