Please file this Supplement to the CollegeChoice 529 Direct Savings Plan Disclosure Statement with your records.

SUPPLEMENT DATED JANUARY 2014 TO THE COLLEGECHOICE 529 DIRECT SAVINGS PLAN DISCLOSURE STATEMENT DATED SEPTEMBER 2008

This Supplement describes important changes affecting the CollegeChoice 529 Direct Savings Plan.

1. *Effective December 2, 2013, Upromise Investments, Inc., Upromise Investment Advisors, LLC and Upromise Investments Recordkeeping Services, LLC are no longer affiliated with Upromise, Inc. and Sallie Mae Bank.*

2. *The following replaces the **"Fee Structure Table"** on page **7** of the Disclosure Statement and as further supplemented on page **2** of the July 2012 Supplement:*

A $20 ANNUAL ACCOUNT MAINTENANCE FEE IS ASSESSED PER ACCOUNT.[1] ALL INVESTMENT OPTIONS BEAR THE TOTAL ANNUAL ASSET-BASED FEE.[2]			
INVESTMENT OPTIONS	**ANNUALIZED UNDERLYING FUND FEE[3]**	**ANNUALIZED MANAGER FEE**	**TOTAL ANNUAL ASSET-BASED FEE[2]**
Aggressive Growth Portfolio	0.08%	0.42%	0.50%
Growth Portfolio	0.10%	0.42%	0.52%
Moderate Growth Portfolio	0.12%	0.42%	0.54%
Conservative Growth Portfolio	0.15%	0.42%	0.57%
Conservative Portfolio	0.14%	0.42%	0.56%
Income Portfolio	0.14%	0.42%	0.56%
Conservative Income Portfolio	0.12%	0.42%	0.54%
U.S. Equity Index Portfolio	0.02%	0.27%	0.29%
Short-Term Bond Index Portfolio	0.07%	0.27%	0.34%
Money Market Portfolio	0.09%	0.27%	0.36%
International Portfolio	0.64%	0.27%	0.91%
Active Bond Portfolio	0.40%	0.27%	0.67%
Inflation-Protected Portfolio	0.26%	0.27%	0.53%
Bond Index Portfolio	0.07%	0.27%	0.34%
Savings Portfolio	0.00%	0.27%	0.27%

[1] This fee is waived if you or your Beneficiary is an Indiana Resident or your Account balance is at least $25,000.00.

[2] This total is assessed against assets over the course of the year and includes the annualized Underlying Fund Fee and the annualized Manager Fee, but does not include the Annual Account Maintenance Fee. Please refer to the Tables on pages **2** and **3** of this Supplement that shows the total approximate investment cost over 1-, 3-, 5, and 10-year periods.

[3] The Underlying Fund Fee includes investment advisory fees, administrative, and other expenses, which are paid to Vanguard, Loomis Sayles, Scout, and Western Asset, as applicable. As of October 31, 2013. For Vanguard Funds, the Underlying Fund Fees are net of any acquired fund fees and expenses otherwise applicable to the Fund. For Dodge & Cox Funds, the Underlying Fund Fee included investment advisory fees, administrative, and other fees which are paid to Dodge & Cox and other service providers to the Dodge & Cox Funds. As of October 31, 2013.

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3. *The following tables replace the* ***"Approximate Cost for a $10,000 Investment"*** *tables on page* ***9*** *of the Disclosure Statement and as further supplemented on page* ***3*** *of the July 2012 Supplement:*

APPROXIMATE COST FOR A $10,000 INVESTMENT EXCLUDING THE $20 ACCOUNT MAINTENANCE FEE

PORTFOLIO	1 YEAR	3 YEAR	5 YEAR	10 YEAR
Aggressive Growth Portfolio	$51	$160	$280	$628
Growth Portfolio	$53	$167	$291	$653
Moderate Growth Portfolio	$55	$173	$302	$677
Conservative Growth Portfolio	$58	$183	$318	$714
Conservative Portfolio	$57	$179	$313	$701
Income Portfolio	$57	$179	$313	$701
Conservative Income Portfolio	$55	$173	$302	$677
U.S. Equity Index Portfolio	$30	$93	$163	$368
Short-Term Bond Index Portfolio	$35	$109	$191	$431
Money Market Portfolio	$37	$116	$202	$456
International Portfolio	$93	$290	$504	$1,120
Active Bond Portfolio	$68	$214	$373	$835
Inflation-Protected Portfolio	$54	$170	$296	$665
Bond Index Portfolio	$35	$109	$191	$431
Savings Portfolio	$28	$87	$152	$343

APPROXIMATE COST FOR A $10,000 INVESTMENT INCLUDING THE $20 ACCOUNT MAINTENANCE FEE

PORTFOLIO	1 YEAR	3 YEAR	5 YEAR	10 YEAR
Aggressive Growth Portfolio	$71	$220	$379	$823
Growth Portfolio	$73	$226	$390	$847
Moderate Growth Portfolio	$75	$233	$401	$871
Conservative Growth Portfolio	$78	$242	$417	$908
Conservative Portfolio	$77	$239	$412	$896
Income Portfolio	$77	$239	$412	$896
Conservative Income Portfolio	$75	$233	$401	$871
U.S. Equity Index Portfolio	$50	$153	$262	$565
Short-Term Bond Index Portfolio	$55	$169	$290	$627
Money Market Portfolio	$57	$175	$301	$652
International Portfolio	$113	$350	$602	$1,310
Active Bond Portfolio	$88	$274	$472	$1,028
Inflation-Protected Portfolio	$74	$230	$395	$859
Bond Index Portfolio	$55	$169	$290	$627
Savings Portfolio	$48	$147	$251	$540

4. *New Target Indexes*

Two Underlying Funds have begun tracking their new indexes, as previously approved by the board of trustees of these Underlying Funds. The boards believe that the new indexes are well-constructed and offer comprehensive coverage of these Underlying Funds' respective market segments. Please refer to the Supplement dated January 2013 for a complete list of the affected Underlying Funds and the benchmark changes.

The following replaces the first sentence of the last paragraph of the ***"Investment Strategy"*** *for the* ***"Aggressive Growth Portfolio,"*** *the* ***"Growth Portfolio,"*** *the* ***"Moderate Growth Portfolio"*** *and the* ***"Conservative Growth Portfolio"*** *on pages* ***21*** *and* ***23*** *of the Disclosure Statement and as further supplemented on pages* ***5*** *and* ***6*** *of the July 2012 Supplement:*

Through its ownership of Vanguard Institutional Total Stock Market Index Fund, the Portfolio indirectly owns primarily large-capitalization U.S. stocks and, to a lesser extent, mid-, small- and micro-capitalization U.S. stocks.

The preceding change is made to the second to last sentence of the last paragraph of the ***"Investment Strategy"*** *for the* ***"Income Portfolio"*** *and the* ***"Conservative Income Portfolio"*** *on pages* ***23*** *through* ***24*** *of the Disclosure Statement and as further supplemented on pages* ***8*** *through* ***9*** *of the July 2012 Supplement. The preceding change is also made to the second to last sentence of the last paragraph of the* ***"Investment Strategy"*** *for the* ***"Conservative Portfolio"*** *on pages* ***7*** *and* ***8*** *of the July 2012 Supplement.*

The following replaces the ***"Investment Strategy"*** *for the* ***"U.S. Equity Index Portfolio"*** *on pages* ***24*** *and* ***25*** *of the Disclosure Statement and as further supplemented on pages* ***9*** *and* ***10*** *of the July 2012 Supplement:*

The Portfolio invests 100% of its assets in Vanguard Institutional Total Stock Market Index Fund, which employs an indexing investment approach designed to track the performance of the CRSP US Total Market Index. The Index represents approximately 100% of the investable U.S. stock market and includes large-, mid-, small-, and micro-capitalization stocks regularly traded on the New York Stock Exchange and Nasdaq. The Fund invests by sampling the Index, meaning that it holds a broadly diversified collection of securities that, in the aggregate, approximates the full Index in terms of key characteristics. These key characteristics include industry weightings and market capitalization, as well as certain financial measures, such as price/earnings ratio and dividend yield.

The following replaces the ***"Investment Strategy"*** *for the* ***"Vanguard Total Stock Market Index Fund"*** *on page* ***10*** *of the July 2012 Supplement:*

The Fund employs an indexing investment approach designed to track the performance of the CRSP US Total Market Index, which represents approximately 100% of the investable U.S. stock market and includes large-, mid-, small-, and micro-cap stocks regularly traded on the New York Stock Exchange and Nasdaq. The Fund invests by sampling the Index, meaning that it holds a broadly diversified collection of securities that, in the aggregate, approximates the full Index in terms of key characteristics. These key characteristics include industry weightings and market capitalization, as well as certain financial measures, such as price/earnings ratio and dividend yield.

The following replaces the ***"Investment Strategy"*** *for the* ***"Vanguard Total International Stock Index Fund"*** *on page* ***10*** *of the July 2012 Supplement:*

The Fund employs an indexing investment approach designed to track the performance of the FTSE Global All Cap ex US Index, a free-float-adjusted market-capitalization-weighted index designed to measure equity market performance of companies located in developed and emerging markets, excluding the United States. The Index includes more than 5,300 stocks of companies located in 46 countries. The Fund invests all, or substantially all, of its assets in the common stocks included in its target index.

5. *The following replaces the* ***"Investment Strategy"*** *for the* ***"Money Market Portfolio"*** *on page* ***25*** *of the Disclosure Statement:*

The Portfolio invests 100% of its assets in Vanguard Prime Money Market Fund, which invests primarily in high-quality, short-term money market instruments, including certificates of deposit, banker's acceptances, commercial paper, and other money market securities. To be considered high quality, a security generally must be rated in one of the two highest credit-quality categories for short-term securities by at least two nationally recognized rating services (or by one, if only one rating service has rated the security). If unrated, the security must be determined by Vanguard to be of quality equivalent to securities in the two highest credit-quality categories. The Fund invests more than 25% of its asset in securities issued by companies in the financial services industry. The Fund maintains a dollar-weighted average maturity of 60 days or less and a dollar-weighted average life of 120 days.

6. *The following table replaces the **"Investment Performance"** table at the end of the second paragraph on page **37** of the Disclosure Statement and as further supplemented on page **14** of the July 2012 Supplement:*

AVERAGE ANNUAL TOTAL RETURNS AS OF SEPTEMBER 30, 2013

PORTFOLIO	1 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION	INCEPTION DATE
Aggressive Growth Portfolio	16.72%	12.30%	8.21%	6.43%	9/19/2008
Growth Portfolio	14.46%	11.13%	8.28%	6.81%	9/19/2008
Moderate Growth Portfolio	10.83%	9.37%	7.94%	6.80%	9/19/2008
Conservative Growth Portfolio	7.44%	7.70%	7.25%	6.27%	9/19/2008
Conservative Portfolio	5.52%	---	---	6.20%	8/10/2012
Income Portfolio	3.44%	5.00%	5.84%	5.22%	9/19/2008
Conservative Income Portfolio	1.61%	2.98%	3.94%	3.62%	9/19/2008
U.S. Equity Index Portfolio	21.33%	16.53%	10.45%	8.67%	9/19/2008
International Portfolio	27.49%	8.47%	7.81%	5.85%	9/19/2008
Money Market Portfolio	---	---	---	---	9/19/2008
Short-Term Bond Index	-0.09%	1.23%	3.17%	3.06%	9/19/2008
Bond Index Portfolio	-2.04%	2.51%	---	4.46%	7/27/2009
Active Bond Portfolio	-0.19%	5.04%	10.55%	9.66%	9/19/2008
Inflation-Protected Portfolio	-5.62%	3.37%	5.38%	4.68%	9/19/2008
Savings Portfolio	0.69%	0.73%	---	0.74%	7/19/2010

Please file this Supplement to the CollegeChoice 529 Direct Savings Plan Disclosure Statement with your records.

SUPPLEMENT DATED JANUARY 2013 TO THE COLLEGECHOICE 529 DIRECT SAVINGS PLAN DISCLOSURE STATEMENT DATED SEPTEMBER 2008

This Supplement describes important changes affecting the CollegeChoice 529 Direct Savings Plan effective on or about January 1, 2013.

1. **New Target Indexes for Vanguard Institutional Total Stock Market Index Fund and Vanguard Total International Stock Market Index Fund**

   This table describes important changes to two Underlying Funds in the CollegeChoice 529. The boards of trustees of these Underlying Funds have approved the adoption of new target indexes for each of these funds. The boards believe that the new indexes, listed below, are well-constructed and offer comprehensive coverage of these Underlying Funds' respective market segments.

Fund	Current Benchmark	New Benchmark
Vanguard Institutional Total Stock Market Index Fund	MSCI US Broad Market Index	CRSP US Total Market Index
Vanguard Total International Stock Market Index Fund	MSCI ACWI ex USA IMI Index	FTSE Global All Cap ex US Index

   Each new index measures the same market segment as the corresponding current index, so the investment objectives and risks of these Underlying Funds will not change. The transitions will be staggered and are expected to occur over a number of months. For more information, visit vanguard.com.

2. **IRS Increases Annual Federal Gift Tax Exclusion.**

   As of January 1, 2013, the federal annual gift tax exclusion has increased to $14,000 if filing single, $28,000 if married filing jointly (assuming spouses consent to gift-splitting). This applies to 529 plan contributions, although contributors may make up to a $70,000 ($140,000 if married filing jointly and spouses consent to gift-splitting) contribution free of the gift tax if they elect to take that amount into account proportionately over five (5) years. Accordingly, all references to the exclusion of contributions from federal gift tax found throughout this Disclosure Statement should be updated to reflect these increased amounts.

3. **The following replaces the section entitled "Temporary Withdrawal Restriction" on page 17 of the Disclosure Statement:**

   Temporary Withdrawal Restriction. If you make a contribution by check, or Electronic Funds Transfer, or Automatic Investment Plan (assuming all are in good order), we will defer the approval of a withdrawal of that contribution from your Account for seven (7) business days after deposit. Please note that there will be a hold of nine (9) business days on withdrawals following a change to your address and a hold of fifteen (15) calendar days hold on withdrawals following a change to your banking information.

4. **The following replaces the section entitled "SALLIE MAE 529 REWARDS® CreditCard℠ on page 1 of the Supplement dated October 2011 and as further amended in the Supplement dated July 2012:**

   Sallie Mae 529 Rewards® World Elite™ MasterCard®. As of October 26, 2012, the SALLIE MAE 529 Rewards CreditCard will cease to exist. It will be replaced by the SALLIE MAE 529 REWARDS World Elite MasterCard. Existing SALLIE MAE 529 Rewards CreditCard card members will automatically become SALLIE MAE 529 REWARDS World Elite MasterCard card members. Any reward points earned through close of business on October 26, 2012 will automatically transfer to the SALLIE MAE 529 REWARDS World Elite MasterCard. The SALLIE MAE 529 REWARDS World Elite MasterCard will become available to new card members on November 5, 2012.

If you are a SALLIE MAE 529 REWARDS World Elite MasterCard card member, you can link a designated Account so that rewards earned on qualified retail purchases charged to the credit card are automatically transferred from your credit card account into your designated Account on a periodic basis. The minimum amount for an automatic transfer from your credit card account to your designated Account is $25. If rewards are transferred into your designated Account, you will receive a trade date of that day's market's close. The rewards will be invested according to the standing allocation instructions of your designated Account. You cannot use the transfer of rewards from a credit card account as the initial funding source for your designated Account and transfers from your credit card to your designated Account are not contributions eligible for the State income tax credit.

This Disclosure Statement is not intended to provide detailed information concerning the SALLIE MAE 529 REWARDS World Elite MasterCard. The SALLIE MAE 529 REWARDS World Elite MasterCard is issued by Barclays Bank Delaware and is administered in accordance with the terms and conditions set forth in the Sallie Mae Cardmember Agreement and Rewards Program Rules (as amended from time to time). The SALLIE MAE 529 REWARDS World Elite MasterCard is an optional service, is separate from CollegeChoice 529, and is not affiliated with the State, the Authority, the Board, or the Trust. Sallie Mae, Inc. is an affiliate of Upromise Investments, Inc. Upromise Investment Advisors, LLC, Upromise Investments Recordkeeping Services, LLC and Upromise, Inc.

5. **The following replaces the section entitled "Account Statements" on page 40 of the Disclosure Statement:**

   Account Statements. You will receive quarterly statements to reflect financial transactions only if you have made financial transactions within the quarter. These transactions include: contributions made to your Account; adjustments to more conservative Age-Based Options (as applicable); exchanges due to dollar-cost averaging (as applicable); automatic transfers from a Upromise rewards service account to your Account (as applicable); withdrawals made from your Account; and transaction and maintenance Fees incurred by your Account. The total value of your Account at the end of the quarter will also be included in your quarterly statements. You will receive an annual Account Statement even if you have made no financial transactions within the year.

   Your Account statement is not a tax document and should not be submitted with your tax forms. However, you could use the Account statement(s) to determine how much you paid or contributed during the previous tax year. You may request duplicate copies of Account statements to be provided to another party.

   You can choose to receive periodic Account statements, transaction confirmations, and other personal correspondence via electronic delivery or in paper format. We reserve the right to charge a Fee for duplicate copies of historical statements.

6. **The following replaces the third and fourth sentences of the first paragraph of the section entitled "General" beginning on page 42 of the Disclosure Statement:**

   Contributions made by check, AIP, or EFT will not be available for withdrawal for seven (7) business days. Please note that there will be a hold of nine (9) business days on distribution requests when there is a change to your address and a hold of fifteen (15) calendar days on distribution requests following a change to your banking information.

7. Effective on or about January 1, 2013, Upromise Investments Recordkeeping Services, LLC ("UIR") will provide recordkeeping and administrative services for the CollegeChoice Advisor. UIR is affiliated with Upromise Investments, Inc. and Upromise Investment Advisors, LLC.

Please file this Supplement to the CollegeChoice 529 Direct Savings Plan Disclosure Statement with your records.

SUPPLEMENT DATED JULY 2012 TO THE COLLEGECHOICE 529 DIRECT SAVINGS PLAN DISCLOSURE STATEMENT DATED SEPTEMBER 2008

This Supplement describes important changes affecting the CollegeChoice 529 Direct Savings Plan effective on or about August 10, 2012.

New Portfolio

A new Portfolio will be added within the Age-Based Option. This new Portfolio, the Conservative Portfolio, will be available for Beneficiaries aged 14 and 15. Account Owners with Beneficiaries who are currently invested in the Conservative Growth Portfolio or Income Portfolio who are ages 14 and 15 will have their assets automatically moved to the Conservative Portfolio. This reallocation will not count against the once-per-calendar-year restriction on investment changes.

*The following sentences replace the first two sentences in the answer to the question **"How does CollegeChoice 529 work?"** under the heading entitled **"Section I: Frequently Asked Questions"** on page **3** of the Disclosure Statement and on page **1** of the Supplement to the Disclosure Statement dated July 2010:*

When you enroll in CollegeChoice 529, you choose to invest in one or more of fifteen different Investment Options, which are either Age-Based or Individual Portfolios, based upon your investing preferences and risk tolerance. Each Investment Option invests in either (i) mutual funds offered or managed by The Vanguard Group, Inc. (Vanguard), Dodge & Cox, Loomis Sayles, Scout Investments, Inc. (Scout), and Western Asset; or (ii) an FDIC-insured omnibus savings account held in trust by the Authority at Sallie Mae Bank.

*The following sentence replaces the second sentence in the answer to the question **"How many Accounts can I open?"** under the heading entitled **"Section I: Frequently Asked Questions"** on page **3** of the Disclosure Statement and on page **1** of the Supplement to the Disclosure Statement dated July 2010:*

You may also invest in any of the fifteen Investment Options offered.

*The following sentence replaces the second sentence in the answer to the question **"What are the fees associated with CollegeChoice 529?"** under the heading entitled **"Section I: Frequently Asked Questions"** on page **3** of the Disclosure Statement and on page **1** of the Supplement to the Disclosure Statement dated July 2010:*

The total annual asset-based fee varies from 0.29% to 0.93%, depending upon the Portfolio you choose.

*The following sentence replaces the first sentence under the heading entitled **"Underlying Fund Fee"** on page **7** of the Disclosure Statement:*

The Underlying Fund Fee includes investment advisory fees, administrative, and other expenses, which are paid to Vanguard, Loomis Sayles, Scout and Western Asset.

*The following replaces the last sentence under the heading entitled **"Manager Fee"** on page **1** of the Supplement to the Disclosure Statement dated January 2010:*

The Manager Fee will be reduced one basis point for the Age-Based Option and the Individual Portfolios when CollegeChoice 529 assets reach $800 million (i.e. from 0.44% to 0.43% for the Age-Based Option and from 0.29% to 0.28% for the Individual Portfolios). In addition, the Manager Fee will further be reduced one basis point when CollegeChoice 529 assets and CollegeChoice Advisor (529 assets in the advisor-sold plan) reach $2 billion (i.e. from 0.43% to 0.42% for the Age-Based Option and from 0.28% to 0.27% for the Individual Portfolios). There is no particular order when this may occur because total assets in CollegeChoice 529 and CollegeChoice Advisor could reach $2 billion before CollegeChoice 529 assets reach $800 million, depending on market conditions.

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*The following replaces the **"Fee Structure Table"** on page **7** of the Disclosure Statement and on page **1** of the Supplement to the Disclosure Statement dated October 2010:*

A $20 ANNUAL ACCOUNT MAINTENANCE FEE IS ASSESSED PER ACCOUNT.[1] ALL INVESTMENT OPTIONS BEAR THE TOTAL ANNUAL ASSET-BASED FEE.[2]			
INVESTMENT OPTIONS	**ANNUALIZED UNDERLYING FUND FEE[3]**	**ANNUALIZED MANAGER FEE**	**TOTAL ANNUAL ASSET-BASED FEE[2]**
Aggressive Growth Portfolio	0.08%	0.44%	0.52%
Growth Portfolio	0.10%	0.44%	0.54%
Moderate Growth Portfolio	0.13%	0.44%	0.57%
Conservative Growth Portfolio	0.15%	0.44%	0.59%
Conservative Portfolio	0.14%	0.44%	0.58%
Income Portfolio	0.14%	0.44%	0.58%
Conservative Income Portfolio	0.12%	0.44%	0.56%
U.S. Equity Index Portfolio	0.02%	0.29%	0.31%
Short-Term Bond Index Portfolio	0.07%	0.29%	0.36%
Money Market Portfolio	0.09%	0.29%	0.38%
International Portfolio	0.64%	0.29%	0.93%
Active Bond Portfolio	0.40%	0.29%	0.69%
Inflation-Protected Portfolio	0.33%	0.29%	0.62%
Bond Index Portfolio	0.07%	0.29%	0.36%
Savings Portfolio	0.00%	0.29%	0.29%

[1]This fee is waived if you or your Beneficiary is an Indiana Resident or your Account balance is at least $25,000.00.

[2]This total is assessed against assets over the course of the year and includes the annualized Underlying Fund Fee and the annualized Manager Fee, but does not include the Annual Account Maintenance Fee. Please refer to the Table on page **9** of the Disclosure Statement and on page **2** of the Supplement dated October 2010 that shows the total approximate investment cost over 1-, 3-, 5, and 10-year periods.

[3]The Underlying Fund Fee includes investment advisory fees, administrative, and other expenses, which are paid to Vanguard, Loomis Sayles, Scout, and Western Asset, as applicable. As of May 21, 2012. For Vanguard Funds, the Underlying Fund Fees are net of any acquired fund fees and expenses otherwise applicable to the Fund. For Dodge & Cox Funds, the Underlying Fund Fee included investment advisory fees, administrative, and other fees which are paid to Dodge & Cox and other service providers to the Dodge & Cox Funds. As of May 21, 2012.

*The following tables replace the **"Approximate Cost for a $10,000 Investment"** tables on page **9** of the Disclosure Statement and on page **2** of the Supplement to the Disclosure Statement dated October 2010:*

APPROXIMATE COST FOR A $10,000 INVESTMENT EXCLUDING THE $20 ACCOUNT MAINTENANCE FEE

PORTFOLIO	1 YEAR	3 YEAR	5 YEAR	10 YEAR
Aggressive Growth Portfolio	$53	$167	$291	$653
Growth Portfolio	$55	$173	$302	$677
Moderate Growth Portfolio	$58	$183	$318	$714
Conservative Growth Portfolio	$60	$189	$329	$738
Conservative Portfolio	$59	$186	$324	$726
Income Portfolio	$59	$186	$324	$726
Conservative Income Portfolio	$57	$179	$313	$701
U.S. Equity Index Portfolio	$32	$100	$174	$393
Short-Term Bond Index Portfolio	$37	$116	$202	$456
Money Market Portfolio	$39	$122	$213	$480
International Portfolio	$95	$296	$515	$1,143
Active Bond Portfolio	$70	$221	$384	$859
Inflation-Protected Portfolio	$63	$199	$346	$774
Bond Index Portfolio	$37	$116	$202	$456
Savings Portfolio	$30	$93	$163	$368

APPROXIMATE COST FOR A $10,000 INVESTMENT INCLUDING THE $20 ACCOUNT MAINTENANCE FEE

PORTFOLIO	1 YEAR	3 YEAR	5 YEAR	10 YEAR
Aggressive Growth Portfolio	$73	$226	$390	$847
Growth Portfolio	$75	$233	$401	$871
Moderate Growth Portfolio	$78	$242	$417	$908
Conservative Growth Portfolio	$80	$249	$428	$932
Conservative Portfolio	$79	$245	$423	$920
Income Portfolio	$79	$245	$423	$920
Conservative Income Portfolio	$77	$239	$412	$896
U.S. Equity Index Portfolio	$52	$160	$274	$590
Short-Term Bond Index Portfolio	$57	$175	$301	$652
Money Market Portfolio	$59	$182	$312	$676
International Portfolio	$115	$356	$613	$1,333
Active Bond Portfolio	$90	$280	$483	$1,051
Inflation-Protected Portfolio	$83	$258	$444	$968
Bond Index Portfolio	$57	$175	$301	$652
Savings Portfolio	$50	$153	$262	$565

*The following sentence replaces the seventh sentence under the heading entitled **"Sallie Mae 529 Rewards® Credit Card SM"** on page **1** of the Supplement to the Disclosure Statement dated October 2011:*

The SALLIE MAE 529 REWARDS Credit Card is administered in accordance with the terms and conditions set forth in the Sallie Mae Cardmember Agreement and Rewards Program Rules (as amended from time to time).

