Commonwealth Savers Plan

Defined Benefit 529 Program

2025 Actuarial Valuation Report

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Executive Summary

A. Summary of Key Valuation Results

Actuarial Valuation as of:	June 30, 2024 $millions	June 30, 2025 $millions
Program Assets		
Invested Assets at Fair Market Value	$2,456.7	$2,542.4
Present Value of Projected Installment Payments*	52.7	40.0
Total Assets	$2,509.4	$2,582.4
Program Obligations		
Present Value of Projected Future Benefits	$1,275.4	$1,160.6
Present Value of Future Administrative Expenses	26.4	23.7
Total Liability for Obligations	$1,301.8	$1,184.3
Actuarial Reserve		
Actuarial Reserve	$1,207.6	$1,398.1
Actuarial Reserve as a % of Total Liability for Obligations	92.8%	118.1%
Key Assumptions		
Annual Tuition Growth:		
VA Public Universities in Year 1	4.00%	3.00%
VA Public Universities in Year 2 and Beyond	6.00%	5.00%
VA Public Community Colleges in Year 1	3.00%	2.00%
VA Public Community Colleges in Year 2 and Beyond	6.00%	5.00%
Expected Return on Investments	5.75%	6.00%

* For Legacy Prepaid529 Accounts

B. Actuarial Discussion and Analysis

An actuarial valuation of the Commonwealth Savers Plan Defined Benefit 529 Program (the "Program") is conducted annually to analyze the ability of projected Program resources to fully meet projected Program contract obligations and Program expenses. The actuarial reserve is the amount, stated in present value terms, by which the expected value of Program assets (resources) exceeds the expected value of Program liabilities, including expenses (obligations). The calculation is done as of a single point in time, using a single set of actuarial assumptions and methods approved by the Commonwealth Savers Board.

While the actuarial valuation uses a single set of actuarial assumptions, actual future Program experience will differ from the assumptions used in the valuation's calculations. The tuition growth and investment return assumptions were provided by the Board. The other assumptions used for this report were based on an experience study completed by Milliman in 2023, with an updated assumption for the reasonable rate of interest.

As of June 30, 2025 the Program has assets of $2,582.4 million and obligations of $1,184.3 million. The difference in values creates an actuarial reserve of $1,398.1 million. The ratio of assets to obligations, known as the funded ratio, is 218.1%. This means that on June 30, 2025 the assets were worth $1,398.1 million (or 118.1%) more than the amount deemed necessary, based on the actuarial assumptions. This provides that, if all actuarial assumptions are realized, the Program will have enough money to pay all the future projected obligations associated with tuition units sold to date when due.

C. Program Experience

"Experience" encompasses the performance of the Program during the year, including investment performance, along with the effects of changes to tuition and fees, the reasonable rate of interest, and the Program's account data.

The Program experience during the year is quantified through changes in the actuarial reserve. The year-to-year changes in the reserve are detailed in Exhibit 4 of the report. The actuarial reserve increased by $190.5 million during the year. As noted in Exhibit 4, the key factors impacting the reserve level over the past year included:

- $68.9 million increase – interest earned on the reserve at 5.75%
- $77.0 million increase – investments earned 9.0% which is higher than the 5.75% assumption
- $28.2 million increase – change to the tuition growth rate assumption
- $13.5 million increase – change to the investment return assumption

D. Changes in Actuarial Assumptions and Methods

The actuarial assumptions and methods used in this valuation are the same as those used in the valuation conducted as of June 30, 2024 with the exception of the following:

- The tuition and fee growth assumptions were decreased from 6% to 3% for the 2026-2027 academic year and 5% thereafter for universities and from 6% to 2% for the 2026-2027 academic year and 5% thereafter for community colleges
- The investment return assumption was increased from 5.75% to 6.00%
- The assumption for the reasonable rate of interest was changed from 3.75% in the first year and 3.25% thereafter to 4.05% in the first year, 3.30% in the second year, and 3.15% thereafter
- Additionally, there were very minor changes made to the bias factors to account for the expectation that beneficiaries will, on average, attend Virginia public institutions with higher tuition and fees than the enrollment-weighted average, and to the volatility assumption for annual tuition increases and the return on the investment portfolio

Please see Appendix C for a more detailed summary of this valuation's actuarial assumptions and methods.

E. Changes in Program Provisions

There have been no changes in Program provisions that affect actuarial calculations since the prior valuation. Please see Appendix D for a summary of principal Program provisions.

Exhibits

Exhibit 1

Market Value of Investments

The fair market values of investments as of June 30, 2024 and June 30, 2025 are shown below and were provided by Commonwealth Savers administrative staff.

