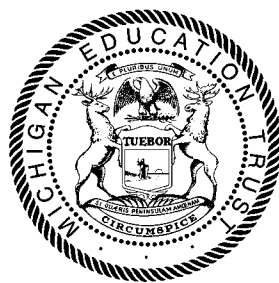


# 2021-2022 ANNUAL REPORT

## Contract Plans B & C

[www.SETwithMET.com](http://www.SETwithMET.com)

1-800-MET-4-KID



This report is available at [www.SETwithMET.com](http://www.SETwithMET.com).  
To have a copy mailed to you, call  
1-800-MET-4-KID.

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GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RACHAEL EUBANKS  
STATE TREASURER

April 2023

Dear MET Purchaser:

We are pleased to present the Fiscal Year 2021-22 Annual Report for the Michigan Education Trust (MET) program. By law, an actuarial evaluation must be performed annually to determine MET's ability to pay future benefits.

On page four, you will find a summary of the actuary report prepared by Gabriel Roeder Smith & Company for contracts purchased from 1988 to 1990 (referred to in this Annual Report as Plans B & C contracts) as of September 30, 2022. The full report is accessible at: [Plans B&C Actuary's Report](#).

You can also access the Financial Audit Report at: [The Michigan Education Trust Plans B & C Financial Report with Supplemental Information](#).

If you have not yet purchased full four-year contracts, we encourage you to consider additional purchases this year. New to 2023, enrollment is open year-around, ending January 31, 2024.

The Pay-As-You-Go payment option remains popular. This option allows purchasers to buy contracts by credit hours rather than in semester increments. When purchasing the initial contract, you must purchase a minimum of one credit hour in your plan of choice, although you can purchase any amount above the minimum. You may then continue to make payments at any time in minimum increments of \$25. Pay-As-You-Go contracts must be completed 45 days before intended use. Once a contract has been purchased, friends and family can also make contributions to the contract. For more information visit [www.SETwithMET.com](http://www.SETwithMET.com).

Please feel free to call the MET office with any questions or concerns you may have at 800-MET-4-KID (638-4543) or 517-335-4767 in the greater Lansing area. You may also e-mail MET at [TreasMET@michigan.gov](mailto:TreasMET@michigan.gov).

Sincerely,

A handwritten signature in blue ink that reads "Diane Brewer".

Diane Brewer  
Executive Director  
Michigan Education Trust

## **MET BOARD AND LEADERSHIP**

A nine-member Board of Directors administers the Michigan Education Trust (MET) program. Board members are responsible for policy development, investment initiatives, program development and implementations. The Governor, on advice and consent of the Senate, appoints MET Board members, who represent expertise in business, academics or finance. The State Treasurer, Rachael Eubanks, serves as Chairperson. Diane Brewer, Executive Director, serves as liaison to the MET Board of Directors and administers MET operations. MET is housed within the Michigan Department of Treasury under the Office of Postsecondary Financial Planning.

### **Michigan Education Trust Board of Directors**

**MS. RACHAEL EUBANKS, CHAIRPERSON**

Ex Officio, State Treasurer

**MR. ROBERT A. BOWMAN, PRESIDENT**

Pleasure of Governor

President & CEO, MLB Advanced Media, L.P.

**DR. VIRINDER MOUDGIL, VICE PRESIDENT**

Pleasure of Governor

President, Lawrence Technological University

**MR. RONALD WISER**

Nominated by Speaker of the House

Chairman, The Wisser Group

**DR. PHILOMENA V. MANTELLA**

Representing Four-Year Public Colleges & Universities

President, Grand Valley State University

**DR. DALE NESBARY**

Representing Community Colleges

President, Muskegon Community College

**MR. MICHAEL FLYNN**

Nominated by Senate Majority Leader

Treasurer, Shelby Township

**MRS. MARLIN WILLIAMS**

Representing General Public

Vice President of Global Diversity & Inclusion StockX

**MRS. MADDY DAY**

Representing General Public

Maddy Day, LLC & Associates

## **THE MET PROGRAM**

MET was established pursuant to Public Act 316 of 1986 as Michigan's prepaid tuition program. MET is a "qualified tuition program" under Section 529 of the Internal Revenue Code which provides tax exemption for the trust and tax exemption of earnings for contract participants who use MET funds to pay for qualified higher education expenses.

