



Notes

The Newsletter of Kentucky's Affordable Prepaid Tuition

Federal Financial Aid Reporting Information

KAPT is treated as an investment on the Free Application for Federal Student Aid (FAFSA). Accounts owned by parents or by dependent students are reported as parental investments. Note that parents should report the total refund value of all KAPT accounts owned by them, regardless of beneficiary, on the FAFSA. KAPT account owners who are considered independent students on the FAFSA should report the total refund value of all KAPT accounts owned by them and their spouses as student investments.

For purposes of FAFSA reporting, the refund value for KAPT accounts of beneficiaries entering or already attending college is the full payout value of the account. For KAPT accounts of beneficiaries who have not yet reached their college enrollment year, the refund value is equal to contributions only.

To assist you in completing the FAFSA, the FAFSA reporting value is included on your annual statement. We have also provided the refund values on the KAPT website. To access the information:

- Select the Account Access link at www.getKAPT.com to sign into your KAPT account.
- Click on "Benefits Information."
- Select the option to view information on completing the FAFSA.

You may also request the refund value of your account(s) for FAFSA reporting by calling customer service at 1-888-919-KAPT, option 2.

Your contract benefits are excluded in determining the amount of Kentucky state student aid your beneficiary will receive. You should contact the school financial aid office to determine the impact your KAPT benefits may have on eligibility for other types of financial aid.

Fiscal Year 2011 Actuarial Study Completed

KAPT's annual actuarial valuation was completed in September by Actuarial Resources Corporation. The valuation showed KAPT was 72% funded as of June 30, 2011, with a \$50.9 million actuarial deficit. An actuarial deficit means the expected revenues of the KAPT Program Fund are less than the expected expenses and tuition liabilities.

As noted in the report, KAPT contracts are backed by the state's Unclaimed Property Fund, which is more than



sufficient to meet the program's unfunded liability. This backing was affirmed by a 2006 Circuit Court ruling that stated the Commonwealth must fulfill the tuition payment obligation of all current KAPT contract holders.

The fund's actuarial status has improved from June 30, 2010, when the program was 65% funded with a \$62.1 million actuarial deficit. The fund's actuarial position benefited over the past year from favorable tuition inflation and investment experience, which was offset by more conservative assumptions used in this year's analysis. The full actuarial report is available under the Reports section at www.getKAPT.com.

In conjunction with the actuarial review at its October 27, 2011, meeting, the KAPT Board of Directors did not open KAPT for enrollment.

KAPT Annual Statements

Your KAPT newsletter is included in this mailing of your KAPT annual statement. The annual statement is provided after December 31 each year to all KAPT account owners with active accounts. It is important that you verify all information provided on the statement and notify KAPT of any changes. Account specific updates may be made online at www.getKAPT.com by selecting the Account Access link from the home page. If you have any questions regarding your annual statement, please call 1-888-919-KAPT, option 2.

1099-Q Forms

If any distributions were made from your KAPT account during 2011, an IRS Form 1099-Q will be issued for your account. If the distribution was made directly to the beneficiary or to a school, the 1099-Q will be sent to the beneficiary; all other 1099-Qs will be sent to the account owner. Forms and additional information will be mailed by January 31, 2012.

Using KAPT Benefits in 2012

If your KAPT beneficiary will be entering college in the fall of 2012, please note the following:

- Your KAPT account must be paid in full, including all outstanding fees, before your benefits can be used.
- The Projected Enrollment Year on your account must be 2012 or earlier.
- In March, you will receive a benefit usage packet that will provide detailed information and instructions on applying for and using your KAPT benefits. Information is also available under "Using Benefits" at www.getKAPT.com.

If your beneficiary is already using KAPT benefits, you can print a Billing Authorization Form and other benefit use forms. You can also view updated payout value information on www.getKAPT.com. Keep in mind that you should submit a Billing Authorization Form to the school each semester you want the school to invoice KAPT for tuition and fees.

If you have any questions about using KAPT benefits, please call 1-888-919-KAPT, option 2, or see the Using Benefits section at www.getKAPT.com.

KAPT Online Account Access Available

You can view your KAPT accounts online with secure, 24-hour online access.

You can check your current account status and recent financial transactions, update your and your beneficiary's mailing and e-mail addresses, calculate an early payoff on your KAPT account, and track benefit payment details and remaining benefits.

Check out your accounts at www.getKAPT.com by selecting the Account Access link from the KAPT home page. You will need your KAPT account number and Social Security number to get started. If you have multiple KAPT accounts, you may use any of your KAPT account numbers to login.

If you have any questions, please call us toll free at 1-888-919-KAPT, option 2.

2012 Board Meeting Schedule

Per Kentucky statute, the Kentucky Higher Education Assistance Authority (KHEAA) Board of Directors also serves as the KAPT Board of Directors. This group also serves as the board of KHEAA's sister agency, the Kentucky Higher Education Student Loan Corporation (KHESLC).

The 2012 meeting schedule is available on the News page at www.getKAPT.com. All meetings are open to the public.

Account Forms Available Online

Forms needed to make changes to, request disbursements from, and maintain your KAPT account are available on the Forms page at www.getKAPT.com. You can download and print forms for a variety of requests, including initiating automatic payments, adding/changing a successor-in-interest, changing purchaser/beneficiary, requesting a rollover, and requesting KAPT benefit disbursements.

E-mail Addresses Needed

E-mail is an important tool to keep you updated on your KAPT account. If you have not provided your e-mail address, or if your e-mail has changed, please update your account at www.getKAPT.com.



How to Contact Us

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