CollegeChoice 529
DIRECT SAVINGS PLAN

Contact and service

CollegeChoice 529 Direct Savings Plan
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Boston, MA 02205

Client service
1.866.485.9415
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collegechoicedirect.com

For more information about the CollegeChoice 529 Direct Savings Plan ("CollegeChoice 529"), call 1.866.485.9415 or visit www.collegechoicedirect.com to obtain a Disclosure Statement, which includes investment objectives, risks, charges, expenses, and other important information; read and consider it carefully before investing. Upromise Investments, Inc. ("UII") is Distributor of CollegeChoice 529.

If you are not an Indiana taxpayer, consider before investing whether your or the beneficiary's home state offers any state tax or other benefits that are only available for investments in such state's qualified tuition program.

CollegeChoice 529 is administered by the Indiana Education Savings Authority (Authority). UII, the Program Manager, and its affiliates, have overall responsibility for the day-to-day operations, including investment advisory, recordkeeping and administrative services, and marketing. CollegeChoice 529's Portfolios invest in: (i) mutual funds; or (ii) an FDIC-insured omnibus savings account held in trust by the Authority at Sallie Mae Bank. UII and Sallie Mae Bank are affiliates. Except for the Savings Portfolio, investments in CollegeChoice 529 are not insured by the FDIC. Units of the Portfolios are municipal securities and the value of units will vary with market conditions.

Investment returns will vary depending upon the performance of the Portfolios you choose. Except to the extent of FDIC insurance available for the Savings Portfolio, depending on market conditions, you could lose all or a portion of your money by investing in CollegeChoice 529. Account Owners assume all investment risks as well as responsibility for any federal and state tax consequences.

Upromise, the Upromise logo and Ugift are registered service marks of Upromise, Inc. All other marks are the exclusive property of their respective owners.

The Upromise Service is an optional service offered by Upromise, Inc. and is separate from CollegeChoice 529. Specific terms and conditions apply. Participating companies, contribution levels, terms and conditions are subject to change.

Not FDIC-Insured (except for the Savings Portfolio). No Bank, State or Federal Guarantee. May Lose Value.

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INVESTMENTS

UIIIN MKT7762A 0913

CollegeChoice 529
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Big plans start with a simple choice: CollegeChoice 529

Dear College Saver:

We all want the best for our children. Whether we're parents, grandparents, relatives, or caring friends, we recognize that it's our responsibility to do all we can to help them reach their potential. One of the greatest contributions we can make toward achieving that goal is a sound education. But with continued increase in costs, planning ahead is vital.

I'm pleased to present the CollegeChoice 529 Direct Savings Plan (CollegeChoice 529), sponsored by the State of Indiana. The Plan offers a range of benefits, including:

- Tax-advantaged investing
- Competitive, low-cost fees and expenses
- Professional investment management with a variety of investment options
- Online account management
- Additional ways to save for college: Ugift® and Upromise®
- A special tax credit for Indiana taxpayers

This Highlights Booklet and the accompanying Disclosure Statement provide details about CollegeChoice 529. I encourage you to read this information closely before making a decision to invest.

Our children deserve the best possible start in life. Saving can be a daunting task, but with CollegeChoice Direct, you'll have a plan in place that can help bring that important goal closer to reality.

Sincerely,

Richard Mourdock
Indiana Treasurer of State

Saving for college starts with a choice

Your child already has big plans for the future, no matter how old they are. Maybe they see themselves as a botanist, architect, veterinarian, or teacher. Their dream may change over the years, but one thing is certain — your child will need higher education to make...that dream come true. That's where a simple choice today can make a big difference tomorrow—your choice to start saving now for college or technical school.

A 529 plan can make saving easier

A 529 plan is a tax-advantaged program designed to help you save for college. You can use its assets to pay for tuition, fees, books, and certain room and board costs at eligible schools anywhere around the country—not only in Indiana. And not just at two- and four-year schools, but at trade and technical institutes, and even graduate schools, too.

