Michigan Education Trust – Plan D

Actuarial Soundness Valuation Report as of September 30, 2025

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November 24, 2025

Ms. Diane Brewer
Executive Director
Michigan Education Trust
430 W. Allegan Street
P.O. Box 30198
Lansing, Michigan 48933

Re: Michigan Education Trust – Plan D Actuarial Valuation as of September 30, 2025

Dear Ms. Brewer:

Gabriel, Roeder, Smith & Company ("GRS") has performed an actuarial soundness valuation of the Michigan Education Trust – Plan D ("MET") as of September 30, 2025. Although the term "actuarial soundness" is not specifically defined, the purpose of this actuarial valuation is to evaluate the financial status of the program as of September 30, 2025.

This report presents the principal results of the actuarial valuation of MET including the following:

- A comparison of the actuarial present value of the obligations for prepaid tuition contracts purchased through September 30, 2025, with the value of the assets associated with the program as of that same date;
- An analysis of the factors which caused the deficit/surplus to change since the prior actuarial valuation; and
- A summary of the actuarial assumptions and methods utilized in the actuarial calculations.

This report was prepared at the request of the MET Board and is intended for use by the MET Board and those designated or approved by the MET Board. This report may be provided to parties other than the MET Board only in its entirety and only with the permission of the MET Board. GRS is not responsible for unauthorized use of this report. This report should not be relied on for any purpose other than the purpose described above.

The actuarial soundness valuation results set forth in this report are based upon data and information, furnished by MET, concerning program benefits, financial transactions and beneficiaries of MET. We reviewed this information for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by MET. Further, the data and information provided is through September 30, 2025 and does not reflect subsequent market changes. There were no program changes subsequent to September 30, 2025.

The actuarial soundness valuation results summarized in this report involve actuarial calculations that require assumptions about future events. The actuarial assumptions used in this analysis were based on an experience review for the period from October 1, 2017 to September 30, 2023, and were adopted for use commencing with the September 30, 2024 valuation. The major actuarial assumptions (discount rate and rates of future tuition increase) used in this analysis were provided by and are the responsibility of MET.

Given the current asset allocation and liquidity requirements, the net investment rate of return assumption of 5.50 percent appears to be reasonable. However, other assumptions could also be reasonable, and could result in materially different results.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law. We have performed an analysis of the sensitivity of certain changes in future assumptions.

We believe that the actuarial methods used in this report are reasonable and appropriate for the purpose for which they have been used. In addition, because it is not possible or practical to consider every possible contingency, we may use summary information, estimates or simplifications of calculations to facilitate the modeling of future events. We may also exclude factors or data that are deemed to be immaterial.

This report is not a recommendation to anyone to participate or not in MET. GRS makes no representations or warranties to any person participating in or considering participation in MET. Current and future participants should be aware that the promises of MET will only be met if the assets of MET are sufficient to pay its obligations.

To the best of our knowledge, the information contained in this report is accurate and fairly presents the actuarial position of the Michigan Education Trust – Plan D as of September 30, 2025. All calculations have been made in conformity with generally accepted actuarial principles and practices commonly applicable to similar types of arrangements.

This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

Paul T. Wood and James R. Sparks are both Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

The signing actuaries are independent of MET.

Respectfully submitted,
Gabriel, Roeder, Smith & Company

Paul T. Wood, ASA, FCA, MAAA
Senior Consultant and Actuary

James R. Sparks, ASA, FCA, MAAA
Consultant and Actuary

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SECTION A

EXECUTIVE SUMMARY

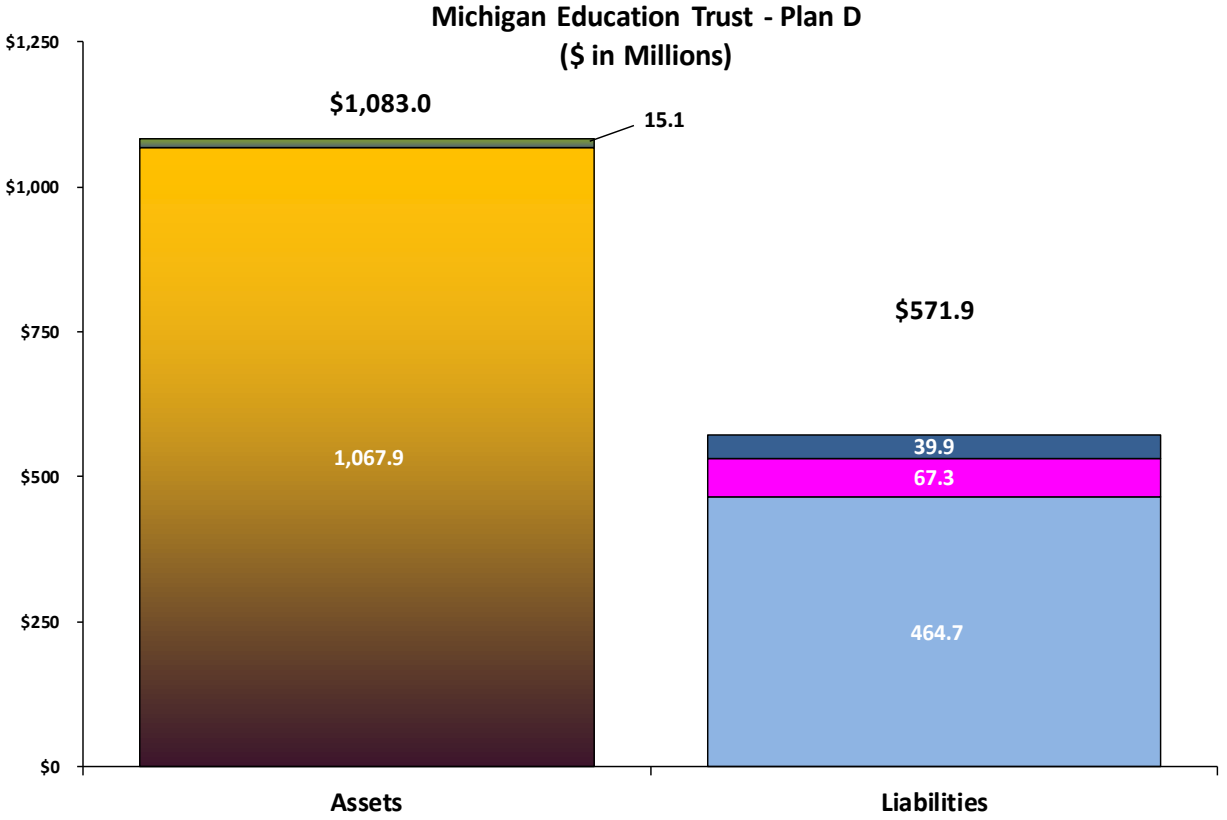
Summary of Results

Principal Valuation Results

Valuation Date:	September 30, 2025
Contract Summary:	
Counts	
Not yet in Payment Status	19,344
In Payment Status or Termination in Progress*	8,043
Total	27,387
Average Years until Expected Matriculation or Refund if not yet in Payment Status or Not Using Contract	6.3
Assets	
Valuation Assets (Market Value)	$ 1,082,973,933
Approximate Return on Valuation Assets for Year Ended September 30, 2025	8.88%
Actuarial Liabilities (Present Value of Future Tuition Payments, Fees, and Administrative Expenses)	$ 571,898,150
Surplus/(Deficit)	$ 511,075,783
Funded Ratio	189.4%

* *Counts include 4,206 contracts that are classified as "In Payment Status" but have not used any credits within the past year.*

Summary of Assets and Liabilities as of September 30, 2025



ASSETS	LIABILITIES
PV Future Contributions	PV Administrative Fees
Net Market Value of Assets	PV Benefits (in Payment Status or Termination in Progress)
	PV Benefits (Not in Payment Status or Not Using Contract)

Numbers may not add due to rounding.

