Mary G. Morris
Chief Executive Officer
Direct: (804) 786-0832

November 23, 2021

Hal E. Greer, Director
Joint Legislative Audit and Review Commission
919 East Main Street
Suite 2100
Richmond, Virginia 23219

Dear Mr. Greer,

It is our pleasure to present the Annual Report (the Report) of the Virginia College Savings Plan (VA529) for the fiscal year ended June 30, 2021, as required by Section 30-332 (A) and (B) of the Code of Virginia.

Report Contents

The Report contains the following:

- Transmittal Letter
- Attachment A - Audited Financial Statements for the year ended June 30, 2021
- Attachment B - Actuarial Valuation Report for the Defined Benefit 529 Program (preliminary) for the year ended June 30, 2021
- Attachment C - Asset Allocation and Performance of the Defined Benefit 529 Program for the fiscal year ended June 30, 2021
- Attachment D - Asset Allocation and Performance of the Invest529 Program for the fiscal year ended June 30, 2021
- Attachment E - Investment Policies and Guidelines for the Defined Benefit 529, Invest529 and ABLEnow Programs

Overview

VA529 is a body politic and corporate and independent agency of the Commonwealth of Virginia, created in 1994 by the Virginia General Assembly in Chapter 7, Subtitle II, Title 23.1 of the Code of Virginia, as amended (§23.1-700 through §23.1-713). VA529 does not receive general fund appropriations; however, VA529's enabling legislation provides that a sum sufficient appropriation be included by the Governor in his budget to cover current obligations of VA529, including those obligations of the Defined Benefit 529 Program (DB529), in the event of a funding shortfall.

As an independent non-general fund agency, VA529 has multiple statutory mandates and missions, all centered on financial wellness and preparation for the future of Virginia citizens. The longest standing mandate centers on educational attainment, which VA529 has done since it opened in 1996 offering education savings programs to help make higher education more affordable and accessible. Those mature programs include its Defined Benefit 529 Program (which includes the legacy Prepaid529 and the Tuition Track Portfolio), Invest529, and CollegeAmerica. In addition to the savings programs, VA529 also fulfills its mission to help make college more affordable and accessible to ALL Virginians through its access and affordability initiatives. This started eleven years ago with SOAR Virginia® and has expanded in recent years to align more closely with administration and legislative priorities around access to higher education by funding a variety of mentoring, coaching and scholarship programs.

More recently, in 2015, the VA529 mission was expanded to establish programs which would provide tax-advantaged savings options to individuals with disabilities, allowing them to save for qualified disability expenses without losing important federal and state means tested benefits. VA529 opened the ABLEnow program in 2016 and ABLEAmerica in 2019. Finally, in 2021 the VA529 mission was expanded once more to include developing a retirement savings option for many of the almost 50% of working Virginians without access to retirement savings through their employers. VA529 is in the early stages of developing its auto IRA program for anticipated launch in fiscal year 2023.

Information on VA529's fiscal year 2021 program and fiscal highlights, account growth, and program changes may be found in the fiscal year 2021 Audited Financial Statements under the Letter of Transmittal and Management's Discussion and Analysis sections. JLARC staff also has access to all documents and meeting materials posted on a secure server maintained for our Board and Committee members and receives all documents and materials disseminated during meetings, including items included in this Report. Finally, JLARC staff has full access to VA529 staff to answer questions.

Specific Report Criteria Pursuant to § 30-332 (A) and (B)

(i) Planned or Actual Material Changes in Asset Allocation

VA529's Investment Advisory Committee approved changes to the Defined Benefit Program (DB529) asset allocation categories in fiscal year 2020 and further revised this after fiscal year end 2021. The post fiscal year end revision did not materially impact high level exposures, rather represented a simplification of the model portfolio to broader market indices. More details are available in the Audited Financial Statements and Investment Policies and Guidelines included with this submission. The transition to the new asset allocation will continue to be implemented over multiple years.

During fiscal year 2021, no structural changes were made to the Invest529 offerings. The review of the Target Enrollment Funds was concluded during the fiscal year, which resulted in modifications to the asset allocation. This will include more growth assets on the front end of the glide path, replacement of one manager and elimination of another with assets rolled into existing mandates. These changes will go into effect by calendar year end 2021.

As of June 30th, the CollegeAmerica program offered 46 American Funds mutual funds. During fiscal year 2021, American Funds launched the 529-F-2 and 529-F-3 share classes, the other five share classes offered are the: 529-A, 529-C, 529-E, 529-T and the 529-F-1.

A complete list of approved and available funds may be found in the fiscal year 2021 Audited Financial Statements, which are included as **Attachment A**.

(ii) Investment Performance of All Asset Classes and Subclasses

VA529's Investment Advisory Committee reviews the investment performance of all VA529 programs on a quarterly basis. The complete performance and asset allocation reports are available to JLARC staff on the secure Board web site.

VA529 has assumed a long-term rate of return of 5.5 percent on DB529 investments. As of June 30, 2021, the total return since inception was 6.66 percent, net of fees. Performance during fiscal year 2021 was 23.63 percent, net of fees. VA529 has adopted a long-term target asset allocation strategy for DB529 as set forth in its Investment Policy and Guidelines and continues to transition towards the revised allocation that was revised by the Investment Advisory Committee in fiscal 2020.

The actuarial funded status of DB529 as of June 30, 2021 was 193.5%. A copy of the Actuarial Valuation Report for the DB529 Program for the year ended June 30, 2021 is included as **Attachment B.**

Attachments C and D hereto contain detailed performance information on DB529 and Invest529 Programs as of June 30, 2021.

(iii) Investment Policies and Programs

VA529's Investment Advisory Committee reviews the Investment Policies and Guidelines for the DB529, Invest529 and ABLEnow Programs annually. **Attachment E** hereto contains the Investment Policies and Guidelines for the DB529, Invest529, and the ABLEnow Programs, effective in August 2020.

(iv) Other Information

- **Tuition Track Portfolio Launch**

VA529 implemented the new Tuition Track Portfolio (TTP) within Invest529 in February 2021 as a successor defined benefit option to Prepaid529, which closed to new accounts in 2019, with a primary goal of providing a savings vehicle that is affordable, flexible, and simple to expand the appeal and accessibility of the benefits of the program to a broader demographic across Virginia. The benefit design is enabled by legislation passed in 2019 by the Virginia General Assembly that included provisions for payments to higher education institutions based on enrollment-weighted average tuition (Average Tuition) at Virginia's public higher education institutions as determined by the Board. Collectively, the assets and activity of the legacy Prepaid529 and TTP programs are referred to as the DB529.

TTP allows participants to purchase a desired number of units toward tuition and other qualified higher education expenses. The purchased units will keep pace with average tuition inflation at Virginia's 4-year public universities. When withdrawn, participants will receive one year of then-current Average Tuition for every 100 units purchased, regardless of how much Average Tuition has increased since purchase. TTP is only available for account owners or beneficiaries who are Virginia residents at the time of initial purchase. Units can be purchased up until June 30 of the beneficiary’s high school graduation year. The TTP Unit Price and the value of previously purchased units adjust annually on or around July 1, based on changes in Average Tuition. There are no administrative or investment fees assessed against the TTP.

TTP proved to be an attractive option as it reflected 2,496 unique active accounts and $31.8 million in assets under management as of June 30, 2021, just five months after program opening. Since TTP is a continuation of the legacy program, funds are combined and invested to meet future obligations of the DB529 Program.

- **Expansion of Access and Affordability Initiatives**

Since 2010, VA529 has carried out its mission to make higher education more accessible and affordable to all Virginians by providing an early commitment scholarship program aimed at assisting economically disadvantaged high school students in schools across Virginia. Building upon that concept, in 2021 the Board expanded its commitment to access, affordability and attainment by committing resources to serve low income, at risk and minority populations through programs that offer scholarships, workforce development services, and mentoring/coaching opportunities. To make this possible, staff focused on program development and leveraging recordkeeping and accounting systems to support the operations of this new program. By building on the success of the SOAR Virginia program, VA529 is partnering with established programs which support these educational goals. In addition, VA529 created a fund and investment structure similar to that in place for its education savings programs.

VA529 remains committed to providing the best possible customer service to our program participants and to the citizens of the Commonwealth, and to being responsible stewards of the funds in its care. VA529 is always cognizant of its mission to help make higher education more accessible and affordable to all citizens of the Commonwealth. We appreciate the opportunity to work with JLARC staff throughout the year and present this Report to the General Assembly through JLARC. We welcome any questions or comments.

Sincerely,

Mary G. Morris

Attachments

pc: Board of the Virginia College Savings Plan

Attachment A

Financial Statements

for the year ended June 30, 2021

Virginia529℠

ABLEnow®

Virginia College Savings Plan Annual Report

Audited for the period ended on June 30, 2021

THIS PAGE IS INTENTIONALLY LEFT BLANK

LETTER OF TRANSMITTAL

November 4, 2021

Board of the Virginia College Savings Plan
9001 Arboretum Parkway
North Chesterfield, Virginia 23236

To the Members of the Board:

It is our pleasure to present the Annual Financial Report (the Report) of the Virginia College Savings Plan (VA529) for the fiscal year ended June 30, 2021, as required by Section 23.1-709 of the *Code of Virginia*. This Report will be presented to the Governor, the Senate Committee on Finance and Appropriations, the House Committees on Appropriations and Finance, and the Joint Legislative Audit and Review Commission. The Report also will be available on our web site at Virginia529.com.

MISSION AND PROGRAMS

As an independent non-general fund agency, VA529 has multiple statutory mandates and missions, all centered on financial wellness and preparation for the future of Virginia citizens. The longest standing mandate centers on educational attainment, which VA529 has done since it opened in 1996 offering education savings programs to help make higher education more affordable and accessible. Those mature programs include its Defined Benefit 529 Program (legacy Prepaid529 and the Tuition Track Portfolio), Invest529 (which includes the Tuition Track Portfolio), and CollegeAmerica. In addition to the savings programs open to all Virginians and across the country, VA529 also meets it mission to help make college more affordable and accessible to ALL Virginians through its access and affordability initiatives, which started eleven years ago with SOAR Virginia® and has expanded in recent years to align more closely with administration and legislative priorities around access to higher education by funding a variety of mentoring, coaching and scholarship programs.

More recently, in 2015, the VA529 mission was expanded to establish programs which would provide tax-advantaged savings options to individuals with disabilities, allowing them to save for qualified disability expenses without losing important federal and state means tested benefits. VA529 opened the ABLEnow program in 2016 and ABLEAmerica in 2019. Finally, in 2021 the VA529 mission was expanded once more to include developing a retirement savings option for many of the almost 50% of working Virginians without access to retirement savings through their employers. VA529 is in the early stages of developing its auto IRA program for anticipated launch in 2023.

ACCOUNTING SYSTEM AND INTERNAL CONTROL

VA529's management assumes full responsibility for the accuracy, completeness and reliability of the information presented. The financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB). The financial statements contain a description of the accounting principles used in the preparation of the statements. In accordance with GASB principles per the *Codification of Governmental Accounting and Financial Reporting Standards*, the financial statements include Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it.

VA529's management is responsible for maintaining a system of adequate internal accounting controls designed to provide reasonable assurance that transactions are executed in accordance with management's general or specific authorization, and are recorded as necessary to maintain accountability for assets and to permit preparation of financial statements in accordance with GAAP. The internal control system includes the organization plan, the appropriate segregation of duties and responsibilities and sound practices in the performance of duties, data security, and personnel with capabilities commensurate with their responsibilities.

COVID-19 RESPONSE

The state of emergency issued by the Governor of Virginia in March 2020, requiring a statewide shelter in place resulting from the global SARS-CoV-2 coronavirus (COVID-19) pandemic, continued through mid-June 2021. VA529's Continuity of Operations Plan (COOP) remained active and in effect for the duration of fiscal 2021 as leadership and staff continued to leverage communications, technology, facilities protocols, and critical vendor services to maintain operations in a virtual environment. This is a testament to

VA529's resiliency and agility. While uncertainty continues relating to the pandemic, VA529 anticipates that it will transition to a hybrid work environment in the future and remains poised to continue its primary business serving customers through predominately remote operations as long as necessary.

ACTUARIAL VALUATION AND OUTLOOK - DEFINED BENEFIT 529 PROGRAM

VA529’s most recent actuarial valuation report for the Defined Benefit 529 Program (DB529), which includes the legacy Prepaid529 Program and the Tuition Track Portfolio of Invest529, was prepared by Milliman, Inc. as of June 30, 2021 and compares the value of the current and projected assets to the value of the expected future disbursements and program costs. The actuarial valuation was performed based upon generally accepted actuarial principles. The two most significant assumptions used to prepare the actuarial valuation report are the long-term rate of investment return and future tuition growth. The report indicated an increase in the DB529's actuarially determined funded position from the position as of June 30, 2020 primarily due to lower than expected tuition growth and higher than expected overall fund performance during fiscal 2021. We are pleased to report that the Program was 193.5 percent funded on an actuarial basis as of June 30, 2021.

VA529 maintains its optimistic outlook that its asset allocation and investment strategies will result in the Program's portfolio meeting or exceeding performance expectations over the long term. VA529 has an assumed rate of return of 5.5 percent on DB529 investments for future fiscal periods. As of June 30, 2021 the total return since inception was 6.66 percent net of fees, and reflected the higher than expected 23.63 percent overall fund performance during fiscal 2021. VA529 has adopted a long-term target asset allocation strategy for the DB529 as set forth within its Investment Policy and Guidelines. The DB529 portfolio continued to transition to the target allocation that was revised by the Investment Advisory Committee and Board in August 2019.

Continued monetary and fiscal support from the Federal Reserve and US policymakers, combined with a strong return of business performance amid economic reopening, spurred equity markets to reach all-time highs in fiscal 2021. Successful domestic vaccination efforts in the latter half of the fiscal year underpinned an optimistic outlook on economic recovery from the pandemic. Over the course of the fiscal year, the S&P 500 increased 38.36 percent and the Dow Jones Industrial Average grew 33.32 percent. Similarly, the MSCI ACWI ex. US Index and the MSCI Emerging Markets Index posted returns of 32.88 and 37.15 percent, respectively.

The Federal Funds Rate currently remains in the range of 0.00 to 0.25 percent, the level to which it was lowered in Q2 2020. In June 2021, Federal Open Market Committee (FOMC) members unanimously projected that the Federal Funds Rate would continue in the 0.00 to 0.25 percent range for the remainder of the calendar year. Projections are not unanimous for 2022, however, but the median forecast by FOMC members persists in the 0.00 to 0.25 percent range. This historically low range should maintain a low cost of capital for businesses to make additional investments.

Beginning at 10.20 percent in July 2020, the US unemployment rate dropped to 5.90 percent by the end of the fiscal year, settling at a 6.92 percent average for this period. Extended federal and state fiscal stimulus to individuals was present over most of this time, leading to widespread personnel shortages by many US companies and resulting nominal wage increases. Inflation over fiscal 2020 averaged 2.31 percent, beginning around 1.00 percent in July 2020 and reaching nearly 5.40 percent by June 2021. Federal Reserve Chair Jay Powell insisted this spike in inflation is largely transitory, with much of the market agreeing. Due to supply chain constraints and prolonged federal support of markets, several sectors have experienced above-average price increases. Notably, the prices of food, cars, and gasoline have greatly risen over the latter half of the fiscal year as demand quickly outpaced supply capabilities.

At the end of calendar 2020 and the beginning of calendar 2021, the Food and Drug Administration (FDA) approved three vaccines for emergency use against COVID-19. This authorization began a national vaccination effort that led to the US inoculating 51.0 percent of the population by fiscal 2021 year end. The country began the 2021 calendar year at 0.50 percent vaccinated against COVID-19. This important increase in protection against hospitalization and death from the virus has bolstered significant domestic business investment and re-openings. Ongoing worries from the COVID-19 delta variant, however, have forced many companies to extend work-from-home policies and have compelled the development of booster shots to ensure continued protection from the virus.

In response to the economic effects caused by the pandemic, three relief packages were signed into law by the federal government. The Coronavirus Aid, Relief, and Economic Security (CARES) Act offered $2.2 trillion in relief to organizations and individuals and was signed into effect in March 2020. In December 2020, The Coronavirus Response and Relief Supplemental Appropriations Act of 2021 offered $900 billion in relief. The American Rescue Plan provided an additional $1.8 trillion in relief and was signed in March 2021. These acts provided funds to individuals and organizations through loans, one-time checks, and other fiscal actions and incentives.

These macroeconomic factors greatly contributed to the returns of the DB529 Program, especially in the equity and alternatives allocations:

Prepaid529 Fund Returns (as of June 30, 2021)

Type of Investment	1 Year Return	1 Year Return Benchmark	Calendar YTD Return	Calendar YTD Benchmark
Total Fund	23.63 %	23.34 %	7.85 %	7.15 %
Total Equity	46.50 %	41.12 %	12.15 %	12.07 %
Total Fixed Income	9.28 %	11.49 %	1.56 %	1.57 %
Alternatives	33.95 %	32.49 %	20.19 %	15.55 %

VA529 optimistically maintains its long-term asset allocation and return focus, designed to endure economic downturns and meet established expectations for the future.

The other significant factor in the DB529's ability to meet future contractual and account obligations is the future growth in tuition and mandatory fees at Virginia's public colleges and universities. The pandemic continued to impact families and Virginia institutions throughout FY21. Due to additional state funding of approximately $258 million for higher education and financial aid in FY22 and various federal stimulus packages, Virginia institutions were able to control tuition and fee increases in the 2021-22 academic year. Most Virginia institutions of higher education froze tuition rates with minimal increases in mandatory fees for the upcoming academic year. As the State Council of Higher Education for Virginia (SCHEV) highlighted in its 2021-22 Tuition and Fees report, Tuition and Mandatory Educational & General (E&G) Fees increased an average of -0.8 percent across four-year institutions, with Mandatory Non-E&G Fees (those related to non-instructional activities) increasing 2.3 percent for the upcoming academic year. In aggregate, tuition and total mandatory fees rose 1.3 percent, or $165, across four-year Virginia public colleges and universities.

In its assessment of the Program's' financial condition, VA529 has forecast tuition and fees at Virginia's public universities to increase annually at a rate of 4 percent for fall 2022 and fall 2023 and then resulting in a 6 percent increase thereafter. Tuition increases for community colleges are forecasted to increase annually at a rate of 2 percent for fall 2022 and fall 2023 and 6 percent thereafter. Future budget shortfalls, spurred in part by a significant decrease in tax revenues, as well as reductions in funding support to higher education institutions may result in more volatile tuition rates in the coming years. A significant increase in these rates could negatively affect the current stability of the Defined Benefit 529 Program's portfolio, altering projected long-term obligations. As SCHEV is statutorily obligated to report such tuition and fee changes, VA529 remains in a strong position to stay informed and adjust accordingly.

2021 PROGRAM HIGHLIGHTS

- **Tuition Track Portfolio Launch**

VA529 implemented the new Tuition Track Portfolio (TTP) within Invest529 in February 2021 as a successor defined benefit option to Prepaid529, which closed to new accounts in 2019, with a primary goal of providing a savings vehicle that is affordable, flexible, and simple to expand the appeal and accessibility of the benefits of the program to a broader demographic across Virginia. The benefit design is enabled by legislation passed in 2019 by the Virginia General Assembly that included provisions for payments to higher education institutions based on enrollment-weighted average tuition (Average Tuition) at Virginia’s public higher education institutions as determined by the Board. Collectively, legacy Prepaid529 and TTP are referred to as the Defined Benefit 529 Program (DB529).

TTP allows participants to purchase a desired number of units toward tuition and other qualified higher education expenses. The purchased units will keep pace with average tuition inflation at Virginia's 4-year public universities. When withdrawn, participants will receive one year of then-current Average Tuition for every 100 units purchased, regardless of how much Average Tuition has increased since purchase. TTP is only available for account owners or beneficiaries who are Virginia residents at the time of initial purchase. Units can be purchased up until June 30 of the beneficiary’s high school graduation year. The TTP Unit Price and the value of previously purchased units adjust annually on or around July 1, based on changes in Average Tuition. There are no administrative or investment fees assessed against the TTP.

TTP proved to be an attractive option as it reflected 2,676 unique active accounts and $35 million assets under management as of June 30, 2021, just five months after program opening. Since TTP is a continuation of the legacy program, funds are combined and invested to meet future obligations of the DB529 Program.

- **Expansion of Access and Affordability Initiatives**

Since 2010 VA529 has carried out its mission to make higher education more accessible and affordable to all Virginians by providing an early commitment scholarship program aimed at assisting economically disadvantaged high school students in schools across Virginia. Building upon that concept, in 2021 the Board expanded its commitment to access, affordability and attainment by committing resources to serve low income, at risk and minority populations through programs that offer scholarships, workforce development services, and mentoring/coaching opportunities. To make this possible, staff focused on program development and leveraging recordkeeping and accounting systems to support the operations of this new program. By building on the success of the SOAR Virginia program, VA529 is partnering with established programs which support these educational goals. In addition, VA529 created a fund and investment structure similar to that in place for it's education savings programs.

- **Invest529 and CollegeAmerica Investment Updates**

During fiscal 2021, Invest529 received a Silver Rating and CollegeAmerica a Bronze Rating from Morningstar, a provider of independent investment research and advice. Morningstar modified its methodology and now evaluates education savings plans on four key pillars - Process, People, Parent, and Price. In previous years, a fifth pillar was dedicated to performance which is now assessed in with the People, Process and Parent Pillars, noting that the performance analysis takes a broader assessment in those pillars. Morningstar evaluated 61 of the largest 529 plans in 2020. Morningstar's ratings from highest to lowest are Gold, Silver, Bronze, Neutral and Negative. Medalist plans stand out and are noted for low costs, strong stewardship, and exceptional investment options.

As of June 30, 2021, the CollegeAmerica program offered 46 American Funds mutual funds and Invest529 offered 22 investment options. CollegeAmerica launched the new College 2039 Fund in May 2021 and at the same time merged the College Target Date 2021 Fund with the College Enrollment Fund. Two new share classes were opened, 529-F-2 and 529F-3, during the fiscal year. In addition, the Capital Group launched diversity, equity and inclusion (DEI) and ESG reporting initiatives. VA529 and American Funds/ Capital Group staff also continued the virtual monthly due diligence series which began in fiscal 2020 in response to the pandemic to discuss ongoing operations, marketing, legislative and industry topics. Key personnel from Capital Group/American Funds meet at least annually with the Investment Advisory Committee and Board of VA529.

- **ABLEnow and ABLEAmerica® Growth**

Fiscal 2021 brought continued growth in disability savings programs, ABLEnow and ABLEAmerica. VA529 through its partnership with PNC Bank, N.A. continued to focus on strategic initiatives to improve the overall customer experience and engagement with ABLEnow accounts. This included the launch of a new mobile app and automated contribution at enrollment option to promote and enhance customer interaction with their ABLEnow accounts. As of June 30, 2021 ABLEnow had 12,404 active accounts and over $68.9 million in assets under management.

ABLEAmerica is offered through VA529's partnership with the American Funds and it compliments ABLEnow by giving those individuals and families who utilize financial advisors another means through which to access an ABLE plan. Investments are offered through seven approved mutual funds at the ABLE-A share class level and the new ABLE F-2 share class level, which was launched in October 2020. As of June 30, 2021, ABLEAmerica had 1,278 total accounts and over $18.3 million in assets under management.

- **Account Growth and Transaction Volume**

During fiscal 2021, VA529 experienced varying account growth by program as shown in the table below. Invest529's 12.9 percent growth rate depicts continued strong program satisfaction and corresponds to an additional 64,132 accounts opened during the fiscal year. Within the DB529 Program, Prepaid529 accounts decreased, as anticipated, as the program was closed to new enrollment in May 2019 and contracts/accounts are used for their intended purpose; the growth of TTP accounts, within the Invest529 program, will reduce the impact of the Prepaid529 account distributions and over time the total accounts should again show year over year gains.

Fiscal 2021 Growth in Accounts[1]	
DB529 **(includes TTP accounts[2])**	(3.3)%
Invest529[2]	12.9%
CollegeAmerica	3.1%
ABLEnow	40.5%
ABLEAmerica	71.5%

[1] *Gross accounts opened during fiscal year, except for CollegeAmerica (net) and ABLEnow (net)*
[2] *The Tuition Track Portfolio (TTP) is a defined benefit option within Invest529.*

Transaction volume also continued to increase as participants utilized their education savings accounts. During fiscal 2021, the Plan processed 94,429 Invest529 distribution requests and 20,424 Prepaid529 payments to institutions, representing an 8 percent increase and (1) percent decrease over the prior fiscal year, respectively.

- **Operational and System Improvements**

VA529 made improvements to its technology platforms to improve the customer experience and support agency and program operations. This included the automation of the Prepaid529 withdrawal process for customer benefit usage purposes, aligning the process more closely with the new TTP process. This enhances communications and payment processing to Virginia institutions. In addition, Prepaid529 withdrawal requests for out-of state payouts no longer require the transfer of benefits into an Invest529 accounts prior to usage but rather allows for payment directly from Prepaid529 to the account owner, beneficiary, or out-of state institution. This enhancement has contributed to a 15% reduction in customer contact volume relating to this previously manual process. VA529 also continued to enhance its customer 529 gifting platform to allow for expanded capabilities for contributions to educations savings accounts.

Leveraging feedback from an operational assessment conducted in fiscal 2020, VA529 continued its multi-year contact center enhancement project with focus on technology, quality assurance, training, reporting and analytics. This project includes contact center enhancements and customer service workforce expansion to better meet the needs of VA529/ABLEnow's customers.

VA529 continued efforts to improve accounting systems and replace legacy statewide systems. Incremental enhancements were made to existing financial reporting and budget software systems. Plans are underway for implementation of a new cloud-based accounting reconciliation solution to replace manual processes and enhance overall general ledger controls. Finally, the Commonwealth of Virginia's Cardinal Human Capital Management (Cardinal HCM) project continued through fiscal 2021 and staff participated in a statewide project with the goal of replacing legacy payroll and benefit systems. VA529 is in Release 2 of this implementation with an anticipated launch of March 2022. However, it assisted with the rollout of the direct deposit functionality to Release 1 agencies, targeted for October 2021. This functionality will include enhancements for direct deposit of 529 contributions by Commonwealth employees.

VA529 expanded banking services to include the TTP. This resulted in VA529's implementation of new depository account and a controlled disbursement account in January 2021, which allows for the prompt and efficient receipt and disbursement of funds to customers and higher education institutions from its own bank accounts with summary reporting of accounting transactions to the Commonwealth's Cardinal Financials System.

ACKNOWLEDGEMENTS

We remain committed to providing the best possible customer service to our program participants and to the citizens of the Commonwealth, and to being responsible stewards of the funds in our care. We express our sincere thanks and appreciation to our outstanding staff and our business partners and for the guidance and dedication of our Board and Committee members.

Respectfully Submitted,

Mary G. Morris
Chief Executive Officer

Vivian L. Shields
Chief Finance Officer

THIS PAGE IS INTENTIONALLY LEFT BLANK

- T A B L E O F C O N T E N T S -

THIS PAGE IS INTENTIONALLY LEFT BLANK

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Members of the Board
Virginia College Savings Plan
N. Chesterfield, VA 23236

Report on the Financial Statements
We have audited the accompanying financial statements of the business type activities (the Enterprise Fund) and the remaining fund information (the Private Purpose Trust Fund) of the Virginia College Savings Plan (VA529) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities and the remaining fund information of the Virginia College Savings Plan as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Reporting Entity
As discussed in Note 1, the financial statements of the Plan, are intended to present the financial net position, the changes in financial net position and cash flows of only that portion of the business-type activities, and the aggregate remaining information that is attributable to the transactions of the Plan. They do not purport to, and do not, present fairly the financial position of the Commonwealth of Virginia as of June 30, 2021, and the changes in their financial position and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Alternative Investments
As discussed in Notes 1 and 4 to the financial statements of the Plan, total system investments include investments valued at $1,380.9 million (40.1% of total assets) for the Enterprise Fund and $284.4 million (3.9% of total assets) for the Private Purpose Trust Fund, respectively, as of June 30, 2021, whose fair values have been estimated by management in the absence of readily determinable values. Management's estimates are based on information provided by the fund managers or the general partners. Our opinions are not modified with respect to that matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5-16, the Schedule of Plan's Proportionate Share of the Net Pension Liability, Schedule of the Plan's Contributions, Schedule of Plan's Share of Net OPEB Liability Group Life Insurance Program (GLIP), Schedule of Plan's Contributions GLIP, Schedule of Plan's Share of Net OPEB Liability Health Insurance Credit Program (HICP), Schedule of Plan's Contributions HICP, Schedule of Plan's Share of Net OPEB Liability Virginia Sickness and Disability Program (VSDP), Schedule of Plan's Contributions VSDP Schedule of Plan's Share of Total OPEB Liability – Pre-Medicare Retirees, and respective notes to the required supplementary information on pages 57-65, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's basic financial statements. The accompanying supplementary information including, Appendix A, Appendix B, Appendix C, Appendix D (supplementary information), the letter of transmittal and other information are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The letter of transmittal, other information and board members have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 4, 2021 on our consideration of Virginia College Savings' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Virginia College Savings' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Virginia College Savings Plan's internal control over financial reporting and compliance.

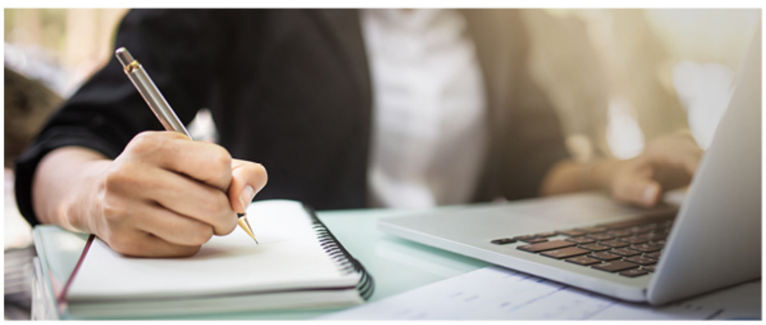
Eide Bailly LLP

Boise, Idaho
November 4, 2021

THIS PAGE IS INTENTIONALLY LEFT BLANK








Management's Discussion and Analysis

Virginia529℠
ABLEnow®

THIS PAGE IS INTENTIONALLY LEFT BLANK

Management's Discussion and Analysis (Unaudited)

The Virginia College Savings Plan's (VA529's) Management's Discussion and Analysis is designed to assist the reader in focusing on significant financial issues and provides an overview of financial activity. This discussion includes an analysis of VA529's financial condition and results of operations for the fiscal year ended June 30, 2021. This presentation includes summarized data and should be read in conjunction with the accompanying financial statements and notes.

VA529 operates the Commonwealth of Virginia's (the Commonwealth's) Internal Revenue Code (IRC) Section 529 qualified tuition plan, which includes the Defined Benefit 529 Program (comprised of the legacy Prepaid529℠ and the Tuition Track Portfolio (TTP)) (DB529 or the Program), Invest529℠ (which includes TTP) (Invest529), and CollegeAmerica®. In addition, VA529 administers access and affordability initiatives through its SOAR Virginia early commitment scholarship program and an expanded Access and Affordability program that launched in 2021.

Legacy Prepaid529 is a defined benefit program, which closed to new participants in fiscal 2019. Contracts in this program are based on actuarially determined prices that provide the future payment of undergraduate tuition for the normal full-time course load for students enrolled in a general course of study at any Virginia public higher educational institution and all mandatory fees required as a condition of enrollment of all students, and differing payouts at private or out-of-state institutions. The Tuition Track Portfolio of Invest529 is also a defined benefit program, which opened in February of 2021 as the successor to Prepaid529. Units purchased in this program are based on the weighted average tuition costs (Average Tuition) of Virginia 4-year public higher educational institutions and benefits are paid out at Average Tuition at the time of maturity. Average Tuition includes tuition payments at the in-state undergraduate rates and all mandatory fees required as a condition of enrollment of all students. Annually, VA529's actuary determines the actuarial soundness of DB529. Key factors used in the actuarial analysis include anticipated tuition increases (both short and long-term) as well as anticipated long-term investment performance. Collectively, the legacy Prepaid529 program and TTP are defined as VA529's Defined Benefit 529 Program (DB529).

Invest529, without TTP, and the Access and Affordability fund, together are defined as the Defined Contribution 529 Program (DC529). Invest529, with the exception of the TTP, allows participants to make contributions into their selected investment portfolio(s) and those accounts are subject to market investment risks, including the possible loss of principal.

CollegeAmerica is also a defined contribution savings program. CollegeAmerica, a broker-sold program, offers 46 different American Funds mutual fund products as investment options. CollegeAmerica participants bear all market risk for their investment, including the potential loss of principal. Capital Group, home of the American Funds, acts as program manager for CollegeAmerica and provides all back office and operational services for the program.

VA529 also operates the Commonwealth's IRC Section 529A programs. The Stephen Beck, Jr. Achieving a Better Life Experience (ABLE) Act authorized states to offer tax-advantaged savings programs for individuals with disabilities. ABLEnow® and ABLEAmerica®, both defined contribution plans, are VA529's tax-advantaged savings programs for people with disabilities. VA529 is the program sponsor for ABLEnow and provides customer service, investment management and marketing services, however, PNC Bank, N.A. acts as the program administrator and is responsible for account management. The American Funds acts as program manager for ABLEAmerica and provides all back office and operational services for the program. Programs managed and administered by the American Funds and PNC, respectively, are presented in Other Information and not included in the accompanying audited financial statements.

Overview

This discussion and analysis is an introduction to VA529's basic financial statements, which include VA529's business-type activity or enterprise fund, the fiduciary or private purpose trust fund, and notes to the financial statements.

Business Type Activities – Enterprise Fund

All DB529 activities as well as VA529's operating activities are accounted for in an enterprise fund (a statutorily-created special nonreverting fund), which is typically used to account for governmental operations that are financed and operated in a manner similar to a private sector business. Enterprise funds typically report activities that charge fees for supplies or services to the general public. This activity is reported on the full accrual basis of accounting; all revenue and expenses are reflected in the financial statements even if the related cash has not been received or paid as of the June 30th fiscal year-end.

The Statement of Net Position presents information on all DB529 Program's assets and deferred outflows of resources as well as liabilities and deferred inflows of resources, with the difference between the two reported as total net position. Over time, increases and decreases in net position and the information contained in the annual actuarial soundness report indicate the DB529 Program's financial position.

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the year, including both actual and actuarially determined contributions and contract payments from participants and payments for higher education expenses.

The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, financing and investing activities.

Fiduciary Fund

The DC529 and Access and Affordability Programs are reported in the private purpose trust fund. A private purpose trust fund accounts for transactions of trust arrangements in which the principal and income benefit individuals, private organizations or other governments, and uses the full accrual basis of accounting.

These activities are reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. The Statement of Fiduciary Net Position presents information on all assets and liabilities, with the difference between the two reported as net position held in trust for program participants. The Statement of Changes in Fiduciary Net Position presents the revenues earned and expenses incurred during the year.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Other Information

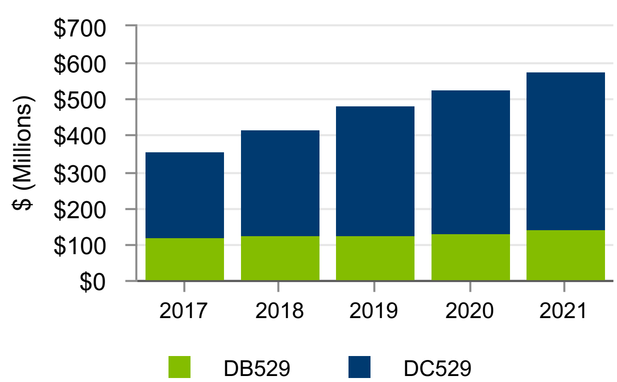
CollegeAmerica, ABLEnow, and ABLEAmerica are defined contribution savings programs and are presented as Other Information. CollegeWealth, which closed to new participants in fiscal 2017, is also presented as Other Information. Other Information is unaudited but presented as additional information.

Fiscal 2021 Financial Highlights

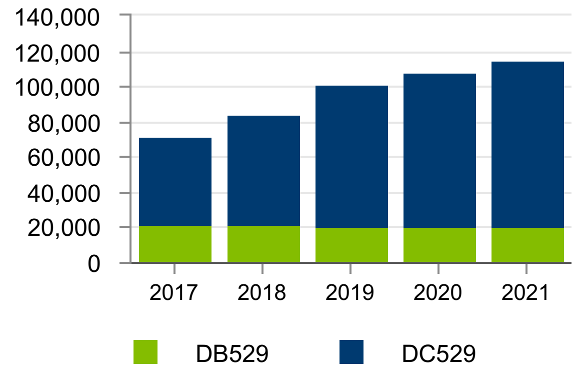
In aggregate, market movements had an overall net positive effect on fixed income and equity security prices in both the DB529 and DC529 Program's portfolios for the fiscal year ended June 30, 2021. Transaction activity also increased as customers continued to fund their college savings accounts and use them to pay higher education expenses. From DB529 Program's perspective, the Prepaid529 program is closed to new participants and therefore, total Prepaid529 accounts under management and receipts from contract payments will decline over time. However, growth in TTP accounts will offset that decline over time. The TTP was launched in the third quarter of fiscal year ended June 30, 2021.

The two graphs below represent Defined Benefit and Defined Contribution 529 program withdrawals since fiscal 2017.

Amounts Withdrawn per Fiscal Year

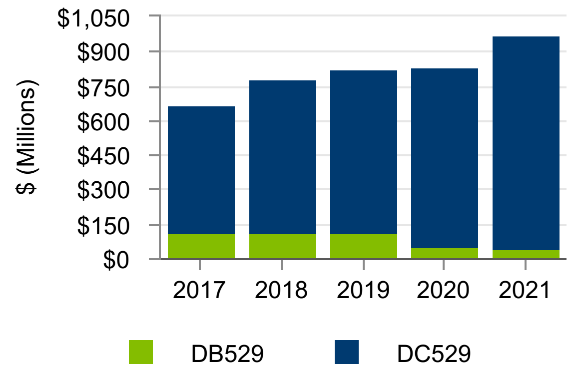


Number of Withdrawals on Behalf of Beneficiaries per Fiscal Year

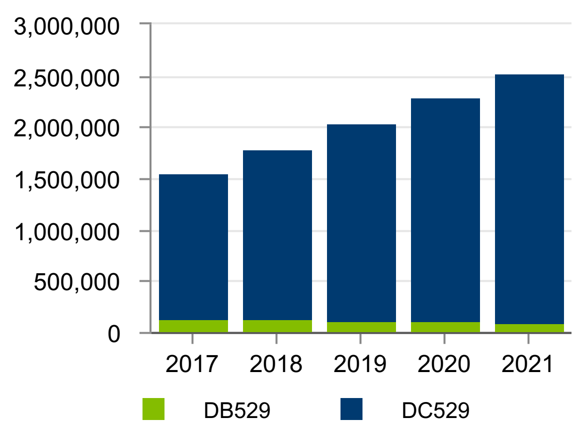


The two graphs below represent Defined Benefit and Defined Contribution 529 program contributions received since 2017.

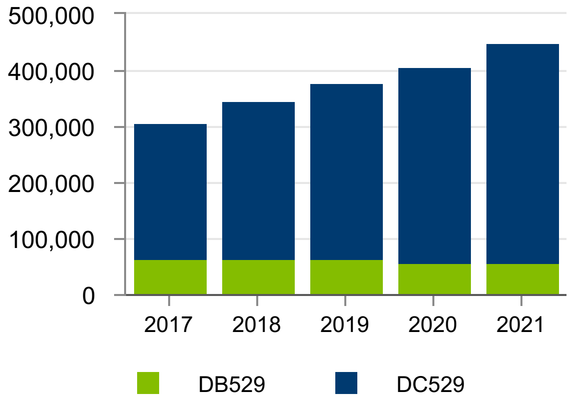
Amounts Received per Fiscal Year



Number of Contributions Received per Fiscal Year



Growth in Accounts Under Management per Fiscal Year



The graph to the left represents the Defined Benefit and Defined Contribution 529 Program's active accounts under management at fiscal year-end since fiscal 2017.

Table 1 demonstrates the numbers of students served, the amounts paid from the DB529 program (Prepaid529 only in FY21), directly to Virginia public universities and community colleges, and the amounts paid from the DC529 program on behalf of beneficiaries associated with the respective university or community college during fiscal year 2021. Actual DC529 payments may have been issued to account owners, beneficiaries, or the respective institution. No payments were made from TTP for higher education purposes.

Table 1
Defined Benefit and Defined Contribution Program Payments to or Associated with Virginia Public Universities and Community Colleges
Fiscal Year 2021

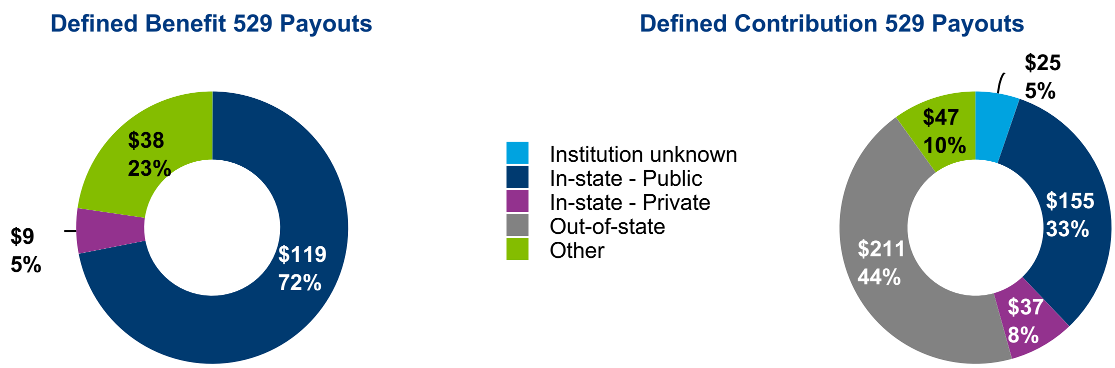
	DB529		DC529	
Public Universities	**Number of Students with Contracts**	**Payments to Universities**	**Number of Students with Accounts**	**Payments Associated with Universities**
Virginia Tech	1,959	$ 25,629,452	3,283	$ 35,065,124
University of Virginia	1,484	23,874,610	2,830	33,187,008
Virginia Commonwealth University	1,104	13,329,243	1,491	13,483,892
James Madison University	1,155	13,708,604	2,111	20,435,282
College of William & Mary	566	12,389,910	964	13,589,557
George Mason University	882	10,015,020	1,738	13,479,561
Christopher Newport University	442	6,168,671	584	6,794,686
University of Mary Washington	253	3,020,104	400	3,547,153
Old Dominion University	334	2,833,161	533	3,778,843
Longwood University	203	2,380,040	230	1,877,919
Radford University	208	2,111,988	302	2,305,579
Virginia Military Institute	61	1,118,102	88	1,017,981
University of Virginia's College at Wise	11	97,985	23	141,436
Virginia State University	15	123,919	23	62,837
Norfolk State University	12	102,150	19	89,917
Total Universities	**8,689**	**$ 116,902,960**	**14,619**	**$ 148,856,775**

	DB529		DC529	
Community Colleges	**Number of Students with Contracts**	**Payments to Community Colleges**	**Number of Students with Accounts**	**Payments Associated with Community Colleges**
Northern Virginia Community College	411	$1,274,204	1,177	$3,970,172
John Tyler Community College	87	214,559	162	517,153
J Sargeant Reynolds Community College	83	188,751	154	422,333
Germanna Community College	61	168,043	150	391,656
Tidewater Community College	106	368,574	151	564,600
Thomas Nelson Community College	38	104,770	57	231,961
Lord Fairfax Community College	41	110,648	107	255,296
Richard Bland College	14	72,453	31	217,773
Virginia Western Community College	42	114,184	82	215,972
Central Virginia Community College	11	30,959	36	100,411
New River Community College	21	53,697	44	175,308
Piedmont Virginia Community College	34	97,117	93	323,695
Blue Ridge Community College	15	50,957	38	110,177
Rappahannock Community College	11	33,737	21	75,050
Danville Community College	5	8,478	4	14,151
Southside Virginia Community College	8	22,536	8	20,136
Southwest Virginia Community College	2	8,935	4	8,257
Dabney S Lancaster Community College	3	4,853	3	3,198
Patrick Henry Community College	3	6,293	6	27,492
Wytheville Community College	7	18,270	4	32,971
Virginia Highlands Community College	4	13,031	10	15,623
Eastern Shore Community College	2	4,000	—	—
Mountain Empire Community College	1	4,867	1	3,596
Paul D Camp Community College	—	—	3	16,000
Total Community Colleges**	**1,010**	**$ 2,973,915**	**2,346**	**$ 7,712,982**

*Includes Richard Bland College; Virginia’s only 2-year junior college

Chart 1 reflects the types of institutions to which benefits are paid. From the DB529 Program, most payments to date are made to in-state public institutions on behalf of the beneficiary pursuant to contracts. Prepaid529 benefits paid for those students attending an out-of-state school were distributed by transferring benefits to an Invest529 account, which represent a portion of 'Other' Prepaid529 Payouts. A new web withdrawal process was implemented prior to fiscal year end that will allow for out-of-state payouts directly from Prepaid529 in future periods. This improvement will cause a reduction in out-of-state payments from the DC529 Program and an increase in these payments from the DB529 Program. The charts do not reflect any payouts from TTP. The majority of DC529 Program payments are made directly to account owners or beneficiaries for expenses paid to institutions, including out-of-state institutions. 'Other' payments reflected in Chart 1 include rollovers to another state's plan, rollovers/transfers to another VA529 program, other distributions to account owners and beneficiaries, and refunds to the account owner.

Chart 1
2021 Program Payouts by Institution Type (in millions)*



*Amounts may not sum due to rounding

Analysis of Enterprise Fund Financial Activities

The Enterprise Fund includes the activities of the DB529 Program's and VA529's general operating activities. The Enterprise Fund ended the year with net position of $1,650.9 million. The Enterprise Fund's change in net position increased by $582.7 million during the fiscal year, primarily due to an increase in the market value of long-term investments held with the Defined Benefit 529 Program's investments managers.

Table 2 – Enterprise Fund
Summary of Net Position (in millions)*

As of JUNE 30,	2021	2020	CHANGE	% CHANGE
Assets and deferred outflows:				
Current assets	$ 207.0	$ 149.2	$ 57.8	38.7 %
Investments	3,143.4	2,665.1	478.3	17.9 %
Capital assets, net	0.7	0.7	—	(6.0)%
Other noncurrent assets	92.2	123.2	(31.1)	(25.2)%
Total assets	3,443.2	2,938.2	504.9	17.2 %
Total deferred outflows	5.5	3.8	1.7	45.4 %
Assets and deferred outflows	3,448.7	2,942.0	506.6	17.2 %
Liabilities and deferred inflows:				
Current liabilities	331.8	313.3	18.4	5.9 %
Noncurrent liabilities	1,464.6	1,558.7	(94.1)	(6.0)%
Total liabilities	1,796.4	1,872.0	(75.7)	(4.0)%
Total deferred inflows	1.5	1.8	(0.4)	(19.4)%
Liabilities and deferred inflows	1,797.8	1,873.8	(76.0)	(4.1)%
Net Position				
Investment in capital assets	0.7	0.7	—	— %
Restricted	0.3	0.3	—	(1.4)%
Unrestricted	1,649.9	1,067.2	582.7	54.6 %
Total net position	$ 1,650.9	$ 1,068.2	$ 582.7	54.5 %

*Amounts may not sum due to rounding

Assets - Current assets increased by $57.8 million in fiscal 2021. This is attributable to keeping additional funds in cash as part of the discontinuance of operating transfers to the DB529 program in the previous fiscal year as well as investment managers' decisions to hold a larger portion of assets in cash equivalent positions, which is up to their discretion. Long-term investments increased by 17.9 percent, primarily attributable to steady market increases throughout fiscal 2021. Other noncurrent assets represent the noncurrent portion of tuition contributions receivables which decreased by $31.1 million for fiscal 2021.This represents the decrease in the actuarially determined amount expected to be collected from contract holders of record in future years. This decrease is primarily due to the closure of the Prepaid529 program to new participants in fiscal 2019.

Liabilities - Current liabilities increased by $18.4 million, primarily attributable to pending investment purchases at June 30 and obligations under securities lending coming due in fiscal 2022. Noncurrent liabilities decreased by $94.1 million. These decreases are due to the change in the actuarial present value of the future tuition obligations. Changes in the present value of the future tuition benefit obligation can be attributed to the passage of time, unit payouts, differences between actual experience and the actuarial assumptions used, and changes to the actuarial assumptions.

Table 3 is a summary comparison of the Enterprise Fund's Statement of Revenues, Expenses, and Changes in Net Position for fiscal 2021 as compared to the prior year. The table reflects the change in the enterprise fund's net position, which increased by 54.5 percent for fiscal 2021.