*The following replaces the table under the heading entitled **"Requesting Additional Information about the Underlying Funds"** on page **20** of the Disclosure Statement and on page **3** of the Supplement to the Disclosure Statement dated July 2010:*

INVESTMENT MANAGER	WEBSITE	PHONE NUMBER
Vanguard	www.vanguard.com	800-294-6195
Dodge & Cox	www.dodgeandcox.com	800-621-3979
Loomis Sayles	www.loomissayles.com	800-633-3330
Scout	www.scoutinv.com	877-726-8842
Western Asset	www.westernassetfunds.com	888-425-6432
Sallie Mae Bank	www.salliemaebank.com	877-346-2756

*The following replaces the first sentence of the second paragraph under the heading entitled **"Investment Option Summary"** on page **20** of the Disclosure Statement and on page **3** of the Supplement to the Disclosure Statement dated July 2010:*

The Plan offers investment options that invest in: (i) one or more mutual funds managed by Vanguard, Dodge & Cox, Loomis Sayles, Scout, and Western Asset; or (ii) a FDIC-insured omnibus savings account held in trust by the Authority at Sallie Mae Bank.

*The following replaces the first sentence of the third paragraph under the heading entitled **"Investment Option Summary"** on page **20** of the Disclosure Statement:*

The Age-Based Option consists of seven Portfolios, each of which invests in multiple Underlying Funds managed by Vanguard and Loomis Sayles.

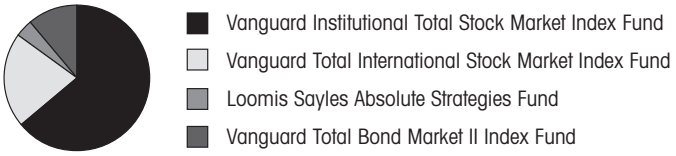
*The following table replaces the target allocations for each Portfolio in the **"Age-Based Option"** table on page **21** of the Disclosure Statement and on page **2** of the Supplement to the Disclosure Statement dated January 2010:*

	BENEFICIARY AGE BIRTH-3	BENEFICIARY AGE 4-7	BENEFICIARY AGE 8-11	BENEFICIARY AGE 12-13	BENEFICIARY AGE 14-15	BENEFICIARY AGE 16-17	BENEFICIARY AGE 18+
UNDERLYING FUND	**AGGRESSIVE GROWTH PORTFOLIO**	**GROWTH PORTFOLIO**	**MODERATE GROWTH PORTFOLIO**	**CONSERVATIVE GROWTH PORTFOLIO**	**CONSERVATIVE PORTFOLIO**	**INCOME PORTFOLIO**	**CONSERVATIVE INCOME PORTFOLIO**
Vanguard Institutional Total Stock Market Index Fund	64%	56%	45%	34%	26%	19%	10%
Vanguard Total International Stock Market Index Fund	21%	19%	15%	11%	9%	6%	5%
Loomis Sayles Absolute Strategies Fund	4%	6%	9%	12%	10%	10%	6%
Vanguard Total Bond Market II Index Fund	11%	19%	26%	35%	31%	30%	19%
Vanguard Short-Term Bond Index Fund	0%	0%	0%	0%	16%	25%	25%
Vanguard Inflation-Protected Securities Fund	0%	0%	5%	8%	8%	10%	10%
Vanguard Prime Money Market Fund	0%	0%	0%	0%	0%	0%	25%
Total Equity/Fixed Income Fund	**85%/15%**	**75%/25%**	**60%/40%**	**45%/55%**	**35%/65%**	**25%/75%**	**15%/85%**

*The following replaces the **"Investment Strategy"** of the **"Aggressive Growth Portfolio"** on page **21** of the Disclosure Statement and on page **3** of the Supplement to the Disclosure Statement dated January 2010:*

Investment Strategy. The Portfolio invests in two Vanguard index stock funds, one Loomis Sayles bond fund, and one Vanguard index bond fund, resulting in an allocation of 85% of assets to stocks and 15% to bonds. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

Vanguard Institutional Total Stock Market Index Fund	64%
Vanguard Total International Stock Market Index Fund	21%
Loomis Sayles Absolute Strategies Fund	4%
Vanguard Total Bond Market II Index Fund	11%



Through its ownership of the Vanguard Institutional Total Stock Market Index Fund, the Portfolio indirectly owns primarily large capitalization U.S. stocks and, to a lesser extent, mid- and small-capitalization U.S. stocks. Through its ownership of the Vanguard Total International Stock Market Index Fund, the Portfolio indirectly owns stocks of companies located in developed and emerging markets, excluding the United States. Through its ownership of the Vanguard Total Bond Market II Index Fund, the Portfolio also indirectly holds a broadly diversified collection of securities that, in the aggregate, approximates the Barclays Capital U.S. Aggregate Float Adjusted Index in terms of key risk factors and other characteristics. The Index represents a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States – including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities – all with maturities of more than 1 year. The Vanguard Total Bond Market II Index Fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years. The Loomis Sayles bond fund intends to pursue its objective by utilizing a flexible investment approach that allocates investments across a global range of investment opportunities related to credit, currencies and interest rates, while employing risk management strategies to mitigate downside risk.

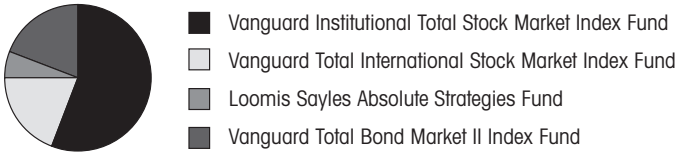
*The following replaces the **"Investment Risks"** of the **"Aggressive Growth Portfolio"** on page **21** of the Disclosure Statement and on page **3** of the Supplement to the Disclosure Statement dated January 2010:*

Investment Risks. Because it invests mainly in Vanguard stock funds, the Portfolio primarily is subject to **stock market risk, investment style risk, country/regional risk, currency risk,** and **emerging markets risk.** Through its Vanguard index bond fund holding, the Portfolio has low to moderate levels of **interest-rate risk, credit risk, income risk, call risk,** and **index sampling risk.** These risks are discussed under **Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Vanguard is Investment Manager** starting on page **30** of the Disclosure Statement and on page **11** of this Supplement. Through its ownership in the Loomis Sayles bond fund, the Portfolio is subject to **agency securities risk, below investment-grade fixed-income securities risk, credit/counterparty risk, currency risk, derivatives risk, emerging markets risk, fixed-income securities risk, foreign securities risk, inflation/deflation risk, interest-rate risk, issuer risk, leverage risk, liquidity risk, management risk, market risk, mortgage-related and asset-backed securities risk, non-diversification risk,** and **short exposure risk.** These risks are discussed further under **Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Loomis Sayles is Investment Manager** on pages **11-13** of this Supplement.

*The following replaces the **"Investment Strategy"** of the **"Growth Portfolio"** on page **22** of the Disclosure Statement and on page **3** of the Supplement to the Disclosure Statement dated January 2010:*

Investment Strategy. The Portfolio invests in two Vanguard index stock funds, one Loomis Sayles bond fund, and one Vanguard index bond fund, resulting in an allocation of 75% of assets to stocks and 25% to bonds. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

Vanguard Institutional Total Stock Market Index Fund	56%
Vanguard Total International Stock Market Index Fund	19%
Loomis Sayles Absolute Strategies Fund	6%
Vanguard Total Bond Market II Index Fund	19%



Through its ownership of the Vanguard Institutional Total Stock Market Index Fund, the Portfolio indirectly owns primarily large capitalization U.S. stocks and, to a lesser extent, mid- and small-capitalization U.S. stocks. Through its ownership of the Vanguard Total International Stock Market Index Fund, the Portfolio indirectly owns stocks of companies located in developed and emerging markets, excluding the United States. Through its ownership of the Vanguard Total Bond Market II Index Fund, the Portfolio also indirectly holds a broadly diversified collection of securities that, in the aggregate, approximates the Barclays Capital U.S. Aggregate Float Adjusted Index in terms of key risk factors and other characteristics. The Index represents a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States — including government, corporate, and international dollar denominated bonds, as well as mortgage-backed and asset-backed securities — all with maturities of more than 1 year. The Vanguard Total Bond Market II Index Fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years. The Loomis Sayles bond fund intends to pursue its objective by utilizing a flexible investment approach that allocates investments across

a global range of investment opportunities related to credit, currencies and interest rates, while employing risk management strategies to mitigate downside risk.

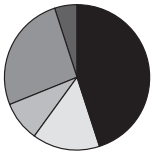
*The following replaces the **"Investment Risks"** of the **"Growth Portfolio"** on page **22** of the Disclosure Statement:*

Investment Risks. Because it invests mainly in stock funds, the Portfolio primarily is subject to **stock market risk, investment style risk, country/regional risk, currency risk,** and **emerging markets risk.** Through its Vanguard bond fund holding, the Portfolio has low to moderate levels of **interest-rate risk, credit risk, income risk,** and **call risk**. The Portfolio also has low levels of **index sampling risk**. These risks are discussed under **Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Vanguard is Investment Manager** starting on page **30** of the Disclosure Statement and on page **11** of this Supplement. Through its ownership in the Loomis Sayles bond fund, the Portfolio is subject to **agency securities risk, below investment-grade fixed-income securities risk, credit/counterparty risk, currency risk, derivatives risk, emerging markets risk, fixed-income securities risk, foreign securities risk, inflation/deflation risk, interest-rate risk, issuer risk, leverage risk, liquidity risk, management risk, market risk, mortgage-related and asset-backed securities risk, non-diversification risk,** and **short exposure risk.** These risks are discussed further under **Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Loomis Sayles is Investment Manager** on pages **11-13** of this Supplement.

*The following replaces the **"Investment Strategy"** of the **"Moderate Growth Portfolio"** on page **22** of the Disclosure Statement:*

Investment Strategy. The Portfolio invests in two Vanguard index stock funds, one Loomis Sayles bond fund, one Vanguard index bond fund, and one Vanguard active bond fund, resulting in an allocation of 60% of assets to stocks and 40% to bonds. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

Vanguard Institutional Total Stock Market Index Fund	45%
Vanguard Total International Stock Market Index Fund	15%
Loomis Sayles Absolute Strategies Fund	9%
Vanguard Total Bond Market II Index Fund	26%
Vanguard Inflation-Protected Securities Fund	5%



Through its ownership of the Vanguard Institutional Total Stock Market Index Fund, the Portfolio indirectly owns primarily large capitalization U.S. stocks and, to a lesser extent, mid- and small-capitalization U.S. stocks. Through its ownership of the Vanguard Total International Stock Market Index Fund, the Portfolio indirectly owns stocks of companies located in developed and emerging markets, excluding the United States. Through its ownership of the Vanguard Total Bond Market II Index Fund, the Portfolio also indirectly holds a broadly diversified collection of securities that, in the aggregate, approximates the Barclays Capital U.S. Aggregate Float Adjusted Index in terms of key risk factors and other characteristics. The Index represents a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States — including government, corporate, and international dollar denominated bonds, as well as mortgage-backed and asset-backed securities — all with maturities of more than 1 year. The Vanguard Total Bond Market II Index Fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years. Through its ownership of the Vanguard Inflation-Protected Securities Fund, the Portfolio indirectly holds assets in inflation-indexed bonds issued by the U.S. government, its agencies and instrumentalities, and corporations. Through its ownership of the Loomis Sayles bond fund, the Portfolio indirectly holds investments across a global range of investment opportunities related to credit, currencies and interest rates, while employing risk management strategies to mitigate downside risk.

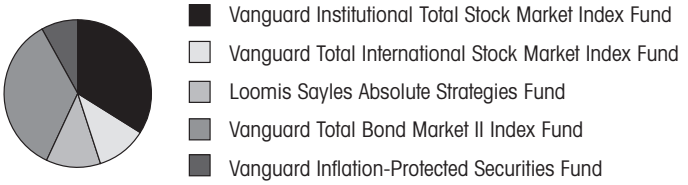
*The following replaces the **"Investment Risks"** of the **"Moderate Growth Portfolio"** on page **22** of the Disclosure Statement:*

Investment Risks. Through its Vanguard stock fund holdings, the Portfolio is primarily subject to **stock market risk, index sampling risk, investment style risk, country/regional risk, currency risk,** and **emerging markets risk.** Through its Vanguard bond fund holdings, the Portfolio has low to moderate levels of **interest-rate risk, credit risk, income risk, call risk, income fluctuations,** and **manager risk.** These risks are discussed under **Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Vanguard is Investment Manager** starting on page **30** of the Disclosure Statement and on page **11** of this Supplement. Through its ownership in the Loomis Sayles bond fund, the Portfolio is subject to **agency securities risk, below investment-grade fixed-income securities risk, credit/counterparty risk, currency risk, derivatives risk, emerging markets risk, fixed-income securities risk, foreign securities risk, inflation/deflation risk, interest-rate risk, issuer risk, leverage risk, liquidity risk, management risk, market risk, mortgage-related and asset-backed securities risk, non-diversification risk,** and **short exposure risk.** These risks are discussed further under **Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Loomis Sayles is Investment Manager** on pages **11-13** of this Supplement.

*The following replaces the **"Investment Strategy"** of the **"Conservative Growth Portfolio"** on page **23** of the Disclosure Statement and on page **3** of the Supplement to the Disclosure Statement dated January 2010:*

Investment Strategy. The Portfolio invests in two Vanguard index stock funds, one Loomis Sayles bond fund, one Vanguard index bond fund, and one Vanguard active bond fund, resulting in an allocation of 45% of assets to stocks and 55% to bonds. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

Vanguard Institutional Total Stock Market Index Fund	34%
Vanguard Total International Stock Market Index Fund	11%
Loomis Sayles Absolute Strategies Fund	12%
Vanguard Total Bond Market II Index Fund	35%
Vanguard Inflation-Protected Securities Fund	8%



Through its ownership of the Vanguard Institutional Total Stock Market Index Fund, the Portfolio indirectly owns primarily large capitalization U.S. stocks and, to a lesser extent, mid- and small-capitalization U.S. stocks. Through its ownership of the Vanguard Total International Stock Market Index Fund, the Portfolio indirectly owns stocks of companies located in developed and emerging markets, excluding the United States. Through its ownership of the Vanguard Total Bond Market II Index Fund, the Portfolio also indirectly holds a broadly diversified collection of securities that, in the aggregate, approximates the Barclays Capital U.S. Aggregate Float Adjusted Index in terms of key risk factors and other characteristics. The Index represents a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States — including government, corporate, and international dollar denominated bonds, as well as mortgage-backed and asset-backed securities — all with maturities of more than 1 year. The Vanguard Total Bond Market II Index Fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years. Through its ownership of the Vanguard Inflation-Protected Securities Fund, the Portfolio indirectly holds assets in inflation-indexed bonds issued by the U.S. government, its agencies and instrumentalities, and corporations. Through its ownership of the Loomis Sayles bond fund, the Portfolio indirectly holds investments across a global range of investment opportunities related to credit, currencies and interest rates, while employing risk management strategies to mitigate downside risk.

*The following replaces the **"Investment Risks"** of the **"Conservative Growth Portfolio"** on page **23** of the Disclosure Statement:*

Investment Risks. Through its Vanguard stock fund holdings, the Portfolio is primarily subject to **stock market risk, index sampling risk, investment style risk, country/regional risk, currency risk,** and **emerging markets risk.** Through its Vanguard bond fund holdings, the Portfolio has low to moderate levels of **interest-rate risk, credit risk, income risk, call risk, income fluctuations,** and **manager risk.** These risks are discussed under **Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Vanguard is Investment Manager** starting on page **30** of the Disclosure Statement and on page **11** of this Supplement. Through its ownership in the Loomis Sayles bond fund, the Portfolio is subject to **agency securities risk, below investment-grade fixed-income securities risk, credit/counterparty risk, currency risk, derivatives risk, emerging markets risk, fixed-income securities risk, foreign securities risk, inflation/deflation risk, interest-rate risk, issuer risk, leverage risk, liquidity risk, management risk, market risk, mortgage-related and asset-backed securities risk, non-diversification risk,** and **short exposure risk.** These risks are discussed further under **Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Loomis Sayles is Investment Manager** on pages **11-13** of this Supplement.

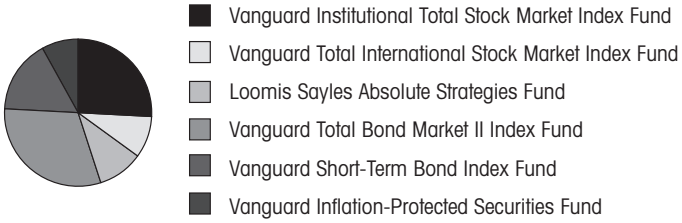
*The following new Portfolio, the **"Conservative Portfolio,"** is added between the **"Conservative Growth Portfolio"** and the **"Income Portfolio"** as a new Portfolio within the Age-Based Option on page **23** of the Disclosure Statement:*

Conservative Portfolio

Investment Objective. The Portfolio seeks to provide current income and moderate capital appreciation.

Investment Strategy. The Portfolio invests in two Vanguard index stock funds, one Loomis Sayles bond fund, two Vanguard index bond funds, and one Vanguard active bond fund, resulting in an allocation of 35% of assets to stocks and 65% to bonds. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

Vanguard Institutional Total Stock Market Index Fund	26%
Vanguard Total International Stock Market Index Fund	9%
Loomis Sayles Absolute Strategies Fund	10%
Vanguard Total Bond Market II Index Fund	31%
Vanguard Short-Term Bond Index Fund	16%
Vanguard Inflation-Protected Securities Fund	8%



Through its ownership of the Vanguard Total Bond Market II Index Fund, the Portfolio indirectly holds a broadly diversified collection of securities that, in the aggregate, approximates the Barclays Capital U.S. Aggregate Float Adjusted Index in terms of key risk factors and other characteristics. The Index represents a wide spectrum of public, investment-grade, taxable, fixed-income securities in the United States — including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities — all with maturities of more than 1 year. Through its ownership of the Vanguard Short-Term Bond Index Fund the Portfolio indirectly holds a range of securities that, in the aggregate, approximates the Barclays Capital U.S. 1–5 Year Government/Credit Float Adjusted Index. The Index includes all medium and larger issues of U.S. government, investment-grade corporate, and investment-grade international dollar denominated bonds that have maturities between 1 and 5 years and are publicly issued. The bond funds maintain a dollar-weighted average maturity consistent with that of their respective Indexes which generally range from 5 to 10 years (for Total Bond Market II Index Fund), or does not exceed 3 years (for Short-Term

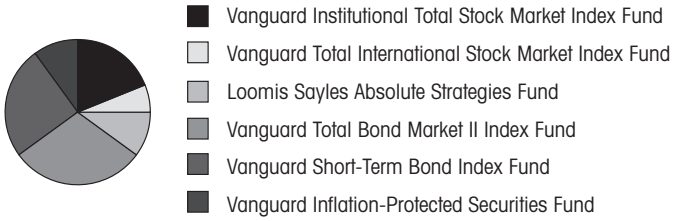
Bond Index Fund). Through its ownership of the Vanguard Inflation-Protected Securities Fund, the Portfolio indirectly holds assets in inflation-indexed bonds issued by the U.S. government, its agencies and instrumentalities, and corporations. Through its ownership of the Loomis Sayles bond fund, the Portfolio indirectly holds investments across a global range of investment opportunities related to credit, currencies and interest rates, while employing risk management strategies to mitigate downside risk. Through its ownership of the Vanguard Institutional Total Stock Market Index Fund, the Portfolio indirectly owns primarily large capitalization U.S. stocks and, to a lesser extent, mid- and small-capitalization U.S. stocks. Through its ownership of the Vanguard Total International Stock Market Index Fund, the Portfolio indirectly owns stocks of companies located in developed and emerging markets, excluding the United States.

Investment Risks. Because it invests mainly in Vanguard bond funds, the Portfolio primarily is subject to low to moderate levels of **interest-rate risk, credit risk, income risk, call risk, income fluctuations,** and **manager risk**. Through its stock fund holdings, the Portfolio has low to moderate levels of **stock market risk, investment style risk, index sampling risk, country/regional risk, currency risk,** and **emerging markets risk.** These risks are discussed under **Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Vanguard is Investment Manager** starting on page **30** of the Disclosure Statement and on page **11** of this Supplement. Through its ownership in the Loomis Sayles bond fund, the Portfolio is subject to **agency securities risk, below investment-grade fixed-income securities risk, credit/counterparty risk, currency risk, derivatives risk, emerging markets risk, fixed-income securities risk, foreign securities risk, inflation/deflation risk, interest-rate risk, issuer risk, leverage risk, liquidity risk, management risk, market risk, mortgage-related and asset-backed securities risk, non-diversification risk,** and **short exposure risk.** These risks are discussed further under **Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Loomis Sayles is Investment Manager** on pages **11-13** of this Supplement.

*The following replaces the **"Investment Strategy"** of the **"Income Portfolio"** on page **23** of the Disclosure Statement and on page **3** of the Supplement to the Disclosure Statement dated January 2010:*

Investment Strategy. The Portfolio invests in two Vanguard index stock funds, one Loomis Sayles bond fund, two Vanguard index bond funds, and one Vanguard active bond fund, resulting in an allocation of 25% of assets to stocks and 75% to bonds. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

Vanguard Institutional Total Stock Market Index Fund	19%
Vanguard Total International Stock Market Index Fund	6%
Loomis Sayles Absolute Strategies Fund	10%
Vanguard Total Bond Market II Index Fund	30%
Vanguard Short-Term Bond Index Fund	25%
Vanguard Inflation-Protected Securities Fund	10%



Through its ownership of the Vanguard Total Bond Market II Index Fund, the Portfolio indirectly holds a broadly diversified collection of securities that, in the aggregate, approximates the Barclays Capital U.S. Aggregate Float Adjusted Index in terms of key risk factors and other characteristics. The Index represents a wide spectrum of public, investment-grade, taxable, fixed-income securities in the United States — including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities — all with maturities of more than 1 year. Through its ownership of the Vanguard Short-Term Bond Index Fund the Portfolio indirectly holds a range of securities that, in the aggregate, approximates the Barclays Capital U.S. 1–5 Year Government/Credit Float Adjusted Index. The Index includes all medium and larger issues of U.S. government, investment-grade corporate, and investment-grade international dollar denominated bonds that have maturities between 1 and 5 years and are publicly issued. The bond funds maintain a dollar-weighted average maturity consistent with that of their respective Indexes, which generally range from 5 to 10 years (for Total Bond Market II Index Fund), or does not exceed 3 years (for Short-Term Bond Index Fund). Through its ownership of the Vanguard Inflation-Protected Securities Fund, the Portfolio indirectly holds assets in inflation-indexed bonds issued by the U.S. government, its agencies and instrumentalities, and corporations. Through its ownership of the Loomis Sayles bond fund, the Portfolio indirectly holds investments across a global range of investment opportunities related to credit, currencies and interest rates, while employing risk management strategies to mitigate downside risk. Through its ownership of the Vanguard Institutional Total Stock Market Index Fund, the Portfolio indirectly owns primarily large capitalization U.S. stocks and, to a lesser extent, mid- and small-capitalization U.S. stocks. Through its ownership of the Vanguard Total International Stock Market Index Fund, the Portfolio indirectly owns stocks of companies located in developed and emerging markets, excluding the United States.

*The following replaces the **"Investment Risks"** of the **"Income Portfolio"** on page **24** of the Disclosure Statement:*

Investment Risks. Because it invests mainly in bond funds, the Portfolio primarily is subject to low to moderate levels of **interest-rate risk, credit risk, income risk, call risk, income fluctuations,** and **manager risk.** Through its stock fund holdings, the Portfolio has low to moderate levels of **stock market risk, investment style risk, index sampling risk, country/regional risk, currency risk,** and **emerging markets risk.** These risks are discussed under **Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Vanguard is Investment Manager** starting on page **30** of the Disclosure Statement and on page **11** of this Supplement. Through its ownership in the Loomis Sayles bond fund, the Portfolio is subject to **agency securities risk, below investment-grade fixed-income securities risk, credit/**

counterparty risk, currency risk, derivatives risk, emerging markets risk, fixed-income securities risk, foreign securities risk, inflation/deflation risk, interest-rate risk, issuer risk, leverage risk, liquidity risk, management risk, market risk, mortgage-related and asset-backed securities risk, non-diversification risk, and **short exposure risk.** These risks are discussed further under **Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Loomis Sayles is Investment Manager** on pages **11-13** of this Supplement.