Why are 529 college savings plans so popular? They can help your children afford college while also providing you with benefits:

- Tax-deferred earnings
- Tax-free qualified withdrawals*
- Control by the account owner over how assets are used
- Gift- and estate-tax advantages

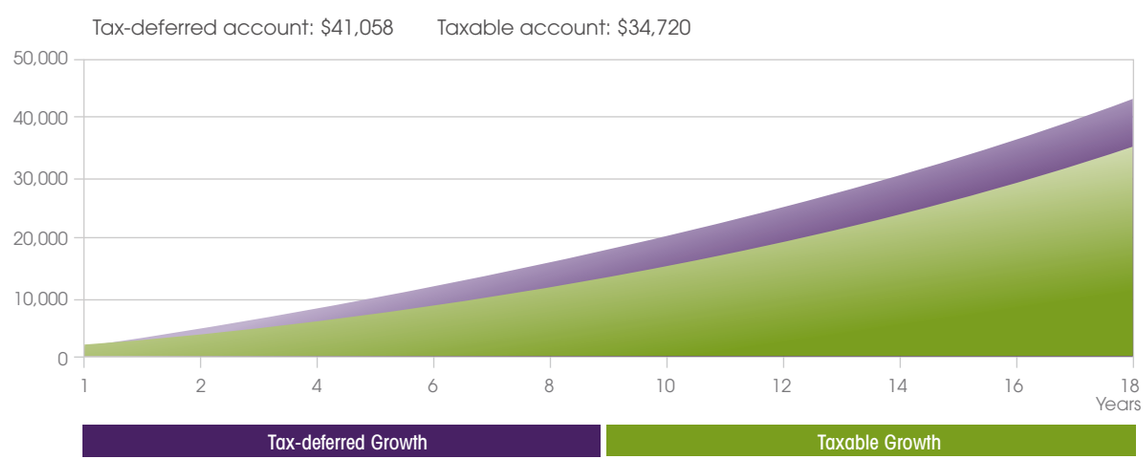
Make your money work harder

As you can see in the chart below, the difference between tax-free growth and taxable growth can be significant. If an investor opened a 529 account with an initial investment of $2,500 and contributed $100 every month for 18 years, there could be over $6,300 more for a qualified withdrawal than the same investment in a taxable account.**

* Earnings on non-qualified withdrawals are subject to federal income tax and may be subject to a 10% federal penalty tax, as well as state and local income taxes. The availability of tax or other benefits may be contingent on meeting other requirements.

Tax advantages can make your dollars work harder

Year after year, the tax advantages of 529 plans can help your child go further on the path to a college education



** Assumptions: $2,500 initial investment with subsequent monthly investments of $100 for a period of 18 years; annual rate of return on investment of 5% and no funds withdrawn during the time period specified; and taxpayer is in the 30% federal income tax bracket for all options at the time of contributions and distribution. This hypothetical is for illustrative purposes only. It does not reflect an actual investment in any particular 529 plan or any taxes payable upon distribution. Actual investment returns may be higher or lower than those shown.

The simple choice: The CollegeChoice 529 Direct Savings Plan

Designed to give you an affordable, flexible, and smart way to save for higher education.

Affordable

Low minimums: You can open an account for as little as $25 and make additional contributions of $25.

High maximums: Contribute up to a total of $298,770 per beneficiary for accounts in all 529 plans sponsored by the State of Indiana.

Low costs: CollegeChoice 529 investment options have annual asset-based fees ranging from 0.27% to 0.91% (depending on which investments you choose). If you or your beneficiary is an Indiana resident, or if your account balance is equal to or greater than $25,000, there is no annual fee. (A $20 annual account fee is charged to non-residents.)

Flexible

Range of investment options: Families have different investment goals, so you can choose from a variety of investment styles and asset classes, including a simplified age-based option.

Smart

Tax-deferred earnings: Your account earnings grow tax deferred from both federal and state taxes.