Funded Status as of September 30, 2025

	September 30, 2025
Actuarial Present Value of Future Tuition Payments, Fees and Expenses	$ 571,898,150
Market Value of Assets (Including the Present Value of Installment Contract Receivables)	$ 1,082,973,933
Surplus/(Deficit) as of September 30, 2025	$ 511,075,783

Gain/Loss Summary

	Surplus/(Deficit)
(1.) Value at September 30, 2024	$ 440,887,130
(2.) Interest on (1.) at Assumed Rate from Previous Valuation	$ 24,248,793
(3.) New Enrollment Group	$ 2,617,019
(4.) Projected Value at September 30, 2025 [(1.) + (2.) + (3.)]	$ 467,752,942
(5.) Change Due to:	
a. Asset Experience	$ 35,132,488
b. Tuition/Fee Inflation	1,168,346
c. Assumption Changes	-
d. Other Experience	7,022,007
Total [(5.)a. + (5.)b. + (5.)c. + (5.)d.]	$ 43,322,841
(6.) Actual Value at September 30, 2025 [(4.) + (5.)]	$ 511,075,783

Discussion

Actuarial Valuation

Gabriel, Roeder, Smith & Company ("GRS") has performed an actuarial soundness valuation of the Michigan Education Trust – Plan D ("MET") as of September 30, 2025.

The primary purposes of the actuarial soundness valuation are to:

- Determine the actuarial present value of the obligations for prepaid tuition contracts purchased through September 30, 2025 and compare such liabilities with the value of the assets associated with the program as of that same date; and

- Analyze the factors which caused the deficit/surplus to change since the prior actuarial valuation.

This report summarizes the results under the current assumptions and also presents the impact of variances in the rate of tuition and fee increases as well as the rate of investment return on assets. In addition, the report provides summaries of the beneficiary data, financial data, plan provisions and actuarial assumptions and methods.

Background

MET is a public body created by Michigan's Legislature (Public Act 316 of 1986) and housed within the Michigan Department of Treasury. MET must operate and finance its activities only through its assets. To protect those assets from other uses by the State, only MET, and not the State, controls its assets.

MET allows beneficiaries to mitigate some future tuition and fee increase risks. The beneficiaries are also eligible for certain Federal and State tax advantages.

Three different plan options are available. The **Full Benefits Plan** provides full in-state tuition and mandatory fees at any Michigan public university, or tuition and mandatory fees at Michigan public community colleges (in-district or out-of-district) up to the number of credit hours required for a standard four-year baccalaureate degree (usually 120 semester credit hours). Individuals may purchase the Full Benefits Plan in hourly increments up to 10 semesters (five years) of tuition.

The **Limited Benefits Plan** provides in-state tuition and mandatory fees at Michigan public universities, or tuition and mandatory fees at Michigan public community colleges (in-district or out-of-district) up to 105 percent of the weighted average tuition of all Michigan public four-year universities. If a student decides to attend a Michigan public college where tuition costs are higher than average, the number of credits allowed will be prorated based on the number of credit hours MET can purchase with 105 percent of the weighted average cost of Michigan public four-year universities. This plan might not cover the full cost of Michigan's most expensive institutions.

Students who attend a school where tuition is not fully covered under the Limited Benefits Plan will receive the number of credit hours MET can purchase at the time of college enrollment.

For example, on a preliminary basis, in the 2025/2026 school year:

- If a student with a four-year Limited Benefits Plan contract attends the University of Michigan-Ann Arbor, MET will pay for 112 credit hours.

- If a student attends Michigan Technological University, MET will pay for 104 credit hours.

Individuals may purchase the Limited Benefits Plan in hourly increments up to 10 semesters (five years).

The **Community College Plan** provides in-district tuition and mandatory fees at Michigan public community colleges. Some areas of the State are not within a community college district. Students who attend a community college out of their district will be responsible for paying the difference between the out-of-district and in-district tuition cost. Individuals may purchase the Community College Plan in hourly increments up to ten semesters (five years) under this contract.

For contracts sold during and after the 2012/2013 enrollment period, the mandatory fees paid cannot exceed the 2012 rate charged by the Public Educational Institutions. On November 14, 2019, the MET Board Resolution 2019-12 (mandatory fees) resolved to allow purchasers and MET to amend certain previously purchased MET contracts (2013-2019) upon purchaser's formal request and with MET entering into the appropriate contract amendment. This amendment will allow for removal of the cap limiting Mandatory fees.

MET Plan D is open to children from newborn through 12th grade. The Beneficiary must be a resident of the State of Michigan and must have a valid Social Security Number.

Actuarial Assumptions

The actuarial soundness valuation results summarized in this report involve actuarial calculations that require assumptions about future events. The actuarial assumptions used in this analysis were based on an experience review for the period from October 1, 2017 to September 30, 2023, and were adopted for use commencing with the September 30, 2024 actuarial soundness valuation. The major actuarial assumptions (discount rate and rates of future tuition increase) used in this analysis were provided by and are the responsibility of MET.

In the previous actuarial soundness valuation as of September 30, 2024, a discount rate assumption of 5.50 percent and a tuition increase assumption of 4.25 percent were used. Each year, the discount rate and tuition increase assumption are reviewed for reasonableness. Staff at the Department of Treasury then recommends updated assumptions to the MET Board. The recommended assumptions for the actuarial soundness valuation as of September 30, 2025, are as follows:

- Discount Rate: 5.50% percent.

- Tuition Increase Assumption: 4.25 percent for all future years.

In summary, there were no assumption changes for this valuation.

The MET Board approved these assumptions for use in the September 30, 2025 actuarial soundness valuation at its August 6, 2025 meeting.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law. We have performed an analysis of the sensitivity of certain changes in future assumptions.

Financial Status of Program

As of September 30, 2025, the present value of all future tuition obligations under contracts outstanding (and including estimated future administrative expenses) at that date is $571.9 million. Fund assets as of September 30, 2025, including the market value of program assets and the present value of installment contract receivables, are $1,083.0 million.

The difference between the market value of assets of $1,083.0 million and program obligations of $571.9 million represents a program surplus of $511.1 million. The comparable program surplus as of the last actuarial soundness valuation as of September 30, 2024 was $440.9 million.

Under the approved assumptions, the program is 189.4 percent funded and is expected to pay all contracted benefits. It should be noted that new contracts are being offered in 2025 and are intended to be offered in future years.

Gain/Loss Analysis

As previously described, the program surplus increased from $440.9 million as of September 30, 2024 to $511.1 million as of September 30, 2025. The increase in surplus was higher than expected, primarily due to investments earning more than the assumed 5.50 percent.