*The following replaces the **"Investment Strategy"** of the **"Conservative Income Portfolio"** on page **24** of the Disclosure Statement:*

Investment Strategy. The Portfolio invests in two Vanguard index stock funds, one Loomis Sayles bond fund, three Vanguard index bond funds, and one Vanguard active bond fund, resulting in an allocation of 15% of assets to stocks and 85% to bonds. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

Vanguard Institutional Total Stock Market Index Fund	10%
Vanguard Total International Stock Market Index Fund	5%
Loomis Sayles Absolute Strategies Fund	6%
Vanguard Total Bond Market II Index Fund	19%
Vanguard Short-Term Bond Index Fund	25%
Vanguard Inflation-Protected Securities Fund	10%
Vanguard Prime Money Market Fund	25%

Through its ownership of the Vanguard Total Bond Market II Index Fund, the Portfolio indirectly holds a broadly diversified collection of securities that, in the aggregate, approximates the Barclays Capital U.S. Aggregate Float Adjusted Index in terms of key risk factors and other characteristics. The Index represents a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States — including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities — all with maturities of more than 1 year. Through its ownership of the Vanguard Short-Term Bond Index Fund, the Portfolio indirectly holds a range of securities that, in the aggregate, approximates the Barclays Capital U.S. 1-5 Year Government/Credit Float Adjusted Index. The Index includes all medium and larger issues of U.S. government, investment-grade corporate, and investment-grade international dollar denominated bonds that have maturities between 1 and 5 years and are publicly issued. The bond funds maintain a dollar-weighted average maturity consistent with that of their respective Indexes, which generally range from 5 to 10 years (for Total Bond Market II Index Fund), or does not exceed 3 years (for Short-Term Bond Index Fund). Through its ownership of the money market fund, the Portfolio indirectly holds high-quality, short-term money market instruments, including certificates of deposit, banker's acceptances, commercial paper, and other money market securities. The money market fund maintains a dollar-weighted average maturity of 60 days or less and a dollar-weighted average life of 120 days or less. (See Note under the Money Market Portfolio description on page **25**.) Through its ownership of the Vanguard Inflation-Protected Securities Fund, the Portfolio indirectly holds assets in inflation-indexed bonds issued by the U.S. government, its agencies and instrumentalities, and corporations. Through its ownership of the Loomis Sayles bond fund, the Portfolio indirectly holds investments across a global range of investment opportunities related to credit, currencies and interest rates, while employing risk management strategies to mitigate downside risk. Through its ownership of the Vanguard Institutional Total Stock Market Index Fund, the Portfolio indirectly owns primarily large capitalization U.S. stocks and, to a lesser extent, mid- and small-capitalization U.S. stocks. Through its ownership of the Vanguard Total International Stock Market Index Fund, the Portfolio indirectly owns stocks of companies located in developed and emerging markets, excluding the United States.

*The following replaces the **"Investment Risks"** of the **"Conservative Income Portfolio"** on page **24** of the Disclosure Statement:*

Investment Risks. Because it invests mainly in Vanguard bond and money market funds, the Portfolio primarily is subject to low to moderate levels of **interest-rate risk, credit risk, income risk, call risk, income fluctuations,** and **industry concentration risk.** Through its stock fund holdings, the Portfolio also has a low to moderate level of **stock market risk, index sampling risk, investment style risk, country/regional risk, currency risk,** and **emerging markets risk.** These risks are discussed under **Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Vanguard is Investment Manager** starting on page **30** of the Disclosure Statement and on page **11** of this Supplement. Through its ownership in the Loomis Sayles bond fund, the Portfolio is subject to **agency securities risk, below investment-grade fixed-income securities risk, credit/counterparty risk, currency risk, derivatives risk, emerging markets risk, fixed-income securities risk, foreign securities risk, inflation/deflation risk, interest-rate risk, issuer risk, leverage risk, liquidity risk, management risk, market risk, mortgage-related and asset-backed securities risk, non-diversification risk,** and **short exposure risk.** These risks are discussed further under **Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Loomis Sayles is Investment Manager** on pages **11-13** of this Supplement.

*The following replaces the **"Investment Strategy"** for the **"U.S. Equity Index Portfolio"** on pages **24** and **25** of the Disclosure Statement:*

Investment Strategy. The Portfolio invests 100% of its assets in the Vanguard Institutional Total Stock Market Index Fund, which employs an indexing investment approach designed to track the performance of the MSCI US Broad Market Index, which represents 99.5% or more of the total market capitalization of all the U.S. common stocks regularly traded on

the New York Stock Exchange and the Nasdaq over-the-counter market. The Fund invests by sampling the Index, meaning that it holds a broadly diversified collection of securities that, in the aggregate, approximates the full Index in terms of key characteristics. These key characteristics include industry weightings and market capitalization, as well as certain financial measures, such as price/earnings ratio and dividend yield.

*The reference to **"derivatives risk"** under **"Investment Risks"** for the **"U.S. Equity Index Portfolio"** on page **25** of the Disclosure Statement is hereby deleted in its entirety.*

*The following **"Underlying Funds"** under the heading entitled **"Additional Vanguard Underlying Fund Profiles"** on page **29** of the Disclosure Statement are hereby deleted in their entirety and any references made to these **"Underlying Funds"** throughout the Disclosure Statement are hereby removed:*

- Vanguard Institutional Index Fund
- Vanguard Extended Market Index Fund
- Vanguard Institutional Developed Markets Index Fund

*The following are added as new **"Underlying Funds"** at the end of the section entitled **"Additional Vanguard Underlying Fund Profiles"** on page **30** of the Disclosure Statement:*

Vanguard Institutional Total Stock Market Index Fund

Investment Objective. The Fund seeks to track the performance of a benchmark index that measures the investment return of the overall stock market.

Investment Strategy. The Fund employs an indexing investment approach designed to track the performance of the MSCI US Broad Market Index, which represents 99.5% or more of the total market capitalization of all the U.S. common stocks regularly traded on the New York Stock Exchange and the Nasdaq over-the-counter market. The Fund invests by sampling the Index, meaning that it holds a broadly diversified collection of securities that, in the aggregate, approximates the full Index in terms of key characteristics. These key characteristics include industry weightings and market capitalization, as well as certain financial measures, such as price/earnings ratio and dividend yield.

Investment Risks. The Fund is primarily subject to **stock market risk** and **index sampling risk.** These risks are discussed under **Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Vanguard is Investment Manager** starting on page **30** of the Disclosure Statement and on page **11** of this Supplement.

Vanguard Total International Stock Market Index

Investment Objective. The Fund seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in developed and emerging markets, excluding the United States.

Investment Strategy. The Fund employs a "passive management" — or indexing — investment approach designed to track the performance of the MSCI® All Country World ex USA Investable Market Index (MSCI ACWI ex USA IMI Index), a free float-adjusted market capitalization index designed to measure equity market performance of companies located in developed and emerging markets, excluding the United States. The Index includes more than 6,000 stocks of companies located in 44 countries. The Fund invests all, or substantially all, of its assets in the common stocks included in its target index.

Investment Risks. The Fund is primarily subject to **stock market risk, investment style risk, country/regional risk, currency risk,** and **emerging markets risk.** These risks are discussed under **Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Vanguard is Investment Manager** starting on page **30** of the Disclosure Statement and on page **11** of this Supplement.

Vanguard Inflation-Protected Securities Fund

Investment Objective. The Fund seeks to provide inflation protection and income consistent with investment in inflation-indexed securities.

Investment Strategy. The Fund invests at least 80% of its assets in inflation-indexed bonds issued by the U.S. government, its agencies and instumentalities, and corporations. The Fund may invest in bonds of any maturity; however, its dollar-weighted average maturity is expected to be in the range of 7 to 20 years. At a minimum, all bonds purchased by the Fund will be rated "investment-grade."

Investment Risks. The Fund is primarily subject to **income fluctuations, interest rate risk** and **manager risk.** These risks are discussed under **Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Vanguard is Investment Manager** starting on page **30** of the Disclosure Statement and on page **11** of this Supplement.

Loomis Sayles Absolute Strategies Fund

Investment Goal. The Fund seeks to provide an attractive absolute total return, complemented by prudent investment management designed to manage risks and protect investor capital. The secondary goal of the Fund is to achieve these returns with relatively low volatility. The investment goal is non-fundamental and may be changed without shareholder approval. The Fund will provide 60 days prior notice to shareholders before changing the investment goal.

Investment Strategy. The Fund has an absolute return investment objective, which means that it is not managed relative to an index and that it attempts to achieve positive total returns over a full market cycle. The Fund intends to pursue its objective by utilizing a flexible investment approach that allocates investments across a global range of investment opportunities related to credit, currencies and interest rates, while employing risk management strategies to mitigate downside risk. The Fund may invest up to 100% of its total assets in below investment-grade fixed-income securities (also known as "junk bonds") and derivatives that have returns related to the returns on below investment-grade fixed-income securities, although it is expected that, under normal market

conditions, the Fund's net exposure (i.e., long exposures obtained through direct investments in securities and in derivatives minus short exposures obtained through derivatives) to below investment-grade fixed-income assets generally will not exceed 50% of the Fund's total assets. Under normal market conditions, the Fund also may invest up to 50% of its total assets in investments denominated in non-U.S. currencies and related derivatives, including up to 20% in investments denominated in emerging market currencies and related derivatives. The Fund expects that its exposure to these asset classes will often be obtained substantially through the use of derivative instruments. The Fund defines an "emerging market currency" as a currency of a country that carries a sovereign quality rating that is rated below investment-grade by either S&P or Moody's, or is unrated by both S&P and Moody's. Currency positions that are intended to hedge the Fund's non-U.S. currency exposure (i.e., currency positions that are not made for investment purposes) will offset positions in the same currency that are made for investment purposes when calculating the limitation on investments in non-U.S. and emerging market currency investments because the Fund believes that hedging a currency position is likely to negate some or all of the currency risk associated with the original currency position. The Fund does not have limits on the duration of its portfolio, and the Fund's duration will change over time.

In selecting investments for the Fund, the Adviser develops long-term portfolio themes driven by macro-economic indicators. These include secular global economic trends, demographic trends and labor supply, analysis of global capital flows and assessments of geopolitical factors. The Adviser then develops shorter-term portfolio strategies based on factors including, but not limited to, economic, credit and Federal Reserve cycles, and top-down sector valuations and bottom-up security valuations. The Adviser employs active risk management, with a focus on credit, interest rate and currency risks. Additionally, the portfolio managers will use risk management tools in constructing and optimizing the portfolio and seek to manage risk on an ongoing basis. The portfolio management team expects to actively evaluate each investment idea based upon its return potential, its level of risk and its fit within the team's overall macro strategy when deciding whether to buy or sell investments, with the goal of continually optimizing the Fund's portfolio.

The Fund will pursue its investment goal by obtaining long investment exposures through direct cash investments and derivatives and short investment exposures substantially through derivatives. A "long" investment exposure is an investment that rises in value with a rise in the value of an asset, asset class or index and declines in value with a decline in the value of that asset, asset class or index. A "short" investment exposure is an investment that rises in value with a decline in the value of an asset, asset class or index and declines in value with a rise in the value of that asset, asset class or index. The Fund's long and short investment exposures may, at times, each reach 100% of the assets invested in the Fund (excluding instruments primarily used for duration management and short-term investments (such as cash and money market instruments)), although these exposures may be higher or lower at any given time.

Investment Risks. The Fund is primarily subject to **agency securities risk, below investment-grade fixed-income securities risk, credit/counterparty risk, currency risk, derivatives risk, emerging markets risk, fixed-income securities risk, inflation/deflation risk, interest-rate risk, issuer risk, leverage risk, liquidity risk, management risk, market risk, mortgage-related and asset-backed securities risk, non-diversification risk,** and **short exposure risk.** These risks are discussed under **Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Loomis Sayles is Investment Manager** on pages **11-13** of this Supplement.

*The following replaces the name of the **"Risk Factor"** for **"Call/Prepayment Risk"** under the heading entitled "**Portfolios for which Vanguard is Investment Manager"** on page **30** of the Disclosure Statement:*

Call Risk.

*The following **"Risk Factors"** under the heading entitled **"Portfolios for which Vanguard is Investment Manager"** on page **30** of the Disclosure Statement are deleted in their entirety and all references made to these **"Risk Factors"** throughout the Disclosure Statement are hereby removed:*

Derivatives Risk.

Foreign Securities Risk.

*The following are added as new **"Risk Factors"** under the heading entitled **"Portfolios for which Vanguard is Investment Manager"** on page **30** of the Disclosure Statement:*

Country/Regional Risk: The chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries or regions. Because the Vanguard Total International Stock Market Index Fund may invest a large portion of its assets in securities of companies located in any one country or region, including emerging markets, its performance may be hurt disproportionately by the poor performance of its investments in that area.

Currency Risk: The chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates.

Emerging Markets Risk: The chance that the stocks of companies located in emerging markets will be substantially more volatile, and substantially less liquid, than the stocks of companies located in more developed foreign markets.

Income Fluctuations Risk: The risk that the fund's quarterly income distributions are likely to fluctuate considerably more than the income distributions of a typical bond fund. Income fluctuations associated with changes in interest rates are expected to be low; however, income fluctuations associated with changes in inflation are expected to be high. Overall, investors can expect income fluctuations to be high for the Vanguard Inflation-Protected Securities Fund.

*The following **"Risk Factors"** are added for **"Portfolios for which Loomis Sayles is Investment Manager"** at the end of the section entitled **"Explanation of the Risk Factors of the Portfolios and the***

Underlying Funds" *on page* ***37*** *of the Disclosure Statement:*

Loomis Sayles, Investment Manager

Agency Securities Risk: Agency securities are subject to fixed-income securities risk. Certain debt securities issued or guaranteed by agencies of the U.S. government are guaranteed as to the payment of principal and interest by the relevant entity but have not been backed by the full faith and credit of the U.S. government. Instead, they have been supported only by the discretionary authority of the U.S. government to purchase the agency's obligations. An event affecting the guaranteeing entity could adversely affect the payment of principal or interest or both on the security and, therefore, these types of securities should be considered to be riskier than U.S. government securities.

Below Investment-Grade Fixed-Income Securities Risk: This is the risk that the Fund's investments in below investment-grade fixed income securities, also known as "junk bonds," may be subject to greater risks than other fixed-income securities, including being subject to greater levels of interest rate risk, credit risk (including a greater risk of default) and liquidity risk. The ability of the issuer to make principal and interest payments is predominantly speculative for below investment-grade fixed-income securities.

Credit/Counterparty Risk: Credit risk is the risk that the issuer or the guarantor of a fixed-income security, or the counterparty to a derivatives or other transaction, will be unable or unwilling to make timely payments of interest or principal or to otherwise honor its obligations. Below investment grade fixed-income securities are considered predominantly speculative with respect to the ability of the issuer to make timely principal and interest payments. The Fund will be subject to credit risks with respect to the counterparties of its derivative transactions. Many of the protections afforded to participants on organized exchanges, such as the performance guarantee of an exchange clearing house, are not available in connection with OTC derivative transactions, such as foreign currency transactions. As a result, in instances when the Fund enters into OTC derivative transactions, the Fund will be subject to the risk that its direct counterparties will not perform their obligations under the transactions and that the Fund will sustain losses or be unable to realize gains.

Currency Risk: Fluctuations in the exchange rates between different currencies may negatively affect an investment. The Fund may be subject to currency risk because it may invest a significant portion of its assets in currency-related instruments, such as forward currency exchange contracts, foreign currency futures contracts, options on foreign currencies and foreign currency futures, cross-currency instruments (such as swaps) and direct investments in foreign currencies. The Fund also is subject to currency risk because it may invest in securities or other instruments denominated in, or receive revenues in, foreign currencies. The Adviser may elect not to hedge currency risk, which may cause the Fund to incur losses that would not have been incurred had the risk been hedged.

Derivatives Risk: Derivatives are subject to changes in the value of the underlying asset or indices on which such transactions are based. There is no guarantee that the use of derivatives will be effective or that suitable transactions will be available. Even a small investment in derivatives may give rise to leverage risk and can have a significant impact on the Fund's exposure to securities markets values, interest rates or currency exchange rates. It is possible that the Fund's liquid assets may be insufficient to support its obligations under its derivatives positions. The use of derivatives for other than hedging purposes may be considered a speculative activity, and involves greater risks than are involved in hedging. The Fund's use of derivatives, such as futures, forward contracts, options, warrants, foreign currency transactions, swaps and credit default swaps, involves other risks, such as the credit risk relating to the other party to a derivative contract (which is greater for forward contracts, swaps and other OTC derivatives), the risk of difficulties in pricing and valuation, the risk that changes in the value of a derivative may not correlate perfectly with relevant assets, rates or indices, liquidity risk, allocation risk and the risk of losing more than the initial margin required to initiate derivatives positions. There can be no assurance that the Fund's derivative counterparties will not experience financial difficulties, possibly resulting in losses to the Fund. There is also the risk that the Fund may be unable to terminate or sell a derivatives position at an advantageous time or price.

Emerging Markets Risk: Investing in emerging markets companies, which may be smaller and have shorter operating histories than companies in developed markets, involves risks in addition to, and greater than, those generally associated with investing in companies in developed foreign markets. The extent of economic development, political stability, market depth, infrastructure, capitalization and regulatory oversight in emerging market economies is generally less than in more developed markets.

Fixed-Income Securities Risk: Fixed-income securities are subject to credit risk, interest rate risk and liquidity risk. Generally, the value of fixed income securities rises when prevailing interest rates fall and falls when interest rates rise. You may lose money on your investment due to unpredictable drops in a security's value or periods of below-average performance in a given security or in the securities market as a whole. In addition, an economic downturn or period of rising interest rates could adversely affect the market of these securities and reduce the Fund's ability to sell them.

Foreign Securities Risk: The Fund's investments in foreign securities are subject to foreign currency fluctuations. Foreign securities may be subject to higher volatility than U.S. securities, varying degrees of regulation and limited liquidity. Investments in foreign securities may be subject to greater political, economic, environmental, credit and information risks.

Inflation/Deflation Risk: Inflation risk is the risk that the value of assets or income from investments will be worth less in the future as inflation decreases the present value of future payments. Deflation risk is the risk that prices throughout the economy decline over time (the opposite of inflation). Deflation may have an adverse effect on the creditworthiness of issuers and may make issuer default more likely, which may result in a decline in the value of the Fund's portfolio. Because the Fund seeks positive returns that exceed the rate of inflation over time, if the portfolio managers' inflation forecasts are incorrect, the Fund may be more severely impacted than other funds.

Interest-Rate Risk: Changes in interest rates may cause the value of the Fund's investments to decrease. Generally, the value of fixed income securities rises when prevailing interest rates fall and falls when interest rates rise. A period of low interest rates may cause the Fund to have a low or negative yield, potentially reducing the value of your investment.

Issuer Risk: The value of the Fund's investments may decline for a number of reasons that directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods and services.

Leverage Risk: Use of derivative instruments may involve leverage. Leverage is the risk associated with securities or practices that multiply small index, market or asset price movements into larger changes in value. To the extent that the Fund uses a derivative for purposes other than as a hedge, or if the Fund hedges imperfectly, the Fund is directly exposed to the risks of that derivative and any loss generated by the derivative will not be offset by a gain. The use of leverage will increase the impact of gains and losses on the Fund's returns, and may lead to significant losses if investments are not successful. However, the Adviser will attempt to ensure that at all times, the Fund has sufficient liquid assets to enable it to satisfy its obligations under its derivative contracts.

Liquidity Risk: Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing the Fund from selling these illiquid securities at an advantageous price or time. A lack of liquidity also may cause the value of investments to decline. Illiquid investments also may be difficult to value.

Management Risk: A strategy used by the Fund's portfolio managers may fail to produce the intended result.

Market Risk: The market value of a security will move up and down, sometimes rapidly and unpredictably, based upon a change in an issuer's financial condition, as well as overall market and economic conditions. The Fund's portfolio managers will attempt to reduce this risk by implementing various volatility management strategies and techniques. However, there is no guarantee that such strategies and techniques will produce the intended result.

Mortgage-Related and Asset-Backed Securities Risk: In addition to the risks associated with investments in fixed-income securities generally (for example, credit, liquidity and valuation risk), mortgage-related and asset-backed securities are subject to the risks of the mortgages and assets underlying the securities as well as prepayment risk, the risk that the securities may be prepaid and result in the reinvestment of the prepaid amounts in securities with lower yields than the prepaid obligations. Conversely, there is a risk that an unexpected rise in interest rates will extend the life of a mortgage-related or asset-backed security beyond the expected prepayment time, typically reducing the security's value. The Fund also may incur a loss when there is a prepayment of securities that were purchased at a premium. The Fund's investments in other asset-backed securities are subject to risks similar to those associated with mortgage-related securities, as well as additional risks associated with the nature of the assets and the servicing of those assets.

Non-Diversification Risk: Compared with other mutual funds, the Fund may invest a greater percentage of its assets in a particular issuer and may invest in fewer issuers. Therefore, the Fund may have more risk because changes in the value of a single security or the impact of a simple economic, political or regulatory occurrence may have a greater adverse impact on the Fund's NAV.

Short Exposure Risk: A short exposure through a derivative may present various risks, including credit/counterparty risk and leverage risk. If the value of the asset, asset class or index on which the Fund has obtained a short investment exposure increases, the Fund will incur a loss. Unlike a direct cash investment like a stock, bond or exchange-traded fund, where the potential loss is limited to the purchase price, the potential risk of loss from a short exposure is theoretically unlimited.

*The following replaces the **"Investment Performance"** table on page **2** of the Supplement to the Disclosure Statement dated October 2011:*

AVERAGE ANNUAL TOTAL RETURNS AS OF MARCH 31, 2012				
PORTFOLIO	**1 YEAR**	**3 YEAR**	**SINCE INCEPTION**	**INCEPTION DATE**
Aggressive Growth Portfolio	3.98%	22.05%	4.01%	9/19/2008
Growth Portfolio	4.77%	18.93%	4.95%	9/19/2008
Moderate Growth Portfolio	5.25%	16.04%	5.84%	9/19/2008
Conservative Growth Portfolio	5.88%	14.19%	5.89%	9/19/2008
Income Portfolio	5.47%	10.25%	5.65%	9/19/2008
Conservative Income Portfolio	3.78%	6.11%	4.11%	9/19/2008
U.S. Equity Index Portfolio	7.02%	24.15%	5.77%	9/19/2008
Short-Term Bond Index Portfolio	3.14%	3.51%	4.04%	9/19/2008
Money Market Portfolio	0.00%	0.03%	0.31%	9/19/2008
International Portfolio	-7.89%	21.85%	1.72%	9/19/2008
Active Bond Portfolio	10.26%	19.36%	12.49%	9/19/2008
Inflation-Protected Portfolio	10.98%	9.25%	7.10%	9/19/2008
Bond Index Portfolio	7.36%	NA	6.45%	7/27/2009
Savings Portfolio	0.70%	NA	0.82%	7/19/2010

*The following definition replaces the definition of **"Investment Managers"** under the heading entitled **"Section XVII: Glossary"** on page **49** of the Disclosure Statement and on page **4** of the Supplement to the Disclosure Statement dated July 2010:*

Investment Mangers: The Vanguard Group, Inc., Dodge & Cox, Loomis Sayles, Scout Investments, Inc. and Western Asset are the managers of their respective Underlying Funds; and Sallie Mae bank is the bank where investments in the Savings Portfolio are deposited in the HYSA.

*The following definition is added between **"Investment Managers"** and **"Management Agreement"** under the heading entitled "**Section XVII: Glossary**" on page **49** of the Disclosure Statement:*

Loomis Sayles:

*The following definition replaces the definition of **"Plan Officials"** under the heading entitled **"Section XVII: Glossary"** on page **50** of the Disclosure Statement and on page **4** of the Supplement to the Disclosure Statement dated July 2010:*

Plan Officials: The State, the Indiana Education Savings Authority, the Board, any other agency of the State, the Program Manager (including its affiliates and agents), The Vanguard Group, Inc. (including its affiliates and agents), Dodge & Cox (including its affiliates and agents), Loomis Sayles (including its affiliates and agents), Scout Investments, Inc. (including its affiliates and agents), Western Asset (including its affiliates and agents), and Sallie Mae Bank (including its affiliates and agents).

*The following replaces the last page of the **"Disclosure Statement"** on page **54** and on page **4** of the Supplement to the Disclosure Statement dated July 2010:*

CollegeChoice 529 Direct Savings Plan (Plan) is administered by the Indiana Education Savings Authority (Authority). Upromise Investments, Inc. (UII) serves as the Program Manager and Upromise Investment Advisors, LLC (UIA), provides investment advisory services and recordkeeping and administrative services. UII and UIA have overall responsibility for the day-to-day operations, including marketing and distribution of the Plan. Upromise, Inc., UII, UIA, and Sallie Mae Bank are affiliates. Dodge & Cox; Loomis Sayles, Sallie Mae Bank; Scout Investments, Inc. (Scout); The Vanguard Group, Inc. (Vanguard); and Western Asset serve as Investment Managers for the Plan. The Plan's Portfolios invest in either: (i) mutual funds offered or managed by Dodge & Cox, Loomis Sayles, Scout, Vanguard, and Western Asset; or (ii) an FDIC-insured omnibus savings account held in trust by the Authority at Sallie Mae Bank. Except for the Savings Portfolio, investments in the Plan 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, you could lose all or a portion of your money by investing in the Plan, depending on market conditions. Account Owners assume all investment risks as well as responsibility for any federal and state tax consequences.

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Please file this Supplement to the CollegeChoice 529 Direct Savings Plan Disclosure Statement with your records.

SUPPLEMENT DATED OCTOBER 2011 TO THE COLLEGECHOICE 529 DIRECT SAVINGS PLAN DISCLOSURE STATEMENT DATED SEPTEMBER 2008

This Supplement describes important changes affecting the CollegeChoice 529 Direct Savings Plan.

Rebranding of a Certain Entity

*All references to **"Frontegra Asset Management, Inc. ("Frontegra Funds")"** found throughout this Disclosure Statement are revised to **"Scout Investments, Inc. ("Scout")."***

SALLIE MAE 529 REWARDS® Credit Card℠

On or about November 20, 2011, CollegeChoice 529 will offer a credit card - SALLIE MAE 529 REWARDS Credit Card issued by Sallie Mae Bank. Please see below for further information.

*The following is added to the end of the first sentence of the section entitled **"Automatic Investment Plan"** on page **14**:*

subject to certain processing restrictions. You may elect to authorize an annual increase to your AIP contribution.

*The following language replaces the second sentence of the second paragraph of the section entitled **"Automatic Investment Plan"** on page **14**:*

To be effective, a change to, or termination of, an AIP must be received at least 5 business days before the next AIP debit is scheduled to be deducted from your bank account and is not effective until received and processed by us. If your AIP contribution cannot be processed because the bank account on which it is drawn has insufficient funds or due to incomplete or inaccurate information, or if the transaction would violate processing restrictions, we reserve the right to suspend processing of future AIP contributions.

*The following is added to the end of the first sentence of the section entitled **"Electronic Funds Transfer"** on page **14**:*

subject to certain processing restrictions.