MET allows parents, grandparents, businesses, and others to make contributions at the current rate of tuition for a child to attend any Michigan public college in the future. Michigan is the first state in the nation to enact legislation for a prepaid tuition program. Today, all 50 states have established similar prepaid or college savings programs.

# **ACTUARIAL SOUNDNESS**



December 6, 2022

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

Re: Michigan Education Trust – Plans B and C Actuarial Valuation as of September 30, 2022

Dear Ms. Brewer:

Gabriel, Roeder, Smith & Company (“GRS”) has performed an actuarial soundness valuation of the Michigan Education Trust – Plans B and C (“MET”) as of September 30, 2022. 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, 2022. 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, 2022, 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. GRS is not responsible for unauthorized use of this report. 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. 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, 2022, and does not reflect subsequent market changes. Furthermore, we are not aware of any program changes subsequent to September 30, 2022.

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, 2012 to September 30, 2017, and were adopted for use commencing with the September 30, 2018 valuation. The major actuarial assumptions (discount rate and rates of future tuition increases) 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 was changed from 1.20 percent to 2.45 percent effective beginning with the September 30, 2022 valuation.

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 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 – Plans B and C as of September 30, 2022. 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.





Ms. Diane Brewer  
Michigan Education Trust – Plans B and C  
December 6, 2022  
Page 3

The signing actuaries are independent of MET.

Respectfully submitted,  
Gabriel, Roeder, Smith & Company

A handwritten signature in black ink, appearing to read "Paul T. Wood". The signature is fluid and cursive, with a prominent initial "P" and "W".

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

A handwritten signature in black ink, appearing to read "James R. Sparks". The signature is fluid and cursive, with a prominent initial "J" and "S".