Benefit Provisions

We understand there were no other changes in program provisions since the last actuarial valuation as of September 30, 2024.

Assets

MET assets are held in trust. MET provided the asset information used in the September 30, 2025 actuarial soundness valuation.

This report contains several exhibits summarizing the plan's assets, including a summary of the market value of assets broken down by asset category and a reconciliation of the assets from the last valuation date to the current valuation date.

SECTION B

ACTUARIAL SOUNDNESS VALUATION RESULTS

Exhibit I
Principal Valuation Results as of September 30,

		2025		2024
1	Number of Contracts			
	a. Not yet in Payment Status	19,344		20,047
	b. In Payment Status or Termination in Progress*	8,043		8,913
	c. Total	27,387		28,960
	Average Years until Expected Matriculation or Refund if Not Yet In Payment Status	6.3		6.3
2	Assets			
	a. Market Value of Assets (in Trust)	$ 1,067,908,440	$	1,040,943,531
	b. PV Future Contract Contributions	15,065,493		18,820,421
	c. Total Market Value of Assets (MVA)	$ 1,082,973,933	$	1,059,763,952
3	Actuarial Results			
	Liabilities - Tuition and Fees			
	a. Not yet in Payment Status or Not Using Contract	$ 464,695,127	$	501,941,093
	b. In Payment Status or Termination in Progress	67,283,450		76,602,182
	c. Total	$ 531,978,577	$	578,543,275
	Liabilities - Present Value of Future Administrative Expenses	$ 39,919,573	$	40,333,547
	Liabilities Total	$ 571,898,150	$	618,876,822
	Surplus/(Deficit)	$ 511,075,783	$	440,887,130
	Funded Ratio	189.4%		171.2%

* *Counts for 2025 include 4,206 contracts that are classified as "In Payment Status" but have not used any credits within the past year.*

Exhibit I
Principal Valuation Results as of September 30, (Concluded)

	2025	2024
1. Assets		
a. Market Value of Assets (in Trust)	$ 1,067,908,440	$ 1,040,943,531
b. PV Future Contract Contributions (Short Term)[a]	3,571,587	4,340,022
c. PV Future Contract Contributions (Long Term)[b]	11,493,906	14,480,399
d. Total Market Value of Assets (MVA)	$ 1,082,973,933	$ 1,059,763,952
2. Actuarial Present Value of Tuition, Fees and Admin Expenses		
a. Short Term[a]	$ 53,711,849	$ 60,272,453
b. Long Term[b]	518,186,301	558,604,369
c. Total	$ 571,898,150	$ 618,876,822
Surplus/(Deficit)	$ 511,075,783	$ 440,887,130
Funded Ratio	189.4%	171.2%

[a] *Present value of amounts in following year.*

[b] *Present value of amounts after first year.*

Exhibit II
Gain/Loss Summary

	Present Value of Benefits	PV Future Member Contributions	Market Value of Assets	Surplus/(Deficit)
(1.) Values at September 30, 2024	$ 618,876,822	$ 18,820,421	$ 1,040,943,531	$ 440,887,130
(2.) Contributions/Miscellaneous Income (Not including New Enrollment Group)	$ -	$ (6,355,709)	$ 6,355,709	$ -
(3.) Benefit Payments and Administrative Expenses	$ (84,679,084)	$ -	$ (84,679,084)	$ -
(4.) Interest on (1.), (2.), and (3.) at Assumed Rate from Previous Valuation	$ 31,740,718	$ 862,681	$ 55,126,830	$ 24,248,793
(5.) New Enrollment Group	$ 13,773,795	$ 1,361,848	$ 15,028,966	$ 2,617,019
(6.) Projected Values at September 30, 2025 [(1.) + (2.) + (3.) + (4.) + (5.)]	$ 579,712,251	$ 14,689,241	$ 1,032,775,952	$ 467,752,942
(7.) Change Due to:				
a. Asset Experience	$ -	$ -	$ 35,132,488	$ 35,132,488
b. Tuition/Fee Inflation	(1,168,346)	-	-	1,168,346
c. Assumption Changes	-	-	-	-
d. Other Experience	(6,645,755)	376,252	-	7,022,007
Total [(7.)a. + (7.)b. + (7.)c. + (7.)d.]	$ (7,814,101)	$ 376,252	$ 35,132,488	$ 43,322,841
(8.) Actual Values at September 30, 2025 [(6.) + (7.)]	$ 571,898,150	$ 15,065,493	$ 1,067,908,440	$ 511,075,783

Exhibit III
Sensitivity Testing Results

The actuarial assumptions regarding future increases in tuition costs and fees and the future rate of investment return were prescribed to us by MET. In our opinion, the actuarial assumptions prescribed to us are reasonable for the purpose of the measurement. However, no one knows with certainty what the future holds with respect to economic and other contingencies. For example, while it is assumed that the assets of the fund will earn 5.50 percent each year throughout the life of the contracts, actual returns are expected to vary from year to year. Therefore, we have projected MET results under alternative assumptions for future investment income and tuition increases, as follows:

1. Current actuarial soundness valuation assumptions approved by the MET Board (5.50 percent investment return, 4.25 percent tuition increases).
2. Tuition increases are 100 basis points higher/lower in each future year than assumed in this year's actuarial soundness valuation.
3. The investment return is 100 basis points higher/lower in each future year than assumed in this year's actuarial soundness valuation.
4. Tuition increases are 100 basis points higher and the investment return is 100 basis points lower in each future year than assumed in this year's actuarial soundness valuation.
5. Tuition increases are 100 basis points lower and the investment return is 100 basis points higher in each future year than assumed in this year's actuarial soundness valuation.

The impact of each of these scenarios on the principal actuarial soundness valuation results is presented on the following page.

Exhibit III
Sensitivity Testing Results (Concluded)
$ in Millions

		Current Valuation Assumptions	Assumed Tuition Increases +100 Basis Points	Assumed Tuition Increases -100 Basis Points	Assumed Investment Return +100 Basis Points	Assumed Investment Return -100 Basis Points	Assumed Tuition Increases +100 Basis Points and Investment Return -100 Basis Points	Assumed Tuition Increases -100 Basis Points and Investment Return +100 Basis Points
	Assumed Investment Return	5.50%	5.50%	5.50%	6.50%	4.50%	4.50%	6.50%
	Assumed Tuition Increases	4.25%	5.25%	3.25%	4.25%	4.25%	5.25%	3.25%
1	Assets							
	a. Market Value of Assets (in Trust)	$1,067.9	$1,067.9	$1,067.9	$1,067.9	$1,067.9	$1,067.9	$1,067.9
	b. PV Future Contract Contributions	$15.1	$15.1	$15.1	$14.6	$15.5	$15.5	$14.6
	c. Total Market Value of Assets (MVA)	$1,083.0	$1,083.0	$1,083.0	$1,082.5	$1,083.4	$1,083.4	$1,082.5
2	Actuarial Results							
	Liabilities - Tuition and Fees							
	a. Not yet in Payment Status or Not Using Contract	$464.7	$496.4	$436.2	$431.8	$501.8	$537.5	$406.3
	b. In Payment Status or Termination in Progress	$67.3	$67.7	$66.8	$66.4	$68.2	$68.7	$65.9
	c. Total	$532.0	$564.1	$503.0	$498.2	$570.0	$606.2	$472.2
	Liabilities - PV of Future Admin. Expenses	$39.9	$39.9	$39.9	$37.8	$42.2	$42.2	$37.8
	Liabilities Total	$571.9	$604.0	$542.9	$536.0	$612.2	$648.4	$510.0
	Surplus/(Deficit)	$511.1	$479.0	$540.1	$546.5	$471.2	$435.0	$572.5
	Funded Ratio	189.4%	179.3%	199.5%	202.0%	177.0%	167.1%	212.3%
	Difference From Results Based on Current Assumptions							
	Deficit	$0.0	$(32.1)	$29.0	$35.4	$(39.9)	$(76.1)	$61.4
	Funded Ratio	0.0%	(10.1)%	10.1%	12.6%	(12.4)%	(22.3)%	22.9%

Numbers may not add due to rounding.