*The following is added as the first sentence of the second paragraph of the section entitled **"Electronic Funds Transfer"** on page **14**:*

If your EFT Contribution cannot be processed because the bank account on which it is drawn contains insufficient funds or because of incomplete information or inaccurate information, or if the transaction would violate processing restrictions, we reserve the right to suspend processing of future EFT Contributions.

*The following is added to the end of the first paragraph of the section entitled "Maximum Account Balance" on page **17**:*

If, however, the market value of such Account falls below the Maximum Account Balance, additional contributions will be accepted.

*The following new section is added after the section entitled **"Upromise® rewards service"** and before **"Section VIII: Investment Performance"** on page 18:*

SALLIE MAE 529 REWARDS® Credit Card℠. If you are a card member of the SALLIE MAE 529 REWARDS Credit Card, you can link a designated Account so that rewards earned on qualified retail purchases charged to the credit card are automatically transferred from the card member credit card account into your designated Account on a periodic basis. The minimum amount for an automatic transfer from the credit card account to your Account is $25. If rewards are transferred into your Account, you will receive a trade date of that day's market's close. They will be invested according to the standing allocation instructions of your Account. You cannot use the transfer of rewards from a credit card account as the initial funding source for your Account and transfers from the credit card to your Account are not contributions eligible for the State income tax credit.

This Disclosure Statement is not intended to provide detailed information concerning the SALLIE MAE 529 REWARDS Credit Card. The SALLIE MAE 529 REWARDS Credit Card is issued by Sallie Mae Bank and is administered in accordance with the terms and conditions set forth in the Sallie Mae Cardmember Agreement and Rewards Program Rules (as amended from time to time). The SALLIE MAE 529 REWARDS Credit Card is an optional service, is separate from CollegeChoice 529, and is not affiliated with the State, the Authority, the Board, or the Trust. Sallie Mae Bank is an affiliate of Upromise Investments, Inc., Upromise Investment Advisors, LLC and Upromise, Inc.

*The following table replaces the **"Investment Performance"** at the end of the second paragraph of **"Section IX: Investment Performance"** on page **2** in the Supplement dated October 2010 to the CollegeChoice 529 Direct Savings Plan Disclosure Statement:*

AVERAGE ANNUAL TOTAL RETURNS AS OF JUNE 30, 2011			
PORTFOLIO	**1 YEAR**	**SINCE INCEPTION**	**INCEPTION DATE**
Aggressive Growth Portfolio	28.74%	3.86%	9/19/2008
Growth Portfolio	24.02%	4.86%	9/19/2008
Moderate Growth Portfolio	19.92%	5.94%	9/19/2008
Conservative Growth Portfolio	15.37%	5.84%	9/19/2008
Income Portfolio	9.67%	5.74%	9/19/2008
Conservative Income Portfolio	5.93%	4.33%	9/19/2008
U.S. Equity Index Portfolio	32.17%	4.76%	9/19/2008
Short-Term Bond Index Portfolio	2.44%	4.56%	9/19/2008
Money Market Portfolio	0.00%	0.39%	9/19/2008
International Portfolio	31.00%	5.42%	9/19/2008
Active Bond Portfolio	5.49%	12.95%	9/19/2008
Inflation-Protected Portfolio	6.49%	6.20%	9/19/2008
Bond Index Portfolio	3.40%	6.36%	7/27/2009
Savings Portfolio	N/A	0.90%	7/19/2010

*The word **"Qualified"** is deleted in the second sentence of the section entitled **"Procedures for Distributions"** on page **43**.*

*The following language replaces the language under the section entitled **"Creditor Protections"** on pages **47**:*

The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 provides protection in federal bankruptcy proceedings for certain assets that have been contributed to 529 Plan accounts. Your Account will be protected if the Beneficiary is your child, stepchild, grandchild, or step-grand-child (including a legally adopted child or a foster child) subject to the following limits:

- Contributions made to all 529 Plan accounts for the same Beneficiary at least 720 days before a federal bankruptcy filing are completely protected;
- Contributions made to all 529 Plan accounts for the same Beneficiary more than 365 days but less than 720 days before a federal bankruptcy filing are protected up to $5,850; and
- Contributions made to all 529 Plan accounts for the same Beneficiary less than 365 days before a federal bankruptcy filing are not protected against creditor claims in federal bankruptcy proceedings.

Federal bankruptcy law permits a debtor to exempt certain specified assets from liability notwithstanding the assets being property of the debtor's estate. Under federal bankruptcy law, however, assets held in a 529 Plan account which are property of the debtor's estate are not exempt from debt for domestic support obligations. **You should consult a legal advisor regarding the application of this specific law to your particular circumstances and for a determination of whether Indiana or federal law applies to your situation.**

Please file this Supplement to the CollegeChoice 529 Direct Savings Plan Disclosure Statement with your records.

SUPPLEMENT DATED OCTOBER 2010 TO THE COLLEGECHOICE 529 DIRECT SAVINGS PLAN DISCLOSURE STATEMENT DATED SEPTEMBER 2008

This Supplement describes important changes affecting the CollegeChoice 529 Direct Savings Plan.

FDIC Insurance

As of July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act signed by President Barack Obama increased the FDIC insurance amount to $250,000 permanently. Accordingly, all references to contributions to and earnings on the investments in the Savings Portfolio insured by the FDIC on a pass-through basis to each Account Owner up to the maximum amount set by federal law — currently $250,000 through December 31, 2013 and $100,000 thereafter — found throughout the Disclosure Statement should be updated to $250,000 to reflect the new law.

Fee Changes

*The following sentence replaces the second sentence under the section **"What are the fees associated with CollegeChoice 529?"** on page **3:***

The total annual asset-based fee varies from 0.29% to 0.94%, depending upon the Portfolio you choose.

*The following replaces the **"Fee Structure Table"** on page **7:***

A $20 ANNUAL ACCOUNT MAINTENANCE FEE IS ASSESSED PER ACCOUNT.[1] ALL INVESTMENT OPTIONS BEAR THE TOTAL ANNUAL ASSET-BASED FEE.[2]			
	ANNUALIZED PROGRAM FEE		
INVESTMENT OPTIONS	**ANNUALIZED UNDERLYING FUND FEE[3]**	**ANNUALIZED MANAGER FEE**	**TOTAL ANNUAL ASSET-BASED FEE[2]**
Aggressive Growth Portfolio	0.06%	0.44%	0.50%
Growth Portfolio	0.06%	0.44%	0.50%
Moderate Growth Portfolio	0.07%	0.44%	0.51%
Conservative Growth Portfolio	0.07%	0.44%	0.51%
Income Portfolio	0.08%	0.44%	0.52%
Conservative Income Portfolio	0.09%	0.44%	0.53%
U.S. Equity Index Portfolio	0.06%	0.29%	0.35%
Short-Term Bond Index Portfolio	0.12%	0.29%	0.41%
Money Market Portfolio	0.10%	0.29%	0.39%
International Portfolio	0.65%	0.29%	0.94%
Active Bond Portfolio	0.35%	0.29%	0.64%
Inflation-Protected Portfolio	0.25%	0.29%	0.54%
Bond Index Portfolio	0.07%	0.29%	0.36%
Savings Portfolio	0.00%	0.29%	0.29%

[1]This fee is waived if you or your Beneficiary is an Indiana Resident or your Account balance is at least $25,000.00.

[2]This total is assessed against assets over the course of the year and includes the annualized Underlying Fund Fee and the annualized Manager Fee, but does not include the Annual Account Maintenance Fee. Please refer to the Table on page **9** that shows the total approximate investment cost over 1-, 3-, 5, and 10-year periods.

[3]The Underlying Fund Fee includes investment advisory fees, administrative, and other expenses, which are paid to Vanguard, Frontegra Funds, and Western Asset, as applicable. As of August 31, 2010. For Dodge & Cox Funds, the Underlying Fund Fee includes investment advisory fees, administrative, and other fees which are paid to Dodge & Cox and other service providers to the Dodge & Cox Funds. As of August 31, 2010.

*The following tables replace the **"Approximate Cost for a $10,000 Investment"** tables on page **9:***

APPROXIMATE COST FOR A $10,000 INVESTMENT EXCLUDING THE $20 ACCOUNT MAINTENANCE FEE

PORTFOLIO	1 YEAR	3 YEAR	5 YEAR	10 YEAR
Aggressive Growth Portfolio	$51	$160	$280	$628
Growth Portfolio	$51	$160	$280	$628
Moderate Growth Portfolio	$52	$164	$285	$640
Conservative Growth Portfolio	$52	$164	$285	$640
Income Portfolio	$53	$167	$291	$653
Conservative Income Portfolio	$54	$170	$296	$665
U.S. Equity Index Portfolio	$36	$113	$197	$443
Short-Term Bond Index Portfolio	$42	$132	$230	$518
Money Market Portfolio	$40	$125	$219	$493
International Portfolio	$96	$300	$520	$1,155
Active Bond Portfolio	$65	$205	$357	$798
Inflation-Protected Portfolio	$55	$173	$302	$677
Bond Index Portfolio	$37	$116	$202	$456
Savings Portfolio	$30	$93	$163	$368

APPROXIMATE COST FOR A $10,000 INVESTMENT INCLUDING THE $20 ACCOUNT MAINTENANCE FEE

PORTFOLIO	1 YEAR	3 YEAR	5 YEAR	10 YEAR
Aggressive Growth Portfolio	$71	$220	$379	$823
Growth Portfolio	$71	$220	$379	$823
Moderate Growth Portfolio	$72	$223	$384	$835
Conservative Growth Portfolio	$72	$223	$384	$835
Income Portfolio	$73	$226	$390	$847
Conservative Income Portfolio	$74	$230	$395	$859
U.S. Equity Index Portfolio	$56	$172	$296	$640
Short-Term Bond Index Portfolio	$62	$191	$329	$713
Money Market Portfolio	$60	$185	$318	$689
International Portfolio	$116	$359	$618	$1,345
Active Bond Portfolio	$85	$264	$455	$992
Inflation-Protected Portfolio	$75	$233	$401	$871
Bond Index Portfolio	$57	$175	$301	$652
Savings Portfolio	$50	$153	$262	$565

Investment Performance Update

*The following table replaces the **"Investment Performance"** table as of June 30, 2010 at the end of the second paragraph of **"Section IX: Investment Performance"** on page **37:***

AVERAGE ANNUAL TOTAL RETURNS AS OF JUNE 30, 2010

PORTFOLIO	1 YEAR	SINCE INCEPTION	INCEPTION DATE
Aggressive Growth Portfolio	14.46%	-7.95%	9/19/2008
Growth Portfolio	12.88%	-4.58%	9/19/2008
Moderate Growth Portfolio	11.76%	-1.19%	9/19/2008
Conservative Growth Portfolio	12.03%	0.84%	9/19/2008
Income Portfolio	10.13%	3.61%	9/19/2008
Conservative Income Portfolio	6.09%	3.44%	9/19/2008
U.S. Equity Index Portfolio	15.73%	-8.07%	9/19/2008
Short-Term Bond Index Portfolio	5.14%	5.78%	9/19/2008
Money Market Portfolio	0.10%	0.62%	9/19/2008
International Portfolio	12.90%	-6.70%	9/19/2008
Active Bond Portfolio	18.75%	17.40%	9/19/2008
Inflation-Protected Portfolio	10.45%	6.04%	9/19/2008
Bond Index Portfolio	N/A	8.90%	7/27/2009

Please file this Supplement to the CollegeChoice 529 Direct Savings Plan Disclosure Statement with your records.

SUPPLEMENT DATED JULY 2010 TO THE COLLEGECHOICE 529 DIRECT SAVINGS PLAN DISCLOSURE STATEMENT DATED SEPTEMBER 2008

This supplement describes important changes affecting the CollegeChoice 529 Direct Savings Plan.

On or about July 19, 2010, CollegeChoice 529 will offer a new Individual Portfolio – the Savings Portfolio. 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. Sallie Mae Bank is an affiliate of the Program Manager.

Investments in the Savings Portfolio earn a varying rate of interest. Interest on the HYSA will be compounded daily based on the actual number of days in a year (typically, 365/365 and 366/366 in leap years) and will be credited to the HYSA on a monthly basis. The interest rate is expressed as an Annual Percentage Yield ("APY"). The HYSA APY will be reviewed by Sallie Mae Bank on a periodic basis and may be recalculated as needed at any time. To see the current Savings Portfolio APY please visit www.collegechoicedirect.com or call 1.866.485.9415.

Investments in the Savings Portfolio are pooled into the FDIC-insured omnibus savings account held in trust by the Authority at Sallie Mae Bank. Subject to the application of Sallie Mae Bank and FDIC rules and regulations to each Account Owner, funds in the Savings Portfolio will retain their value as described below under "FDIC Insurance."

FDIC Insurance

Except for the Savings Portfolio, investments in the CollegeChoice 529 Direct Savings Plan are **not** insured by the FDIC.

FDIC insurance is provided for the Savings Portfolio only, which invests in an FDIC-insured omnibus savings account held in trust by the 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 the maximum amount set by federal law – currently $250,000 through December 31, 2013, and $100,000 thereafter. 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. Plan Officials are not responsible for determining how an Account Owner's investment in the Savings Portfolio will be aggregated with other accounts held by the Account Owner at Sallie Mae Bank for purposes of the FDIC insurance.

No Other Guarantees

There is no other insurance and there are no other guarantees for the Savings Portfolio. Therefore, like all of the Portfolios, neither your contributions into the Savings Portfolio nor any investment return earned on your contributions are guaranteed by Plan Officials. In addition, the Savings Portfolio does not provide a guarantee of any level of performance or return.

*The following sentences replace the first two sentences in the answer to the question **"How does CollegeChoice 529 work?"** under the heading entitled **"Section I: Frequently Asked Questions"** on page **3:***

When you enroll in CollegeChoice 529, you choose to invest in one or more of nine different Investment Options, which are either Age-Based or Individual Portfolios, based upon your investing preferences and risk tolerance. Each Investment Option invests in either: (i) mutual funds offered or managed by The Vanguard Group, Inc. (Vanguard), Dodge & Cox, Frontegra Asset Management, Inc. (Frontegra Funds), and Western Asset; or (ii) an FDIC-insured omnibus savings account held in trust by the Authority at Sallie Mae Bank.

*The following sentence replaces the second sentence in the answer to the question **"How many Accounts can I open?"** under the heading entitled **"Section I: Frequently Asked Questions"** on page **3:***

You may also invest in any of the nine Investment Options offered.

*The following sentence replaces the second sentence in the answer to the question **"What are the fees associated with CollegeChoice 529?"** under the heading entitled **"Section I: Frequently Asked Questions"** on page **3:***

The total annual asset-based fee varies from 0.29% to 0.93%, depending upon the Portfolio you choose.

*The following paragraph replaces the answer to the question **"Is my CollegeChoice 529 Account guaranteed?"** under the heading entitled **"Section I: Frequently Asked Questions"** on page **3:***

Generally, CollegeChoice 529 is not insured or guaranteed. However, the Savings Portfolio offers FDIC insurance on a pass-through basis to Account Owners as described in this Supplement. 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 (subject to the limits described in the section entitled "FDIC Insurance"), depending on market conditions, you could lose all or a portion of your investment.

*The following row is added for the Savings Portfolio to the end of the **"Fee Structure Table"** on page **7:***

	ANNUALIZED PROGRAM FEE			ADDITIONAL EXPENSES
INVESTMENT OPTION AGE-BASED OPTION	**ANNUALIZED UNDERLYING FUND FEE[1]**	**ANNUALIZED MANAGER FEE[2]**	**TOTAL ANNUAL ASSET-BASED FEE[3]**	**ANNUAL ACCOUNT MAINTENANCE FEE[4]**
Savings Portfolio	0.00%	0.29%	0.29%	$20

[1] The Underlying Fund Fee includes investment advisory fees, administrative, and other expenses, if applicable.

[2] The Annualized Manager Fee has been reduced one basis point from 0.30% to 0.29% for the Savings Portfolio because CollegeChoice 529 assets have reached $400 million.

[3] This total is assessed against assets over the course of the year and includes the annualized Underlying Fund Fee and the annualized Manager Fee, but does not include the Annual Account Maintenance Fee. Please refer to the Table on page **9** that shows the total approximate investment cost over 1-, 3-, 5-, and 10-year periods.

[4] This fee may be waived in certain circumstances.

*The following table replaces the table under the heading **"Service-Based and Other Fees"** on page **8:***

TRANSACTION	FEE AMOUNT*
Returned Check	$30
Rejected AIP Payment	$30
Rejected EFT	$30
Overnight Delivery	$15 Weekday/$25 Saturday
Outgoing Wires	$5
Reissue of Disbursement Checks	$15
Request for Historical Statement	$10 per yearly statement/$30 maximum per household
Rollover from the Plan	$20
*Subject to change without prior notice.	

*The following rows are added for the Savings Portfolio to the end of the tables under the heading entitled **"Section V: Approximate Cost for a $10,000 Investment"** on page **9:***

APPROXIMATE COST FOR A $10,000 INVESTMENT EXCLUDING THE $20 ANNUAL ACCOUNT MAINTENANCE FEE

PORTFOLIO	1 YEAR	3 YEAR	5 YEAR	10 YEAR
Savings Portfolio	$30	$93	$163	$368

APPROXIMATE COST FOR A $10,000 INVESTMENT INCLUDING THE $20 ANNUAL ACCOUNT MAINTENANCE FEE

PORTFOLIO	1 YEAR	3 YEAR	5 YEAR	10 YEAR
Savings Portfolio	$50	$153	$262	$565

*The following replaces the language found under **"Principal and Returns Not Guaranteed"** under the heading entitled **"Section VI: General Risks"** on page **10:***

Neither your contributions to an Account nor any investment return earned on your contributions are guaranteed by the Plan Officials. Except to the extent of FDIC insurance available on the Savings Portfolio, you could lose money (including your contributions) or not make any money by investing in CollegeChoice 529.

An investment in CollegeChoice 529 is not a bank deposit. Generally, investments in CollegeChoice 529 are not insured or guaranteed by the FDIC or any other government agency or by Plan Officials. As described in this Supplement, FDIC insurance is provided on a pass-through basis for the Savings Portfolio. Relative to investing for retirement, the holding period for college investors is very short (i.e., 5-20 years versus 30-60 years). Also, the need for liquidity during the withdrawal phase (to pay for Qualified Expenses) generally is very important. You should strongly consider the level of risk you wish to assume and your investment time horizon prior to selecting an Investment Option.

*The following row is added to the table under the heading **"Requesting Additional Information about the Underlying Funds"** under **"Section VIII: Investment Information"** on page **20:***

INVESTMENT MANAGER	WEBSITE	PHONE NUMBER
Sallie Mae Bank	www.salliemaebank.com	1.877.346.2756

*The following sentence replaces the first sentence of the second paragraph under **"Investment Option Summary"** under the heading entitled **"Section VIII: Investment Information"** on page **20:***

The Plan offers Investment Options that invest in: (i) one or more mutual funds managed by Vanguard, Dodge & Cox, Frontegra Funds, and Western Asset; or (ii) an FDIC-insured omnibus savings account held in trust by the Authority at Sallie Mae Bank.

*The following bullet point replaces the second bullet point under **"Investment Option Summary"** under the heading entitled **"Section VIII: Investment Information"** on page **20:***

- Eight Individual Portfolios, in which the asset allocation of the Portfolio remains fixed over time.

*The following sentence replaces the first sentence of the third paragraph under **"Individual Portfolios"** under the heading entitled **"Section VIII: Investment Information"** on page **21:***

The Individual Portfolios consist of the following eight Portfolios, which each invest in a single Underlying Fund:

*The following bullet points are added to the end of the bullet points under **"Individual Portfolios"** under the heading entitled **"Section VIII: Investment Information"** on page **21:***

- Bond Index Portfolio
- Savings Portfolio

*The following is added as a new Individual Portfolio at the end of the section entitled **"Individual Portfolio Profiles"** and before the heading entitled **"Additional Vanguard Underlying Fund Profiles"** at the top of page **29:***

SAVINGS PORTFOLIO

Investment Objective. The Portfolio seeks income consistent with the preservation of principal.

Investment Strategy. The Portfolio invests 100% of its assets in the HYSA. The HYSA is held in an omnibus savings account insured by the FDIC, which is held in trust by the Authority at Sallie Mae Bank.

Investments in the Savings Portfolio earn a varying rate of interest. Interest on the HYSA will be compounded daily based on the actual number of days in a year (typically, 365/365 and 366/366 in leap years) and will be credited to the HYSA on a monthly basis. The interest rate is expressed as an Annual Percentage Yield ("APY"). The HYSA APY will be reviewed by Sallie Mae Bank on a periodic basis and may be recalculated as needed at any time. To see the current Savings Portfolio APY please visit www.collegechoicedirect.com or call 1.866.485.9415.

Investments in the Savings Portfolio are pooled into the FDIC-insured omnibus savings account held in trust by the Authority at Sallie Mae Bank. Subject to the application of Sallie Mae Bank and FDIC rules and regulations to each Account Owner, funds in the Savings Portfolio will retain their value as described below under "FDIC Insurance."

FDIC Insurance

Except for the Savings Portfolio, investments in the CollegeChoice 529 Direct Savings Plan are **not** insured by the FDIC.

FDIC insurance is provided for the Savings Portfolio only, which invests in an FDIC-insured omnibus savings account held in trust by the 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 the maximum amount set by federal law – currently $250,000 through December 31, 2013, and $100,000 thereafter. 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. Plan Officials are not responsible for determining how an Account Owner's investment in the Savings Portfolio will be aggregated with other accounts held by the Account Owner at Sallie Mae Bank for purposes of the FDIC insurance.

No Other Guarantees

There is no other insurance and there are no other guarantees for the Savings Portfolio. Therefore, like all of the Portfolios, neither your contributions into the Savings Portfolio nor any investment return earned on your contributions are guaranteed by Plan Officials. In addition, the Savings Portfolio does not provide a guarantee of any level of performance or return.

Investment Risks. To the extent that FDIC insurance applies, the Portfolio is primarily subject to **income risk**.

*The following is added as a new heading before the heading entitled **"Section IX: Investment Performance"** on page **37:***

Savings Portfolio – Sallie Mae Bank, Investment Manager

Income Risk. This is the risk that the return of the underlying FDIC-insured HYSA will vary from week to week because of changing interest rates and that the return of the HYSA will decline because of falling interest rates.

*The following definition replaces the definition of **"Investment Managers"** under the heading entitled **"Section XVII: Glossary"** on page **49:***

Investment Managers: The Vanguard Group, Inc; Dodge & Cox; Frontegra Asset Management, Inc.; and Western Asset are the managers of their respective Underlying Funds; and Sallie Mae Bank is the bank where investments in the Savings Portfolio are deposited in the HYSA.

*The following language is added to the definition of **"Plan Officials"** after the words **"Western Asset (including its affiliates and agents),"** under the heading entitled "**Section XVII: Glossary"** on page **50:***

Sallie Mae Bank (including its affiliates and agents),

*The following definition is added after **"Rollover Distribution"** and before **"Standing Allocation"** under the heading entitled **"Section XVII: Glossary"** on page **51:***

Sallie Mae Bank: Sallie Mae Bank, a state-chartered Utah industrial bank.

*The following changes are made to the definition of **"Underlying Funds or Funds"** under the heading entitled **"Section XVII: Glossary"** on page **51:***

Delete the words "mutual funds" and replace with "investments."

*The following replaces the last page of the **"Disclosure Statement"** on page **54:***

CollegeChoice 529 Direct Savings Plan (Plan) is administered by the Indiana Education Savings Authority (Authority). Upromise Investments, Inc. (UII) serves as the Program Manager and Upromise Investment Advisors, LLC (UIA), provides investment advisory services and recordkeeping and administrative services. UII and UIA have overall responsibility for the day-to-day operations, including marketing and distribution of the Plan. Upromise, Inc., UII, UIA, and Sallie Mae Bank are affiliates. Dodge & Cox; Frontegra Asset Management, Inc.; Sallie Mae Bank; The Vanguard Group, Inc.; and Western Asset serve as Investment Managers for the Plan. The Plan's Portfolios invest in either (i) mutual funds offered or managed by Dodge & Cox, Frontegra Funds, Vanguard, and Western Asset; or (ii) an FDIC insured omnibus savings account held in trust by the Authority at Sallie Mae Bank. Except for the Savings Portfolio, investments in the Plan 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 the Plan. Account Owners assume all investment risks as well as responsibility for any federal and state tax consequences.

Please file this Supplement to the CollegeChoice 529 Direct Savings Plan Disclosure Statement with your records.

SUPPLEMENT DATED JANUARY 2010 TO THE COLLEGECHOICE 529 DIRECT SAVINGS PLAN DISCLOSURE STATEMENT DATED SEPTEMBER 2008

This Supplement describes important changes affecting the CollegeChoice 529 Direct Savings Plan.

Fee Changes

*The following sentence replaces the second sentence under the section **"What are the fees associated with CollegeChoice 529?"** on page **3:***

The total annual asset-based fee varies from 0.36% to 0.94%, depending upon the Portfolio you choose.

*The following is to be added as the last sentence under **"Manager Fee"** on page **7:***

The Manager Fee will be reduced one basis point from 0.45% to 0.44% for the Age-Based Option, and from 0.30% to 0.29% for the Individual Portfolios, when CollegeChoice 529 assets reach $400 million.