Table 3 – Enterprise Fund
Changes in Net Position (in millions)*

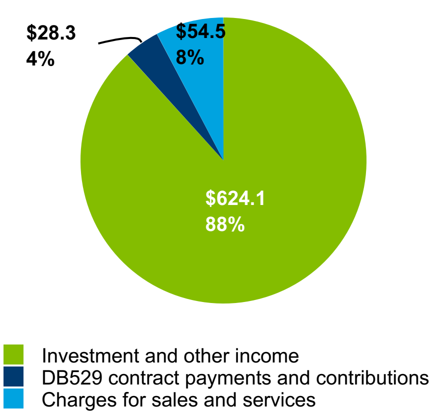
YEARS ENDED JUNE 30,	2021	2020	$ CHANGE	% CHANGE
Operating revenues				
Charges for sales and services	$ 54.5	$ 48.1	$ 6.4	13.3 %
Interest and dividends (net)	284.9	71.1	213.8	300.9 %
Net increase (decrease) in fair value of investments	339.2	(27.5)	366.7	1,333.5 %
Contributions	28.3	3.6	24.7	682.1 %
Net operating revenues	706.9	95.3	611.6	642.0 %
Operating expenses				
Educational benefits expense	82.0	24.6	57.4	233.7 %
Other operating expenses	41.9	31.6	10.4	32.9 %
Net operating expenses	123.9	56.2	67.8	120.8 %
Operating income (loss)	583.0	39.2	543.9	1,389.0 %
Income (loss) before transfers	583.0	39.2	543.9	1,389.0 %
Transfer to the Commonwealth	(0.4)	(0.4)	—	— %
Change in net position	582.6	38.8	543.9	1,402.9 %
Net position, beginning	1,068.2	1,029.4	38.8	3.8 %
Net position, ending	$ 1,650.8	$ 1,068.2	$ 582.7	54.5 %

*Amounts may not sum due to rounding

Revenues - The DB529 Program's asset allocation benefited from the strong performance across asset classes. For the fiscal year ended June 30, 2021, a net increase is reflected in the fair value of investments of approximately $339.2 million, versus the decrease in the prior fiscal year of $27.5 million. The fair market value of investment securities changes on a daily basis depending upon market conditions. This number will fluctuate from year to year, depending upon market conditions as of June 30th, or the last business day of the fiscal year. Interest and dividends, which is the other significant portion of investment income, increased by 300.9 percent, which is also the result of strong capital market conditions throughout the fiscal year. Investment income represents about 88 percent of enterprise fund revenue, as shown in Chart 2 below.

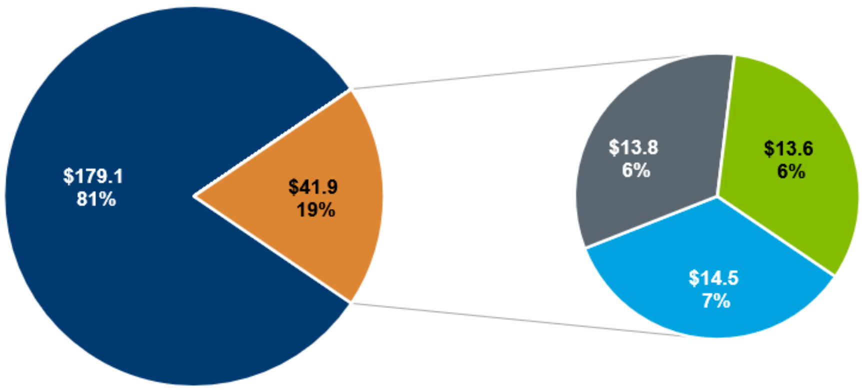
Expenses - Educational benefits expense is comprised of two components; actuarially determined and actual educational benefits expenses. Educational benefits expense increased by $57.4 million from fiscal year 2020. The actuarially determined educational benefit expense is accrued for estimated expenses, as determined by VA529's actuary, and represents the net change in tuition benefits payable over the prior fiscal year end. This actuarially determined amount increased from the previous fiscal year end accrual by $63.3 million, primarily due to tuition assumptions versus actual tuition increases and made up the majority of the educational benefits expense increase.

Chart 2
2021 Enterprise Fund Revenue (in millions)



The DB529 program contract payment revenue includes actual and actuarially estimated contract payments, and represents approximately 4 percent of enterprise fund revenue. Actual contract payments and contributions received from participants increased by $23.1 million over prior year receipts. This increase is attributable to the opening of TTP, the new defined benefit program. In addition, actuarially determined Prepaid529 contract payment revenue decreased by $1.6 million. Receipts for charges for sales and services increased during fiscal 2021 by $6.4 million. This increase is attributable to growth in assets in the CollegeAmerica Program, which resulted in increased fee revenue from this program.

Chart 3
2021 Enterprise Fund Expenses
in millions



** Does not include actuarial tuition benefits

As shown in Chart 3, tuition benefit payments represent 81 percent of actual expenses of the Enterprise Fund. Of the $41.9 million expended for plan administration and operations expenses, 67 percent were for personal and contractual services.

Table 4 – Enterprise Fund
Plan Administration and Operations Expenses (in thousands)*

YEARS ENDED JUNE 30,	2021	2020	$ CHANGE	% CHANGE
Personal services	$ 14,488	$ 13,297	$ 1,191	9.0 %
Actuarial pension expense	2,512	1,773	739	41.7 %
Fiscal and contractual services	13,793	12,730	1,063	8.4 %
Supplies and materials	51	30	21	69.5 %
Depreciation	195	194	1	0.6 %
Rent, insurance, and other related charges	932	952	(20)	(2.1)%
Expendable equipment	415	504	(89)	(17.7)%
SOAR Virginia	2,000	2,000	—	— %
Access and affordability	7,500	—	7,500	100.0 %
Other	43	74	(31)	(41.6)%
Administration and Operations Expenses	$ 41,930	$ 31,554	$ 10,376	32.9 %

* Amounts may not sum due to rounding

Table 4 provides a comparison of administration and operations expenses between fiscal years 2021 and 2020, which increased by 32.9 percent.

Personal services expense increased by $1.2 million, or 9.0 percent, over the prior year's amount. The increase is attributable to hiring additional staff, and salary and incentive increases as provided in VA529's Compensation Plan approved by the General Assembly. Actuarial Pension expense increased by $739 thousand. This expense is a function of the annual pension obligation recognition. Information on this expense can be found in Footnote 10 - Retirement and Pension Plan. Expenses for fiscal and contractual services represent about 32.9 percent of fiscal 2021 administrative expenses. Access and affordability expense represents an expansion of VA529's initiatives beyond the SOAR scholarship program. This expanded program, which was authorized by the VA529 Board in February, 2021, provides funding to organizations which administer programs that provide scholarships, workforce development services and mentoring/coaching to students in underserved or underrepresented communities.

Actuarial Soundness

VA529's statute requires that it annually determine the actuarial soundness of the DB529 Program; which means the actuary's projection that the Program will have the funds needed to pay future obligations. The purpose of the actuarial valuation is to assess the future value of VA529's assets and liabilities, which are discounted to reflect their present value.

During fiscal 2021, the DB529 program's actuarial reserve position, as calculated by VA529's actuary and reported in the 2021 Actuarial Valuation Report, increased from an actuarial surplus of $1,050.2 million to a surplus of $1,620.5 million. Lower than expected tuition increases during fiscal 2021 also contributed to earnings on the actuarial reserve and other actuarial gains. Actuarial assumptions are discussed in Note 9 in the Notes to the Financial Statements.

The overall effect of the changes on the actuarial reserve is summarized in Table 5. Table 5 reflects the actuarial gains and losses and the Actuarial Reserve as of June 30, 2021 as calculated by VA529's actuary using preliminary financial statements developed and provided by VA529 as reflected in the draft Actuarial Valuation Report as of October 30, 2021. The final report is expected to be completed no later than mid-December 2021. Any adjustments to the final Actuarial Reserve and the estimated valuation will be reflected and disclosed in the subsequent year's financial statements. A copy of the 2021 Actuarial Valuation Report may be obtained from VA529.

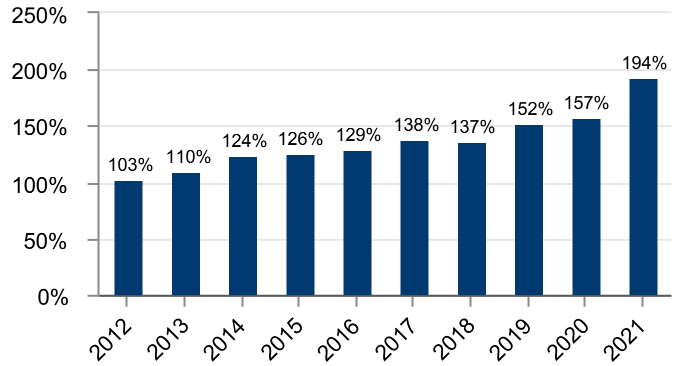
Table 5 – DB529 Program

Statement of Changes in Actuarial Reserve (dollars in millions)

Actuarial Reserve / (Deficit) as of June 30, 2020	$	1,050.2
Interest on the reserve at 5.75%	$	60.4
Investment return during 2020-2021 higher than expected	$	471.6
Change to Reasonable Rate and Actual account balances	$	(19.1)
New TTP unit sales	$	(2.5)
Tuition increases for 2021-2022 lower than expected	$	19.9
Account maintenance expenses paid by Operating Fund	$	4.2
Change to investment and tuition volatility assumptions	$	(0.4)
Change to Reasonable Rate assumption	$	11.7
Change to investment return assumption	$	(18.5)
Change to tuition growth assumption	$	11.4
Change in methodology for contracts at 10-year limit	$	28.5
New methodology to reflect bias to more expensive schools	$	(30.3)
Change to contract maintenance expense assumption	$	(0.2)
Other experience	$	33.6
Actuarial Reserve / (Deficit) as of June 30, 2021	$	1,620.5

The DB529 Program's overall actuarial funded status, as calculated by the actuary, as of June 30, 2021 was 194 percent. (rounded). Chart 4 provides the Defined Benefit 529 Program's' funded status since 2012.

Chart 4
DB529 Programs Actuarially Funded Percentage as of June 30th (rounded)

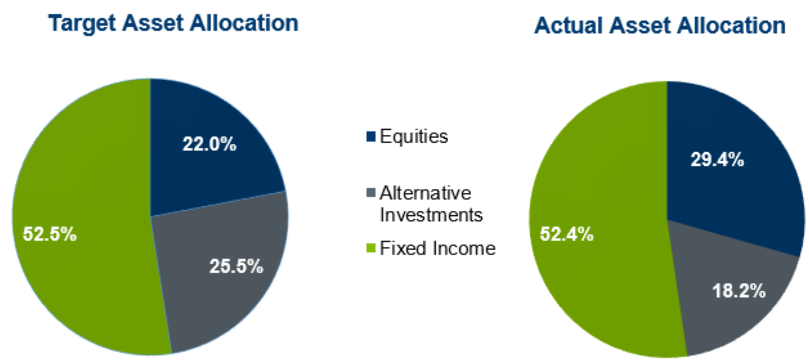


Defined Benefit 529 Program's Asset Allocation and Investments

Chart 5 below illustrates the target asset allocation of the DB529 program, as approved by the VA529 Board, as well as the actual asset allocations as of fiscal year end. Each asset class is within its allowable range approved by the Board.

In fiscal 2021, several investment manager changes were made to continue progression towards the new asset allocation. Aberdeen Asset Management, Inc. was terminated with proceeds split largely between two other remaining emerging markets equity managers. Ferox was terminated as a convertibles manager. Within the private markets mandate, Ares Capital was hired as a private debt manager and Related Fund Management as a private real estate manager. Additionally Hamilton Lane was engaged for a custom private equity separately managed account. A complete list of DB529 Program's managers as of June 30, 2021 may be found in Appendices A and B.

Chart 5
DB529 Program's Asset Allocation as of June 30, 2021



Analysis of Fiduciary Fund (Defined Contribution 529 and Access and Affordability Programs) Financial Activities

Table 6 presents a summary of the assets and liabilities for fiscal 2021 and 2020. Cash increased by $6.6 million from fiscal year 2020. VA529 engages various investment managers to invest the funds of the programs. The cash position fluctuates as these managers purchase and sell investments. Strong market conditions and continued increases in participant contributions during the fiscal year resulted in a 31.0 percent increase in investments.

Table 6 - Statement of Fiduciary Net Position (in millions)*

Fiscal year ended June 30	2021	2020	$ Change	% Change
Assets:				
Cash	$ 216.3	$ 209.6	$ 6.6	3.2 %
Receivables	$ 8.2	$ 4.9	3.3	66.4 %
Investments	$ 7,104.2	$ 5,423.0	1,681.2	31.0 %
Total Assets	$ 7,328.6	$ 5,637.6	1,691.1	30.0 %
Liabilities	$ 10.0	$ 11.3	(1.3)	(11.4)%
Net position held in trust, ending	$ 7,318.6	$ 5,626.2	$ 1,692.4	30.1 %

*Amounts may not sum due to rounding

Table 7 reflects the change in the Fiduciary Fund's Program's net position for fiscal 2021. Additions to the fiduciary net position held in trust include contributions from participants as well as net investment income. Investment income increased $1,078 million from fiscal 2020. Contributions represent amounts received from new and existing account holders. Contributions from program participants increased from the previous year by approximately $155 million and there were more than 64 thousand new DC529 Program accounts opened during the fiscal year. In addition, there was $7.5 million in contributions to Access and Affordability. Educational expense benefit payments made on behalf of participants represent 90 percent of DC529 Program deductions. As anticipated, overall disbursements to DC529 Program account owners, beneficiaries, and institutions increased over the prior year by approximately 12.9 percent as more participants withdrew funds for higher education expenses.

Table 7 - Change in Fiduciary Net Position (in millions)

Fiscal year ended June 30	2021	2020	$ Change	% Change
Additions	$ 2,171.4	$ 979.0	$ 1,192.4	121.8 %
Deductions	479.1	424.5	54.6	12.9 %
Net Increase (decrease)	1,692.4	554.6	1,137.8	205.2 %
Net position held in trust, beginning	5,626.2	5,103.7	522.6	10.2 %
Net position held in trust, ending	$ 7,318.6	$ 5,658.2	$ 1,660.4	29.3 %

*Amounts may not sum due to rounding

In October 2020, the Invest529 Program received a Silver medalist rating from Morningstar, Inc. Morningstar is a provider of independent investment research in North America, Europe, Australia, and Asia. Morningstar offers an extensive line of products and services for individual investors, financial advisors, asset managers, and retirement plan providers and sponsors. Morningstar introduced its ratings on 529 plans in 2010 and evaluates college savings plans on four key pillars – Process, People, Parent, and Price. In previous years a fifth pillar was dedicated to performance which is now assessed in with the People, Process and Parent Pillars, noting that the performance analysis takes a broader assessment in those pillars. Morningstar evaluated the majority of 529 plans in calendar year 2020. Morningstar's ratings from highest to lowest are Gold, Silver, Bronze, Neutral and Negative. Invest529 was one of 11 plans to receive a Silver rating.

In fiscal 2021, the Invest529 target enrollment portfolios evolved in accordance with the rebalancing policy along their scheduled glide paths, which emphasizes more income and preservation of capital as the portfolios proceed toward their final evolution. This evolution represented one of the triennial target allocations as set forth in the Invest529 Program Description. The portfolios are rebalanced annually to move towards triennial weights.

Economic Factors and Outlook

VA529 continues to remain optimistic that its asset allocation and investment strategies will result in the DB529 Program meeting or exceeding performance expectations over the long term. VA529 has assumed a long-term rate of return of 5.5 percent on the DB529 Program's investments. As of June 30, 2021, the total return since inception was about 6.66 percent net of fees and reflected DB529 Program's 23.63 percent investment performance during fiscal 2021. Equity and fixed income markets continued to perform well during fiscal 2021 having a positive impact on DB529 Program's portfolio performance. Portfolio performance through fiscal 2022 will depend on many factors.

In assessing the DB529 Program's financial condition, VA529 has projected that tuition and fee increases at Virginia's public higher education institutions will increase annually by approximately 4.0 percent for the two academic years beginning Fall 2022 and ending Spring 2024, and 6.0 percent thereafter. This applies to four-year universities. Virginia's community colleges and two-year institutions are projected to increase annually by 2.0 percent for the two academic years beginning Fall 2022 and ending Spring 2024, and 6.0 percent thereafter. These long-term tuition and fee increase projections were established for the June 30, 2021 DB529 Program's valuation.

The actuarial valuation reflects the DB529 Program's portion of the Enterprise Fund. This includes the market value of DB529 Program's assets and cash flows from program operating and investing activities. VA529 did not assign any of its net agency operating revenue to the DB529 Program during fiscal 2021.

Changes in public education funding that result in tuition increases above VA529's projections would have an immediate, detrimental impact on VA529's outstanding long-term DB529 Program's obligations. With the statutory requirement that institutions provide updated, long-term tuition projections, VA529 remains in a position to be informed of future tuition and fee increases.

Legislation was proposed and adopted during the 2019 General Assembly Session, authorizing VA529 to proceed with the implementation of a new defined benefit program structure. Subsequently, the legacy Prepaid529 program was closed to new participants during fiscal 2019. However, the program continues to manage existing contracts through depletion. Investment return and tuition growth assumptions and other considerations previously referenced apply.

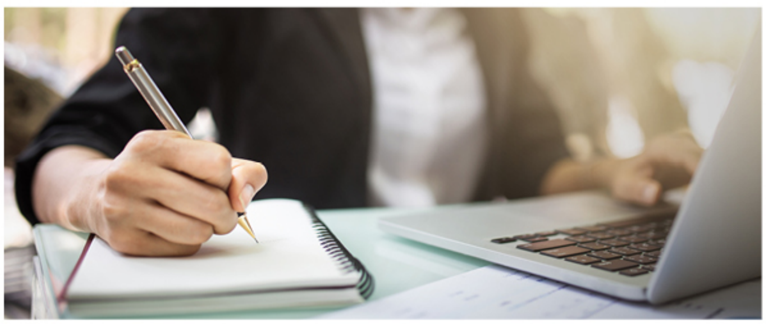
During fiscal 2021, VA529 launched the new defined benefit structure, TTP, which is based upon a weighted average tuition pricing methodology and an enrollment-weighted average tuition payout model. The TTP was launched in February of 2021. The portfolio is offered as a portfolio within the Invest529 program, but its assets are invested alongside the Prepaid529 program and, therefore, reported within the Enterprise Fund's DB529 Program.

Also during fiscal 2021, legislation was passed, which tasks VA529 to develop and maintain a state-facilitated private retirement program, with oversight by the VA529 Board. After a two-year planning and implementation phase, the launch of this pilot program may affect some activity within the enterprise fund starting in fiscal 2023.

Invest529, CollegeAmerica, ABLEnow, and ABLEAmerica portfolios will depend on many of the same investment factors as those impacting the DB529 program. In the college, Access and Affordability, and disability savings programs, the participants, rather than VA529, bear the risk of portfolio declines as a result of the market or other factors.








Financial Statements

Virginia529℠

ABLEnow®

THIS PAGE IS INTENTIONALLY LEFT BLANK

VIRGINIA529
STATEMENT OF NET POSITION
ENTERPRISE FUND
as of June 30, 2021 (amounts in thousands)

	Administration and Operations	DB529 Program	Total Enterprise
Assets and Deferred Outflows of Resources			
Current assets:			
Cash and cash equivalents (Note 1D, 2 and 5)	$ 32,830	$ 102,211	$ 135,041
Interest receivable	—	9,894	9,895
Prepaid529 contract payments receivable (Note 1F and 9)	—	28,818	28,818
Pending trade receivables	—	16,389	16,389
Prepaid and other assets	647	—	647
Accounts receivable (Note 1G)	14,690	1,487	16,177
Total current assets	48,167	158,800	206,967
Noncurrent assets:			
Investments (Note 1D, 2, 3 and 4)	—	3,143,366	3,143,366
Other post employment benefits, net (Note 11 and 12)	481	—	481
Prepaid529 contract payments receivable (Note 1F and 9)	—	91,680	91,680
Depreciable capital assets, net (Note 1J and 8)	675	—	675
Total noncurrent assets	1,157	3,235,046	3,236,203
Total assets	49,324	3,393,846	3,443,170
Deferred Outflows of Resources:			
Pension contributions made after measurement date (Note 10)	1,377	—	1,377
Pension Related (Note 10)	2,972	—	2,972
Other post employment benefits related (Note 11 and 12)	1,157	—	1,157
Total deferred outflows	5,506	—	5,506
Total Assets and Deferred Outflows of Resources	54,830	3,393,846	3,448,675
Liabilities and Deferred Inflows of Resources			
Current liabilities:			
Accounts payable (Note 1K)	964	4,555	5,519
Pending trades payable	—	34,800	34,800
Obligations under securities lending (Note 4)	2,920	—	2,920
Educational benefits payable (Note 7 and 9)	—	287,677	287,677
Compensated absences (Note 1L and 7B)	803	—	803
Net other post employment benefits liability (Note 12)	54	—	54
Total current liabilities	4,741	327,032	331,773
Noncurrent liabilities:			
Educational benefits payable (Note 7 and 9)	—	1,446,321	1,446,321
Compensated absences (Note 1L and 7B)	208	—	208
Net pension liability (Note 10)	15,304	—	15,304
Net other post employment benefits liability (Note 11 and 12)	2,752	—	2,752
Total noncurrent liabilities	18,264	1,446,321	1,464,585
Total liabilities	23,005	1,773,353	1,796,358
Deferred inflows of resources:			
Pension Related (Note 10)	156	—	156
Other post employment benefits related (Note 11 and 12)	1,302	—	1,302
Total deferred inflows	1,458	—	1,458
Total Liabilities and Deferred Inflows of Resources	24,463	1,773,353	1,797,816
NET POSITION			
Investment in capital assets	675	—	675
Restricted for net other postemployment asset (Note 12)	321	—	321
Unrestricted	29,371	1,620,492	1,649,863
Total net position	$ 30,367	$ 1,620,492	$ 1,650,859

The notes to financial statements are an integral part of this statement.

VIRGINIA529
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
ENTERPRISE FUND
For the Year Ended June 30, 2021 (amounts in thousands)

	Administration and Operations	DB529 Program	Total Enterprise
Operating revenues:			
Charges for sales and services (Note 1C)	$ 54,496	$ —	$ 54,496
Interest, dividends, rents, and other investment income (net)	121	284,785	284,906
Net increase (decrease) in fair value of investments	(10)	339,207	339,197
Prepaid529 contract payments (Note 1F)	—	72,099	72,099
Actuarial Prepaid529 contract payments (Note 9)	—	(43,766)	(43,766)
Total operating revenues	54,607	652,325	706,933
Operating expenses:			
Personal services (Note 10 and Note 11)	14,488	—	14,488
Actuarial pension expense (Note 10)	2,512	—	2,512
Fiscal and Contractual services	13,793	—	13,793
Supplies and materials	51	—	51
Depreciation (Note 8)	195	—	195
Rent, insurance, and other related charges	932	—	932
Tuition benefits expense	—	179,054	179,054
Actuarial tuition benefits expense (Note 9)	—	(97,066)	(97,066)
Expendable equipment	415	—	415
SOAR Virginia (Note 14)	2,000	—	2,000
Access and affordability (Note 14)	7,500	—	7,500
Other	43	—	43
Total operating expenses	41,930	81,988	123,918
Operating income	12,677	570,337	583,014
Nonoperating Revenues (Expenses)			
Interest expense	(2)	—	(2)
Operating income/loss before transfers	12,675	570,337	583,012
Transfers:			
Transfers to the General Fund of the Commonwealth	(351)	—	(351)
Change in net position	12,324	570,337	582,661
Net position - July 1, 2020	18,043	1,050,155	1,068,198
Net position - June 30, 2021	$ 30,367	$ 1,620,492	$ 1,650,859

Amounts may not sum due to rounding
The notes to financial statements are an integral part of this statement.

VIRGINIA529
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
For the Year Ended June 30, 2021 (amounts in thousands)

Cash flows from operating activities:	
Receipts for sales and services	$ 51,556
Contributions and contract payments received	66,913
Payments to suppliers for goods & services	(1,147)
Payments to employees	(16,020)
Payments for contractual services	(13,377)
Payments for educational benefits	(179,492)
Other operating expenses	(9,543)
Net cash provided by (used for) operating activities	(101,111)
Cash flows from noncapital financing activities:	
Transfer to the General Fund of the Commonwealth	(351)
Net cash provided by (used for) noncapital financing activities	(351)
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(152)
Net cash provided by (used for) capital and related financing activities	(152)
Cash flows from investing activities:	
Purchase of investments	(1,350,970)
Proceeds from sales or maturities of investments	1,410,583
Interest and dividend income on cash, cash equivalents, and investments	88,471
Net cash provided by (used for) investing activities	148,084
Net change in cash and cash equivalents	46,470
Cash and cash equivalents - Beginning	85,651
Cash and cash equivalents - Ending	132,121
Reconciliation of cash and cash equivalents:	
Per the Statement of Net Position:	
Cash and cash equivalents	135,041
Less:	
Securities lending cash equivalents	(2,920)
Cash and cash equivalents per the Statement of Cash Flows	$ 132,121

The notes to financial statements are an integral part of this statement.

For the Year Ended June 30, 2021(amounts in thousands)

Reconciliation of operating income to net cash provided	
by operating activities:	
Operating income	$ 583,014
Adjustments to reconcile operating income to net cash provided	
by (used for) operating activities:	
Depreciation	195
Interest, dividends, rents and other investment income	(284,906)
Net decrease in fair value of investments	(339,197)
Changes in assets, liabilities, and deferred inflows and outflows:	
(Increase) decrease in receivables	(8,272)
(Increase) decrease in Prepaid 529 contract payments receivable	43,766
(Increase) decrease in prepaid and other assets	251
(Increase) decrease in other post employment benefits asset	(83)
(Increase) decrease in deferred outflows of resources - pension related	(1,320)
(Increase) decrease in deferred outflows of resources - OPEB related	(400)
Increase (decrease) in accounts payable	180
Increase (decrease) in current educational benefits payable	7
Increase (decrease) in current compensated absences	83
Increase (decrease) in current obligations in net OPEB liability	17
Increase (decrease) in noncurrent educational benefits payable	(97,073)
Increase (decrease) in noncurrent compensated absences	(72)
Increase (decrease) in net pension liability	2,925
Increase (decrease) in net OPEB liability	175
Increase (decrease) in total OPEB liability	(50)
Increase (decrease) in deferred inflows of resources - pension related	(487)
Increase (decrease) in deferred inflows of resources - OPEB related	135
Net cash provided by (used for) operating activities	$ (101,111)
Noncash investing, capital, and financing activities:	
Change in fair value of investments	$ 339,197

The notes to financial statements are an integral part of this statement.

VIRGINIA529
STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUND
as of June 30, 2021 (amounts in thousands)

Assets:		
Cash and cash equivalents (Note 1D and 2)	$	216,270
Receivables:		
Interest and dividends		6,377
Accounts receivable		414
Pending trades receivable		1,372
Investments:		
Certificates of Deposit		47,110
Bonds		164,045
Mutual funds - Non-Index		871,500
Mutual funds - Index		4,174,352
Stable Value		1,442,102
Equities		303,613
Private real estate		101,479
Total investments		7,104,200
Total Assets		7,328,633
Liabilities:		
Accounts payable		477
Pending trades payable		2,175
Due to program participants (Note 1K)		5,706
Program distributions payable		1,669
Total liabilities		10,027
Net position held in trust for program participants	$	7,318,606

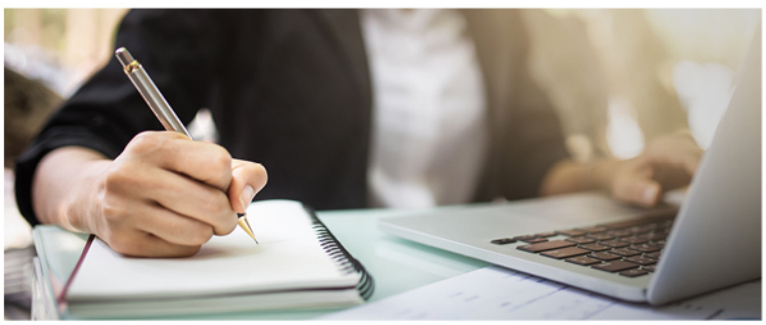
Amounts may not sum due to rounding

The notes to financial statements are an integral part of this statement.

VIRGINIA529
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUND
For the Year Ended June 30, 2021 (amounts in thousands)

ADDITIONS	
Contributions:	
From participants	$ 935,692
Total contributions	935,692
Investment income:	
Net increase (decrease) in fair value of investments	972,371
Interest, dividends, and other investment income	271,708
Total investment earnings	1,244,079
Less investment management expense	(4,049)
Less program and administrative expense	(4,283)
Total investment costs	(8,332)
Net investment income	1,235,747
Total additions	2,171,439
DEDUCTIONS	
Educational expense benefits	431,799
Shares redeemed	47,267
Total deductions	479,065
Changes in net position	1,692,374
Net position held in trust for program participants:	
Beginning	5,626,232
Ending	$ 7,318,606

The notes to financial statements are an integral part of this statement.



Notes to the Financial Statements

Virginia529℠
ABLEnow®

THIS PAGE IS INTENTIONALLY LEFT BLANK

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The Virginia College Savings Plan (VA529), a body politic and corporate and an independent agency of the Commonwealth of Virginia, was created in 1994 by the Virginia General Assembly, and its enabling legislation is codified at §23.1-700 through §23.1-713 of the Code of Virginia, as amended. VA529 operates the Commonwealth's Internal Revenue Code (IRC) §529 qualified tuition plan, which include its Defined Benefit 529 Program (legacy Prepaid529SM and the Tuition Track Portfolio), Invest529SM (Invest529), and CollegeAmerica®. In addition, VA529 administers access and affordability initiatives through its SOAR Virginia early commitment scholarship program and an expanded Access and Affordability program that launched in 2021. VA529 also operates the Commonwealth's IRC §529A disability savings plans through the ABLEnow and ABLEAmerica programs.

Prepaid529 is a defined benefit program, which closed to new participants in fiscal 2019. Contracts in this program were based on actuarially determined prices that provide the future payment of undergraduate tuition for the normal full-time course load for students enrolled in a general course of study at any Virginia public higher educational institution and all mandatory fees required as a condition of enrollment of all students. The contract provisions also allow benefits to be used at in-state private or out-of-state institutions with payouts based on earnings and the amounts charged by Virginia's public higher education institutions. Calculations and payouts differ between in-state private and out-of-state institutions. Approximately 133,951 accounts were opened throughout the program's history, with 53,493 contracts remaining active at year-end. VA529 will continue to service existing contracts for this legacy program. The program invests contract payments to meet future obligations and had total assets invested of approximately $3.1 billion as of June 30, 2021. The Tuition Track Portfolio (TTP), an investment portfolio offered as part of the Invest529 program, is also a defined benefit program, which sells units of the portfolio equal to all or a portion of the cost of tuition based on the weighted average tuition cost across all Virginia's public higher education institutions at the time of purchase. The Tuition Track Portfolio benefits are based on the weighted average tuition cost of Virginia's public higher education institutions at the time of withdrawal. Collectively, the Prepaid529 and TTP programs are referred to as the Defined Benefit 529 Program or the DB529 Program.

VA529 does not receive any general fund appropriations to cover its program and agency operating costs. VA529's enabling legislation provides that all moneys remaining in its enterprise fund (a statutorily-created special nonreverting fund) at the end of a biennium shall not revert to the Commonwealth's general fund. Funds remaining may be used to pay VA529's obligations, including those of the DB529 Program. VA529's assets and income are exempt from federal, state, and local income taxation, except for taxes on unrelated business income. VA529's enabling legislation also provides that a sum sufficient appropriation be included by the Governor in his budget to cover current obligations of VA529, including the obligations of the Defined Benefit 529 Program's, in the event of a funding shortfall.

With the exception of TTP, Invest529 is a defined contribution savings program. The portfolios which make up the defined contribution program of Invest529 (collectively referred to as the Defined Contribution 529 Program or DC529 Program) allow participants of all ages to save for qualified higher education expenses, including tuition and fees, at any qualified higher education institution or primary and secondary school by making contributions into the investment portfolio(s) of their choice. Participants are allowed to select from among 26 investment portfolios. One additional portfolio remains open but is closed to new participants. Invest529"s (DC529 Program) accounts are subject to investment risks, including the possible loss of principal. The DC529 Program is open year round and has no age or residency restrictions. Invest529 began operations in December 1999. The program has had 538,607 open accounts since inception and 392,853 accounts remaining active at fiscal year end. These accounts had a net position value of approximately $7.3 billion as of June 30, 2021. The DC529 Program's investment management fees and administrative fees are paid on a pro-rata basis by each account owner and vary according to the portfolio selected. DC529 Program accounts provide investors with the same federal and state tax benefits available to participants in the DB529 Program.

An eleven-member governing Board administers VA529, consisting of four ex-officio members and seven non-legislative citizens. Four members are appointed by the Governor, one is appointed by the Senate Committee on Rules, and two are appointed by the Speaker of the House of Delegates. The ex-officio members are the Director of the State Council on Higher Education for Virginia, the Chancellor of the Virginia Community College System, the State Treasurer, and the State Comptroller. The non-legislative citizen members shall have significant experience in finance, accounting, law, or investment management. In order to assist the Board in fulfilling its fiduciary duty with the investment of VA529 assets, the Board has appointed an Investment Advisory Committee (IAC). To assist the Board in fulfilling its responsibilities relating to VA529's financial reporting processes and internal and financial controls, the Board has appointed an Audit and Actuarial Committee (A&AC). The IAC and A&AC are permanent advisory committees of the Board pursuant to §23.1-702 of the *Code of Virginia*, as amended. The Board has adopted charters that describe the purpose of the committees as well as their duties and responsibilities, composition and conduct of business. Pursuant to the Virginia College Savings Plan Act of the General Assembly, the Joint Legislative Audit and Review Commission (JLARC) provides oversight and evaluation of VA529 on an ongoing basis and also performs special studies of VA529 as requested by the General Assembly.

A separate report is prepared for the Commonwealth of Virginia, which includes all agencies, boards, commissions, and authorities over which the Commonwealth exercises, or has the ability to exercise, oversight authority. VA529 is an integral part of the reporting entity of the Commonwealth of Virginia and is included in the Commonwealth's basic financial statements.

The following is a summary of significant accounting policies employed by VA529.

A. Basis of Presentation

The accompanying financial statements have been prepared in conformance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

B. Reporting Entity

The accompanying financial statements report the financial position, changes in financial position and cash flows of VA529 as of and for the fiscal year ended June 30, 2021. For financial reporting purposes, VA529 includes all funds and entities over which VA529 is financially accountable and exercises oversight authority.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

VA529 reports the activity of the DB529 Program as an enterprise fund, which is a type of proprietary fund. Enterprise funds typically account for transactions related to resources received and used for financing self-supporting entities that offer products and services for a fee to external users. All operating expenses and revenue collected to support VA529 operations, including administrative fee revenue and expenses of all VA529 college and disability savings programs are reflected in the enterprise fund.

VA529 reports the activity of the DC529 and Access and Affordability Programs as private-purpose trust funds, which is a type of fiduciary fund. Private-purpose trust funds account for transactions of trust arrangements in which the principal and income benefit individuals, private organizations, or other governments.

The financial statements of the proprietary and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and/or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating. The principal enterprise fund revenues of VA529 are program participants' contributions toward the DB529 Program and investment income. VA529 enterprise fund expenses include tuition benefits expenses.

VA529's operating component is presented in a separate column, providing transparency in reporting operating activity and net position. Operating revenues include administrative and other fees received from VA529 program. Operating expenses include contractual and personal services.

D. Cash Equivalents and Investments

Money market investments of VA529, which are deemed short-term, highly liquid investments, are reported at amortized cost. Long-term investments of VA529 are reported at fair value based upon quoted market prices, except for stable value investments, which are reported at contract value. Cash equivalents are investments with an original maturity of three months or less. Investments are reported on a trade date basis. Nonnegotiable Certificates of Deposits are reported as investments due to their long term original maturity dates. Trade date accounting accurately depicts VA529's financial position as of fiscal year end, as all securities pending settlements at June 30, 2021 are incorporated in the reported values.

VA529 also participated in the Commonwealth's General Account pool, which is managed by the State Treasurer. These pooled investments are valued on an amortized cost basis. VA529 receives no additional distribution of unrealized gains or losses in the fair values of the pool's investments.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The fair value estimation methodology used to value private equity, private debt and private real estate investments is one significant estimate used. As capital statements are not always available through fiscal year-end, to value these investments, the most recent capital statements available are adjusted for cash flow transactions within the investments through fiscal year-end. Additional estimates used are transactions related to pension and other post employment benefits, discussed in Notes 10 - 12 and actuarially determined amounts, discussed in Note 9.

F. Contributions and Contract Payments

Prepaid529 contract purchasers may pay their contract in full via a lump sum payment or over a period of time. Customized financing options are available for purchasers by allowing payments to be spread over a period of time determined by the contract purchaser. However, contracts must be paid in full prior to drawing benefits; therefore the maximum number of years available for those purchasers electing to pay over time is approximately equal to the number of years between the beneficiary's current age and their expected college entrance date. Prepaid529 contract payments receivable represent the actuarially determined present value of future payments due from contract holders.

Approximately 50.07 percent of contract holders of outstanding (active) contracts as of June 30, 2021 had elected to pay over time. Prepaid529 is closed to new participants.

Customers make payments to purchase units of TTP, which are based on the weighted average tuition costs of Virginia's 4-year public higher educational institutions. The weighted average tuition costs include tuition at the in-state undergraduate rates and all mandatory fees required as a condition of enrollment of all students.

G. Accounts Receivable

Accounts receivable reflected in VA529's operating column of the enterprise fund reflect amounts due to VA529 at June 30^{th} for administrative and other services provided. These amounts include second calendar quarter administrative fees collected on behalf of VA529 for the Invest529, CollegeAmerica, CollegeWealth and ABLEnow programs.

Invest529, excluding TTP, pays VA529 an annual fee equal to nine basis (.09 percent) of the assets held in the Invest529 market investment portfolios. These fees are calculated and accrued daily by the investment custodian and redemption is made by VA529 on a quarterly basis.

The American Funds pays VA529 an annual fee equal to nine basis points (.09 percent) of the average daily net asset value of the underlying funds held in CollegeAmerica up to $20 billion. The fee is reduced to five basis points (.05 percent) for amounts in excess of $20 billion up to $100 billion with further reductions to three basis points (.03 percent) for amounts above $100 billion. This fee is calculated and accrued daily and paid to VA529 on a quarterly basis.

CollegeWealth's banking partner, Branch Banking & Trust (now "Truist" or "BB&T") pays VA529 an annual fee equal to ten basis points (.10 percent) of the average daily assets held in 529 bank accounts under the Program. These fees are calculated, accrued and paid to VA529 on a quarterly basis.

PNC Bank pays VA529 an annual fee equal to ten basis points (.10 percent) of the assets held in the ABLEnow program's investment options. This fee is calculated and accrued daily and paid to VA529 on a quarterly basis.

ABLEAmerica fees have been waived until assets under management reach $300 million or June 2023; whichever is earlier.

H. Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources are a consumption of assets by VA529 that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of assets by VA529 that is applicable to a future reporting period. VA529 reported deferred inflows and outflows for the fiscal year relating to pensions and other post-employment benefits (OPEB) in accordance with GASB Statement Nos. 68 and 75, respectively.

Changes in net pension liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Changes in net OPEB liability or asset not included in personal services expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the liabilities or assets are reported as deferred outflows of resources. For additional information, see Note 10, Retirement and Pension Plan; Note 11, Group Life Insurance Program, Virginia Sickness and Disability Plan and State Employee Health Insurance Credit Program; and Note 12, Healthcare Plan for Pre-Medicare Retirees.

I. Administrative Expenses and Budget

VA529 is an independent state agency that does not receive a general fund appropriation from the Commonwealth of Virginia. However, VA529's operating expenditures, funded with non-general fund revenues, are included in the Commonwealth's Appropriation Acts and accordingly are subject to approval by the General Assembly and the Governor. The Board annually reviews and approves an operating budget. Operating expenses are primarily funded from administrative fee revenue. VA529 prepares and submits a biennial budget to the Commonwealth in compliance with biennial budgetary requirements (cash basis). Also, in accordance with its fiduciary responsibility, the Board reviews a comparison of actual versus budgeted expenses each quarter.

J. Capital Assets

Tangible assets are recorded at cost at the time of acquisition and are reported net of accumulated depreciation. VA529 capitalizes all property, plant, and equipment that have a cost or value greater than $5,000 and an expected useful life greater than two years. Depreciation is computed on a straight-line basis over the estimated useful life of the property. Intangible assets with a value of $100,000 or greater are capitalized, except for internally generated software. Internally generated software with a value of $1,000,000 or greater is capitalized. Intangible assets, if depreciated, are amortized over their useful lives.

Intangible assets are nonfinancial in nature, lack physical substance and have an initial useful life extending beyond a single reporting period. These assets may be acquired by purchase or license, through non-exchange transactions, or internally generated. Intangible assets are also capital assets and adhere to the same policies of other property, plant and equipment. VA529 has two types of intangible assets: purchased and internally generated computer software, which are reported in Note 8, Capital Assets.

K. Amounts Due To Program Participants

Amounts due to program participants reflects accrued amounts due and payable at June 30, 2021 for distributions to other qualified tuition programs, to participants for cancelled or overpaid prepaid contracts or savings accounts. A liability to the beneficiary is recognized when an event has occurred that compels a disbursement of resources. In the Fiduciary Statement of Net Position, Due to Program Participants also includes contributions received for participants that have yet to settle. These funds are classified as a liability until the settlement process is complete.

L. Accrued Leave Policy

Since January 1, 2016, VA529 has administered a Paid Time Off (PTO) Policy with a defined leave year of January 1 through December 31. VA529 provides a bank of PTO that employees may use at their discretion for absences, including vacation, sick, community service, and various other leave types. The Policy applies to all leave-eligible employees including regular full-time and regular part-time employees.

When the Policy became effective, employees' existing annual leave balances converted to an annual bank up to the maximum carryover amount as dictated by VA529's previous annual leave policy. This bank will be available for employees' use throughout their remaining tenure with VA529 and will pay out upon termination according to the provisions below. While employees may use this time in lieu of or in addition to their PTO, they do not accrue time in the annual bank.

Full-time salaried employees accrue PTO at a rate of 8.3 to 13.3 hours semi-monthly, depending on their length of service. The maximum accumulation within the year is dependent upon years of service, but in no case may it exceed 40 days at the end of the calendar year. Regular part-time employees who retain eligibility for benefits receive a pro-rated accrual of PTO based on the number of regularly scheduled hours and state tenure. Employees may carryover up to 80 hours of unused PTO each year.

Employees are eligible annually for a partial payout of PTO time that was accrued but not used in the previous year. The payout of unused leave will occur automatically after the end of the plan year, by February 1 of the subsequent plan year, provided certain conditions are met as specified in the PTO Policy. Eligible accrued but unused PTO will be paid out at 50 percent of the employee's current salary up to a maximum of three to ten days based on total state tenure. Employees have the option to receive a taxable cash payment or they may defer their payment to their 457(b) deferred compensation retirement account.

All employees leaving the agency are paid for accrued unused leave up to a maximum limit, not to exceed 36 days for 15-19 years of service and 42 days for 20 or more years of service, at their current earnings rate. Employees having a negative PTO balance must pay VA529 the value of the borrowed leave as described in the PTO Policy.

In conformance with Section C60 of the GASB *Codification*, the monetary value of accumulated leave payable upon termination is included in the accompanying financial statements. The liability at June 30, 2021, was computed using salary rates effective at that date and represents annual bank, PTO bank, overtime and disability credits held by employees up to the allowable ceilings, including the liability for VA529's share of Social Security and Medicare taxes on leave balances for which employees will be compensated.

M. Other Postemployment Benefits

Eligible VA529 employees participate in postemployment benefit programs that are sponsored by the Commonwealth and administered by the Virginia Retirement System (VRS). These programs include the Group Life Insurance Program (GLIP), Virginia Sickness and Disability Program (VSDP), and the Retiree Health Insurance Credit Program (HICP). All but one VA529 employee participates in the VSDP.

The GLIP is a multiple-employer, cost-sharing, defined benefit plan that provides members basic group life insurance upon employment. The VSDP is a single employer plan that is presented as a multiple-employer, cost-sharing plan that in addition to sick, family and personal leave and short-term and long-term disability benefits provided to active members during employment, provides inactive members with long-term disability and long-term care benefits. The HICP is a single employer plan that is presented as a multiple-employer, cost-sharing plan that provides member retirees who have at least 15 years of service health insurance credits to offset their monthly health insurance premiums. GLIP, VSDP and HICP benefit payments are recognized when due and payable in accordance with benefit terms and investments are reported at fair value. The GLIP liability, VSDP asset, HICP liability, deferred outflows and inflows of resources are determined on the same basis as reported by VRS. See Note 11 Group Life Insurance Program, Virginia Sickness and Disability Plan and State Employee Health Insurance Credit Program for additional information on these VRS benefit programs.

VA529 also participates in the postemployment Pre-Medicare Retiree Healthcare Plan (PMRHP), which is sponsored by the Commonwealth and administered by the Department of Human Resources Management (DHRM). This program was established by Title 2.2, Chapter 28 of the *Code of Virginia* for retirees who are not yet eligible to participate in Medicare. The plan provides the option for retirees who are not eligible to participate in Medicare to participate in the Commonwealth's healthcare plan for its active employees. VA529 does not pay a portion of the retirees' healthcare premium because both active employees and retirees are included in the same pool for purposes of determining health insurance rates. This generally results in a higher rate for active employees. Therefore, VA529 effectively subsidizes the costs of the participating retirees' healthcare through payment of the employer's portion of premiums for active employees.

The PMRHP is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes. The PMRHP is reported as part of the Commonwealth's Healthcare Internal Service Fund. There are no assets accumulated in a trust to pay benefits. Benefit payments are recognized when due and payable in accordance with the benefit terms. The PMRHP liability, deferred outflows and inflows of resources are determined on the same basis as reported by DHRM. See Note 12 Healthcare Plan for Pre-Medicare Retirees for additional information.

Additional information related to all of these programs or plans is available at the state-wide level in the Commonwealth's Annual Comprehensive Financial Report.

N. Defined Benefit 529 Program – Investment in Real Estate

In 2008, VA529 established Aventura Holdings LLC (Aventura), a limited liability company, to purchase a 48,500 square foot office building in Chesterfield County, Virginia; such purchase was funded by the Prepaid529 program, which was the only defined benefit program at the time. The investment in Aventura is reflected in the Defined Benefit 529 Program's assets at $7.9 million as of fiscal year end. The value was determined by a professional real estate appraisal in June 2021.

VA529 is the sole member of Aventura and VA529's Chief Executive Officer, Chief Operations Officer, Chief Financial Officer and Chief Administrative Officer are its only non-equity managers. VA529 leases the building from Aventura. A Second Amendment to the Lease was entered into by VA529 for another ten years beginning July 1, 2018, upon the first option lease renewal that expired on June 30, 2018. On July 1, 2018, VA529 and Aventura entered into a 10-year extension of the Lease Agreement through June 30, 2028.

The Lease is carried as an operating lease in the enterprise fund financial statements. See the Commitments Note 6 for a description of the Lease Agreement. Aventura has also established a renewal and replacement reserve funded from the annual rental payments received from VA529 to cover capital improvements to the building.

O. Pensions

The Virginia Retirement System's (VRS) State Employee Retirement Plans are single employer pension plans that are treated like cost-sharing plans.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the VRS State Employee Retirement Plan; and the additions to/ deductions from the VRS State Employee Retirement

Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 10, Retirement and Pension Plan for additional information.

2. Cash, Cash Equivalents, and Investments

VA529's Board has established Statements of Investment Policy and Guidelines for its investment programs in accordance with §23.1-706 of the *Code of Virginia*, as amended. This section of the *Code* requires the Board to discharge its duties in a manner which will provide the investment return and risk level consistent with the actuarial return requirements and cash flow demands of VA529 and conforming to all statutes governing the investment of VA529 funds. The Board shall exercise the judgment of care under the circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation but to the permanent disposition of funds, considering the probable income as well as the probable safety of their capital when investing funds. In order to meet the return requirements, VA529's portfolio shall be invested in a broadly diversified investment portfolio including, but not limited to, domestic and foreign stocks, bonds, mutual funds, collective trust funds, hedge funds, private equity funds and cash equivalent investments, which are defined as investments with an original maturity of three months or less. The Board's allocation target for the DB529 Program's portfolio, at market value, is 22 percent equities, 52.5 percent fixed income, and 25.5 percent alternatives. The Board's allocation targets for the DC529 program vary according to the investment objective of each portfolio.

To assist the Board in fulfilling its fiduciary duty with the investment of VA529 assets, the Board-appointed IAC provides objective and prudent investment advice on all matters related to the management of investments, within the parameters set by the Board's Statement of Investment Policy and Guidelines and the IAC's Charter. The Board has also selected a group of external managers; complete lists of investment managers are located in Appendices A and B. In addition, DB529 Program's contributions are considered Commonwealth revenue and as a result must pass through the State Treasury. Prior to being moved to VA529's custodian, these monies along with other minor balances may be invested with the State Treasurer as part of the Commonwealth's General Account. The Appropriation Act includes a provision for the allocation of interest on balances held at the State Treasury to VA529 and certain other agencies. Accordingly, VA529 received interest earnings on a quarterly basis from the Commonwealth based on its relative participation during the quarter.

DC529 Program contributions are excluded as Commonwealth revenue and accordingly are deposited directly with VA529's financial institution, Wells Fargo Bank N.A.

Private Debt & Equity Investment Commitments

In fiscal 2021, VA529 extended investment commitments under limited partnership agreements for private equity and debt investments in the DB529 Program. At June 30, 2021, VA529's investment commitments amounted to $263.1 million.

Custodial Credit Risk

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, VA529's deposits may not be returned to it. All deposits of the DB529 and DC529 program, except those in the FDIC-Insured Omnibus Account, are secured in accordance with the provisions of the Virginia Security for Public Deposits Act, Section 2.2-4400, of the *Code of Virginia*.

Custodial Credit Risk – Investments: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, VA529 will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2021, all investments of the Defined Benefit and Defined Contribution 529 program, except those investments in open-end mutual funds, certain collective trusts, private equity or hedge funds, were held in VA529's name by VA529's custodian, BNY Mellon Asset Servicing. Approximately 56.7 percent of total Defined Benefit 529 Program investments and 75.4 percent of total Defined Contribution 529

Program investments are invested in vehicles that are not held in VA529's name by its custodian. All investments of the CollegeAmerica and ABLEAmerica programs are invested in American Funds mutual funds. Investments in open-end mutual funds, collective trusts, private equity and hedge funds are not directly exposed to custodial credit risk because their existence is not evidenced by individual securities held by the custodian.