SECTION C

FUND ASSETS

Statement of Plan Assets
Year Ended September 30, 2025
(Assets at Market Value)

1. Cash and Cash Equivalents	$	23,215,172
2. Investments		
a. Short-Term Investments	$	43,751,847
b. Money Markets		17,801,340
c. Bonds		271,564,085
d. Equity Mutual Funds		710,607,502
Total Investments	$	1,043,724,774
3. Deferred Outflows of Resources		
a. Pension Deferred Outflows of Resources	$	336,967
b. Health Insurance OPEB Deferred Outflows of Resources		557,458
c. Life Insurance OPEB Deferred Outflows of Resources		110,499
Total	$	1,004,924
4. Receivables		
a. Advances to State General Fund	$	2,108,981
b. Interest and Dividends Receivable		2,342,861
c. Tuition Contracts Receivable		15,065,493
d. Due From Plans B & C		549,895
e. Misc Receivable		246,323
Total Receivables	$	20,313,553
5. Liabilities		
a. Net Pension Payable	$	1,729,679
b. Life Insurance OPEB Payable		442,017
c. Healthcare OPEB Payable		139,683
d. Due to Plans B & C		25
e. Due to State General Fund		558,876
f. Compensated Absences		489,568
g. Contra Account (Checks Returned)		-
h. Other Liabilities		110
Total Liabilities	$	3,359,958
6. Deferred Inflows of Resources		
a. Pension Deferred Inflows of Resources	$	427,766
b. Health Insurance OPEB Deferred Inflows of Resources		1,375,501
c. Life Insurance OPEB Deferred Inflows of Resources		121,265
Total	$	1,924,532
7. Net Assets = (1) + (2) + (3) + (4) - (5) - (6)	$	1,082,973,933

Numbers may not add due to rounding.

Reconciliation of Plan Assets
Year Ended September 30, 2025

1. Value of Assets at Beginning of Year	$	1,059,763,952
2. Changes During Year		
a. Additions		
(1) Investment Income	$	33,156,631
(2) Miscellaneous Income		2,817,191
(3) Net Gain on Sale of Security		71,155,495
(4) Prepaid Tuition of 2025 Enrollments		-
(5) Other Contracts Receipts		21,384,675
(6) Prior Year Contra Account		372,150
(7) Checks Returned		9,651,479
Total Additions = (1) + (2) + (3) + (4) + (5) + (6) + (7)	$	138,537,621
b. Deductions		
(1) Administrative and Other Expenses	$	7,676,337
(2) Amounts Paid Under Contracts		
(a) Tuition Benefits	$	51,025,918
(b) Termination Benefits		
[1] Paid to Colleges	$	9,851,692
[2] Loan Defaults/Death Refunds		418,643
[3] Paid to Refund Designee		25,357,973
Total Termination Benefits	$	35,628,308
Total Paid Under Contracts = (a) + (b)		86,654,226
(c) FY 24 Contract Purchaser	$	-
(3) Adjustment to Tuition Benefits Related to FY Tuition Contracts Receivable Figure (FY 24)	$	3,754,928
(4) Adjustment to FY 24 Tuition Benefits Paid		(344,007)
Total Deductions = (1) + (2) + (3) + (4)	$	97,741,483
c. Unrealized Appreciation (Depreciation)	$	(17,586,157)
Net Increases (Decreases) During Year = a - b + c	$	23,209,981
Net Value of Assets at End of Year = 1 + 2	$	1,082,973,933

Numbers may not add due to rounding.

SECTION D

PARTICIPANT DATA

Historical Summary as of September 30, 2025

	2025	2024	2023	2022	2021
Number of Contracts					
Lump Sum					
Full Benefits	11,359	12,577	13,578	14,549	15,401
Limited Benefits	3,051	3,403	3,707	4,033	4,298
Community College	1,767	1,568	1,641	1,672	1,739
Monthly Purchase					
Full Benefits	3,644	4,089	4,426	4,778	5,081
Limited Benefits	1,187	1,322	1,424	1,538	1,669
Community College	1,162	1,262	1,359	1,442	1,506
Pay As You Go					
Full Benefits	3,416	3,015	2,693	2,392	2,032
Limited Benefits	1,410	1,372	1,316	1,238	1,162
Community College	391	352	324	315	291
Total	**27,387**	**28,960**	**30,468**	**31,957**	**33,179**
Assets					
Market Value	**$1,082,973,933**	**$1,059,763,952**	**$991,318,572**	**$960,352,274**	**$1,081,015,478**

Contract Data Summary

	Lump Sum			Monthly Purchase			Pay As You Go			
	Full Benefits	Limited Benefits	Community College	Full Benefits	Limited Benefits	Community College	Full Benefits	Limited Benefits	Community College	Total
Total as of 9/30/2024	12,577	3,403	1,568	4,089	1,322	1,262	3,015	1,372	352	28,960
Adjustment for prior years	54	11	176	(18)	5	(9)	(17)	(12)	0	190
New contracts issued	108	32	196	37	9	4	484	96	41	1,007
Contracts paid in full	(1,380)	(395)	(173)	(464)	(149)	(95)	(66)	(46)	(2)	(2,770)
Total as of 9/30/2025	**11,359**	**3,051**	**1,767**	**3,644**	**1,187**	**1,162**	**3,416**	**1,410**	**391**	**27,387**

Contracts in Payment Status as of September 30, 2025

	Full Benefits Contracts	Limited Benefits Contracts	Community College Contracts	Total
1. Michigan Public 4-Year College				
Central Michigan University	109	52	0	161
Eastern Michigan University	96	32	0	128
Ferris State University	50	15	0	65
Kendall Art & Design of Ferris	10	7	0	17
Grand Valley State University	268	115	0	383
Lake Superior State University	11	8	0	19
Michigan State University	1,606	366	0	1,972
Michigan Technological University	94	33	0	127
Northern Michigan University	42	16	0	58
Oakland University	185	72	0	257
Saginaw Valley State University	38	35	0	73
University of Michigan-Dearborn	80	25	0	105
University of Michigan-Flint	25	10	0	35
University of Michigan-Ann Arbor	1,653	185	0	1,838
Wayne State University	234	67	0	301
Western Michigan University	132	49	0	181
Inactive Students	0	3	0	3
Total Michigan Public 4-Year College	**4,633**	**1,090**	**0**	**5,723**

Contracts in Payment Status as of September 30, 2025 (Continued)