	June 30, 2024	June 30, 2025
1. Equities	$ 993,875,148	$ 921,840,668
2. Fixed Income including Accrued Interest	1,247,393,560	1,346,704,520
3. Futures, REIT Fund, and Real Estate	201,531,776	217,482,501
4. Cash and Cash Equivalents	82,528,651	65,174,599
5. Pending Trade Receivables	7,330,874	11,797,548
6. Accounts Receivable	258,292	104,808
7. Prepaid Expenses	2,186,788	1,056,971
8. Other Receivables	9,166,309	9,748,391
9. Accounts Payable	(1,711,388)	(382,511)
10. Pending Trades Payable	(25,813,020)	(31,079,706)
11. Total Market Value of Investments	$2,456,746,990	$2,542,447,788

Exhibit 2

Change in Market Value of Investments

The change in the market value of investments from June 30, 2024 to June 30, 2025 is shown below and was provided by Commonwealth Savers administrative staff.

1.	Market Value of Assets as of June 30, 2024	$2,456,746,990
2.	TTP Unit Purchases	31,552,772
3.	Legacy Prepaid Plan Installment Payments	14,758,426
4.	Disbursements	
	a. Tuition Benefits Paid	(132,552,179)
	b. Refunds Paid	(7,542,061)
	c. Net Rollovers (Internal & External)	(34,716,020)
	Total Disbursements	(174,810,260)
5.	Investment performance	
	a. Interest and Dividends	166,217,253
	b. Change in Fair Value of Investments	67,954,441
	c. Investment Management Fees	(19,948,963)
	Total investment performance	214,222,730
6.	Net Effect of Changes in Accruals	(22,870)
7.	Net increase / (decrease) in market value of assets [(2) + (3) + (4) + (5) + (6)]	85,700,798
8.	Market value of assets as of June 30, 2025 [(1) + (6)]	$2,542,447,788

Exhibit 3

Actuarial Reserve as of June 30, 2025

The actuarial reserve is the amount, stated in present value terms, by which the expected value of Program assets (resources) exceeds the expected value of Program liabilities, including expenses (obligations). The calculation is done as of a single point in time, using a single set of actuarial assumptions and methods, and assumes that no additional tuition units are sold.

1.	Invested Assets at Fair Market Value as of June 30, 2025	$2,542,447,788
2.	Present Value of Projected Installment Payments	39,990,479
3.	Total assets: [(1) + (2)]	$2,582,438,267
4.	Present Value of Projected Future Benefits	$1,160,641,093
5.	Present Value of Future Administrative Expenses	23,649,386
6.	Total Liability for Obligations: [(4) + (5)]	$ 1,184,290,479
7.	Actuarial Reserve as of June 30, 2025: [(3) - (6)]	$ 1,398,147,788
8.	Actuarial Reserve as a Percentage of Total Liability: [(7) ÷ (6)]	118.1%

Expected Cash Flows in 2025-2026:

Installment Payments	$ 11,076,369
Tuition, Rollover, and Refund Payments	$171,486,293

Exhibit 4

Change in Actuarial Reserve from June 30, 2024 to June 30, 2025

A number of factors contributed to the year-to-year change in the Actuarial Reserve, as quantified below.

	($millions)
1. Actuarial Reserve as of June 30, 2024	$1,207.6
Increase/(decrease) in Reserve from June 30, 2024 to June 30, 2025 due to:	
2. Adjustment to beginning Reserve amount	(9.2)
3. Interest on the Reserve at 5.75%	68.9
4. New TTP Sales	(1.5)
5. Investment return during 2024-2025 higher than expected	77.0
6. Change to Reasonable Rate and Actual account balances	1.8
7. Tuition increases for 2025-2026 lower than expected	5.8
8. Account maintenance expenses paid by Operating Fund	3.4
9. Update to bias assumption	(1.0)
10. Change to investment and tuition volatility assumptions	(1.7)
11. Change to Reasonable Rate assumption	(0.2)
12. Change to tuition growth assumption	28.2
13. Change to investment return assumption	13.5
14. Other experience	5.5
15. Total increase/(decrease) in Actuarial Reserve during the year	$190.5
16. Actuarial Reserve as of June 30, 2025	$1,398.1

Exhibit 5

Projected Cash Flows Under the Valuation Assumptions* ($Millions)