*The following replaces the **"Fee Structure Table"** on page **7:***

	ANNUALIZED PROGRAM FEE			ADDITIONAL EXPENSES
INVESTMENT OPTION AGE-BASED OPTION	ANNUALIZED UNDERLYING FUND FEE[1]	ANNUALIZED MANAGER FEE[2]	TOTAL ANNUAL ASSET-BASED FEE[3]	ANNUAL ACCOUNT MAINTENANCE FEE[4]
Aggressive Growth Portfolio	0.08%	0.45%	0.53%	$20
Growth Portfolio	0.07%	0.45%	0.52%	$20
Moderate Growth Portfolio	0.07%	0.45%	0.52%	$20
Conservative Growth Portfolio	0.07%	0.45%	0.52%	$20
Income Portfolio	0.09%	0.45%	0.54%	$20
Conservative Income Portfolio	0.10%	0.45%	0.55%	$20
U.S. Equity Index Portfolio	0.06%	0.30%	0.36%	$20
Short-Term Bond Index Portfolio	0.14%	0.30%	0.44%	$20
Money Market Portfolio	0.13%	0.30%	0.43%	$20
International Portfolio	0.64%	0.30%	0.94%	$20
Active Bond Portfolio	0.35%	0.30%	0.65%	$20
Inflation-Protected Portfolio	0.25%	0.30%	0.55%	$20
Bond Index Portfolio	0.08%	0.30%	0.38%	$20

[1] The Underlying Fund Fee includes investment advisory fees, administrative, and other expenses, which are paid to Vanguard, Frontegra Funds, and Western Asset, as applicable. As of October 30, 2009. For Dodge & Cox Funds, the Underlying Fund Fee included investment advisory fees, administrative, and other fees which are paid to Dodge & Cox and other service providers to the Dodge & Cox Funds. As of October 30, 2009.

2 The Annualized Manager Fee will be reduced one basis point from 0.45% to 0.44% for the Age-Based Option and from 0.30% to 0.29% for the Individual Portfolios when CollegeChoice 529 assets reach $400 million.

[3] This total is assessed against assets over the course of the year and includes the annualized Underlying Fund Fee and the annualized Manager Fee, but does not include the Annual Account Maintenance Fee. Please refer to the Table on page **9** that shows the total approximate investment cost over 1-, 3-, 5-, and 10-year periods.

[4] This fee may be waived in certain circumstances.

*The following tables replace the **"Approximate Cost for a $10,000 Investment"** tables on page **9:***

APPROXIMATE COST FOR A $10,000 INVESTMENT EXCLUDING THE $20 ACCOUNT MAINTENANCE FEE

PORTFOLIO	1 YEAR	3 YEAR	5 YEAR	10 YEAR
Aggressive Growth Portfolio	$54	$170	$296	$665
Growth Portfolio	$53	$167	$291	$653
Moderate Growth Portfolio	$53	$167	$291	$653
Conservative Growth Portfolio	$53	$167	$291	$653
Income Portfolio	$55	$173	$302	$677
Conservative Income Portfolio	$56	$176	$307	$689
U.S. Equity Index Portfolio	$37	$116	$202	$456
Short-Term Bond Index Portfolio	$45	$141	$246	$555
Money Market Portfolio	$44	$138	$241	$542
International Portfolio	$96	$300	$520	$1,155
Active Bond Portfolio	$66	$208	$362	$810
Inflation-Protected Portfolio	$56	$176	$307	$689
Bond Index Portfolio	$39	$122	$213	$480

APPROXIMATE COST FOR A $10,000 INVESTMENT INCLUDING THE $20 ACCOUNT MAINTENANCE FEE

PORTFOLIO	1 YEAR	3 YEAR	5 YEAR	10 YEAR
Aggressive Growth Portfolio	$74	$230	$395	$859
Growth Portfolio	$73	$226	$390	$847
Moderate Growth Portfolio	$73	$226	$390	$847
Conservative Growth Portfolio	$73	$226	$390	$847
Income Portfolio	$75	$233	$401	$871
Conservative Income Portfolio	$76	$236	$406	$884
U.S. Equity Index Portfolio	$57	$175	$301	$652
Short-Term Bond Index Portfolio	$65	$201	$346	$750
Money Market Portfolio	$64	$198	$340	$738
International Portfolio	$116	$359	$618	$1,345
Active Bond Portfolio	$86	$268	$461	$1,004
Inflation-Protected Portfolio	$76	$236	$406	$884
Bond Index Portfolio	$59	$182	$312	$676

Target Allocation Changes

*The following table replaces the target allocations for each Portfolio in the **"Age-Based Option"** table on page **21:***

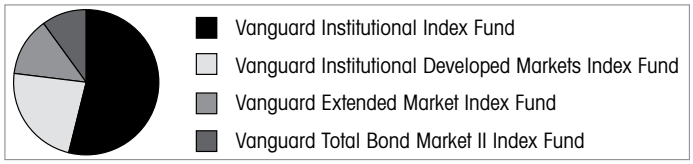
	BENEFICIARY AGE BIRTH-3	BENEFICIARY AGE 4-7	BENEFICIARY AGE 8-11	BENEFICIARY AGE 12-14	BENEFICIARY AGE 15-17	BENEFICIARY AGE 18+
UNDERLYING FUND	AGGRESSIVE GROWTH PORTFOLIO	GROWTH PORTFOLIO	MODERATE GROWTH PORTFOLIO	CONSERVATIVE GROWTH PORTFOLIO	INCOME PORTFOLIO	CONSERVATIVE INCOME PORTFOLIO
Vanguard Institutional Index Fund	54%	49%	36%	29%	16%	10%
Vanguard Extended Market Index Fund	13%	7%	9%	5%	3%	0%
Vanguard Institutional Developed Markets Index Fund	23%	19%	15%	11%	6%	5%
Vanguard Total Bond Market II Index Fund	10%	25%	40%	55%	50%	35%
Vanguard Short-Term Bond Index Fund	0%	0%	0%	0%	25%	25%
Vanguard Prime Money Market Fund	0%	0%	0%	0%	0%	25%
Total Equity/Fixed Income	90/10	75/25	60/40	45/55	25/75	15/85

Investment Strategy and Risk Updates

*The following replaces the **"Investment Strategy"** of the **"Aggressive Growth Portfolio"** on page **21:***

Investment Strategy. The Portfolio invests in three Vanguard stock index funds and one Vanguard bond index fund, resulting in an allocation of 90% of assets to stocks and 10% to investment-grade U.S. bonds. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

Vanguard Institutional Index Fund	54%
Vanguard Institutional Developed Markets Index Fund	23%
Vanguard Extended Market Index Fund	13%
Vanguard Total Bond Market II Index Fund	10%



Through its ownership of the three stock funds, the Portfolio indirectly owns primarily large capitalization U.S. stocks and, to a lesser extent, international stocks and mid- and small-capitalization U.S. stocks. Through its ownership of the bond fund, the Portfolio also indirectly holds a broadly diversified collection of securities that, in the aggregate, approximates the Barclays Capital U.S. Aggregate Float Adjusted Index in terms of key risk factors and other characteristics. The Index represents a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States – including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities – all with maturities of more than 1 year. The bond fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years.

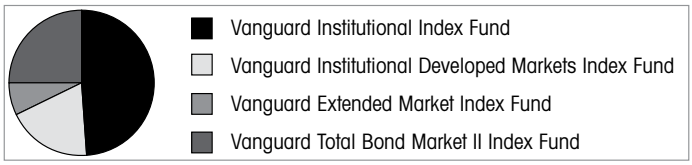
*The following replaces the **"Investment Risks"** of the **"Aggressive Growth Portfolio"** on page **21:***

Investment Risks. Because it invests mainly in stock funds, the Portfolio primarily is subject to **stock market risk** and **investment style risk.** Through its bond fund holding, the Portfolio has low to moderate levels of **interest-rate risk, credit risk, income risk,** and **call/prepayment risk.** The Portfolio also has low to moderate levels of **foreign securities risk, index sampling risk,** and **derivatives risk.** These risks are discussed under **Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Vanguard is Investment Manager** starting on page **30.**

*The following replaces the **"Investment Strategy"** for the **"Growth Portfolio"** to the end of the pie chart on page **22:***

Investment Strategy. The Portfolio invests in three Vanguard stock index funds and one Vanguard bond index fund, resulting in an allocation of 75% of assets to stocks and 25% to investment-grade U.S. bonds. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

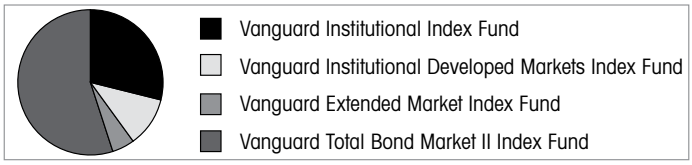
Vanguard Institutional Index Fund	49%
Vanguard Institutional Developed Markets Index Fund	19%
Vanguard Extended Market Index Fund	7%
Vanguard Total Bond Market II Index Fund	25%



*The following replaces the **"Investment Strategy"** for the **"Conservative Growth Portfolio"** to the end of the pie chart on page **23:***

Investment Strategy. The Portfolio invests in three Vanguard stock index funds and one Vanguard bond index fund, resulting in an allocation of 45% of assets to stocks and 55% to investment-grade U.S. bonds. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

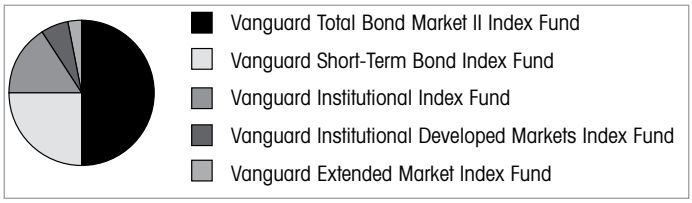
Vanguard Institutional Index Fund	29%
Vanguard Institutional Developed Markets Index Fund	11%
Vanguard Extended Market Index Fund	5%
Vanguard Total Bond Market II Index Fund	55%



*The following replaces the **"Investment Strategy"** for the **"Income Portfolio"** to the end of the pie chart on page **23:***

Investment Strategy. The Portfolio invests in two Vanguard bond index funds and three Vanguard stock index funds, resulting in an allocation of 75% of assets to investment-grade U.S. bonds and 25% of assets to stocks. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

Vanguard Total Bond Market II Index Fund	50%
Vanguard Short-Term Bond Index Fund	25%
Vanguard Institutional Index Fund	16%
Vanguard Institutional Developed Markets Index Fund	6%
Vanguard Extended Market Index Fund	3%



*The following replaces the first sentence of **"Investment Strategy"** for the **"Inflation-Protected Portfolio"** on page **27:***

The Portfolio invests in the Western Asset Inflation Indexed Plus Bond Portfolio, Institutional Select Class.

Investment Performance Update

*The following replaces the first paragraph of **"Section IX: Investment Performance"** on page **37:***

The following table shows how the performance of the Portfolios has varied over the periods indicated. The performance data include each Portfolio's total annual asset-based fee, but do not include other charges associated with an investment in CollegeChoice 529. ***See Fees and Expenses** on page **7.***

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investor's portfolio units, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit www.collegechoicedirect.com.

*The following is added to the end of the second paragraph of **"Section IX: Investment Performance"** on page **37:***

AVERAGE ANNUAL TOTAL RETURNS AS OF SEPTEMBER 30, 2009			
PORTFOLIO	**1 YEAR**	**SINCE INCEPTION**	**INCEPTION DATE**
Aggressive Growth Portfolio	-4.34%	-11.48%	9/19/2008
Growth Portfolio	-0.53%	-6.71%	9/19/2008
Moderate Growth Portfolio	2.84%	-2.23%	9/19/2008
Conservative Growth Portfolio	4.28%	-0.19%	9/19/2008
Income Portfolio	6.47%	3.49%	9/19/2008
Conservative Income Portfolio	5.68%	4.07%	9/19/2008
U.S. Equity Index Portfolio	-6.17%	-12.94%	9/19/2008
Short-Term Bond Index Portfolio	7.63%	6.98%	9/19/2008
Money Market Portfolio	1.00%	1.07%	9/19/2008
International Portfolio	6.46%	-2.62%	9/19/2008
Active Bond Portfolio	27.31%	21.87%	9/19/2008
Inflation-Protected Portfolio	7.53%	4.07%	9/19/2008
Bond Index Portfolio	N/A	N/A	7/27/2009

Benchmark Updates

Vanguard Total Bond Market Index Fund and Vanguard Total Bond Market II Index Fund

The target indexes of Vanguard Total Bond Market Index Fund and Vanguard Total Bond Market II Index Fund have changed to Barclays Capital U.S. Aggregate Float Adjusted Index, which the Funds' board of trustees believes better tracks the bond markets targeted by the Funds' investment objectives. The new target indexes and former target indexes track the same market segments, so the investment objectives and risks described in the Funds' portfolio profiles will not change. Accordingly, all references to Barclays Capital U.S. Aggregate Bond Index should be changed to Barclays Capital U.S. Aggregate Float Adjusted Index.

Vanguard Short-Term Bond Index Fund

The target index of Vanguard Short-Term Bond Index Fund has changed to Barclays Capital U.S. 1-5 Year Government/Credit Float Adjusted Index, which the Fund's board of trustees believes better tracks the bond markets targeted by the Fund's investment objectives. The new target index and former target index track the same market segments, so the investment objectives and risks described in the Fund's portfolio profile will not change. Accordingly, all references to Barclays Capital U.S. 1-5 Year Government/Credit Index should be changed to Barclays Capital U.S. 1-5 Year Government/Credit Float Adjusted Index.

Fund Update

Vanguard Institutional Developed Markets Index Fund

Vanguard Institutional Developed Markets Index Fund will be reorganized into Vanguard Developed Markets Index Fund. The reorganization is expected to occur on or around January 22, 2010. The investment objectives and strategies of the two Funds are identical. In addition, the current annual operating expenses for the Vanguard Institutional Developed Markets Index Fund are the same as the expected annual operating expenses of the Institutional Shares of the Vanguard Developed Markets Index Fund. Effective on or around January 22, 2010, all references to Vanguard Institutional Developed Markets Index Fund should be changed to Vanguard Developed Markets Index Fund.

Please file this Supplement to the CollegeChoice 529 Direct Savings Plan Disclosure Statement with your records.

SUPPLEMENT DATED SEPTEMBER 2009 TO THE COLLEGECHOICE 529 DIRECT SAVINGS PLAN DISCLOSURE STATEMENT DATED SEPTEMBER 2008

This Supplement describes an important change affecting the CollegeChoice 529 Direct Savings Plan.

Indiana State Income Tax Credit Change

Effective January 1, 2010, rollover contributions from another Qualified Tuition Program into the CollegeChoice 529 Direct Savings Plan ("CollegeChoice 529") are no longer eligible for the State income tax credit available to Indiana taxpayers (resident or non-resident, individual or married). Accordingly, all references regarding eligibility for the State income tax credit for Indiana taxpayers as it relates to rollover contributions from another Qualified Tuition Program into CollegeChoice 529 throughout the Disclosure Statement shall no longer apply. Similarly, transfers from the Upromise® rewards service into CollegeChoice 529 are not eligible for the State income tax credit. All other contributions into CollegeChoice 529 shall continue to be eligible for the State income tax credit in accordance with State law.

Please file this Supplement to the CollegeChoice 529 Direct Savings Plan Disclosure Statement with your records.

SUPPLEMENT DATED JULY 2009 TO THE COLLEGECHOICE 529 DIRECT SAVINGS PLAN DISCLOSURE STATEMENT DATED SEPTEMBER 2008

This supplement describes important changes affecting the CollegeChoice 529 Direct Savings Plan.

For *Vanguard Institutional Developed Markets Index Fund,* please replace the Investment Strategy text on page 29 with the following:

Investment Strategy. The Fund employs a "passive management"—or indexing—investment approach designed to track the performance of the Morgan Stanley Capital International Europe, Australasia, Far East (MSCI EAFE) Index. The Index includes approximately 1,020 common stocks of companies located in Europe, Australia, Asia, and the Far East. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weighting in the Index.

The Fund's investment objective, primary risks, and target index have not changed.

New Portfolio: Bond Index Portfolio. *Effective on or about July 26, 2009, the Plan will add the Bond Index Portfolio as a new investment option. The Bond Index Portfolio will invest in Vanguard Total Bond Market Index Fund. The following is added to the Fee Structure Table on page **7:***

		ANNUALIZED PROGRAM FEE		ADDITIONAL EXPENSES
INVESTMENT OPTION	ANNUALIZED UNDERLYING FUND FEE[1]	ANNUALIZED MANAGER FEE	TOTAL ANNUAL ASSET-BASED FEE[2]	ANNUAL ACCOUNT MAINTENANCE FEE[3]
Bond Index Portfolio	0.08%	0.30%	0.38%	$20

[1] The Underlying Fund Fee includes investment advisory fees, administrative, and other expenses, which are paid to Vanguard. As of April 24, 2009.

[2] This total is assessed against assets over the course of the year and includes the annualized Manager Fee and the Underlying Fund Fee but does not include the Annual Account Maintenance Fee. Please refer to the Tables on page **9** that show the total assumed investment cost over 1-, 3-, 5-, and 10-year periods.

[3] This fee may be waived in certain circumstances.

*The following is added to the "Approximate Cost for a $10,000 Investment" tables on page **9:***

APPROXIMATE COST FOR A $10,000 INVESTMENT EXCLUDING THE $20 ANNUAL ACCOUNT MAINTENANCE FEE

PORTFOLIO	1 YEAR	3 YEAR	5 YEAR	10 YEAR
Bond Index Portfolio	$39	$122	$213	$480

APPROXIMATE COST FOR A $10,000 INVESTMENT INCLUDING THE $20 ANNUAL ACCOUNT MAINTENANCE FEE

PORTFOLIO	1 YEAR	3 YEAR	5 YEAR	10 YEAR
Bond Index Portfolio	$59	$182	$312	$676

*The following is added in the "Individual Portfolio Profiles" on page **25** before the Money Market Portfolio:*

Bond Index Portfolio

Investment Objective. The Portfolio seeks to track the performance of a broad, market-weighted bond index.

Investment Strategy. The Portfolio invests 100% of its assets in Vanguard Total Bond Market Index Fund, which employs a "passive management" — or indexing — investment approach designed to track the performance of the Barclays Capital U.S. Aggregate Bond Index. This Index represents a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States — including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities — all with maturities of more than 1 year. The Fund invests by sampling the Index, meaning that it holds a broadly diversified collection of securities that, in the aggregate, approximates the full Index in terms of key risk factors and other characteristics. All of the Fund's investments will be selected through the sampling process, and at least 80% of the Fund's assets will be invested in bonds held in the Index. The Fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years.

Investment Risks. The Portfolio primarily is subject to moderate levels of interest-rate risk, income risk, and call/prepayment risk, and low levels of credit risk, index sampling risk, and derivatives risk. These risks are discussed under ***Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Vanguard is Investment Manager*** starting on page **30.**

Change of Underlying Fund: *Effective on or about July 23, 2009,* ***Vanguard Total Bond Market II Index Fund*** *will replace* ***Vanguard Total Bond Market Index Fund*** *as an Underlying Fund in the Growth, Moderate Growth, Conservative Growth, Income, and Conservative Income Portfolios within the Age-Based Option Portfolios.*

Vanguard Total Bond Market II Index Fund seeks to track the same target index and has the same investment objective, strategies, and risks as the Vanguard Total Bond Market Index Fund. Accordingly, all references in the context of Age-Based Option Portfolios in the Disclosure Statement to Vanguard Total Bond Market Index Fund should be changed to Vanguard Total Bond Market II Index Fund.

***Portfolio Name Change: Active Bond Portfolio**. Effective on or about July 26, 2009, the current Bond Portfolio will be renamed the Active Bond Portfolio and will continue to invest in the same Underlying Fund. All references to Bond Portfolio in the Disclosure Statement should be changed to Active Bond Portfolio. The Underlying Fund Fees referenced in the Fee Structure Table on page **7** do not change as a result of this change.*

*The following replaces the "Individual Portfolio Profile" for the Bond Portfolio beginning on page **26:***

Active Bond Portfolio

Investment Objective: The Portfolio seeks a high level of total return, consistent with the preservation of capital.

Investment Strategy: The Portfolio invests in the Frontegra Columbus Core Plus Fund, Institutional Class. Through its ownership in the Fund, the Portfolio invests primarily in a diversified portfolio of fixed-income securities of varying maturities. Under normal market conditions, the Fund will invest at least 80% of its assets, determined at the time of purchase, in bonds of varying maturities. When making purchase decisions, the Fund's subadviser, Reams Asset Management Company, LLC ("Reams"), looks for securities that it believes are undervalued in the fixed income market. In addition, Reams structures the Fund so that the overall portfolio has an average life (referred to as "duration") of between two and seven years based on market conditions. Although the Fund will invest primarily in investment grade fixed income securities, the Fund may invest up to 25% of its assets in non-investment grade fixed income securities, also known as high yield securities. This investment strategy is referred to as "Core Plus" because Reams has the ability to add high yield securities to a core portfolio of investment grade fixed income securities.

Types of bonds include: short-term fixed income securities; U.S. government securities; corporate debt securities, including convertible securities and corporate commercial paper; mortgage-backed and other asset-backed securities; bank certificates of deposit, fixed time deposits and bankers' acceptances; repurchase agreements; obligations of foreign governments or their subdivisions, agencies and instrumentalities; and obligations of international agencies or supranational entities. The Fund may also invest in credit default swaps, credit default swap index products and institutional term loans.

Fixed-Income Securities. Issuers of fixed-income securities have a contractual obligation to pay interest at a specified rate on specified dates and to repay principal on a specified maturity date. Certain securities (usually intermediate- and long-term bonds) have provisions that allow the issuer to redeem or "call" a bond before its maturity. Issuers are most likely to call such securities during periods of falling interest rates. As a result, the Fund may be required to invest the unanticipated proceeds of the called security at lower interest rates, which may cause the Fund's income to decline.

Commercial paper generally is considered the shortest form of fixed-income security. Notes whose original maturities are two years or less are considered short-term obligations. The term "bond" generally refers to securities with maturities longer than two years. Bonds with maturities of three years or less are considered short-term, bonds with maturities between three and ten years are considered intermediate-term, and bonds with maturities greater than ten years are considered long-term.

Non-Investment Grade Debt Securities (High Yield Securities). Although the Fund primarily will invest in investment grade fixed-income securities, the Fund may invest up to 25% of its assets in fixed-income securities that are rated below investment grade. Investment grade fixed-income securities include bonds rated in one of the four highest rating categories by a nationally recognized statistical rating organization, such as BBB or higher by Standard & Poor's (S&P). High yield securities, while generally offering higher yields than investment grade securities with similar maturities, involve greater risks, including the possibility of default or bankruptcy. They are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. Although it is not precluded from doing so, the Fund generally does not invest in high yield securities rated below BB by S&P.

Mortgage- and Other Asset-Backed Securities. The Fund may invest in mortgage- and other asset-backed securities. Mortgage-backed securities represent direct or indirect participation in mortgage loans secured by real property, and include single- and multi-class pass-through securities and collateralized mortgage obligations. Asset-backed securities have structural characteristics similar to mortgage-backed securities. However, the underlying assets are not mortgage loans. Instead, they include assets such as motor vehicle installment sales contracts, installment loan contracts, home equity loans, leases of various types of property, and receivables from credit card issuers or other revolving credit arrangements.

Credit Default Swaps. The Fund may enter into credit default swap agreements either as a buyer or seller. A credit default swap agreement is an instrument that enables the Fund to buy or sell protection against a defined credit event, which is typically a default. The credit default swap agreement may have as a reference obligation one or more securities that are not currently held by the Fund. The buyer in a credit default swap agreement is obligated to pay the seller a periodic fee, typically expressed in basis points on the principal amount of the underlying obligation (the "notional" amount), over the term of the agreement in return for a contingent payment upon the occurrence of a credit event with respect to the underlying reference obligation. As a seller, the Fund receives a fixed rate of income throughout the term of the agreement, which typically is between one month and five years, provided that no credit event occurs. If a credit event occurs, a Fund typically must pay the contingent payment to the buyer, which is generally the par value (full notional value) of the reference obligation. The contingent payment may be a cash settlement or by physical delivery of the reference obligation in return for payment of the face amount of the obligation. If the Fund is a buyer and no credit event occurs, the Fund may lose its investment and recover nothing. However, if a credit event occurs, the buyer typically receives full notional value for a reference obligation that may have little or no value.

Credit default swaps may involve greater risks than if the Fund had invested in the reference obligation directly. Credit default swaps are subject to general market risk, liquidity risk, and credit risk. As noted above, if the Fund is a buyer in a credit default swap agreement and no credit event occurs, it will lose its investment. In addition, the value of the reference obligation received by the Fund as a seller if a credit event occurs, coupled with the periodic payments previously received, may be less than the full notional value it pays to the buyer, resulting in a loss of value to the Fund.

Credit Default Swap Index Products. The Fund may also invest in credit default swap index products and in options on credit default swap index products. These instruments are designed to track segments of the credit default swap market and provide investors with exposure to specific "baskets" of issuers of bonds or loans. Such investments are subject to liquidity risks as well as other risks associated with investments in credit default swaps discussed above.

Temporary Strategies. The Fund may invest up to 100% of its assets in cash and short-term fixed-income securities for temporary defensive purposes in response to adverse market, economic, or political conditions and in other limited circumstances, such as in the case of unusually large cash inflows or redemptions. When so invested, the Fund may not achieve its investment objective.

As the Fund's subadviser, Reams attempts to maximize total return over a long-term horizon through opportunistic investing in a broad array of eligible securities. The investment process combines top-down interest rate management with bottom-up bond selection, focusing on undervalued issues in the fixed income market. Reams employs a two-step process in managing the Fund. The first step is to establish the portfolio's duration, or interest rate sensitivity. Reams determines whether the bond market is under- or over-priced by comparing current real interest rates (the nominal rate on the ten-year bond less Reams' estimate of inflation) to historical real interest rates. If the current real rate is higher than historical norms, the market is considered undervalued, and Reams will manage the portfolio with duration greater than the market duration. If the current real rate is less than historical norms, the market is considered overvalued, and Reams will run a defensive portfolio.

Once Reams has determined an overall market strategy, the second step is to select the most attractive bonds for the Fund. The portfolio management team screens hundreds of issues to determine how each will perform in various interest-rate environments. The team constructs these scenarios by considering the outlook for interest rates, fundamental credit analysis, and option-adjusted spread analysis. The team compares these investment opportunities and assembles the Fund's portfolio from the best available values. Reams constantly monitors the expected returns of the securities in the Fund versus those available in the market and of other securities the firm is considering for purchase. Reams' strategy is to replace securities that it feels are approaching fair market value with those that, according to its analysis, are significantly undervalued.