Federal and state tax-free qualified withdrawals: When your child is ready for college you can withdraw the money from your CollegeChoice 529 account free from federal and Indiana state taxes (if the money is used to pay for qualified higher education expenses).*

Special tax credit for Indiana taxpayers: Contributions to a CollegeChoice 529 account are eligible for a state income tax credit of 20%, up to $1,000 credit per year.**

Gift-tax benefits: Your contributions also qualify for the federal $14,000 ($28,000 if married, filing jointly) annual gift exclusion.

Estate planning benefits: Reduce your personal taxable estate by making five years' worth of gifts (up to $70,000; $140,000 if married, filing jointly) in one lump sum.†

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* Earnings on non-qualified withdrawals are subject to federal income tax and may be subject to a 10% federal penalty tax, as well as state and local income taxes. The availability of tax or other benefits may be contingent on meeting other requirements.

** This credit may be subject to recapture from the account owner (not the contributor) in certain circumstances, such as a rollover to another state's 529 plan or a non-qualified withdrawal.

† In the event the contributor does not survive the five-year period, a pro-rated amount will revert back to the contributor's taxable estate.

Choices that help you save even more

CollegeChoice 529 wants your money to work as hard as you do, so here are two extra opportunities to save: Ugift® and Upromise®.

Ugift®

Here is an innovative, easy-to-use online service that allows you to invite family and friends to celebrate holidays, birthdays, graduations, or other milestones with the gift of college savings (instead of another toy or game).

Here's how it works:

- You create invitations and specially coded gift coupons, which are emailed to your loved ones
- Family and friends mail in gift contributions (as little as $25)
- Gift contributions are invested into your CollegeChoice 529 account

This may be one of the most meaningful gifts your child ever receives—help toward a college education. For more information, go to **collegechoicedirect.com.**

1 Suggest a 529 gift contribution to family and friends

2 They send a contribution

3 Those gifts are invested in your account

Upromise by SallieMae

This free to join service is designed to help families save more for college. You can earn college savings on eligible everyday purchases when you shop online, dine out, and much more. The extra money from your Upromise account can add up over time when it's automatically transferred to your CollegeChoice 529 account on a periodic basis.‡

To learn more, visit **collegechoicedirect.com** and click on the Upromise logo.

Don't wait!

Remember, it's never too early or late to start saving for college. The sooner you open your CollegeChoice 529 account, the sooner you can start gaining all of its benefits—and you may be that much closer to reaching your savings goals.

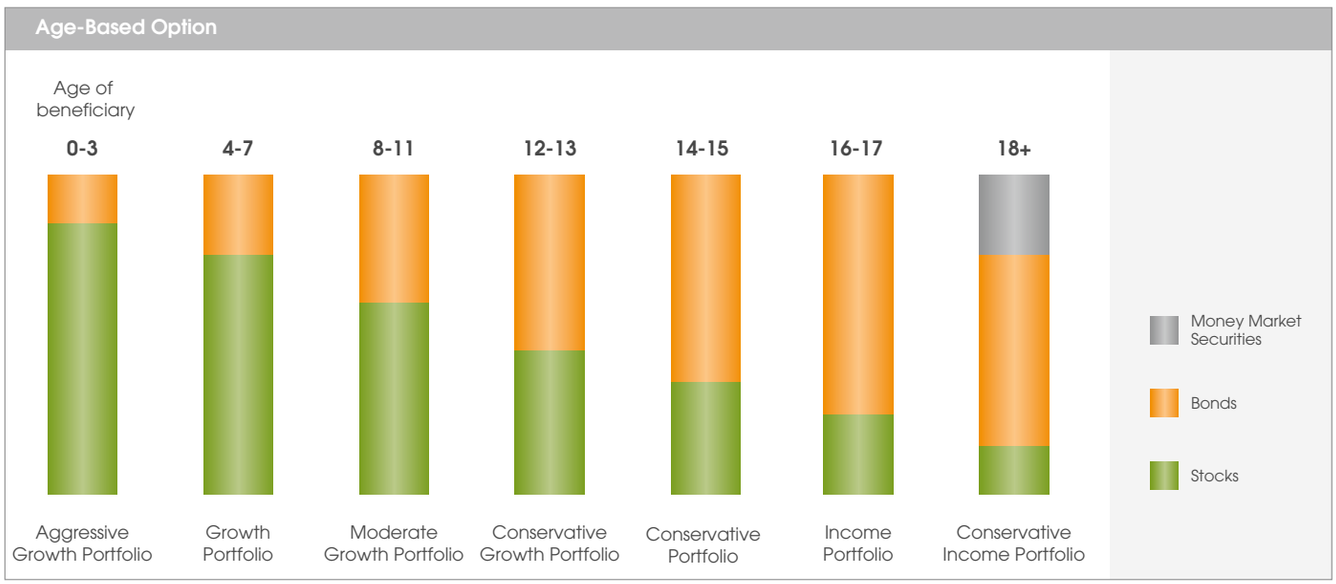
‡ Upromise is an optional service offered by Upromise, Inc., is separate from the CollegeChoice 529 Direct Savings Plan, and is not affiliated with the State of Indiana. Specific terms and conditions apply. Participating companies, contribution levels, terms and conditions subject to change without notice. Transfers subject to a $25 minimum. Upromise, Inc. is affiliated with Upromise Investments, Inc.