	Full Benefits Contracts	Limited Benefits Contracts	Community College Contracts	Total
2. Michigan Community College				
Alpena Community College	1	0	3	4
Bay De Noc Community College	0	1	2	3
Delta College	5	2	26	33
Glen Oaks Community College	0	0	1	1
Gogebic Community College	0	0	2	2
Grand Rapids Community College	14	1	34	49
Henry Ford Community College	13	4	20	37
Jackson Community College	4	2	14	20
Kalamazoo Valley Community College	8	1	10	19
Kellogg Community College	4	1	9	14
Kirtland Community College	0	0	4	4
Lake Michigan Community College	2	2	3	7
Lansing Community College	32	15	59	106
Macomb County Community College	16	4	62	82
Mid-Michigan Community College	6	0	4	10
Monroe Community College	1	0	5	6
Montcalm Community College	0	1	1	2
Mott Community College	10	1	24	35
Muskegon Community College	2	0	5	7
North Central Michigan College	0	2	5	7
Northwestern Michigan College	8	4	12	24
Oakland Community College	38	9	39	86
Schoolcraft College	34	9	53	96
Southwestern Michigan College	1	1	4	6
St. Clair County Community College	5	3	9	17
Washtenaw Community College	21	2	24	47
Wayne County Community College	1	1	8	10
West Shore Community College	1	0	2	3
Total Michigan Community College	**227**	**66**	**444**	**737**
Total Active Contracts (1.) + (2.)	**4,860**	**1,156**	**444**	**6,460**

Contracts in Payment Status as of September 30, 2025 (Concluded)

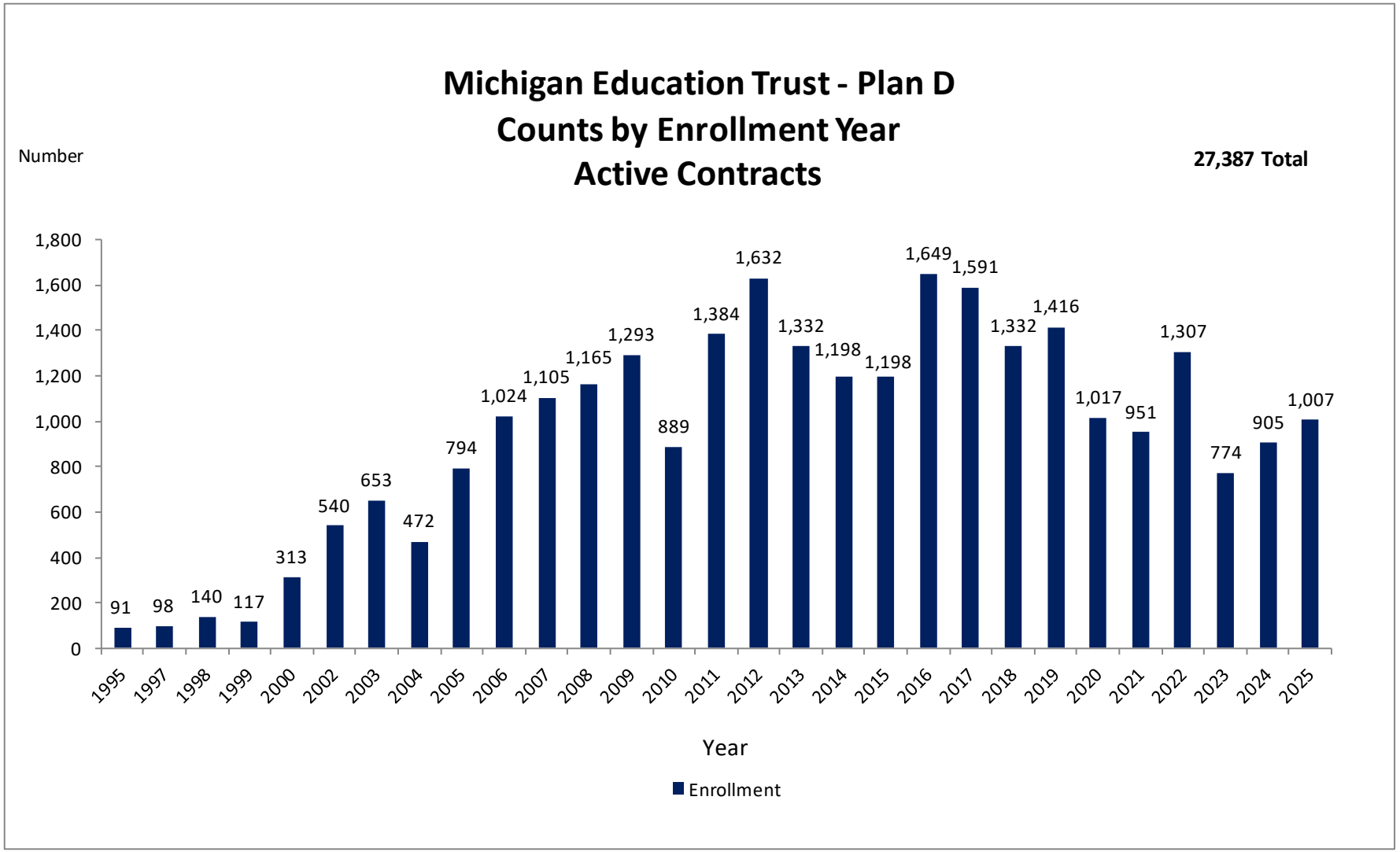
	Full Benefits Contracts	Limited Benefits Contracts	Community College Contracts	Total
3. Terminations in Progress				
Reason:				
Michigan Independent College	154	55	20	229
Out-of-State/Pay College	701	103	44	848
Out-of-State/Pay Refund Designee	77	40	0	117
Full Scholarship	21	3	1	25
Not Attending College	108	60	0	168
Death, Disability & Hardship	0	0	0	0
Attending Community College with Full/Limited Benefits Contract	29	9	1	39
Attending 4-year College with Community College Contract	0	0	152	152
Other (Military)	1	2	0	3
Total Terminations in Progress	**1,091**	**272**	**218**	**1,581**
4. Inactive Students	**1**	**0**	**1**	**2**
Grand Total, Contracts in Payment Status (1.) + (2.) + (3.) + (4.)	**5,952**	**1,428**	**663**	**8,043**
5. Not Yet in Payment Status	**12,467**	**4,220**	**2,657**	**19,344**
Grand Total, Active Contracts (1.) + (2.) + (3.) + (4.) + (5.)	**18,419**	**5,648**	**3,320**	**27,387**