The portfolio duration of the Fund will normally fall between two and seven years based on market conditions. Duration is a measure of a fixed-income security's average life that reflects the present value of the security's cash flow, and accordingly is a measure of price sensitivity to interest rate changes. For example, if interest rates decline by 1%, the market value of a portfolio with a duration of five years would rise by approximately 5%. Conversely, if interest rates increase by 1%, the market value of the portfolio would decline by approximately 5%. The longer the duration, the more susceptible the portfolio will be to changes in interest rates.

Investment Risks. Investment risks are discussed under ***Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Bond Portfolio - Frontegra Funds, Investment Manager*** starting on page **32.**

*The following replaces the "Explanation of the Risk Factors of the Portfolios and the Underlying Funds" for the Bond Portfolio beginning on page **32:***

Active Bond Portfolio — Frontegra Funds, Investment Manager

Market Risks: The Fund's investments are subject to market risk, so that the value of the Fund's investments may decline. If the value of the Fund's investments goes down, you may lose money. The share price of each Fund is expected to fluctuate. Your shares at redemption may be worth more or less than your initial investment. As a result of investing in undervalued sectors of the market as well as in non-investment grade securities, the Fund and the Portfolio may at times experience periods of high volatility, especially when the market itself is experiencing dramatic volatility.

Individual Bonds Risks: The Fund's investments are subject to the risks inherent in individual bond selections. While fixed-income securities normally fluctuate less in price than stocks, there have been extended periods of increases in interest rates that have caused significant declines in fixed-income securities prices. The values of fixed-income securities may be affected by changes in the credit rating or financial condition of their issuers. Generally, the lower the credit rating of a security, the higher the degree of risk as to the payment of interest and return of principal. Fixed income markets are experiencing greater volatility due to recent market events as noted below.

Maturity Risk: The Fund will invest in bonds of varying maturities. A bond's maturity is one indication of the interest-rate exposure of a security. Generally, the longer a bond's maturity, the greater the risk and the higher its yield. Conversely, the shorter a bond's maturity, the lower the risk and the lower its yield.

Credit Risk: Individual issues of fixed-income securities in the Fund may also be subject to the credit risk of the issuer. Credit markets are currently experiencing greater volatility due to recent market events as noted below.

Prepayment Risk: The Fund may invest in mortgage- and asset-backed securities, which are subject to fluctuations in yield due to prepayment rates that may be faster or slower than expected.

Income Risk: The Fund's income could decline due to falling market interest rates. In a falling interest-rate environment, the Fund may be required to invest its assets in lower-yielding securities. Because interest rates vary, it is impossible to predict the income or yield of the Fund for any particular period.

Mortgage- and Asset-backed Securities Risk: The yield characteristics of mortgage- and asset-backed securities differ from those of traditional debt obligations. For example, interest and principal payments are made more frequently on mortgage- and asset-backed securities, usually monthly, and principal may be prepaid at any time. As a result, if the Fund purchases these securities at a premium, a prepayment rate that is faster than expected will reduce yield to maturity, while a prepayment rate that is slower than expected will increase yield to maturity. If the Fund purchases these securities at a discount, a prepayment rate that is faster than expected will increase yield to maturity, while a prepayment rate that is slower than expected will reduce yield to maturity. Accelerated prepayments on securities purchased at a premium also impose a risk of loss of principal because the premium may not have been fully amortized at the time the principal is prepaid in full. The market for privately issued mortgage- and asset-backed securities is smaller and less liquid than the market for government-sponsored mortgage-backed securities. As noted below, recent market events have caused the markets for mortgage- and asset-backed securities to experience significantly lower valuations and reduced liquidity.

Portfolio Turnover Risk: Although the Fund does not engage in frequent trading as a principal investment strategy, from time to time the Fund may experience a high portfolio turnover rate due to various factors, such as changes in asset levels or more trading in response to volatility in the fixed income markets. The portfolio turnover rate indicates changes in the Fund's securities holdings. If the Fund experiences a high portfolio turnover rate, the Fund's shareholders may realize significant taxable capital gains as a result of frequent trading of the Fund's assets and the Fund will incur transaction costs in connection with buying and selling securities. Tax and transaction costs lower the Fund's effective return for investors.

Liquidity Risk: Liquidity risk is the risk that certain securities may be difficult or impossible to sell at the time and price that Reams would like to sell. Reams may have to lower the price, sell other securities instead, or forego an investment opportunity, any of which could have a negative effect on the Fund's management or performance. As noted below, recent market events have caused the markets for some of the securities in which the Funds invest to experience reduced liquidity.

Management Risk: The Fund is subject to management risk as an actively managed investment portfolio. Reams and each individual portfolio manager will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these will produce the desired results. If Reams is not able to select better-performing fixed-income securities, the Fund may lose money.

Valuation Risks. The securities held by the Fund are generally priced by an independent pricing service and may also be priced by Reams using dealer quotes or fair valuation methodologies in accordance with valuation procedures adopted by the Fund's Board of Directors. The independent pricing service provides prices for debt securities that are based on various market inputs and industry information. The prices provided by the independent pricing service or dealers or the fair valuations may be different from the prices used by other mutual funds or from the prices at which securities are actually bought and sold. The prices of certain securities provided by the pricing service or dealers or the fair valuations will vary depending on the information that is available. Securities may be more difficult to value at the current time due to recent market events as noted below.

High Yield Security Risk: The Fund may invest up to 25% of its assets in high yield securities, which tend to be more sensitive to economic conditions than are higher-rated securities. As a result, they generally involve more credit risk than securities in the higher-rated categories. During an economic downturn or a sustained period of rising interest rates, highly leveraged issuers of high yield securities may experience financial stress and may not have sufficient revenues to meet their payment obligations. The risk of loss due to default by an issuer of these securities is significantly greater than issuers of higher-rated securities because such securities are generally unsecured and are often subordinated to other creditors. The Fund may have difficulty disposing of certain high yield securities because there may be a thin trading market for such securities. To the extent a secondary trading market does exist, it is generally not as liquid as the secondary market for higher-rated securities. Periods of economic uncertainty generally result in increased volatility in the market prices of these securities and thus in the Fund's net asset value and the Portfolio's Unit Value. As noted below, markets have recently experienced dramatic volatility and economic uncertainty continues.

Recent Market Events: During 2008, U.S. and international markets experienced dramatic volatility. The fixed income markets have experienced substantially lower valuations, reduced liquidity, price volatility, credit downgrades, increased likelihood of default, and valuation difficulties. Concerns have spread to domestic and international equity markets. As a result, many of the above risks may be increased. The U.S. government has taken numerous steps to alleviate these market concerns. However, there is no assurance that such actions will be successful. Continuing market problems may have adverse effects on the Fund.

Please file this Supplement to the CollegeChoice 529 Direct Savings Plan Disclosure Statement with your records.

SUPPLEMENT DATED APRIL 2009 TO THE COLLEGECHOICE 529 DIRECT SAVINGS PLAN DISCLOSURE STATEMENT DATED SEPTEMBER 2008

This supplement describes important changes affecting the CollegeChoice 529 Direct Savings Plan.

2009 Annual Exchange Policy

The Internal Revenue Service recently announced that for the 2009 calendar year only, a Section 529 account owner may make two investment exchanges (reallocations) of their current investments. Current rules contain a once-per-calendar year investment exchange restriction. Accordingly, all references to the once-per-calendar year restriction found throughout this Disclosure Statement should be changed to twice-per-calendar year only for 2009.

The following is added as a new paragraph under the heading entitled "Introduction" on page 6:

Qualified Tuition Programs are intended to be used only to save for Qualified Expenses. Qualified Tuition Programs are not intended to be used, nor should they be used, by any taxpayer for the purpose of evading federal or state taxes or tax penalties. Taxpayers may wish to seek tax advice from an independent tax advisor based on their own particular circumstances.

The following replaces the first sentence of the section entitled "Limitations on AIP and EFT Contributions" on page 14:

Contributions by EFT or AIP may not exceed $130,000 per Beneficiary per Account per day.

Federal Gift Tax Limits

As of 2009, the federal annual gift tax exclusion has increased to $13,000 if filing singly; $26,000 if married, filing jointly (assuming spouses consent to gift-splitting). This applies to 529 plan contributions, although contributors may make up to a $65,000 ($130,000 for spouses that consent to gift-splitting) contribution free of the gift tax if they elect to take that amount into account proportionately over five years. Accordingly, all references to the exclusion of contributions from federal gift tax found throughout this Disclosure Statement should be updated to reflect these increased amounts.

Lehman Brothers Indexes become Barclays Capital Indexes

On September 20, 2008, Barclays Capital acquired the investment banking and capital markets operations of Lehman Brothers, Inc. As a result of this acquisition, the Lehman Brothers indexes have been rebranded as Barclays Capital indexes. All references to Lehman Brothers as part of an index name are replaced with Barclays Capital. At this time, there have been no changes to the composition of the indexes as a result of the rebranding.

Qualified Higher Education Expenses

For 2009 and 2010 only, qualified higher education expenses include expenses paid or incurred for the purchase of any computer technology or equipment or Internet access and related services, if such technology, equipment, or services are to be used by the Beneficiary and the Beneficiary's family during any of the years the Beneficiary is enrolled at an eligible educational institution. Expenses for computer software designed for sports, games, or hobbies are not included unless the software is predominantly educational in nature.

Please file this Supplement to the CollegeChoice 529 Direct Savings Plan Disclosure Statement with your records.

SUPPLEMENT DATED OCTOBER 2008 TO THE COLLEGECHOICE 529 DIRECT SAVINGS PLAN DISCLOSURE STATEMENT DATED SEPTEMBER 2008

Please note a correction within the Age-Based Option Portfolio Profiles beginning on page 21 of the CollegeChoice 529 Direct Savings Plan Disclosure Statement, dated September 2008, in which the correct Underlying Fund should be the ***Vanguard Institutional Index Fund*** rather than the Vanguard 500 Index Fund. These funds have identical investment objectives, investment strategies, and investment risks.

The Underlying Fund Fees referenced in the Fee Structure Table on page 7 do not change as a result of this correction.

CollegeChoice 529 Direct Savings Plan

Disclosure Statement

September 2008

CollegeChoice 529
DIRECT SAVINGS PLAN

Important highlights in the Disclosure Statement

Topic	Section
Account owner and beneficiary requirements	III
Contribution limitations and penalties	VII and XIII
Fees and costs	IV
Federal and state tax information	X and XI
General risks	VI
Investment options	VIII
Investment performance	IX
Investment risks	VIII
Plan governance and administration	XV
Withdrawal limitations and penalties	XIII

COLLEGECHOICE 529 DIRECT SAVINGS PLAN DISCLOSURE STATEMENT

This Disclosure Statement is part of the CollegeChoice 529 Direct Savings Plan Enrollment Kit. The Enrollment Kit consists of a Highlights Booklet, this Disclosure Statement, and the Enrollment Form. The Disclosure Statement has been identified by the CollegeChoice 529 Direct Savings Plan as the Offering Materials intended to provide substantive disclosure of the terms and conditions of an investment in the CollegeChoice 529 Direct Savings Plan. This Disclosure Statement is designed to comply with the College Savings Plans Network Disclosure Principles, Statement No. 2, adopted July 26, 2005.

If you are not an Indiana taxpayer, you should consider before investing whether your or the Beneficiary's home state offers a Qualified Tuition Program that provides its taxpayers with favorable state tax and other benefits that may only be available through an investment in the home state's Qualified Tuition Program, and which are not available through an investment in the CollegeChoice 529 Direct Savings Plan. Therefore, please consult your financial, tax, or other advisor to learn more about how state-based benefits (or any limitations) would apply to your specific circumstances. Keep in mind that state-based benefits should be one of many appropriately weighted factors to be considered when making an investment decision.

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SECTION I: FREQUENTLY ASKED QUESTIONS

This Disclosure Statement contains important information you should review before opening an Account in the CollegeChoice 529 Direct Savings Plan (CollegeChoice 529 or the Plan), including information about the benefits and risks of investing. Please read it carefully and save it for future reference. Capitalized terms used in this Disclosure Statement are defined in the ***Glossary*** starting on page **48.**

What is CollegeChoice 529?

CollegeChoice 529 is a 529 plan offered by the Indiana Education Savings Authority (Authority) and managed by Upromise Investments, Inc. (Upromise Investments). CollegeChoice 529 is designed to help individuals and families save for college in a tax-advantaged way and offers valuable advantages including tax-deferred growth, generous contribution limits, attractive investment options, and professional investment management.

How does CollegeChoice 529 work?

When you enroll in CollegeChoice 529, you choose to invest in one or more of seven different Investment Options which are either Age-Based or Individual Portfolios, based upon your investing preferences and risk tolerance. Each Investment Option is composed of mutual funds offered or managed by Vanguard, Dodge & Cox, Frontegra Funds, and Western Asset. All of the contributions made to your Account grow tax deferred and the distributions are federally and Indiana tax-free if used for Qualified Expenses.

How do I open an Account?

To open an Account, you must complete an Enrollment Form, which is a contract between the Account Owner and the Trust establishing the obligations of each. You may enroll online or by mail. We cannot process the Enrollment Form if any of the required information is not provided. We have the sole discretion to determine whether an Enrollment Form is complete and accepted and whether the Account has been opened.

How many Accounts can I open?

You can open Accounts for as many Beneficiaries as you wish. You may also invest in any of the seven Investment Options offered. Please keep in mind that each Account may have only one Account Owner and one Beneficiary and you must complete a new Enrollment Form for each different Beneficiary.

What are the fees associated with CollegeChoice 529?

CollegeChoice 529 has no commissions, loads, or sales charges. The total annual asset-based fee varies from 0.35% to 0.95%, depending upon the Portfolio you choose. In addition, an Annual Account Maintenance Fee of $20 is charged to each Account. This fee is waived if the combined Account balance for the same Account Owner and Beneficiary is equal to or greater than $25,000 or if you or your Beneficiary is an Indiana resident. A detailed description of the Fees associated with CollegeChoice 529 can be found in ***Fees and Expenses*** starting on page **7.**

Does CollegeChoice 529 offer any tax benefits?

Yes. CollegeChoice 529 offers both Indiana state and federal tax benefits, starting with tax-deferred earnings and an Indiana state income tax credit for contributions made by Indiana taxpayers. Any earnings are State and federally tax-free when used toward Qualified Expenses.

How does the State income tax credit work for CollegeChoice 529?

If you are an Indiana taxpayer (resident or non-resident, married or individual), you may receive a 20 percent State tax credit against your adjusted gross income, up to a maximum of $1,000, for contributions to your CollegeChoice 529 Account. Rollover contributions from another Qualified Tuition Program into your CollegeChoice 529 Account also count as contributions eligible for the tax credit.

The State income tax credit is also available to contributors to a CollegeChoice Advisor 529 Savings Plan (CollegeChoice Advisor) account. CollegeChoice Advisor is a 529 Plan offered by the Authority for investors who prefer to utilize the services of a financial advisor.

You (as the Account Owner) may be required to recapture the tax credit in certain circumstances. For additional information, including how to calculate the amount of the tax credit, please see ***Certain State Tax Considerations*** starting on page **39.**

Is my CollegeChoice 529 Account guaranteed?

No. CollegeChoice 529 is not insured or guaranteed. Investment returns will vary depending upon the performance of the Portfolios you choose. Depending on market conditions, you could lose all or a portion of your investment.

Can I change my Investment Options?

Yes. You may change your Investment Options one time per calendar year per Beneficiary. If you have multiple Investment Options for a Beneficiary, all changes for the calendar year for that Beneficiary must be requested on the same day. (For more information on making changes to your Account, see ***Maintaining Your Account*** starting on page **40.**)

When can I enroll a newborn?

A newborn may be enrolled at any time. Keep in mind that you are required to submit the Beneficiary's Social Security number on the Enrollment Form. You may also open an Account naming yourself as the Beneficiary in anticipation of the birth or adoption of a child.

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 in the U.S., and some post-secondary educational institutional or vocational schools abroad. 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. Your Account can also be used for nearly any graduate school, medical school, or law school, among others, nationwide.

If I enroll in CollegeChoice 529, can I still apply for financial aid?

Yes. Participation in CollegeChoice 529 does not limit a student's receipt of merit-based financial aid, including academic or athletic scholarships. Like most investments, however, it may affect your ability to receive federal needs–based financial aid. Assets in a CollegeChoice 529 Account are not considered when determining eligibility for State financial aid programs.

What happens if my child receives a scholarship or grant?

There are several options from which you can choose:

- Use assets in your Account to pay any tuition and required fees not covered by the scholarship or grant;
- Apply assets in your Account toward other Qualified Expenses such as certain room and board expenses and books;
- Change the Beneficiary to a Member of the Family of your child;
- Keep any unused funds in your Account to pay for future Qualified Expenses, including graduate school; or
- Withdraw any unused funds up to the amount of the scholarship or grant without being subject to the 10% additional federal tax (Distribution Tax). Income taxes on earnings, however, will apply.

Can I change the Beneficiary of my Account?

Yes. You can transfer your Account to a Member of the Family of the Beneficiary without incurring taxes or penalties. Member of the Family currently includes: Child or Stepchild, Sibling, Stepsibling or Half sibling, Parent or Stepparent, Grandparent, Grandchild, Niece or Nephew, Aunt or Uncle, First Cousin, Mother- or Father-in-law, Son- or Daughter-in-law, Brother- or Sister-in-law, and Spouse of any individual listed (except first cousin).

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

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

What if the Beneficiary or I move out of Indiana after I open an Account?

You can continue to contribute to your Account, and your Beneficiary can still use the Account to attend any Eligible Educational Institution. However, if you move out of State and no longer pay Indiana income tax, you will no longer be eligible to receive the Indiana state tax benefits.

What if I experience a financial hardship and need to withdraw the funds for a purpose other than college expenses?

You may request a distribution at any time. If the funds are not used for Qualified Expenses (a Non-Qualified Distribution), the taxable party will be subject to federal and applicable state income taxes, plus the Distribution Tax on any earnings portion of the distribution. You, as the Account Owner, will be subject to recapture of any State income tax credit previously granted to any contributors to your Account. (For details about specific tax and other penalties, see ***Certain Federal Tax Considerations*** starting on page **37** and ***Certain State Tax Considerations*** starting on page **39.**)

What if I already have a 529 plan? Can I transfer my Account to CollegeChoice 529?

Yes. We will accept a rollover of an account with another Qualified Tuition Program into CollegeChoice 529. There may be many benefits to moving your account into the Plan. Foremost among these could be the impact on your Indiana state taxes. If you are an Indiana taxpayer and have an account in a Qualified Tuition Program in another state, you are not eligible to take the State income tax credit for contributions to your Account. (All Qualified Tuition Programs offer the same federal tax benefits.) Please note that the State income tax credit is available to Indiana taxpayers who make rollover contributions from another Qualified Tuition Program into CollegeChoice 529.

Please contact a Client Service Representative at **1-866-485-9415** for details. You should also contact the sponsor of your current Qualified Tuition Program for additional details on rolling over your account. Please be aware that not all states may permit direct rollovers from Qualified Tuition Programs. In addition, there may be state income tax consequences (and in some cases state-imposed penalties) resulting from a rollover out of another state's Qualified Tuition Program.

Do my contributions to CollegeChoice 529 qualify as a gift under federal law?

Yes. The Internal Revenue Code provides that payments to an Account are completed gifts for federal gift tax purposes and are eligible for the applicable annual exclusion from gift and generation skipping transfer taxes (in 2008, $12,000 for a single individual or $24,000 for a married couple electing to split gifts). Under certain conditions, you can contribute up to $60,000 immediately ($120,000 for married couples) and apply the contribution against the annual exclusion equally over a five-year period. Please consult your tax advisor for more information.

What are the risks involved in investing in CollegeChoice 529?

As with any investment, there are risks involved in investing in CollegeChoice 529. To learn about the risks, please read and carefully consider ***General Risks*** starting on page **10** and ***Investment Information — Portfolio Profiles*** starting on page **21.**

What is the Upromise® rewards service?

The Upromise rewards service is a service offered by Upromise, Inc., an affiliate of the Program Manager. You may join the Upromise rewards service for free. The service allows members to get back a percentage of their qualified spending with hundreds of America's leading companies as college savings. When you enroll in the Upromise rewards service, you can link that account to your CollegeChoice 529 Account so your savings automatically transfer from your Upromise rewards account to your CollegeChoice 529 Account on a periodic basis, subject to a $25 minimum transfer amount. For more information go to **www.collegechoicedirect.com** and click on the Upromise logo. The Upromise rewards service is an optional service and is separate from CollegeChoice 529. It is not affiliated with the State, the Authority, the Board or the Trust. Separate terms and conditions apply.

Where can I find additional forms and Enrollment Kits?

To obtain forms relating to CollegeChoice 529 or additional Enrollment Kits, visit the CollegeChoice 529 website at **www.collegechoicedirect.com** or call **1-866-485-9415.**

How do I contact the Plan?

Phone: 1-866-485-9415
Monday through Friday, 8 a.m. to 8 p.m. Eastern time

Online: www.collegechoicedirect.com

Regular Mail:
CollegeChoice 529 Direct Savings Plan
Upromise Investments Service Center
P.O. Box 55767
Boston, MA 02205

Overnight Delivery:
CollegeChoice 529 Direct Savings Plan
Upromise Investments Service Center
95 Wells Avenue, Suite 155
Newton, MA 02459-3204

SECTION II: INTRODUCTION

Acknowledgement of Terms. A completed Enrollment Form includes an acknowledgement that you agree to be bound by the terms and conditions of the Disclosure Statement and the Enrollment Form. The Disclosure Statement and, when executed by you, the Enrollment Form, constitutes the entire agreement between you and the Trust.

Accuracy of Information in Disclosure Statement. The information in this Disclosure Statement is believed to be accurate as of the cover date, but it is subject to change without notice. No one is authorized to provide information that is different from the information in the most current form of this Disclosure Statement.

Upromise Privacy Policy. Under the terms of the Management Agreement between Upromise Investments, Inc., Upromise Investment Advisors, LLC and the Authority, both Upromise parties are required to treat all Account Owner and Beneficiary information confidentially. Both Upromise parties are prohibited from using or disclosing such information, except as may be necessary to perform its obligations under the terms of its contract with the Authority, or if required by applicable law, by court order, or other order.

SECTION III: PARTICIPATION IN COLLEGECHOICE 529

Account Owner/Custodian. To participate in CollegeChoice 529, you must complete an Enrollment Form and open an Account either online or in writing. You must be a U.S. citizen (or a resident alien), or an entity that is organized in the U.S., be 18 years or older, and have a valid permanent U.S. street address. By signing the Enrollment Form, you irrevocably consent and agree that the Account is subject to the terms and conditions of the Disclosure Statement.

Successor Account Owner. You may designate a Successor Account Owner (to the extent permissible under applicable law) to succeed to all of your rights, title, and interest in your Account upon your death or legal incompetence. You can make this designation on the Enrollment Form, online, over the phone, or in writing. We must receive and process your request before the Successor Account Owner designation can be effective. You may revoke the designation of a Successor Account Owner at any time by submitting an Account Information Change Form. Forms may be obtained from our website at **www.collegechoicedirect.com** or by calling us at **1-866-485-9415.**

Beneficiary. You can set up an Account for your benefit, for your child, grandchild, spouse, another relative, or even someone not related to you. Each Account can have only one Beneficiary at any time. However, you may have multiple Accounts for different Beneficiaries. Also, different Account Owners may have an Account for the same Beneficiary within the Plan, but contributions to an Account will be limited if the total assets held in all Accounts for that Beneficiary exceed the Maximum Account Balance. (See ***Opening and Funding an Account—Maximum Account Balance*** on page **17.**) The Beneficiary may be of any age; however, the Beneficiary must be an individual and not a trust or other entity. A Beneficiary does not have to be named on the Enrollment Form when the Account Owner is a tax-exempt organization, as defined in the Code, and the Account has been established as a general scholarship fund.

Customer Identification Verification. To help the government fight the funding of terrorism and money-laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an Account. When completing an Enrollment Form, we will ask for your name, street address, date of birth, and Social Security number or tax identification number (and any person(s) opening an Account on behalf of an Account Owner, such as a Custodian, agent under power of attorney, trustee, or corporate officers). This information is necessary to properly verify the identity of the person opening the Account. If we do not receive all of the required information, there could be a delay in opening your Account. We will use this information to verify your identify and if, after making reasonable efforts, we are unable to verify your identity, the U.S.A. Patriot Act allows us to take any action permitted by law, without prior notice to you, including rejecting contribution and transfer requests, suspending Account services, or closing the Account and refunding the Account at the Unit Value calculated the day the Account is closed. Any refund made under these circumstances may be considered a Non-Qualified Distribution. The risk of market loss, tax implications, and any other expenses, as a result of the liquidation, will be solely your responsibility.

Documents in Good Order. To process any transaction in the Plan, all necessary documents must be in good order, which means executed when required and properly, fully, and accurately completed.

SECTION IV: FEES AND EXPENSES

The Authority has established Fees and other payments relating to CollegeChoice 529, which may change from time to time. Any changes to the Fees will be included in any subsequent Disclosure Statements or supplements. The Fees are described below and illustrated in the following tables.

Total Annual Asset-Based Fee. Each Portfolio has a Total Annual Asset-Based Fee, which includes both administrative and investment management costs. This Fee, called the Program Fee, is deducted from the assets in each Portfolio. As an Account Owner, you indirectly bear a pro rata share of the Program Fee. Under the Program Fee, you also indirectly bear a pro rata share of the annual fees and expenses associated with the Underlying Funds in which each Portfolio held by your Account invests. This ultimately reduces the return you will receive from an investment in the Plan. The Total Annual Asset-Based Fee is distributed as follows:

Underlying Fund Fee. The Underlying Fund Fee includes investment advisory fees, administrative, and other expenses, which are paid to Vanguard, Frontegra Funds, and Western Asset, as applicable. For Dodge & Cox Funds, the Underlying Fund Fee includes investment advisory fees, administrative, and other fees which are paid to Dodge & Cox and other service providers to the Dodge & Cox Funds.