Interest Rate Risk – Fixed Income Securities

As of June 30, 2021, VA529 had fixed income investment securities held in the Defined Benefit and Defined Contribution 529 Programs with the following maturities and effective duration. Effective duration is a measure of interest rate and price sensitivity that takes into account options, such as early call provisions, embedded in the securities. It is widely used in the management of fixed income portfolios as it quantifies the risk of interest rate changes.

DB529 Program			
Investment Type	**Fair Value**		**Effective Duration (years)**
Money Market Funds	$	96,838,285	0.08
Bank Loans		257,722,606	0.18
Non-Agency Mortgage-Backed Securities		52,948,797	2.48
Mortgage-Backed Securities - Agency		54,516,283	3.46
Asset-Backed Securities		62,879,625	2.12
Corporate Bonds		313,474,085	4.39
Convertible Securities[1]		136,143,718	2.60
Bond Funds[1]		711,966,166	6.13
Total	**$**	**1,686,489,565**	**3.91**
DC529 Program			
Investment Type	**Fair Value**		**Effective Duration (years)**
Money Market Funds	$	76,176,045	0.08
Bank Loans		6,973,446	0.76
Corporate Bonds		157,071,630	4.37
Bond Funds		1,479,313,487	7.19
Stable Value[2]		1,442,101,710	3.50
Total	**$**	**3,161,636,317**	**5.17**

[1]Effective duration for convertible bonds and convertible bond funds is calculated using a methodology that takes into account the duration impact of equity warrants and rate-sensitive instruments. [2]Reported at contract value.

VA529's Statements of Investment Policy and Guidelines do not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Although not an explicit requirement, duration of fixed income portfolios, if applicable, is expected to be within +/-20 percent of each portfolio's designated benchmark.

Credit Risk of Fixed Income Securities

VA529's Statements of Investment Policy and Guidelines require its fixed income securities managers to invest in holdings which, on average, are comprised of high quality securities and may not include securities deemed to be below investment grade. Investment grade is generally defined as a rating of BBB or above by one of the three major rating agencies. This requirement does not apply to VA529's managers who are instructed to manage a specific investment strategy (e.g., high-yield fixed income), whether in a separate account or as a dedicated allocation within a broader fixed income portfolio. VA529's fixed income investment securities held in the Defined Benefit and Defined Contribution 529 Program as of June 30, 2021 were rated by Standard & Poor's (S&P) and/or Moody's and the ratings are presented in the charts entitled credit quality by investment type.

Concentration of Credit Risk

At June 30, 2021, VA529 had no investment securities held in separately managed accounts in the DB529 and DC529 Program in any one issuer that represented 5 percent or more of total investments.

Mutual Fund Risks

At June 30, 2021, VA529 participated in a number of open-end domestic and foreign equity and fixed income mutual funds and collective trusts in the DB529 and DC529 Program. These funds are subject to various investment risks, including the possibility that the value of the fund's portfolio holdings may fluctuate in response to events specific to the companies in which the fund invests, as well as economic, political or social events in the United States and abroad. Certain mutual funds may be subject to additional risks due to investments in a more limited group of sectors and industries than the broad market. Those funds with holdings issued by entities based outside the United States are subject to foreign securities risks, including currency fluctuations.

The value of and the income generated by fixed income securities held by certain mutual funds in which VA529 participates, may be affected by changing interest rates and credit risk assessments. Lower quality or longer maturity bonds may be subject to greater price volatility than higher quality or shorter maturity bonds.

Prospectuses for each of the mutual funds in which VA529 participates may be requested from VA529, 9001 Arboretum Parkway, North Chesterfield, VA 23236, or at Virginia529.com. A prospectus may also be requested directly from each of the underlying fund managers. Please see Supplementary and Other Information for a listing of investment managers for the Defined Benefit and Defined Contributions 529 program.

Foreign Currency Risk

Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value, in U.S. dollars (USD), of non-USD denominated securities. At June 30, 2021, VA529 had indirect exposure to this risk through its investments in certain mutual funds and other pooled vehicles. More information relating to currency risk in VA529's mutual fund investments can be found in each fund's prospectus.

VA529 has direct exposure to foreign currency risk through investments held in accounts managed by Acadian Asset Management, LLC (Acadian), Advent Capital Management, LLC (Advent), Loomis, Sayles and Company, LP (Loomis) and Schroders Investment Management (Schroders). Acadian invests in international equity with a mandate benchmarked against the MSCI EAFE. Advent invests in both domestic and international convertible securities. Loomis and Schroders use a multi-asset credit strategy to invest in a wide variety of fixed income instruments globally. All four managers use currency forward contracts to hedge risks associated with currency fluctuations. The table below shows exposures to non-USD denominated currencies by asset class. A similar exhibit showing non-USD denominated currency exposure associated with the forward contracts is included in Note 3, Investment in Derivative Instruments and Stable Value.

DB529 Program Foreign Currency Exposures by Asset Class

Currency	Cash & Cash Equivalents	Convertible or Exchangeable Securities	Equity	Fixed Income Securities	Preferred Securities	Total
Australian Dollar	$ 49,323	$ 1,452,529	$ 12,696,289	$ 686,892		$ 14,885,033
Brazil Real	43,120			255,429		298,549
British Pound Sterling	284,129	2,699,006	7,374,481	7,641,570		17,999,187
Chilean Peso				528,417		528,417
Danish Krone	57,157		8,164,408			8,221,566
Egyptian Pound	1,862,754					1,862,754
Euro	706,980	44,067,438	47,268,422	12,689,233	$ 166,421	104,898,494
Hong Kong Dollar	1,180,891	1,843,906	72,605			3,097,403
Indonesian Rupiah				539,264		539,264
Israeli Shekel			2,483,747			2,483,747
Japanese Yen	259,390	8,062,725	27,873,379			36,195,494
Mexican Peso	36,275					36,275
New Zealand Dollar			360,245			360,245
Norwegian Krone	1,056		703,686			704,742
Singapore Dollar	1,231		1,383,781			1,385,012
South African Rand	37,431					37,431
Swedish Krona	58,289		13,260,137			13,318,425
Swiss Franc	119,064		19,689,880			19,808,944
Total	**$ 4,697,091**	**$ 58,125,604**	**$ 141,331,062**	**$ 22,340,803**	**$ 166,421**	**$ 226,660,981**

Note: Amounts shown in U.S. dollars using June 30, 2021 foreign exchange rates.

Counterparty Risk

Counterparty risk is the risk of loss arising from the failure of one party to a transaction to fulfill its contractual obligation to the other. VA529 has exposure to counterparty risk through its investments. Higher levels of this risk are attributable to VA529’s investments in hedge funds, as these types of investments are subject to the potential usage of over-the-counter derivative transactions. Other potential examples of risk for over-the-counter transactions may include transaction costs/inefficiencies/errors, fraud or reputation risk. As of June 30, 2021 approximately 5 percent of DB529 Program's investments were invested in these vehicles.

Rating Agency	DB529 Program Credit Quality by Investment Type							
	Non-Agency Mortgage-Backed Securities	Asset-Backed Securities	Mortgage-Backed Securities - Agency	Bank Loans	Corporate Bonds	Convertibles	Money Market Funds	Bond Funds[2]
S&P								
AAA	$ 13,696,397	$ 33,017,189	$ 2,385,596				$ 91,240,277	
AA+	$ 857,775		$ 44,648,381					
AA	$ 365,497	$ 1,997,172	$ 1,271,879					
AA-			$ 606,827		$ 685,934			
A+		$ 12,677						
A	$ 268,601	$ 3,467,595	$ 5,484,359			$ 7,607,096		
A-	$ 474,016				$ 206,310	$ 4,984,649		
BBB+	$ 184,685				$ 645,941	$ 2,530,580		
BBB	$ 2,130,917			$ 54,915	$ 974,239	$ 3,683,022		
BBB-	$ 1,583,503	$ 118,361		$ 12,301,861	$ 10,797,837	$ 7,564,190		
BB+				$ 9,560,890	$ 27,628,184	$ 1,833,987		
BB				$ 12,077,788	$ 50,089,093			
BB-	$ 1,103,481	$ 4,741,316		$ 32,100,673	$ 57,865,598			
B+				$ 41,883,061	$ 46,650,937			
B	$ 82,818	$ 137,752		$ 82,761,893	$ 47,693,779			
B-				$ 47,077,439	$ 21,158,667			
Less than B-	$ 13,558	$ 830,345		$ 10,222,227	$ 28,939,183			
Moody's								
Aa1		$ 58,642						
Aa2	$ 199,922	$ 837,137						
Aa3				$ 447,856				$ 3,621,475
A1	$ 1,390,820							
A3	$ 288,407							
Baa1	$ 3,204,536	$ 316,930		$ 988,208				
Baa2	$ 374,312	$ 1,139,629						
Baa3	$ 3,024,220				$ 1,098,661	$ 12,406,574		
Ba1	$ 44,106			$ 316,849	$ 871,961			
Ba2	$ 386,244			$ 1,564,431	$ 4,688,598			
Ba3	$ 3,106,039	$ 535,004			$ 4,040,275			
B1				$ 1,029,553	$ 1,229,532			
B2				$ 1,651,131	$ 1,685,054			
Less than B2	$ 128,458	$ 362,579		$ 547,365	$ 3,274,161			
Unrated[1]	$ 20,040,482	$ 15,307,297	$ 119,241	$ 3,136,465	$ 3,250,142	$ 95,533,621	$ 5,598,008	$ 708,344,691

[1]Securities have not been rated by either Standard & Poor's or Moody's
[2]Funds are not rated directly by S&P, however the underlying investments weighted average credit quality rating is A

Rating Agency	DC529 Program Credit Quality by Investment Type					
	Corporate Bonds	Bank Loans	Money Market Funds	Bond Funds[2]	Stable Value[3]	Nonnegotiable Certificate of Deposits
S&P						
AAA						
BBB-	$ 4,560,228	$ 174,280				
BB+	13,405,160					
BB	28,985,463	199,166				
BB-	29,395,893	1,192,760				
B+	24,200,494	1,438,442				
B	24,996,760	1,017,501				
B-	9,240,810	1,946,665				
Less than B-	15,970,815	577,283				
Moody's						
Aaa			75,976,045			
Ba2	1,574,963	147,929				
Ba3	2,076,774					
B1	328,000	279,419				
B2	186,500					
Caa1	967,337					
Caa2	670,850					
Caa3	190,500					
C						
Unrated[1]	321,082		200,000	1,479,313,487	1,442,101,710	47,109,668

[1]Securities have not been rated by either Standard & Poor's or Moody's
[2]Funds are not rated directly by S&P, however the underlying investments weighted average credit quality rating is A+
[3]Stable Value Contracts (which include the Access and Affordability Program) are not rated directly by S&P, however the underlying investments weighted average credit quality rating is AA

3. Investment Derivative Instruments and Stable Value

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, requires that VA529 disclose its exposure to investment derivative instruments and certain investments described as synthetic guaranteed investment contracts.

A) Investment Derivatives:

Pursuant to the Statements of Investment Policy and Guidelines established for VA529's investment programs, investments in derivative instrument securities are prohibited except where specifically permitted in the investment manager agreement for a separate account or prospectus for a fund. The Board may permit managers in certain asset classes to use derivative instruments consistent with the overall investment guidelines and objectives of that asset class. As of June 30, 2021, five separate account managers were permitted to use derivative instruments as shown in the table below.

Program	Manager	Asset Class
DC529	**PGIM Fixed Income**	**High-yield Fixed Income**
DB529	**PGIM Fixed Income**	**High-yield Fixed Income**
DB529	**Schroders Investment Management North America, Inc.**	**Mortgage-Backed Securities**
DB529	**Loomis, Sayles & Company, L.P.**	**Multi-Asset Credit**
DB529	**Acadian Asset Management, LLC**	**Developed Markets International Equity**
DB529	**Advent Capital Management, LLC**	**Convertible Fixed Income**

(i) Derivative Instruments held in PGIM Fixed Income Accounts

Pursuant to its investment management agreement, PGIM Fixed Income may invest in derivative instruments for hedging, duration and cash management. The portfolio's exposure to derivative instruments, as measured on a net market value basis, is limited to 10 percent of the market value of the high-yield account. The Defined Benefit 529 Program's PGIM Fixed Income accounts held credit default swaps at June 30, 2021. The following table contains information relating to fair value, changes in fair value and notional value. Credit risk is mitigated with these instruments as they are centrally cleared derivatives.

Investment Derivative Instruments - Credit Default Swaps					
	Changes in Fair Value		Fair Value at June 30, 2021		
	Classification	Amount	Classification	Amount	Notional Amount
DB529	Revenue	$(556,107)	Investment	$(556,107)	$5,450,000

At June 30, 2021, PGIM Fixed Income also held U.S. Treasury futures, which are permissible to hedge duration and excluded from the 10 percent limit. The following table contains information relating to fair value, changes in fair value and notional value of these derivative instruments. In aggregate the fair value of these derivative instruments was ($119,770) as of June 30, 2021. Credit risk is mitigated with these instruments as they are exchange traded.

Investment Derivatives – U.S. Treasury Futures Contracts					
	Changes in Fair Value		Fair Value at		June 30, 2021
	Classification	**Amount**	**Classification**	**Amount**	**Notional Amount**
DB529	Revenue	$(79,187)	Investment	$(79,187)	$33,703,852
DC529	Revenue	$(40,583)	Investment	$(40,583)	$20,636,149

(ii) Derivatives held in Schroders Investment Management Account

Pursuant to its investment management agreement, Schroders Investment Management may invest in derivative instruments for hedging, and duration management. The portfolio's notional exposure to derivative instruments, as measured on a net market value basis, is limited to 10 percent of the market value of the account. U.S. Treasury futures used to hedge duration are excluded from the 10 percent limit. At June 30, 2021, the only derivative instruments held in the account were U.S. Treasury futures. The following table contains information relating to fair value, changes in fair value and notional value of these derivative instruments. Credit risk is mitigated with these instruments as they are exchange traded.

Investment Derivatives – U.S. Treasury Futures Contracts					
	Changes in Fair Value		Fair Value at		June 30, 2021
	Classification	**Amount**	**Classification**	**Amount**	**Notional Amount**
DB529	Revenue	$103,808	Investment	$103,808	$52,483,688

(iii) Derivatives held in Loomis, Sayles & Company Multi-Asset Credit Account

Pursuant to its investment management agreement, Loomis, Sayles & Company may invest in derivative instruments for hedging, and duration management. The portfolio's notional exposure to derivative instruments, as measured on a net market value basis, is limited to 10 percent of the market value of the account. The Defined Benefit 529 Programs' Loomis, Sayles & Company Multi-Asset Credit Accounts held interest rate swap options at June 30, 2021. The following table contains information relating to fair value, changes in fair value and notional value of these derivative instruments. Credit risk is mitigated with these instruments as they are exchange traded.

Investment Derivatives – Interest Rate Swap Options					
	Changes in Fair Value		Fair Value at		June 30, 2021
	Classification	**Amount**	**Classification**	**Amount**	**Notional Amount**
DB529	Revenue	$(17,553)	Investment	$58,126	$0

At June 30, 2021, Loomis, Sayles & Company also held U.S. Treasury futures, which are permissible to hedge duration. The following table contains information relating to fair value, changes in fair value and notional value of these derivative instruments. U.S. Treasury futures used to hedge duration are excluded from the 10 percent limit. Credit risk is mitigated with these instruments as they are exchange traded.

Investment Derivatives – U.S. Treasury Futures Contracts					
	Changes in Fair Value		Fair Value at		June 30, 2021
	Classification	**Amount**	**Classification**	**Amount**	**Notional Amount**
DB529	Revenue	$(19,450)	Investment	$(19,450)	$(1,324,828)

(iv) Forward Foreign Exchange Contracts held in Advent Capital Management, Loomis, Sayles & Company and Acadian Asset Management Accounts

Pursuant to its investment management agreement, Advent Capital Management, LLC may invest in derivatives for hedging purposes or for efficient portfolio management. Synthetic positions are not allowed and the use of derivatives should not be considered as an alpha generator. Advent primarily uses forward foreign exchange contracts to hedge the value of investments denominated in non-U.S. dollar currencies. Similarly the Loomis, Sayles & Company and Acadian Asset Management accounts are permitted to use these instruments. Credit risk of exchange traded currency contracts lies with the clearinghouse of the exchange at which the contracts are traded, while credit risk of currency contracts traded over the counter lies with the counterparty. Counterparty risk exposure is generally equal to the unrealized gain on in-the-money contracts. The following table contains a breakdown of these forward contracts by currency.

DB529 Program Foreign Currency Forwards				
Currency	Cost	Foreign Exchange Purchases	Foreign Exchange Sales	Market Value
Australian Dollar	$ (1,517,931)	$ 36,262	$ (1,504,080)	$ (1,467,818)
Danish Krone	919,885	916,306	—	916,306
Euro	(60,247,950)	10,454,730	(69,383,828)	(58,929,098)
Hong Kong Dollar	(3,031,628)	—	(3,031,001)	(3,031,001)
Japanese Yen	(7,208,032)	3,325,461	(10,417,623)	(7,092,162)
New Zealand Dollar	32,619	32,604	—	32,604
Pound Sterling	(11,100,739)	—	(10,977,266)	(10,977,266)
Singapore Dollar	24,262	24,276	—	24,276
Swedish Krona	347,183	346,149	—	346,149
Swiss Franc	1,413,340	1,407,835	—	1,407,835
U.S. Dollar	80,368,991	94,409,257	(14,040,266)	80,368,991
Total	**$ —**	**$ 110,952,880**	**$ (109,354,064)**	**$ 1,598,816**

Note: Amounts shown in U.S. dollars using June 30, 2021 foreign exchange rates.

B) Stable Value:

GASB Statement No. 53 defines stable value investment vehicles as synthetic guaranteed investment contracts. Stable value funds are invested in a high quality, diversified, intermediate term, fixed income portfolio that is protected against interest rate volatility by wrap or investment contracts from banks and insurance companies that guarantee the payment of benefits at book value (cost plus accrued interest), which enables the entire investment to be carried at its book value. VA529 utilizes stable value investments in the Fiduciary Fund's Defined Contribution 529 and Access and Affordability Programs. VA529's stable value investments meet the definition of fully benefit-responsive synthetic guaranteed investment contracts and are reported at contract value. At June 30, 2021, VA529 had the following stable value investments outstanding as shown in the table below.

Fund	Wrap Provider	Notional Amount	Effective Date	Maturity Date	Crediting Rate
Fiduciary Fund	American General Life	$ 240,221,992	1/16/2014	Open ended	1.37%
	Nationwide Life Insurance	$ 240,782,135	1/29/2018	Open ended	1.94%
	Prudential Retirement Ins. & Annuity	$ 240,254,005	1/30/2014	Open ended	1.44%
	RGA	$ 240,337,259	8/28/2015	Open ended	1.49%
	State Street Bank	$ 240,216,561	5/01/2002	Open ended	1.38%
	Voya Retirement & Annuity	$ 240,289,758	10/05/2012	Open ended	1.51%

At June 30, 2021, the fair value of the underlying investments for the Fiduciary Fund was more than the book value (notional amount) of the wrap contracts. The book value of the wrap contracts provides a guaranteed minimum value that program participants would receive upon liquidation, and therefore has a separate fair value only in the circumstance that the fair value of the associated underlying investment pool is below the book value of the wrap contracts. The fair value of the wrap contracts is the amount required to bring the total value of the stable value investments up to the book value of the wrap contracts.

In the Fiduciary Fund, the fair value of the wrapped stable value investments at June 30, 2021, was $1,658,901,040.

4. Fair Value Measurement and Application

GASB Statement No. 72, *Fair Value Measurement and Application,* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes inputs of valuation techniques used to determine fair value. The hierarchy gives highest priority to valuations maximizing observable inputs and lowest priority to those utilizing unobservable inputs. The three levels of the fair value hierarchy are described below:

Level 1: Quoted prices in active markets for identical assets or liabilities
Level 2: Quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active or inputs other than quoted prices that are observable for the asset or liability
Level 3: Unobservable inputs

GASB Statement No. 72 also permits certain investments that do not have a readily determinable fair value to be reported at the investment's Net Asset Value (NAV). These investments are excluded from the fair value hierarchy above and accordingly are reported in a separate table. The following exhibits represent VA529's investments and related disclosures in accordance with GASB Statement No. 72 by program.

DB529 Program's investments measured at fair value as of June 30, 2021:

DB529 Programs Investments By Fair Value Level	Fair Value	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
Bond Funds	$ 8,587,937	$ 8,587,937	—	—
Corporate Bonds	313,474,085	5,171	$ 313,468,914	—
Convertible Bonds	136,143,718	—	136,143,718	—
Credit Default Swaps	—	—	—	—
Emerging Markets Debt	31,302,548	31,302,548	—	—
Bank Loans	257,722,606	—	257,722,606	—
Asset Backed Securities	62,879,625	—	62,879,625	—
Mortgage Backed - Agency	54,516,283	—	54,516,283	—
Mortgage Backed - Non Agency	52,948,797	—	52,948,797	—
Total Debt Securities	$ 917,575,600	$ 39,895,657	$ 877,679,943	$ —
Equity Securities				
Equities	454,505,548	447,624,038	6,881,510	$ —
Equity Real Estate	7,875,000	—	—	$ 7,875,000
Index Funds - Equity	226,469,431	$ 226,469,431	—	—
International & Emerging Markets Funds	156,078,100	156,078,100	—	—
Total Equity Securities	844,928,079	830,171,569	6,881,510	7,875,000
Total Investments at Fair Value	$ 1,762,503,679	$ 870,067,226	$ 884,561,453	$ 7,875,000

Note: Cash equivalent investments, in the amount of $97,977,683 that are measured at amortized cost are not classified in the fair value hierarchy and as a result, are not included in the above table.

Description of DB529 Program's investments measured at fair value:

1. Debt and equity securities classified in level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in level 2 of the fair value hierarchy utilize dealer quotes for similar securities traded in active markets. VA529's investment in real estate as the sole member of Aventura Holdings, LLC. is classified as a level 3 investment. The property value is determined annually at fiscal year-end by an independent real estate appraiser. The appraisal takes into account the comparable sales, cost and income approach in determining value.

DB529 Program's investments measured at NAV:

Investments Measured at the NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Hedge Funds				
Blackstone - Hedge Fund of Funds	$ 157,692,634		Semi-Annual	95 Days
Equity Real Estate				
Related Real Estate	7,293,915	28,360,418		
UBS Realty Investors	46,112,941		Quarterly	60 days
Private Debt & Private Equity Funds of Funds				
Golub Capital	51,625,000	$ 18,375,000		
Schroder FOC II L	70,122,254	56,250,000		
Private Advisors	36,388,472	9,049,113		
Adams Street Partners	236,219,467	68,217,748		
LGT Capital Partners	9,154,637	3,240,000		
Neuberger Berman	33,493,824	13,818,452		
Aether Investment Partners	34,443,611	12,383,303		
Commonfund	13,370,974	1,640,000		
Horsley Bridge Partners	8,049,350	14,172,000		
Hamilton Lane	1,489,637	8,510,363		
Ares Management	6,886,598	29,057,334		
Common Trust Funds & Other				
Wellington Management	218,356,447		Monthly	10 Days
BlackRock	325,085,381		Daily	3 Days
Sands Capital	125,077,084		Monthly	10 Days
Total Investments Measured at the NAV	$ 1,380,862,226			

Description of DB529 Program investments measured at NAV:

1. Hedge Funds: This investment type includes one hedge fund. The Blackstone Partners Offshore Fund is a diversified, multi-strategy hedge funds of funds. Underlying investment strategies include a range of asset classes and the funds are not restricted from participating in any market, strategy or investment. The fair value of investments in this type has been determined using the NAV per share of the investments.

2. Equity Real Estate: This investment type includes two limited partnerships. The UBS Trumbull Property Fund and The Related Real Estate Fund III's investment strategy is to invest primarily through direct equity-owned real estate assets. The fund also has flexibility to invest in joint venture and debt investments. Investments are generally acquired on an all-cash basis, however debt may be used where these managers determine leverage is prudent and is expected to enhance total return without undue risk. The fair values of investments in this type have been determined using the NAV per share of VA529's ownership of the partnership.

3. Private Debt and Private Equity Funds of Funds: This investment type includes private equity funds of funds managed by eight managers and three private debt funds. These investments cannot be redeemed from the fund. Capital is generally expected to be called during the initial four to five years and is expected to be returned through liquidations of underlying fund investments during the 3rd through 15th years. Secondary funds of funds may have an accelerated capital call and return of capital profile. VA529 invests in multiple funds with three of its private equity investment managers and is also diversified by vintage year with respect to these investments. The fair values of investments in this type have been determined using the March 31, 2021 NAV of VA529's ownership of the partnership, adjusted for cash flows (capital calls and distributions) through June 30, 2021. The following table provides information for this investment type by investment manager, fund name and underlying investments.

Investment Manager	Fund Name(s)	Invests In
Adams Street Partners	Multiple U.S./Non-U.S. Centric Buyout Funds	Emerging Markets U.S.and Non-U.S. Developed Markets Funds
Adams Street Partners	Venture Innovation Funds I, II & III	Venture
Adams Street Partners	Leaders Fund	Private Equity
Commonfund	Capital Natural Resources Fund IX, LP	Natural Resources
Aether Investment Partners, LLC	Real Assets III, IV & V LP Funds	Natural Resources
Private Advisors, LLC	Multiple small company buyout/private equity funds	U.S. small company growth equity/ buyout, distressed and turnaround, and opportunistic funds
LGT Capital Partners	Crown Global Secondaries Fund IV, plc	Private equity secondaries (Global)
Neuberger Berman	Crossroads Fund XXI - Asset Allocation, LP	Asset allocation fund of funds; diversified geographically and strategically
Horsley Bridge Partners	XII Growth Buyout, LP	U.S. small company buyout (Growth)
Golub Capital	Golub Capital Partners 11 & 12, LP	Private Debt - U.S. middle markets, senior secured, low / floating rate loans
Schroder	Schroder Focus II Fund	Private Debt
Hamilton Lane	Venture Capital Fund, LP	Private Equity
Ares Management	Ares Pathfinder Fund, LP	Private Debt

4. Common Trust Funds & Other: This investment type includes two common trust funds and one limited partnership. The fair value of investments in this type have been determined using the NAV per share of the investments. The following table provides information for this investment type by investment manager, fund name and underlying investments.

Investment Manager	Fund Name(s)	Invests In
Wellington Management Co., LLP	Emerging Market Debt Common Trust Fund	Securities, derivatives, private placements or other pooled vehicles in order to generate excess returns over the J.P. Morgan Emerging Markets Bond Index Plus.
BlackRock, Inc.	Intermediate Term Credit Core Bond Index Non-Lendable Fund "B"	The index fund seeks to approximate the total rate of return of the Barclays Intermediate Credit Bond Index, which consists of credit bonds with maturities between one and ten years.
Sands Capital Management	Sands Capital Emerging Markets Growth Feeder Fund (DE), L.P.	The fund seeks to invest in only long emerging market equity securities with a focus on growth.

Description of DC529 Program investments measured at fair value:

1. Debt and equity securities classified in level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in level 2 of the fair value hierarchy utilize dealer quotes for similar securities traded in active markets.
2. Stable Value investments are held at contract value and are thus excluded from this exhibit.

DC529 Program investments measured at fair value as of June 30, 2021:

Investments By Fair Value Level	Fair Value	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
Corporate Bonds	$ 157,071,630		$ 157,071,630	
Bank Loans	6,973,446		6,973,446	
Emerging Markets - Debt	326,285,471	$ 326,285,471		
Index Funds - Debt	1,153,028,017	1,153,028,017		
Total Debt Securities	1,643,358,563	1,479,313,488	164,045,075	—
Equity Securities				
Equities	120,660,950	120,660,954		
Equity Real Estate	194,997,330	194,997,330		
Index Funds - Equity	2,826,326,197	2,826,326,197		
Equity Funds	158,735,070	158,735,070		
International & Emerging Markets Funds	386,479,750	386,479,750		
Total Equity Securities	3,687,199,298	3,687,199,301	—	—
Total Investments by Fair Value Level	$ 5,330,557,860	$ 5,166,512,789	$ 164,045,075	$ —

Note: Cash equivalent investments, in the amount of $76,173,350, that are measured at amortized cost are not classified in the fair value hierarchy and as a result, are not included in the above table.

Description of DC529 Program investments measured at NAV:

Common Trust Funds & Other: This investment type includes one common trust fund. The fair value of investments in this type have been determined using the NAV per share of the investments. The following table provides information for this investment type by investment manager, fund name and underlying investments.

Equity Real Estate: This investment type includes two limited partnerships. The UBS Trumbull Property Fund's investment strategy is to invest primarily through direct equity-owned real estate assets. The fund also has flexibility to invest in joint venture and debt investments. Investments are generally acquired on an all-cash basis, however debt may be used where UBS determines leverage is prudent and is expected to enhance total return without undue risk. Blackstone Property Partners is an open ended commingled fund seeking core plus real estate investments in the U.S. and Canada. The fair values of investments in this type have been determined using the NAV per share of VA529's ownership of the partnership.

Defined Contribution 529 Program investments measured at NAV:

Investments Measured at the NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Common Trust Funds & Other				
Wellington Management Co., LLP	$ 182,951,678	—	Daily	N/A
Equity Real Estate				
UBS Realty Investors	$ 50,760,948	—	Quarterly	60 Days
Blackstone Property Partners	50,718,223	—	Quarterly	90 Days
Total Investments Measured at the NAV	$ 284,430,849			

5. Securities Lending Transactions

As of June 30, 2021, there were $2,920,165 in investments and cash equivalents held by the Treasurer of Virginia that represent VA529's allocated share of cash collateral received and reinvested and securities received for the State Treasury's securities lending program. The Treasurer of Virginia is authorized to enter into securities lending transactions – loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future – for a fee. The Commonwealth's policy is to record unrealized gains and losses on the State Treasury's securities lending program in the General Fund in the Commonwealth's basic financial statements. When gains or losses are realized, the actual gains and losses are recorded by the affected agencies. Accordingly, VA529 recorded interest of $3,967 for securities lending transactions in fiscal year 2021. Information related to the State Treasury's securities lending program is available on a statewide level in the Commonwealth of Virginia's Annual Comprehensive Financial Report found at https://www.doa.virginia.gov/.

6. Commitments

Investment-related commitments are discussed in Note 2. Additionally, VA529 is committed under operating leases for business equipment, single office space rental, and VA529's headquarters office building. The equipment leases are for a one year, automatically renewing each year, and a three-year term. The single office space rental is for one year, automatically renewing each year. In all cases, VA529 expects that in the normal course of business, these leases will be renewed or replaced by similar leases.

The total rental expense for the equipment and single office space was $120,876 for the fiscal year ended 2021. As of June 30, 2021, VA529 had the following total future minimum rental payments due under these leases.

Fiscal Year		
2022	$	73,224
2023		14,296
Total future minimum rental payments*	$	87,520

* Total does not include operating lease payments for the Arboretum Building referenced below

On July 1, 2018, VA529 entered into a 10-year extension of its Lease Agreement with Aventura Holdings, LLC under which it leases the 48,500 square foot headquarters office building through June 30, 2028.

Pursuant to the Lease, VA529 will make base rent payments as reflected below on an annual basis in advance, and will make additional rent payments on a quarterly basis in advance in an amount sufficient to pay building operating costs for the next quarter. Aventura has entered into an agreement with a property management company for the purpose of providing facilities maintenance, grounds keeping, custodial services, etc. The additional rent payments will cover operating costs incurred by Aventura under the property management agreement. At the end of each quarter, VA529 and Aventura reconcile expenses before funding operating expenses for the subsequent quarter.

Base Rent Periods		Annual Base Rent
2022	$	703,115
2023		720,693
2024		738,711
2025		757,178
2026		776,108
Thereafter		1,610,908
Total Arboretum future minimum rental payments	$	5,306,713

Aventura has also established a renewal and replacement reserve funded from a portion of the annual rental payments received from VA529 to cover capital improvements to the building. The total reserve funding expense for the fiscal year ending 2021 was $100,385. The reserve funding schedule is set forth below.

Base Reserve Periods		Annual Reserve Funding
2022	$	105,467
2023		108,104
2024		110,807
2025		113,577
2026		116,416
Thereafter		241,637
Total Arboretum future reserve funding	$	796,008

7. Long-Term Liabilities

Long-term liabilities include tuition benefits payable and compensated absences.

A. Educational Benefits Payable

This liability represents the actuarially determined present value of future obligations anticipated for payment of benefits and administrative expenses for the DB529 Program.

B. Compensated Absences

Compensated Absences represent the long-term liability for accrued annual, sick or disability credits, compensatory, overtime, on-call, and other leave for all leave-eligible employees employed on June 25, 2021. Long-term leave liability is further apportioned as current or noncurrent based on whether they are estimated to be due within one year or due greater than one year, respectively.

Changes in long-term liabilities are shown below:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated Absences	$ 999,472	$ 884,602	$ 873,261	$ 1,010,813	$ 803,154
Educational Benefits Payable	1,831,063,818	81,988,041	179,053,978	1,733,997,881	287,676,986
Total	$ 1,832,063,290	$ 82,872,643	$179,927,239	$ 1,735,008,694	$ 288,480,140

8. Capital Assets

The following schedule presents capital asset activity of VA529 for the year ended June 30, 2021.

Enterprise Fund	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Depreciable capital assets:				
Equipment	$ 2,029,779	$ 152,108	$ —	$ 2,181,887
Software	1,012,066	—		1,012,066
Total Depreciable capital assets:	3,041,845	152,108	—	3,193,953
Less accumulated depreciation for:				
Equipment	1,467,614	132,661	—	1,600,275
Software	855,618	62,738		918,356
Total accumulated depreciation	2,323,233	195,399	—	2,518,632
Net depreciable capital assets	718,612	(43,291)	—	675,321
Total net capital assets	$ 718,612	$ (43,291)	$ —	$ 675,321

9. Defined Benefit 529 Program - Summary of Actuarial Assumptions and Methods

VA529's statute requires that it annually determine the actuarial soundness of the DB529 Program,which includes Prepaid529. and the Tuition Track Portfolio (TTP). VA529 has assumed that actuarially sound, when applied to the DB529 Program, means that VA529 has sufficient assets (including the value of future installment payments due under current Prepaid529 contracts) to cover the actuarially estimated value of the tuition obligations of programs, including any administrative costs associated with Prepaid529 contracts (accounts) and TTP accounts. Prepaid529 is closed to new participants.

The two most significant assumptions used to prepare the actuarial valuation report are the rates of investment return and future tuition growth. In addition, there are other assumptions the actuary employs in the actuarial valuation. In the summer of 2021, VA529's Board reviewed the rates of investment return and future tuition growth assumptions and the long-term investment return assumption was reduced from 5.75 percent to 5.5 percent for future fiscal periods. The tuition growth assumption for universities remained at 4.0 percent for fall 2022 and fall 2023 and then 6.0 percent thereafter. The tuition growth assumption for community colleges remained at 2.0 percent for fall 2022 and fall 2023 and then 6.0 percent thereafter. The following assumptions were used in the actuarial valuation for June 30, 2021:

Investment Rate of Return: 5.5 percent per annum.

Projected Tuition Increase: The assumed tuition increase rates used in the current year's valuation are outlined in the table below.

Academic Year Beginning	Universities	Community Colleges
Fall 2022	4.0%	2.0%
Fall 2023	4.0%	2.0%
Fall 2024 and thereafter	6.0%	6.0%

Forfeiture: It is assumed that 0.5 percent of DB529 Program's accounts will be cancelled or otherwise forfeited each year for beneficiaries ages 0 through 17 (prior to the year of matriculation).

Attendance and Bias: It is assumed that, starting in the year of matriculation, 76 percent of beneficiaries will attend a public university in Virginia, 7.6 percent will attend a private university in Virginia, 11.4 percent will attend a university in another state, and 5 percent will request a cancellation, transfer, or rollover to a savings plan. Weighted average tuition for four-year public universities and two-year community colleges in Virginia was adjusted with 9.4 percent and 1 percent loads, respectively, to add a bias for attendance at more expensive schools. The highest tuition for a public university in Virginia was assumed to be 171 percent of weighted average tuition ($23,812/$13,949). Out-of-state students are assumed to receive a benefit equal to the payments made on the contract plus interest at the composite reasonable rate of return. All TTP accounts are assumed to be paid out at weighted average tuition for units redeemed after reaching the expected enrollment year.

Utilization: It is assumed that participants will begin utilizing their DB529 Program's accounts at actuarially determined rates, and then redeem up to two semesters of tuition per year until the account is depleted. While some participants redeem accounts and utilize benefits in the year of expected matriculation, many delay redeeming units until later years. In addition, it is assumed that TTP accounts with fewer than five semesters will eventually purchase five units.

Expenses: The expenses included in the present value of future obligations are those relating to the Annual Maintenance Expense per Legacy Prepaid529 contract and TTP account, which are $77.85 and $20.76, respectively. These expenses were developed by VA529 staff and are assumed to increase annually at the rate of inflation plus 0.7 percent.

Receivables and Payables: The actuarial Prepaid529 contract payments and the actuarial educational benefits expense line items represent the annual accrual of contract payments receivable and the obligation for distribution expenses determined by the actuarial valuation. At June 30, 2021, the accrual of the actuarially determined Prepaid529 contract payments receivable decreased over the prior year, primarily attributable to the closure of Prepaid529 to new participants. TTP has no receivable as payment is received at the time of purchase for TTP units. The accrual of the educational benefits payable decreased over the prior year, resulting in a decrease in actuarial Prepaid529 tuition benefit expenses. This is primarily attributable to changes in assumptions.

	2021	2020	Change
Prepaid529 contract payments receivable	$ 120,497,881	$ 164,263,818	$ (43,765,937)
DB529 Educational benefits payable	$1,733,997,881	$ 1,831,063,818	$ (97,065,937)

10. Retirement and Pension Plan

Eligibility

VA529 employees are employees of the Commonwealth of Virginia. VA529 employees participate in one of two defined benefit pension plans or a hybrid retirement plan all of which are administered by the Virginia Retirement System (VRS or System). The first defined benefit plan (Plan 1) includes members who became eligible for VRS prior to July 1, 2010 and vested as of January 1, 2013. Otherwise, Plan 1 is a closed plan. Plan 2 is a defined benefit plan for employees who became eligible on or after July 1, 2010 or whose membership date was before July 1, 2010 but they were not vested as of January 1, 2013. The hybrid retirement plan combines the features of a defined benefit plan and a defined contribution plan and is open to members hired on or after January 1, 2014, as well as other members who were eligible and opted into this plan. Eligibility is determined by the *Code of Virginia*, as may be amended from time to time. In addition, certain members are eligible for an optional retirement plan (ORP), having service under Plans 1 or 2 and are not eligible to elect the hybrid retirement plan option.

Benefits provided

Plan 1's and Plan 2's members are eligible for benefits based on a formula adjusting for age, creditable service and average final compensation. The hybrid retirement plan contains a similar formula to the defined benefit plans, but incorporates a defined contribution component (DC). The DC element depends on the member and VA529's contributions made to the plan and the investment performance of those contributions, net of any required fees.

Various adjustments to benefit provisions based on Plan are detailed in the VRS annual report found at https://www.varetire.org.

Contributions

In general, employees contribute 5 percent (5%) of their compensation each month through a pre-tax salary reduction. VA529 contributes to VRS based on an actuarial determination only for members of Plans 1 and 2. For the hybrid retirement plan, mandatory employee contributions are based on a percentage of creditable compensation and matched by VA529. Members may choose to make additional voluntary contributions to the plan and VA529 is required to match those contributions according to specified percentages.

Contribution formulas for active employees are also provided in the *Code of Virginia*, as amended, but may be adjusted based on funding provided by the General Assembly. For the year ended June 30, 2021, the contribution rate was 14.46% of compensation, based on an actuarial valuation as of June 30, 2019. Contributions to VRS totaled $1,376,508 for the fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2021, VA529 reported a liability of $15,304,038 for its proportionate share of the VRS Net Pension Liability (NPL). The NPL was measured as of June 30, 2020 and the total pension liability used to calculate the NPL was determined by an actuarial valuation as of that date. VA529's proportion of the NPL was based on a projection of VA529's actuarially-determined long-term share of contributions to the pension plan for the year ended June 30, 2020 relative to the projected contributions of all participating employers and the State. At June 30, 2020, VA529's proportion of the VRS State Employee Retirement Plan was 0.21124 percent as compared to 0.19588 percent at June 30, 2019.

For the year ended June 30, 2021, VA529 recognized pension expense of $2,512,473 for the VRS. Due to the change in proportionate share from June 30, 2019 to June 30, 2020, a portion of the pension expense relates to deferred amounts from changes in proportion and differences between VA529's contributions and the proportionate share of employer contributions expected to be amortized in future years.

At June 30, 2021, VA529 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 173,595	$ 155,733
Net difference between projected and actual earnings on pension plan investments	1,190,567	—
Change in assumptions	635,750	—
Changes in proportion and differences between Employer contributions and proportionate share of contributions	972,339	—
Employer contributions subsequent to the measurement date	1,376,508	—
Total	$ 4,348,759	$ 155,733

VA529 reported $1,376,508 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date, which will be recognized as a reduction of the NPL in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year ended June 30	Pension Expense
2022	$ 842,554
2023	1,037,703
2024	554,113
2025	382,148
2026	—

Actuarial Assumptions

The total pension liability in VRS' actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 5.35 percent
Investment rate of return	6.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on:

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2016. The following adjustments were made as a result of the Study:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 25%
Discount Rate	Decrease rate from 7.00% to 6.75%

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Estate	14.00%	5.01%	0.7%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi -Asset Public Strategies	6.00%	3.04%	0.18%
PIP- Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return	7.14%

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that VRS contributions will be made per the *Code of Virginia* from employers including VA529 at rates equal to the difference between the actuarially determined contributions rates adopted by VRS and the member rate. Through the fiscal year ended June 30, 2020, a portion of the rates will be funded by an appropriation from the Commonwealth. From July 1, 2020 on, the discount rate assumes 100 percent funding by all employers. VRS's fiduciary net position is projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the liability.

Sensitivity of VA529's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents VA529's proportionate share of the NPL using the discount rate of 6.75 percent, as well as what VA529's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage point lower (5.75 percent) or one percentage point higher (7.75 percent) than the current rate:

	1.00% Decrease (5.75)%	Current Discount Rate (6.75%)	1.00% Increase (7.75)%
VA529's proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	$ 21,689,290	$ 15,304,038	$ 9,935,136

Pension Plan Fiduciary Net Position

Detailed information about the VRS's fiduciary net position is available in the separately issued VRS Annual Comprehensive Financial Report found at https://www.varetire.org.

Payables to the Pension Plan

As of June 30, 2021, VA529 reported payables to VRS in the amount of $78,523. This amount is comprised of payments due to the VRS that were not made until after the fiscal year end through the normal course of business.

11. Group Life Insurance Program, Virginia Sickness and Disability Plan and State Employee Health Insurance Credit Program

Eligibility and Plan Descriptions

VA529 employees are employees of the Commonwealth of Virginia and are eligible for programs provided separately from the Virginia Retirement System's (VRS's) pension plans but administered by the VRS. The VRS administers the Group Life Insurance Program (GLIP), Disability Insurance Program (Virginia Sickness and Disability Program or VSDP) and the State Employee Health Insurance Credit Program (HICP).

Details as to eligibility, the benefit provisions, and contribution requirements for each of these programs may be found in the VRS annual report found at https://www.varetire.org. The programs and eligibility for each are summarized below.

Group Life Insurance Program: VA529's full-time, salaried, permanent employees are automatically covered by the GLIP. The GLIP is a defined benefit plan that provides a basic group life insurance benefit. In addition to the basic group life insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program, which is a separate and fully insured program, and it is not included as part of the GLIP.

Virginia Sickness and Disability Program: VA529's full-time and part-time, salaried, permanent employees hired on or after January 1, 1999 are automatically covered by the VSDP. The VSDP also covers state employees hired before January 1, 1999 who elected to transfer to VSDP rather than retain their eligibility to be considered for disability retirement. All but one of VA529's employees participate in the VSDP. The VSDP is a managed care program that provides sick, family and personal leave and short-term and long-term disability benefits for non-work-related and work-related disabilities.

State Employee Health Insurance Credit Program: VA529's full-time, salaried, permanent employees are automatically covered by the HICP. The HICP is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired state employees who retire with at least 15 years of service credit. Employees earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.Benefits

Benefits for each of the programs include as follows:

GLIP	VSDP	HICP
The benefits payable under the GLIP include natural death and accidental death benefits and additional benefits provided under specific circumstances. The benefit amounts provided to members are subject to a reduction factor. The benefit amount reduces by 25 percent on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25 percent on each subsequent January 1 until it reaches 25 percent of its original value. For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLIP of $8,000. This amount is increased annually based on a cost-of-living adjustment and is currently $8,616.	Leave and short-term disability benefits under the VSDP are paid by the employer. The short-term and long-term disability benefits include income replacement up to certain levels and for certain time periods based on the employee's disability period and length of service. Long-term disability and long-term care benefits are paid from the VSDP. Depending on the type of long-term benefit received, the employee's benefit or creditable compensation may be increased annually by an amount recommended by VRS's actuary and approved by the VRS Board.	The monthly benefit payable to retired VA529 employees under the HICP is $4.00 per year of service per month with no cap on the benefit amount. For VA529 employees who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program, the monthly benefit is $120.00 or $4.00 per year of service, whichever is higher.

Contributions

The contribution requirements for the GLIP, VSDP and HICP are governed by the *Code of Virginia*, as amended, but may be impacted as a result of funding provided by the General Assembly. Contribution provisions are summarized as follows:

GLIP	VSDP	HICP
The total rate for the GLIP was 1.34 percent of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80 percent (1.34 percent X 60 percent) and the employer component was 0.54 percent (1.34 percent X 40 percent). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. VA529's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54 percent of covered employee compensation based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. VA529's contributions were $137,274 and $124,714 for the years ended June 30, 2021 and June 30, 2020, respectively.	VA529's contractually required contribution rate for the VSDP for the year ended June 30, 2021 was 0.61 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits payable during the year, with an adjustment to amortize the accrued OPEB assets. VA529's contributions to the VSDP were $58,863 and $58,659 for the years ended June 30, 2021 and June 30, 2020, respectively.	VA529's contractually required contribution rate for the year ended June 30, 2021 was 1.12% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. VA529's contributions were $111,916 and $111,271 for the years ended June 30, 2021 and June 30, 2020, respectively.

GLIP OPEB Liabilities, GLIP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLIP OPEB

At June 30, 2021, VA529 reported a liability $770,501 for its proportionate share of the VRS Net GLIP OPEB Liability. The Net GLIP OPEB Liability was measured as of June 30, 2020 and the total GLIP OPEB liability used to calculate the Net GLIP OPEB Liability was determined by an actuarial valuation as of that date. VA529's proportion of the Net GLIP OPEB Liability was based on VA529's actuarially determined employer contributions to the GLIP for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, VA529's proportion 0.04617 percent as compared to 0.04218 percent at June 30, 2019.

For the year ended June 30, 2021, VA529 recognized GLIP OPEB expense of $48,184. Since there was a change in proportionate share between measurement dates, a portion of the GLIP OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, VA529 reported deferred outflows of resources and deferred inflows of resources related to the GLIP OPEB from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual experience	$	49,421	$	6,920
Net difference between projected and actual earnings on GLIP OPEB program investments		23,145		—
Change in assumptions		38,534		16,089
Changes in proportion		80,337		—
VA529 contributions subsequent to the measurement date		49,519		—
Total	$	240,956	$	23,009

VA529 reported $49,519 of deferred outflows of resources related to the GLIP OPEB resulting from contributions subsequent to the measurement date, which will be recognized as a reduction of the Net GLIP OPEB Liability in the fiscal year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLIP OPEB will be recognized in the GLIP OPEB expense in future years as follows:

Fiscal Year ended June 30	GLIP OPEB Expense	
2022	$	30,407
2023		36,943
2024		42,289
2025		39,284
2026		16,827
Thereafter		2,678

VSDP OPEB Liabilities, VSDP Net OPEB Assets, VSDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the VSDP OPEB

At June 30, 2021, VA529 reported an asset of $481,233 for its proportionate share of the Net VSDP OPEB Asset. The Net VSDP OPEB Asset was measured as of June 30, 2020 and the total VSDP OPEB liability used to calculate the Net VSDP OPEB Asset was determined by an actuarial valuation as of that date. VA529's proportion of the Net VSDP OPEB Asset was based on VA529's actuarially determined employer contributions to the VSDP OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, VA529's proportion was 0.21806 percent as compared to 0.20299 percent at June 30, 2019.

For the year ended June 30, 2021, VA529 recognized VSDP OPEB expense of $37,086. Since there was a change in proportionate share between measurement dates, a portion of the VSDP OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, VA529 reported deferred outflows of resources and deferred inflows of resources related to the VSDP OPEB from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual experience	$	45,250	$	99,861
Net difference between projected and actual earnings on VSDP OPEB plan investments		32,739		—
Change in assumptions		6,414		19,760
Changes in proportion		—		40,792
VA529 contributions subsequent to the measurement date		58,863		—
Total	$	143,266	$	160,413

VA529 reported $58,863 as deferred outflows of resources related to the VSDP OPEB resulting from contributions subsequent to the measurement date, which will be recognized as an adjustment of the Net VSDP OPEB Asset in the fiscal year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VSDP OPEB will be recognized in VSDP OPEB expense in future years as follows:

Fiscal Year ended June 30	VSDP OPEB Expense	
2022	$	(18,988)
2023		(10,207)
2024		(9,548)
2025		(8,943)
2026		(14,092)
Thereafter		(14,232)

HICP OPEB Liabilities, HICP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HICP OPEB

At June 30, 2021, VA529 reported a liability of $1,210,850 for its proportionate share of the VRS HICP Net OPEB Liability. The Net HICP OPEB Liability was measured as of June 30, 2020 and the total HICP OPEB liability used to calculate the Net HICP OPEB Liability was determined by an actuarial valuation as of that date. VA529's proportion of the Net HICP OPEB Liability was based on VA529's actuarially determined employer contributions to the HICP OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, VA529's proportion of the HICP was 0.13190 percent as compared to 0.12133 percent at June 30, 2019.

