

**Annual Report
of the
Alabama Prepaid Affordable
College Tuition (PACT) Program**



January 26, 2021

***Submitted by the Office of the State Treasurer in
accordance with Act 2010-725***

**Annual Report of the
Alabama Prepaid Affordable College Tuition (PACT) Program
January 26, 2021**

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STATE OF ALABAMA
OFFICE OF STATE TREASURER

State Capitol, 600 Dexter Avenue, S-106
Montgomery, Alabama 36104

JOHN McMILLAN
TREASURER

January 26, 2021

TO: Governor Kay Ivey
Lieutenant Governor Will Ainsworth
Speaker Mac McCutcheon

RE: **FY20 Annual Report of PACT**

Per the requirements of *Act No. 2010-725*, enclosed is the 2020 Annual Report of Alabama's Prepaid College Tuition Program (PACT). PACT remains actuarially sound, and operations continue to run efficiently and cost effectively.

Highlights of the Program:

- At its meeting on May 19, 2020, the Board approved a 7% increase in the rate paid for tuition and fees, effective fall semester 2020.
- There have been six consecutive increases to tuition and fees paid by the Program.
- At fiscal year-end the actuarial funded ratio was 119.3%.
- The current number of active accounts is 11,134.

The full fiscal year 2020 Actuarial Report and annual audit of the PACT Program is available on the State Treasury website at www.treasury.alabama.gov, College Savings immediately upon completion. Please contact me with any questions at (334) 242-7501.

Respectfully submitted,

John McMillan
State Treasurer and Chair, PACT Board of Trustees

CC: Rep. Steve Clouse
Rep. Bill Poole
Senate Pres. Pro Tem Del Marsh
Sen. Arthur Orr
PACT Board members

Funded Status

September 30, 2020

a. Market Value of Assets	\$99,965,199
b. Actuarial present value of future payments expected to be made to the fund by contract purchasers	2,467,299
c. Actuarial present value of future expenses	(4,914,672)
d. Actuarial present value of future Education Trust Fund payments expected to be made to the fund by the State	<u>217,416,567</u>
e. Subtotal (a + b + c + d)	\$314,934,393
f. Actuarial present value of future payments expected to be made from the trust fund to universities for tuition and mandatory fees, and to purchasers upon contract cancellation	<u>263,101,629</u>
g. Reserve as of September 30, 2020 (e - f)	<u><u>\$51,832,765</u></u>

1910-1911

1911-1912

1912-1913

1913-1914

1914-1915

1915-1916

1916-1917

1917-1918

1918-1919

1919-1920

1920-1921

1921-1922

1922-1923

Cash Flow, Asset and Liability Projection

September 30, 2020

(amounts are shown in \$1,000s)

<u>Fiscal Year End</u>	<u>Contract Payments</u>	<u>Education Trust Fund</u>	<u>Payments Out of Trust Fund</u>	<u>Administrative Expenses</u>	<u>Assets</u>	<u>Liabilities End of Year</u>
9/30/2020					\$ 100,000	\$ 263,102
9/30/2021	\$ 1,300	\$ 31,900	\$ -70,600	\$ - 600	62,100	192,553
9/30/2022	700	32,200	-59,400	- 600	35,000	139,898
9/30/2023	300	33,500	-48,400	- 600	19,800	96,442
9/30/2024	100	33,700	-37,000	- 600	16,200	62,850
9/30/2025	100	38,400	-26,800	- 600	27,300	38,260
9/30/2026	0	39,200	-15,800	- 600	50,100	23,819
9/30/2027	0	32,500	-10,500	- 600	71,700	14,168
9/30/2028	0	0	- 7,100	- 500	64,900	7,618
9/30/2029	0	0	- 4,600	- 400	60,500	3,293
9/30/2030	0	0	- 2,400	- 300	58,400	1,032
9/30/2031	0	0	- 900	- 200	57,800	137
9/30/2032	0	0	- 100	- 100	58,200	141

**PACT Board Member Demographic Information
(As of December 2020)**

Race: 15 Caucasian Native American

Gender: 13 males 2 females

Urban or rural resident: 9 urban 6 rural

Employed: 14 yes 1 no (retired)

Highest education level completed:	High School/Continuing Education:	
	Bachelor's Degree:	5
	Master's Degree:	6
	Juris Doctorate:	1
	Ph.D.:	3
	Other	

2020 combined household income:	0-\$999:	
	\$1,000-\$9,999:	
	\$10,000-\$49,999:	
	\$50,000-\$149,999:	6
	\$150,000-\$249,999:	4
	\$250,000 or more:	5