Year Ending June 30:	Beginning Market Value of Investments	Expected Installment Payments	Expected Tuition, Rollover, & Refund Payments	Expected Account Expenses	Expected Investment Earnings	Ending Market Value of Investments
2026	$2,542.4	$11.1	$171.5	$3.1	$138.2	$2,517.1
2027	2,517.1	9.1	159.4	3.0	137.0	2,500.8
2028	2,500.8	7.3	151.6	2.9	136.5	2,490.1
2029	2,490.1	5.5	142.1	2.8	136.3	2,487.0
2030	2,487.0	4.3	131.4	2.7	136.5	2,493.7
2031	2,493.7	3.3	118.8	2.5	137.3	2,513.0
2032	2,513.0	2.5	108.7	2.4	139.0	2,543.4
2033	2,543.4	1.9	94.7	2.2	141.2	2,589.6
2034	2,589.6	1.3	82.7	2.0	144.3	2,650.5
2035	2,650.5	0.8	73.8	1.8	148.1	2,723.8
2036	2,723.8	0.3	66.6	1.5	152.7	2,808.7
2037	2,808.7	0.1	57.1	1.3	157.9	2,908.3
2038	2,908.3	0.0	48.4	1.1	164.0	3,022.8
2039	3,022.8	0.0	39.0	1.0	170.9	3,153.7
2040	3,153.7	0.0	30.7	0.8	178.8	3,301.0
2041	3,301.0	0.0	23.8	0.7	187.5	3,464.0
2042	3,464.0	0.0	19.5	0.6	197.0	3,640.9
2043	3,640.9	0.0	15.1	0.4	207.2	3,832.6
2044	3,832.6	0.0	11.4	0.3	218.3	4,039.2
2045	4,039.2	0.0	8.2	0.3	230.3	4,261.0
2046	4,261.0	0.0	6.0	0.2	243.0	4,497.8
2047	4,497.8	0.0	3.9	0.1	256.7	4,750.5
2048	4,750.5	0.0	2.4	0.1	271.1	5,019.1
2049	5,019.1	0.0	1.6	0.1	286.6	5,304.0
2050	5,304.0	0.0	1.3	0.1	302.8	5,605.4
2051	5,605.4	0.0	1.0	0.0	320.0	5,924.4
2052	5,924.4	0.0	0.7	0.0	338.3	6,262.0
2053	6,262.0	0.0	0.2	0.0	357.5	6,619.3
2054	6,619.3	0.0	0.2	0.0	377.9	6,997.0

* The annual investment return in the cash flow exhibit is 5.71%. This is the investment return assumption that produces the same actuarial reserve under a deterministic projection of tuition, rollovers, refunds, and expenses as the reserve developed from the fully stochastic projections used as the basis for the actuarial valuation.

Exhibit 6

Valuation Basis and Probability of Sufficiency for Different Funding Levels

Percentage of Best Estimate Reserve	Probability of Funds Exceeding Obligations	Total Defined Benefit 529 Assets at June 30, 2025	
100.0%	50.0%	$1,184	*best estimate of obligations*
103.0%	60.0%	1,219	
105.8%	70.0%	1,253	
110.9%	80.0%	1,313	
116.2%	90.0%	1,376	
121.6%	95.0%	1,440	
125.8%	97.5%	1,490	
131.0%	99.0%	1,552	
134.4%	99.5%	1,591	
218.1%	99.9%	2,582	*current Fund position*

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 present values of the obligations shown in this report 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. To estimate the range of possible outcomes we stochastically modeled 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 estimated 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.

The “best estimate” value of obligations for future payments ($1,184 million) shown in this report 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, 2025 of $2,582 million is 218.1% of the actuarially determined best estimate amount. As indicated in the above table, this fund balance is estimated to have a 99.9% probability of being adequate to satisfy all of the Program’s obligations using current assumptions.

Note that while we believe this methodology is sound and appropriate for developing the “best estimate” of the obligations, it may not be as appropriate for developing estimates of the probabilities of extreme outcomes such as those shown near the bottom of the table above.

Certification

Caveats and Limitations of Use

The actuarial valuation of the Commonwealth Savers Plan Defined Benefit 529 Program as of June 30, 2025 has been completed in accordance with our understanding of Program provisions using assumptions and methods as described in this report. It also has been completed in accordance with our understanding of any applicable guidance or interpretations provided by Commonwealth Savers. The valuation results contained in this report are based on the actuarial assumptions and methods (Appendix C), principal Program provisions (Appendix D), and contract data (Appendix B) summarized in the appendices.

Purpose of the Valuation

The actuarial reserve portion of the actuarial valuation assesses, as of a single point in time, the estimated sufficiency of Program assets (investments currently held and estimated future installment payments for contracts currently in force) to satisfy Program obligations (estimated future Program benefit payments and administrative expenses).

Assumptions and Methods

All liabilities shown in this report have been determined on the basis of actuarial assumptions and methods set forth in Appendix C. The assumptions and methods used in this valuation, other than the annual tuition growth and investment return assumptions, are based on an experience study completed by Milliman in 2023, with an updated reasonable rate of interest assumption.

Limited Use

We believe the assumptions and methods used in this report for purposes of calculating the actuarial reserve are reasonable for the purposes of the measurements. The results of this report are dependent upon future experience conforming to the assumptions disclosed in this report. Future actuarial measurements may differ significantly from the current measurements presented in this report due to many factors, including: Program experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in Program provisions and/or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements. Determinations for purposes other than meeting those requirements referenced above may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Reliance

In preparing our report we relied, without audit, on information (some oral and some written) supplied by Commonwealth Savers. This information includes, but is not limited to, statutory provisions, contract data, and financial information. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

This actuarial valuation was prepared and completed by us and those under our direct supervision, and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate. In our professional opinion, the techniques and assumptions used are reasonable. To the best of our knowledge, there is no benefit provision or related expense to be provided by the Program and/or paid from the Program's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation, and there were no known events that were not taken into account in the valuation.