Focus on: Investment choices to fit your needs

The way you invest depends on several factors: Is your child a toddler, "tween," or teenager? Do you believe in taking some risk or are you a conservative investor? Are you hands-on or do you prefer a one-stop portfolio? Your answers may lead you to choose either an Age-Based Option or Individual Portfolios.

Age-Based Option—A one-stop choice

Make saving for college even simpler by selecting an investment option that automatically rebalances your asset mix as your child nears college age. For younger children, your assets are placed in a portfolio that invests in funds with more growth potential. As your child gets older, the assets automatically shift to a more conservative portfolio.



Portfolios with higher allocations to bonds and short-term investments tend to be less volatile than those with higher stock allocations. Less-volatile portfolios generally may not decline in value as much when markets decline, but they also may not appreciate in value as much when markets go up.

The Age Based Portfolios' investment in the Vanguard Prime Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it is possible that the Portfolios may lose money by investing in the Fund.

The rising cost of college

In 16 years, tuition and fees in Indiana could be $241,072 for four years of private college and $107,640 for four years of in-state public college. (College cost estimates are based on Indiana averages and assume annual inflation rates of 4.7% and 5.4%, for private and public colleges respectively.) Source: The College Board, *Trends in College Pricing, 2011.*

Individual Portfolios—Design your own investment option

CollegeChoice 529 offers a wide range of investments managed by Dodge & Cox, Scout Investments, Inc., Sallie Mae Bank, The Vanguard Group, Inc., and Western Asset.

Investment Manager	Portfolio
Dodge & Cox Funds	International Portfolio seeks long-term growth of principal and income by investing primarily in a diversified portfolio of equity securities issued by non-U.S. companies from at least three different countries, including emerging markets.
Scout Investments	Active Bond Portfolio seeks to achieve a high level of total return, consistent with the preservation of capital.*
SallieMae Bank	Savings Portfolio seeks income consistent with the preservation of principal.**
Vanguard	Bond Index Portfolio seeks to track the performance of a broad, market-weighted bond index. Money Market Portfolio seeks income consistent with the preservation of principal.† Short-Term Bond Index Portfolio seeks to track the performance of a market-weighted bond index with a short-term dollar-weighted average maturity. U.S. Equity Index Portfolio seeks to track the performance of a benchmark index that measures the investment return of the overall stock market.
Western Asset	Inflation-Protected Portfolio seeks to maximize total return, consistent with preservation of capital, by investing at least 80% of its net assets in inflation-indexed fixed-income securities and at least 70% of its net assets in U.S. Treasury Inflation Protected Securities.