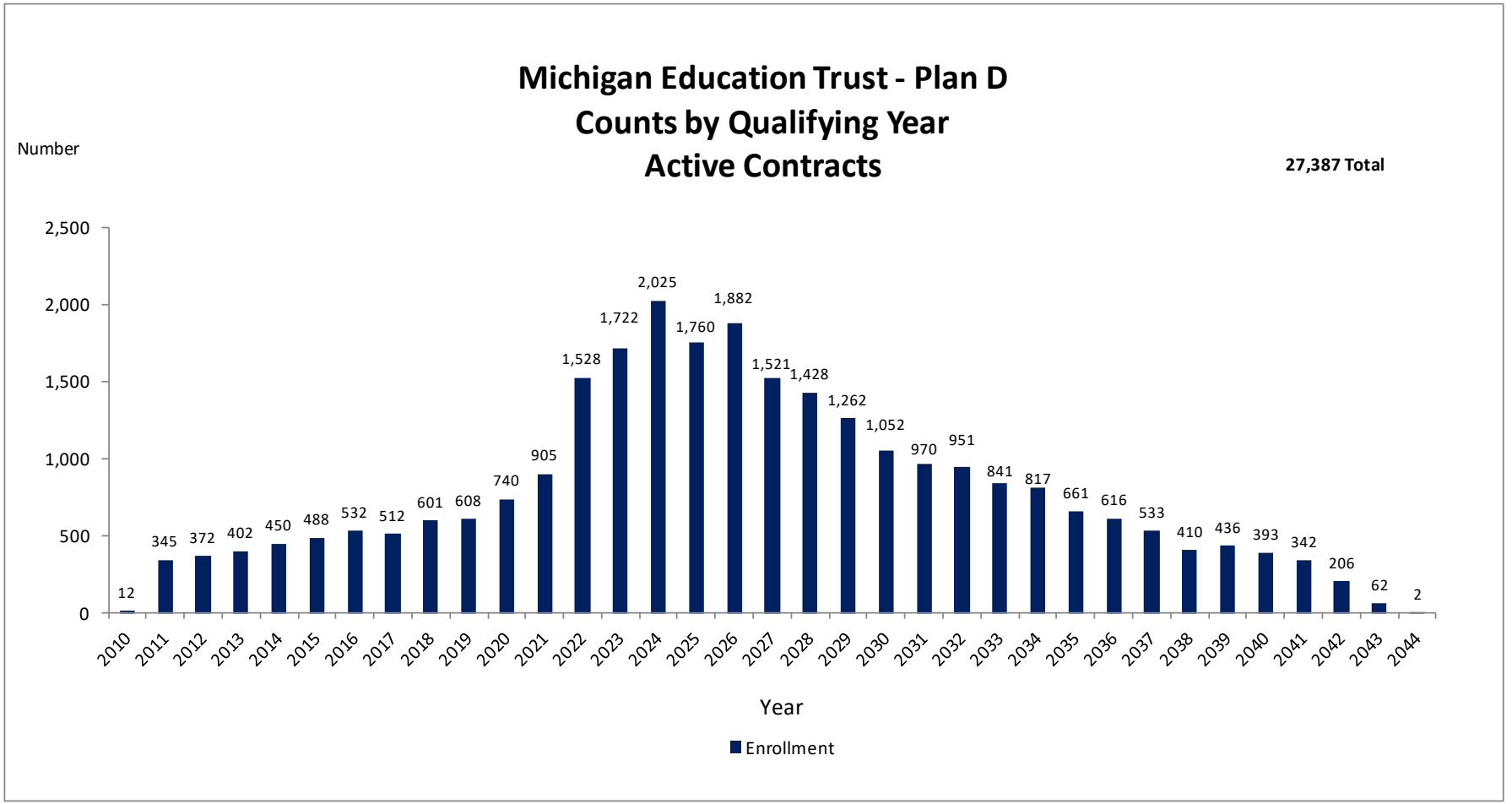
Contracts Paid in Full in the Year Ending September 30, 2025

	Lump Sum			Monthly Purchase			Pay As You Go			
	Full Benefits	Limited Benefits	Community College	Full Benefits	Limited Benefits	Community College	Full Benefits	Limited Benefits	Community College	Total
1. Attended Public Colleges	829	262	26	211	77	20	39	35	0	1,499
2. Terminations										
Michigan Independent College	68	27	14	24	4	5	1	1	1	145
Out-of-State/Pay College	183	23	28	81	15	4	7	2	0	343
Out-of-State/Pay Refund Designee	69	17	5	38	14	6	14	6	1	170
Full Scholarship	23	4	2	6	6	3	0	0	0	44
Not Attending College	186	59	27	94	26	24	4	2	0	422
Disability/Death	9	0	2	4	1	1	0	0	0	17
Attending Community College with Full/Limited Benefits Contract	8	2	0	3	5	0	1	0	0	19
Attending 4-year College with Community College Contract	2	0	69	1	0	32	0	0	0	104
Other (Military)	3	1	0	2	1	0	0	0	0	7
Total Terminations	551	133	147	253	72	75	27	11	2	1,271
Total Contracts Paid in Full	**1,380**	**395**	**173**	**464**	**149**	**95**	**66**	**46**	**2**	**2,770**

Active Monthly Purchase Contracts

	Full Benefits	Limited Benefits	Community College	Total
Active Purchasers as of 9/30/2024	629	280	301	1,210
Adjustment for Prior Years	27	1	8	36
New Contracts Issued	0	0	0	0
Purchases Completed	(168)	(101)	(77)	(346)
Discontinued	67	46	26	139
Active Purchasers as of 9/30/2025	**555**	**226**	**258**	**1,039**


Michigan Education Trust - Plan D
Counts by Enrollment Year
Active Contracts
Number
27,387 Total
1,800
1,600
1,400
1,200
1,000
800
600
400
200
0
91
98
140
117
313
540
653
472
794
1,024
1,105
1,165
1,293
889
1,384
1,632
1,332
1,198
1,198
1,649
1,591
1,332
1,416
1,017
951
1,307
774
905
1,007
1995
1997
1998
1999
2000
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
Year
Enrollment


