



THE HONORABLE CURTIS M. LOFTIS, JR.
State Treasurer

December 17, 2012

The Honorable Hugh Leatherman
Chairman, Senate Budget Committee
111 Gressette Building
Columbia, SC 29201

Dear Chairman Leatherman:

Enclosed for your information is the Annual Actuarial Valuation of the South Carolina Tuition Prepayment Program (SCTPP) Fund as of June 30, 2012.

As the actuarial analysis states, the Fund's deficit as of June 30, 2012 was \$35,853,896. The Fund is projected to be depleted of assets in FY 2019.

At the conclusion of the prior fiscal year, the Fund's investment portfolio underwent a revision. The revision includes a much greater concentration of fixed income securities. This concentration more closely matches the liability cash flows. As a result, next year's report will likely include a revised (lower) assumed rate of return and a greater unfunded liability.

In order for the Program to pay contract owners their benefits, remedial action must be taken by the General Assembly. Suggested remedial actions are also outlined on Pages 2 and 3 of the Valuation.

Please let us know if you have any questions regarding this matter.

Yours very truly,

A handwritten signature in blue ink, reading "Curtis M. Loftis, Jr.", is written over a white background.

Curtis M. Loftis, Jr.
State Treasurer

CMLjr/afw
Enclosure