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

PTW/JRS:dj

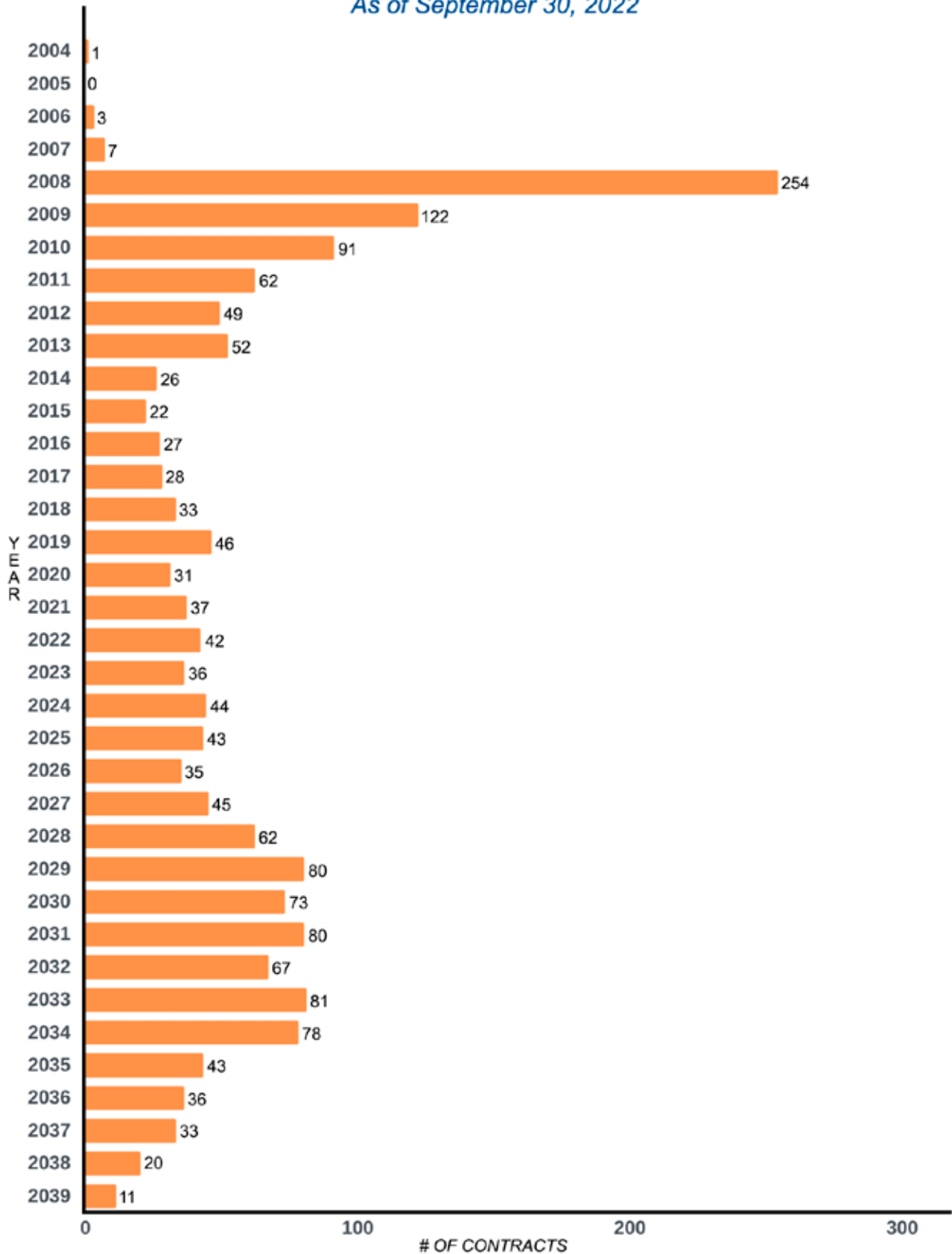
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## Contracts in Academic Year