* As a result of investing in undervalued sectors of the market as well as in non-investment grade securities, the Portfolio may at times experience periods of high volatility, especially when the market itself is experiencing dramatic volatility.

** The Savings Portfolio invests all of its assets in the Sallie Mae High-Yield Savings Account, ("HYSA"). The HYSA is held in an omnibus savings account insured by the Federal Deposit Insurance Corporation ("FDIC"), which is held in trust by the Indiana Education Savings Authority ("Authority") at Sallie Mae Bank. Contributions to and earnings on the investments in the Savings Portfolio are insured by the FDIC on a pass-through basis to each account owner up to $250,000, the maximum amount set by federal law. The amount of FDIC insurance provided to an account owner is based on the total of (a) the value of an account owner's investment in the Savings Portfolio; and (b) the value of all other accounts held by the account owner at Sallie Mae Bank, as determined by Sallie Mae Bank and FDIC regulations. Except for the Savings Portfolio, investments in CollegeChoice 529 Direct Savings Plan are not insured by the FDIC.

† The Money Market Portfolio's investment in the Vanguard Prime Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it is possible that the Portfolios may lose money by investing in the Fund.

Frequently asked questions

What is CollegeChoice 529?

CollegeChoice 529 is a 529 college savings plan designed to help individuals and families save for college in a tax-advantaged way. Its benefits include: tax-deferred growth, generous contribution limits, attractive investment options, and professional investment management. CollegeChoice 529 is offered by the Indiana Education Savings Authority, with program management by Upromise Investments, Inc.

How does CollegeChoice 529 work?

When you enroll in CollegeChoice 529, you choose to invest in one or more of nine different investment options offered by a variety of investment managers, including an Age-Based Option and Individual Portfolios, based upon your investing preferences and risk tolerance. All of the contributions made to your account grow tax deferred and the distributions are free from federal and Indiana state taxes if used for qualified higher education expenses.*

How do I open a CollegeChoice 529 account?

You can enroll online at **collegechoicedirect.com.** If you prefer to open an account by mail, complete the enclosed Enrollment Form and make an initial investment for the benefit of an individual (the "beneficiary"). You can open more than one account, but each must be for a different beneficiary.

How much can I invest?

You can establish an account with just $25 and make additional investments of $25 or more. More than one person can contribute to the same account until the total account balance reaches $298,770. After that, the account can continue to grow through investment earnings only.

What are the fees associated with CollegeChoice 529?

The investment options have annual asset-based fees ranging from 0.27% to 0.91% (depending on the investments you choose). If you or your beneficiary is an Indiana resident, or if your account balance is equal to or greater than $25,000, there is no annual account management fee; otherwise, the fee is $20.

What tax benefits can I get from CollegeChoice 529?

Your investments grow tax deferred and can be withdrawn Indiana state and federal income tax free if used for qualified higher education expenses.* Your contributions may also help you manage federal gift and estate taxes.

Are there any special tax benefits for Indiana taxpayers?

Yes. Indiana taxpayers are eligible for a state income tax credit of 20% of their contributions to CollegeChoice 529, up to $1,000 credit per year. (This credit may be subject to recapture from the account owner (not the contributor) in certain circumstances, such as a rollover to another state's 529 plan or a non-qualified withdrawal.)

Who can open an account?

Any U.S. citizen or resident alien, 18 or older, or an entity that is organized in the U.S., with a Social Security number or Tax Identification number, can open a CollegeChoice 529 account, regardless of income level. Parents, grandparents, other family members, and friends can open an account for any person they choose.

Who can contribute?

Any number of people can contribute to the same CollegeChoice 529 account, but total contributions cannot exceed $298,770 for all accounts for the same beneficiary in 529 plans sponsored by the State of Indiana.

Who can be a beneficiary?

