

A proposed class action settlement has been approved by the PACT Board, representatives of PACT purchasers and beneficiaries, and the Attorney General.

The Settlement will provide the following general benefits, among others:

1. A long-term plan for the financial viability of the PACT Program.
2. Defined benefits that will enable PACT purchasers and beneficiaries to make sound fiscal decisions regarding the financing of higher education.
3. Provision for increases in benefits if the actuarial condition of the PACT Program improves.
4. Retention of tax benefits on qualified withdrawals for tuition and fee payments under PACT contracts.
5. Avoidance of the risks, uncertainty, costs and delay associated with prolonged litigation.
6. Retained jurisdiction by the court to ensure that the terms of the Settlement are fulfilled.

Terms of the Settlement are summarized as follows:

1. Modification of tuition and fee payments. The Settlement establishes that benefits will be paid at the fall 2010 tuition and fee rates at public in-state institutions. Contract holders will assume responsibility for the payment of any tuition and fees above the fall 2010 rates.
2. Tuition payments may be increased annually at the discretion of the PACT Board based upon the annual actuarial valuation.
3. No opt out rights. Per the court's order, PACT participants are not permitted to opt out of the Settlement.
4. The Settlement is subject to court approval.

Next Step:

The next step is for the court to consider approval of the Settlement. The court has scheduled a hearing for June 20, 2011 at 1:00 p.m. to be held in Courtroom 4A of the Montgomery County Courthouse. Every PACT purchaser or beneficiary has the opportunity to appear at the hearing and be heard in support of, or in opposition to, any matter pertaining to the Settlement. The procedure to file an objection is set out in the Preliminary Approval of Proposed Settlement, which is posted on this website.

If the proposed Settlement receives final approval by the court, all PACT Contract holders and beneficiaries will be bound by its terms.

Questions?

Questions about the Settlement may be answered by calling class counsel as follows: for contracts purchased between 1990 and 2000, please call J. Doyle Fuller at (334) 270-0020; for contracts purchased after 2000, please call Andrew P. Campbell at (205) 251-5900. Neither the court nor PACT can respond to questions about the Settlement.