For the year ended June 30, 2021, VA529 recognized HICP OPEB expense of $135,473. Since there was a change in proportionate share between June 30, 2019 and June 30, 2020 a portion of the HICP Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, VA529 reported deferred outflows of resources and deferred inflows of resources related to the HICP OPEB from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual experience	$	504	$	18,171
Net difference between projected and actual earnings on State HICP OPEB plan investments		5,958		—
Change in assumptions		20,172		5,740
Changes in proportionate share		133,298		—
VA529 contributions subsequent to the measurement date		111,916		—
Total	$	271,848	$	23,911

VA529 reported $111,916 as deferred outflows of resources related to the HICP OPEB resulting from VA529's contributions subsequent to the measurement date, which will be recognized as a reduction of the Net HICP OPEB Liability in the fiscal year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HICP OPEB will be recognized in the HICP OPEB expense in future years as follows:

Fiscal Year ended June 30	HICP OPEB Expense	
2022	$	30,172
2023		30,908
2024		31,773
2025		27,284
2026		15,884
Thereafter		—

Actuarial Assumptions

The various total OPEB liabilities were based on an actuarial valuation for all programs as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020:

Assumptions	Provisions
Inflation	2.5 percent
Salary increases, including inflation (General state employees only)	3.5 percent – 5.35 percent
Investment rate of return	6.75 Percent, net of investment expenses, including inflation
Mortality rates:	
Pre-Retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85 percent of rates; females set back 1 year.
Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5 percent increase compounded from ages 70 to 85.
Post-Disablement	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115 percent of rates; females 130 percent of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Assumptions	Changes
Mortality Rates (Pre-retirement, post retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14 percent to 25 percent
Discount Rate	Decrease rate from 7.00 percent to 6.75 percent

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of the System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00 %	4.65%	1.58%
Fixed Income	15.00 %	0.46%	0.07%
Credit Strategies	14.00 %	5.38%	0.75%
Real Assets	14.00 %	5.01%	0.70%
Private Equity	14.00 %	8.34%	1.17%
MAPS - Multi-Asset Public	6.00 %	3.04%	0.18%
PIP - Private Investment	3.00 %	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

** The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS*

Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the various total OPEB liabilities was 6.75 percent, determined as follows:

Program	Method
GLIP	Projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates adopted by VRS and the member rate.
VSDP	Projection of cash flows used to determine the discount rate assumed that employer contributions will be made per VRS guidance and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by VRS.
HICP	Projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with VRS guidance at rates equal to the actuarially determined contribution rates adopted by VRS.

Through the fiscal year ending June 30, 2020, a portion of the rates for each of the programs was funded by an appropriation from the Commonwealth. From July 1, 2020, all agencies are assumed to continue to contribute 100 percent of the actuarially determined contribution rates. VRS's fiduciary net position is projected to be available to make all projected future benefit payments for eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the respective liability.

Sensitivity of VA529's Proportionate Share of the Net OPEB Liabilities (Asset) to Changes in the Discount Rate

The following table presents VA529's proportionate share of the net GLIP OPEB liability, net VSDP OPEB asset and net HICP OPEB liability using the discount rate of 6.75% percent, as well as what VA529's proportionate share of the net GLIP OPEB liability, net VSDP OPEB asset, and net HICP OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75 percent) or one percentage point higher (7.75 percent) than the current rate:

VA529's proportionate share of the VRS:	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLIP Net OPEB Liability	$ 1,012,883	$ 770,501	$ 573,664
VSDP Net OPEB Asset	$ (439,073)	$ (481,233)	$ (519,078)
HICP Net OPEB Liability	$ 1,341,746	$ 1,210,850	$ 1,098,215

GLIP, VSDP and HICP Fiduciary Net Position

Detailed information about the VRS GLIP, VSDP and HICP's fiduciary net positions is available in the separately issued VRS Comprehensive Annual Financial Report found at https://www.varetire.org.

Payables to the VRS GLIP, VSDP and HICP

As of June 30, 2021, VA529 reported payables to VRS in the amount of $9,210 for GLIP. This amount is comprised of payments due to the VRS that were not made until after the fiscal year end through the normal course of business.

As of June 30, 2021, VA529 reported payables to VRS in the amount of $3,568 for VSDP. This amount is comprised of payments due to the VRS that were not made until after the fiscal year end through the normal course of business.

As of June 30, 2021, VA529 reported payables to VRS in the amount of $6,587 for HICP. This amount is comprised of payments due to the VRS that were not made until after the fiscal year end through the normal course of business.

12. Healthcare Plan for Pre-Medicare Retirees

Eligibility and Plan Description

VA529 employees who retire from state service and receive VRS monthly benefits or periodic benefits from another qualified vendor, and who are not eligible to participate in Medicare because of their age, are eligible to participate in the Pre-Medicare Retiree Healthcare Plan (PMRHP) administered by the Commonwealth's Department of Human Resource Management (DHRM). For a retiree to participate in the Plan, the participant must be eligible for a monthly benefit from the VRS *or* a periodic benefit from one of the qualified Optional Retirement Plan (ORP) vendors, and:

- be receiving (not deferring) the periodic benefit immediately upon retirement;
- have the individual's last employer before retirement be the Commonwealth of Virginia;
- be eligible for coverage as an active employee in the State Health Benefits Program until his or her retirement date (not including Extended Coverage); and,
- have submitted and Enrollment Form to the individual's Benefits Administrator within 31 days of retirement date.

Benefits

VA529 effectively subsidizes the costs of the participating retirees' healthcare through payment of its portion of the premiums for active employees.

Contributions

VA529 does not pay a portion of the retirees' healthcare premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, this generally results in a higher rate for active employees.

Actuarial Assumptions and Discount Rate

The Total PMRHP OPEB liability was based on an actuarial valuation with a valuation date of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions. DHRM selected the economic, demographic and healthcare claim cost assumptions. DHRM's actuary provided guidance with respect to these assumptions.

Assumptions –PMRHP	Provisions – PMRHP
Valuation Date	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.
Measurement Date	June 30, 2020 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed.
Effective Amortization Period	6.34 years
Discount Rate	2.21%
Projected Salary Increases	4%
Medical Trend Under 65	Medical and prescription drugs: 6.75% to 4.50% Dental: 4.00%
Year of Ultimate Trend	2029
Mortality:	Mortality rates vary by participant status (below).
Pre-Retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year.
Post-Retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year 1.5% increase compounded from ages 70 to 85.
Post-Disablement:	RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

The discount rate was based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date which is June 30, 2020.

Changes of Assumptions

The following assumptions were updated since the July 1, 2019 valuation based recent experience:

- Spousal Coverage - reduced the rate from 25 percent to 20 percent
- Retiree Participation - reduced the rate from 50 percent to 45 percent

Spousal coverage and retiree participation were both reduced based on a blend of recent experience and the prior year assumptions. The mortality assumption was modified slightly to reflect mortality improvement projection scale BB to 2020, including age over 65 in pre-retirement base rates.

No excise tax has been reflected due to the SECURE Act. Among the provisions was a repeal of three taxes and fees that were originally intended to help fund the Affordable Care Act (ACA): i) the excise tax on high-cost health plans (Cadillac tax); ii) the annual fee on health insurance providers; and iii) the medical device excise tax.

The trend rates were updated based on economic conditions as of June 30, 2020. Additionally, the discount rate was decreased from 3.51% to 2.21% based on the Bond Buyers GO 20 Municipal Bond Index.

Total PMRHP OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2021, VA529 reported $824,639 as VA529's proportionate share of the PMRHP's Total OPEB liability. The PMRHP OPEB liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2020. VA529's proportionate amount of the PMRHP OPEB liability was based on each employer's healthcare premium contributions as a percentage of the total employer's healthcare premium contributions for all participating employers. At June 30, 2020, VA529's proportion was 0.14497 percent as compared to 0.12625 percent at June 30, 2019. For the year ended June 30, 2021, VA529 recognized PMRHP OPEB expense of (126,438).

At June 30, 2021, VA529 reported deferred outflows of resources and deferred inflows of resources related to PMRHP OPEB comprised of the following elements:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ —	$ 419,858
Change in assumptions	—	675,230
Change in proportion	352,658	—
Subtotal	352,658	1,095,088
VA529 contributions subsequent to the measurement date	53,697	N/A
Total	$ 406,355	$ 1,095,088

VA529 reported $53,697 as deferred outflows of resources related to PMRHP OPEB resulting from amounts associated with transactions subsequent to the measurement date, which will be recognized as a reduction of the total OPEB liability during the fiscal year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the PMRHP OPEB will be recognized as part of PMRHP OPEB expense in future years as follows:

Fiscal Year Ended June 30	PMRHP OPEB Expense
2022	$ (232,228)
2023	(232,228)
2024	(186,565)
2025	(84,061)
2026	(10,366)
Thereafter	3,019

Sensitivity of the Employer's Proportionate Share of the OPEB Liability to Changes in the Discount Rate

The following presents VA529's proportionate share of the PMRHP OPEB liability using the discount rate of 2.21 percent, as well as what VA529's proportionate share of the PMRHP OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21 percent) or one percentage point higher (3.21 percent) than the current rate:

	1.00% Decrease (1.21%)	Current Discount Rate (2.21%)	1.00% Increase (3.21%)
VA529's proportionate share of the total PMRHP liability	$ 867,754	$ 824,639	$ 780,939

Sensitivity of VA529's Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents VA529's proportionate share of the PMRHP OPEB liability using a healthcare cost trend rate of 6.75 percent decreasing to 4.5 percent, as well as what VA529's proportionate share of the PMRHP OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (5.75 percent decreasing to 3.50 percent) or one percentage point higher (7.75 percent decreasing to 5.50 percent) than the current rate:

	1.00% Decrease 5.75% decreasing to 3.50%	Trend Rate (6.75% - 4.50%)	1.00% Increase 7.75% decreasing to 5.50%
VA529's proportionate share of the total PMRHP liability	$739,222	$824,639	$924,822

Detailed information about the Commonwealth's PMRHP is available in the separately issued Commonwealth's Annual Comprehensive Financial Report found at https://www.doa.virginia.gov.

13. Risk Management

VA529 is exposed to various risks of loss related to torts; theft or, damage to, and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. VA529 participates in insurance plans maintained by the Commonwealth of Virginia. The state employee health care and worker's compensation plans are administered by the Department of Human Resource Management and the risk management insurance plans are administered by the Department of Treasury, Division of Risk Management. At present, most insurance coverage is obtained from the Division of Risk Management including property, general liability, faithful performance of duty bond, automobile, and airplanes. In addition to the primary layer of insurance, VA529 maintains excess cybercrime liability coverage. VA529 pays premiums to each of these Departments for its insurance coverage. Information relating to the Commonwealth's insurance plans is available at the statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report. There are no claims in excess of coverage and no reduction in coverage during fiscal 2021 and the three preceding years.

14. Access and Affordability

VA529's Access & Affordability Initiatives support the agency's SOAR Virginia early commitment scholarship program and external partnerships which provide educational opportunities to Virginians.

SOAR Virginia

SOAR Virginia® is an early commitment scholarship program created to inspire and assist high school students to reach their post-secondary education goals. To participate, eligible students pledge to meet program requirements. In return, participating students receive a range of assistance and accumulate scholarship support up to $2,000 to apply toward their post-secondary education expenses. SOAR Virginia is a unique program created by VA529 to further its mission to make college more affordable and accessible to all Virginians and is offered in partnership with local Virginia college access providers.

VA529's Board (Board) has funded an Invest529 account in the name of VA529 for the program. Amounts deposited, plus earnings thereon, remain in the account until distributed. Amounts are allocated to students once awarded pursuant to program rules. VA529 will not commit support in excess of amounts on-hand in the SOAR Virginia account. As of June 30, 2021, the SOAR Virginia account had a balance of $13.3 million. During fiscal year 2021, $526,964 was distributed to institutions on behalf of SOAR participants. Details as to the number of students enrolled in the program and amounts committed as of June 30, 2021 are shown below.

Number of Students Enrolled (1)		6,867
Award Amounts Allocated to Enrolled Students	$	8,636,119
Additional Awards Enrolled Students May Receive	$	2,628,250
Total SOAR Commitment	$	11,264,369

(1) Number of students that have completed a SOAR application and pledge, and have been admitted to and are currently enrolled in the program

Access and Affordability Expansion 2021

The Board approved the expansion of VA529's existing Access and Affordability (A&A) programs in fiscal 2021. This new program was designed to partner with organizations who already administer programs which align with the three pillars of the initiatives. These pillars are: scholarships, workforce/middle-skill development, and mentoring/coaching. VA529 identifies these programs and their partners and makes annual awards to each based on overall funding levels approved by the Board. After the programs and partners are identified and funding is approved, agreements are established to outline how VA529 will fund the initiatives. Disbursement to respective partners is made via funding requests in accordance with these agreements.

In February 2021, the Board approved an allocation of net operating revenues remaining in the Agency Operating Fund on June 30, 2020 in the amount of $7.5 million towards this expansion. In June 2021, the Board approved the initial funding levels to partners. The table below provides the amounts committed to A&A initiatives by year.

Commitments to Partners*			
Year 1	Year 2	Year 3	Total
$3,905,888	$4,430,088	$4,430,088	$12,766,064

* Funding of future commitments are subject to annual funding to the the Master account per Board approval and operating budget expenditure authority.

To account for this program, funds are authorized and expensed annually from the enterprise fund to the fiduciary fund. As of June 30, 2021, an initial funding amount of $7.5 million had been deposited into a master A&A account within the fiduciary fund. The funds will remain in the master account and invested within the stable value investment portfolio until fiscal 2022 when subsequent allocations to partner sub-accounts and subsequent disbursements to respective partners begin.

15. Scholarship Program And Promotional Accounts

The VA529 scholarship program consists of the Defined Benefit and Defined Contribution 529 Program third party scholarship accounts (excluding SOAR Virginia) established to provide a range of benefits to future beneficiaries. The purpose of the program is to enable individuals, organizations, community groups, corporations, and trusts to make qualified charitable contributions, which are used to purchase accounts for beneficiaries. VA529's scholarship program's mission is to work with community partners to make the dream of college a reality for deserving youth in Virginia.

In addition to scholarship accounts, VA529 awards promotional accounts that do not specifically qualify as scholarships as defined by federal law. Like scholarship accounts, these accounts are funded by VA529, individuals, organizations, school groups, or other entities.

Active scholarship (excluding SOAR) and promotional accounts at June 30, 2021:

	Scholarship		Promotional	
Program	Accounts	Value	Accounts	Value
DC529[1]	220	$836,400	171	$1,128,943
DB529[2]	19	$276,192	11	$125,282

[1] DC529 Program value represents the cancellation value of Invest529 accounts at June 30, 2021.

[2] DB529 Program's value represents the aggregate market value of Prepaid529 accounts at June 30, 2021.

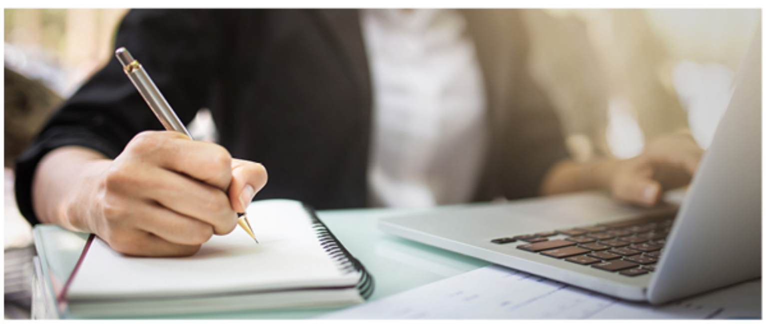
16. Unrelated Business Income Tax

As a qualified tuition program under IRC §529, VA529 is subject to tax on unrelated business income. VA529 invests in certain agreements and funds that may produce unrelated business income. As such, VA529 may pay taxes on unrelated business income. During fiscal year 2021 VA529 paid no taxes as there was no reportable unrelated business income during the prior fiscal year. VA529 will determine and pay its unrelated business income tax liability, if any, for fiscal 2021 after it receives all Schedule K-1s at the end of calendar 2021.

THIS PAGE IS INTENTIONALLY LEFT BLANK








Required Supplementary Information

THIS PAGE IS INTENTIONALLY LEFT BLANK

VA529 Pension Liability

Schedule of VA529's Share of Net Pension Liability
VRS State Employee Retirement Plan
For the Annual Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
VA529's Proportion of the Net Pension Liability (Asset)	0.21124 %	0.19588 %	0.18750 %	0.18062 %	0.17742 %	0.17215 %	0.15817 %
VA529's Proportionate Share of the Net Pension Liability (Asset)	15,304,038	12,379,092	$ 10,150,000	$ 10,526,000	$ 11,693,000	$ 10,540,000	$ 8,855,000
VA529's Covered Payroll	$9,502,561	$8,268,139	$ 7,816,602	$ 7,274,947	$ 7,018,667	$ 6,633,764	$ 6,108,107
VA529's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	161.05 %	149.72 %	129.85 %	144.69 %	166.60 %	158.88 %	144.97 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.15 %	75.13 %	77.39 %	75.33 %	71.29 %	72.81 %	74.28 %

Schedule is intended to show information for 10 years. Since 2020 is the seventh year for this presentation, only seven years available. However, additional years will be included as they become available.

See notes to RSI

Schedule of VA529 Contributions VRS State Employee Retirement Plan For the Years Ended June 30, 2012 through 2021					
Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	$1,484,178	$1,484,178	$—	$10,264,022	14.46%
2020	$1,284,746	$1,284,746	$—	$9,502,561	13.52 %
2019	$1,117,852	$1,117,852	$—	$8,268,139	13.52 %
2018	$1,054,460	$1,054,460	$—	$7,816,602	13.49 %
2017	$981,390	$981,390	$—	$7,274,947	13.49 %
2016	$981,917	$981,917	$—	$7,018,667	13.99 %
2015	$817,943	$817,943	$—	$6,633,764	12.33 %
2014	$535,070	$535,070	$—	$6,108,107	8.76 %
2013	$497,646	$497,646	$—	$5,680,894	8.76 %
2012	$178,017	$178,017	$—	$5,533,440	3.22 %

Notes to Required Supplementary Information
State Retirement Employment Plan

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation..

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016, except for the change in the discount rate, which was effective July 1, 2019:

Mortality Rates (Pre- retirement, post-retirement healthy, and disabled	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 25%
Discount Rate	Decrease rate from 7.00% to 6.75%

VA529 OPEB Liability

Schedule of VA529's Share of Net OPEB Liability
Group Life Insurance Program (GLIP)
For the Annual Measurement Dates of June 30, 2017 through June 20, 2020

	2020	2019	2018	2017
VA529's Proportion of the Net GLIP OPEB Liability (Asset)	0.04617 %	0.04218 %	0.04111 %	0.03944 %
VA529's Proportionate Share of the Net GLIP OPEB Liability (Asset)	$ 770,501	$ 686,381	$ 624,000	$ 593,000
VA529's Covered Payroll	$ 9,502,561	$8,268,139	$ 7,816,602	$ 7,274,947
VA529's Proportionate Share of the Net GLIP OPEB Liability (Asset) as a Percentage of its Covered Payroll	8.11 %	8.30 %	7.98 %	8.15 %
Plan Fiduciary Net Position as a Percentage of the Total GLIP OPEB Liability	52.64 %	52.00 %	51.22 %	48.86 %

Schedule is intended to show information for 10 years. Since 2020 is the fourth year for this presentation, only four years of data is available. However, additional years will be included as they become available.

See notes to RSI

Schedule of VA529 Contributions - GLIP
For the Years Ended June 30, 2012 through 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	$ 55,426	$ 55,426	$ —	$ 10,264,022	0.54%
2020	$ 49,413	$ 49,413	$ —	$ 9,502,561	0.52%
2019	$ 42,994	$ 42,994	$ —	$ 8,268,139	0.52%
2018	$ 40,646	$ 40,646	$ —	$ 7,816,602	0.52%
2017	$ 37,830	$ 37,830	$ —	$ 7,274,947	0.52%
2016	$ 33,690	$ 33,690	$ —	$ 7,018,667	0.48%
2015	$ 31,842	$ 31,842	$ —	$ 6,633,764	0.48%
2014	$ 29,358	$ 29,358	$ —	$ 6,116,156	0.48%
2013	$ 27,652	$ 27,652	$ —	$ 5,760,844	0.48%
2012	$ 17,250	$ 17,250	$ —	$ 5,545,378	0.31%

Schedule of VA529's Share of Net OPEB Liability
Health Insurance Credit Program (HICP)
For the Annual Measurement Dates of June 30, 2017 through June 30, 2020

	2020	**2019**	**2018**	**2017**
VA529's Proportion of the Net HICP OPEB Liability (Asset)	0.13190 %	0.12133 %	0.11609 %	0.11259 %
VA529's Proportionate Share of the Net HICP OPEB Liability (Asset)	$ 1,210,850	$ 1,119,962	$ 1,059,000	$ 1,025,000
VA529's Covered Payroll	$ 9,502,561	$ 8,268,139	$ 7,816,602	$ 7,274,947
VA529's Proportionate Share of the Net HICP OPEB Liability (Asset) as a Percentage of its Covered Payroll	12.74 %	13.55 %	13.55 %	14.09 %
Plan Fiduciary Net Position as a Percentage of the Total HICP OPEB Liability	12.02 %	10.56 %	9.51 %	8.03 %

Schedule is intended to show information for 10 years. Since 2020 is the fourth year for this presentation, only four years of data is available. However, additional years will be included as they become available.

See notes to RSI

Schedule of VA529 Contributions - HICP
For the Years Ended June 30, 2012 through 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	$ 114,957	$ 114,957	$ —	$ 10,264,022	1.12%
2020	$ 111,180	$ 111,180	$ —	$ 9,502,561	1.17%
2019	$ 96,737	$ 96,737	$ —	$ 8,268,139	1.17%
2018	$ 92,236	$ 92,236	$ —	$ 7,816,602	1.18%
2017	$ 85,844	$ 85,844	$ —	$ 7,274,947	1.18%
2016	$ 73,696	$ 73,696	$ —	$ 7,018,667	1.05%
2015	$ 69,655	$ 69,655	$ —	$ 6,633,764	1.05%
2014	$ 61,081	$ 61,081	$ —	$ 6,108,107	1.00%
2013	$ 56,861	$ 56,861	$ —	$ 5,686,134	1.00%
2012	$ 7,606	$ 7,606	$ —	$ 5,534,040	0.14%

Schedule of VA529's Share of Net OPEB Liability
Virginia Sickness and Disability Program (VSDP)
For the Annual Measurement Dates of June 30, 2017 through June 30, 2020

	2020	**2019**	**2018**	**2017**
VA529's Proportion of the Net VSDP OPEB Liability (Asset)	0.21806 %	0.20299 %	0.19690 %	0.19152 %
VA529's Proportionate Share of the Net VSDP OPEB Liability (Asset)	$ (481,233)	$ (398,256)	$ (444,000)	$ (393,000)
VA529's Covered Payroll	$9,449,285	$ 8,216,289	$ 7,765,006	$ 7,225,108
VA529's Proportionate Share of the Net VSDP OPEB Liability (Asset) as a Percentage of its Covered Payroll	(5.09)%	(4.85)%	(5.72)%	(5.44)%
Plan Fiduciary Net Position as a Percentage of the Total VSDP OPEB Liability	181.88 %	167.18 %	194.74 %	186.63 %

Schedule is intended to show information for 10 years. Since 2020 is the fourth year for this presentation, only four years of data is available. However, additional years will be included as they become available.

See notes to RSI

Schedule of VA529 Contributions - VSDP
For the Years Ended June 30, 2012 through 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	$ 62,278	$62,278	$ —	$10,209,579	0.61%
2020	$ 58,586	$58,586	$ —	$9,449,285	0.62%
2019	$ 50,941	$50,941	$ —	$8,216,289	0.62%
2018	$ 51,249	$51,249	$ —	$7,765,006	0.66%
2017	$ 47,686	$47,686	$ —	$7,225,108	0.66%
2016	$ 45,996	$45,996	$ —	$6,969,031	0.66%
2015	$ 43,462	$43,462	$ —	$6,585,143	0.66%
2014	$ 28,481	$28,481	$ —	$6,059,746	0.47%
2013	$ 26,554	$26,554	$ —	$5,649,843	0.47%
2012	$ 1,537	$1,537	$ —	$5,545,618	0.03%

Notes to Required Supplementary Information
Commonwealth of Virginia GLIP, VSDP, and HICP

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2019, except for the change in the discount rate, which was effective July 1, 2019:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of VA529's Share of Total OPEB Liability
Pre-Medicare Retirees
For the Annual Measurement Dates of June 30, 2017 through June 30, 2020

	2020	2019	2018	2017
VA529’s proportion of the collective total OPEB liability	0.14497 %	0.12625 %	0.12019 %	0.11627 %
VA529’s proportionate share of the collective total OPEB liability	$ 824,639	$ 857,063	$ 1,208,717	$ 1,510,217
VA529's covered-employee payroll	$ 9,502,561	$ 8,268,139	$ 7,816,602	$ 7,274,947
VA529's proportionate share of the collective total OPEB liability as a percentage of its covered-employee payroll	8.68 %	10.37 %	15.46 %	20.76 %

Schedule is intended to show information for 10 years. Since 2017 was the first year for this presentation, only four years of data are available. However, additional years will be included as they become available.

Notes to Required Supplementary Information
Commonwealth of Virginia State Health Plans Program
for Pre-Medicare Retirees

There are no assets accumulated in a trust to pay related benefits.

Changes of benefit terms – There have been no changes to the benefit provisions since the prior actuarial valuation.

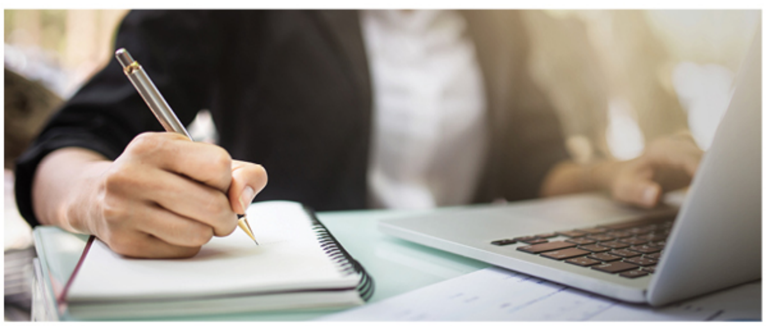
Changes of assumptions – The following actuarial assumptions were updated since the June 30, 2019 valuation based on recent experience:

- Spousal Coverage - reduced the rate from 25% to 20%
- Retiree Participation - reduced the rate from 50% to 45%

Spousal coverage and retiree participation were both reduced based on a blend of recent experience and the prior year assumptions. The mortality assumption was modified slightly to reflect mortality improvement projection scale BB, including age over 65 in pre-retirement mortality base rates.

No excise tax has been reflected due to the SECURE Act. Among the provisions was a repeal of three taxes and fees that were originally intended to help fund the Affordable Care Act (ACA): i) the excise tax on high-cost health plans (Cadillac tax); ii) the annual fee on health insurance providers; and iii) the medical device excise tax. Trend rates were updated based on economic conditions as of June 30, 2020. Additionally, the discount rate was decreased from 3.51% to 2.21% based on the Bond Buyers GO 20 Municipal Bond Index.

THIS PAGE IS INTENTIONALLY LEFT BLANK



Supplementary Information

Virginia529℠

ABLEnow®

THIS PAGE IS INTENTIONALLY LEFT BLANK

ADDITIONAL FINANCIAL INFORMATION

The following schedules provide additional information not included in the Basic Financial Statements:

- Appendix A - Mutual Funds by Program
- Appendix B - Separate Accounts, Commingled Funds & Alternative Managers by Program
- Appendix C - Investment Details by Program
- Appendix D - Schedule of Investment Expenses

APPENDIX A

Mutual Funds by Program

Defined Benefit 529 Program

Investment Manager	Fund Name
Capital Research & Management Co.	American Funds EuroPacific Growth Fund
Dimensional Fund Advisors, LP	Emerging Markets Core Equity
Dreyfus Cash Investment Strategies	Dreyfus Cash Management (Cash and Equivalents)
Stone Harbor Investment Partners, LP	Emerging Market Debt Blend
The Vanguard Group, Inc.	Institutional Index Fund

Defined Contribution 529 Program

Investment Manager	Fund Name
Capital Research & Management Co.	American Funds EuroPacific Growth Fund
Capital Research & Management Co.	SMALLCAP World Fund
Dimensional Fund Advisors, LP	Emerging Markets Core Equity
Parnassus Investments	Core Equity Fund
Stone Harbor Investment Partners, LP	Emerging Markets Debt Fund
The Vanguard Group, Inc.	Institutional Index Fund
The Vanguard Group, Inc.	Small Cap Index Fund
The Vanguard Group, Inc.	Total International Bond Index Fund
The Vanguard Group, Inc.	Total Stock Market Index Fund
The Vanguard Group, Inc.	Total Bond Market Index Fund
The Vanguard Group, Inc.	Total International Stock Index Fund
The Vanguard Group, Inc.	Inflation-Protected Securities Fund
The Vanguard Group, Inc.	Real Estate Index Fund
Touchstone Investments[1]	Emerging Markets Growth Fund

[1] Sub-Advised by Sands Capital Management, LLC

APPENDIX B

Separate Accounts, Commingled Funds & Alternative Managers by Program

Defined Benefit 529 Program

Investment Manager	Investment Strategy
Acadian Asset Management, LLC	Developed Markets International Equity
Adams Street Partners	Private Equity Fund of Funds
Advent Capital Management, LLC	Convertible Fixed Income
Aether Investment Partners, LLC	Private Equity Fund of Funds
Ares Management Corporation	Private Debt
BlackRock, Inc.	Intermediate Corporate Bonds
Blackstone Alternative Asset Management	Market Neutral Hedge Fund of Funds
Commonfund	Private Equity Fund of Funds
Golub Capital	Private Debt
Hamilton Lane	Private Equity Fund of Funds
Horsley Bridge Partners	Private Equity Fund of Funds
LGT Capital Partners	Private Equity Secondaries
Loomis, Sayles & Company, LP	Multi-Asset Credit
Neuberger Berman	Private Equity Fund of Funds
PGIM Fixed Income	High-Yield Fixed Income
Private Advisors, LLC	Private Equity Fund of Funds
Related Funds Management, LLC	Opportunistic Real Estate
Sands Capital Management, LLC	Emerging Market Growth Fund
Schroders Investment Management North America Inc.	Multi-Asset Credit
Schroders Investment Management North America Inc.	Mortgage Backed Securities
Shenkman Capital Management, Inc.	Senior Secured Bank Loans
Thompson, Siegel & Walmsley, LLC	SMID Cap Value Domestic Equity
UBS Realty Investors, LLC	Private Real Estate
Wellington Management Co., LLP	Emerging Market Debt
Westfield Capital Management Co., LP	SMID Growth Domestic Equity

Defined Contribution 529 and Access and Affordability Programs

Investment Manager	Investment Strategy
Atlantic Union Bank	FDIC-Insured (Cash & Equivalents)
Blackstone Property Advisors L.P.	Private Real Estate
Invesco Advisers, Inc.[1]	Stable Value Fixed Income
PGIM Fixed Income	High-Yield Fixed Income
Rothschild Asset Management, Inc.	SMID Cap Value Domestic Equity
UBS Realty Investors, LLC	Private Real Estate
Wellington Management Co., LLP	International Equity

[1]Includes Access and Affordability funds

Appendix C
Investment Details by Program as of June 30, 2021
Defined Benefit 529 Program

Investment Manager	Asset Class / Strategy	Mutual Fund(s) (if applicable)	Aggregate Fair Value		% of Total Fund[1]
Equities					
Acadian Asset Management, LLC	Developed Markets International Equity	N/A	$	153,532,724	4.73 %
Capital Research & Management Co.	International Growth	American Funds EuroPacific Growth		65,090,454	2.01 %
Dimensional Fund Advisors, LP	Emerging Market Equity	Emerging Markets Core Equity		90,987,647	2.80 %
Sands Capital Management , LLC	Emerging Market Growth	N/A		125,077,084	3.85 %
The Vanguard Group, Inc.	Large-Cap Domestic Blend	Institutional Index		226,469,431	6.98 %
Thompson, Siegel & Walmsley, LLC	Small/Mid-Cap Value	N/A		115,808,616	3.57 %
Westfield Capital Management Co., LP	Small/Mid-Cap Value	N/A		177,045,651	5.45 %
Total Equities			***$***	***954,011,607***	***29.39 %***
Alternative Investments					
Adams Street Partners	Private Equity Fund of Funds	N/A	$	236,219,467	7.28 %
Aether Investment Partners, LLC	Private Equity Fund of Funds	N/A		34,443,611	1.06 %
Aventura Holdings, LLC	Private Real Estate	N/A		8,585,388	0.26 %
Blackstone Alternative Asset Management	Hedge Fund of Funds	N/A		157,692,634	4.86 %
Commonfund	Private Equity Fund of Funds	N/A		13,370,974	0.41 %
Hamilton Lane	Private Equity Fund of Funds	N/A		1,489,637	0.05 %
Horsley Bridge Partners	Private Equity Fund of Funds	N/A		8,049,350	0.25 %
LGT Capital Partners	Private Equity Secondaries	N/A		9,154,637	0.28 %
Neuberger Berman	Private Equity Fund of Funds	N/A		33,493,824	1.03 %
Private Advisors, LLC	Private Equity Fund of Funds	N/A		36,388,472	1.12 %
Related Funds Management, LLC	Private Real Estate	N/A		7,293,915	0.22 %
UBS Realty Investors, LLC	Private Real Estate	N/A		46,112,941	*1.42 %*
Total Alternative Investments			**$**	**592,294,850**	*18.24 %*
Fixed Income					
Advent Capital Management, LLC	Convertible Bonds	N/A	$	145,228,641	4.47 %
Ares Capital Management	Private Debt	N/A		6,886,598	0.21 %
BlackRock Inc.	Intermediate Corporate Bonds	N/A		325,085,381	10.02 %
Dreyfus Cash Investment Strategies[2]	Cash Equivalents	Dreyfus Cash Management		33,868,270	1.04 %
Golub Capital	Private Debt	N/A		51,625,000	1.59 %
Loomis, Sayles & Company, LP	Multi Asset Credit	N/A		74,662,556	2.30 %
PGIM Fixed Income	High Yield Bonds	N/A		295,877,409	9.12 %
Schroders Investment Management, Inc.	Multi Asset Credit	N/A		70,122,254	2.16 %
Schroders Investment Management, Inc.	Mortgage-Backed Securities	N/A		169,088,620	5.21 %
Shenkman Capital Management, Inc.	Senior Secured Bank Loans	N/A		255,839,923	7.88 %
Stone Harbor Investment Partners LP	Emerging Markets Debt Blend	Emerging Markets Debt & Local Markets		31,302,548	0.96 %
Wellington Management Co., LLP	Emerging Markets Debt	N/A		218,356,447	6.73 %
Treasurer of Virginia[3]	Cash Equivalents	N/A		21,368,255	0.66 %
VA529 Transition Account	N/A	N/A		64,246	— %
Total Fixed Income			**$**	**1,699,376,148**	52.36 %
Grand Total			**$**	**3,245,682,605**	100.00 %

[1]May not sum to 100% due to rounding. [2]Operating Cash of $17,028,990 is not included in the total above. [3]Funds include $4,207,086 in the disbursement account with Wells Fargo.

Appendix C
Investment Details by Program as of June 30, 2021
Defined Contribution 529 and Access and Affordability Programs

Investment Manager	Asset Class / Strategy	Mutual Fund (if applicable)		Aggregate Fair Value[1]
Target Enrollment and Actively Managed Portfolios				
Blackstone Property Partners	Private Real Estate	N/A	$	50,718,225
Capital Research & Management Co.	International Growth	American Funds EuroPacific Growth		183,169,192
Capital Research & Management Co.	Global Small-Cap	American Funds SMALLCAP World Fund		1,595,044
Dimensional Fund Advisors, LP	Emerging Market Equity	Emerging Markets Core Equity		99,662,974
Invesco Advisers, Inc[3]	Stable Value	N/A		1,510,605,428
Parnassus Investments	Socially Targeted Large Cap Core Equity	Core Equity Fund		158,735,070
PGIM Fixed Income	High Yield Bonds	N/A		173,183,981
Rothschild Asset Management	Small/Mid Cap Domestic Equity	N/A		118,648,223
Stone Harbor Investment Partners LP	Emerging Markets Debt	Emerging Market Debt Fund		326,285,471
The Vanguard Group, Inc.	Intermediate Core Fixed Income	Total Bond Market Index Fund		889,020,836
The Vanguard Group, Inc.	Large-Cap Domestic Equity Blend	Institutional Index Fund		368,280,329
The Vanguard Group, Inc.	Small Cap Domestic Equity Blend	Small Cap Index Fund		80,861,816
The Vanguard Group, Inc.	U.S. Real Estate	Real Estate Index Fund		108,552,684
Touchstone Investments[2]	International /Global Equity	Emerging Markets Growth Fund		102,052,541
UBS Trumbull Property	Private Real Estate	N/A		50,760,950
Wellington Management Co., LLP	International Equity	N/A		182,951,678
Total Target Enrollment & Actively Managed Portfolios			***$***	***4,405,084,442***
Passively Managed Portfolios				
Atlantic Union Bank	FDIC - Insured (Cash & Equivalents)	N/A	$	183,980,774
The Vanguard Group, Inc.	Inflation Protected Securities	Inflation-Protected Securities Fund		44,286,704
The Vanguard Group, Inc.	U.S. Real Estate	Real Estate Index Fund		86,444,646
The Vanguard Group, Inc.	Intermediate Core Fixed Income	Total Bond Market Index Fund		86,835,809
The Vanguard Group, Inc.	International Equity	Total International Stock Index Fund		540,658,391
The Vanguard Group, Inc.	Domestic Equity Blend	Total Stock Market Index Fund		1,836,525,661
The Vanguard Group, Inc.	International Fixed Income	Total International Bond Index Fund		132,884,668
Total Passively Managed Portfolios			***$***	***2,911,616,653***
Grand Total			***$***	***7,316,701,095***

[1]Cash net of distributions liability held with Wells Fargo as well as with BNY Mellon (custodian) in the amount of $3,782,735 is not included in the total above.
[2]Sub-Advised by Sands Capital Management, LLC.
[3]Includes Access and Affordability funds.

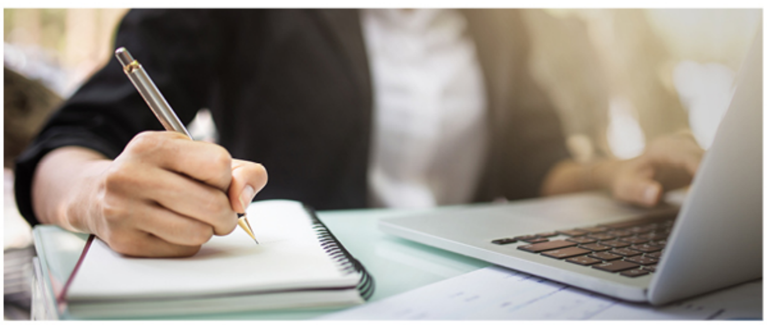
APPENDIX D

SCHEDULE OF INVESTMENT EXPENSES
FOR THE YEAR ENDING JUNE 30, 2021

DB529 Program		2021
Management Fees:		
Domestic Equity Managers	$	2,315,825
International Equity Managers		2,548,332
Domestic Fixed Income Managers		2,846,626
International Fixed Income Managers		1,335,942
Multi Asset Credit Managers		776,297
Convertibles Managers		938,482
Private Equity Managers		3,462,195
Private Debt Managers		717,622
Hedge Fund Managers		1,734,619
Private Real Estate Managers		506,285
Total Management Fees	**$**	**17,182,225**

DC529 and Access and Affordability Programs		2021
Management Fees:		
Domestic Equity	$	1,940,954
International Equity		4,180,063
Domestic Fixed Income		1,642,124
International Fixed Income		2,442,343
Real Estate		1,108,267
Total Management Fees	**$**	**11,313,751**

Notes: Manager fees include fees that are charged directly on separately managed accounts and management fees that are implicit within a pooled vehicle’s net asset value, therefore do not agree to the face of the financial statements for the Enterprise nor Private Purpose Trust Fund. Total management fees do not include custodial and other services (actuarial, proxy voting, investment consultant, etc.). These are included as fiscal and contractual services within the Enterprise Fund.



Other Information

THIS PAGE IS INTENTIONALLY LEFT BLANK

CollegeAmerica®

CollegeAmerica, a broker-sold IRC §529 college savings option, was launched on February 15, 2002. CollegeAmerica is a defined contribution savings program administered by Capital Research and Management Company, American Funds Distributors, Inc., and American Funds Service Company, Inc. (together, the American Funds) pursuant to a contract. The American Funds acts as program manager and provides all back office and operational services for the program. As a result of this structure, VA529 is responsible for program oversight and review; however, VA529's staff has minimal day-to-day operational responsibility. VA529 has contracted these services with the American Funds through February 15, 2050.

CollegeAmerica is available year round and has no age or residency restrictions. Accounts are subject to market risk, including the possible loss of principal. As of June 30, 2021, approximately 2.5 million unique active accounts were open with net assets in excess of $89.7 billion. American Funds defines unique active accounts as unique open account numbers at period end. Fees and expenses of the program are also paid on a pro-rata basis by each account owner and vary according to the fund and share class selected.

As of June 30, 2021, the CollegeAmerica program offered 46 American Funds mutual funds, offering seven share classes. During fiscal year 2021, American Funds launched the 529-F-2 and 529-F-3 share classes, the other five share classes offered are the: 529-A, 529-C, 529-E, 529-T and the 529-F-1. A complete list of approved and available funds is shown in the tables on the following pages.

A separate audited report for each of the 46 funds available for investment in the CollegeAmerica program is published annually by the American Funds. Each of the funds has a different year ending date, so these audited reports are published throughout the year. An individual fund audit report includes that fund's results for all share classes offered in the fund, including the IRC §529 share classes created for the CollegeAmerica program. The individual fund reports are available in their entirety from the American Funds. A summary of the 529 Share Class Net Assets as of Fund Fiscal Year End and at June 30, 2021 for each fund are presented in the following charts.

CollegeAmerica
529 Share Class Net Assets as of Fund Fiscal Year End (dollars and shares in thousands)

Fund	Shares	Net Assets	Fiscal Year End
Growth funds			
AMCAP Fund®	73,575	$ 2,898,265	02/28/21
American Funds Global Insight Fund℠	175	2,910	10/31/20
American Funds International Vantage Fund℠	133	1,912	10/31/20
EuroPacific Growth Fund®	30,756	2,093,210	03/31/21
The Growth Fund of America®	213,292	13,253,239	08/31/20
The New Economy Fund®	20,024	1,135,447	11/30/20
New Perspective Fund®	58,238	3,085,778	09/30/20
New World Fund®	15,765	1,153,099	10/31/20
SMALLCAP World Fund®	30,669	1,991,370	09/30/20
Growth-and-income funds			
American Mutual Fund®	29,426	1,178,503	10/31/20
Capital World Growth and Income Fund®	76,761	4,348,199	11/30/20
American Funds Developing World Growth and Income Fund℠	4,655	55,160	11/30/20
Fundamental Investors®	53,463	3,690,523	12/31/20
International Growth and Income Fund℠	5,825	178,899	06/30/20
The Investment Company of America®	79,150	3,505,713	12/31/20
Washington Mutual Investors Fund℠	60,010	3,371,688	04/30/21
Equity-income funds			
Capital Income Builder®	42,803	2,886,837	04/30/21
The Income Fund of America®	91,494	1,996,460	07/31/20
Balanced funds			
American Balanced Fund®	202,353	6,100,141	12/31/20
American Funds Global Balanced Fund℠	10,966	367,476	10/31/20
Bond funds			
American High-Income Trust®	40,148	412,245	03/31/21
American Funds Inflation Linked Bond Fund®	4,709	52,684	11/30/20
The Bond Fund of America®	132,966	1,833,412	12/31/20
Capital World Bond Fund®	19,033	410,906	12/31/20
Intermediate Bond Fund of America®	47,284	672,280	08/31/20
Short-Term Bond Fund of America®	70,036	713,279	08/31/20
American Funds Strategic Bond Fund℠	8,918	104,018	12/31/20
U.S. Government Securities Fund®	20,465	305,901	08/31/20
American Funds Mortgage Fund®	4,008	42,487	08/31/20
American Funds Corporate Bond Fund®	6,026	69,414	05/31/20
American Funds Emerging Markets Bond Fund®	1,638	16,633	12/31/20
American Funds Multi-Sector Income Fund℠	361	3,893	12/31/20
Money market fund			
American Funds U.S. Government Money Market Fund℠	2,888,756	2,888,934	09/30/20
American Funds College Target Date Series funds			
American Funds College 2021 Fund®	196,839	2,300,968	10/31/20
American Funds College 2024 Fund®	208,560	2,616,933	10/31/20
American Funds College 2027 Fund®	158,811	2,079,177	10/31/20
American Funds College 2030 Fund®	163,998	2,290,846	10/31/20
American Funds College 2033 Fund®	123,391	1,533,269	10/31/20
American Funds College 2036 Fund℠	60,178	674,985	10/31/20
American Funds College Enrollment Fund®	103,159	1,071,150	10/31/20
American Funds Portfolio Series℠ funds			
American Funds Global Growth Portfolio℠	30,416	566,807	10/31/20
American Funds Growth Portfolio℠	78,630	1,590,599	10/31/20
American Funds Growth and Income Portfolio℠	58,492	913,733	10/31/20
American Funds Moderate Growth and Income Portfolio℠	38,154	593,669	10/31/20
American Funds Conservative Growth and Income Portfolio℠	23,020	281,560	10/31/20
American Funds Preservation Portfolio℠	26,904	279,624	10/31/20

Data compiled from American Funds audited fund statements. Funds listed are those open as of June 30, 2021.

CollegeAmerica
529 Share Class Net Assets as of June 30, 2021 **(dollars and shares in thousands)**

Fund	Shares	Net Assets
Growth funds		
AMCAP Fund®	75,747	$ 3,169,453
American Funds Global Insight Fund℠	416	8,818
American Funds International Vantage Fund℠	255	4,448
EuroPacific Growth Fund®	31,897	2,224,405
The Growth Fund of America®	216,608	15,973,384
The New Economy Fund®	20,712	1,313,506
New Perspective Fund®	60,139	3,962,966
New World Fund®	15,757	1,509,227
SMALLCAP World Fund®	31,288	2,715,000
Growth-and-income funds		
American Mutual Fund®	30,023	1,501,370
Capital World Growth and Income Fund®	75,163	4,863,506
American Funds Developing World Growth and Income Fund℠	5,008	67,832
Fundamental Investors®	54,500	4,155,018
International Growth and Income Fund℠	5,818	241,575
The Investment Company of America®	78,422	3,904,556
Washington Mutual Investors Fund℠	62,044	3,448,946
Equity-income funds		
Capital Income Builder®	42,821	2,925,979
The Income Fund of America®	88,607	2,281,468
Balanced funds		
American Balanced Fund®	205,694	6,702,782
American Funds Global Balanced Fund℠	11,259	443,205
Bond funds		
American High-Income Trust®	40,542	428,126
American Funds Inflation Linked Bond Fund®	6,164	67,533
The Bond Fund of America®	134,249	1,811,017
Capital World Bond Fund®	18,964	390,410
Intermediate Bond Fund of America®	50,033	691,938
Short-Term Bond Fund of America®	75,191	754,588
American Funds Strategic Bond Fund℠	9,909	112,648
U.S. Government Securities Fund®	19,956	281,681
American Funds Mortgage Fund®	4,223	42,977
American Funds Corporate Bond Fund®	7,615	86,354
American Funds Emerging Markets Bond Fund®	1,811	17,588
American Funds Multi-Sector Income Fund℠	679	7,309
Money market fund		
American Funds U.S. Government Money Market Fund℠	2,850,198	2,850,198
American Funds College Target Date Series funds		
American Funds College 2024 Fund®	242,141	3,037,197
American Funds College 2027 Fund®	187,354	2,543,800
American Funds College 2030 Fund®	190,571	2,886,392
American Funds College 2033 Fund®	148,770	2,070,688
American Funds College 2036 Fund℠	89,117	1,184,268
American Funds College 2039 Fund℠	749	7,941
American Funds College Enrollment Fund®	323,557	3,246,462
American Funds Portfolio Series℠ funds		
American Funds Global Growth Portfolio℠	33,742	818,104
American Funds Growth Portfolio℠	88,620	2,287,038
American Funds Growth and Income Portfolio℠	64,454	1,217,790
American Funds Moderate Growth and Income Portfolio℠	41,379	762,755
American Funds Conservative Growth and Income Portfolio℠	26,548	365,435
American Funds Preservation Portfolio℠	28,525	291,765
Total Assets		$ 89,679,445

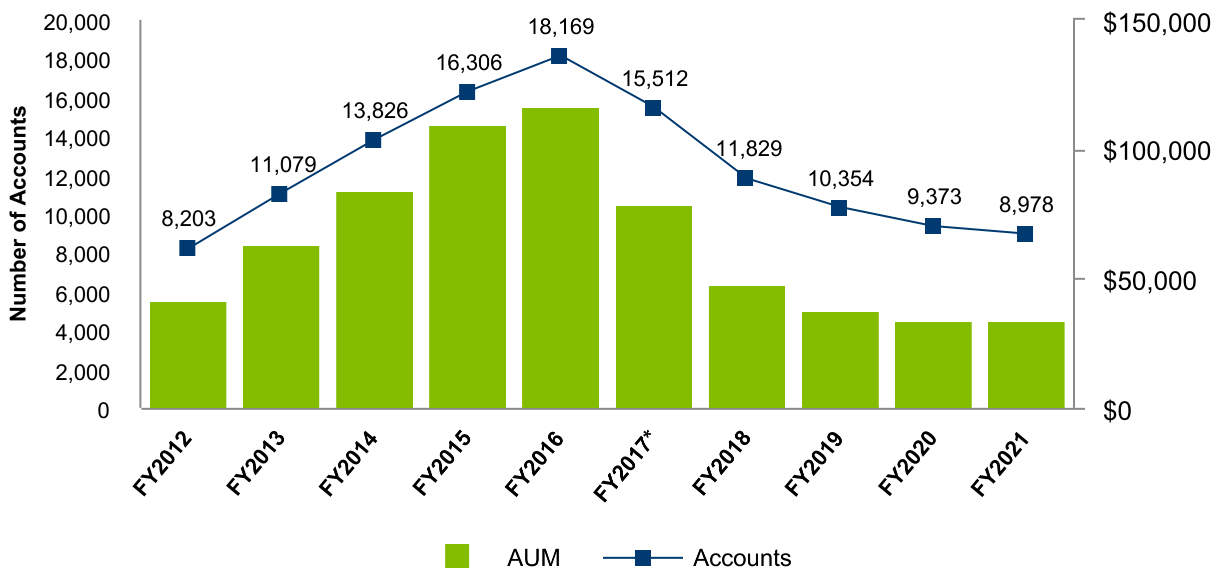
Data compiled from American Funds reports. Figures may not sum foot due to rounding.