Milliman's work product was prepared exclusively for the internal business use of the Program, for a specific and limited purpose. It is a complex technical analysis that assumes a high level of knowledge concerning the Program's operations and uses Program data which Milliman has not audited. To the extent that Milliman's work is not subject to disclosure under applicable public record laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions:

(a) The Program may provide a copy of Milliman's work, in its entirety, to the Program's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the Program.

(b) The Program may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

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.

The signing actuaries are independent of the Program sponsor. We are not aware of any relationship that would impair the objectivity of our work.

Certification

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 which are consistent with Actuarial Standards of Practice, the Code of Professional Conduct and Qualification Standards for Public Statements of Actuarial Opinion of the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

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Appendices

Appendix A – Average Tuition

Derivation of Average Tuition at Four Year Universities
Based on Fall 2024 Full-Time Equivalent Enrollment

School	and Fees 2025-2026	for In-State Undergraduates	Percent Distribution
Christopher Newport	$17,219	4,055	3.18%
George Mason	14,316	20,021	15.72%
James Madison	14,300	15,258	11.98%
Longwood	16,250	2,772	2.18%
Mary Washington	15,364	2,891	2.27%
Norfolk State	10,456	3,672	2.88%
Old Dominion	13,320	13,237	10.39%
Radford	12,952	5,237	4.11%
University of Virginia (2024, 2025)*	20,046	5,863	4.60%
University of Virginia (2022, 2023)	23,138	5,862	4.60%
UVA - Wise	11,780	1,296	1.02%
Virginia Commonwealth	17,240	17,829	14.00%
Virginia Military Institute	21,366	987	0.77%
Virginia State	10,418	3,615	2.84%
Virginia Tech	16,526	20,414	16.03%
William & Mary	26,456	4,356	3.42%
Total		127,365	100.00%
Average Tuition**	**$15,968**		

* Assumes that 2024 and 2025 students are 50% of total FTE for University of Virginia.

**The Board rounded to $16,000 for purposes of determining the 2025-2026 TTP unit value.

Appendix A – Average Tuition (continued)

Derivation of Enrollment-Weighted Average Tuition and Mandatory Fees at Community Colleges Based on Fall 2024 Full-Time Equivalent Enrollment

School	Tuition and Fees 2025-2026	Fall 2024 FTE for In-State Undergraduates	Percent Distribution
Blue Ridge	$6,179	2,022	2.45%
Central Virginia	5,674	2,010	2.44%
Mountain Gateway (formerly Dabney Lancaster)	5,530	527	0.64%
Danville	5,482	1,485	1.80%
Eastern Shore	5,578	475	0.58%
Germanna	5,766	4,430	5.38%
J Sargeant Reynolds	5,789	4,661	5.66%
Brightpoint (formerly John Tyler)	5,578	4,654	5.65%
Laurel Ridge (formerly Lord Fairfax)	5,598	3,398	4.12%
Mountain Empire	5,498	1,342	1.63%
New River	5,467	2,468	3.00%
Northern Virginia	6,466	25,940	31.48%
Patrick & Henry	5,492	1,334	1.62%
Paul D. Camp	5,502	623	0.76%
Piedmont Virginia	5,566	2,540	3.08%
Rappahannock	5,598	1,637	1.99%
Richard Bland	9,952	1,384	1.68%
Southside Virginia	5,498	1,849	2.24%
Southwest Virginia	5,602	1,504	1.83%
Virginia Peninsula (formerly Thomas Nelson)	5,584	3,282	3.98%
Tidewater	6,413	8,912	10.82%
Virginia Highlands	5,642	1,189	1.44%
Virginia Western	5,916	3,404	4.13%
Wytheville	5,498	1,334	1.62%
Total		82,404	100.00%
Weighted Average Tuition and Fees	**$6,065**		

Appendix A – Average Tuition (continued)

Academic Year	University Tuition and Fees	% Increase	Community College Tuition and Fees	% Increase
1989-1990	2,544		798	
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%
2022-2023	14,505	4.0%	5,550	0.1%
2023-2024	15,083	4.0%	5,700	2.7%
2024-2025	15,544	3.1%	5,877	3.1%
2025-2026	15,968	2.7%	6,065	3.2%

* 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.

Appendix A – Average Tuition (continued)

Annualized Increase in Average Tuition and Fees

	University	Community College
Over last 5 years:	3.2%	1.9%
Over last 10 years:	3.4%	1.7%
Over last 15 years:	4.0%	4.2%
Over last 20 years:	5.0%	5.4%
Over last 25 years:	5.9%	6.8%
Over last 30 years:	4.8%	4.9%
Over last 35 years:	5.2%	5.6%

Average Tuition for purposes of determining the TTP unit value

2021-2022:	$13,884
2022-2023	$14,500
2023-2024	$15,100
2024-2025	$15,500
2025-2026	$16,000

