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PACT Board votes to settle Green v. Ivey litigation: Contract holders to receive continued benefits without the need for additional taxpayer funding

MONTGOMERY – Alabama's Prepaid Affordable College Tuition (PACT) Board today voted to accept the terms of a settlement negotiated with PACT contract holders in the *Lisa Nix Green, et.al v. Kay Ivey, et.al* litigation. Under the settlement, benefits would be paid at the fall 2010 tuition and fee rates at all Alabama public institutions. Contract holders will assume responsibility for the payment of any tuition and fees above the fall 2010 rates. The settlement has also been approved by the Office of the Attorney General and will now be submitted to the court for final approval.

"This is the best resolution possible to ensure PACT participants are provided the maximum amount of benefits from the available assets," said State Treasurer and PACT Board Chair Young Boozer. "This settlement will provide benefits for all contract holders, preserve substantial value and protect the program with a long-term financial plan. Furthermore, no additional taxpayer money will be needed to fund this program."

Actuarial reports show that if a solution was not reached by fall 2012, the PACT Trust Fund might not have sufficient assets to provide PACT purchasers with full cancellation refunds as permitted under the program.

The settlement provides for the following general benefits:

- A long-term plan for the financial viability of the PACT Program
- Defined benefits that will enable Class Members to make sound fiscal decisions regarding the financing of higher education
- Provision for an increase in benefits if the actuarial condition of the PACT program improves
- Retention of tax benefits on qualified withdrawals from PACT for tuition and fee payments
- Avoidance of the risks, uncertainty, costs and delay associated with prolonged litigation
- Retained jurisdiction by the court to ensure that the terms of this Settlement are fulfilled

The *Lisa Nix Green, et.al v. Kay Ivey, et.al* litigation was filed on January 7, 2010, and was certified as a class action on December 13, 2010. Mediation began on April 14, 2011, resulting in today's Board-approved settlement.

More information about the case and the settlement will be made available on the PACT website at www.800alapact.com.

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