CollegeWealth®

CollegeWealth is VA529's FDIC-insured, defined contribution, 529 college savings program, which closed to new participants in fiscal 2017. Each CollegeWealth college savings account with a value up to $250,000 (when combined with any other holdings of an individual at the bank) is FDIC insured. CollegeWealth began in the autumn of 2007 with Atlantic Union Bank (AUB) as VA529's first banking partner. In the autumn of 2009, VA529 added Branch Banking and Trust (BB&T) Corporation as a banking partner in an effort to significantly expand the availability of CollegeWealth within and outside of the Commonwealth.

In January 2017, VA529 introduced an FDIC-Insured Portfolio option within the Invest529 program through an omnibus account with AUB. With this offering VA529 terminated the existing CollegeWealth offering through AUB and transferred those remaining assets to the Invest529 FDIC-Insured Portfolio. On April 23, 2017, the CollegeWealth program offered through BB&T was closed to new participants. As of June 30, 2021, there were 8,978 unique active accounts with net assets of $34.0 million remaining in the program. Unique active accounts represent all active accounts at period end. The net assets represented amounts held in savings instruments at the participating banks and were thus not subject to fair market value adjustments at year end.

Assets and Accounts Under Management as of Fiscal Year End



* On April 3, 2017, $33.9 million representing 3,350 accounts was transferred from the CollegeWealth offering through Atlantic Union Bank to the Invest529 FDIC-Insured Portfolio.

ABLE Programs

ABLE accounts were made possible by the federal Stephen Beck, Jr. Achieving a Better Life Experience (ABLE) Act, which authorized states to establish tax-advantaged savings programs for individuals with disabilities and their families to save for "qualified disability expenses" without losing certain federal means-tested benefits. The Virginia ABLE Act of the 2015 Virginia Acts of Assembly amended VA529's enabling legislation, adding the development and implementation of ABLE program(s) to its statutory mission. Accordingly, VA529 established two IRC §529A savings options, ABLEnow and ABLEAmerica.

ABLEnow®

ABLEnow launched in December 2016, and is a direct-sold defined contribution savings program. VA529 is the program sponsor and manager, providing customer service for the program. VA529 has contracted with PNC Bank, N.A. to offer the ABLEnow program through November 29, 2021.

The first $2000 in an ABLEnow account is automatically allocated to the PNC Bank NA, FDIC Insured Deposit Account. Once the balance in the ABLEnow Deposit Account exceeds $2000 the additional contributions may be used to invest in one or more investment portfolios offered. There are four mutual funds open; three Vanguard LifeStrategy® Funds and a Fidelity® Money Market Fund, as investment options administered through PNC Bank. The program offers an online portal to manage accounts and the ABLEnow Card - a debit card providing a simple, convenient way to pay for qualified disability expenses. Eligible individuals can start their ABLEnow account with no enrollment fee and no minimum contribution.

As of June 30, 2021, 12,404 accounts were open with more than $68.9 million in assets under management. More information on ABLEnow can be found at www.able-now.com. The table below outlines the shares and net assets for the ABLEnow portfolios as of June 30, 2021.

ABLEnow

Shares and Net Assets as of June 30, 2021 (dollars and shares in thousands)

Fund	Shares	Net Assets[1]
Money market fund		
Fidelity® Investments Money Market Government Portfolio	4,359	$ 4,359
LifeStrategy funds		
Vanguard LifeStrategy® Growth Fund	340	14,940
Vanguard LifeStrategy® Income Fund	118	2,055
Vanguard LifeStrategy® Moderate Growth Fund	185	6,229
Total Assets		$ 27,583

[1]PNC Bank NA, FDIC Insured Deposit Account of $41,278,657 is not included in the value above.

ABLEAmerica®

ABLEAmerica launched in July 2018, and is a broker-sold defined contribution savings program. The program is administered by American Funds pursuant to a contract. The American Funds acts as program manager and provides all back office and operational services for the program. As a result of this structure, VA529 is responsible for program oversight and review; however, VA529's staff has minimal day-to-day operational responsibility. VA529 has contracted these services with the American Funds through February 15, 2050.

Accounts are subject to market risk, including the possible loss of principal. As of June 30, 2021, approximately 1,278 unique active accounts were open with net assets in excess of $18.3 million. American Funds defines unique active accounts as unique open account numbers at period end. Fees and expenses of the program shall be waived until June 30, 2023 or until assets in the program exceed $300 million, whichever occurs first.

During fiscal year 2021, American Funds launched the new ABLE-F-2 share class for the ABLEAmerica program. There is one other ABLE share class offered and that is the ABLE-A share class. A separate audited report for each of the seven (7) funds available for investment in the ABLEAmerica program is published by the American Funds. Each of the funds may have a different year ending date, so these audited reports are published throughout the year. An individual fund audit report includes that fund's results for all share classes offered in the fund, including the IRC §529 share classes created for the ABLEAmerica program. The individual fund reports are available in their entirety from the American Funds. A summary of the 529 Share Class Net Assets as of Fund Fiscal Year End and at June 30, 2021 for each fund are presented in the following charts.

ABLEAmerica
529 Share Class Net Assets as of Fund Fiscal Year End
(dollars and shares in thousands)

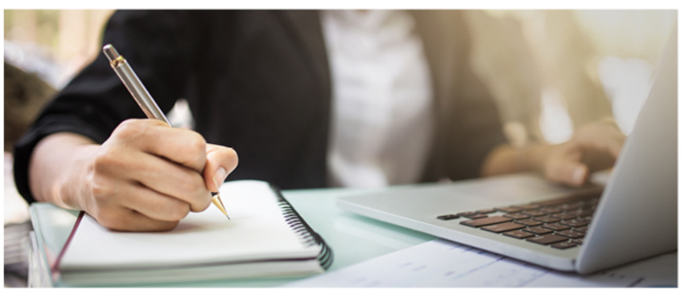
Fund	Shares	Net Assets	Fiscal Year End
Money market fund			
American Funds U.S. Government Money Market Fund℠	654	$ 654	9/30/2020
American Funds Portfolio Series℠ funds			
American Funds Global Growth Portfolio℠	50	936	10/31/2020
American Funds Growth Portfolio℠	134	2,708	10/31/2020
American Funds Growth and Income Portfolio℠	154	2,411	10/31/2020
American Funds Moderate Growth and Income Portfolio℠	119	1,848	10/31/2020
American Funds Conservative Growth and Income Portfolio℠	86	1,048	10/31/2020
American Funds Preservation Portfolio℠	42	439	10/31/2020

ABLEAmerica
529 Share Class Net Assets as of June 30, 2021
(dollars and shares in thousands)

Fund	Shares	Net Assets
Money market fund		
American Funds U.S. Government Money Market Fund℠	1,111	$ 1,111
American Funds Portfolio Series℠ funds		
American Funds Global Growth Portfolio℠	78	1,883
American Funds Growth Portfolio℠	209	5,403
American Funds Growth and Income Portfolio℠	225	4,261
American Funds Moderate Growth and Income Portfolio℠	181	3,343
American Funds Conservative Growth and Income Portfolio℠	126	1,731
American Funds Preservation Portfolio℠	71	725
Total Assets		**$ 18,457**








Board and Committee Members

THIS PAGE IS INTENTIONALLY LEFT BLANK

VIRGINIA COLLEGE SAVINGS PLAN
N. Chesterfield, Virginia

BOARD MEMBERS
As of June 30, 2021

Dr. Edward H. Bersoff, Chairman

Mr. Reggie Samuel, Vice Chairman

Ms. Catherine Beck

Mr. Peter A. Blake

Dr. Glenn DuBois

Ms. Manju Ganeriwala

Mr. Dante Jackson

Ms. Lauren Kent Stack

Hon. Walter A. Stosch

Mr. Peter M. Vogt

Mr. David A. Von Moll

CHIEF EXECUTIVE OFFICER

Ms. Mary G. Morris

Committee Assignments

as of June 30, 2021

Audit and Actuarial Committee:

Board Members:

Hon. Walter A. Stosch, Chairman
David A. Von Moll, Vice Chairman
Catherine Beck
Dr. Edward H. Bersoff
Peter A. Blake
Manju Ganeriwala
Edward "Ted" Raspiller, permanent designee for Dr. Glenn DuBois
Peter M. Vogt

Compensation Committee:

Board Members:

Lauren Kent Stack, Chairman
Edward "Ted" Raspiller, Vice Chairman (permanent designee for Dr. Glenn DuBois)
Catherine Beck
Dr. Edward H. Bersoff
Reggie Samuel

Investment Advisory Committee:

Board Members:

Dr. Edward H. Bersoff
Manju Ganeriwala
Dante Jackson
Lauren Kent Stack
David A. Von Moll

Non-Board Members:

Sheila Corcoran, Chairman
Liza Scott, Vice Chairman
Frederick Nolde

Ex Officio:

Mary G. Morris, Chief Executive Officer

Attachment B

Actuarial Valuation Report

Defined Benefit 529 Program

for the year ended June 30, 2021

Actuarial Valuation
of
Virginia529
Defined Benefit 529 Program
as of June 30, 2021

By:

Glenn D. Bowen, FSA, EA
Alan H. Perry, FSA, CFA
Jill M. Stanulis, EA

Milliman

1550 Liberty Ridge Drive
Suite 200
Wayne, PA 19087-5572

Tel +1 610 687.5644
Fax +1 610.687.4236

www.milliman.com

November 30, 2021

Board of the Virginia College Savings Plan
Commonwealth of Virginia
Virginia College Savings Plan
9001 Arboretum Parkway
N. Chesterfield, VA 23236

Ladies & Gentlemen:

This report presents the results of the actuarial valuation of the Defined Benefit 529 Program (DB529 Program) as of June 30, 2021.

Purpose

The main purposes of this report are:

- to calculate the actuarial present value of the obligations under the Program's legacy Prepaid529 contracts (accounts) and Tuition Track Portfolio accounts purchased through June 30, 2021 and compare the value of those obligations with the Program's assets as of that date;

- to review the experience and changes in the actuarial assumptions during the last year and indicate their effects on the results; and

- to set forth the basis for the actuarial assumptions and methods utilized in those calculations.

The results contained in this report are based on account data and preliminary financial statements provided by the Virginia College Savings Plan. We have relied on this data in preparing this report.

Background

The Virginia College Savings Plan ("VA529" or "the Plan"), a body politic and corporate and an independent agency of the Commonwealth of Virginia was created in 1994 by the Virginia General Assembly to enhance the accessibility and affordability of higher education for all citizens of the Commonwealth. The longest standing mandate centers on educational attainment, on which VA529 has focused since opening its first program in 1996 by offering education savings programs to help make higher education more affordable and accessible for all citizens of the Commonwealth. VA529's mature programs are comprised of prepaid and education savings programs, including the legacy Prepaid529 (a defined benefit option), Invest529 and CollegeAmerica programs.

The legacy Prepaid529 program was closed to new participants after its final enrollment period in 2019. A successor program was opened in February 2021. This program is known as the Tuition Track Portfolio (TTP) and is offered as a defined benefit option within the Invest529 program. VA529 continues to service existing customers in the Prepaid529 program. Together Prepaid529 and TTP are known as the Defined Benefit 529 Program ("DB529" or "the Program"). Since TTP is a continuation of the legacy prepaid program, funds are combined and invested in the Program Fund to meet future obligations.

The Program Fund consists of payments received pursuant to legacy Prepaid529 contracts, purchases of TTP units, bequests, endowments or grants from the United States government, its agencies and instrumentalities, and any other available sources of funds, public or private, allocated to the Program Fund. Any moneys remaining in the Program at the end of a biennium shall remain in the Fund, including interest and income earned from the investment of such funds.

In 1998, the Virginia General Assembly passed legislation that requires the Governor to include in each year's state budget an amount to cover the Plan's obligations, in the event "the Plan is unable to meet its current obligations." The Governor has included the provision in subsequent budget submissions to meet the obligations of the Program, and the General Assembly has included the provision in subsequent Appropriation Acts, including Chapter 552 of the 2021 Virginia Acts of the Assembly (2021 Appropriation Act).

Program Design

VA529 is the program sponsor for the DB529 Program and other education savings programs. The DB529 Program is a prepaid program with defined benefits and no market risk to participants. The other education savings programs, including Invest529 (excluding TTP accounts) and CollegeAmerica, are offered directly from VA529 (Invest529) or through financial advisors (CollegeAmerica) and are subject to market and other risks to the participants.

VA529's Defined Benefit 529 Program

Prepaid529 closed to new participants in 2019. Benefits in this program cover tuition and mandatory fees at Virginia's public higher educational institutions. At redemption, the contract pays the current tuition and mandatory fees at the Virginia public institution that the beneficiary attends. The benefits vary if the beneficiary does not attend a Virginia public institution. With the establishment of Invest529 and other savings programs, contract holders have the option of rolling over the value of their Prepaid529 contract into a savings account. The value of the Prepaid529 contract for such rollovers is the accumulated contributions plus the reasonable rate of interest set by Virginia529. This option to roll over the contract has effectively added a minimum benefit to the Program.

In 2019, The Virginia General Assembly passed legislation that included provisions for Prepaid529 contracts entered prior to July 1, 2019. These provisions allow for the "Minimum Benefit" payout directly from Prepaid529 to qualified higher education institutions when the accumulated contributions at the reasonable rate of interest set by Virginia529 exceeds the normal payout from the program. To address significant increases in higher education tuition, increasing disparity in tuition policies at Virginia's 15 public universities and a desire to make the defined benefit program more affordable and more accessible to more Virginians, the Board permanently closed Prepaid529 to new enrollments as of May 1, 2019 and began to develop its successor defined benefit prepaid program.

In February 2021, TTP was launched as the successor defined benefit option to Prepaid529. This resulted from legislation passed in 2019 by the Virginia General Assembly that included provisions for payments to any qualified higher education institutions based on enrollment-weighted average tuition (Average Tuition) at Virginia's public higher education institutions as determined by the Board.

TTP allows participants to purchase a desired number of units toward tuition and other qualified higher education expenses. The purchased units will keep pace with average tuition inflation at Virginia public universities. When withdrawn, participants will receive one year of then-current Average Tuition for every 100 units purchased (one TTP unit = 1/100 of Average Tuition), regardless of how much Average Tuition has increased since purchase.

TTP is only available for account owners or beneficiaries who are Virginia residents at the time of initial purchase. TTP units can be purchased up until June 30 of the beneficiary's high school graduation year. A maximum of 1,000 Tuition Track units can be held at any one time for a beneficiary. If units are redeemed, more units can be purchased to reach the 1,000-unit cap.

TTP units are eligible for use at Average Tuition value after the units have been held for three years or more and when the beneficiary graduates from high school or begins taking eligible post-secondary courses, whichever comes first. If units are redeemed prior to the beneficiary's high school graduation, they will receive the purchase price plus Tuition Track Interest (same as the reasonable rate of interest for Prepaid529), assuming the units have been held for three or more years. Units that are redeemed before being held for at least three years will be returned at purchase price.

<u>Statutory Requirements</u>

The Code of Virginia, Title 23.1, Subtitle II, Chapter 7 provides limited guidance for establishing the actuarial basis to evaluate VA529's DB529 Program. The Code requires an annual audit of the Program and states in part that if the annual accounting and audit reveal that there are insufficient funds to ensure the "actuarial soundness" of the Program, the "Board may adjust the terms of subsequent prepaid tuition contracts, arrange refunds for current purchasers to ensure actuarial soundness, or take such other action the Board deems appropriate."

"Actuarial soundness" is not a precise concept and there is no generally accepted understanding of the meaning of this phrase within the actuarial profession, especially with respect to prepaid tuition plans. For purposes of this report, we have assumed that the phrase "actuarially sound," when applied to the Program, means that the Fund has sufficient assets in the combined program to cover the actuarially estimated value of the tuition obligations (including any administrative costs associated with those Prepaid Contracts or TTP accounts). "Sufficient assets" reflects the value of the combined total Fund assets, including the value of future installment payments due under current contracts for Prepaid529.

We have also interpreted these Sections to require that the actuarial liabilities be evaluated using sound actuarial principles that are generally consistent with the practices and principles widely used for retirement programs. Reference to other programs is necessary because of the innovative nature of a prepaid tuition program. No generally accepted standard of practice has evolved within the actuarial profession specifically addressing prepaid tuition programs. We chose the standards applicable to retirement programs because these programs generally provide for payments at some future date where that payment has a high probability of payment at, or close to, some specific age.

Valuation Basis

The assumptions selected for this report are intended to be "best estimates".

The method for determining the "best estimate" liability for the Program reflects the possible variability of inflation, tuition, and investment returns and the correlation between each of these variables. The methodology is described in the section below, Variability of Results and Valuation Basis.

Investment Policy

On August 29, 2019, the Board of the Virginia College Savings Plan adopted a new target asset allocation strategy for Prepaid529. The new asset allocation targets are reflected in this valuation report.

The investment strategy is important because it sets forth acceptable investment allocations among asset classes. The asset allocation affects the magnitude and variability of expected investment returns and therefore the financial structure of the plan. For the valuation, we have assumed that DB529 investments will be allocated as shown below, based on the investment policy target allocations:

Asset Category	
Equities	22.0%
Fixed Income	52.5%
Alternative Investments	25.5%

Actuarial Assumptions

The actuarial assumptions used to prepare this report are summarized in Appendix C. The two most significant of those assumptions are the rates of investment return and tuition growth in the future. The Virginia College Savings Plan selected both of these assumptions. They are:

- the investment return assumption of 5.50% per year, net of investment related expenses (this is lower than the 5.75% assumption used to prepare the prior year's report); and,

- the annual tuition growth rate assumptions summarized in the following table.

	Universities	Community Colleges
Fall 2022 and Fall 2023	4.0%	2.0%
Fall 2024 and thereafter	6.0%	6.0%

- In the prior year's valuation, the tuition growth assumption for universities was 4.0% for fall 2022 and 6.0% thereafter; the tuition growth assumption for community colleges was 2.0% for fall 2022 and 6.0% thereafter.

Summary of Results

The actuarial value of the obligations of the DB529 Program as of June 30, 2021 is summarized below and compared with the total assets of the Program.

	Present Value of Obligations For Future Payments	Value of Total Program Assets	Actuarial Reserve/ (Deficit)
		(Amounts in Millions)	
DB529 Program:			
Tuition Obligations	$1,712.0	n/a	n/a
Administrative Expenses	22.0	n/a	n/a
Grand Total	$1,734.0	$3,354.5	$1,620.5

As indicated above, the DB529 Program has assets that exceed the "best estimate" of the obligations by roughly $1,620.5 million or 93.5%. Unfavorable future experience would adversely affect this position. It would be desirable to maintain the actuarial reserve over time to protect this position.

The present value of future obligations for Administrative Expenses reflects the expected costs of maintaining each account in place (as of June 30, 2021) until all benefits have been paid. It does not include the future expenses of the DB529 Program associated with general overhead and marketing attributable to units sold in the future. It is our understanding that the administrative expenses associated with operating the Program (including the account maintenance costs) will be provided by the Operating Fund and will not be drawn from the DB529 Fund. However, we include the projection of these future account maintenance costs as part of the Program's obligations in our analysis.

Actuarial Gain/Loss Analysis

During the 2021 fiscal year, the actuarial reserve position of the Defined Benefit 529 Program increased from $1,050.2 million to $1,620.5 million or 93.5% of obligations. Actuarial gains add to the reserve while actuarial losses decrease the reserve. Each of the factors affecting the change in the actuarial reserve/(deficit) is discussed below.

The actuarial reserve was expected to grow during the year by about $60.4 million due to the passage of time. (The obligations are calculated as present values which grow with interest with the passage of time.)

The rate of return on the Program's investments (net of investment management fees) for the fiscal year was 23.63% on a time-weighted basis and 23.54% on a dollar-weighted basis. For the previous valuation, a 5.75% rate of return was assumed. This produced a net actuarial gain of approximately $471.6 million.

Payouts for some of the accounts are based on the payments made under the account brought forward at the reasonable rate of interest or the actual rate of return on the portfolio. See Appendices C and F for an explanation of the assumptions and the payouts. During the past year the actual rate of return on the portfolio was 23.63% (17.88% higher than the 5.75% assumption). The higher than expected actual account balances resulted in an actuarial loss of approximately $19.1 million.

The Board opened the Tuition Track Portfolio Program in February 2021. A total of 2,496 new accounts were opened with total unit sales of 237,922. Each unit represents 1% of enrollment-weighted average annual tuition ("Average Tuition") at the Virginia public 4-year universities. The units were priced at $136.36 which was 1% of Average Tuition for the 2020-2021 academic year. Based on last year's valuation assumptions, the total liability for these new units was $2.5 million higher than the sales revenue. This reduced the reserve by $2.5 million.

The enrollment-weighted average university tuition and mandatory fee amount for the 2021-2022 school year increased by 2.3%, a smaller increase than the 4.0% rate assumed in the prior valuation. Enrollment-weighted tuition and mandatory fees at community colleges increased by about 0.2%, compared to the 2.0% increase assumed in the prior valuation. These differences from the assumptions resulted in an actuarial gain of $19.9 million.

The funds to cover the operating expenses for the Program were provided by the Operating Fund and not drawn for the Program's assets. In last year's valuation, we included $4.2 million in the total liability to provide for the year's expenses. The $4.2 million is an increase to the reserve.

The volatility and correlation assumptions for the investment returns and tuition increases were updated. This decreased the reserve by $0.4 million. The assumption for the reasonable rate was changed from 2.50% each year to a fixed 0.02% for the current fiscal year and 2.40% thereafter. This increased the reserve by $11.7 million.

The investment return assumption was changed from 5.75% per year to 5.50% per year. This change decreased the reserve by $18.5 million.

The tuition growth assumption for universities was changed from 4.0% for fall 2022 and 6.0% thereafter to 4.0% for fall 2022 and fall 2023 and then 6.0% thereafter. The tuition growth assumption for community colleges was changed from 4.0% for fall 2022 and 6.0% thereafter to 2.0% for fall 2022 and fall 2023 and then 6.0% thereafter. These changes increased the reserve by $11.4 million.

VA529 staff identified 2800 accounts that were in the process of being cancelled or would be cancelled within the next few months due to having reached the 10-year time limit. These accounts were valued at their Reasonable Rate account balance. This increased the reserve by $28.5 million.

We updated the methodology to reflect the enrollment bias toward more expensive Virginia public universities under the legacy Prepaid529 accounts. The previous methodology assumed that all future tuition payouts to Virginia public universities were 108% of enrollment-weighted average tuition. This amount was compared to the Reasonable Rate account balance each year for each account and the greater of these two amounts was used as the projected payout for valuation purposes. We now compare each of the Virginia public university projected tuition and fee amounts to the account's projected Reasonable Rate account balance and calculate a probability weighted payout based on the recent historical distribution of tuition redemptions at each of the schools. Based on this updated distribution of redemptions and current tuition amounts across the public universities, the average tuition payout before considering account balances is expected to be 109.4% of enrollment weighted average tuition. This methodology change reduced the reserve by $30.3 million.

VA529 staff performed an analysis this year to determine the expected costs, on a per contract basis for Prepaid529 and on a per account basis for TTP, of administering the contracts and accounts. The expected costs for the 2021-2022 year are $77.85 per contract for the Prepaid529 contracts and $20.76 per account for the TTP. These costs are expected to increase at 3.0% each year. In last year's valuation, we divided the administrative costs for the Prepaid529 contracts between a contract maintenance expense of $64.44 per contract and a distribution cost per contract in payment status of $28.53. The new single expense assumption per account replaces these two costs. The change in the expense assumption reduced the reserve by $0.2 million.

Other experience increased the reserve by about $33.6 million. This includes fewer accounts redeeming their units for tuition during the year than expected as well as rollover, cancellation, and forfeiture levels different than assumed in last year's valuation and other variations from the actuarial assumptions.

In summary, the effect of experience and assumption changes on the actuarial reserve/ (deficit) can be summarized as follows:

(Amounts in Millions)

Actuarial Reserve / (Deficit) as of June 30, 2020	$ 1,050.2
Interest on the reserve at 5.75%	60.4
Investment return during 2020-2021 higher than expected	471.6
Change to Reasonable Rate and Actual account balances	(19.1)
New TTP unit sales	(2.5)
Tuition increases for 2021-2022 lower than expected	19.9
Account maintenance expenses paid by Operating Fund	4.2
Change to investment and tuition volatility assumptions	(0.4)
Change to Reasonable Rate assumption	11.7
Change to investment return assumption	(18.5)
Change to tuition growth assumption	11.4
Change in methodology for accounts at 10-year limit	28.5
New methodology to reflect bias to more expensive schools	(30.3)
Change to account maintenance expense assumption	(0.2)
Other experience	33.6
Total changes to the Actuarial Reserve	$ 570.3
Actuarial Reserve / (Deficit) as of June 30, 2021	$ 1,620.5

Valuation Basis

The present values of the obligations shown above were based on assumptions which represent an estimate of anticipated experience under the Fund that are reasonably related to past educational cost and investment data. Differences between those projections and actual amounts will depend on the extent to which future experience conforms to the assumptions made for this analysis.

A prime source of variation will be normal fluctuations that occur in the rate of increase in tuition, investment returns, and expense inflation. One way of estimating the range of possible outcomes is to stochastically model the financial operation of the Program using “Monte Carlo” techniques. This approach involves preparing 1,000 projections of financial results under randomly derived scenarios of tuition growth, investment returns, and expense inflation. Each of these scenarios is based on statistical factors such as standard deviation and correlation that were established by reviewing historical results adjusted where appropriate to reflect current conditions. By tabulating the results under all of these projections we estimated the probability that current assets, along with the expected remaining legacy contract payments plus investment returns, will be sufficient to cover the obligations of the DB529 Program.

We have summarized in the table below the results of this process. It is important to understand that these results are only illustrative of the range of results that are possible and are dependent on the assumptions utilized. The assumptions are presented in Appendix C.

(Amounts in Millions)

Percentage of “Best Estimate” Reserve	Total Defined Benefit 529 Fund Value at June 30, 2021	Probability of Funds Exceeding Obligation
50%	$ 867.0	0%
75%	1,300.5	1%
90%	1,560.6	22%
100%	1,734.0	50%
110%	1,907.4	75%
125%	2,167.5	94%
150%	2,601.0	99%
193%	3,354.5	99%*

*actual Fund position.

The present value of obligations for future payments shown previously is the amount of assets necessary to have a 50% probability of meeting all program obligations, including administrative costs, associated with current accounts. The actual Defined Benefit 529 fund balance at June 30, 2021 of $3,354.5 million is 193.5% of the actuarially determined “Best Estimate” Reserve amount of $1,734.0 million. As indicated in the above table, this fund balance is estimated to have a 99% probability of being adequate to satisfy all of the Program’s obligations using current assumptions.

Cash Flow Projection

The table in Appendix E shows a cash flow projection based on a set of deterministic assumptions that produce the same Present Value of Obligations for Future Payments as the “best estimate” actuarial assumptions used in the Monte Carlo simulations. The deterministic cash flow projection assumes that University tuition increases 4.0% for fall 2022 and fall 2023 and 6.0% per year thereafter, Community College tuition increases 2.0% for fall 2022 and fall 2023 and 6.0% per year thereafter, and DB529 assets earn 5.22% each year. The starting Market Value of Invested Assets as of July 1, 2021 is $3,234.0 million. The projection assumes no additional units are sold. At the end of the 2046 Fiscal Year all tuition obligations associated with accounts and units already purchased are expected to have been paid resulting in a final cumulative reserve of $5,789.1 million. Since the actuarial assumptions are intended to represent “best estimates” of future expenses, there is a 50% chance that actual results will be better than this projection and a 50% chance that actual results will be worse.

Variability of Results

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: future experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and increases or decreases expected as part of the natural operation of the methodology used for these measurements. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

Data Reliance

In performing this analysis, we relied on data and other information (some oral and some in writing) provided by the staff of the Virginia College Savings Plan. This information includes, but is not limited to, contractual provisions, account holder data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

Actuarial Assumptions

All costs, liabilities, and other factors for the DB529 Program have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the Program and reasonable expectations). Further, the actuarial assumptions in the aggregate are reasonable and are related to the experience of the Program and to reasonable expectations. The following actuarial assumptions were set by the Virginia College Savings Plan:

1) the investment return assumption of 5.50% per year, and;
2) the tuition growth assumption for universities of 4.0% for fall of 2022 and fall 2023 and 6.0% per year thereafter and the tuition growth assumption for community colleges of 2.0% for fall of 2022 and fall 2023 and 6.0% per year thereafter.

Certification

Based on the foregoing assumptions, the Defined Benefit 529 Program has sufficient assets, including the value of future installment payments, to cover the actuarially estimated value of the tuition obligations under all accounts outstanding as of the valuation date (including any administrative costs associated with those accounts). This determination has been based on reasonable actuarial assumptions that represent the Virginia College Savings Plan's best estimate of anticipated experience under the DB529 Program taking into account past experience and future expectations.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices.

Third Party Distribution

This report was prepared exclusively for the Virginia College Savings Plan for a specific and limited purpose. It is a complex, technical analysis that assumes a high level of knowledge concerning the Virginia College Savings Plan's operations, and uses the Virginia College Savings Plan's data, which Milliman has not audited. It is not for the use or benefit of any third party for any purpose. Any third party recipient of Milliman's work product who desires professional guidance should not rely upon Milliman's work product, but should engage qualified professionals for advice appropriate to its own specific needs.

Qualifications

We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

We look forward to reviewing the results of our analyses with you at your earliest convenience.

Respectfully submitted,

Glenn D. Bowen, FSA, EA
Member American Academy of Actuaries

Alan H. Perry, FSA, CFA
Member American Academy of Actuaries

Jill M. Stanulis, EA
Member American Academy of Actuaries

AHP:JMS:GDB:VPP10 g:\corr\vpp\Prepaid529 2021 Valuation.docx

Defined Benefit 529 Program

I. Statement of Assets as of June 30, 2021

	Investments	Market Value
1)	Equities	$ 1,109,885,237
2)	Fixed Income including Accrued Interest	1,746,227,362
3)	Futures, REIT Fund, and Real Estate	287,253,305
4)	Cash & Cash Equivalents	102,211,305
5)	Pending Trades Receivable	16,389,438
6)	Accounts Receivable	1,487,140
7)	Other Receivables	9,894,051
8)	Accounts Payable	(4,554,913)
9)	Pending Trades Payable	(34,800,496)
	Total Market Value of Investments	$ 3,233,992,430
	Present Value of Installment Contract Receivables	120,497,881
	Value of Total Fund Assets	$ 3,354,490,311

II. Reconciliation of Investments

1)	Market Value of Investments at June 30, 2020	$ 2,716,955,472
2)	Tuition Units Purchased	72,100,382
3)	Interest and Dividends	301,157,142
4)	Change in Fair Value of Investments	339,207,113
5)	Tuition Benefits Paid	(142,271,450)
6)	Refunds Paid	(12,287,258)
7)	Net Rollovers	(24,487,996)
8)	Investment Management Fees	(16,372,131)
9)	Net Effect of Changes in Accruals	(8,845)
10)	Market Value of Investments at June 30, 2021	$ 3,233,992,430

Time-weighted rate of return	23.63%
Dollar-weighted rate of return	23.54%

Legacy Prepaid529

Contract Data as of June 30, 2021 – Contracts Purchasing Tier I Units Only - Number of Contracts

Matriculation Year	Total Years of Community College Purchased / Total Years of University Purchased										Total by Payout Year	Percent of Total
	0 0.5	0 1	0 1.5	0 2	0 2.5	0 3	0 3.5	0 4	0 4.5	0 5		
2000-2001	0	0	0	2	0	0	0	16	0	1	19	0.0%
2001-2002	0	3	0	2	0	0	0	27	0	0	32	0.1%
2002-2003	0	8	0	2	0	0	0	37	0	5	52	0.1%
2003-2004	0	2	0	7	0	1	0	47	0	1	58	0.1%
2004-2005	0	6	0	7	0	1	0	69	0	4	87	0.2%
2005-2006	0	12	0	14	0	1	0	119	0	5	151	0.3%
2006-2007	0	11	0	24	0	11	0	131	0	13	190	0.4%
2007-2008	0	23	0	28	0	4	0	150	0	16	221	0.4%
2008-2009	0	22	0	30	0	9	0	224	0	24	309	0.6%
2009-2010	0	28	0	22	0	11	0	284	0	23	368	0.7%
2010-2011	0	36	0	51	0	14	0	322	0	36	459	0.9%
2011-2012	0	33	0	45	0	15	0	383	0	37	513	1.0%
2012-2013	0	62	1	70	0	21	0	458	0	55	667	1.3%
2013-2014	0	61	0	77	0	22	1	564	0	56	781	1.6%
2014-2015	0	75	0	78	0	22	0	619	0	60	854	1.7%
2015-2016	1	80	0	97	2	23	2	677	0	70	952	1.9%
2016-2017	3	95	3	126	0	41	1	808	0	74	1,151	2.3%
2017-2018	7	127	3	171	2	55	5	1,077	1	114	1,562	3.1%
2018-2019	28	238	11	288	3	76	3	2,299	1	152	3,099	6.2%
2019-2020	76	320	18	354	8	120	3	2,207	1	125	3,232	6.5%
2020-2021	146	448	32	504	17	123	8	1,949	0	109	3,336	6.7%
2021-2022	293	724	60	577	31	166	9	2,066	2	135	4,063	8.2%
2022-2023	431	714	65	663	32	148	7	1,587	2	58	3,707	7.5%
2023-2024	453	737	59	518	25	125	11	1,458	2	64	3,452	6.9%
2024-2025	443	619	68	480	20	114	3	1,210	4	75	3,036	6.1%
2025-2026	481	610	48	464	25	77	11	1,021	1	62	2,800	5.6%
2026-2027	452	526	52	349	15	75	5	808	3	42	2,327	4.7%
2027-2028	420	486	50	371	15	74	7	740	3	40	2,206	4.4%
2028-2029	400	407	53	301	19	56	8	620	1	30	1,895	3.8%
2029-2030	422	363	44	246	7	34	3	505	1	28	1,653	3.3%
2030-2031	387	290	42	230	13	45	3	355	1	17	1,383	2.8%
2031-2032	414	283	31	159	12	24	4	309	2	14	1,252	2.5%
2032-2033	348	212	27	151	6	27	7	242	1	21	1,042	2.1%
2033-2034	275	181	28	112	10	20	3	181	1	13	824	1.7%
2034-2035	234	155	19	114	8	18	2	159	0	9	718	1.4%
2035-2036	186	142	20	105	12	28	5	150	1	11	660	1.3%
2036-2037	79	83	10	56	1	14	2	109	0	11	365	0.7%
2037-2038	31	34	4	46	2	6	0	41	0	7	171	0.3%
2038-2039	0	5	0	1	0	0	0	11	0	1	18	0.0%
2039-2040	0	0	0	1	0	0	0	7	0	0	8	0.0%
Total	6,010	8,261	748	6,943	285	1,621	113	24,046	28	1,618	49,673	
Percent of Total	12.1%	16.6%	1.5%	14.0%	0.6%	3.3%	0.2%	48.4%	0.1%	3.3%		

Legacy Prepaid529

Contract Data as of June 30, 2021 – Contracts Purchasing Tier II Units Only - Number of Contracts

Matriculation Year	Total Years of Community College Purchased / Total Years of University Purchased														Total by Payout Year	Percent of Total
	0.5	1	1.5	2	2.5	3	3.5	4	4.5	5	5.5	6	8	10		
	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
2000-2001	0	1	0	4	0	0	0	0	0	0	0	0	0	0	5	0.2%
2001-2002	0	0	0	13	0	0	0	0	0	0	0	0	0	0	13	0.6%
2002-2003	0	2	0	7	0	0	0	0	0	0	0	0	0	0	9	0.4%
2003-2004	0	1	0	4	0	1	0	0	0	0	0	0	0	0	6	0.3%
2004-2005	0	2	0	15	0	0	0	0	0	0	0	0	0	0	17	0.8%
2005-2006	0	1	0	19	0	1	0	0	0	0	0	0	0	0	21	1.0%
2006-2007	0	1	0	17	0	1	0	0	0	0	0	0	0	0	19	0.9%
2007-2008	0	2	0	26	0	2	0	0	0	0	0	0	0	0	30	1.5%
2008-2009	0	1	0	24	0	1	0	0	0	0	0	0	0	0	26	1.3%
2009-2010	0	2	0	31	0	5	0	0	0	0	0	0	0	0	38	1.9%
2010-2011	0	11	0	34	0	1	0	0	0	0	0	0	0	0	46	2.3%
2011-2012	0	4	0	39	0	7	0	0	0	0	0	0	0	0	50	2.4%
2012-2013	1	8	0	38	0	6	0	0	0	0	0	0	0	0	53	2.6%
2013-2014	0	7	0	37	0	2	0	0	0	0	0	0	0	0	46	2.3%
2014-2015	0	16	0	51	0	7	0	0	0	0	0	0	0	0	74	3.6%
2015-2016	0	13	0	61	0	2	0	0	0	0	0	0	0	0	76	3.7%
2016-2017	0	13	0	44	0	0	0	0	0	0	0	0	0	0	57	2.8%
2017-2018	2	16	0	52	0	7	0	0	0	0	0	0	0	0	77	3.8%
2018-2019	4	12	0	59	2	7	0	0	0	0	0	0	0	1	85	4.2%
2019-2020	5	20	0	70	0	15	0	2	0	0	0	0	0	2	114	5.6%
2020-2021	6	29	0	90	1	10	0	0	0	0	0	0	0	0	136	6.7%
2021-2022	5	39	1	82	1	9	0	0	0	0	0	0	0	0	137	6.7%
2022-2023	11	37	0	78	1	1	0	1	0	0	0	0	0	0	129	6.3%
2023-2024	8	39	1	72	2	7	0	2	0	0	0	0	0	1	132	6.5%
2024-2025	9	39	1	54	1	4	0	1	0	0	0	0	0	0	109	5.3%
2025-2026	10	27	1	38	0	2	0	1	0	1	0	0	0	2	82	4.0%
2026-2027	8	12	0	41	0	8	0	1	1	0	0	0	0	0	71	3.5%
2027-2028	10	18	0	33	0	3	0	0	0	2	0	0	0	1	67	3.3%
2028-2029	11	19	1	37	1	2	0	1	0	0	0	0	0	0	72	3.5%
2029-2030	10	11	0	39	0	3	0	1	1	0	0	0	0	0	65	3.2%
2030-2031	20	11	0	20	1	2	1	3	0	0	0	0	0	1	59	2.9%
2031-2032	18	7	2	15	0	1	0	0	0	0	0	0	0	0	43	2.1%
2032-2033	12	10	0	14	0	2	0	0	0	0	0	0	0	0	38	1.9%
2033-2034	11	4	1	7	0	1	0	3	0	0	0	0	0	0	27	1.3%
2034-2035	4	4	0	4	0	0	0	0	0	0	0	0	0	0	12	0.6%
2035-2036	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0.0%
2036-2037	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0.0%
2037-2038	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2038-2039	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2039-2040	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0.0%
Total	165	439	8	1,272	10	120	1	16	2	3	0	0	0	8	2,044	
Percent of Total	8.1%	21.5%	0.4%	62.2%	0.5%	5.9%	0.0%	0.8%	0.1%	0.1%	0.0%	0.0%	0.0%	0.4%		

Legacy Prepaid529

Contract Data as of June 30, 2021 – Contracts Purchasing Tier I and Tier II Units - Number of Contracts

	Total Years of Community College Purchased / Total Years of University Purchased																																		
Matriculation	0.5	0.5	0.5	0.5	0.5	0.5	1	1	1	1	1	1	1	1	1.5	1.5	1.5	1.5	1.5	1.5	2	2	2	2	2	2	2	2.5	2.5	3	3	3	3	**Total by Payout**	**Percent of**
Year	0.5	1	1.5	2	2.5	3.5	0.5	1	1.5	2	2.5	3	4	5	0.5	1	1.5	2	2.5	3	0.5	1	1.5	2	3	4	5	1.5	2.5	1	2	3	5	**Year**	**Total**
2000-2001	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0.1%
2001-2002	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0.1%
2002-2003	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	1	0	0	0	0	0	0	0	0	0	2	0.1%
2003-2004	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	1	0	0	0	0	0	0	0	0	5	0.3%
2004-2005	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	0	0	0	0	0	0	0	0	0	3	0.2%
2005-2006	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6	0	0	0	0	0	0	0	0	1	7	0.4%
2006-2007	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	10	0	0	0	0	0	0	0	0	0	12	0.7%
2007-2008	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8	1	0	0	0	0	0	0	0	0	10	0.6%
2008-2009	0	0	0	0	0	0	0	2	0	1	0	1	0	0	0	0	0	0	0	0	0	3	0	16	0	0	0	0	0	1	0	0	1	25	1.4%
2009-2010	0	0	0	0	0	0	0	2	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	25	1	0	0	0	0	0	0	0	1	30	1.7%
2010-2011	0	0	0	0	0	0	0	2	0	0	0	3	0	0	0	0	0	0	0	0	0	1	0	27	1	0	1	0	0	0	0	0	1	36	2.0%
2011-2012	0	0	0	0	0	0	0	2	0	2	0	2	0	0	0	0	0	0	0	0	0	1	0	27	0	1	0	0	0	0	0	0	1	36	2.0%
2012-2013	0	0	0	0	0	0	0	4	0	3	0	4	1	0	0	0	0	0	0	0	0	1	0	32	0	0	0	0	0	0	0	0	0	45	2.5%
2013-2014	0	0	0	0	0	0	0	3	0	1	0	3	1	0	0	0	0	0	0	0	0	1	1	48	2	1	1	0	0	0	0	1	1	64	3.6%
2014-2015	0	0	0	0	0	0	0	1	0	1	0	7	0	1	0	0	0	0	0	0	0	3	0	66	1	0	0	0	0	0	0	0	0	80	4.5%
2015-2016	0	0	0	0	0	0	1	4	0	0	0	4	0	0	0	0	0	0	0	0	0	2	0	45	1	2	0	0	0	1	0	1	0	61	3.4%
2016-2017	0	0	0	0	0	0	1	3	0	5	0	4	1	1	0	0	0	0	0	0	0	4	0	52	0	2	0	0	0	1	0	0	3	77	4.4%
2017-2018	0	0	1	1	0	0	1	9	0	3	0	3	0	0	0	1	0	0	0	1	0	7	0	79	3	0	0	0	0	1	0	0	2	112	6.3%
2018-2019	0	0	0	0	0	0	0	6	0	2	0	5	2	0	0	0	0	0	0	0	0	2	1	97	2	0	0	0	0	1	0	1	1	120	6.8%
2019-2020	1	0	2	0	0	0	0	16	0	3	0	10	0	1	0	0	0	0	0	0	0	7	1	116	3	0	0	0	0	0	0	0	1	161	9.1%
2020-2021	1	0	2	0	0	1	0	10	0	5	0	5	1	0	0	0	1	0	0	0	0	14	0	100	3	0	0	0	0	1	0	0	0	144	8.1%
2021-2022	1	1	0	0	1	0	0	9	0	2	2	6	2	0	0	0	0	0	0	0	0	6	0	94	1	0	1	0	0	2	0	1	3	132	7.5%
2022-2023	2	1	0	0	0	0	1	6	1	3	1	5	1	1	0	0	0	0	0	0	0	7	1	67	4	0	0	0	1	2	1	0	0	105	5.9%
2023-2024	2	0	0	0	0	0	1	3	0	4	0	9	1	0	0	1	0	0	1	0	2	9	0	71	3	1	0	0	0	0	0	0	2	110	6.2%
2024-2025	0	0	0	0	0	0	1	1	1	2	0	5	0	1	0	0	0	1	0	0	0	7	0	60	0	0	1	0	0	0	0	0	0	80	4.5%
2025-2026	1	0	0	0	0	1	1	2	2	6	0	2	1	0	0	0	0	0	0	0	0	4	0	44	4	0	0	0	1	0	0	0	2	71	4.0%
2026-2027	1	0	1	0	0	0	1	3	0	2	0	4	2	0	0	0	0	0	0	0	0	5	0	25	0	0	0	0	0	0	0	0	1	45	2.5%
2027-2028	2	1	0	0	0	0	1	4	0	2	0	2	1	0	0	0	0	0	0	0	0	4	0	29	1	0	0	0	0	0	1	0	0	48	2.7%
2028-2029	8	0	0	0	0	0	0	4	0	3	0	3	1	0	0	0	0	0	0	0	0	4	0	19	0	0	0	1	0	0	0	0	0	43	2.4%
2029-2030	1	1	0	0	0	0	1	3	0	1	0	1	0	0	0	0	0	0	0	0	0	1	0	18	0	0	0	0	0	0	0	0	0	27	1.5%
2030-2031	0	0	1	0	0	0	0	2	0	2	0	1	0	0	0	0	0	0	0	0	0	3	0	12	0	1	0	0	0	0	0	0	0	22	1.2%
2031-2032	3	0	0	1	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9	0	0	0	0	0	0	0	0	0	15	0.8%
2032-2033	3	0	0	1	0	0	0	1	1	1	0	1	0	0	0	0	0	0	0	0	0	1	0	7	0	1	0	0	0	0	0	0	0	17	1.0%
2033-2034	4	0	2	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	1	0	7	0	0	0	0	0	0	0	0	0	16	0.9%
2034-2035	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0	0	0	0	0	0	0	0	2	0.1%
2035-2036	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0.1%
2036-2037	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0.1%
2037-2038	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	1	0	0	0	0	0	0	0	0	0	2	0.1%
2038-2039	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2039-2040	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
Total	30	4	9	3	1	2	12	105	5	54	3	91	15	5	1	2	1	1	1	1	3	102	4	1,229	32	9	4	1	2	10	2	4	21	1,769	
Percent of Total	1.7%	0.2%	0.5%	0.2%	0.1%	0.1%	0.7%	5.9%	0.3%	3.1%	0.2%	5.1%	0.8%	0.3%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	5.8%	0.2%	69.5%	1.8%	0.5%	0.2%	0.1%	0.1%	0.6%	0.1%	0.2%	1.2%		

Tuition Track Portfolio

Participant Data as of June 30, 2021

Projected Enrollment Year	Number of Accounts	Total Number of Units	Average Number of Units
2021-2022	38	4,544	120
2022-2023	57	6,478	114
2023-2024	62	8,880	143
2024-2025	132	19,744	150
2025-2026	145	17,718	122
2026-2027	169	20,356	120
2027-2028	161	21,767	135
2028-2029	150	17,137	114
2029-2030	169	20,897	124
2030-2031	139	10,155	73
2031-2032	164	17,378	106
2032-2033	136	10,981	81
2033-2034	149	11,332	76
2034-2035	182	10,905	60
2035-2036	103	9,037	88
2036-2037	121	6,732	56
2037-2038	126	9,229	73
2038-2039	169	10,757	64
2039-2040	124	3,895	31
Total	2,496	237,922	95

Defined Benefit 529

Summary of Actuarial Assumptions

Investment / Economic Assumptions for Stochastic Simulation Model:

The standard deviation and correlation assumptions are based on actual historical returns and tuition growth. Expected return and risk assumptions are based on Milliman's capital market assumptions, but are adjusted so that the expected annualized return on the portfolio is 5.50%, which is the assumption set by the Board.

	Inflation	Reasonable Rate	Equity	Fixed Income	Alternative Investments	University Tuition	Community College Tuition
Expected Arithmetic Mean Annual Return	2.30%	2.40%	8.15%	4.00%	8.05%	6.06%	6.11%
Standard Deviation	1.60%	1.25%	19.85%	5.35%	18.30%	4.15%	6.65%
Correlation:							
Inflation	1.00	0.55	0.48	0.27	0.38	0.15	0.00
Reasonable Rate		1.00	0.04	0.28	0.02	-0.11	-0.13
Equity			1.00	0.41	0.80	0.01	-0.11
Fixed Income				1.00	0.39	0.40	0.10
Alternative Investments					1.00	-0.06	-0.23
University Tuition						1.00	0.62
CC Tuition							1.00

Based on the economic assumptions above, the expected long-term annualized compound rate of return on investments is 5.50%. The expected annualized compound rate of tuition growth for universities is 4.00% for the next two years and then 6.00% thereafter. The expected annualized compound rate of tuition growth for community colleges is 2.00% for the next two years and then 6.00% thereafter. The Reasonable Rate was fixed at 0.02% for the first year with a mean yield of 2.40% thereafter.