Appendix B – Contract Data as of June 30, 2025

Contract Data as of June 30, 2025 – 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	0	0	0	0	0	0	0	0		
	0.5	1	1.5	2	2.5	3	3.5	4	4.5	5		
2000-2001	0	0	0	0	0	0	0	1	0	0	1	0.0%
2001-2002	0	0	0	0	0	0	0	0	0	0	0	0.0%
2002-2003	0	0	0	0	0	0	0	0	0	0	0	0.0%
2003-2004	0	0	0	0	0	0	0	0	0	0	0	0.0%
2004-2005	0	0	0	0	0	0	0	0	0	0	0	0.0%
2005-2006	0	0	0	0	0	0	0	4	0	0	4	0.0%
2006-2007	0	0	0	0	0	0	0	2	0	0	2	0.0%
2007-2008	0	0	0	0	0	0	0	2	0	0	2	0.0%
2008-2009	0	1	0	1	0	0	0	5	0	0	7	0.0%
2009-2010	0	2	0	1	0	0	0	11	0	1	15	0.0%
2010-2011	0	1	0	2	0	1	0	4	0	0	8	0.0%
2011-2012	0	0	0	0	0	0	0	12	0	1	13	0.0%
2012-2013	0	2	0	3	0	1	0	20	0	2	28	0.1%
2013-2014	0	2	0	3	0	0	0	23	0	3	31	0.1%
2014-2015	0	2	0	3	0	1	0	19	0	2	27	0.1%
2015-2016	1	43	0	42	1	11	1	286	0	37	422	1.4%
2016-2017	2	48	2	57	0	18	0	349	0	33	509	1.7%
2017-2018	2	52	1	73	2	19	3	409	0	49	610	2.0%
2018-2019	3	70	4	85	1	13	0	504	0	64	744	2.5%
2019-2020	12	81	2	94	2	22	1	602	1	72	889	3.0%
2020-2021	19	105	4	99	7	22	3	606	0	72	937	3.1%
2021-2022	54	179	15	150	7	53	1	875	2	109	1,445	4.8%
2022-2023	134	263	32	294	13	81	6	1,415	2	62	2,302	7.6%
2023-2024	214	374	27	303	21	110	13	1,329	1	51	2,443	8.1%
2024-2025	284	452	62	447	22	105	4	1,143	3	68	2,590	8.6%
2025-2026	455	580	47	439	26	82	11	1,024	1	58	2,723	9.0%
2026-2027	448	510	53	355	15	74	6	797	3	44	2,305	7.7%
2027-2028	420	478	49	373	15	73	8	733	3	37	2,189	7.3%
2028-2029	395	401	51	296	19	50	7	617	1	26	1,863	6.2%
2029-2030	417	363	49	235	8	32	3	495	1	27	1,630	5.4%
2030-2031	380	291	41	220	13	44	3	351	1	14	1,358	4.5%
2031-2032	414	280	28	152	13	20	4	298	2	13	1,224	4.1%
2032-2033	335	209	27	144	6	27	5	237	1	20	1,011	3.4%
2033-2034	269	175	29	105	11	17	3	181	1	12	803	2.7%
2034-2035	229	149	18	112	9	17	2	155	0	10	701	2.3%
2035-2036	183	136	19	101	13	27	5	143	1	11	639	2.1%
2036-2037	74	84	9	55	1	13	2	112	0	10	360	1.2%
2037-2038	31	34	4	44	2	6	0	44	0	6	171	0.6%
2038-2039	0	8	0	6	0	0	0	23	0	2	39	0.1%
2039-2040	0	4	0	4	0	0	0	16	0	1	25	0.1%
2040-2041	0	4	0	1	1	0	0	6	0	0	12	0.0%
2041-2042	0	1	0	3	0	0	0	8	0	0	12	0.0%
2042-2043	0	0	0	5	0	0	0	6	0	1	12	0.0%
2043-2044	0	0	0	3	0	1	0	1	0	0	5	0.0%
Total	4,775	5,384	573	4,310	228	940	91	12,868	24	918	30,111	
Percent of Total	15.9%	17.9%	1.9%	14.3%	0.8%	3.1%	0.3%	42.7%	0.1%	3.0%		

Appendix B – Contract Data as of June 30, 2025 (continued)