Michigan Education Trust - Plan D
Counts by Qualifying Year
Active Contracts
Number
27,387 Total
2,500
2,000
1,500
1,000
500
0
12
345
372
402
450
488
532
512
601
608
740
905
1,528
1,722
2,025
1,760
1,882
1,521
1,428
1,262
1,052
970
951
841
817
661
616
533
410
436
393
342
206
62
2
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
2027
2028
2029
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2031
2032
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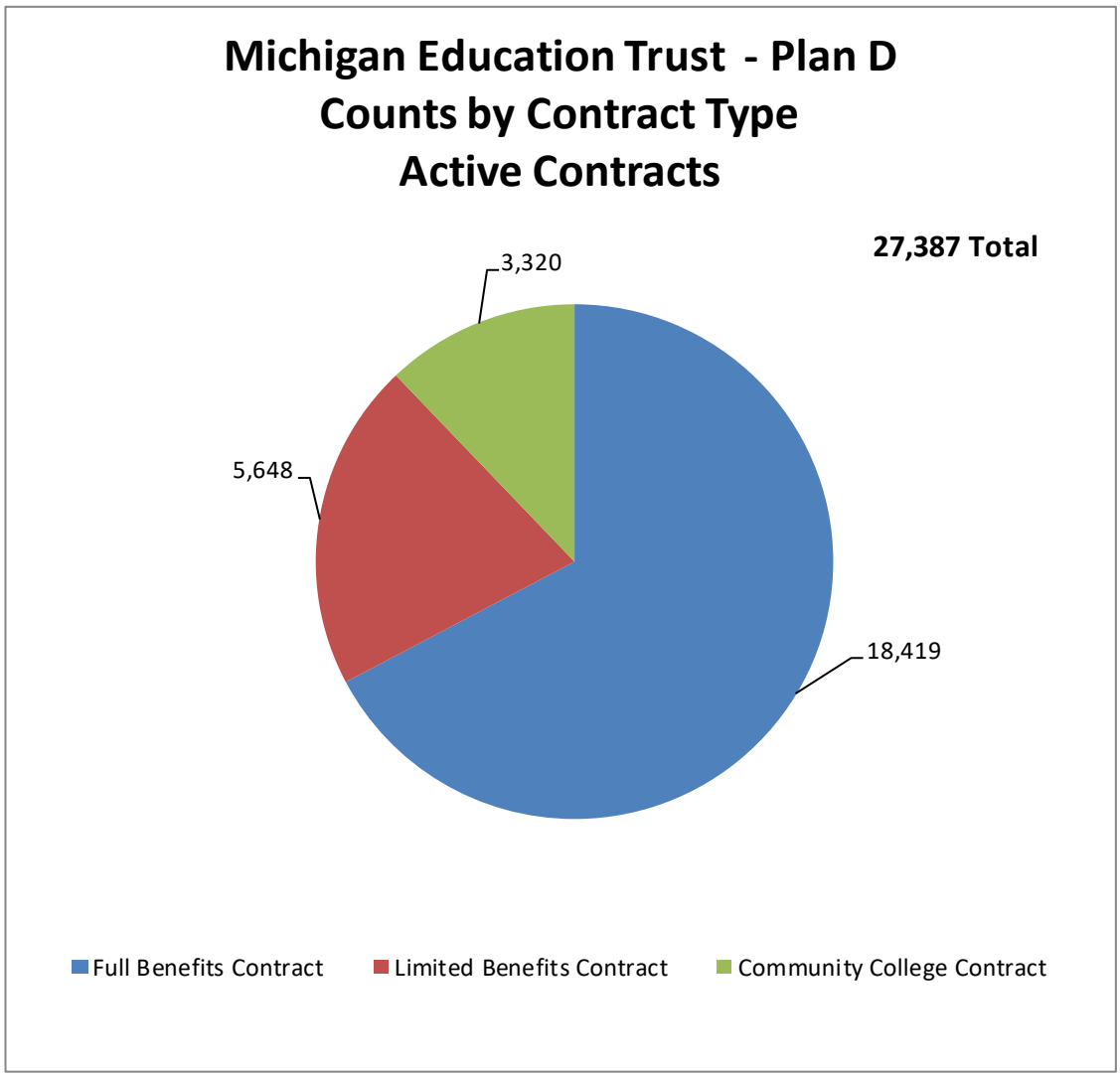
2034
2035
2036
2037
2038
2039
2040
2041
2042
2043
2044
Year
Enrollment


Michigan Education Trust - Plan D
Counts by Contract Type
Active Contracts
27,387 Total
3,320
5,648
18,419
Full Benefits Contract
Limited Benefits Contract
Community College Contract

SECTION E

ACTUARIAL SOUNDNESS VALUATION METHODS AND ASSUMPTIONS

Valuation Methods and Assumptions

The ***actuarial assumptions*** used in the valuation are shown in this section.

Measurement Date: September 30, 2025

The ***net investment return rate:*** 5.50 percent per annum, compounded annually

Weighted Average Tuition and Increases by Contract Type

	Four-Year Public College	Community College
Weighted Average Tuition and Fees	$17,908	$4,788
Average Tuition and Fees	$17,405	$5,301
Lowest Tuition and Fees	$13,980	$3,736
Tuition and Fees Increase Assumption	4.25%	4.25%

The Weighted Average Tuition and Fees used in the actuarial soundness valuation are based on preliminary tuition and fees for 2025/2026.

For contracts sold between 2013 and 2019, the mandatory fees paid cannot exceed the 2012 rate charged by the Public Educational Institutions. Board Resolution 2019-12 (mandatory fees) resolved to allow purchasers and MET to amend certain previously purchased MET contracts (2013-2019) upon purchaser's formal request and with MET entering into the appropriate contract amendment.

The Tuition and Fee increase assumptions were chosen by the Board and consider historical public tuition and fee inflation over a 5- to 10-year horizon, as well as current economic and political conditions.

Administrative Expenses

Administrative expenses of the Program are assumed to be paid through a combination of investment earnings and fees assessed on purchasers. Total administrative expenses budgeted for MET Plans B and C and MET Plan D net of advertising expenses is equal to $5,649,840. This amount was prorated by the number of active contracts in MET Plans B and C vs. MET Plan D. Therefore, the amount budgeted for MET Plan D in 2025/2026 is $5,387,692. This amount is assumed to increase by 2.25 percent per year. Furthermore, it is assumed that future contract purchases would cover advertising expenses. Advertising expenses for 2025/2026 were budgeted to be $1,550,000. This amount is also assumed to increase by 2.25 percent per year.

Bias Load

A load of 7.0 percent was added for full benefits four-year public universities, 1.0 percent was added for limited benefits four-year public universities and zero percent for two-year community colleges is added to the WAT for all contract types to recognize the bias toward enrollment at more expensive schools.

Experience Load

Two features of the program may cause greater payments than expected. These two features are a) the ability of a beneficiary to attend a college for which block pricing is in effect, resulting in the possibility of having the program pay for more years than purchased and b) the ability of a beneficiary who purchased a contract prior to 2012 to have more than 120 hours covered (even though, for example, four years of coverage was purchased) due to being in a specific program requiring more than 120 hours for an undergraduate degree (e.g., Engineering). A load of 2.0 percent was added to all liabilities.

Future Contract Sales

MET Plan D is open to new entrants. This assumption does not impact the closed-group actuarial soundness valuation, but rather is used in analyzing pricing.

Rates of Matriculation and Refund at and Beyond Qualifying Year

Beneficiaries are assumed to either matriculate or receive a refund according to the following schedule:

Years after Qualifying Year	Matriculation and Refund Rate
0	55%
1	40%
2	35%
3	30%
4	20%
5	15%
6	10%
7	10%
8	10%
9	10%
10	10%
11	10%
12	10%
13	10%
14	10%
15	100%

Probability of Matriculation or Refund upon Transition to Payment Status

Years after Qualifying Year	Matriculation Rate	Refund Rate
0	75%	25%
1	75%	25%
2	75%	25%
3	75%	25%
4	70%	30%
5	60%	40%
6	50%	50%
7	40%	60%
8	35%	65%
9	30%	70%
10	20%	80%
11	20%	80%
12	20%	80%
13	20%	80%
14	20%	80%
15	0%	100%

Utilization of Benefits (applies only to members who have not begun utilizing benefits)

Beneficiaries are assumed to use the benefits as defined in the contract beginning in their qualifying year and subsequently according to the following schedule:

Distribution of Benefit Utilization				
Number of Years Since Benefit Utilization Begins	Number of Years Purchased			
	0 - 1	1 - 2	2 - 3	More Than 3
1	67%	33%	22%	17%
2	22%	33%	22%	17%
3	11%	20%	22%	17%
4		7%	17%	17%
5		7%	10%	17%
6			4%	7%
7			3%	5%
8				2%
9				2%

Utilization of Benefits (applies only to members who have begun utilizing benefits)

Once a beneficiary has begun using benefits, it is assumed that beneficiaries will utilize 20 credits per year until benefits are fully depleted.