Manager Fee. The Program Manager receives the Manager Fee for administration and management of CollegeChoice 529. It is intended that the Manager Fee will provide all income to the Program Manager necessary to cover the expenses of administering and managing CollegeChoice 529.

Fee Structure Table. The following table describes the total Fees charged to each Portfolio in CollegeChoice 529. The annualized Underlying Fund Fee and Manager Fee added together equal the Total Annual Asset-Based Fee.

	ANNUALIZED PROGRAM FEE			ADDITIONAL EXPENSES
INVESTMENT OPTION AGE-BASED OPTION	ANNUALIZED UNDERLYING FUND FEE[1]	ANNUALIZED MANAGER FEE	TOTAL ANNUAL ASSET-BASED FEE[2]	ANNUAL ACCOUNT MAINTENANCE FEE[3]
Aggressive Growth Portfolio	0.06%	0.45%	0.51%	$20
Growth Portfolio	0.06%	0.45%	0.51%	$20
Moderate Growth Portfolio	0.06%	0.45%	0.51%	$20
Conservative Growth Portfolio	0.07%	0.45%	0.52%	$20
Income Portfolio	0.07%	0.45%	0.52%	$20
Conservative Income Portfolio	0.08%	0.45%	0.53%	$20
U.S. Equity Index Portfolio	0.05%	0.30%	0.35%	$20
Short-Term Bond Index Portfolio	0.10%	0.30%	0.40%	$20
Money Market Portfolio	0.08%	0.30%	0.38%	$20
International Portfolio	0.65%	0.30%	0.95%	$20
Bond Portfolio	0.35%	0.30%	0.65%	$20
Inflation-Protected Portfolio	0.25%	0.30%	0.55%	$20

[1] The Underlying Fund Fee includes investment advisory fees, administrative, and other expenses, which are paid to Vanguard, Frontegra Funds, and Western Asset, as applicable. As of June 30, 2008. For Dodge & Cox Funds, the Underlying Fund Fee includes investment advisory fees, administrative, and other fees which are paid to Dodge & Cox and other service providers to the Dodge & Cox Funds. As of June 30, 2008.

[2] This total is assessed against assets over the course of the year and includes the annualized Manager Fee and the Underlying Fund Fee but does not include the Annual Account Maintenance Fee. Please refer to the Table on page **9** that shows the total approximate investment cost over 1-, 3-, 5-, and 10-year periods.

[3] This fee may be waived in certain circumstances.

Annual Account Maintenance Fee. An Annual Account Maintenance Fee of $20 is charged to each Account. This Fee is waived if you or your Beneficiary is an Indiana Resident or your Account balance is at least $25,000. The Program Manager receives this Fee, which is generally charged during the month of the first anniversary in which the Account has been opened and annually thereafter. A prorated $5 per quarter Fee may be charged if you make a full withdrawal of funds from your Account prior to the Account anniversary month.

Service-Based and Other Fees. We reserve the right to charge additional service-based and other Fees if the Authority determines them to be necessary and reasonable. We may also impose certain transaction Fees for the transactions specified below:

TRANSACTION	FEE AMOUNT*
Returned Check	$30
Rejected AIP	$30
Rejected EFT	$30
Overnight Delivery	$15 weekday
Outgoing Wires	$25 Saturday
Reissue of Disbursement	$5
Checks	$15
Request for Historical Statement	$10 per yearly statement $30 maximum per household
Rollover from the Plan	$20
* Subject to change without prior notice.	

We reserve the right to not reimburse fees charged by financial institutions for contributions made either via AIP or EFT that are cancelled due to insufficient funds in the bank account from which the money is withdrawn.

SECTION V: APPROXIMATE COST FOR A $10,000 INVESTMENT

The following tables compare the approximate cost of investing in the Plan over different periods of time. This hypothetical is not intended to predict or project investment performance. Past performance is no guarantee of future results. Your actual cost may be higher or lower. The tables are based on the following assumptions:

- A $10,000 contribution is invested for the time periods shown.
- A 5% annually compounded rate of return on the amount invested throughout the period.
- The Account is redeemed at the end of the period shown to pay for Qualified Expenses (the table does not consider the impact of any potential state or federal taxes on the redemption).
- The total annual asset-based Fee remains the same as that shown in the ***Fee Structure Table*** on the previous page.

APPROXIMATE COST FOR A $10,000 INVESTMENT EXCLUDING THE $20 ANNUAL ACCOUNT MAINTENANCE FEE

PORTFOLIO	1 YEAR	3 YEAR	5 YEAR	10 YEAR
Aggressive Growth Portfolio	$52	$164	$285	$640
Growth Portfolio	$52	$164	$285	$640
Moderate Growth Portfolio	$52	$164	$285	$640
Conservative Growth Portfolio	$53	$167	$291	$653
Income Portfolio	$53	$167	$291	$653
Conservative Income Portfolio	$54	$170	$296	$665
U.S. Equity Index Portfolio	$36	$113	$197	$443
Short-Term Bond Index Portfolio	$41	$128	$224	$505
Money Market Portfolio	$39	$122	$213	$480
International Portfolio	$97	$303	$525	$1,166
Bond Portfolio	$66	$208	$362	$810
Inflation-Protected Portfolio	$56	$176	$307	$689

APPROXIMATE COST FOR A $10,000 INVESTMENT INCLUDING THE $20 ANNUAL ACCOUNT MAINTENANCE FEE

PORTFOLIO	1 YEAR	3 YEAR	5 YEAR	10 YEAR
Aggressive Growth Portfolio	$72	$223	$384	$835
Growth Portfolio	$72	$223	$384	$835
Moderate Growth Portfolio	$72	$223	$384	$835
Conservative Growth Portfolio	$73	$226	$390	$847
Income Portfolio	$73	$226	$390	$847
Conservative Income Portfolio	$74	$230	$395	$859
U.S. Equity Index Portfolio	$56	$172	$296	$640
Short-Term Bond Index Portfolio	$61	$188	$323	$701
Money Market Portfolio	$59	$182	$312	$676
International Portfolio	$117	$362	$623	$1,357
Bond Portfolio	$86	$268	$461	$1,004
Inflation-Protected Portfolio	$76	$236	$406	$884

SECTION VI: GENERAL RISKS

Key Risk Factors of CollegeChoice 529

You should carefully consider the information in this Section, as well as the other information in the Disclosure Statement before making any decisions about opening an Account or making any additional contributions. The contents of the Disclosure Statement should not be construed as legal, financial, or tax advice. You should consult an attorney or a qualified financial or tax advisor with any legal, business, or tax questions you may have. In addition, no investment recommendation or advice you receive from any Financial Advisor or any other person is provided by, or on behalf of, the State, the Authority, the Board, the Trust, CollegeChoice 529, the Program Manager, or any of the Investment Managers.

The Plan is an investment vehicle. Accounts in the Plan are subject to certain risks. In addition, certain Portfolios carry more and/or different risks than others. You should weigh such risks with the understanding that these risks could arise at any time during the life of your Account.

Principal and Returns Not Guaranteed. Neither your contributions to an Account nor any investment return earned on your contributions are guaranteed by the Plan Officials. You could lose money (including your contributions) or not make any money by investing in CollegeChoice 529.

An investment in CollegeChoice 529 is not a bank deposit, and it is not insured or guaranteed by the FDIC or any other government agency. Relative to investing for retirement, the holding period for college investors is very short (i.e., 5–20 years versus 30–60 years). Also the need for liquidity during the withdrawal phase (to pay for Qualified Expenses) generally is very important. You should strongly consider the level of risk you wish to assume and your investment time horizon prior to selecting an Investment Option.

Market Uncertainties. Due to market uncertainties, the overall market value of your Account is likely to be highly volatile and could be subject to wide fluctuations in response to factors such as regulatory or legislative changes, worldwide political uncertainties, and general economic conditions, including inflation and unemployment rates. All of these factors are beyond our control and may cause the value of your Account to decrease (realized or unrealized losses) regardless of our performance or any systematic investing, including AIP, payroll deduction, and dollar-cost averaging on your part.

Specifically, dollar-cost averaging does not eliminate the risks of investing in financial markets and may not be appropriate for everyone. It does not ensure a profit or protect you against a loss in declining markets. You should be prepared to continue dollar-cost averaging at regular intervals, even during economic downturns, in order to fully utilize the strategy.

Limited Investment Direction; Liquidity. Investments in a Qualified Tuition Program are considered less liquid than other types of investments (e.g., investments in mutual fund shares) because the circumstances in which you may withdraw money from a Qualified Tuition Program account without a penalty or adverse tax consequences are significantly more limited. Once you select a Portfolio for a particular contribution, Section 529 of the Code provides that you can move money or transfer from that Portfolio to another only once per calendar year for the same Beneficiary. Any additional transfers within that calendar year will be treated as Non-Qualified Distributions, and they will be subject to federal and any applicable state income taxes and the Distribution Tax.

Discretion of the Authority; Potential Changes to the Plan. The Authority has the sole discretion to determine which Investment Options will be available in the Plan. For example, the Authority may change the Plan's Fees and charges; add, subtract, or merge Portfolios; close a Portfolio to new investors; or change the Program Manager, an Investment Manager, or the Underlying Fund(s) of a Portfolio. Depending on the nature of the change, you may be required to participate, or be prohibited from participating, in the change with respect to Accounts established before the change.

If we terminate the Plan, you may be required to take a Non-Qualified Distribution for which tax and penalties, including the Distribution Tax, may be assessed. If you established your Account prior to the time a change to the Plan is made available, you may be required to participate in such changes or may be prohibited (according to Section 529 regulations or other guidance issued by the IRS) from participating in the Plan changes, unless you open a new Account. In addition, the Authority may terminate the Plan by giving written notice to you. If this happens, the assets in your Account will be distributed to you. Any amounts distributed are subject to any charges due; to any charge, payment, or penalty required by law to be withheld; and to allowances for any terminating or winding up expenses.

During the transition from one underlying fund to another underlying fund, a Portfolio may be temporarily uninvested and lack market exposure to an asset class. During a transition period, a Portfolio may temporarily hold a basket of securities if the original underlying fund chooses to satisfy the Portfolio's redemption on an in-kind basis. In this case, the Program Manager will seek

to liquidate the securities received from the underlying fund as soon as practicable so that the proceeds can be invested in the replacement underlying fund. The transaction costs associated with any liquidation, as well as any market impact on the value of the securities being liquidated, will be borne by the Portfolio and Accounts invested in that Portfolio. The original underlying fund may also impose redemption fees. In this event, the Portfolio and Accounts invested in that Portfolio will bear those redemption fees.

Suitability. The Plan Officials make no representation regarding the suitability or appropriateness of the Portfolios as an investment. There is no assurance that any Portfolio will be able to achieve its goals. Other types of investments may be more appropriate depending upon your financial status, tax situation, risk tolerance, age, investment goals, savings needs, and the investment time horizons of you or your Beneficiary.

You should consult a tax or investment advisor to seek advice concerning the appropriateness of this investment. There are programs and investment options other than the Plan available as education investment alternatives. They may entail tax and other fee or expense consequences and features different from the Plan including, for example, different investments and different levels of account owner control. You may wish to consider these alternatives prior to opening an Account.

Meeting College Expenses Not Guaranteed. Even if your Account(s) for a Beneficiary meets the maximum allowed under CollegeChoice 529, there is no assurance that the money in your Account will be sufficient to cover all the education expenses your Beneficiary may incur, or that the rate of return on your investment will match or exceed the rate at which higher education expenses may rise each year.

Limited Operating History; IRS Regulations Not Final. Although the Authority has been offering CollegeChoice 529 since 2002, the new Investment Options and the Authority's relationship with Upromise Investments and the Investment Managers are new and the Portfolios do not have a significant or applicable operating or investment history. In addition, as of the date of this Disclosure Statement, the IRS has not issued final tax regulations regarding Qualified Tuition Programs. CollegeChoice 529 has not sought nor has it received a private letter ruling from the IRS regarding the status of CollegeChoice 529 under Section 529 of the Code. If the IRS again begins issuing such private letter rulings, the Board may, in its sole discretion, determine to seek such a ruling in the future. In 2001, the Authority did receive a private letter ruling from the IRS confirming the Indiana Family College Savings Plan's status as a Qualified Tuition Program. The Indiana Family College Savings Plan was the predecessor 529 plan to CollegeChoice 529.

Effect of Future Law Changes. It is possible that future changes in federal or state laws or court or interpretive rulings could adversely affect the terms and conditions of the Plan or the value of your Account, or the availability of state tax deductions, even retroactively. Specifically, CollegeChoice 529 is subject to the provisions of and any changes to or revocation of the Enabling Legislation. In addition, it is the Authority's intention to take advantage of Section 529 of the Code and therefore, CollegeChoice 529 is vulnerable to tax law changes or court or interpretive rulings that might alter the tax considerations described in ***Certain Federal Tax Considerations*** starting on page **37.**

Death of Account Owner. If an Account Owner dies, control and ownership of the Account will be transferred to the Successor Account Owner. If no Successor Account Owner has been named or if the Successor Account Owner predeceases the Account Owner, control and ownership of the Account will be transferred to the Beneficiary if the Beneficiary is 18 years or older. If the Beneficiary is less than 18 years old, control and ownership of the Account will become subject to the estate and guardianship laws of the state in which the Account Owner resided.

Tax Considerations; Tax Credit Recapture. The federal and state tax consequences associated with participating in the Plan can be complex. In particular, you, as the Account Owner (not the contributor), must repay all or part, depending on the circumstances, of the State income tax credit claimed in prior taxable years by any contributors to your Account if you take a Non-Qualified Distribution from your Account (including any rollover from your Account into another state's Qualified Tuition Program or any termination of your Account within twelve months after the Account was opened). (See ***Certain State Tax Considerations—Recapture of Income Tax Credit*** on page **40.**) You should consult a tax advisor regarding the application of tax laws to your particular circumstances.

Securities Laws. Units held by the Accounts in the Plan may be considered municipal fund securities. The Units will not be registered as securities with the Securities and Exchange Commission (SEC) or any state securities regulator. In addition, the Portfolios will not be registered as investment companies under the Investment Company Act of 1940. Neither the SEC nor any state securities commission has approved or disapproved the Units or passed upon the adequacy of the Disclosure Statement. Outside of Indiana, we will market

CollegeChoice 529 only in those states in which we have received assurances from either the state or counsel that offers and sales would be legal without meeting further regulatory requirements. We may choose to reject applications from residents of certain other states.

Relationship to Financial Aid. A Beneficiary may wish to participate in federal, state, or institutional loan, grant, or other programs for funding higher education. An investment in CollegeChoice 529 may have an adverse impact on the Beneficiary's eligibility to participate in needs-based financial aid programs. Generally, if you are the parent, Account information would be included on the Free Application for Federal Student Aid (FAFSA) form as a parental asset, which is assessed at a lower rate than a student's asset would be. Currently, if a dependent student is the Account Owner, the assets in the Account will generally not be considered the student's asset. Beginning with the 2009-2010 academic year, available balances in an Account will be treated as an asset of (a) the Beneficiary if the Beneficiary is an independent student; or (b) the parent if the Beneficiary is a dependent student, regardless of whether the Account Owner is the Beneficiary or the parent. Since the treatment of Account assets under any such program may have a material effect on your Beneficiary's eligibility to receive valuable benefits under financial aid programs, you or your Beneficiary will need to check the applicable laws or regulations or check with the financial aid office of an Eligible Educational Institution and/or your tax advisor regarding the impact of an investment in the Plan on needs-based financial aid programs.

CollegeChoice 529 accounts are not considered when determining eligibility for state financial aid programs in Indiana. If you are not an Indiana resident, check with your state for more information.

Relationship of Your Account to Medicaid Eligibility. It is unclear how local and state government agencies will treat Qualified Tuition Program assets for the purpose of Medicaid eligibility. Although there are federal guidelines under Title XIX of the Social Security Act of 1965, each state administers its Medicaid program and rules could vary greatly from one state to the next. You should check with an attorney, a tax advisor, or your local Medicaid administrator regarding the impact of an investment in the Plan on Medicaid eligibility.

General Portfolio Risks. Each Portfolio has its own investment strategy and, as a result, its own risk and performance characteristics. In choosing the appropriate Portfolio(s) for your Account, you should consider your investment objectives, risk tolerance, time horizon, and other factors you determine to be important. A Portfolio's risk and potential return are functions of its relative weightings of stock, bond, and money market investments. In general, the greater a Portfolio's exposure to stock investments, the higher its risk (especially short-term volatility) and its potential for superior long-term performance. The more exposure a Portfolio has to bond and money market investments, the lower its risk and its potential long-term returns. There are also variations in risk/return levels within the stock and bond categories. For example, international stocks typically have higher risk levels than domestic stocks.

A selection of a Portfolio emphasizing stocks is generally considered appropriate when the investment goal is many years away. As the goal becomes closer, an investor's concern generally shifts from capital growth to capital preservation.

In addition, there is no guarantee that each Portfolio's Investment Manager will continue to provide the Underlying Funds for CollegeChoice 529 or manage the Portfolio's assets, as applicable, or that the Program Manager will be able to negotiate their continued services in the future.

For additional information on the risks that may affect Portfolio performance, please read ***Investment Information: Portfolio Profiles*** staring on page **21** and ***Explanation of the Risk Factors of the Portfolios and the Underlying Funds*** starting on page **30.**

SECTION VII: OPENING AND FUNDING AN ACCOUNT

Minimum Contributions. To open an Account, you must make an initial contribution of at least $25. Subsequent investments must be at least $25 per contribution. Gift contributions through Ugift—Give College Savings must also be at least $25 per contribution. The minimum contribution amount may be waived in certain circumstances at the discretion of the Authority.

You can make your initial and any additional contributions by check, Automatic Investment Plan (AIP), payroll deduction, Electronic Funds Transfer (EFT), dollar-cost averaging, rolling over assets from another Qualified Tuition Program, moving assets from an UGMA/ UTMA account or Coverdell Education Savings Account, or by redeeming U.S. Savings Bonds.

You may designate that funds from a Upromise rewards service account be periodically transferred as a subsequent investment, provided that the minimum contribution amount is met. You may also receive contributions through Ugift—Give College Savings. We will not accept contributions made by cash, money order,

travelers checks, foreign checks not in U.S. dollars, checks dated more than 180 days from the date of receipt, checks post-dated more than seven (7) days in advance, checks with unclear instructions, starter or counter checks, credit card or bank courtesy checks, third-party personal checks over $10,000, instant loan checks, or any other check we deem unacceptable. No stocks, securities, or other non-cash assets will be accepted as contributions. You can allocate each contribution among any of the Investment Options; however, the minimum allocation per selected Investment Option is 1% of the contribution amount. Your subsequent contributions can be made to different Investment Options and Portfolio allocation(s) than the selection(s) you make on your Enrollment Form.

Contribution Date. We will credit any money contributed to your Account on the same business day if the contribution is received in good order and prior to the close of the New York Stock Exchange (NYSE), normally 4:00 p.m. Eastern time. The contribution will be credited on the next succeeding business day that the NYSE is open if it is received after its close.

We will generally treat contributions sent by U.S. mail as having been made in a given year if checks are postmarked on or before December 31 of the applicable year, provided the checks are subsequently paid. With respect to EFT contributions, for tax purposes we will generally treat contributions received by us in a given year as having been made in that year if you initiate them on or before December 31 of such year, provided the funds are successfully deducted from your checking or savings account at another financial institution. Contributions made pursuant to an AIP will generally be considered received by us in the year the AIP debit has been deducted from your checking or savings account at another financial institution. Please note that AIPs with a debit date of January 1st, 2nd, 3rd, or 4th will be credited in the same year as the debit date. (See ***Funding an Account—Automatic Investment Plan*** below.)

Regardless of the calendar year for which a contribution is deductible, the trade date of the contribution (and thus the price of the Units purchased with the contribution) will be determined based on the day we receive the contribution, and with respect to AIP and EFT contributions on the business day before the bank debit occurs, with the exception noted above for AIPs with a debit date of January 1st, 2nd, 3rd, or 4th.

Allocation of Future Contributions. At the time of enrollment, you must select how you want your contributions allocated, which will serve as the standing investment allocation for future contributions (Standing Allocation). We will invest all additional contributions according to the Standing Allocation, unless you provide us with different instructions, and investments in different Investment Options are permissible. You may reallocate assets to different Portfolios once per calendar year, and with a permissible change in the Beneficiary. You may view or change your Standing Allocation at any time by logging onto our website at **www.collegechoicedirect.com,** by submitting the appropriate form by mail, or by calling **1-866-485-9415.**

Use of Previous Program Manager Forms. Please note that you should not use account numbers, forms, or portfolio numbers associated with the previous program manager, JPMorgan Funds Management, Inc. However, any contribution you make to your Account using old account or portfolio numbers or submitted on an old contribution form will be deposited in accordance with the Standing Allocation for your current Account. You may obtain current contribution forms by logging onto our website at **www.collegechoicedirect.com** or by calling **1-866-485-9415.** None of the Plan Officials will be responsible for any losses which arise from the use of forms or account or portfolio numbers associated with the previous program manager, including without limitation, losses which arise from clerical errors we may make when relying on the information you provide on those forms or about those portfolio numbers.

Control Over the Account. Although any individual or entity may make contributions to your Account, you, as Account Owner, retain control of all contributions made as well as all earnings credited to your Account up to the date they are directed for distribution. A Beneficiary who is not the Account Owner has no control over any of the Account assets. Except as required by law, only you may direct transfers, rollovers, investment changes, withdrawals, and changes of the Beneficiary.

Opening an Account with the Assistance of a Financial Advisor. You may also choose to open your Account with the assistance of a Financial Advisor, who would generally charge a fee for this service. You must consent and agree to authorize your Financial Advisor to access your Account and perform certain transactions on your behalf as set forth in the Enrollment Form.

Funding an Account. There are a variety of ways to fund your Account:

> **Contributions by Check.** You may make your initial contribution by check. The initial minimum contribution of $25 must accompany your Enrollment Form. Any additional contributions you make by check must be at least $25. Checks must be made payable to the *CollegeChoice 529 Direct Savings Plan.* Third-party personal checks must be payable

to you or the Beneficiary and be properly endorsed by you or the Beneficiary to the CollegeChoice 529 Direct Savings Plan.

Automatic Investment Plan. You may contribute to your Account by authorizing us to receive periodic automated debits from a checking or savings account at your bank if your bank is a member of the Automated Clearing House. You can initiate an AIP either when you enroll by completing the AIP Section of the Enrollment Form or after your Account has been opened, either online, over the phone (provided you have previously submitted certain information about the bank account from which the money will be withdrawn), or in writing by submitting the appropriate form. AIP deposits must equal at least $25 per month or $75 per quarter. Your AIP authorization will remain in effect until we have received notification of its termination from you and we have had a reasonable amount of time to act on it.

You may terminate your AIP at any time. Any changes to, or termination of, an AIP must occur at least three business days before a scheduled debit from your bank account and will become effective as soon as we have had a reasonable amount of time to act on it.

There is no charge for enrolling in an AIP. AIP debits from your bank account will occur on the day you indicate, provided the day is a regular business day. If the day you indicate falls on a weekend or a holiday, the AIP debit will occur on the next business day. Quarterly AIP debits will be made on the day you indicate (or the next business day, if applicable) every three months, not on a calendar quarter basis. If you do not designate a date, your bank account will be debited on the 20th of the applicable month.

You will receive a trade date of one business day prior to the day the bank debit occurs. If you indicate a start date that is within the first four days of the month, there is a chance that your investment will be credited on the last business day of the previous month. **Please note that AIPs with a debit date of January 1st, 2nd, 3rd, or 4th will be credited in the same year as the debit date.**

The start date for an AIP must be at least three business days from the date of submission of the AIP request. If a start date for an AIP is less than three business days from the date of the submission of the AIP request, the AIP will start on the requested day in the next succeeding month.

Electronic Funds Transfer. You may also contribute by EFT. Each contribution must be in an amount of at least $25. You may authorize us to withdraw funds by EFT from a checking or savings account for both initial and/or additional contributions to your Account, provided you have submitted certain information about the bank account from which the money will be withdrawn. EFT transactions can be completed through the following means: (i) by providing EFT instructions on the Enrollment Form; (ii) by submitting EFT instructions online after enrollment at **www.collegechoicedirect.com;** or (iii) by contacting a Client Service Representative at **1-866-485-9415.** EFT purchase requests that are received in good order

- before 10 p.m. Eastern time will be given a trade date of the next business day after the date of receipt and will be effected at that day's closing price for the applicable Portfolio. In such cases, the EFT debit from your bank account will occur on the second business day after the request is received.
- after 10 p.m. Eastern time will be given a trade date of the second business day after the date the request is received, and they will be effected at that day's closing price for the applicable Portfolio. In such cases, the EFT debit will occur on the third business day after the request is received. Your trade date will be on the business day prior to your debit date.

We do not charge a fee for contributing by EFT.

Limitations on AIP and EFT Contributions. Contributions by EFT or AIP may not exceed $120,000 per Beneficiary per Account per day. An EFT or AIP contribution may fail because the bank account on which it is drawn contains insufficient funds or because the Account Owner has failed to provide correct and complete banking instructions (Failed Contributions). If your AIP or EFT contribution cannot be processed because the bank account on which it is drawn contains insufficient funds or because of incomplete information or inaccurate information, we reserve the right to suspend processing of future AIP and EFT contributions. See ***Failed Contributions*** on page **17.**

Direct Deposits From Payroll. You may be eligible to make automatic, periodic contributions to your Account by payroll deduction (if your employer offers such a service). You may make your initial investment by payroll deduction or set up payroll deduction for additional contributions to your Account. The minimum payroll deduction

contribution is $25 per paycheck. Contributions by payroll deduction will only be permitted from employers able to meet our operational and administrative requirements. You must complete payroll deduction instructions by logging into your Account at **www.collegechoicedirect.com,** selecting the payroll deduction option, and designating the contribution amount in the instructions. You will need to print these instructions and submit them to your employer.