Contract Data as of June 30, 2025 – 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	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2001-2002	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2002-2003	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2003-2004	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2004-2005	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2005-2006	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2006-2007	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2007-2008	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0.1%
2008-2009	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2009-2010	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2010-2011	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2011-2012	0	0	0	1	0	1	0	0	0	0	0	0	0	0	2	0.2%
2012-2013	0	0	0	3	0	0	0	0	0	0	0	0	0	0	3	0.3%
2013-2014	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1	0.1%
2014-2015	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2015-2016	0	8	0	30	0	1	0	0	0	0	0	0	0	0	39	3.8%
2016-2017	0	7	0	25	0	0	0	0	0	0	0	0	0	0	32	3.1%
2017-2018	1	10	0	26	0	3	0	0	0	0	0	0	0	0	40	3.9%
2018-2019	0	4	0	24	2	5	0	0	0	0	0	0	0	1	36	3.5%
2019-2020	2	11	0	31	0	11	0	0	0	0	0	0	0	0	55	5.3%
2020-2021	1	5	0	41	0	4	0	0	0	0	0	0	0	0	51	4.9%
2021-2022	0	8	1	33	1	3	0	0	0	0	0	0	0	0	46	4.4%
2022-2023	3	20	0	44	1	2	0	1	0	0	0	0	0	0	71	6.9%
2023-2024	4	16	0	51	2	3	0	1	0	0	0	0	0	1	78	7.5%
2024-2025	5	26	1	39	1	4	0	1	0	0	0	0	0	0	77	7.4%
2025-2026	10	23	1	39	0	2	0	0	0	1	0	0	0	2	78	7.5%
2026-2027	4	13	0	36	0	6	0	1	1	0	0	0	0	0	61	5.9%
2027-2028	10	16	0	32	0	3	0	0	0	1	0	0	0	1	63	6.1%
2028-2029	10	17	1	32	1	2	0	1	0	0	0	0	0	0	64	6.2%
2029-2030	10	11	0	38	0	3	0	1	1	0	0	0	0	0	64	6.2%
2030-2031	12	11	0	20	0	1	1	3	0	0	0	0	0	1	49	4.7%
2031-2032	18	7	2	14	0	1	0	0	0	0	0	0	0	0	42	4.1%
2032-2033	11	10	1	13	0	1	0	0	0	0	0	0	0	0	36	3.5%
2033-2034	9	4	0	8	0	1	0	3	0	0	0	0	0	0	25	2.4%
2034-2035	3	4	0	5	0	0	0	0	0	0	0	0	0	0	12	1.2%
2035-2036	0	2	0	1	0	0	0	0	0	0	0	0	0	0	3	0.3%
2036-2037	0	0	0	1	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%
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	0.1%
2040-2041	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0.1%
2041-2042	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1	0.1%
2042-2043	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0.1%
2043-2044	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0.1%
Total	113	235	7	592	8	57	1	12	2	2	0	0	0	6	1,035	
Percent of Total	10.9%	22.7%	0.7%	57.2%	0.8%	5.5%	0.1%	1.2%	0.2%	0.2%	0.0%	0.0%	0.0%	0.6%		

Appendix B – Contract Data as of June 30, 2025 (continued)

Contract Data as of June 30, 2025 – Contracts Purchasing Tier I and Tier II Units - 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	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		
	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		
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	0	0	0	0	0	0	0	0	0	0	0	0.0%
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	0	0	0	0	0	0	0	0	0	0	0	0.0%
2002-2003	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%
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	0	0	0	0	0	0	0	0	0	0	0	0.0%
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	0	0	0	0	0	0	0	0	0	0	0	0.0%
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	0	0	0	0	0	0	0	0	0	0	0	0.0%
2006-2007	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%
2007-2008	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%
2008-2009	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%
2009-2010	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	0.2%
2010-2011	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%
2011-2012	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%
2012-2013	0	0	0	0	0	0	0	1	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	2	0.2%
2013-2014	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	2	0	0	0	0	0	0	0	0	0	3	0.3%
2014-2015	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	0.2%
2015-2016	0	0	0	0	0	0	1	2	0	0	0	2	0	0	0	0	0	0	0	0	0	1	0	24	0	1	0	0	0	1	0	0	0	32	3.6%
2016-2017	0	0	0	0	0	0	1	2	0	1	0	3	1	0	0	0	0	0	0	0	0	1	0	27	0	1	0	0	0	0	0	0	1	38	4.2%
2017-2018	0	0	0	1	0	0	1	5	0	1	0	2	0	0	0	0	0	0	0	0	0	3	0	31	0	0	0	0	0	0	0	0	0	44	4.9%
2018-2019	0	0	0	0	0	0	0	2	0	0	0	2	2	0	0	0	0	0	0	0	0	0	0	39	0	0	0	0	0	0	0	2	1	48	5.4%
2019-2020	1	0	1	0	0	0	0	6	0	2	0	2	0	0	0	0	0	0	0	0	0	3	1	39	1	0	0	0	0	0	0	0	0	56	6.3%
2020-2021	1	0	2	0	0	1	0	2	0	1	0	1	0	0	0	0	0	0	0	0	0	5	0	41	2	0	0	0	0	0	0	0	1	57	6.4%
2021-2022	0	1	0	0	0	0	0	4	0	3	1	4	1	0	0	0	0	0	0	0	0	2	0	52	0	0	0	0	0	2	0	1	1	72	8.0%
2022-2023	1	0	0	0	0	0	0	3	1	1	1	4	1	1	0	0	0	0	0	0	0	0	0	54	5	0	0	0	1	2	0	0	0	75	8.4%
2023-2024	0	0	0	0	0	0	1	1	0	4	0	8	1	0	0	1	0	0	1	0	0	8	0	63	3	1	0	0	0	1	0	0	2	95	10.6%
2024-2025	0	0	0	0	0	0	0	1	1	1	0	6	0	1	0	0	0	1	0	0	0	7	0	56	0	0	1	0	0	0	0	0	0	75	8.4%
2025-2026	1	0	0	0	0	1	0	2	2	6	0	2	0	0	0	0	0	0	0	0	0	4	0	36	4	0	0	0	1	0	0	0	1	60	6.7%
2026-2027	0	0	1	0	0	0	1	3	0	2	1	4	2	0	0	0	0	0	0	0	0	3	0	25	0	0	0	0	0	0	0	0	0	42	4.7%
2027-2028	1	1	0	0	0	0	1	4	0	2	0	2	1	0	0	0	0	0	0	0	0	4	0	26	1	0	0	0	0	0	1	0	1	45	5.0%
2028-2029	7	1	0	0	0	0	0	4	0	2	0	3	1	0	0	0	0	0	0	0	0	4	0	22	0	0	0	1	0	0	0	0	0	45	5.0%
2029-2030	0	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	26	2.9%
2030-2031	0	0	1	0	0	0	0	3	0	2	0	1	0	0	0	0	0	0	0	0	0	1	0	9	0	1	0	0	0	0	0	0	0	18	2.0%
2031-2032	2	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	14	1.6%
2032-2033	1	1	0	1	0	0	0	1	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0	6	0	0	0	0	0	0	0	0	1	14	1.6%
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	6	0	0	0	0	0	0	0	0	0	15	1.7%
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	4	0	0	0	0	0	0	0	0	0	4	0.4%
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	1	0	0	0	0	0	0	0	0	0	2	0.2%
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	0.2%
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	1	0	0	0	0	0	0	0	0	0	1	0.1%
2039-2040	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	0	0	0	0	0	0	0	0	2	0.2%
2040-2041	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%
2041-2042	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%
2042-2043	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%
2043-2044	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	19	5	7	3	0	2	9	50	5	30	3	49	10	2	1	1	0	1	1	0	1	51	1	601	16	4	1	1	2	6	1	3	9	895	
Percent of Total	2.1%	0.6%	0.8%	0.3%	0.0%	0.2%	1.0%	5.6%	0.6%	3.4%	0.3%	5.5%	1.1%	0.2%	0.1%	0.1%	0.0%	0.1%	0.1%	0.0%	0.1%	5.7%	0.1%	67.2%	1.8%	0.4%	0.1%	0.1%	0.2%	0.7%	0.1%	0.3%	1.0%		