Matriculation and Bias:

Starting in the year of matriculation, it is assumed that 76% of beneficiaries will attend a public university in Virginia, 7.6% will attend a private university in Virginia, 11.4% will attend a university in another state, and 5.0% will request a cancellation, transfer, or rollover to a savings plan. For legacy Prepaid529 contracts, Average Tuition (enrollment-weighted) for four-year public universities in Virginia was adjusted with a 9.4% load to add a bias for matriculation at more expensive schools. Weighted average tuition for two-year community colleges in Virginia was adjusted with a 1.0% load to add a bias for matriculation at more expensive schools. The highest tuition for a public university in Virginia was assumed to be 171% of weighted average tuition ($23,812/$13,949) as shown in Appendix D). Out-of-state students and contracts requesting a rollover are assumed to receive a benefit equal to the payments made on the contract plus interest at the composite reasonable rate of return. All TTP accounts are assumed to receive weighted average tuition for units redeemed after reaching their expected enrollment year.

Defined Benefit 529

Summary of Actuarial Assumptions
(continued)

Combination Contracts:

For combination contracts a portion of the remaining university and community college years are assumed to be paid each year. For combination contracts currently in payout with only university years or community college years remaining, the applicable remaining years are assumed to be paid.

Utilization:

It is assumed that participants will begin utilizing their accounts at the following rates, and then redeem up to two semesters of tuition per year until the account is depleted:

	Number of Semesters of Tuition Purchased*						
Years since Matriculation Year	1 - 2	3 - 4	5 - 6	7 - 8	9 - 10	11-12	13+
0	50%	60%	60%	80%	85%	85%	100%
1	15%	10%	20%	10%	8%	15%	
2	10%	15%	10%	5%	7%		
3	10%	5%	5%	5%			
4	5%	5%	5%				
5	5%	5%					
6	5%						

* For utilization, we assume that TTP accounts with fewer than 5 semesters of units will eventually purchase 5 units.

Forfeiture: It is assumed that contracts and accounts will be forfeited prior to the year of matriculation at a rate of 0.5% per year.

Expenses: The expenses included in the present value of future obligations are those relating to:

Annual Maintenance Expense per Legacy Prepaid529 Contract = $77.85
Annual Maintenance Expense per TTP Account = $20.76

The expense assumptions were developed from a cost analysis performed in 2021 by Virginia College Savings Plan staff. These expenses are assumed to increase annually at the rate of inflation plus 0.70%.

Summary of Actuarial Assumptions
(continued)

Legacy Prepaid529 contracts behind in their monthly payments: The monthly scheduled payment amount is increased by an amount that allows for the full payment under the contract by June of the year of expected matriculation.

There were 2,800 accounts that were in the process of being cancelled or would be cancelled within the next few months due to having reached the 10-year time limit. We assumed these accounts would be paid their Reasonable Rate account balance during the 2021-2022 fiscal year.

Rationale for Assumptions:

All of the actuarial assumptions with the exception of the investment return, the tuition growth rate, the reasonable rate, and the bias were based on the results of an experience study performed in 2014 (see the Experience Study report dated September 22, 2014).

The reasonable rate assumption was based on the current money market yield used to set the rate and forecasts of future short-term interest rates from a survey of economists published in the *June 2021 Blue Chip Financial Forecasts.*

The investment return assumption is set by the Board based on recommendations from Virginia529's investment consultant.

The tuition growth assumptions are also set by the Board. Milliman assisted Virginia529 staff in 2015 with a historical analysis of long-term tuition growth at public colleges in Virginia.

The bias assumption for Virginia public universities was increase from 8.0% to 9.4% based on the distribution of unit redemptions at the universities over the past 5 years and the relative tuition and fee amounts at these schools in 2021-2022.

Defined Benefit 529

Derivation of Average Tuition at Four Year Universities
Based on Fall 2020 Full-Time Equivalent Enrollment

School	Tuition and Fees 2021-2022	Fall 2020 FTE for In-State Undergraduates	Percent Distribution
Christopher Newport	$14,924	4,403	3.38%
George Mason	13,119	20,119	15.44%
James Madison	12,638	14,584	11.19%
Longwood	14,090	3,221	2.47%
Mary Washington	13,830	3,351	2.57%
Norfolk State	9,622	3,446	2.64%
Old Dominion	11,160	14,481	11.11%
Radford	11,542	6,426	4.93%
University of Virginia (2021, 2020, 2018)*	17,418	8,608	6.61%
University of Virginia (2019)	20,118	2,869	2.20%
UVA - Wise	11,161	1,208	0.93%
Virginia Commonwealth	15,028	18,114	13.90%
Virginia Military Institute	19,670	1,189	0.91%
Virginia Tech	14,175	21,669	16.63%
Virginia State	9,154	2,612	2.00%
William & Mary	23,812	3,985	3.06%
Total		130,285	100.00%
Average Tuition**	**$13,949**		

*Assumes that 2018, 2020, and 2021 students are 75% of total FTE for University of Virginia.

** The Average Tuition for purposes of determining the 2021-2022 TTP unit value was $13,884. This was based on preliminary data from SCHEV. Updates made to the tuition and fee rates after the June 15 TTP deadline are reflected in the Average Tuition amount of $13,949 shown in the table above and this amount was used as the basis for the actuarial valuation.

Defined Benefit 529

Derivation of Enrollment-Weighted Average Tuition and Mandatory Fees at Community Colleges Based on Fall 2020 Full-Time Equivalent Enrollment

School	Tuition and Fees 2021-2022	Fall 2020 FTE for In-State Undergraduates	Percent Distribution
Blue Ridge	$5,722	1,918	2.36%
Central Virginia	5,160	1,910	2.35%
Dabney S. Lancaster	5,040	621	0.76%
Danville	5,024	1,441	1.77%
Eastern Shore	5,120	384	0.47%
Germanna	5,240	4,064	4.99%
J Sargeant Reynolds	5,331	4,312	5.30%
John Tyler	5,120	4,582	5.63%
Lord Fairfax	5,051	3,590	4.41%
Mountain Empire	5,024	1,417	1.74%
New River	5,010	2,487	3.06%
Northern Virginia	5,936	25,908	31.83%
Patrick Henry	5,035	1,421	1.75%
Paul D. Camp	4,928	640	0.79%
Piedmont Virginia	5,109	2,516	3.09%
Rappahannock	5,151	1,470	1.81%
Richard Bland	8,704	1,070	1.31%
Southside Virginia	5,008	1,886	2.32%
Southwest Virginia	5,016	1,469	1.80%
Thomas Nelson	5,126	3,409	4.19%
Tidewater	5,931	9,096	11.17%
Virginia Highlands	5,024	1,298	1.59%
Virginia Western	5,443	3,178	3.90%
Wytheville	5,040	1,316	1.62%
Total		81,403	100.00%
Weighted Average Tuition and Fees	**$5,542**		

Defined Benefit 529

History of Average Tuition
at Four Year Universities and Community Colleges in Virginia

Academic Year	University Tuition and Fees	% Increase	Community College Tuition and Fees	% Increase
1988-1989	$2,377		$778	
1989-1990	2,544	7.0%	798	2.5%
1990-1991	2,702	6.2%	894	12.0%
1991-1992	2,985	10.5%	1,050	17.4%
1992-1993	3,357	12.5%	1,230	17.1%
1993-1994	3,659	9.0%	1,320	7.3%
1994-1995	3,789	3.6%	1,359	3.0%
1995-1996	3,949	4.2%	1,445	6.3%
1996-1997	4,002	1.3%	1,445	0.0%
1997-1998	4,095	2.3%	1,445	0.0%
1998-1999	4,217	3.0%	1,445	0.0%
1999-2000	3,721	(11.8%)	1,159	(19.8%)
2000-2001	3,793	1.9%	1,159	0.0%
2001-2002	3,843	1.3%	1,159	0.0%
2002-2003	4,122	7.3%	1,671	44.3%
2003-2004	5,033	22.1%	1,882	12.6%
2004-2005	5,559	10.5%	2,006	6.5%
2005-2006	5,990	7.8%	2,135	6.4%
2006-2007	6,529	9.0%	2,269	6.3%
2007-2008	6,966	6.7%	2,404	5.9%
2008-2009	7,562	8.6%	2,584	7.5%
2009-2010	7,912	4.6%	2,781	7.6%
2010-2011	8,803	11.3%	3,285	18.1%
2011-2012	9,507	8.0%	4,179*	27.2%*
2012-2013	9,856	3.7%	4,426	5.9%
2013-2014	10,225	3.7%	4,619	4.4%
2014-2015	10,797	5.6%	4,835	4.7%
2015-2016	11,409	5.7%	5,101	5.5%
2016-2017	11,961	4.8%	5,263	3.2%
2017-2018	12,494	4.5%	5,439	3.3%
2018-2019	13,210	5.7%	5,569	2.4%
2019-2020	13,395	1.4%	5,572	0.1%
2020-2021	13,636	1.8%	5,531	(0.7%)
2021-2022**	13,949	2.3%	5,542	0.2%

* Starting with the 2011-2012 year, Community College Tuition and Fees is measured as an enrollment-weighted average. Prior to that, a non-enrollment-weighted average was used. Enrollment numbers taken from SCHEV's website.

** The Average Tuition for purposes of determining the 2021-2022 TTP unit value was $13,884.

Compounded Increase in Average Tuition

Over last 5 years:	3.1%	1.0%
Over last 10 years:	3.9%	2.9%
Over last 15 years	5.2%	6.1%
Over last 20 years:	6.7%	8.1%
Over last 25 years:	5.1%	5.5%
Over last 30 years:	5.3%	5.7%

Defined Benefit 529

Cash Flow Projection
(amounts in millions)

Fiscal Year	Beginning Balance	Installment Payments*	Benefit Payments	Expenses	Investment Income	Ending Balance
2022	$3,234.0	$28.8	$287.7	$4.1	$158.5	$3,129.5
2023	3,129.5	24.3	222.1	3.7	155.4	3,083.4
2024	3,083.4	19.8	207.2	3.3	153.4	3,046.1
2025	3,046.1	16.1	200.8	3.0	151.7	3,010.1
2026	3,010.1	13.2	170.9	2.4	150.9	3,000.9
2027	3,000.9	10.8	159.5	2.1	150.8	3,000.9
2028	3,000.9	8.7	149.0	1.8	151.2	3,010.0
2029	3,010.0	6.7	133.4	1.6	152.3	3,034.0
2030	3,034.0	5.2	120.6	1.3	153.8	3,071.1
2031	3,071.1	4.1	107.7	1.1	156.4	3,122.8
2032	3,122.8	3.1	95.1	0.9	159.5	3,189.4
2033	3,189.4	2.3	82.2	0.8	163.6	3,272.3
2034	3,272.3	1.6	70.0	0.6	168.2	3,371.5
2035	3,371.5	1.0	60.7	0.5	173.8	3,485.1
2036	3,485.1	0.5	54.1	0.4	180.1	3,611.2
2037	3,611.2	0.1	45.3	0.3	186.9	3,752.6
2038	3,752.6	0.0	36.2	0.2	194.7	3,910.9
2039	3,910.9	0.0	26.6	0.1	203.3	4,087.5
2040	4,087.5	0.0	17.3	0.1	212.9	4,283.0
2041	4,283.0	0.0	10.1	0.0	223.4	4,496.3
2042	4,496.3	0.0	5.1	0.0	234.7	4,725.9
2043	4,725.9	0.0	2.5	0.0	246.8	4,970.2
2044	4,970.2	0.0	1.0	0.0	259.6	5,228.8
2045	5,228.8	0.0	0.3	0.0	273.2	5,501.7
2046	5,501.7	0.0	0.0	0.0	287.4	5,789.1

* Future installment payments for legacy contracts as of June 30, 2021.

Legacy Prepaid529

Prepaid Tuition Benefits

For beneficiaries attending a Virginia public college, university, or community college, Prepaid529 will pay the full amount of in-state undergraduate tuition and all mandatory fees for a normal full-time course load for a general course of study on a semester-by-semester basis for the type of school and number of years purchased. Prepaid529 payments to in-state public schools will not exceed the actual cost of the in-state undergraduate tuition and mandatory fees. In 2019, the Virginia General Assembly passed legislation that included provisions for Prepaid529 contracts entered into prior to July 1, 2019. These provisions allow for payment of the "Minimum Benefit" (contract payments, accumulated at the reasonable rate of return), on a semester by semester basis, directly from Prepaid529 to qualified higher education institutions when it exceeds the normal payout from the program. The contract-holder also has the option to transfer the total amount of all payments, accumulated at the reasonable rate of return, to a Virginia529 savings program, and request a withdrawal from the respective program to pay for qualified higher education expenses.

For beneficiaries attending a Virginia independent (private) college or university, Prepaid529 will pay to the Virginia private school, including certain private career schools, the lesser of 1) the payments made on the contract plus the actual rate of return earned on the Fund or 2) the highest in-state undergraduate tuition and mandatory fees at a Virginia public school in the same academic year the benefits are used. All payments will be made directly to the school on a semester-by-semester basis following the school's add-drop period. The student or his or her family is responsible for any additional expenses not covered by Prepaid529. The contract-holder has the option to transfer the total amount of all payments, accumulated at the reasonable rate of return, to a Virginia529 savings program and request a withdrawal from the respective program to pay for qualified higher education expenses.

For beneficiaries attending an out-of-state public or private college or university, Prepaid529 will pay the lesser of 1) the payments made on the contract plus interest at the composite reasonable rate of return or 2) the average in-state undergraduate tuition and mandatory fees at Virginia public schools for the same academic year the benefits are used. Payments will be made on a semester-by-semester basis from Prepaid529. The student or his or her family is responsible for any additional expenses not covered by Prepaid529. The contract-holder has the option to transfer the total amount of all payments, accumulated at the reasonable rate of return, to a Virginia529 savings program and request a withdrawal from the respective program to pay for qualified higher education expenses.

The reasonable rate of return tracks the quarterly performance of the Institutional Money Funds Index as reported in the Money Fund Monitor by iMoneyNet.

Attachment C

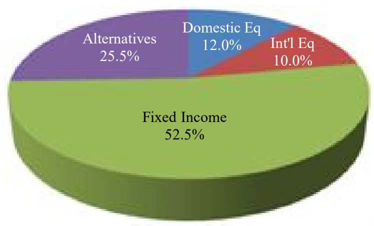
Asset Allocation and Performance

Defined Benefit 529 Program

June 30, 2021

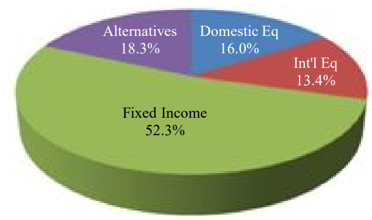
Defined Benefit 529 Programs
Asset Allocation Report (Target vs. Actual)
as of June 30, 2021

Target Allocation

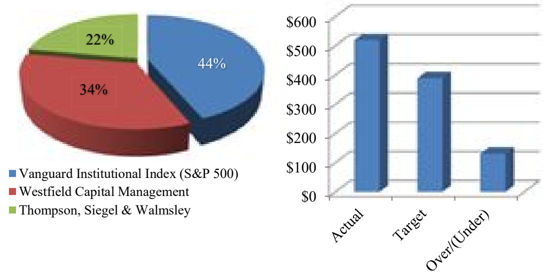


Asset Class	Over/(Under) Target	
	Dollars	% of Total Fund
Equity	241,773,328	7.5%
Fixed Income	(7,911,877)	-0.2%
Alternatives	(233,861,451)	-7.2%

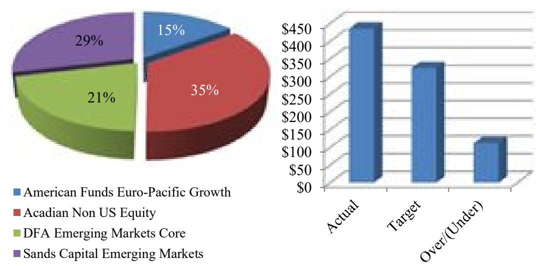
Actual



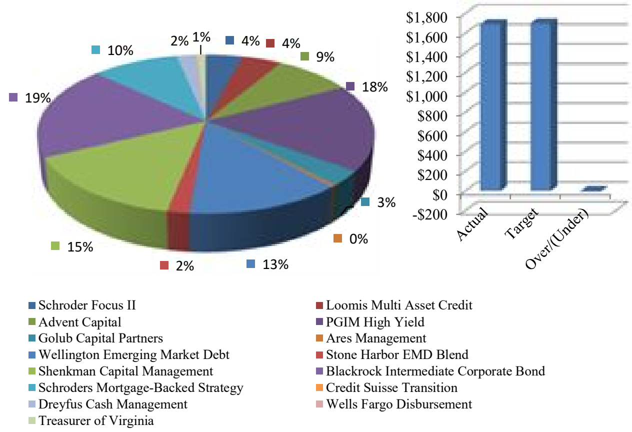
Domestic Equity



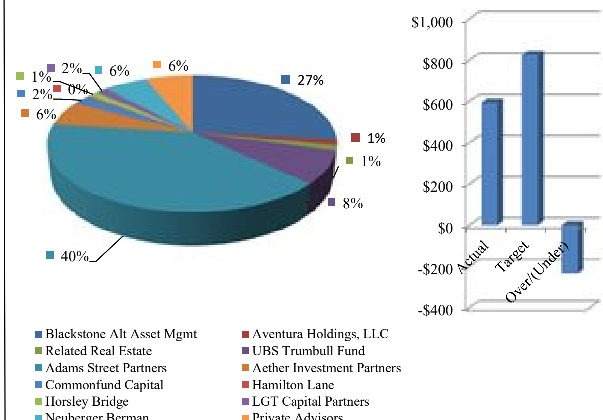
International Equity



Fixed Income



Alternatives



Virginia529

Defined Benefit 529 Programs

Investment Performance Summary Results

as of June 30, 2021

Net of Fees

	Current Market Value	Current Allocation	Since Inception	10 Years	5 Years	3 Years	1 Year	Calendar YTD	3 Month	1 Month	Inception Date
Total Fund	**$3,216,373,537**	**100.0%**	**6.66%**	**6.64%**	**8.95%**	**9.65%**	**23.63%**	**7.85%**	**5.04%**	**1.97%**	***Oct-97***
Total Fund Benchmark [1]			*6.18%*	*7.06%*	*9.58%*	*10.42%*	*23.34%*	*7.15%*	*4.06%*	*1.08%*	*Oct-97*
Total Equity	**$953,949,759**	**29.7%**	**8.01%**	**9.64%**	**14.70%**	**14.89%**	**46.50%**	**12.15%**	**7.24%**	**1.32%**	***Oct-97***
Total Equity Benchmark [2]			*6.85%*	*10.05%*	*15.10%*	*14.63%*	*41.12%*	*12.07%*	*6.90%*	*1.14%*	*Oct-97*
Total Domestic Equity	**$518,922,564**	**16.1%**	**8.96%**	**12.45%**	**15.84%**	**15.35%**	**46.84%**	**14.00%**	**6.98%**	**1.43%**	***Oct-97***
Domestic Equity Benchmark [3]			*8.72%*	*14.70%*	*17.89%*	*18.73%*	*44.16%*	*15.11%*	*8.24%*	*2.47%*	*Oct-97*
Vanguard Institutional Index	$226,469,431	7.0%	6.93%	14.81%	17.63%	18.67%	40.79%	15.25%	8.54%	2.33%	*Jan-00*
S&P 500 Index (Total Return)			*7.16%*	*14.84%*	*17.65%*	*18.67%*	*40.79%*	*15.25%*	*8.55%*	*2.33%*	*Jan-00*
Westfield Capital Management	$177,296,178	5.5%	13.15%	13.80%	20.79%	18.49%	46.68%	10.29%	6.12%	2.53%	*Oct-03*
Russell 2500 Growth			*12.45%*	*14.83%*	*20.68%*	*20.15%*	*49.63%*	*8.67%*	*6.04%*	*5.37%*	*Oct-03*
Thompson, Siegel and Walmsley	$115,156,955	3.6%	10.27%	10.57%	9.08%	7.96%	59.47%	17.84%	4.61%	-1.89%	*Oct-03*
TSW Custom Benchmark [A]			*9.80%*	*10.93%*	*12.29%*	*10.60%*	*63.23%*	*22.68%*	*5.00%*	*-1.32%*	*Oct-03*
Total International Equity	**$435,027,195**	**13.5%**	**7.13%**	**6.97%**	**13.60%**	**14.45%**	**45.94%**	**9.92%**	**7.54%**	**1.19%**	***Oct-97***
International Equity Benchmark [4]			*5.81%*	*5.81%*	*12.15%*	*10.34%*	*37.35%*	*8.43%*	*5.26%*	*-0.45%*	*Oct-97*
Developed Markets Equity (EAFE)	**$218,962,465**	**6.8%**	**6.83%**	**6.77%**	**12.42%**	**11.05%**	**40.09%**	**11.22%**	**7.36%**	**-0.63%**	***Oct-97***
MSCI EAFE			*5.41%*	*6.38%*	*10.79%*	*8.77%*	*32.92%*	*9.17%*	*5.38%*	*-1.10%*	*Oct-97*
Capital Research EuroPacific Growth	$65,090,454	2.0%	8.95%	8.33%	14.50%	13.79%	40.10%	6.51%	6.97%	0.29%	*Nov-01*
MSCI ACWI Ex US			*7.29%*	*5.45%*	*11.08%*	*9.38%*	*35.72%*	*9.16%*	*5.48%*	*-0.65%*	*Nov-01*
MSCI ACWI Ex US Growth			*8.32%*	*7.65%*	*13.75%*	*13.60%*	*34.06%*	*6.73%*	*6.73%*	*0.41%*	*Nov-01*
Acadian Non US Equity	$153,872,011	4.8%	49.22%				39.85%	13.28%	7.36%	-1.01%	*Apr-20*
MSCI EAFE			*40.50%*				*32.92%*	*9.17%*	*5.38%*	*-1.10%*	*Apr-20*
Emerging Markets Equity	**$216,064,731**	**6.7%**	**8.64%**	**6.63%**	**14.49%**	**18.04%**	**51.38%**	**8.46%**	**7.68%**	**3.10%**	***Nov-09***
MSCI EM (Emerging Markets)			*6.38%*	*4.65%*	*13.43%*	*11.67%*	*41.36%*	*7.58%*	*5.12%*	*0.21%*	*Nov-09*
DFA Emerging Markets Core	$90,987,647	2.8%	12.62%		11.89%	11.00%	47.22%	11.93%	6.29%	1.22%	*Jan-16*
MSCI EM (Emerging Markets)			*13.45%*		*13.43%*	*11.67%*	*41.36%*	*7.58%*	*5.12%*	*0.21%*	*Jan-16*
Sands Emerging Markets Growth	$125,077,084	3.9%	36.23%				54.07%	6.07%	8.71%	4.52%	*Jun-19*
MSCI EM (Emerging Markets)			*19.81%*				*41.36%*	*7.58%*	*5.12%*	*0.21%*	*Jun-19*

Defined Benefit 529 Programs

Investment Performance Summary Results

as of June 30, 2021

Net of Fees

	Current Market Value	Current Allocation	Since Inception	10 Years	5 Years	3 Years	1 Year	Calendar YTD	3 Month	1 Month	Inception Date
Total Fixed Income	**$1,670,231,806**	**51.9%**	**5.45%**	**4.31%**	**4.80%**	**5.71%**	**9.28%**	**1.56%**	**2.36%**	**0.57%**	***Oct-97***
Fixed Income Benchmark [5]			*5.48%*	*4.71%*	*5.74%*	*7.27%*	*11.49%*	*1.57%*	*2.32%*	*0.65%*	*Oct-97*
Non-Core Fixed Income	**$1,145,963,250**	**35.6%**	**5.34%**	**5.07%**	**5.58%**	**6.28%**	**12.54%**	**2.41%**	**2.84%**	**0.74%**	***May-05***
Non-Core Fixed Income Benchmark [6]			*6.11%*	*5.97%*	*7.66%*	*8.28%*	*16.73%*	*2.82%*	*2.64%*	*0.74%*	*May-05*
Bank Loans	**$246,711,958**	**7.7%**	**3.44%**		**4.47%**	**3.68%**	**9.37%**	**2.39%**	**1.14%**	**0.16%**	***Sep-13***
Credit Suisse Leveraged Loans			*4.23%*		*5.04%*	*4.36%*	*11.67%*	*3.48%*	*1.44%*	*0.41%*	*Sep-13*
Shenkman Capital Management	$246,711,958	7.7%	3.44%		4.47%	3.68%	9.37%	2.39%	1.14%	0.16%	*Sep-13*
Credit Suisse Leveraged Loans			*4.23%*		*5.04%*	*4.36%*	*11.67%*	*3.48%*	*1.44%*	*0.41%*	*Sep-13*
High Yield	**$299,246,098**	**9.3%**	**7.39%**	**6.66%**	**7.69%**	**8.23%**	**15.30%**	**4.25%**	**2.88%**	**1.16%**	***Nov-09***
Bloomberg Barclays US Corp High Yield			*7.80%*	*6.66%*	*7.48%*	*7.45%*	*15.37%*	*3.62%*	*2.74%*	*1.34%*	*Nov-09*
PGIM High Yield	$299,246,098	9.3%	7.39%	6.66%	7.69%	8.23%	15.30%	4.25%	2.88%	1.16%	*Nov-09*
Bloomberg Barclays US HY Ba/B 1% Issuer			*7.44%*	*6.53%*	*7.11%*	*7.68%*	*13.30%*	*2.86%*	*2.49%*	*1.19%*	*Nov-09*
Emerging Markets Debt	**$249,658,995**	**7.8%**	**5.31%**	**4.46%**	**4.28%**	**6.16%**	**5.90%**	**-3.09%**	**3.97%**	**0.72%**	***Dec-09***
Emerging Markets Debt Benchmark [7]			*4.48%*	*3.24%*	*4.39%*	*5.95%*	*8.55%*	*-0.66%*	*4.06%*	*0.73%*	*Dec-09*
Wellington Management [F]	$218,356,447	6.8%	6.31%	5.59%	4.68%	6.87%	5.49%	-3.25%	3.95%	0.84%	*Dec-09*
JPMorgan EMBI Global Diversified			*6.37%*	*5.65%*	*4.86%*	*6.71%*	*7.53%*	*-0.66%*	*4.06%*	*0.73%*	*Dec-09*
Stone Harbor	$31,302,548	1.0%	2.19%	1.86%	3.53%	4.78%	8.34%	-1.95%	4.18%	-0.09%	*Apr-11*
Stone Harbor Custom Benchmark [C]			*3.41%*	*3.10%*	*4.11%*	*5.46%*	*7.07%*	*-2.02%*	*3.81%*	*-0.24%*	*Apr-11*
Convertible Bonds	**$146,637,789**	**4.6%**	**5.44%**	**4.89%**	**5.23%**	**6.03%**	**14.81%**	**2.46%**	**1.53%**	**0.54%**	***May-05***
Merrill Lynch Global 300 Convertibles			*8.72%*	*9.41%*	*13.97%*	*15.38%*	*35.71%*	*4.93%*	*3.39%*	*1.60%*	*May-05*
Advent Cap Mgt	$146,637,789	4.6%	4.35%		5.16%	6.08%	14.89%	2.47%	1.53%	0.54%	*Sep-13*
TR Global Defensive Inv Gr USDH Index			*3.15%*		*3.75%*	*5.29%*	*11.36%*	*2.69%*	*1.83%*	*0.04%*	*Sep-13*
Mutli Asset Credit	**$145,196,811**	**4.5%**	**14.49%**				**14.49%**	**5.46%**	**3.54%**	**1.40%**	***Jul-20***
Multi Asset Credit Custom Benchmark [11]			*11.22%*				*11.22%*	*1.22%*	*2.59%*	*0.18%*	*Jul-20*
Schroder Focus II	$70,122,254	2.2%	5.40%				5.40%	4.09%	1.59%	0.00%	*Jul-20*
3 Month LIBOR + 6% (1Q in Arrears)			*6.68%*				*6.68%*	*3.08%*	*1.53%*	*0.50%*	*Jul-20*
Loomis Multi Asset Credit	$75,074,557	2.3%	20.84%				20.84%	6.88%	5.32%	2.75%	*Jul-20*
3 Month LIBOR + 6%			*6.27%*				*6.27%*	*3.07%*	*1.52%*	*0.49%*	*Jul-20*
Private Debt	**$58,511,598**	**1.8%**	**10.10%**			**10.14%**	**37.72%**	**12.96%**	**7.12%**	**0.00%**	***May-18***
S&P LSTA Leveraged Loan (1Q in Arrears)			*4.06%*			*4.13%*	*20.71%*	*5.66%*	*1.78%*	*0.00%*	*May-18*

Defined Benefit 529 Programs

Investment Performance Summary Results

as of June 30, 2021

Net of Fees

	Current Market Value	Current Allocation	Since Inception	10 Years	5 Years	3 Years	1 Year	Calendar YTD	3 Month	1 Month	Inception Date
Core Fixed Income	**$524,268,556**	**16.3%**	**4.68%**	**2.88%**	**3.07%**	**4.36%**	**2.13%**	**-0.31%**	**1.30%**	**0.20%**	***Oct-97***
Core Fixed Income Benchmark [8]			*4.63%*	*3.05%*	*3.17%*	*5.32%*	*1.18%*	*-0.98%*	*1.67%*	*0.48%*	*Oct-97*
Intermediate Credit	**$325,085,381**	**10.1%**	**3.94%**		**3.54%**	**5.66%**	**2.05%**	**-0.60%**	**1.57%**	**0.34%**	***Nov-13***
Bloomberg Barclays Intermediate Credit			*3.62%*		*3.64%*	*5.78%*	*2.25%*	*-0.54%*	*1.56%*	*0.33%*	*Nov-13*
Blackrock Intermediate Corp Bond	$325,085,381	10.1%	3.53%		3.54%	5.66%	2.05%	-0.60%	1.57%	0.34%	*Jun-15*
Bloomberg Barclays Intermediate Credit			*3.64%*		*3.64%*	*5.78%*	*2.25%*	*-0.54%*	*1.56%*	*0.33%*	*Jun-15*
Core Bonds	**$199,183,175**	**6.2%**	**4.62%**	**2.57%**	**2.75%**	**3.48%**	**2.26%**	**0.27%**	**0.87%**	**-0.03%**	***Oct-97***
Bloomberg Barclays US Aggregate Bond			*4.93%*	*3.39%*	*3.03%*	*5.34%*	*-0.33%*	*-1.60%*	*1.83%*	*0.70%*	*Oct-97*
Schroders MBS	$165,249,870	5.1%	3.37%		2.98%	4.22%	2.64%	0.19%	0.94%	-0.04%	*Oct-14*
Bloomberg Barclays US Securitized			*2.70%*		*2.35%*	*3.93%*	*-0.20%*	*-0.74%*	*0.44%*	*-0.02%*	*Oct-14*
Dreyfus Money Market	$33,869,059	1.1%	0.52%	0.56%	1.09%	1.29%	0.07%	0.03%	0.02%	0.01%	*Apr-10*
Citigroup 3-Month T-Bill			*0.55%*	*0.60%*	*1.14%*	*1.31%*	*0.08%*	*0.03%*	*0.01%*	*0.00%*	*Apr-10*
Alternatives	**$592,191,972**	**18.4%**	**6.75%**	**8.26%**	**12.05%**	**13.56%**	**33.95%**	**20.19%**	**9.05%**	**7.23%**	***May-05***
Alternatives Benchmark [9]			*6.65%*	*7.85%*	*10.52%*	*11.12%*	*32.49%*	*15.55%*	*4.75%*	*2.13%*	*May-05*
Hedge Funds	**$157,692,634**	**4.9%**	**3.66%**	**3.60%**	**5.15%**	**5.55%**	**15.03%**	**7.36%**	**2.36%**	**0.37%**	***Mar-10***
HFRI FOF Conservative (1M in Arrears)			*3.49%*	*3.36%*	*4.92%*	*5.26%*	*16.77%*	*8.51%*	*2.75%*	*0.42%*	*Mar-10*
Blackstone Offshore [E]	$157,692,634	4.9%	6.02%			5.57%	15.03%	7.36%	2.36%	0.37%	*Oct-16*
HFRI FOF Conservative (1M in Arrears)			*4.97%*			*5.26%*	*16.77%*	*8.51%*	*2.75%*	*0.42%*	*Oct-16*
Real Estate	**$61,889,367**	**1.9%**	**6.08%**	**6.23%**	**2.94%**	**0.98%**	**1.21%**	**1.12%**	**1.73%**	**0.66%**	***May-05***
NCREIF NFI ODCE Net (1Q in Arrears)			*6.29%*	*8.67%*	*5.26%*	*3.96%*	*1.47%*	*3.00%*	*1.89%*	*0.62%*	*May-05*
Aventura	$8,482,511	0.3%	5.53%	8.57%	7.90%	8.73%	10.13%	6.15%	4.25%	3.02%	*Apr-08*
NCREIF Property Index (1Q in Arrears)			*5.83%*	*8.82%*	*5.81%*	*4.89%*	*2.61%*	*2.88%*	*1.72%*	*0.57%*	*Apr-08*
UBS Trumbull Fund *(1Q in Arrears)*	$46,112,941	1.4%	6.27%	5.97%	1.89%	-0.68%	-1.54%	-1.01%	1.10%	0.34%	*Jun-11*
NCREIF NFI ODCE Net (1Q in Arrears)			*8.73%*	*8.67%*	*5.26%*	*3.96%*	*1.47%*	*3.00%*	*1.89%*	*0.62%*	*Jun-11*
Related Real Estate	$7,293,915	0.2%	14.44%					14.44%	3.40%	0.00%	*Oct-20*
NCREIF NFI ODCE Net + 2.5% (1Q in Arrears)			*5.21%*					*4.28%*	*2.52%*	*0.83%*	*Oct-20*
Private Equity	**$372,609,971**	**11.6%**	**8.53%**	**10.12%**	**19.00%**	**20.70%**	**51.77%**	**30.63%**	**13.51%**	**11.62%**	***Oct-10***
Private Equity Benchmark [10]			*8.11%*	*9.64%*	*18.03%*	*18.42%*	*60.15%*	*25.80%*	*7.20%*	*3.75%*	*Oct-10*

NOTES:

Performance Returns are calculated by BNY Mellon Asset Servicing. They are presented net of fees for separate account asset management services.
The Inception Date for the Program is 10/1/97. However, individual managers within the Program will have varying inception dates based upon when they were hired.

Benchmark composition as of 1/1/2021:

[1] *Total Fund Benchmark: 15% Russell 3000, 6.25% MSCI EAFE, 6.25% MSCI EM, 5% NCREIF ODCE (1Q in Arrears), 5% HFRI Fund of Funds Convervative, 10% Private Equity BM, 5% BofAML Global 300 Convertibles, 7.5% Bloomberg Barclays US High Yield, 5% JPMorgan EMBI Global Diversified, 7.7% Multi-Asset Credit Benchmark, 7.5% Credit Suisse Lev Loan Index, 2.8% S&P LSTA Leverage Loan (1Q in Arrears), 7% Bloomberg Barclays U.S. Aggregate Bond Index, 10% Bloomberg Barclays Int. Credit*

[2] *Total Equity Benchmark: 54.6% Russell 3000, 22.7% MSCI EAFE, 22.7% MSCI EM*

[3] *Domestic Equity Benchmark: Russell 3000*

[4] *International Equity Benchmark: 50% MSCI EAFE, 50% MSCI EM*

[5] *Fixed Income Benchmark: 67.6% Non-Core Fixed Income Benchmark, 32.4% Core Fixed Income Benchmark*

[6] *Non-Core Fixed Income Benchmark: 14.1% BofAML Global 300 Convertibles, 21.1% BB US High Yield, 21% Credit Suisse Lev Loan Index, 7.8% S&P LSTA Lev Loan (1Q in Arrears), 14% JPMorgan EMBI Global Diversified, 22% Custom MAC Benchmark*

[7] *Emerging Markets Debt Benchmark: 50% JPMorgan EMBI Global Diversified Index/50% JPMorgan GBI-EM Global Diversified until 12/31/2020, 100% JPMorgan EMBI Global Diversified thereafter*

[8] *Core Fixed Income Benchmark: 41.2% Bloomberg Barclays U.S. Aggregate Bond Index, 58.8% Bloomberg Barclays Intermediate Credit*

[9] *Alternatives Benchmark: 25% NCREIF ODCE (1Q in Arrears), 25% HFRI Fund of Funds Conservative Index, 50% Private Equity Benchmark*

[10] *Private Equity Benchmark consists of actual returns for first 4 years of each partnership, then MSCI ACWI IMI + 3%. One quarter lag due to valuations.*

[11] *Multi-Asset Credit Benchmark: 33.4% JPMorgan GBI-EM Global Diversified, 33.3% Bloomberg Barclays Corporate High Yield, 33.3% Credit Suisse Leveraged Loan*

[A] *TSW Custom Benchmark defined as Russell 2000 Value Index through February 28, 2011; Russell 2500 Value Index thereafter*

[B] *MSCI ACWI Ex US (Custom) Benchmark defined as MSCI ACWI Ex US (Gross) until 12/31/2000, MSCI ACWI Ex US (Net) thereafter*

[C] *Stone Harbor Custom Benchmark is comprised of 50% JPMorgan EMBI Global Diversified Index/50% JPMorgan GBI-EM Global Diversified*

[D] *Stable Value Custom Benchmark defined as Ryan Labs GIC 3 yr until 12/31/08 then CG 3-Month US T-Bill + 1%*

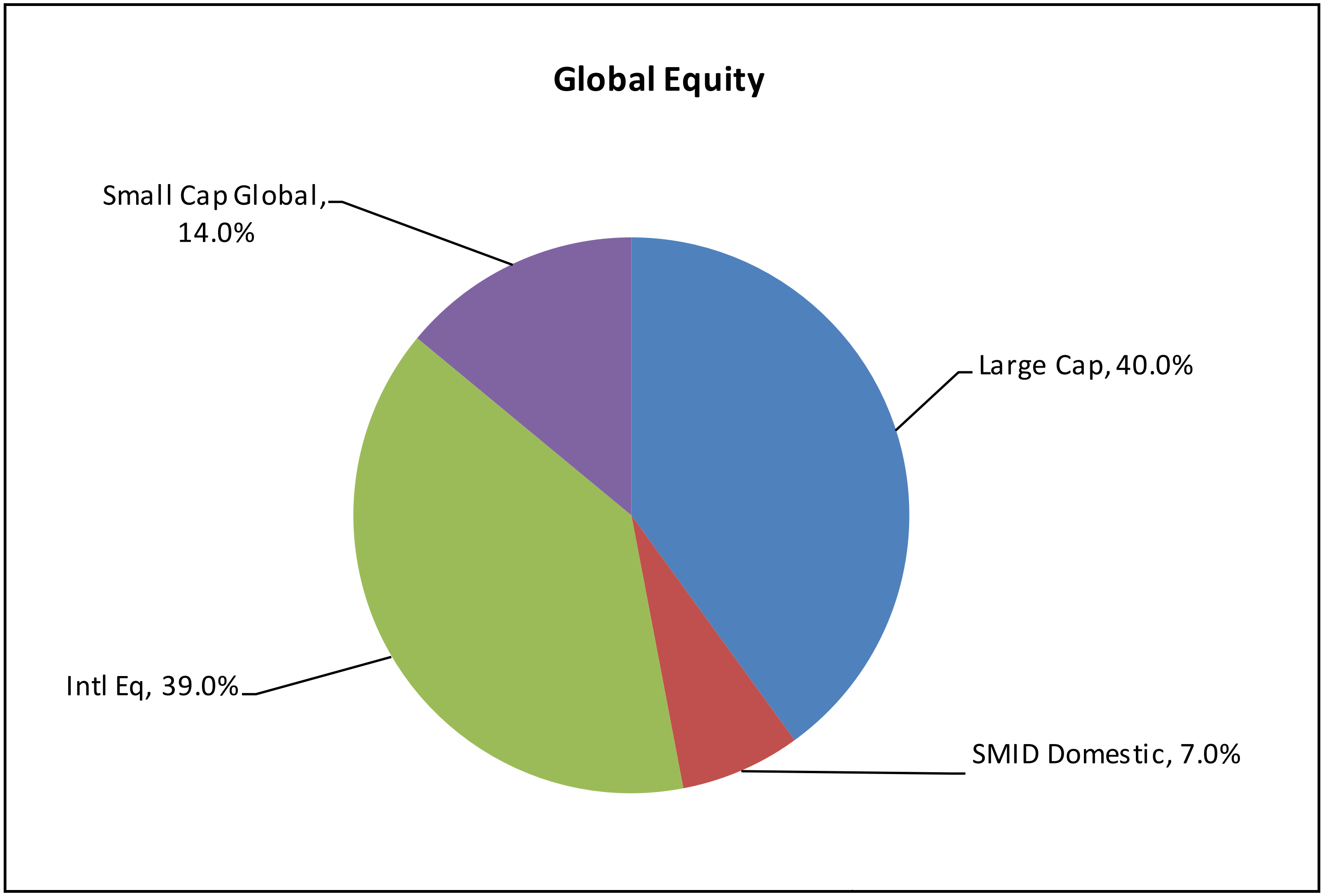
[E] *Performance returns for the Blackstone Offshore Fund are presented with a one-month lag due to the availability of valuation of the investment vehicle*

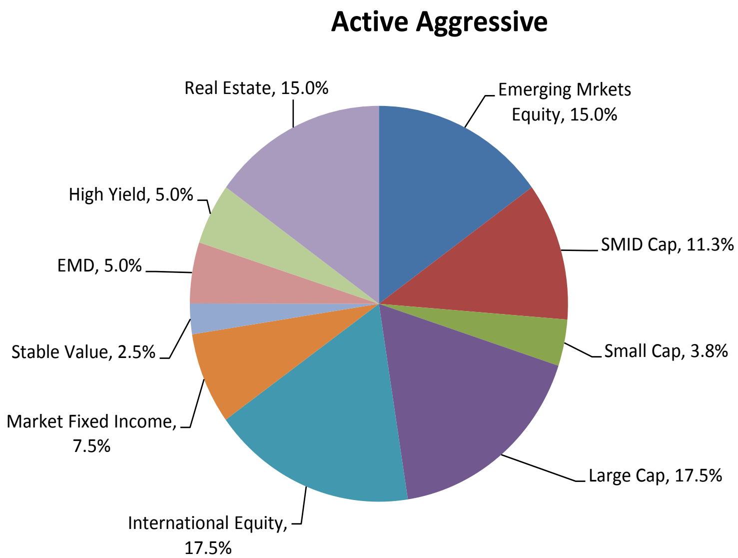
Attachment D

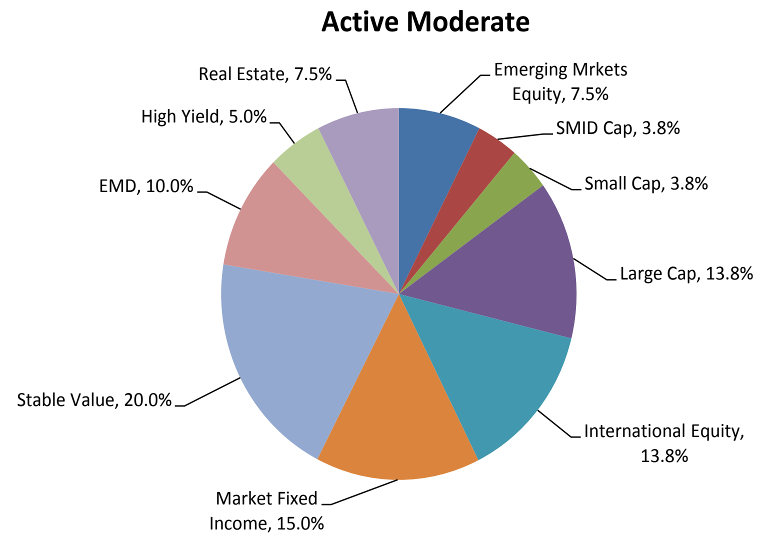
Asset Allocation and Performance

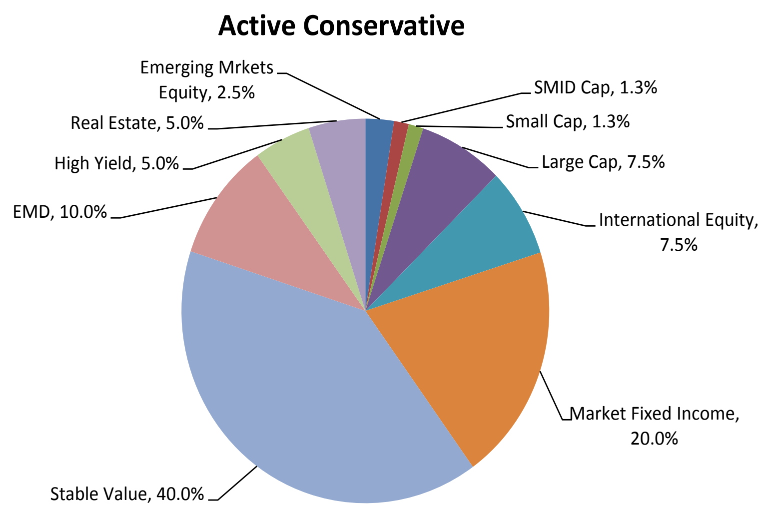
Invest529 Program

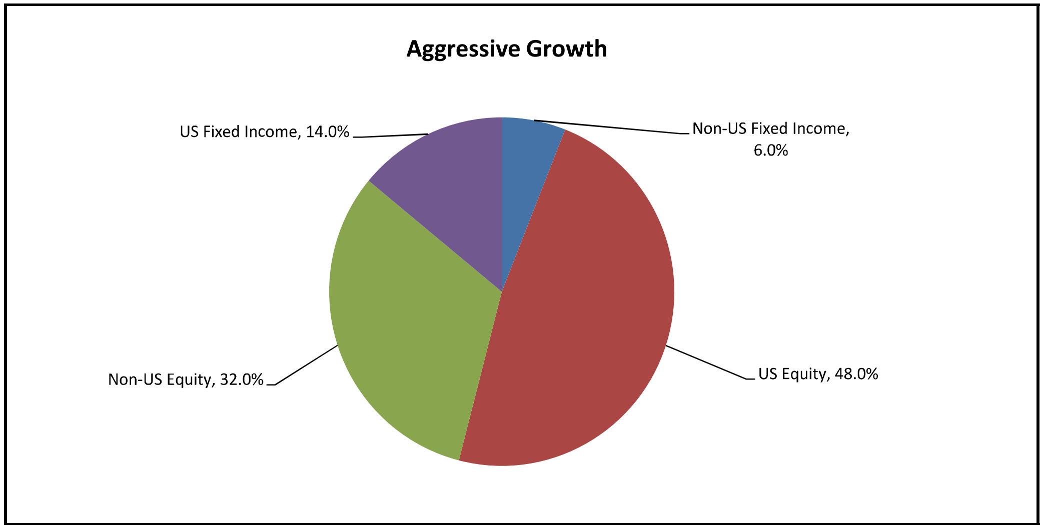
June 30, 2021


Global Equity
Small Cap Global, 14.0%
Large Cap, 40.0%
Intl Eq, 39.0%
SMID Domestic, 7.0%

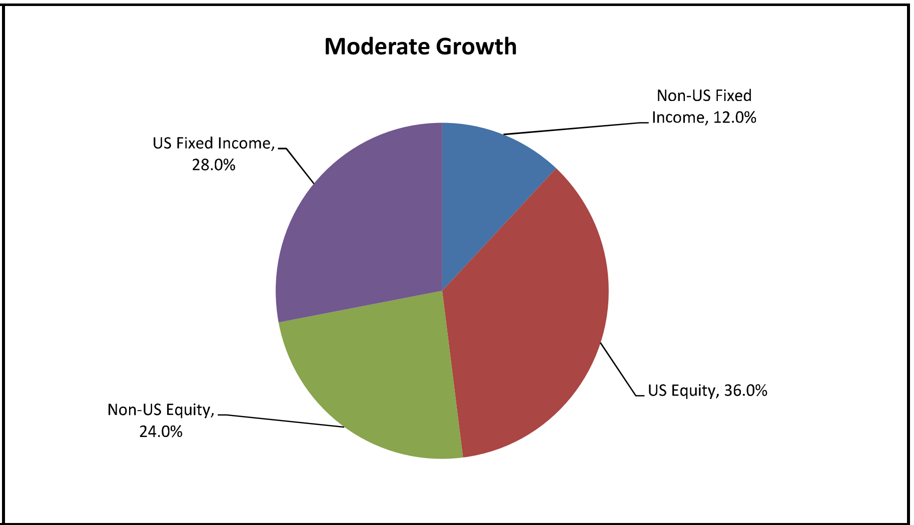

Active Aggressive
Real Estate, 15.0%
Emerging Mrkets Equity, 15.0%
High Yield, 5.0%
SMID Cap, 11.3%
EMD, 5.0%
Stable Value, 2.5%
Small Cap, 3.8%
Market Fixed Income, 7.5%
Large Cap, 17.5%
International Equity, 17.5%


Active Moderate
Real Estate, 7.5%
Emerging Mrkets Equity, 7.5%
High Yield, 5.0%
SMID Cap, 3.8%
EMD, 10.0%
Small Cap, 3.8%
Large Cap, 13.8%
Stable Value, 20.0%
International Equity, 13.8%
Market Fixed Income, 15.0%

