

**BEST Prepaid Plan Update  
July 17, 2018**

***Background***

The Tennessee Baccalaureate Education System Trust Fund Program (“BEST”) was enacted by the Tennessee General Assembly in 1995 via Public Chapter 388. In 1997, the program became operational.

Higher tuition rates along with a market downturn forced the plan into a deficit status. In 2004, the Board restructured the pricing of units as a deficit control for new unit purchases. While the Tennessee General Assembly appropriated funds to keep the plan solvent, the Board of Trustees for the BEST Prepaid Plan ultimately voted to terminate the plan on November 30, 2015, in accordance with Tenn. Code Ann. 49-7-823. The recommendation to terminate the Plan was based on the assessment that the Plan was financially unfeasible and not beneficial to the citizens of this State or to the State itself.

***Eligibility to Remain in the Terminated Plan***

The law provides that, although the BEST Prepaid Plan was terminated, a beneficiary is eligible to remain in the Plan if he or she (1) has been accepted by an institution of higher education, (2) is currently enrolled in an institution of higher education, or (3) is projected to graduate from high school no later than November 30, 2018, which is the third anniversary of the Plan’s termination.

***Annual Recertification***

Participants have been asked to annually certify their beneficiaries meet the eligibility criteria to remain in the plan by submitting appropriate documentation of their enrollment status. Beneficiaries for whom documentation has been received are eligible for the new Weighted Average Tuition annually adopted by the board and effective August 1.

In July of 2017 the Board of Trustees approved amendments to the rules governing the plan to define a deadline for annual recertification and provide a list of acceptable documentation to be utilized for recertification purposes. Additionally, the rule change specified that beginning with the 2018 certification deadline, contracts will be terminated for any participants who fail to provide appropriate documentation demonstrating their beneficiaries’ eligibility to remain in the BEST Prepaid. Any refund or rollover will be paid out at the Weighted Average Tuition effective for the academic year in which the participant last provided certification of the beneficiary’s eligibility to remain in the plan.

***Remaining Accounts as of June 25, 2018***

As of June 25, 2018, there were 1,623 total accounts remaining in the BEST plan with eligibilities totaling approximately \$17 million. The following chart categorizes remaining accounts based on Weighted Average Tuition eligibility.

<b>Certification Academic Year</b>	<b>Weighted Average Tuition</b>	<b>Remaining Active Funded Accounts</b>	<b>Dollar Value of Liabilities Based on Payout Value</b>	<b>Remaining Units</b>
2017-2018	\$97.04	646	\$13,405,773.54	138,146.88
2016-2017	\$90.61	69	\$719,260.83	7,937.99
2015-2016	\$88.48	908	\$2,969,563.20	33,561.97
<b>Total</b>		<b>1,623</b>	<b>\$17,094,597.57</b>	<b>179,646.84</b>