Appendix B – Contract Data as of June 30, 2025 (continued)

Tuition Track Portfolio Account Data as of June 30, 2025

Projected Enrollment Year	Number of Accounts	Total Units Remaining	Average Number of Units
2021-2022	29	509	18
2022-2023	133	8,756	66
2023-2024	279	18,066	65
2024-2025	421	43,113	102
2025-2026	565	74,078	131
2026-2027	616	80,943	131
2027-2028	667	83,140	125
2028-2029	645	72,897	113
2029-2030	665	73,485	111
2030-2031	644	55,676	86
2031-2032	703	66,587	95
2032-2033	625	53,870	86
2033-2034	628	48,584	77
2034-2035	660	48,840	74
2035-2036	590	38,944	66
2036-2037	614	34,750	57
2037-2038	592	36,725	62
2038-2039	717	46,158	64
2039-2040	748	38,188	51
2040-2041	681	33,522	49
2041-2042	677	24,380	36
2042-2043	263	6,476	25
2043-2044	317	5,876	19
2044-2045	9	379	42
Total	12,488	993,942	80

Appendix C – Actuarial Assumptions and Methods

Investment / Economic Assumptions for Stochastic Simulation Model:

The standard deviation and correlation assumptions are based on actual historical returns and tuition growth. Expected return assumptions are based on Milliman's capital market assumptions but are adjusted so that the expected annualized return on the portfolio is 6.00%, which is the assumption set by the Board.

	Inflation	Reason-able Rate	Public Equity	Non-Core Fixed	Core Fixed	Private Equity	Real Estate	University Tuition	Community College Tuition
Expected Arithmetic Mean Annual Return	2.50%	3.15%	7.45%	5.40%	3.95%	9.45%	7.30%	5.05%	5.05%
Standard Deviation	1.85%	2.20%	15.95%	7.75%	4.70%	18.45%	11.45%	4.10%	6.25%
Correlation:									
Inflation	1.00	0.10	0.17	-0.19	-0.57	0.30	0.49	0.02	-0.14
Reasonable Rate		1.00	0.09	0.23	0.31	0.04	-0.01	-0.34	-0.29
Public Equity			1.00	0.55	-0.22	0.83	0.30	-0.09	-0.17
Non-Core Fixed				1.00	0.44	0.42	0.04	0.29	0.06
Core Fixed					1.00	-0.19	-0.12	0.13	0.21
Private Equity						1.00	0.48	-0.02	-0.18
Real Estate							1.00	0.06	-0.02
University Tuition								1.00	0.60
CC Tuition									1.00

Based on the economic assumptions above, the expected long-term annualized rate of return on investments is 6.00%. The expected annualized rate of tuition growth for universities is 3.00% for the next year and then 5.00% thereafter. The expected annualized rate of tuition growth for community colleges is 2.00% for the next year and then 5.00% thereafter. The Reasonable Rate was fixed at 4.05% for the first year and a mean yield of 3.30% for the second year and a mean yield of 3.15% thereafter.