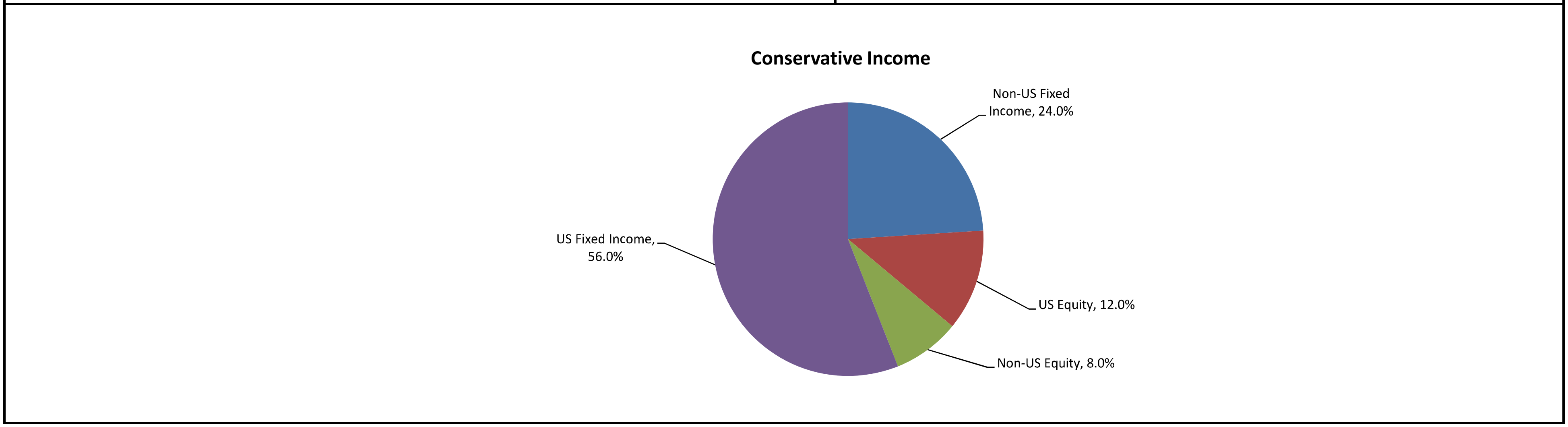

Active Conservative
Emerging Mrkets Equity, 2.5%
SMID Cap, 1.3%
Real Estate, 5.0%
Small Cap, 1.3%
High Yield, 5.0%
Large Cap, 7.5%
EMD, 10.0%
International Equity, 7.5%
Market Fixed Income, 20.0%
Stable Value, 40.0%



Aggressive Growth
US Fixed Income, 14.0%
Non-US Fixed Income, 6.0%
US Equity, 48.0%
Non-US Equity, 32.0%



Moderate Growth
Non-US Fixed Income, 12.0%
US Fixed Income, 28.0%
US Equity, 36.0%
Non-US Equity, 24.0%



Conservative Income
Non-US Fixed Income, 24.0%
US Fixed Income, 56.0%
US Equity, 12.0%
Non-US Equity, 8.0%

Virginia529

Invest529
Monthly Portfolio Performance Summary
as of June 30, 2021

	Current Month	3 Months Ending	Cal Year Ending	1 Year Ending	3 Year Ending	5 Year Ending	10 Year Ending	Inception Ending	Inception Date
TARGET ENROLLMENT PORTFOLIOS									
2039 Portfolio	**1.29**	**5.91**	**10.63**	**33.16**				**16.41**	**Jan-20**
2039 Benchmark	0.95	5.49	9.58	30.80				14.76	
2036 Portfolio	**1.15**	**5.41**	**9.30**	**30.43**	**10.95**			**11.05**	**Jan-17**
2036 Benchmark	0.85	5.05	8.32	28.10	10.93			11.28	
2033 Portfolio	**1.02**	**4.81**	**7.94**	**26.22**	**10.05**	**10.14**		**7.66**	**Jan-14**
2033 Benchmark	0.80	4.50	7.08	24.12	10.01	10.27		7.75	
2030 Portfolio	**0.89**	**4.33**	**6.55**	**22.12**	**9.16**	**9.21**	**7.53**	**7.59**	**Jan-11**
2030 Benchmark	0.74	4.06	5.82	20.21	9.11	9.28	7.48	7.58	
2027 Portfolio	**0.76**	**3.75**	**5.29**	**18.34**	**8.31**	**8.19**	**6.75**	**5.75**	**Feb-08**
2027 Benchmark	0.65	3.52	4.62	16.57	8.26	8.20	6.68	5.69	
2024 Portfolio	**0.60**	**2.81**	**3.35**	**12.64**	**6.72**	**6.81**	**5.96**	**5.59**	**Aug-05**
2024 Benchmark	0.57	2.63	2.84	11.25	6.71	6.80	5.87	5.26	
2021 Portfolio	**0.34**	**1.16**	**0.31**	**4.47**	**4.18**	**4.66**	**4.73**	**5.32**	**Jan-02**
2021 Benchmark	0.33	1.06	0.04	3.58	4.23	4.65	4.67	4.97	
2018 Portfolio	**0.11**	**0.34**	**0.75**	**1.71**	**2.60**	**2.69**	**3.55**	**4.02**	**Jan-00**
2018 Benchmark	0.08	0.24	0.48	0.99	2.60	2.68	3.49	3.13	
TARGET RISK PORTFOLIOS									
Aggressive Growth Portfolio	**1.20**	**6.02**	**9.92**	**31.93**	**13.25**	**12.77**	**9.78**	**7.27**	**Jan-02**
Aggressive Growth Benchmark	1.15	6.09	9.96	32.26	13.34	12.95	10.01	7.55	
Moderate Growth Portfolio	**1.07**	**4.87**	**6.89**	**23.17**	**11.33**	**10.38**	**8.26**	**6.59**	**Jan-02**
Moderate Growth Benchmark	1.03	4.91	6.92	23.45	11.41	10.52	8.34	6.79	
Conservative Income Portfolio	**0.80**	**2.59**	**1.03**	**7.08**	**7.17**	**5.44**	**4.88**	**4.65**	**Jan-02**
Conservative Income Benchmark	0.78	2.58	1.04	7.20	7.21	5.52	4.82	4.66	
Active Aggressive Portfolio	**1.29**	**5.89**	**10.61**	**33.14**	**11.56**	**11.20**		**11.01**	**Oct-15**
Active Aggressive Benchmark	0.95	5.49	9.58	30.80	11.57	11.46		11.33	
Active Moderate Portfolio	**0.90**	**4.35**	**6.56**	**21.41**	**9.16**	**8.49**		**8.47**	**Oct-15**
Active Moderate Benchmark	0.74	4.06	5.82	19.49	9.07	8.50		8.49	
Active Conservative Portfolio	**0.61**	**2.81**	**3.28**	**11.19**	**6.36**	**5.58**		**5.71**	**Oct-15**
Active Conservative Benchmark	0.57	2.63	2.84	9.95	6.40	5.59		5.69	
INDEX PORTFOLIOS									
Total Stock Market Portfolio	**2.54**	**8.27**	**15.22**	**44.26**	**18.65**	**17.81**	**14.56**	**10.42**	**Aug-05**
Ttl Stock Mkt Benchmark	2.55	8.26	15.21	44.26	18.67	17.81	14.57	10.43	
Total Bond Market Portfolio	**0.77**	**1.98**	**-1.74**	**-0.49**	**5.32**	**2.92**	**3.25**	**3.95**	**Sep-05**
Ttl Bond Mkt Benchmark	0.76	1.93	-1.72	-0.42	5.34	2.97	3.28	3.95	
Ttl International Stock Portfolio	**-0.48**	**5.51**	**9.66**	**36.43**	**9.54**	**11.04**	**5.59**	**5.67**	**Sep-05**
Ttl Int'l Stock Benchmark	-0.63	5.74	9.82	37.46	9.85	11.50	6.34	5.55	
Inflation-Protected Securities Portfolio	**0.65**	**3.12**	**1.64**	**6.41**	**6.35**	**3.96**	**3.24**	**3.92**	**Sep-05**
Inflation-Protected Benchmark	0.60	3.23	1.68	6.42	6.44	4.08	3.26	4.02	
REIT Portfolio	**2.59**	**11.65**	**21.33**	**34.29**	**11.86**	**7.01**	**9.61**	**7.86**	**Sep-05**
REIT Benchmark	2.48	11.43	20.90	33.14	10.74	6.28	9.27	7.46	
SPECIALTY PORTFOLIOS									
ESG Core Equity Portfolio	**2.01**	**7.44**	**15.15**	**42.65**	**21.36**	**17.97**	**15.19**	**14.91**	**Nov-09**
ESG Core Equity Benchmark	2.33	8.52	15.21	40.70	18.58	17.55	14.70	15.14	
Global Equity Portfolio	**1.09**	**7.07**	**14.00**	**46.13**				**20.67**	**Feb-19**
Global Equity Benchmark	0.91	6.61	12.98	43.11				19.04	
PRINCIPAL-PROTECTED PORTFOLIOS									
Stable Value Portfolio	**0.11**	**0.34**	**0.75**	**1.72**	**2.15**	**2.02**	**1.89**	**3.29**	**Jan-00**
Stable Value Benchmark	0.08	0.24	0.48	0.99	2.21	2.04	1.46	2.57	
FDIC-Insured Portfolio	**0.08**	**0.22**	**0.43**	**0.99**	**1.62**			**1.26**	**Jan-17**
FDIC-Insured Benchmark	0.00	-0.01	-0.02	-0.02	0.87			0.77	

Note: Performance Returns are calculated by BNY Mellon Asset Servicing. They are presented net of management fees and Invest529 administrative fees.

Invest529
Individual Manager Investment Performance
as of June 30, 2021
Net of Fees

	Month Ending	Quarter Ending	Cal Year Ending	1 Year Ending	3 Year Ending	5 Year Ending	10 Year Ending	Inception Ending	Inception Date
TARGET ENROLLMENT PORTFOLIOS - Underlying Managers									
Large Cap Domestic Equity									
Vanguard Institutional Index	**2.33**	**8.54**	**15.25**	**40.79**	**18.68**	**17.65**	**14.86**	**7.18**	**Jan-00**
S&P 500	*2.33*	*8.55*	*15.25*	*40.79*	*18.67*	*17.65*	*14.84*	*7.16*	
Small/Mid Cap Domestic Equity									
Rothschild Asset Management	**1.55**	**4.43**	**19.51**	**56.03**	**11.58**	**14.20**	**12.43**	**11.35**	**Jan-00**
Russell 2500	*1.18*	*5.44*	*16.97*	*57.79*	*15.24*	*16.35*	*12.86*	*9.77*	
Vanguard Small Cap Index	**1.43**	**5.61**	**16.07**	**55.94**	**14.41**	**15.75**	**12.85**	**9.57**	**Jan-00**
Custom Small Cap Index [1]	*1.43*	*5.59*	*16.38*	*56.47*	*14.73*	*15.94*	*12.85*	*9.51*	
International Equity									
Am. Funds Euro-Pacific Growth	**0.29**	**6.97**	**6.51**	**40.11**	**13.79**	**14.50**	**8.38**	**10.12**	**Jan-03**
MSCI ACWI Ex US	*-0.65*	*5.48*	*9.16*	*35.72*	*9.38*	*11.08*	*5.45*	*8.38*	
Wellington International Contrarian Value	**-1.98**	**4.91**	**18.63**	**48.01**				**25.37**	**Mar-20**
MSCI EAFE	*-1.10*	*5.38*	*9.17*	*32.92*				*23.64*	
Sands Emerging Markets Growth	**4.89**	**8.02**	**5.76**	**50.94**				**45.90**	**Mar-20**
MSCI Emerging Markets	*0.21*	*5.12*	*7.58*	*41.36*				*29.65*	
DFA Emerging Markets Core	**1.22**	**6.29**	**11.94**	**47.22**	**11.00**	**11.85**		**11.72**	**Apr-16**
MSCI Emerging Markets	*0.21*	*5.12*	*7.58*	*41.36*	*11.67*	*13.43*		*12.92*	
Private Real Estate									
UBS Trumbull Fund (1Q in Arrears)	**-4.47**	**1.05**	**-1.22**	**-4.21**	**-0.90**			**-0.32**	**Apr-18**
NCREIF NFI ODCE (1Q in Arrears)	*0.62*	*1.89*	*3.00*	*1.47*	*3.96*			*4.28*	
Blackstone Property Partners	**2.05**	**4.05**	**4.05**	**4.27**	**4.09**			**3.87**	**Jun-18**
NCREIF NFI ODCE (1Q in Arrears)	*0.62*	*1.89*	*3.00*	*1.47*	*3.96*			*4.07*	
Fixed Income									
Invesco Advisers	**0.12**	**0.36**	**0.79**	**1.81**	**2.24**	**2.11**	**2.02**	**3.61**	**Jan-00**
Stable Value Custom Benchmark	*0.09*	*0.26*	*0.52*	*1.08*	*2.31*	*2.14*	*1.60*	*2.86*	
Stone Harbor Emerging Market Debt	**0.61**	**4.19**	**-0.78**	**9.98**	**6.41**	**4.72**	**4.54**	**4.76**	**Jan-11**
JP Morgan EMBI Global Diversified	*0.73*	*4.06*	*-0.66*	*7.53*	*6.71*	*4.86*	*5.65*	*5.85*	
PGIM High Yield Bond Fund	**1.10**	**2.67**	**4.10**	**15.25**	**8.04**	**7.57**	**6.54**	**6.48**	**Jan-11**
Bloomberg Barclays US HY Ba/B 1% Issuer	*1.19*	*2.49*	*2.86*	*13.30*	*7.68*	*7.11*	*6.53*	*6.68*	

Invest529
Individual Manager Investment Performance
as of June 30, 2021
Net of Fees

	Month Ending	Quarter Ending	Cal Year Ending	1 Year Ending	3 Year Ending	5 Year Ending	10 Year Ending	Inception Ending	Inception Date
STATIC PORTFOLIOS - Underlying Funds									
Parnassus Core Equity	**2.02**	**7.46**	**15.20**	**42.78**	**21.47**	**18.08**	**15.34**	**15.07**	**Nov-09**
S&P 500	*2.33*	*8.55*	*15.25*	*40.79*	*18.67*	*17.65*	*14.84*	*15.29*	
Van. Total Stock Market Fund	**2.55**	**8.29**	**15.26**	**44.35**	**18.79**	**17.94**	**14.72**	**10.62**	**Aug-05**
Custom Total Stock Index [2]	*2.55*	*8.29*	*15.25*	*44.35*	*18.76*	*17.91*	*14.71*	*10.61*	
Van. Total Bond Market Fund	**0.77**	**2.01**	**-1.70**	**-0.40**	**5.40**	**3.02**	**3.40**	**4.12**	**Sep-05**
Custom Total Bond Index [3]	*0.77*	*1.96*	*-1.67*	*-0.33*	*5.44*	*3.07*	*3.41*	*4.12*	
Van. Total Int'l Equity Fund	**-0.48**	**5.54**	**9.72**	**36.54**	**9.60**	**11.12**	**5.72**	**5.84**	**Sep-05**
Custom Int'l Stock Index [4]	*-0.62*	*5.77*	*9.86*	*37.55*	*9.94*	*11.60*	*6.49*	*5.73*	
Van. Infl. Protected Sec. Fund	**0.66**	**3.14**	**1.69**	**6.51**	**6.45**	**4.06**	**3.37**	**4.10**	**Sep-05**
Bloomberg Barclays Cap. Treas Infl. Note	*0.61*	*3.25*	*1.73*	*6.51*	*6.53*	*4.17*	*3.40*	*4.19*	
Van. Real Estate Index	**2.60**	**11.67**	**21.38**	**34.41**	**11.97**	**7.11**	**9.76**	**8.05**	**Sep-05**
Custom Real Estate Index [7]	*2.49*	*11.45*	*20.93*	*33.23*	*10.84*	*6.37*	*9.41*	*7.66*	
Van. International Bond Index Fund	**0.43**	**0.31**	**-2.01**	**0.11**	**3.97**			**4.01**	**Feb-18**
Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged)	*0.41*	*0.26*	*-1.97*	*0.15*	*4.12*			*4.16*	
Am. Funds SMALLCAP World Fund	**2.14**	**7.88**	**11.46**	**50.32**				**28.97**	**Feb-19**
MSCI All Country World Small Cap	*0.46*	*5.68*	*15.43*	*54.07*				*19.07*	

Notes: Performance Returns are calculated by BNY Mellon Asset Servicing. They are presented net of fees for separate account asset management services.

1. Russell 2000 Index through May 2003; MSCI US Small Cap 1750 Index through June 2013; CRSP US Small Cap Index thereafter.
2. MSCI US Broad Market Index through June 2013; and CRSP US Total Market Index thereafter.
3. Barclays U.S. Aggregate Bond Index through June 2013; Bloomberg Barclays U.S. Aggregate Float Adjusted Index thereafter.
4. MSCI EAFE Index through June 2013 and FTSE Global All Cap ex US Index thereafter.
6. Templeton Custom Benchmark: MSCI ACWI Ex US (Gross) until 12/31/2000, MSCI ACWI Ex US (Net) thereafter.
7. MSCI US REIT through January 2018; MSCI US Investable Market Real Estate 25/50 Transition Index through July 2018; MSCI US Investable Market Real Estate 25/50 Index thereafter.

Attachment E

Investment Policies and Guidelines for the Defined Benefit 529, Invest529, and ABLEnow Programs

Virginia College Savings Plan Statement of Investment Policy and Guidelines For

Defined Benefit 529

TABLE OF CONTENTS

I. PURPOSE & RESPONSIBILITIES

PURPOSE

The purpose of this Statement of Investment Policy and Guidelines ("Statement") is to identify a set of investment objectives, guidelines and performance standards for Virginia College Savings Plan's Defined Benefit 529 program (which includes "Prepaid529" and the "Tuition Track Portfolio" and will be referred to going forward as the "Program"). This Statement represents the formal investment policy document for the Program and is to be communicated to the investment managers for their use in developing appropriate investment portfolios. This document will also be used by the Board of the Virginia College Savings Plan ("Board") as the basis for future investment management decisions, measurement and evaluation of investment performance of the Program.

This Statement will be reviewed at least annually by the Board to ensure that it is consistent with the investment needs of the Program.

RESPONSIBILITIES

Board

Pursuant to § 23.1-704 of the Code of Virginia (the "Code"), the Board shall administer the Virginia College Savings Plan ("VA529" or the "Plan") and shall develop and implement programs for (i) the prepayment of undergraduate tuition, as defined in § 23.1-700 of the Code, at a fixed, guaranteed level for application at a public institution of higher education and (ii) contributions to college savings trust accounts established on behalf of a qualified beneficiary in order to apply distributions from the account toward qualified higher education expenses at eligible educational institutions, as both such terms are defined in § 529 of the Internal Revenue Code of 1986, as amended, or other applicable federal law. In addition, pursuant to § 23.1-704 of the Code, the Board shall invest moneys in the Plan in any instruments, obligations, securities, or property deemed appropriate by the Board.

The Board is authorized to delegate certain responsibilities to qualified agents to assist them in properly meeting the overall Board responsibilities as outlined above. Specifically, the Board relies on the advice, guidance and actions of VA529 Management, the Investment Advisory Committee, a custodian, investment managers, an investment consultant, legal counsel and an actuary to perform various functions. The various roles and duties of each are further described below.

VA529 Management

VA529 Management, comprised of the Chief Executive Officer ("CEO") and such other senior officers as may be appointed by the CEO shall implement decisions approved by the Board and/or Investment Advisory Committee unless otherwise specifically provided by the Board or the Investment Advisory Committee. VA529 Management shall (i) oversee the development, structure, evaluation and implementation of the Program's strategic goals and objectives and (ii) with the assistance of the Investment Advisory Committee appointed by the Board, and by investment consultants, direct, manage and administer the Program's assets and programs, and (iii) report periodically and as requested to the Board.

Investment Advisory Committee

According to § 23.1-702 of the Code, the Board of VA529 shall appoint an Investment Advisory Committee ("Committee"), the purpose of which is to assist the Board in fulfilling its fiduciary duty as trustee of VA529's funds and to assist VA529 Management in directing, managing, and administering VA529's assets, and to provide the Board with sophisticated, objective and prudent investment advice and direction on all matters related to the management of investments, within the parameters set by the Statement, as it may be amended from time to time. While this Statement refers to the responsibilities and duties of the Board, some of these responsibilities and duties may be delegated to the Committee via the Committee Charter[1].

The Committee shall be comprised and administered in accordance with the Committee Charter, as it may be amended from time to time by the Board. The Committee shall review VA529's investments and is authorized to make decisions with regard to investment managers. The Committee is further authorized to take any additional action specifically authorized in other Board actions. Recommendations are not binding upon the Board.

The Committee shall report any action taken to the Board at the Board's next meeting.

Custodian

The Plan shall contract on behalf of the Board with a third party custodian which shall have a level of experience and expertise in providing custodial services to plans and funds similar to those of the Program. The custodian shall act as a fiduciary in the administration of the Program accounts utilizing appropriate internal controls to insure the safety of the assets from such things as fraud, collusion, loss, diversion, etc. While the specific duties and responsibilities of the Plan's custodian are contained in the contractual agreement between the custodian and Plan, the custodian, in general, has the following responsibilities:

- to handle all income, cash transactions, interest received, and other necessary activities;
- hold all securities on behalf of the Program and only deliver securities upon proper instruction from those authorized to provide such instruction or direction;
- perform, participate in and exercise such rights, privileges, duties and responsibilities possessed by any other owner or holder of bonds or other evidence of indebtedness and common and preferred stock, except for the voting of proxies, unless specifically authorized;
- safekeep all assets including securities, cash and cash equivalents;
- receive instructions from investment managers to purchase and sell various securities and ensure that transactions are settled according to established settlement procedures; and

[1] The Committee Charter of the Virginia College Savings Plan Investment Advisory Committee was revised by the Board on August 24, 2017.

- provide monthly transaction accounting on security holdings with reports provided to the appropriate VA529 Management in a timely manner.

Actuary for the Program

As provided in § 23.1-706 and 23.1-710 of the Code, VA529 is to annually determine whether there are sufficient funds to maintain the actuarial soundness of the Program. To assist in this determination, the Board shall hire an actuary for the Program. While the specific duties and responsibilities of the Plan's actuary are contained in the contractual agreement between the actuary and Plan, the actuary, in general, has the following responsibilities:

- prepare, on a frequency determined by the Board, a comprehensive evaluation of the Defined Benefit 529 Program's funded status and attest to the appropriateness of the Program's assumptions and policies; and

- conduct special experience and actuarial studies as required by the Board.

Investment Consultant

While the specific duties and responsibilities of the Plan's investment consultant are contained in the contractual agreement between the investment consultant and Plan, the consultant, in general, has the following responsibilities and will assist the Board and Committee with the following functions:

- provide evaluation of the investment results achieved by the designated investment managers in light of the investment guidelines and performance standards contained in this Statement;

- make recommendations to the Board of appropriate actions to be considered which, in the consultant's opinion, will enhance the probability of achieving overall investment program objectives. Such recommendations may include, but are not limited to:

  - use of alternate asset strategies or asset classes;
  - changes in overall investment policy;
  - changes in designated investment managers;

- provide assistance to the Board and/or Committee in screening and selecting investment managers, as appropriate; and

- at a minimum, meet with the Committee and Board every quarter.

Legal Counsel

The VA529 General Counsel shall advise and represent the Board in all matters requiring legal insight and advice. VA529 Management, in consultation with the General Counsel, shall utilize the services of outside counsel and/or the Office of the Attorney General as such services may be required from time to time.

Investment Managers

While the specific duties and responsibilities of the Plan's investment managers are contained in each contractual agreement between the designated investment manager and the Plan, investment managers, in general, have the following responsibilities:

- maintain registration as an investment advisor under the Investment Advisers Act of 1940, or be authorized and regulated by another appropriate authority;
- adhere to the policy guidelines contained in this Statement, unless granted an exception in writing;
- invest only in those asset classes, and adhere to the ranges for allocation among those classes, that the Board has stated to be appropriate for that manager's portfolio;
- exercise complete investment discretion within the boundaries of the restrictions outlined in this Statement or in any written exceptions to this Statement;
- strictly comply with all of the provisions of appropriate law as they pertain to the firm's dealings, functions and responsibilities as fiduciaries;
- prudently liquidate assets in the portfolio which cease to be in compliance with this Statement of Investment Policy or any written exceptions to this Statement. If in the manager's judgment, it is in the Program(s) best interest to not liquidate such an asset promptly, the manager will advise VA529 Management of the circumstances and make a recommendation regarding the liquidation of that asset;
- diversify the portfolio unless, under the circumstances, it is clearly prudent to not so diversify;
- ensure that brokers will be selected only on a competitive, best execution basis;
- invest the assets of the Program with care, skill, prudence and diligence under circumstances then prevailing that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with such aims;
- provide VA529 Management with a monthly accounting of assets;
- issue a quarterly report to the Committee and/or their designees which includes the following information:
- the market value of account assets as of the last business day of each quarter;

- the portion of account assets allocated to each investment asset class as of the last business day of each quarter;
- time-weighted rates of return measured net of investment management fees and all expenses or gross of fees (as appropriate) for the current quarter, year-to-date and historical time periods;

- average account characteristics and number of holdings as of the last business day of each quarter; and expenses:

- acknowledge in writing the recognition and acceptance of full responsibility as a fiduciary, and the firm's intention to comply with this Statement as it currently exists or as is modified by joint agreement in the future.

Exceptions Allowed

On a case by case basis, the Board may grant the investment manager an exception to the foregoing requirements where such exceptions are deemed appropriate and prudent. Exceptions applicable to each individual investment manager may be included in the manager's investment management agreement with the Plan or in a letter to the manager signed by the CEO of the Plan.

II. ASSET ALLOCATION & REBALANCING

INVESTMENT OBJECTIVES

The Defined Benefit 529 program includes both Prepaid529 (*closed to new investors*) and the Tuition Track Portfolio (*established in 2021*). Prepaid529 contracts cover the future in-state undergraduate tuition and mandatory fees assessed to all students for the normal full-time course load at Virginia public colleges and universities. Tuition Track Portfolio units provide a benefit when distributed of 1/100 of the calculated weighted average tuition of Virginia public colleges and universities as most recently calculated. 100 units is designed to provide this average calculated tuition to program beneficiaries. Tuition Track Portfolio benefits may be applied toward the cost of tuition and fees at Virginia public and private colleges as well as at eligible educational institutions nationwide, and in certain cases, at schools around the world. Given this mission, the primary investment objectives are outlined below.

- The Defined Benefit 529 investment portfolio shall be allocated and managed with the objective of attaining an investment return which equals or exceeds the actuarial return assumptions, throughout the majority of economic cycles, taking into consideration cash flow demands and investment risks.
- The investment portfolio shall be invested and managed to provide sufficient liquidity to meet all reasonably anticipated operational requirements.
- The investment portfolio shall be invested prudently with a goal to meet or exceed the assumed targeted rate of return as determined by the Board.

ASSET ALLOCATION & REBALANCING

The target asset allocation should reflect a proper balance between the Program's needs for liquidity and return on assets, combined with an appropriate level of risk. The target asset mix, along with the acceptable minimum and maximum ranges, is outlined in Appendix A.

The target asset allocation should not be regarded as a rigid set of rules regarding asset allocation. The Board will review the allocation periodically and make adjustments as may be appropriate in light of changing market conditions.

Liquidity is required only to meet defined payout needs, unless the investment managers are otherwise advised by VA529 Management.

The Staff of VA529 is expected to maintain the investments of the Program to comply with the overall allocation within the parameters described above. It is understood that the maximum and minimum ranges are guidelines and that deviations may occur from time to time either due to market impact or due to the addition or termination of managers within the Program. Rebalancing will occur as needed according to the VA529 Rebalancing Policy. VA529 staff certifies and reports to VA529 management on a monthly basis whether portfolio components are properly balanced according to asset allocation parameters.

III. ALLOWABLE INVESTMENTS

ALLOWABLE INVESTMENTS

Pursuant to § 23.1-706 of the Code, as amended, the Board is authorized to acquire and retain every kind of property and any kind of investment, and to retain property properly acquired, without time limitation and without regard to its suitability for original purpose, specifically including but not limited to:

- Debentures and other corporate obligations of foreign or domestic corporations;
- Common or preferred stocks traded on foreign or domestic stock exchanges;
- Not less than all of the stock or 100 percent ownership of a corporation or other entity organized by the Board under the laws of the Commonwealth for the purpose of acquiring and retaining real property that the Board is authorized to acquire and retain;
- Unregistered securities, often referred to as letter stock or private placements, including limited partnerships and 144A securities;
- Securities of any open-end or closed-end management type investment company or investment trust registered under the federal Investment Company Act of 1940, as amended, including such investment companies or investment trusts which, in turn, invest in the securities of such investment companies or investment trusts. Also permitted are pooled investments, including collective trusts and similar commingled fund vehicles, which may be used as an alternative to a mutual fund investment; and
- Bonds, notes or other obligations of the Commonwealth or its agencies and instrumentalities.

<u>General Portfolio Diversification</u>

All individually managed portfolios and funds must maintain sufficient diversification among security issuers and market sectors such that the performance of one security or sector will not have an excessive impact on the entire portfolio. Investment mandates will be considered individually as well as collectively to ensure that investment styles, philosophies and investment approaches are complementary.

<u>General Restrictions/Guidelines</u>

The Board requires that all investment managers comply with the following limitations and restrictions on their investment activities and holdings:

- Unless granted permission by the Board in writing, investment managers shall not engage in short sales or margin purchases and all accounts shall be free of leverage.
- Unless granted permission by the Board in writing, commodities or commodity contracts are not allowed.

- Derivative securities are prohibited except where specifically permitted in the investment manager agreement, subscription agreement, or prospectus. Specific asset classes may be permitted to make use of derivatives consistent with the overall investment guidelines and objectives of that asset class.
- The individual managers are expected to be fully invested at all times, with cash accounting for no more than 10% of the portfolio's market value.

Individual Portfolio Guidelines - Equity

- Securities of any one issuer are limited to 5% (at market) of the individual portfolio.
- Portfolios should be diversified by sector, with sector allocations limited to a maximum of 200% of the weight of the sector in the benchmark (see Appendix for the benchmark assigned to each asset class), or 25%, whichever is greater, with the exception of sectors whose benchmark allocation is less than 5%, where the maximum allocation shall be 15%.
- No quantitative guidelines are given as to industry diversification. However, the investment manager is expected to develop and apply prudent standards.

Individual Portfolio Guidelines – Fixed Income

- While no specific ranges are required, it is expected that the average duration of the portfolio will be within +/- 20% of its designated benchmark (see Appendix for the benchmark assigned to each asset class).
- For the core fixed income portfolios, which are primarily invested in U.S. investment grade debt securities, the average quality of the total account should be A-rated or higher. Only investment grade securities, as defined as BBB-rated or higher by Standard & Poor's, or the equivalent rating by Moody's or Fitch may be purchased, unless the Board grants specific exceptions in writing. For bonds with split ratings, the higher rating will apply. In cases where securities were purchased and were subsequently downgraded, the manager will immediately notify VA529 Management and outline the course of action anticipated for the security.
- For the non-core fixed income portfolios, which can hold non-investment grade debt securities, the portfolio is expected to maintain an overall average quality rating of BBB or higher.
- Securities of any one issuer, with the exception of the U.S. Government and its agencies and instrumentalities, are limited to 5% (at market) of the individual portfolio.

Exceptions Allowed

On a case by case basis, the Board may grant the investment manager a special exception to the foregoing restrictions where such exceptions are deemed appropriate and prudent. Specific guidelines applicable to each individual investment manager will be recorded in the manager's investment management agreement with the Plan or in a letter to the manager signed by the CEO of the Plan.

Commingled Funds, Collective Trusts and Mutual Funds

The guidelines in this Statement have been established to ensure that the investments of each investment manager are in keeping with the return and risk objectives of the Program. However, in attempting to meet these objectives, it may be advantageous for a portion of portfolio assets to be placed in a pooled, commingled, collective trust, or mutual fund which may have specific restrictions, policies, or guidelines that conflict from time-to-time with those outlined in this Statement. The restrictions, policies and guidelines in the funds' prospectus or offering statement shall take precedence over those stated in this Statement.

IV. INVESTMENT MANAGER SELECTION, MONITORING AND TERMINATION

BACKGROUND

The Board reserves the right to add, delete or replace investment managers in order to meet performance guidelines outlined in this policy or other factors affecting the continuing viability of the portfolio. The Board has delegated to the Staff of VA529, principally the CEO and Investment Director, the authority to select, contract, hire, and terminate individual investment managers that satisfy the requirements of the Board approved asset allocation.

SELECTION – GENERAL CRITERIA

When selecting investment managers for the Defined Benefit 529 program, the following six broad categories should be considered:

- Economies of Scale
- Diversification
- Transparency
- Organizational Strength
- Performance Consistency
- Risk/ Reward

The following *basic* selection criteria are to be used when selecting a new investment manager or when selecting a replacement manager for an existing asset class. These criteria have been classified according to the categories listed above.

<u>Economies of Scale</u>
- Have at least $500 million in assets under management.
- Have a reasonable expense ratio or fees compared to other vehicles within an appropriate peer group.

<u>Diversification</u>
- No more than 10% of the portfolio may be invested in any one company valued at market. Likewise, appropriate risk controls should be outlined in each investment manager agreement with respect to sector and industry weightings relative to an appropriate benchmark.

<u>Transparency</u>
- Employ an investment process that is well defined.
- Invest in securities consistent with the investment manager's strategy[2].
- Agree to meet all other requirements set forth in this Statement. However, all mutual funds, collective trusts, and similar commingled fund vehicles included in the Program will also be subject to the investment guidelines as set forth in their prospectuses, or applicable offering documents.

<u>Organizational Strength</u>
- Be managed and supported by qualified personnel and appropriate resources.

[2] For instance, large cap growth vehicles should primarily focus on large cap stocks with growth-oriented characteristics.

Performance Consistency
- Have a minimum of 3 years of verifiable investment performance information[3].
- Have competitive returns versus an appropriate benchmark and peer group.

Risk/ Reward
- Have acceptable volatility relative to an appropriate benchmark. Greater volatility than the benchmark should be commensurate with a higher return.

COMMITMENT TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE FRAMEWORK

Sustainable Investment
Environmental, social and governance (ESG) issues may pose risks and opportunities for portfolios, portfolio companies and real assets and impact investment risks and returns. In addition, some stakeholders may also have strong views on aligning their investments with their personal values and seek to explicitly utilize ESG criteria when making investment decisions. The Investment Advisory Committee may consider ESG issues when selecting certain Investment Options.

Investment Options
Investment Options that explicitly utilize ESG criteria to make investment decisions may be selected if they meet the Committee's selection criteria.

Options that explicitly utilize ESG criteria should be evaluated according to the appropriate benchmark and universe for the asset class as stipulated in Appendix A. Stakeholders should be given the opportunity to invest in strategies which provide a diversified investment portfolio within the structure and objectives of the Program.

Assessing the ESG Credentials of Investment Managers
Where appropriate based on the investment option, investment managers should integrate ESG factors as part of their investment analysis and decision-making process. An assessment of how managers are integrating ESG issues over time and compared to peers can be done in a number of ways, including:

- Assessing an Investment Manager's level of ESG integration into its investment processes
- Assessing the ESG quality of an Investment Manager's portfolio holdings

Such assessments may be relevant to both manager selection and monitoring processes and may be performed by the consultant.

---

[3] Vehicles with less than 3 years of history may be tactical or opportunities investments where strategies often close quickly due to liquidity constraints.

INVESTMENT MANAGER SEARCHES – COMMITMENT TO DIVERSITY

The Board is committed to seeking diversity in the ownership, management, and staffing of firms with which the Plan does business, including investment managers. Accordingly, whenever a manager search is directed by the Plan, the Plan will include in its research report information on the ownership structure of each firm and publicly available data on ownership by women and minorities. In addition, if managers are interviewed by the Committee, each candidate should include in their respective presentation a discussion of the candidate's overall commitment to diversity and a review of the distribution in each level of the organization by gender and ethnicity in order to obtain information on the firm's diversity. Other information may be provided at the candidate's discretion to demonstrate their firm's commitment. Such information shall be considered in evaluating potential investment managers, with the primary criteria remaining those outlined under General Criteria above, in accordance with the fiduciary obligations of the Board.

PERFORMANCE MONITORING

The Board shall periodically, but not less than quarterly, evaluate investment managers. Each actively managed investment option will be measured against its benchmark and peer group for the measurement periods outlined below. The ability to meet the benchmark comparison on a net of fees basis will be a primary measure of performance. In addition to monitoring performance, consideration will be given to risk adjusted metrics.

Measurement Period	***Benchmark Comparison***	***Peer Group Comparison***
Multiple rolling 3-year periods	• The total rate of return should exceed the return of the benchmark over most rolling periods.[4]	• The total rate of return should exceed the median return of the fund's peer group over most rolling periods[4].

For the managers that do not have a 3-year track record with the Program, the manager's separate account composite or mutual fund performance will be used for evaluation. The manager may also be placed on watch within a lesser period if the strategy deviates from the universe and benchmark dramatically and in a manner that would not have been expected given the tracking error expectations of the strategy.

[4] Measured over the latest 12 quarters available for review.

If the investment manager utilizes a passively managed strategy, the portfolio will be monitored on its ability to successfully track the risk and return characteristics of the stated benchmark. Peer group comparisons will not be required for passive strategies.

In addition to monitoring investment performance results, staff may periodically evaluate the investment managers on the basis of the following factors to ascertain whether they should continue to be utilized in Program:

- the stability and depth of the investment professionals responsible for the management of this strategy;
- the suitability of its investment approach for the Program;
- its management fees; and
- any other measures staff deems useful and relevant.

Watch List Status & Termination

If an investment manager fails to meet the minimum standards of investment performance outlined in this document, staff may place the manager on a watch list for up to one year. The following are some examples of reasons for termination or placing an investment manager on the watch list:

- significant change in portfolio management, ownership or control;
- significant change in portfolio management style;
- substantive change in portfolio turnover; and
- continued performance shortfalls versus the peer group or benchmark.

Reasons for termination without a probationary period may include, but are not limited to:

- any violation of SEC, or other applicable authority, rules or regulations, as well as any other important and appropriate statutory regulatory requirements;
- operational difficulties concerning fund transfers or pricing;
- substantial and consistent deviation from the characteristics of its investment category; and
- failure to adhere to guidelines in this Statement or in the investment management agreement.

By the end of the watch list period, staff will evaluate the investment manager and determine whether:

- the investment manager remains on the watch list for an additional specified period of time;
- the investment manager is removed from the watch list; or
- the investment manager is terminated.

VIII. SUPPLEMENTAL ITEMS

CASH/LIQUIDITY POLICY

The following procedures are hereby adopted and will remain in effect until such time as monthly cash flows and/or contributions support the ongoing benefit and expense payments required by the Program.

- The Cash/Liquidity Policy shall be integrated with the management of the Program's asset allocation rebalancing policy.

- Cash required for benefit payments and operating expenses shall be distributed from a cash account. The balance in that account will be monitored on a frequent basis and replenished as necessary, but no less often than quarterly.

- When it is determined that there is insufficient cash in the designated cash account to fund upcoming cash withdrawals, transfers will be made from one or more of the investment accounts into the cash account. The determination of which accounts will provide funds to the cash account will be made by VA529 Management in consultation with the investment consultant, with the following objectives:

  - rebalancing toward the target asset allocation; and

  - minimizing the transaction costs of providing cash.

PROXY VOTING

Proxies will be voted for the exclusive benefit of the Plan and in accordance with the ESG Framework.

<u>Proposals Related to Funds and other Securities</u>

The Board may delegate the voting of proxies to others (e.g., the Investment Advisory Committee, appropriate VA529 Management, the investment managers or a qualified third party). In addition, the Board may require periodic reporting of the proxy voting activity by any person to whom such power has been delegated.

If a qualified third party is retained to manage the proxy voting activities for the Program, a review of the guidelines used to vote proxies will be conducted annually by VA529 Management. In addition, the third party will provide reports every calendar quarter to appropriate VA529 Management as to the proxies voted.

SECURITIES LENDING

Securities lending is not allowed in the separate accounts in the Program, unless specifically approved by the Board. However, some of the investment vehicles, such as mutual funds, collective trusts, and similar commingled fund vehicles may engage in securities lending if so allowed by their prospectus or applicable offering document.

ACCEPTANCE AND ADOPTION

The Board of Virginia College Savings Plan has approved and adopted this amended and restated Statement of Investment Policy and Guidelines as of November 4, 2021.

APPENDICES

APPENDIX A - TARGET ASSET ALLOCATION

The target asset mix, consistent with the achievement of the long-term objective of the Plan, is as follows. This Allocation was recommended by the Investment Advisory Committee and approved by the Board on August 25, 2021.

	Target	Allowable Range
Equities	**22.0%**	14.5% - 29.5%
Global All Cap Equity	22.0%	
Fixed Income	**55.0%**	50.0% - 60.0%
U.S. Aggregate FI	20.0%	
Multi-Asset Credit	35.0%	
Alternatives	**23.0%**	15.0% - 31.0%
Real Estate - Core	10.0%	
Private Equity	13.0%	

APPENDIX B – COMPOSITE BENCHMARKS

The tables below outline the composite benchmarks for the Defined Benefit 529 portfolio in place as of June 30, 2021.

Total Fund Benchmark		
Domestic Equity	Russell 3000	15.0%
Developed Markets Equity	MSCI EAFE	6.25%
Emerging Markets Equity	MSCI Emerging Markets	6.25%
Hedge Funds	HFRI FOF Conservative Index	5.00%
Core Real Estate	NCREIF NFI ODCE Net (1Q in Arrears)	5.00%
Private Equity	Private Equity Custom Benchmark*	10.00%
Convertibles	Merrill Lynch Global 300 Convertibles	5.0%
High Yield	BB US Corp High Yield	7.5%
Emerging Markets Debt (Hard currency)	JPMorgan EMBI Global Diversified	5.0%
U.S. Senior Leverage Loans	Credit Suisse Leverage Loan Index	7.5%
Multi Asset Credit	Custom MAC Benchmark#	7.7%
Private Debt	S&P LSTA Lev Loan (1Q in Arrears)	2.8%
Core Bonds	BB US Aggregate Bond Index	7.0%
Intermediate Credit	BB Intermediate Credit	10.0%

International Equity Benchmark		
Developed Markets Equity	MSCI EAFE	50.0%
Emerging Markets Equity	MSCI Emerging Markets	50.0%

Total Equity Benchmark		
Domestic Equity	Russell 3000	54.6%
Developed Markets Equity	MSCI EAFE	22.7%
Emerging Markets Equity	MSCI Emerging Markets	22.7%

Alternatives Benchmark		
Core Real Estate	NCREIF ODCE (1Q in Arrears)	25.0%
Hedge Funds	HFRI Fund of Funds Conservative	25.0%
Private Equity	Private Equity Custom Benchmark*	50.0%

Non-Core Fixed Income Benchmark		
Multi Asset Credit	Custom MAC Benchmark#	22.0%
Convertibles	Merrill Lynch Global 300 Convertibles	14.1%
High Yield	BB US Corp High Yield	21.1%
U.S. Senior Leverage Loans	Credit Suisse Leverage Loan Index	21.0%
Private Debt	S&P LSTA Lev Loan (1Q in Arrears)	7.8%
Emerging Markets Debt (Hard currency)	JPMorgan EMBI Global Diversified	14.0%

Core Fixed Income Benchmark		
Core Bonds	BB US Aggregate Bond Index	41.2%
Intermediate Credit	BB Intermediate Credit	58.8%

Total Fixed Income Benchmark		
Non-Core Fixed Income	Non-Core Fixed Income Benchmark	67.6%
Core Fixed Income	Core Fixed Income Benchmark	32.4%

** Private Equity Custom Benchmark is defined as the actual partnership returns for the first 4 years and MSCI ACWI + 300 thereafter*

 # Custom MAC Benchmark is defined as 33.3% BB US Corp High Yield, 33.3% Credit Suisse Leverage Loan Index, 33.4% JPMorgan EMBI GBI-EM Global Div

Virginia College Savings Plan Statement of Investment Policy and Guidelines For

Invest529SM

TABLE OF CONTENTS

I. PURPOSE & RESPONSIBILITIES

PURPOSE

The purpose of this Statement of Investment Policy and Guidelines ("Statement") is to identify a set of investment objectives, guidelines and performance standards for Virginia529 Invest529 ("Invest529"). This Statement represents the formal investment policy document for Invest529 and is to be communicated to the investment managers for their use in developing an appropriate investment portfolio. This document will also be used by the Board as the basis for future investment management decisions, measurement, and evaluation of investment performance of Invest529.

This Statement will be reviewed at least annually by the Board to ensure that it is consistent with the investment needs of Invest529.

RESPONSIBILITIES

Board

Pursuant to § 23.1-704 of the Code of Virginia ("Code"), the Board shall administer the Virginia College Savings Plan ("VA529" or the "Plan") and shall develop and implement programs for (i) the prepayment of undergraduate tuition, as defined in § 23.1-700 of the Code, at a fixed, guaranteed level for application at a public institution of higher education and (ii) contributions to college savings trust accounts established on behalf of a qualified beneficiary in order to apply distributions from the account toward qualified higher education expenses at eligible educational institutions, as both such terms are defined in § 529 of the Internal Revenue Code of 1986, as amended, or other applicable federal law. In addition, pursuant to § 23.1-704 of the Code, the Board shall invest moneys in the Plan in any instruments, obligations, securities, or property deemed appropriate by the Board.

The Board is authorized to delegate certain responsibilities to qualified agents to assist them in properly meeting the overall Board responsibilities as outlined above. Specifically, the Board relies on the advice, guidance and actions of VA529 Management, the Investment Advisory Committee, a custodian, investment managers, an investment consultant and legal counsel to perform various functions. The various roles and duties of each are further described below.

VA529 Management

VA529 Management, comprised of the Chief Executive Officer ("CEO") and such other senior officers as may be appointed by the CEO, shall implement decisions approved by the Board and/or Investment Advisory Committee unless otherwise specifically provided by the Board or the Investment Advisory Committee. VA529 Management shall (i) oversee the development, structure, evaluation and implementation of Invest529's strategic goals and objectives and (ii) with the assistance of the Investment Advisory Committee appointed by the Board, and by investment consultants, direct, manage and administer Invest529's assets and programs, and (iii) report periodically and as requested to the Board.

Investment Advisory Committee

According to § 23.1-702 of the Code, the Board of VA529 shall appoint an Investment Advisory Committee ("Committee"), the purpose of which is to assist the Board in fulfilling its fiduciary duty as trustee of VA529's funds and to assist VA529 Management in directing, managing, and administering VA529's assets, and to provide the Board with sophisticated, objective and prudent investment advice and direction on all matters related to the management of investments, within the parameters set by the Statement, as it may be amended from time to time. While this Statement refers to the responsibilities and duties of the Board, some of these responsibilities and duties may be delegated to the Committee via the Committee Charter[1].

The Committee shall be comprised and administered in accordance with the Committee Charter, as it may be amended from time to time by the Board. The Committee shall review VA529's investments and is authorized to make decisions with regard to investment managers. The Committee is further authorized to take any additional action specifically authorized in other Board actions. Recommendations are not binding upon the Board.

The Committee shall report any action taken to the Board at the Board's next meeting.

Custodian

The Plan shall contract on behalf of the Board with a third party custodian which shall have a level of experience and expertise in providing custodial services to plans and funds similar to those of Invest529. The custodian shall act as a fiduciary in the administration of the Invest529 accounts utilizing appropriate internal controls to insure the safety of the assets from such things as fraud, collusion, loss, diversion, etc. While the specific duties and responsibilities of the Plan's custodian are contained in the contractual agreement between the custodian and the Plan, the custodian, in general, has the following responsibilities:

- to handle all income, cash transactions, interest received, and other necessary activities;

- hold all securities on behalf of Invest529 and only deliver securities upon proper instruction from those authorized to provide such instruction or direction;

- perform, participate in and exercise such rights, privileges, duties and responsibilities possessed by any other owner or holder of bonds or other evidence of indebtedness and common and preferred stock, except for the voting of proxies, unless specifically authorized;

---

[1] The Committee Charter of the Virginia College Savings Plan Investment Advisory Committee was revised by the Board on August 24, 2017.

- safekeep all assets including securities, cash and cash equivalents;

- receive instructions from investment managers to purchase and sell various securities and ensure that transactions are settled according to established settlement procedures; and

- provide monthly transaction accounting on security holdings with reports provided to the appropriate VA529 Management in a timely manner.

Investment Consultant

While the specific duties and responsibilities of the Plan's investment consultant are contained in the contractual agreement between the investment consultant and the Plan, the consultant, in general, has the following responsibilities and will assist the Board and Committee with the following functions:

- provide evaluation of the investment results achieved by the designated investment managers in light of the investment guidelines and performance standards contained in this Statement;

- make recommendations to the Board of appropriate actions to be considered which, in the consultant's opinion, will enhance the probability of achieving overall investment program objectives. Such recommendations may include, but are not limited to:

  - use of alternate asset strategies or asset classes;
  - changes in overall investment policy;
  - changes in designated investment managers;

- provide assistance to the Board and/or Committee in screening and selecting investment managers, as appropriate; and

- at a minimum, meet with the Committee and Board every quarter.

Legal Counsel

The VA529 General Counsel shall advise and represent the Board in all matters requiring legal insight and advice. VA529 Management, in consultation with the General Counsel, shall utilize the services of outside counsel and/or the Office of the Attorney General as such services may be required from time to time.

Investment Managers

While the specific duties and responsibilities of the Plan's investment managers are contained in each contractual agreement between the designated investment manager and the Plan, investment managers, in general, have the following responsibilities:

- maintain registration as an investment advisor under the Investment Advisers Act of 1940, or be authorized and regulated by another appropriate authority;

- adhere to the policy guidelines contained in this Statement, unless granted an exception in writing;

- invest only in those asset classes, and adhere to the ranges for allocation among those classes, that the Board has stated to be appropriate for that manager's portfolio;

- exercise complete investment discretion within the boundaries of the restrictions outlined in this Statement or in any written exceptions to this Statement;

- strictly comply with all of the provisions of appropriate law as they pertain to the firm's dealings, functions and responsibilities as fiduciaries;

- prudently liquidate assets in the portfolio which cease to be in compliance with this Statement or any written exceptions to this Statement. If in the manager's judgment, it is in Invest529's best interest to not liquidate such an asset promptly, the manager will advise VA529 management of the circumstances and make a recommendation regarding the liquidation of that asset;

- diversify the portfolio unless, under the circumstances, it is clearly prudent to not so diversify;

- ensure that brokers will be selected only on a competitive, best execution basis;

- invest the assets with care, skill, prudence and diligence under circumstances then prevailing that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with such aims;

- provide VA529 Management with a monthly accounting of assets;

- issue a quarterly report to the Board and/or their designees which includes the following information:
    - the market value of account assets as of the last business day of each quarter;
    - the portion of account assets allocated to each investment asset class as of the last business day of each quarter;

- time-weighted rates of return measured net of investment management fees and all expenses or gross of fees (as appropriate) for the current quarter, year-to-date and historical time periods;

average account characteristics and number of holdings as of the last business day of each quarter; and expenses;

- acknowledge in writing the recognition and acceptance of full responsibility as a fiduciary, and the firm's intention to comply with this Statement as it currently exists or as is modified by joint agreement in the future.