Any person of any age, with a Social Security number or Tax Identification number, can be named as beneficiary of a CollegeChoice 529 account. As account owner, you can select a child, adult, or even yourself as beneficiary. If a beneficiary decides not to attend college, you can name another beneficiary who is a qualified member of the same family as the original beneficiary. Please see the Disclosure Statement for more information on who qualifies.

Does my child have to attend college in Indiana?

No. You can use the assets in your account toward the costs of nearly any public or private, 2-year or 4-year college nationwide, as long as the student is enrolled in a U.S.-accredited college, university, graduate school, or technical school that is eligible to participate in U.S. Department of Education student financial aid programs. In fact, many U.S. colleges and universities now have campuses or locations outside of the country, where money from your CollegeChoice 529 account can be used.

Do I retain control of the money?

Yes. As the account owner, you choose the portfolios in which you invest, as well as the distribution of the funds.

What qualifies as a higher education expense?

Qualified expenses can include tuition, certain room and board costs, fees, books, and supplies at an accredited eligible institution of higher education.*

Can I roll over money from another 529 plan to CollegeChoice 529?

Yes. You may perform a federal income tax-free rollover from another 529 plan into your CollegeChoice 529 account for the same beneficiary once every 12 months. You may also perform a federal income tax-free rollover from another 529 plan into your CollegeChoice 529 account at any time when you change the beneficiary to a qualifying family member of the current beneficiary.

What if my child does not go to college immediately after high school?

CollegeChoice 529 does not require the beneficiary to attend college immediately after graduating high school. There are no restrictions on when you can use the money in your account to pay for college expenses.

* Earnings on non-qualified withdrawals are subject to federal income tax and may be subject to a 10% federal penalty tax, as well as state and local income taxes. The availability of tax or other benefits may be contingent on meeting other requirements.

Five things you may not know about 529 plans...

1. 529 plan assets can be used at any eligible 2- or 4-year college or technical/vocational school around the country and beyond—not only in the state that is sponsoring the program.
2. Any U.S. citizen or resident alien of legal age with a Social Security number or Tax Identification number can establish an account.
3. There are no income limitations.
4. The name comes from Section 529 of the Internal Revenue Code, which allowed states and certain educational institutions to establish tax-advantaged programs designated to help families pay for higher education expenses.
5. You can establish a 529 plan account for your own education or career re-training expenses.

Their big plans start with your simple choice!

Don't stop now: Consider enrolling today in the CollegeChoice 529 Direct Savings Plan.

It's simple to enroll

1. **Read** this entire Enrollment Kit, including the Disclosure Statement, carefully before investing. It includes the most complete information on CollegeChoice 529.
2. **Decide** which investment approach is best for you. Your investment choices will be applied to all future contributions. Once per calendar year you may move assets in your account into different investment options. However, you may change the investment allocation of future investments at any time.
3. **Enroll.** Note that you will need to enroll each beneficiary separately.

Questions?

We're here to help. Call Client Service at **1.866.485.9415** any time from 8 a.m. to 8 p.m. Eastern time. You can also email questions or comments to **clientservice@collegechoicedirect.com.**

Online

The fastest way to open your account is to go to **collegechoicedirect.com** and click on "Enroll." You can open and begin managing your account immediately. To get started, you'll need:

- Your Social Security number
- Your beneficiary's Social Security number and date of birth
- Your email address
- Your bank checking or savings account number and routing number (if you want to contribute electronically via bank transfer)

If you prefer, you can complete the enclosed Enrollment Form. Return it with your initial contribution.

Mail to:
CollegeChoice 529 Direct Savings Plan
P.O. Box 55767
Boston, MA 02205

For overnight mail:
CollegeChoice 529 Direct Savings Plan
95 Wells Avenue, Suite 155
Newton, MA 02459-3204

Important highlights from the enclosed Disclosure Statement

Topic

Account owner and beneficiary requirements
Contribution limitations and penalties
Fees and costs
Federal and state tax information
General risks
Investment options
Investment performance
Investment risks
Plan governance and administration
Withdrawal limitations and penalties

pocket folder