Appendix C – Actuarial Assumptions and Methods (continued)

Matriculation and Bias:

Starting in the year of matriculation, it is assumed that contracts will either use benefits for tuition or will request a cancellation, transfer, or rollover to a savings plan. If they use the benefits towards tuition, it is assumed that 79% of beneficiaries will attend a public university in Virginia, 6% will attend a private university in Virginia, and 15% will attend a university in another state.

For legacy Prepaid529 contracts, we compare each of the Virginia public university projected tuition and fee amounts to the account's projected Reasonable Rate account balance, paying the higher of the two amounts, and calculate a probability weighted payout based on the trailing 5-year average distribution of unit redemptions at each of the schools. Before reflecting the account balances, the probability weighted average payout is 10% higher than enrollment-weighted Average Tuition.

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 166% of weighted average tuition ($26,456/$15,968) 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.

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.

Appendix C – Actuarial Assumptions and Methods (continued)

Utilization:

It is assumed that participants will utilize their accounts at the following rates:

Percentage of total units redeemed each year

Year:	Matric	M+1	M+2	M+3	M+4	M+5	M+6	M+7	M+8	M+9	M+10	Total
1 - 2 Units												
Tuition:	27.5%	15.6%	11.2%	10.5%	2.2%	0.9%	0.7%	0.5%	0.4%	0.3%	0.2%	70.0%
Cancel / rollover:	11.0%	4.1%	2.7%	2.1%	1.5%	0.8%	0.8%	0.6%	0.7%	0.7%	5.0%	30.0%
Total:	38.5%	19.7%	13.9%	12.6%	3.7%	1.7%	1.5%	1.1%	1.1%	1.0%	5.2%	100.0%
3 - 6 Units												
Tuition:	17.6%	20.0%	15.7%	11.4%	2.4%	1.1%	0.7%	0.4%	0.3%	0.2%	0.2%	70.0%
Cancel / rollover:	8.8%	5.1%	3.2%	2.4%	1.5%	1.1%	0.8%	0.9%	0.7%	0.6%	4.9%	30.0%
Total:	26.4%	25.1%	18.9%	13.8%	3.9%	2.2%	1.5%	1.3%	1.0%	0.8%	5.1%	100.0%
7 or More Units												
Tuition:	17.2%	17.8%	17.8%	17.0%	2.7%	1.0%	0.6%	0.4%	0.2%	0.2%	0.1%	75.0%
Cancel / rollover:	6.4%	3.5%	2.9%	2.6%	1.3%	0.9%	0.7%	0.6%	0.5%	0.6%	5.0%	25.0%
Total:	23.6%	21.3%	20.7%	19.6%	4.0%	1.9%	1.3%	1.0%	0.7%	0.8%	5.1%	100.0%

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 0.75% per year.

Expenses:

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

Annual Maintenance Expense per Legacy Prepaid529 Contract = $87.62

Annual Maintenance Expense per TTP Account = $23.37

The expense assumptions were developed from a cost analysis performed in 2021 by Commonwealth Savers Plan staff. These expenses are assumed to increase annually at the rate of general price inflation plus 0.50%.

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.

Appendix C – Actuarial Assumptions and Methods (continued)

Rational 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 by Milliman in 2023 (see the Experience Study report dated August 2023).

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 2025 Blue Chip Financial Forecasts.*

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

The tuition growth assumptions are also set by the Board. Milliman assisted Commonwealth Savers staff in 2015 with a historical analysis of long-term tuition growth at public colleges in Virginia. Commonwealth Savers staff also perform an analysis annually to project both short-term and long-term tuition growth based on historical trends as part of the recommendations made to the Board.

The bias assumption for Virginia public universities was increased from 10.0% to 10.1% 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 2025-2026.

Appendix D – Prepaid Plan Benefits

Prepaid529 Plan 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 Commonwealth Savers 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 Commonwealth Savers 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 Commonwealth Savers savings program and request a withdrawal from the respective program to pay for qualified higher education expenses. For accounts which have reached their "expired status" (ten years after the date of matriculation), Commonwealth Savers has implemented a policy which moves these accounts out of the Prepaid529 program and into the Invest529 savings program after communication and outreach attempts. This removes them from the valuation.

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

Appendix E – Program Background

Commonwealth Savers Plan (“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 the Plan 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. The Plan’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. Commonwealth Savers 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 725 of the Virginia Acts of Assembly, 2025 Reconvened Session.

Program Design

Commonwealth Savers 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 the Plan (Invest529) or through financial advisors (CollegeAmerica) and are subject to market and other risks to the participants.

Commonwealth Savers’s Plan 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 the Plan. 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 The Plan 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.

Statutory Requirements

The Code of Virginia, Title 23.1, Subtitle II, Chapter 7 provides limited guidance for establishing the actuarial basis to evaluate Commonwealth Savers'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."