



THE HONORABLE CURTIS M. LOFTIS, JR.
State Treasurer

December 15, 2014

The Honorable Brian White
Chairman, Ways and Means Committee
525 Blatt Building
Columbia, SC 29201

Dear Chairman White:

Brian,
Enclosed for your information is the Annual Actuarial Valuation of the South Carolina Tuition Prepayment Program (SCTPP) Fund as of June 30, 2014. Although SCTPP is currently closed to new entrants, the Program currently services 5,716 accounts.

The SCTPP Fund has a current market value of \$97.8 Million. As the actuarial analysis states, the Fund's deficit as of June 30, 2014 was \$57,379,163. For comparison purposes, the Fund's deficit as of June 30, 2013 was \$65,535,109. **Unless remedial actions are taken by the General Assembly, the Fund is projected to be depleted of assets in FY 2019.**

The Office of State Treasurer regularly reviews and monitors the status of the SCTPP Fund, the investment portfolio, and the assumed rate of return. In order to manage the unfunded liability, the Office of State Treasurer has further revised the Fund's investment portfolio since the actuarial report was published. The revision includes a much greater concentration of fixed income securities. This concentration more closely matches the liability cash flows.

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

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

Yours very truly,

Curtis M. Loftis, Jr.
Curtis M. Loftis, Jr.
State Treasurer

Enclosure