Under Plans B & C

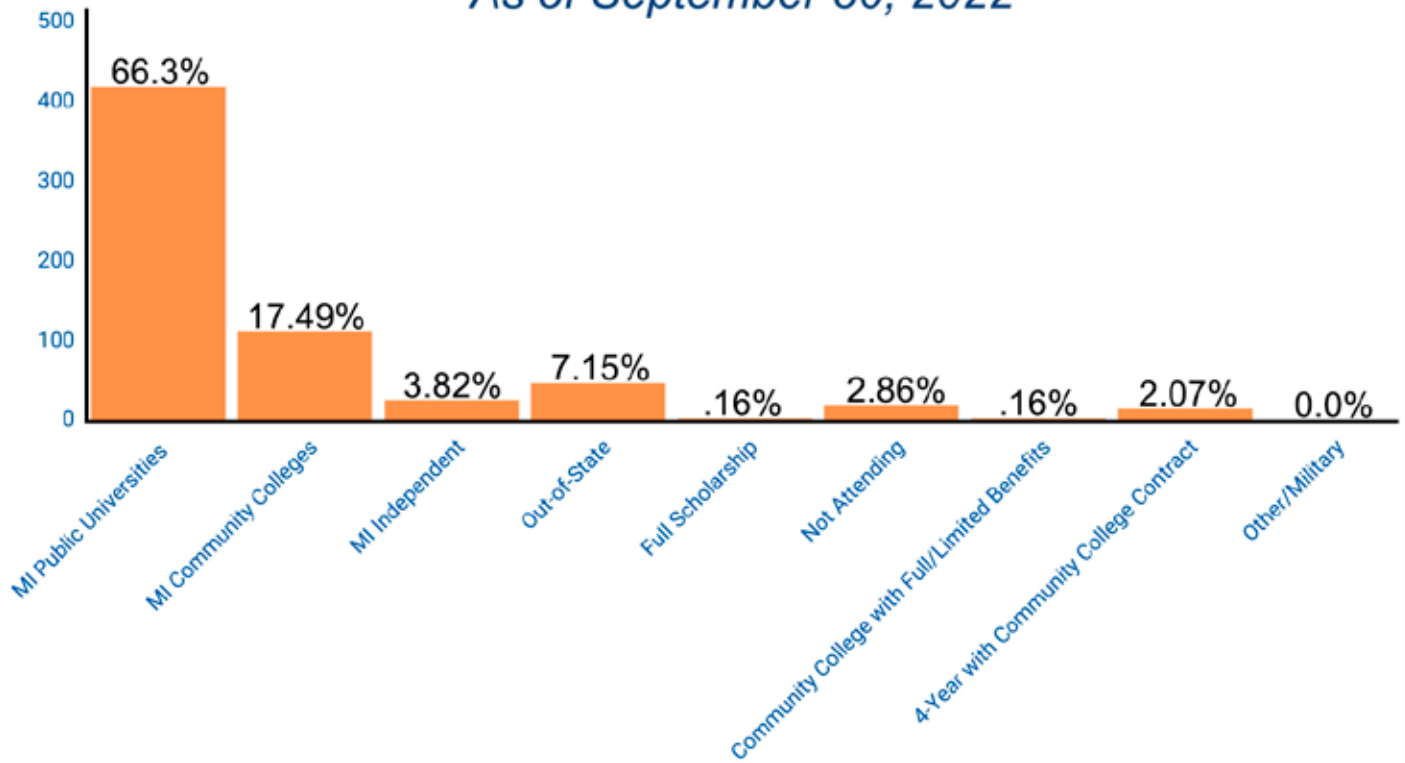
As of September 30, 2022



## Contracts in Payment Status

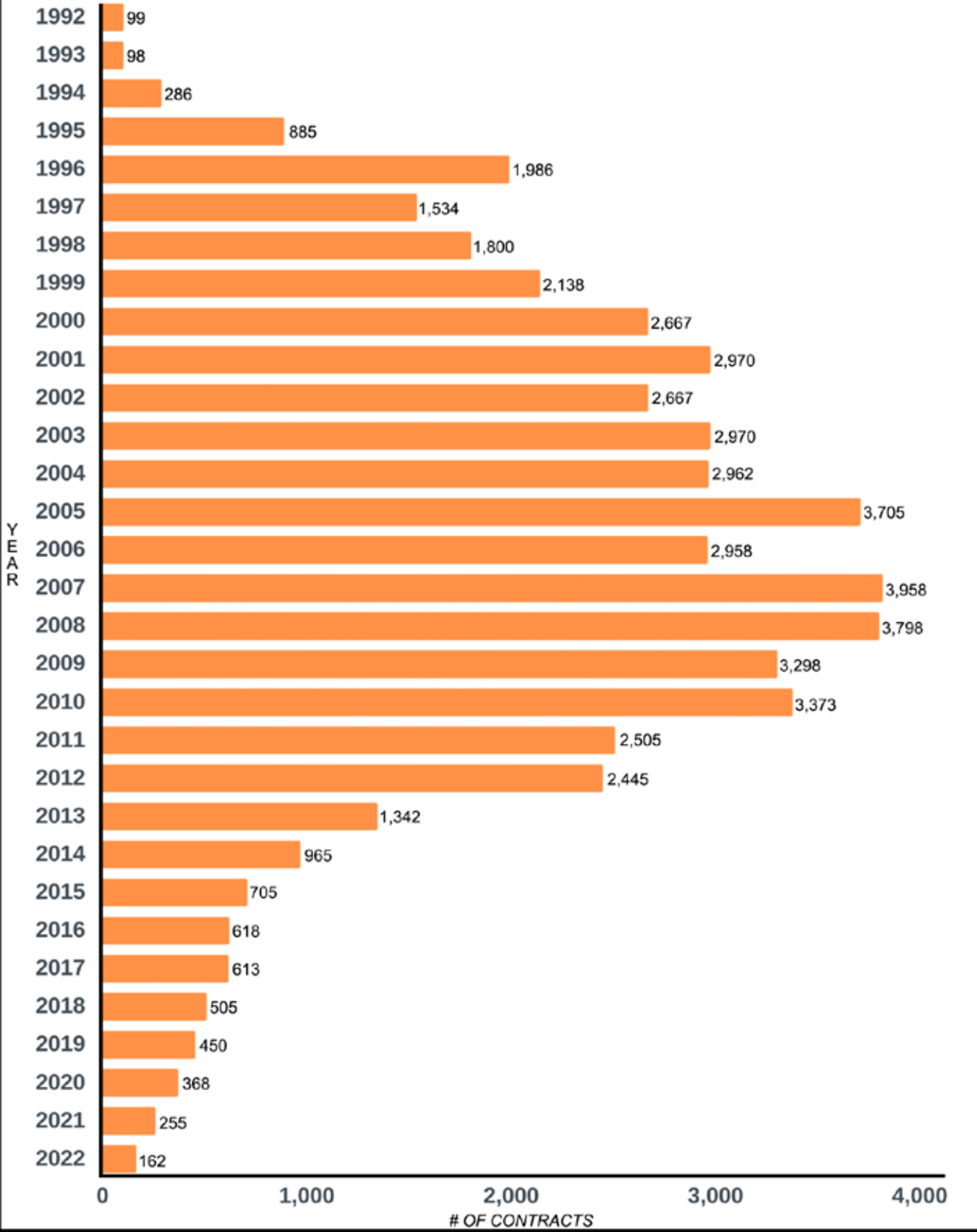
Under Plans B & C

As of September 30, 2022



# Contracts Paid in Full

Under Plans B & C  
As of September 30, 2022



# STAY UP-TO-DATE

## Need to update your MET contract?

You can access your contract online. Setting up your online access is quick and easy. Online access allows you to easily check the status of your contract, view payment history and update your MET contract, such as;

- Update Address, 2775
- Add/Change Appointee, 4502
- Use MET Benefits, 3181
- Transfer Schools, 2779

Forms can also be mailed to you upon request. Call MET at 1-800-MET-4-KID (638-4543).

## Stay Up-To-Date

Stay up-to-date with MET news by following the Michigan Education Trust on social media. Be the first to hear about upcoming events, webinars, office closures and special MET announcements on our Facebook, Twitter, YouTube and Instagram accounts.



# MET FUN FACTS

**1,585** MET plans have been purchased by people who used a MET themselves.

**96%** of high school grads with MET have gone on to college.

MET's total assets (at market value) are over **\$1.03 billion**.

As of 2022, MET has sold over **116,000** contracts.

This year, over **1,300** MET students are attending private or out-of-state colleges.



Last year, over **6,900** Beneficiaries used their MET at a MI public college.

## THE MET STAFF

Diane Brewer, *Executive Director*

Megan Patino, *Deputy Director*

Matt Wolcott, *Operations Manager*

Heather Barthelmes, *Marketing Manager*

Nichole Dorr, *Interim Accounting Manager*

Flora Boles, *Specialist*

Ingrid Clover, *Specialist*

Sarah Bancroft, *Student Assistant*

Brook Couch, *Student Assistant*

Amy Decker, *Departmental Analyst*

Nichole Dorr, *Departmental Analyst*

Ross Addison, *Departmental Analyst*

Donald Fews, *Departmental Analyst*

Ratsamy Hakvongsa, *Accountant*

Jodi Hart, *Departmental Analyst*

Sheri Kapalczynski, *Executive Secretary*

Asha Mamidi, *Departmental Analyst*

Reesie O'Neal, *Departmental Analyst*

Jchon Patton, *Departmental Analyst*

Stacy Snow, *Departmental Analyst*



**SETwithMET.com**  
**1-800-MET-4-KID**

**Michigan Department of Treasury**