



THE HONORABLE CURTIS M. LOFTIS, JR.
State Treasurer

December 6, 2013

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, 2013.

As the actuarial analysis states, the Fund's deficit as of June 30, 2013 was \$ 65,535,109. The Fund is projected to be depleted of assets in FY 2018.

As reported in last year's update, the Fund's investment portfolio underwent a revision in 2012. The revised portfolio includes a much greater concentration of fixed income securities. This concentration more closely matches the actual liability cash flows. As a result, this year's report includes 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, appearing to read "Curtis M. Loftis, Jr." with a stylized flourish at the end.

Curtis M. Loftis, Jr.
State Treasurer

CMLjr/afw
Enclosure