If the contract beneficiary has matriculated, but the contract beneficiary has not used credits within the past year, the matriculation rates, refund rates and benefit utilization rates that apply to members who have not yet matriculated are assumed.

Contract Terminations

Refund Type	Refund	Amount of Refund - Full or Limited Benefits	Amount of Refund - Community College Benefits	Termination Code and Code Description	Distribution of Contract Termination		
					Full Benefits	Limited Benefits	Community College Benefits
1	Weighted Average Tuition	$ 17,908	$ 4,788	1 - Attend Mich. Independent college direct refund to college	18.0%	19.0%	10.0%
2	Average Tuition*	$ 17,405	$ 5,301	2 - Attend out of state college - direct refund to college 4 - Full scholarship	62.0%	44.0%	16.0%
3	Lowest Tuition	$ 13,980	$ 3,736	3 - Attend Mich. Independent or out of state college - direct refund to designee 5 - Will not attend college 10 - Other (military)	16.0%	30.0%	4.0%
4	Lowest Tuition	$ 13,980	N/A	7 - Purchase full or limited benefit, but attend community college	4.0%	7.0%	0.0%
5	Community College WAT	N/A	$ 4,788	8 - Purchase community college, but attend 4-year public college	0.0%	0.0%	70.0%
6	Lowest Tuition	$ 13,980	$ 3,736	6 - Death or disability	0.0%	0.0%	0.0%
				Average Refund	**$ 16,811**	**$ 16,233**	**$ 4,828**

**Not applicable to Limited Benefits Contracts.*

The Weighted Average Tuition and Fees used in the actuarial soundness valuation are based on preliminary tuition and fees for 2025/2026.

Refunds are paid out in accordance with the contract provisions over a period of four years for full and limited benefit contracts and two years for community college contracts.

Mortality and Disability

No assumption is made for death or disability. Valuing the rate of incidence is expected to be immaterial.

SECTION F

PLAN PROVISIONS

Plan Provisions

A. Issue Years: 1995, 1997, 1998, 1999, 2000, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, and 2025.

B. Benefit Provisions

1. Full Benefits Plan

a. Michigan Public 4-Year College	Full benefits plan provides for tuition and mandatory fees for the number of years specified in the contract, from one to five years.
b. Community College	If the beneficiary elects to attend a community college, MET will pay the community college tuition cost or the lowest university tuition cost, depending on the options selected by the beneficiary.
c. Michigan Independent College	If the beneficiary elects to attend a Michigan independent college, the contract may be terminated and MET will pay tuition to the independent college based on the weighted average tuition cost. If the payment is not made to the college, the amount will be based on the lowest tuition.
d. Out-of-State College	If the beneficiary elects to attend an out-of-state college, the contract may be terminated and MET will pay to the college four annual installments based on the average tuition cost. If payment is not made to the college, the amount will be based on the lowest tuition.
e. Full Scholarship	If the beneficiary receives a full scholarship, the contract may be terminated and MET will pay four annual installments based on the average tuition cost.
f. Death or Disability	If the beneficiary dies or has a disability which renders the beneficiary incapable of attending college, the contract may be terminated and MET will pay one installment based on the lowest tuition cost.
g. No College	If the beneficiary does not attend college, the contract may be terminated and MET will pay four annual installments based on the lowest tuition cost.

Plan Provisions (Continued)

2. Limited Benefits Plan

a. Michigan Public 4-Year College	Limited benefits plan provides for tuition and mandatory fees for the number of years specified in the contract, from one to four years not to exceed 105% of the WAT. However, if tuition and mandatory fees exceed 105% of the WAT, the beneficiary is provided a reduced number of credit hours.
b. Community College	If the beneficiary elects to attend a community college, MET will pay the community college tuition cost or the lowest university tuition cost, depending on options selected by the beneficiary.
c. Michigan Independent College	If the beneficiary elects to attend a Michigan independent college, the contract may be terminated and MET will provide funds to the independent college based on the weighted average tuition at the colleges with tuition less than 105% of the weighted average tuition. If payment is not made to the college, the amount will be based on the lowest tuition.
d. Out-of-State College	If the beneficiary elects to attend an out-of-state college, the contract may be terminated and MET will pay four annual installments based on the lowest tuition cost.
e. Full Scholarship	If the beneficiary receives a full scholarship, the contract may be terminated and MET will pay four annual installments based on the lowest tuition cost.
f. Death or Disability	If the beneficiary dies or has a disability which renders the beneficiary incapable of attending college, the contract may be terminated and MET will pay one installment based on the lowest tuition cost.
g. No College	If the beneficiary does not attend college, the contract may be terminated and MET will pay four annual installments based on the lowest tuition cost.

Plan Provisions (Continued)

3. Community College Plan

a. Community College	Community college plan provides for tuition and mandatory fees for the number of years specified in the contract, from one to two years.
b. Other Michigan College	If the beneficiary elects to attend a Michigan four-year public college or a Michigan independent college, the contract may be terminated and MET will pay tuition to the college in two annual installments as needed based on the community college weighted average tuition cost in the year prior to the contract termination.
c. Out-of-State College	If the beneficiary elects to attend an out-of-state college, the contract may be terminated and MET will pay to the college two annual installments based on the community college average tuition cost. If payment is not made to the college, the amount will be based on the lowest tuition.
d. Full Scholarship	If the beneficiary receives a full scholarship, the contract may be terminated and MET will pay two annual installments based on the community college average tuition cost.
e. Death or Disability	If the beneficiary dies or has a disability which renders the beneficiary incapable of attending college, the contract may be terminated and MET will pay one installment based on the community college lowest tuition cost.
f. No College	If the beneficiary does not attend college, the contract may be terminated and MET will pay two annual installments based on the community college lowest tuition cost.

C. Transferability	If the contract is transferred to an older beneficiary, MET may charge additional costs, which include a transfer fee, the cost differential between beneficiary ages/grades and MET's loss of investment income. If the older beneficiary accepts the academic year of the original beneficiary, the additional cost can be waived.

Plan Provisions (Concluded)

D. Monthly Purchase	The purchaser of a monthly purchase contract purchases a percent of educational benefits with every monthly purchase amount which is received by MET. A purchaser previously could choose to make monthly payments over 4, 7, 10 or 15 years. Beginning with the open enrollment period effective February 1, 2025, pay-as-you-go replaced monthly payment plan options.
E. Mandatory Fees for Contracts Sold during and after the 2012/2013 Enrollment Period	For contracts sold during and after the 2012/2013 enrollment period, the mandatory fees paid cannot exceed the 2012 rate charged by the Public Educational Institutions. On November 14, 2019, the MET Board Resolution 2019-12 (mandatory fees) resolved to allow purchasers and MET to amend certain previously purchased MET contracts (2013-2019) upon purchaser's formal request and with MET entering into the appropriate contract amendment. This amendment will allow for remove of the cap limiting Mandatory fees.
F. Pay-As-You-Go	The Pay-As-You-Go purchase option allows contracts to be purchased by the credit hour rather than in semester increments. Contracts can be opened by purchasing a minimum of one credit hour. Once a contract is opened additional contributions can be made at any time, in any amount $25 or greater. Every time a contribution is made credits, or fraction of credits, are purchased based upon the prices in effect at that time.