Exceptions Allowed

On a case by case basis, the Board may grant the investment manager an exception to the foregoing requirements where such exceptions are deemed appropriate and prudent. Exceptions applicable to each individual investment manager may be included in the manager's investment management agreement with the Plan or in a letter to the manager signed by the CEO of the Plan.

II. ALLOWABLE INVESTMENTS

ALLOWABLE INVESTMENTS

Pursuant to § 23.1-706 of the Code, as amended, the Board is authorized to acquire and retain every kind of property and any kind of investment, and to retain property properly acquired, without time limitation and without regard to its suitability for original purpose, specifically including but not limited to:

- Debentures and other corporate obligations of foreign or domestic corporations;
- Common or preferred stocks traded on foreign or domestic stock exchanges;
- Not less than all of the stock or 100 percent ownership of a corporation or other entity organized by the Board under the laws of the Commonwealth for the purpose of acquiring and retaining real property that the Board is authorized to acquire and retain;
- Unregistered securities, often referred to as letter stock or private placements, including limited partnerships and 144A securities;
- Securities of any open-end or closed-end management type investment company or investment trust registered under the federal Investment Company Act of 1940, as amended, including such investment companies or investment trusts which, in turn, invest in the securities of such investment companies or investment trusts. Also permitted are pooled investments, including collective trusts and similar commingled fund vehicles, which may be used as an alternative to a mutual fund investment;
- Bonds, notes or other obligations of the Commonwealth or its agencies and instrumentalities.

<u>General Portfolio Diversification</u>

All individually managed portfolios and funds must maintain sufficient diversification among security issuers and market sectors such that the performance of one security or sector will not have an excessive impact on the entire portfolio. Investment mandates will be considered individually as well as collectively to ensure that investment styles, philosophies and investment approaches are complementary.

<u>General Restrictions/Guidelines</u>

The Board requires that all investment managers comply with the following limitations and restrictions on their investment activities and holdings:

- Unless granted permission by the Board in writing, investment managers shall not engage in short sales or margin purchases and all accounts shall be free of leverage.

- Unless granted permission by the Board in writing, commodities or commodity contracts are not allowed.
- Derivative securities are prohibited except where specifically permitted in the investment manager agreement, subscription agreement or prospectus. Specific asset classes may be permitted to make use of derivatives consistent with the overall investment guidelines and objectives of that asset class.
- The individual managers are expected to be fully invested at all times, with cash accounting for no more than 10% of the portfolio's market value.

<u>Individual Portfolio Guidelines - Equity</u>

- Securities of any one issuer are limited to 5% (at market) of the individual portfolio.
- Portfolios should be diversified by sector, with sector allocations limited to a maximum of 200% of the weight of the sector in the benchmark (see the Appendix for the benchmark assigned to each asset class), or 25%, whichever is greater, with the exception of sectors whose benchmark allocation is less than 5%, where the maximum allocation shall be 15%.
-
- No quantitative guidelines are given as to industry diversification. However, the investment manager is expected to develop and apply prudent standards.

<u>Individual Portfolio Guidelines – Fixed Income</u>

- While no specific ranges are required, it is expected that the average duration of the account will be within +/- 20% of the designated benchmark (see Appendix B for the benchmark assigned to each asset class).
- For the Core Fixed Income portfolios, the average quality of the total account should be A- or higher. Only investment grade securities defined as BBB-rated or higher by Standard & Poor's or the equivalent rating by Moody's or Fitch, may be purchased, unless the Board grants specific exceptions in writing. For bonds with split ratings, the higher rating will apply. In cases where securities were purchased and were subsequently downgraded, the manager will immediately notify VA529 Management and outline the course of action anticipated for the security.
- Core Plus Fixed Income portfolios can hold non-investment grade securities and have an overall average quality rating of BBB or higher.
- Securities of any one issuer, with the exception of the U.S. Government and its agencies and instrumentalities, are limited to 5% (at market) of the individual portfolio.

<u>Individual Portfolio Guidelines – Fixed Income, Stable Value</u>

- While no specific ranges are required, it is expected that the average duration of the account will be between two and four years.

- The average quality of the total account should be AA- or higher. Only investment grade securities defined as BBB-rated or higher by Standard & Poor's or the equivalent rating by Moody's or Fitch, may be purchased, unless the Board grants specific exceptions in writing. For bonds with split ratings, the higher rating will apply. In cases where securities were purchased and were subsequently downgraded, the manager will immediately notify VA529 Management and outline the course of action anticipated for the security.
- Securities of any one issuer, with the exception of the U.S. Government and its agencies and instrumentalities, are limited to 5% (at market) of the individual portfolio.
- Stable Value portfolios cannot hold non-dollar denominated securities.

<u>Exceptions Allowed</u>

On a case by case basis, the Board may grant the investment manager a special exception to the foregoing restrictions where such exceptions are deemed appropriate and prudent. Specific guidelines applicable to each individual investment manager may be recorded in the manager's investment management agreement with the Plan or in a letter to the manager signed by the CEO of the Plan.

<u>Commingled Funds, Collective Trusts and Mutual Funds</u>

The guidelines in this Statement have been established to ensure that the investments of each investment manager are in keeping with the return and risk objectives of Invest529. However, in attempting to meet these objectives, it may be advantageous for a portion of portfolio assets to be placed in a pooled, commingled, collective trust, or mutual fund which may have specific restrictions, policies, or guidelines that conflict from time-to-time with those outlined in this Statement. The restrictions, policies and guidelines in the funds' prospectus or offering statement shall take precedence over those stated in this Statement.

III. Invest529 PROGRAM STRUCTURE

INVESTMENT OPTION STRUCTURE

Invest529 offers individual tax-advantaged Internal Revenue Code Section 529 savings accounts with a variety of investment options from which a participant may choose. The Board determines the investment options to be offered in Invest529. Invest529 has no state residency requirements, no age limits and is open year round. The risk of investment losses in Invest529 accounts rests with the participant. The primary investment objectives of Invest529 are to offer a set of investment options that:

- allow Invest529 participants to build portfolios consistent with their desired investment risk and return;
- provide a risk profile consistent with its position in the overall structure; and
- are managed so as to implement the desired risk profile and other investment characteristics.

In seeking to achieve diversity among the investment options offered, VA529 has established certain criteria to determine the material differences in investment options. The following technical factors should be used to classify and differentiate potential investment options:

- A distinct definable market and the availability of a widely used and understood benchmark;
- A distinct risk and return profile as exhibited by historical return analysis; and
- Use of a distinct management style that is definable in terms of the investment strategies/methodologies utilized (e.g., passive versus active management, growth vs. value).

General Description of Invest529 Investment Options

- **Target Enrollment portfolios** are balanced portfolios created by VA529 using external "best in class" investment management. The allocation of a portfolio evolves over time from a higher projected return/higher risk portfolio to a lower projected return/lower risk portfolio. The portfolio allocations are designed to take into account the beneficiary's current age and number of years before the beneficiary is expected to need funds for higher education expenses, although participants are not required to select the target enrollment portfolio that corresponds to the beneficiary's age. This option is aimed at those investors who desire a third party to manage their asset allocation and investment manager decisions. VA529 creates a new target enrollment portfolio every three years (at the higher end of the established risk/return spectrum). The asset allocations of the target enrollment portfolios will evolve according to the VA529 Rebalancing Policy so that by the end of the third year, the evolution to the next target stage of asset allocation is complete, with the exception of the portfolio which has entered the final transition phase which will evolve to an allocation of 100% to stable value or an equivalent investment over a two-year period.

- **Static portfolios** are comprised of (i) balanced portfolios where the target asset allocation remains fixed and (ii) single asset class portfolios. Balanced portfolios and single asset class portfolios (actively or passively-managed) are provided so that an investor may construct their own custom portfolio.

TARGET ENROLLMENT PORTFOLIOS

Asset Allocation

As previously discussed, each target enrollment portfolio is designed to take into account the beneficiary's age and account owner's investment time horizon or the number of years before the beneficiary is expected to need funds from the account for higher education expenses.

The appropriateness of the asset allocation for each portfolio will be examined by the Board at least every five years. At a minimum, the portfolios will be diversified across the following asset classes:

- U.S. Equity
- International Equity
- U.S. Fixed Income
- U.S. Stable Value

The asset allocation for each portfolio is provided in the Appendix.

Rebalancing

Rebalancing will occur as needed according to the VA529 Rebalancing Policy. This provides for a smooth transition on the glide path towards the next target asset allocation stage. VA529 staff certifies and reports to management on a monthly basis whether portfolio components are properly balanced according to asset allocation parameters.

Portfolio Structure of Target Enrollment Portfolios

The Board may select a range of investment managers to manage the assets of the target enrollment portfolios. Both active and passive strategies can be used as can a variety of investment styles (value, growth, core).

A portfolio structure analysis to determine the percentage of assets allocated to active or passive managers, and to investment styles, will be conducted every five years.

Currently, the following investment strategies are used in these portfolios.

- Stable value (actively-managed)
- U.S. core fixed income (passively-managed)
- U.S. high yield fixed income (actively-managed)
- U.S. large cap equity (passively-managed)
- U.S. small cap equity (passively-managed)
- International equity (actively-managed)
- Emerging markets equity (actively-managed)
- Emerging markets fixed income (actively-managed)
- U.S. Real Estate (passively-managed)
- Private Real Estate (actively-managed)

The benchmarks and peer groups used to measure performance are provided in Appendix B.

ACTIVELY MANAGED BALANCED PORTFOLIOS

These actively-managed balanced portfolios will be constructed based on the risk orientation of the individual investor rather than the investor's time horizon. These portfolios may invest in a mix of actively-managed and passively-managed assets.

Currently, the following investment strategies are used in these portfolios.

- Stable value (actively-managed)
- U.S. core fixed income (passively-managed)
- U.S. high yield fixed income (actively-managed)
- U.S. large cap equity (passively-managed)
- U.S. small cap equity (passively-managed)
- International equity (actively-managed)
- Global small cap equity (actively-managed)
- Emerging markets equity (actively-managed)
- Emerging markets fixed income (actively-managed)
- U.S. Real Estate (passively-managed)
- Private Real Estate (actively-managed)

The benchmarks and peer groups used to measure performance are provided in Appendix B.

PASSIVELY MANAGED BALANCED PORTFOLIOS

These balanced portfolios will be constructed based on the risk orientation of the individual investor rather than the investor's time horizon.

At a minimum, the following risk-based portfolios will be offered:

- Aggressive Growth (equity allocation greater than 70%)
- Moderate Growth (equity allocation between 40% and 70%)
- Conservative Income (equity allocation less than 40%)

Currently, the following investment strategies are used in these portfolios.

- U.S. core fixed income (passively-managed)
- International fixed income (passively-managed)
- U.S. broad market equity (passively-managed)
- International equity (passively-managed)

STATIC SINGLE ASSET CLASS PORTFOLIOS

These portfolios will be offered such that they along with other Invest529 and Plan programs, will provide sufficient investment options such that a Plan investor/participant could construct a portfolio to meet their college savings goals based on the individual investor's risk orientation and time horizon..

At a minimum, portfolios providing the ability to invest in the following asset classes are to be provided:

- U.S. Equity
- International Equity
- U.S. Investment Grade Fixed Income

Currently, the following investment strategies are used in these portfolios.

- U.S. core fixed income (passively-managed)
- U.S. Treasury inflation–protected securities (actively-managed)
- U.S. broad market equity (passively-managed)
- International equity (passively-managed)
- U.S. Real Estate (passively-managed)
- ESG core equity fund (actively-managed)

- FDIC-Insured Account
- Stable value (actively-managed)

IV. INVESTMENT MANAGER SELECTION, MONITORING AND TERMINATION

BACKGROUND

The Board reserves the right to add, delete or replace investment managers based upon inability to meet performance guidelines outlined in this policy or other factors affecting the continuing viability of the portfolio. Either separately managed portfolios, commingled funds or mutual funds may be used in Invest529. The Board has delegated to the Staff of VA529, principally the CEO and Investment Director, the authority to select, contract, hire, and terminate individual investment managers that satisfy the requirements of the Board approved investment lineup.

SELECTION – GENERAL CRITERIA

When selecting funds for Invest529, the following six broad categories should be considered:

- Economies of Scale
- Diversification
- Transparency
- Organizational Strength
- Performance Consistency
- Risk/ Reward

The following *basic* selection criteria are to be used when selecting a new investment manager or when selecting a replacement manager for an existing asset class. These criteria have been classified according to the categories listed above.

Economies of Scale

- Have at least $500 million in assets under management.
- Have a reasonable expense ratio or fees compared to other vehicles within an appropriate peer group

Diversification

- No more than 10% of the portfolio may be invested in any one company valued at market. Likewise, appropriate risk controls may be outlined in each investment manager agreement with respect to sector and industry weightings relative to an appropriate benchmark.

Transparency

- Employ an investment process that is well defined.
- Invest in securities consistent with the vehicle's strategy[2].
- Agree to meet all other requirements set forth in this Statement. However, all mutual funds, collective trusts, and similar commingled fund vehicles included in Invest529 will also be subject to the investment guidelines as set forth in their prospectuses, or applicable offering documents.

Organizational Strength

- Be supported by qualified personnel and appropriate resources.

Performance Consistency

[2] For instance, large cap growth vehicles should primarily focus on large cap stocks with growth-oriented characteristics.

- Have a minimum of 3 years of verifiable investment performance information[3].
- Have competitive returns versus an appropriate benchmark index and peer group.

<u>Risk/ Reward</u>

- Have acceptable volatility relative to an appropriate benchmark index. Greater volatility than the benchmark should be commensurate with a higher return.

COMMITMENT TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE FRAMEWORK

Sustainable Investment

Environmental, social and governance (ESG) issues may pose risks and opportunities for portfolios, portfolio companies and real assets and impact investment risks and returns. In addition, some participants may also have strong views on aligning their investments with their personal values and seek to explicitly utilize ESG criteria when making investment decisions. The Investment Advisory Committee may consider ESG issues when selecting certain Investment Options.

Investment Options

Investment Options that explicitly utilize ESG criteria to make investment decisions may be selected for Invest529 if they meet the Committee's selection criteria.

Options that explicitly utilize ESG criteria should be evaluated according to the appropriate benchmark and universe for the asset class as stipulated in Appendix B. Participants should be given the opportunity to invest in options which provide a diversified investment portfolio within the structure and objectives of Invest529.

Assessing the ESG Credentials of Investment Managers

Where appropriate based on the investment option, investment managers should integrate ESG factors as part of their investment analysis and decision-making process. An assessment of how managers are integrating ESG issues over time and compared to peers can be done in a number of ways, including:

- Assessing an Investment Manager's level of ESG integration into its investment processes
- Assessing the ESG quality of an Investment Manager's portfolio holdings

Such assessments may be relevant to both manager selection and monitoring processes and may be performed by the consultant.

---

[3] Vehicles with less than 3 years of history may be tactical or opportunities investments where strategies often close quickly due to liquidity constraints.

INVESTMENT MANAGER SEARCHES – COMMITMENT TO DIVERSITY

The Board is committed to seeking diversity in the ownership, management, and staffing of firms with which the Plan does business, including investment managers. Accordingly, whenever a manager search is directed by the Plan, the Plan will include in its research report information on the ownership structure of each firm and publicly available data on ownership by women and minorities. In addition, if managers are interviewed by the Committee, each candidate should include in their respective presentation a discussion of the candidate's overall commitment to diversity and a review of the distribution in each level of the organization by gender and ethnicity in order to obtain information on the firm's diversity. Other information may be provided at the candidate's discretion to demonstrate their firm's commitment. Such information shall be considered in evaluating potential investment managers, with the primary criteria remaining those outlined under General Criteria above, in accordance with the fiduciary obligations of the Board.

PERFORMANCE MONITORING

The Board shall periodically, but not less than quarterly, evaluate investment managers. Each actively-managed investment option will be measured against its benchmark and peer group for the measurement periods outlined below. The ability to meet the benchmark comparison on a net of fees basis will be a primary measure of performance. In addition to monitoring performance, consideration will be given to risk adjusted metrics.

Measurement Period	***Benchmark Comparison***	***Peer Group Comparison***
Multiple rolling 3-year periods	• The total rate of return should exceed the return of the benchmark index over most rolling periods.[4]	• The total rate of return should exceed the median return of the fund's peer group over most rolling periods.[4]

For the managers that do not have a 3-year track record with Invest529, the manager's separate account composite or mutual fund performance will be used for evaluation. The manager may also be placed on watch within a lesser period if the strategy deviates from the universe and benchmark dramatically and in a manner that would not have been expected given the tracking error expectations of the strategy.

[4] Measured over the latest 12 quarters available for review.

If the investment manager utilizes a passively-managed strategy, the portfolio will be monitored on its ability to successfully track the risk and return characteristics of the stated benchmark. Peer group performance will not be required for passive strategies.

In addition to monitoring investment performance results, staff may periodically evaluate the investment managers on the basis of the following factors to ascertain whether they should continue to be utilized in Invest529:

- the stability and depth of the investment professionals responsible for the management of this strategy;
- the suitability of its investment approach for Invest529;
- its management fees; and
- any other measures staff deems useful and relevant.

Watch List Status & Termination

If an investment manager fails to meet the minimum standards of investment performance outlined in this document, staff has the discretion to place the manager on a ‘watch list’ for up to a year. The following are some examples of reasons for termination or placing an investment manager on the watch list:

- significant change in portfolio management, ownership or control;
- significant change in portfolio management style;
- substantive change in portfolio turnover; and
- continued performance shortfalls versus the peer group or benchmark.

Reasons for termination without a probationary period may include, but are not limited to:

- any violation of SEC, or other applicable authority, rules or regulations, as well as any other important and appropriate statutory regulatory requirements;
- operational difficulties concerning fund transfers or pricing;
- substantial and consistent deviation from the characteristics of its investment category; and
- failure to adhere to guidelines in this Statement or in the investment management agreement.

By the end of the watch list period, staff will evaluate the investment manager and determine whether:

- the investment manager remains on the watch list for an additional specified period of time;
- the investment manager is removed from the watch list; or
- the investment manager is terminated.

V. SUPPLEMENTAL ITEMS

PROXY VOTING

Proxies will be voted for the benefit of the Plan and in accordance with the ESG Framework.

<u>Proposals Related to Funds and other Securities</u>

The Board may delegate the voting of proxies to others (e.g., the Investment Advisory Committee, appropriate VA529 Management, the investment managers or a qualified third party). In addition, the Board may require periodic reporting of the proxy voting activity by any person to whom such power has been delegated.

If a qualified third party is retained to manage the proxy voting activities for VA529, a review of the guidelines used to vote proxies will be conducted annually by VA529 Management. In addition, the third party will provide reports every calendar quarter to appropriate VA529 Management as to the proxies voted.

SECURITIES LENDING

Securities lending is not allowed in the separate accounts in Invest529, unless specifically approved by the Board. However, some of the investment vehicles, such as mutual funds, collective trusts, and similar commingled fund vehicles may engage in securities lending if so allowed by their prospectus or applicable offering documents.

ACCEPTANCE AND ADOPTION

The Board of the Virginia College Savings Plan has approved and adopted this restated Statement of Investment Policy and Guidelines as of November 4, 2021.

.

APPENDIX A: ASSET ALLOCATION

The table below outlines the initial allocation of assets for the target enrollment portfolios as of January 1 of each of the below referenced years.

	Initial Target Allocation as of						
Invest529 Portfolio	January 2021	January 2024	January 2027	January 2030	January 2033	January 2036	January 2039
2039 Portfolio Ages 0-3	85.80% Stock 14.20% Fixed Income	77.13% Stock 22.87% Fixed Income	67.03% Stock 32.97% Fixed Income	55.53% Stock 44.47% Fixed Income	43.33% Stock 56.67% Fixed Income	22.77% Stock 77.23% Fixed Income	0% Stock 100% Fixed Income
2036 Portfolio Ages 4-6	77.13% Stock 22.87% Fixed Income	67.03% Stock 32.97% Fixed Income	55.53% Stock 44.47% Fixed Income	43.33% Stock 56.67% Fixed Income	22.77% Stock 77.23% Fixed Income	0% Stock 100% Fixed Income	
2033 Portfolio Ages 7-9	67.03% Stock 32.97% Fixed Income	55.53% Stock 44.47% Fixed Income	43.33% Stock 56.67% Fixed Income	22.77% Stock 77.23% Fixed Income	0% Stock 100% Fixed Income		
2030 Portfolio Ages 10-12	55.53% Stock 44.47% Fixed Income	43.33% Stock 56.67% Fixed Income	22.77% Stock 77.23% Fixed Income	0% Stock 100% Fixed Income			
2027 Portfolio Ages 13-15	43.33% Stock 56.67% Fixed Income	22.77% Stock 77.23% Fixed Income	0% Stock 100% Fixed Income				
2024 Portfolio Ages 16-18	22.77% Stock 77.23% Fixed Income	0% Stock 100% Fixed Income					

APPENDIX B: BENCHMARKS & PEER GROUPS

The table below outlines the target benchmarks and peer groups for the Invest529 portfolios. The table uses the initial target allocations as of January 1, 2021.

Portfolio	Category	Benchmark	Peer Group
85.80% Equity / 14.20% Fixed Income	Target Enrollment Portfolios	31.5% S&P 500 / 3.5% CRSP US Small Cap Index / 12.85% MSCI ACWI ex US / 12.85% MSCI EAFE / 9.3% MSCI Emerging Markets / 15.8% NCREIF NFI ODCE / MSCI US IM RE 25/50 / 4.6% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 4.6% JP Morgan Emerging Bond Market Index Global Diversified / 2.5% Bloomberg Barclays U.S. Aggregate Float Adjusted / 2.5% 3-Month T-Bills + 100 basis points	NA
77.13% Equity / 22.87% Fixed Income	Target Enrollment Portfolios	28.53% S&P 500 / 3.17% CRSP US Small Cap Index / 11.62% MSCI ACWI ex US / 11.62% MSCI EAFE / 8.23% MSCI Emerging Markets / 13.73% NCREIF NFI ODCE / MSCI US IM RE 25/50 / 5.37% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 5.83% JP Morgan Emerging Bond Market Index Global Diversified / 3.63% Bloomberg Barclays U.S. Aggregate Float Adjusted / 8.03% 3-Month T-Bills + 100 basis points	NA
67.03% Equity / 32.97% Fixed Income	Target Enrollment Portfolios	25.42% S&P 500 / 2.82% CRSP US Small Cap Index / 10.37% MSCI ACWI ex US / 10.37% MSCI EAFE / 7.5% MSCI Emerging Markets / 10.57% NCREIF NFI ODCE / MSCI US IM RE 25/50 / 6.3% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 8.33% JP Morgan Emerging Bond Market Index Global Diversified / 3.87% Bloomberg Barclays U.S. Aggregate Float Adjusted / 14.47% 3-Month T-Bills + 100 basis points	NA
55.53% Equity / 44.47% Fixed Income	Target Enrollment Portfolios	21.2% S&P 500 / 2.37% CRSP US Small Cap Index/ 8.67% MSCI ACWI ex US / 8.67% MSCI EAFE / 6.27% MSCI Emerging Markets / 8.37% NCREIF NFI ODCE / MSCI US IM RE 25/50 / 6.13% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 10% JP Morgan Emerging Bond Market Index Global Diversified / 7.73% Bloomberg Barclays U.S. Aggregate Float Adjusted / 20.6% 3-Month T-Bills + 100 basis points	NA
43.33% Equity / 56.67% Fixed Income	Target Enrollment Portfolios	16.75% S&P 500 / 1.88% CRSP US Small Cap Index / 6.87% MSCI ACWI ex US / 6.87% MSCI EAFE / 4.13% MSCI Emerging Markets / 6% NCREIF NFI ODCE / MSCI US IM RE 25/50 / 5% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 10% JP Morgan Emerging Bond Market Index Global Diversified / 13.03% Bloomberg Barclays U.S. Aggregate Float Adjusted / 28.63% 3-Month T-Bills + 100 basis points	NA
22.77% Equity / 77.23% Fixed Income	Target Enrollment Portfolios	8.5% S&P 500 / 0.93% CRSP US Small Cap Index/ 3.47% MSCI ACWI ex US / 3.47% MSCI EAFE / 2.5% MSCI Emerging Markets / 3.9% NCREIF NFI ODCE / MSCI US IM RE 25/50 / 5% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 10% JP Morgan Emerging Bond Market Index Global Diversified / 19.4% Bloomberg Barclays U.S. Aggregate Float Adjusted / 42.83% 3-Month T-Bills + 100 basis points	NA
100% Fixed Income (Transition)	Target Enrollment Portfolios	5% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 10% JP Morgan Emerging Bond Market Index Global Diversified / 20% Bloomberg Barclays U.S. Aggregate Float Adjusted / 65% 3-Month T-Bills + 100 basis points	NA
100% Fixed Income (Stable Value)	Static, Single Asset Class Portfolio	100% 3-Month T-Bills + 100 basis points	NA

APPENDIX B: BENCHMARKS & PEER GROUPS (CONTINUED)

Portfolio	Category	Benchmark	Peer Group
Conservative Portfolio	Static, Balanced	56% Bloomberg Barclays U.S. Aggregate Float Adjusted / 12% CRSP US Total Market / 8% FTSE Global All Cap ex US / 24% Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped	NA
Moderate Portfolio	Static, Balanced	36% CRSP US Total Market / 28% Bloomberg Barclays U.S. Aggregate Float Adjusted / 12% Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped / 24% FTSE Global All Cap ex US	NA
Aggressive Portfolio	Static, Balanced	48% CRSP US Total Market / 14% Bloomberg Barclays U.S. Aggregate Float Adjusted / 6% Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped / 32% FTSE Global All Cap ex US	NA
Total Stock Index Portfolio	Static, Single Asset Class Portfolio	CRSP US Total Market Index	NA
Total Bond Index Portfolio	Static, Single Asset Class Portfolio	Bloomberg Barclays U.S. Aggregate Float Adjusted Index	NA
International Stock Index Portfolio	Static, Single Asset Class Portfolio	FTSE Global All Cap ex US Index	NA
Inflation Protected Securities Portfolio	Static, Single Asset Class Portfolio	Bloomberg Barclays Capital US Treasury Inflation Protected Index	NA
REIT Index Portfolio	Static, Single Asset Class Portfolio	MSCI US Investable Market Real Estate 25/50 Index	NA
FDIC-Insured Savings Account	Static, Single Asset Class Portfolio	Federal Reserve Bank of New York Overnight Bank Funding Rate less 50 basis points	NA
ESG Core Equity Portfolio	Static, Single Asset Class Portfolio	S&P 500	NA
Global Equity Portfolio	Static, Equity	50% CRSP US Total Market / 20% MSCI ACWI ex US / 20% MSCI EAFE / 10% MSCI ACWI Small Cap	NA
Active Conservative Portfolio	Static, Balanced	8.5% S&P 500 / 0.93% CRSP US Small Cap Index/ 3.47% MSCI ACWI ex US / 3.47% MSCI EAFE / 2.5% MSCI Emerging Markets / 3.9% NCREIF NFI ODCE / MSCI US IM RE 25/50 / 5% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 10% JP Morgan Emerging Bond Market Index Global Diversified / 19.4% Bloomberg Barclays U.S. Aggregate Float Adjusted / 42.83% 3-Month T-Bills + 100 basis points	NA
Active Moderate Portfolio	Static, Balanced	21.2% S&P 500 / 2.37% CRSP US Small Cap Index/ 8.67% MSCI ACWI ex US / 8.67% MSCI EAFE / 6.27% MSCI Emerging Markets / 8.37% NCREIF NFI ODCE / MSCI US IM RE 25/50 / 6.13% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 10% JP Morgan Emerging Bond Market Index Global Diversified / 7.73% Bloomberg Barclays U.S. Aggregate Float Adjusted / 20.6% 3-Month T-Bills + 100 basis points	NA
Active Aggressive Portfolio	Static, Balanced	31.5% S&P 500 / 3.5% CRSP US Small Cap Index / 12.85% MSCI ACWI ex US / 12.85% MSCI EAFE / 9.3% MSCI Emerging Markets / 15.8% NCREIF NFI ODCE / MSCI US IM RE 25/50 / 4.6% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 4.6% JP Morgan Emerging Bond Market Index Global Diversified / 2.5% Bloomberg Barclays U.S. Aggregate Float Adjusted / 2.5% 3-Month T-Bills + 100 basis points	NA

APPENDIX B: BENCHMARKS & PEER GROUPS (CONTINUED)

Asset Class	Benchmark	Peer Group
Stable Value	3-Month T-Bills + 100bps	Stable Value Funds
U.S. Core Fixed Income/Passively-Managed	Bloomberg Barclays U.S. Aggregate Float Adjusted Index	NA
U.S. Large Cap Equity/Passively-Managed	S&P 500 Index	NA
U.S. Small Cap Equity/Passively-Managed	CRSP US Small Cap Index	NA
Emerging Markets Debt/Actively-Managed	JP Morgan EMBI Global Diversified	Emerging Markets Debt Mutual Funds
Emerging Markets Equity/Actively-Managed	MSCI Emerging Markets Index	Emerging Markets Equity Mutual Funds
U.S. High Yield Fixed Income/Actively-Managed	Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index	U.S. High Yield Fixed Income Managers
Private Real Estate/Actively-Managed	NCREIF NFI ODCE / MSCI US IM RE 25/50	Private Real Estate
International Equity/Actively-Managed	MSCI ACWI ex US	International Equity Mutual Funds
Global Small Cap Equity	MSCI All Country World Small Cap Index	Global Small Cap Equity Mutual Funds

Virginia College Savings Plan Statement of Investment Policy and Guidelines For

Virginia529 ABLEnow℠

TABLE OF CONTENTS

I. PURPOSE & RESPONSIBILITIES

PURPOSE

The purpose of this Statement of Investment Policy and Guidelines ("Statement") is to identify a set of investment objectives, guidelines and performance standards for Virginia529 ABLEnow ("ABLEnow"). This Statement represents the formal investment policy document for ABLEnow and is to be communicated to the investment managers for their use in developing an appropriate investment portfolio. This document will also be used by the Board as the basis for future investment management decisions, measurement, and evaluation of investment performance of ABLEnow.

This Statement will be reviewed at least annually by the Board to ensure that it is consistent with the investment needs of ABLEnow.

RESPONSIBILITIES

Board

Pursuant to § 23.1-704 of the Code of Virginia ("Code"), the Board shall administer the Virginia College Savings Plan ("VA529" or the "Plan") and shall develop and implement a program for contributions to ABLE savings trust accounts established pursuant to this chapter on behalf of a qualified beneficiary in order to apply distributions from the account toward qualified disability expenses for an eligible individual, as both such terms are defined in § 529A of the Internal Revenue Code of 1986, as amended, or other applicable federal law. In addition, pursuant to § 23.1-704 of the Code, the Board shall invest moneys in the Plan in any instruments, obligations, securities, or property deemed appropriate by the Board.

The Board is authorized to delegate certain responsibilities to qualified agents to assist them in properly meeting the overall Board responsibilities as outlined above. Specifically, the Board relies on the advice, guidance and actions of VA529 Management, the Investment Advisory Committee, third party administrator, investment managers, an investment consultant and legal counsel to perform various functions. The various roles and duties of each are further described below.

VA529 Management

VA529 Management, comprised of the Chief Executive Officer ("CEO") and such other senior officers as may be appointed by the CEO, shall implement decisions approved by the Board and/or Investment Advisory Committee unless otherwise specifically provided by the Board or the Investment Advisory Committee. VA529 Management shall (i) appoint a third party administrator (ii) oversee the development, structure, evaluation and implementation of ABLEnow's strategic goals and objectives and (iii) with the assistance of the Investment Advisory Committee appointed by the Board, and by investment consultants, direct and manage ABLEnow's assets and programs, and (iv) report periodically and as requested to the Board.

Investment Advisory Committee

According to § 23.1-702 of the Code, the Board of VA529 shall appoint an Investment Advisory Committee ("Committee"), the purpose of which is to assist the Board in fulfilling its fiduciary duty as trustee of VA529's funds and to assist VA529 Management in directing, managing, and administering VA529's assets, and to provide the Board with sophisticated, objective and prudent investment advice and direction on all matters related to the management of investments, within the parameters set by the Statement, as it may be amended from time to time. While this Statement refers to the responsibilities and duties of the Board, some of these responsibilities and duties may be delegated to the Committee via the Committee Charter[1].

The Committee shall be comprised and administered in accordance with the Committee Charter, as it may be amended from time to time by the Board. The Committee shall review VA529's investments and is authorized to make decisions with regard to investment managers. The Committee is further authorized to take any additional action specifically authorized in other Board actions. Recommendations are not binding upon the Board.

The Committee shall report any action taken to the Board at the Board's next meeting.

Third Party Administrator

The Plan shall contract on behalf of the Board with a third party administrator which shall have a level of experience and expertise in providing services as required to administer ABLEnow. The administrator shall act as a fiduciary in the administration of the ABLEnow accounts utilizing appropriate internal controls to insure the safety of the assets from such things as fraud, collusion, loss, diversion, etc. While the specific duties and responsibilities of the Plan's administrator are contained in the contractual agreement between the administrator and the Plan, the administrator, in general, has the following responsibilities:

- to handle all income, cash transactions, interest received, and other necessary activities;
- hold or contract with a custodian to hold all securities on behalf of ABLEnow and only transact with regard to ABLEnow investment options upon proper instruction from those authorized to provide such instruction or direction;

[1] The Committee Charter of the Virginia College Savings Plan Investment Advisory Committee was revised by the Board on August 24, 2017.

- safekeep or contract for the safekeeping all ABLEnow assets including securities, cash and cash equivalents; and

- provide monthly transaction accounting on security holdings with reports provided to the appropriate VA529 Management in a timely manner.

- provide VA529 Management with a monthly accounting of assets;

- issue a quarterly report to the Board and/or their designees which includes the following information:
  - the market value of account assets as of the last business day of each quarter;
  - the portion of account assets allocated to each investment asset class as of the last business day of each quarter;
  - time-weighted rates of return measured net of investment management fees and all expenses or gross of fees (as appropriate) for the current quarter, year-to-date and historical time periods;
  - average account characteristics and number of holdings as of the last business day of each quarter; and expenses.

Investment Consultant

While the specific duties and responsibilities of the Plan's investment consultant are contained in the contractual agreement between the investment consultant and the Plan, the consultant, in general, has the following responsibilities and will assist the Board and Committee with the following functions:

- provide evaluation of the investment results achieved by the designated investment managers in light of the investment guidelines and performance standards contained in this Statement;

- make recommendations to the Board of appropriate actions to be considered which, in the consultant's opinion, will enhance the probability of achieving overall investment program objectives. Such recommendations may include, but are not limited to:

  – use of alternate asset strategies or asset classes;
  – changes in overall investment policy;
  – changes in designated investment managers;

- provide assistance to the Board and/or Committee in screening and selecting investment managers, as appropriate; and

- at a minimum, meet with the Committee and Board every quarter.

Legal Counsel

The VA529 General Counsel shall advise and represent the Board in all matters requiring legal insight and advice. VA529 Management, in consultation with the General Counsel, shall utilize the services of outside counsel and/or the Office of the Attorney General as such services may be required from time to time.

Investment Managers

While the specific duties and responsibilities of the Plan's investment managers are contained in each contractual agreement between the designated investment manager and the third party administrator, investment managers, in general, have the following responsibilities:

- maintain registration as an investment advisor under the Investment Advisers Act of 1940, or be authorized and regulated by another appropriate authority;
- adhere to the policy guidelines contained in this Statement, unless granted an exception in writing;
- invest only in those asset classes, and adhere to the ranges for allocation among those classes, that the Board has stated to be appropriate for that manager's portfolio;
- exercise complete investment discretion within the boundaries of the restrictions outlined in this Statement or in any written exceptions to this Statement;
- strictly comply with all of the provisions of appropriate law as they pertain to the firm's dealings, functions and responsibilities as fiduciaries;
- prudently liquidate assets in the portfolio which cease to be in compliance with this Statement or any written exceptions to this Statement. If in the manager's judgment, it is in ABLEnow's best interest to not liquidate such an asset promptly, the manager will advise VA529 management of the circumstances and make a recommendation regarding the liquidation of that asset;
- diversify the portfolio unless, under the circumstances, it is clearly prudent to not so diversify;
- ensure that brokers will be selected only on a competitive, best execution basis;
- invest the assets with care, skill, prudence and diligence under circumstances then prevailing that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with such aims;

- acknowledge in writing the recognition and acceptance of full responsibility as a fiduciary, and the firm's intention to comply with this Statement as it currently exists or as is modified by joint agreement in the future.

II. ALLOWABLE INVESTMENTS

ALLOWABLE INVESTMENTS

Pursuant to § 23.1-706 of the Code, as amended, the Board is authorized to acquire and retain every kind of property and any kind of investment, and to retain property properly acquired, without time limitation and without regard to its suitability for original purpose, specifically including but not limited to:

- Debentures and other corporate obligations of foreign or domestic corporations;
- Common or preferred stocks traded on foreign or domestic stock exchanges;
- Not less than all of the stock or 100 percent ownership of a corporation or other entity organized by the Board under the laws of the Commonwealth for the purpose of acquiring and retaining real property that the Board is authorized to acquire and retain;
- Unregistered securities, often referred to as letter stock or private placements, including limited partnerships and 144A securities;
- Securities of any open-end or closed-end management type investment company or investment trust registered under the federal Investment Company Act of 1940, as amended, including such investment companies or investment trusts which, in turn, invest in the securities of such investment companies or investment trusts. Also permitted are pooled investments, including collective trusts and similar commingled fund vehicles, which may be used as an alternative to a mutual fund investment;
- Bonds, notes or other obligations of the Commonwealth or its agencies and instrumentalities.

Commingled Funds, Collective Trusts and Mutual Funds

The guidelines in this Statement have been established to ensure that the investments of each investment manager are in keeping with the return and risk objectives of ABLEnow. However, in attempting to meet these objectives, it may be advantageous for a portion of portfolio assets to be placed in a pooled, commingled, collective trust, or mutual fund which may have specific restrictions, policies, or guidelines that conflict from time-to-time with those outlined in this Statement. The restrictions, policies and guidelines in the funds' prospectus or offering statement shall take precedence over those stated in this Statement.

III. ABLEnow PROGRAM STRUCTURE

INVESTMENT OPTION STRUCTURE

The Virginia529 ABLEnow offers individual tax-advantaged Internal Revenue Code Section 529A disability savings accounts with a variety of investment options from which a participant may choose. The Board determines the investment options to be offered in ABLEnow. The risk of investment losses in ABLEnow accounts rests with the participant. The primary investment objectives of ABLEnow are to offer a set of investment options that:

- allow ABLEnow participants to build portfolios consistent with their desired investment risk and return;
- provide a risk profile consistent with its position in the overall structure; and
- are managed so as to implement the desired risk profile and other investment characteristics.

In seeking to achieve diversity among the investment options offered, VA529 has established certain criteria to determine the material differences in investment options. The following technical factors should be used to classify and differentiate potential investment options:

- A distinct definable market and the availability of a widely used and understood benchmark;
- A distinct risk and return profile as exhibited by historical return analysis; and
- Use of a distinct management style that is definable in terms of the investment strategies/methodologies utilized (e.g., passive versus active management, growth vs. value).

ABLEnow Investment Options

- **Static passively-managed balanced portfolios** are comprised of balanced portfolios where the target asset allocation remains fixed.
- **Money market portfolio** that invests primarily in high-quality, short-term money market instruments. The money market portfolio shall also serve as the default investment option for ABLEnow account owners who do not select an investment option.

STATIC PASSIVELY-MANAGED BALANCED PORTFOLIOS

These balanced portfolios will be constructed based on the risk orientation of the individual investor rather than the investor's time horizon.

At a minimum, the following risk-based portfolios will be offered:

- Aggressive Growth (equity allocation greater than 70%)
- Moderate Growth (equity allocation between 40% and 70%)
- Conservative Income (equity allocation less than 40%)

Currently, the following investment strategies are used in these portfolios.

- Aggressive Growth - mutual fund seeking long-term capital appreciation through a fund of funds structure with a balanced allocation of 80% stocks and 20% bonds. Fund is 100% indexed.
- Moderate Growth - mutual fund seeking capital appreciation and a reasonable level of current income through a fund of funds structure with a balanced allocation of 60% stocks and 40% bonds. Fund is 100% indexed.
- Conservative Income - mutual fund seeking current income through a fund of funds structure with a balanced allocation: 20% stocks, 60% bonds, and 20% short-term reserves. Fund is 100% indexed.

MONEY MARKET PORTFOLIO

The money market portfolio seeks to provide current income and preserve the principal investment by maintaining a share price of $1. The portfolio invests in short-term money market instruments, which may include short-term securities issued by the U.S. government and its agencies and instrumentalities.

IV. INVESTMENT MANAGER SELECTION, MONITORING AND TERMINATION

BACKGROUND

The Board reserves the right to add, delete or replace investment managers based upon inability to meet performance guidelines outlined in this policy or other factors affecting the continuing viability of the portfolio. Either separately managed portfolios, commingled funds or mutual funds may be used in ABLEnow. The Board has delegated to the Staff of VA529, principally the CEO and Investment Director, the authority to select, contract, hire, and terminate individual investment managers that satisfy the requirements of the Board approved investment lineup.

SELECTION – GENERAL CRITERIA

When selecting funds for ABLEnow, the following six broad categories should be considered:

- Economies of Scale
- Diversification
- Transparency
- Organizational Strength
- Performance Consistency
- Risk/ Reward

The following *basic* selection criteria are to be used when selecting a new investment manager to be added to ABLEnow or when selecting a replacement manager for an existing asset class. These criteria have been classified according to the categories listed above.

<u>Economies of Scale</u>

- Have at least $500 million in assets under management.
- Have a reasonable expense ratio or fees compared to other vehicles within an appropriate peer group

<u>Diversification</u>

- No more than 10% of the portfolio may be invested in any one company valued at market. Likewise, appropriate risk controls may be outlined in each investment manager agreement with respect to sector and industry weightings relative to an appropriate benchmark.

<u>Transparency</u>

- Employ an investment process that is well defined.
- Invest in securities consistent with the vehicle's strategy[2].
- Agree to meet all other requirements set forth in this Statement. However, all mutual funds, collective trusts, and similar commingled fund vehicles included in ABLEnow will also be subject to the investment guidelines as set forth in their prospectuses, or applicable offering documents.

<u>Organizational Strength</u>

- Be supported by qualified personnel and appropriate resources.

<u>Performance Consistency</u>

[2] For instance, large cap growth vehicles should primarily focus on large cap stocks with growth-oriented characteristics.

- Have a minimum of 3 years of verifiable investment performance information[3].
- Have competitive returns versus an appropriate benchmark index and peer group.

Risk/ Reward
- Have acceptable volatility relative to an appropriate benchmark index. Greater volatility than the benchmark should be commensurate with a higher return.

COMMITMENT TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE FRAMEWORK

Sustainable Investment
Environmental, social and governance (ESG) issues may pose risks and opportunities for portfolios, portfolio companies and real assets and impact investment risks and returns. In addition, some participants may also have strong views on aligning their investments with their personal values and seek to explicitly utilize ESG criteria when making investment decisions. The Investment Advisory Committee may consider ESG issues when selecting certain Investment Options.

Investment Options
Investment Options that explicitly utilize ESG criteria to make investment decisions may be selected for ABLEnow if they meet the Committee's selection criteria.

Options that explicitly utilize ESG criteria should be evaluated according to the appropriate benchmark and universe for the asset class as stipulated in Appendix A. Participants should be given the opportunity to invest in options which provide a diversified investment portfolio within the structure and objectives of ABLEnow.

Assessing the ESG Credentials of Investment Managers
Where appropriate based on the investment option, investment managers should integrate ESG factors as part of their investment analysis and decision-making process. An assessment of how managers are integrating ESG issues over time and compared to peers can be done in a number of ways, including:

- Assessing an Investment Manager's level of ESG integration into its investment processes
- Assessing the ESG quality of an Investment Manager's portfolio holdings

Such assessments may be relevant to both manager selection and monitoring processes and may be performed by the consultant.

---

[3] Vehicles with less than 3 years of history may be tactical or opportunities investments where strategies often close quickly due to liquidity constraints.

INVESTMENT MANAGER SEARCHES – COMMITMENT TO DIVERSITY

The Board is committed to seeking diversity in the ownership, management, and staffing of firms with which the Plan does business, including investment managers. Accordingly, whenever a manager search is directed by the Plan, the Planwill include in its research report information on the ownership structure of each firm and publicly available data on ownership by women and minorities. In addition, if managers are interviewed by the Committee, each candidate should include in their respective presentation a discussion of the candidate's overall commitment to diversity and a review of the distribution in each level of the organization by gender and ethnicity in order to obtain information on the firm's diversity. Other information may be provided at the candidate's discretion to demonstrate their firm's commitment. Such information shall be considered in evaluating potential investment managers, with the primary criteria remaining those outlined under General Criteria above, in accordance with the fiduciary obligations of the Board.

PERFORMANCE MONITORING

The Board shall periodically, but not less than quarterly, evaluate investment managers. Each actively-managed investment option will be measured against its benchmark and peer group for the measurement periods outlined below. The ability to meet the benchmark comparison on a net of fees basis will be a primary measure of performance. In addition to monitoring performance, consideration will be given to risk adjusted metrics.

Measurement Period	***Benchmark Comparison***	***Peer Group Comparison***
Multiple rolling 3-year periods	• The total rate of return should exceed the return of the benchmark index over most rolling periods.[4]	• The total rate of return should exceed the median return of the fund's peer group over most rolling periods.[4]

For the managers that do not have a 3-year track record with ABLEnow, the manager's separate account composite or mutual fund performance will be used for evaluation. The manager may also be placed on watch within a lesser period if the strategy deviates from the universe and benchmark dramatically and in a manner that would not have been expected given the tracking error expectations of the strategy.

---

[4] Measured over the latest 12 quarters available for review.

If the investment manager utilizes a passively-managed strategy, the portfolio will be monitored on its ability to successfully track the risk and return characteristics of the stated benchmark. Peer group performance will not be required for passive strategies.

In addition to monitoring investment performance results, staff may periodically evaluate the investment managers on the basis of the following factors to ascertain whether they should continue to be utilized in ABLEnow:

- the stability and depth of the investment professionals responsible for the management of this strategy;
- the suitability of its investment approach for ABLEnow;
- its management fees; and
- any other measures staff deems useful and relevant.

<u>Watch List Status & Termination</u>

If an investment manager fails to meet the minimum standards of investment performance outlined in this document, staff has the discretion to place the manager on a 'watch list' for up to one year. The following are some examples of reasons for termination or placing an investment manager on the watch list:

- significant change in portfolio management, ownership or control;
- significant change in portfolio management style;
- substantive change in portfolio turnover; and
- continued performance shortfalls versus the peer group or benchmark.

Reasons for termination without a probationary period may include, but are not limited to:

- any violation of SEC, or other applicable authority, rules or regulations, as well as any other important and appropriate statutory regulatory requirements;
- operational difficulties concerning fund transfers or pricing;
- substantial and consistent deviation from the characteristics of its investment category; and
- failure to adhere to guidelines in this Statement or in the investment management agreement.

By the end of the watch list period, staffwill evaluate the investment manager and determine whether:

- the investment manager remains on the watch list for an additional specified period of time;
- the investment manager is removed from the watch list; or
- the investment manager is terminated.

V. SUPPLEMENTAL ITEMS

PROXY VOTING

Proxies will be voted for the benefit of the Plan and in accordance with the ESG Framework.

<u>Proposals Related to Funds and other Securities</u>

The Board may delegate the voting of proxies to others (e.g., the Investment Advisory Committee, appropriate VA529 Management, the investment managers or a qualified third party). In addition, the Board may require periodic reporting of the proxy voting activity by any person to whom such power has been delegated.

If a qualified third party is retained to manage the proxy voting activities for VA529, a review of the guidelines used to vote proxies will be conducted annually by VA529 Management. In addition, the third party will provide reports every calendar quarter to appropriate VA529 Management as to the proxies voted.

ACCEPTANCE AND ADOPTION

The Board of the Virginia College Savings Plan has approved and adopted this restated Statement of Investment Policy and Guidelines as of November 4, 2021.

APPENDIX A: BENCHMARKS

The table below outlines the target benchmarks for the ABLEnow portfolios.

Manager/Portfolio	Category	Benchmark
Conservative Income Portfolio	Static, Balanced	56% Bloomberg Barclays U.S. Aggregate Float Adjusted Index / 24% Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index / 12% CRSP US Total Market Index / 8% FTSE Global All Cap ex US Index
Moderate Growth Portfolio	Static, Balanced	36% CRSP US Total Market Index / 28% Bloomberg Barclays U.S. Aggregate Float Adjusted Index / 24% FTSE Global All Cap ex US Index / 12% Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index
Aggressive Growth Portfolio	Static, Balanced	48% CRSP US Total Market Index / 32% FTSE Global All Cap ex US Index / 14% Bloomberg Barclays U.S. Aggregate Float Adjusted Index / 6% Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index
Money Market Portfolio	Static, Balanced	Citigroup 3-Month Treasury Bill Index