Dollar-Cost Averaging. Dollar-cost averaging is available in the Individual Portfolios. Dollar-cost averaging occurs when you contribute a large fixed amount to a Portfolio (Source Portfolio) and allocate portions of that original contribution at regular intervals to other Portfolio(s) (Target Portfolio(s)) in which you intend to invest. Because the amount you allocate is constant, you buy more Units when the price is low and fewer Units when the price is high. As a result, the average cost of your Units is typically lower than the average market price per Unit during the time you're contributing. You may dollar-cost average new contributions or decide to dollar-cost average assets out of a current Individual Portfolio into another Individual Portfolio. To participate in dollar-cost averaging, you must contribute at least $5,000 or have a balance of at least $5,000 in the Individual Portfolio out of which you are dollar-cost averaging. Once established, contributions will be allocated to the selected Individual Portfolio(s) in increments of no less than $500 on a monthly or quarterly basis.

For example, consider that you elected to participate in dollar-cost averaging with the Money Market Portfolio as your Source Portfolio, and the International Portfolio as your Target Portfolio. Furthermore, you start with a contribution of $12,000 to your Target Portfolio at the beginning of the year, and elect to dollar-cost average this amount in increments of $1,000 to your Target Portfolio on a monthly basis, on the 15th day of each month. In this case, your contributions would be made according to the following hypothetical table:

DOLLAR-COST AVERAGING SCHEDULE OF PURCHASES			
DATE	**EXCHANGE OUT**	**CONTRIBUTION**	**FUND**
1-Jan		$12,000	Money Market Portfolio (Source)
15-Jan	($1,000)		Money Market Portfolio (Source)
15-Jan		$1,000	International Portfolio (Target)
15-Feb	($1,000)		Money Market Portfolio (Source)
15-Feb		$1,000	International Portfolio (Target)
15-Mar	($1,000)		Money Market Portfolio (Source)
15-Mar		$1,000	International Portfolio (Target)
15-Apr	($1,000)		Money Market Portfolio (Source)
15-Apr		$1,000	International Portfolio (Target)
15-May	($1,000)		Money Market Portfolio (Source)
15-May		$1,000	International Portfolio (Target)
15-Jun	($1,000)		Money Market Portfolio (Source)
15-Jun		$1,000	International Portfolio (Target)
15-Jul	($1,000)		Money Market Portfolio (Source)
15-Jul		$1,000	International Portfolio (Target)
15-Aug	($1,000)		Money Market Portfolio (Source)
15-Aug		$1,000	International Portfolio (Target)
15-Sep	($1,000)		Money Market Portfolio (Source)
15-Sep		$1,000	International Portfolio (Target)
15-Oct	($1,000)		Money Market Portfolio (Source)
15-Oct		$1,000	International Portfolio (Target)
15-Nov	($1,000)		Money Market Portfolio (Source)
15-Nov		$1,000	International Portfolio (Target)
15-Dec	($1,000)		Money Market Portfolio (Source)
15-Dec		$1,000	International Portfolio (Target)

If you establish dollar-cost averaging, it will not count as your annual investment exchange for that calendar year. However, changes you make to dollar-cost averaging with respect to money already in your Account, or changes to the dollar-cost averaging already in place (for example, you change the dollar amount transferred each month) will be considered as your annual investment exchange for that calendar year. (See ***General Risks—Market Uncertainties*** on page **10** for a discussion of risks associated with dollar-cost averaging.)

Rollover Contributions. You can make your initial investment by rolling over assets from another Qualified Tuition Program to CollegeChoice 529 for the benefit of the same Beneficiary. You can also rollover assets from your Account or another Qualified Tuition Program to a Beneficiary who is a Member of the Family of your current Beneficiary. (See ***Maintaining Your Account—Options for Unused Contributions: Changing a Beneficiary, Transferring Assets to Another of Your Accounts*** on page **41**). A rollover for the same Beneficiary is restricted to once per 12-month period.

Incoming rollovers can be direct or indirect. A direct rollover is the transfer of money from one Qualified Tuition Program directly to another. An indirect rollover is the transfer to you of money from an account in another state's Qualified Tuition Program; you then contribute the money to your Account. To avoid federal income tax consequences and the Distribution Tax, you must contribute an indirect rollover within 60 days of the distribution. You should be aware that not all states may permit direct rollovers from Qualified Tuition Programs. In addition, there may be state income tax consequences (and in some cases state-imposed penalties) resulting from a rollover out of a state's Qualified Tuition Program. Rollover contributions from another Qualified Tuition Program into CollegeChoice 529 are eligible for the State income tax credit. (See ***Certain State Tax Considerations: Income Tax Credit for Indiana Taxpayers*** on page **39**).

Moving Assets from an UGMA/UTMA Account. If you are the custodian of an UGMA/UTMA account, you may be able to open an Account in your custodial capacity, depending on the laws of the state where you opened the UGMA/UTMA account. These types of accounts involve additional restrictions that do not apply to regular Section 529 accounts. The Plan Officials are not liable for any consequences related to your improper use, transfer, or characterization of custodial funds.

In general, your UGMA/UTMA custodial account is subject to the following additional requirements and restrictions:

- You must indicate that the Account is an UGMA/UTMA Account by checking the appropriate box on the Enrollment Form;
- You must establish an Account in your custodial capacity separate from any Accounts you may hold in your individual capacity;
- You will be permitted to make distributions only in accordance with the rules applicable to distributions under applicable UGMA/UTMA law;
- You will not be able to change the Beneficiary of the Account (directly or by means of a Rollover Distribution), except as may be permitted by applicable UGMA/UTMA law;
- You will not be permitted to change the Account Owner to anyone other than a successor Custodian during the term of the custodial account under applicable UGMA/UTMA law;
- You must notify us when the custodianship terminates and your Beneficiary is legally entitled to take control of the Account. At that time, the Beneficiary will become the Account Owner and will become subject to the provisions of the Plan applicable to non-UGMA/UTMA Account Owners;
- Any tax consequences of a distribution from an Account will be imposed on the Beneficiary and not on the Custodian; and
- We may require you to provide documentation evidencing compliance with the applicable UGMA/UTMA law.

In addition, certain tax consequences described under ***Certain Federal Tax Considerations*** starting on page **37** and ***Certain State Tax Considerations*** starting on page **39** may not be applicable in the case of Accounts opened by a custodian under UGMA/UTMA. Moreover, because only contributions made in "cash form" may be used to open an Account in CollegeChoice 529, the liquidation of non-cash assets held by an UGMA/UTMA account would be required and would generally be a taxable event. Please contact a tax advisor to determine how to transfer assets held in an existing UGMA/UTMA account and what the implications of such a transfer may be for your specific situation.

Moving Assets from a Coverdell Education Savings Account. You may fund your Account by moving assets from a Coverdell Education Savings Account (ESA). Please indicate on the Enrollment Form or with any additional investments that the assets were liquidated from the ESA. Unlike UGMA/UTMA accounts, the Beneficiary may be changed to a Member of the Family of the beneficiary of an ESA. Making distributions from an ESA to fund an Account for the same Beneficiary is not a taxable transaction. Consult your tax advisor for more information.

Redeeming U.S. Savings Bonds. You may fund your Account with proceeds from the redemption of certain U.S. Savings Bonds. In certain cases, you may redeem U.S. Savings Bonds under the education tax exclusion. Please visit **www.savingsbonds.gov** to determine if you are eligible for this exclusion.

Additional Form Requirements for Rollovers, ESAs and Series EE or Series I Bonds. Rollover contributions and other transfers to your Account must be accompanied by an Incoming Rollover Form as well as any other information we may require, including the information required for certain contributions described below. To roll over assets for the same Beneficiary into an Account in CollegeChoice 529, you must complete an Incoming Rollover Form and an Enrollment Form.

When making a contribution to your Account with assets previously invested in an ESA, a redemption of Series EE and Series I bonds or a rollover, you must indicate the source of the contribution and provide us with the following documentation, as applicable:

- In the case of a contribution from an ESA, an account statement issued by the financial institution that acted as custodian of the account that shows basis and earnings.
- In the case of a contribution from the redemption of Series EE or Series I U.S. Savings Bonds, an account statement or Form 1099-INT issued by the financial institution that redeemed the bond showing interest from the redemption of the bond.
- In the case of a rollover, either you or the previous Qualified Tuition Program must provide us with a statement issued by the distributing program that shows the earnings portion of the distribution.

Please visit the CollegeChoice 529 website at **www.collegechoicedirect.com** or contact a Client Service Representative at **1-866-485-9415** for any of the forms you may need. Until we receive the documentation described above, as applicable, we will treat the entire amount of the contribution as earnings in the Account receiving the transfer.

Maximum Account Balance. You can contribute up to a Maximum Account Balance of $298,770 for each Beneficiary. The aggregate market value of all accounts for the same Beneficiary under all Qualified Tuition Programs sponsored by the State are counted toward the Maximum Account Balance regardless of the Account Owner. Earnings may cause the account balances for any one Beneficiary to exceed $298,770 and no further contributions will be allowed at that point. If a contribution is made to an Account that would cause the aggregate balance of all accounts to exceed the Maximum Account Balance, all or a portion of the contribution amount will be returned to you or the contributor. If you are enrolled in an AIP, the AIP may be discontinued.

Should the Authority decide to increase this amount, which it may in its sole discretion, additional contributions up to the new Maximum Account Balance will be accepted.

Excess Contributions. The excess portion of any contributions received that would cause the Account balance to exceed the Maximum Account Balance (as determined by the close of business on the day prior to our receipt of your contribution) will be returned to you, without adjustment for gains or losses. If a contribution is applied to an Account and we later determine the contribution to have caused the aggregate market value of the account(s) for a Beneficiary in all Qualified Tuition Programs sponsored by the State to exceed the Maximum Account Balance, we will refund the excess contributions and any earnings thereon to the contributor. Any refund of an excess contribution may be treated as a Non-Qualified Distribution.

Temporary Withdrawal Restriction. If you make a contribution by check, or Electronic Funds Transfer, or Automatic Investment Plan (assuming all are in good order), we will defer the approval of a distribution of that contribution from your Account for 10 calendar days after deposit. Please note there will be a 15-calendar day hold on distributions following a change to your address or banking information. For assistance, please contact a Client Service Representative at **1-866-485-9415.**

Failed Contributions. If you make a contribution by check, EFT, or AIP that is returned unpaid by the bank upon which it is drawn, you will be responsible for any losses or expenses incurred by the Portfolios or the Plan and we may charge your Account a reasonable Fee. Your obligation to cover the loss may be waived if you make payment in good order within 10 calendar days. We have the right to reject or cancel any contribution due to nonpayment.

Confirmation of Contribution and Transaction. We will send you a confirmation for each contribution and transaction to your Account(s), except for AIPs, payroll deduction transactions, exchanges due to Account assets being automatically moved to a more conservative Age-Based Option as a Beneficiary ages, exchanges due to dollar-cost averaging, automatic transfers from a Upromise rewards service account to your Account, and the Annual Account Maintenance Fee, which will only be confirmed on a quarterly basis. Each confirmation statement will indicate the number of Units you own in each Investment Option. If an error has been made in the amount of the contribution or the Investment Option in which a particular contribution is invested, you have sixty (60) days from the date of the confirmation statement to notify us of the error. (See ***Maintaining Your Account — Correction of Errors*** on page **42**).

We use reasonable procedures to confirm that transaction requests are genuine. You may be responsible for losses resulting from fraudulent or unauthorized instructions received by us, provided we reasonably believe the instructions were genuine. To safeguard your Account, please keep your information confidential. Contact us immediately at **1-866-485-9415** if you believe there is a discrepancy between a transaction you requested and the confirmation statement you received, or if you believe someone has obtained unauthorized access to your Account. Contributions may be refused if they appear to be an abuse of the Plan.

Ugift℠ — Give College Savings. You may invite family and friends to contribute to your Account through Ugift — Give College Savings. You may either send an email invitation or provide a gift contribution coupon to selected family and friends. The gift givers fill in their name and gift contribution amount on the contribution coupon provided and mail a check for that amount along with the contribution coupon to the address provided. The minimum Ugift contribution is $25 by check made payable to Ugift — CollegeChoice 529 Direct Savings Plan. An optional gift certificate can be completed by the gift giver and presented to let you know a contribution has been made to your Account.

Gift contributions associated with a special event will be held by the Program Manager upon receipt and transferred into your Account approximately five business days after the special event. If the gift contribution is received less than two business days prior to the special event, or if the gift contribution is not associated with a special event, then the contribution will be held for approximately seven business days before being transferred into your Account. Gift contributions through Ugift are subject to the Maximum Account Balance. Gift contributions will be invested according to the Standing Allocation on file for your Account at the time the gift contribution is transferred. There may be potential tax consequences of gift contributions invested in your Account. You and the gift giver should consult a tax advisor for more information. Ugift is an optional service, is separate from CollegeChoice 529, and is not affiliated with the State, the Authority, the Board, or the Trust. For more information, please see our website at **www.collegechoicedirect.com.**

Upromise® rewards service. If you are enrolled in the Upromise rewards service, you can link your Account so that savings are automatically transferred to your Account on a periodic basis. The minimum amount for an automatic transfer from a Upromise rewards service account to your Account is $25. However, you cannot use the transfer of funds from a Upromise rewards service account as the initial funding source for your Account.

This Disclosure Statement is not intended to provide detailed information concerning the Upromise rewards service. The Upromise rewards service is administered in accordance with the terms and procedures set forth in the Upromise Member Agreement (as amended from time to time), which is available by going to **www.collegechoicedirect.com** and clicking on the Upromise logo. The Upromise rewards service is an optional service, is separate from CollegeChoice 529, and is not affiliated with the State, the Authority, the Board, or the Trust.

SECTION VIII: INVESTMENT INFORMATION

In this Section, you will find information about the Investment Options, including a discussion of the Age-Based Option and the Individual Portfolios. You should consider the information in this Section carefully before choosing to invest in one or more Investment Options. Information related to each Portfolio's strategy and risks has been provided by the Investment Managers. If you have questions about any of the investment-related information in this Section you should call a Client Service Representative at **1-866-485-9415** or contact the applicable Investment Manager prior to making an investment decision.

The following information is found in this Section VIII:

1. Portfolio Profiles **21**
   Age-Based Option Portfolio Profiles **21**
   Individual Portfolio Profiles **24**
   Additional Vanguard Underlying Fund Profiles **29**

2. Explanation of the Risk Factors of the Portfolios and the Underlying Funds **30**

Assets Held in Trust. Your Account assets are held in the Trust. Your Account is held for your exclusive benefit and may not be transferred or used by the Plan Officials for any purpose other than those of the Trust. Please keep in mind that you will not own shares of the Underlying Funds. You are purchasing Units in the Trust composed of Portfolios, which invest your contributions in one or more of the Underlying Funds.

The Unit Value of each Portfolio is normally calculated as of the close of the NYSE each day. If securities held by an Underlying Fund are traded in other markets on days when the NYSE is closed, a Portfolio's value may fluctuate on days when you do not have access to your Portfolio to purchase or redeem Units. If events that are expected to materially affect the value of securities traded in other markets occur between the close of those markets and the close of business on the NYSE, those securities may be valued at their fair value.

Investment Policies. The Authority has adopted an Investment Policy Statement, restated as of January 2006. The Investment Policy Statement sets forth in part:

- the Board's expectations, objectives, and guidelines for the investment of all Plan assets
- an investment structure for managing all Plan assets
- the criteria and procedures for selecting Investment Options and Investment Managers
- guidelines for each Investment Option that control the level of overall risk and liquidity assumed so that all Plan assets are managed in accordance with stated objectives and
- criteria to monitor, evaluate, and compare the performance results achieved by the Investment Managers on a regular basis

Based on these guidelines, the Authority, with the assistance of its investment advisor and the Program Manager, has developed detailed asset allocations and selected the Underlying Funds for each Portfolio.

Treatment of Dividends and Capital Gains. The Underlying Funds distribute dividends and capital gains because they are required to do so under the current provisions of the Code in order to maintain their tax status as regulated investment companies. Each Portfolio, which is an offering through the Trust, is not considered a mutual fund. Therefore, the Portfolios are not required to comply with these requirements. Any reinvested dividends and capital gains from the Underlying Funds will become assets of the Portfolios. Although the Underlying Funds may distribute dividends and/or capital gains, the Portfolios, rather than distributing earnings, reflect changes in value from income and gains and losses on the sale of the Underlying Funds solely by increasing or decreasing their Unit Value.

The target indexes of certain of the Underlying Funds may change. Many of the Underlying Funds are index Funds. Each index Fund reserves the right to substitute a different index for the index it currently tracks. This could happen if the current index is discontinued, if the index Fund's agreement with the sponsor of its current index is terminated, or for any other reason determined in good faith by the index Fund's board of trustees. In any such instance, a substitute index would measure substantially the same market segment (e.g., large-, mid-, or small-capitalization) as the current index.

Portfolio Changes. We may (i) change the asset allocations, policies, objectives, and guidelines of the Portfolios from time to time (ii) change the selection of Underlying Investments in which each Portfolio invests; and (iii) modify, add, and cancel Portfolios at any time without prior notice. If we make any changes to the Portfolios, your contributions may be reinvested in a Portfolio that is different from your original Portfolio. Neither you, your Beneficiary, nor any contributor to your Account may direct the Underlying Investments of a Portfolio.

Requesting Additional Information about the Underlying Funds. Your contributions to the Age-Based Option or the Individual Portfolios will be invested by the Plan in one or more of the Underlying Funds. Please keep in mind that you will not own shares of the Underlying Funds. Instead, you will own interests in the Trust. Additional information about the investment strategies and risks of each Underlying Fund is available in its current prospectus and Statement of Additional Information (SAI). You can request a copy of the current prospectus, the SAI, or the most recent semiannual or annual report of any Underlying Fund by visiting the following Investment Managers' websites or calling the numbers referenced below.

INVESTMENT MANAGER	WEBSITE	PHONE NUMBER
Vanguard	www.vanguard.com	800-294-6195
Dodge & Cox	www.dodgeandcox.com	800-621-3979
Frontegra Funds	www.frontegra.com	888-825-2100
Western Asset	www.westernassetfunds.com	888-425-6432

Investment Direction and Control by Account Owner

Investment Selection. For each new contribution, you can select from any of the Portfolios when you make your contribution. The minimum allocation per selected Investment Option is 1% of the contribution amount.

Changing Portfolios. Once your Portfolio is selected for a particular contribution, IRS guidance provides that you can move money or transfer from one Portfolio to another once per calendar year for the same Beneficiary.

Investment Option Summary. You can choose between two investment approaches (Age-Based or Individual) at the time the Account is established and at the time each subsequent contribution is made.

The Plan offers investment options that invest in one or more mutual funds managed by Vanguard, Dodge & Cox, Frontegra Funds, and Western Asset. These options include:

- A single Age-Based Option, in which your money is moved automatically to progressively more conservative Portfolios as your Beneficiary approaches college age; or
- Six Individual Portfolios, in which the asset allocation of the Portfolio remains fixed over time.

The Age-Based Option consists of six Portfolios, each of which invests in multiple Underlying Funds managed by Vanguard. Each Individual Portfolio invests in a single Underlying Fund, three of which are managed by Vanguard and three of which are managed by each of Dodge & Cox, Frontegra Funds, and Western Asset.

Age-Based Option

The Age-Based Option is designed to take into account a Beneficiary's age and your investing time horizon — i.e., the number of years before the Beneficiary is expected to attend an Eligible Educational Institution. In general, for younger Beneficiaries, the Age-Based Option will be invested more heavily in stocks to capitalize on the longer investment horizon and to try to maximize returns. As time passes, Account assets are moved automatically to more conservative Portfolios in an effort to preserve capital as the time for distribution approaches. There is no assurance that any Portfolio will be able to reach its goal.

Portfolios with higher allocations in bonds and money market securities tend to be less volatile than those with higher stock allocations. Less-volatile Portfolios generally will not decline as far when stock markets go down, but they also generally will not appreciate in value as much when stock markets go up.

For the Age-Based Option, we will automatically exchange assets from one Portfolio to another as the Beneficiary ages. The exchange occurs during the month following the month of the Beneficiary's birth date, according to the following table. The table also provides the target allocations for each Portfolio in the Age-Based Option.

Portfolio Rebalancing. The Portfolios within the Age-Based Option are rebalanced on an as- needed basis to ensure that they are allocated as close to the target allocations as possible.

	BENEFICIARY AGE BIRTH–3	BENEFICIARY AGE 4–7	BENEFICIARY AGE 8–11	BENEFICIARY AGE 12–14	BENEFICIARY AGE 15–17	BENEFICIARY AGE 18+
UNDERLYING FUND	**AGGRESSIVE GROWTH PORTFOLIO**	**GROWTH PORTFOLIO**	**MODERATE GROWTH PORTFOLIO**	**CONSERVATIVE GROWTH PORTFOLIO**	**INCOME PORTFOLIO**	**CONSERVATIVE INCOME PORTFOLIO**
Vanguard 500 Index	60%	48%	36%	30%	18%	10%
Vanguard Extended Market Index	15%	12%	9%	8%	4%	–
Vanguard Institutional Developed Markets Index	25%	20%	15%	12%	8%	5%
Vanguard Total Bond Market Index	–	20%	40%	50%	47%	35%
Vanguard Short-Term Bond Index	–	–	–	–	23%	25%
Vanguard Prime Money Market	–	–	–	–	–	25%
Total Equity/Fixed Income	100/0	80/20	60/40	50/50	30/70	15/85

Individual Portfolios

Unlike the Age-Based Option, the Individual Portfolios do not change asset allocations as the Beneficiary ages. Instead, the asset allocation of each Portfolio remains fixed over time.

If you choose to invest in Individual Portfolios that invest in Underlying Funds with a significant weighting in stocks, such as the U.S. Equity Index Portfolio and the International Portfolio, you should consider moving your assets to the more conservative Individual Portfolios that invest in either a bond or a money market fund as your Beneficiary approaches college age. Please note that there are limitations on your ability to move assets from one Portfolio to another. (See ***Maintaining Your Account*** starting on page **40.**)

The Individual Portfolios consist of the following six Portfolios, which each invest in a single Underlying Fund:

- U.S. Equity Index Portfolio
- Short-Term Bond Index Portfolio
- Money Market Portfolio
- International Portfolio
- Bond Portfolio
- Inflation-Protected Portfolio

PORTFOLIO PROFILES

The following profiles highlight the investment objective, strategy, and risks of each Portfolio. The Portfolios in CollegeChoice 529 are more likely to meet their goals if each Underlying Fund in which each Portfolio invests achieves its stated investment objectives. More detailed information about each Underlying Fund is available from the Investment Managers.

AGE-BASED OPTION PORTFOLIO PROFILES

Aggressive Growth Portfolio

Investment Objective. The Portfolio seeks to provide capital appreciation.

Investment Strategy. The Portfolio invests in three Vanguard stock index funds according to a formula that results in an allocation of 100% of its assets to stocks. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

Vanguard 500 Index Fund	60%
Vanguard Extended Market Index Fund	15%
Vanguard Institutional Developed Markets Index Fund	25%

Through its ownership of the three stock funds, the Portfolio indirectly owns primarily large-capitalization U.S. stocks and, to a lesser extent, international stocks and mid- and small-capitalization U.S. stocks.

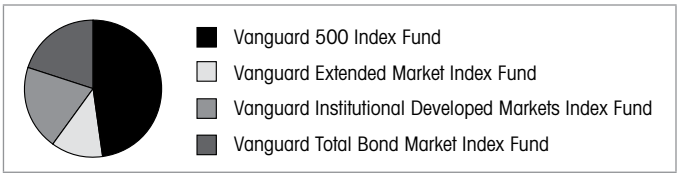
Investment Risks. Because it invests entirely in stock funds, the Portfolio primarily is subject to **stock market risk.** The Portfolio also has low to moderate levels of **investment style risk, foreign securities risk,** and **derivatives risk.** These risks are discussed under ***Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Vanguard is Investment Manager*** starting on page **30.**

Growth Portfolio

Investment Objective. The Portfolio seeks to provide capital appreciation and low to moderate current income.

Investment Strategy. The Portfolio invests in three Vanguard stock index funds and one Vanguard bond index fund, resulting in an allocation of 80% of assets to stocks and 20% to investment-grade U.S. bonds. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

Vanguard 500 Index Fund	48%
Vanguard Extended Market Index Fund	12%
Vanguard Institutional Developed Markets Index Fund	20%
Vanguard Total Bond Market Index Fund	20%



Through its ownership of the three stock funds, the Portfolio indirectly owns primarily large-capitalization U.S. stocks and, to a lesser extent, international stocks and mid- and small-capitalization U.S. stocks. Through its ownership of the bond fund, the Portfolio also indirectly holds a broadly diversified collection of securities that, in the aggregate, approximates the Lehman Brothers U.S. Aggregate Bond Index in terms of key risk factors and other characteristics. The Index represents a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities—all with maturities of more than 1 year. The bond fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years.

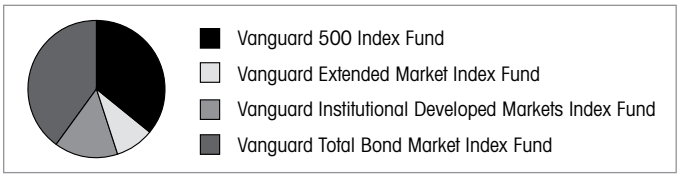
Investment Risks. Because it invests mainly in stock funds, the Portfolio primarily is subject to **stock market risk** and **investment style risk.** Through its bond fund holding, the Portfolio has low to moderate levels of **interest-rate risk, credit risk, income risk,** and **call/prepayment risk.** The Portfolio also has low levels of **foreign securities risk, index sampling risk,** and **derivatives risk.** These risks are discussed under ***Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Vanguard is Investment Manager*** starting on page **30.**

Moderate Growth Portfolio

Investment Objective. The Portfolio seeks to provide capital appreciation and moderate current income.

Investment Strategy. The Portfolio invests in three Vanguard stock index funds and one Vanguard bond index fund, resulting in an allocation of 60% of assets to stocks and 40% to investment-grade U.S. bonds. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

Vanguard 500 Index Fund	36%
Vanguard Extended Market Index Fund	9%
Vanguard Institutional Developed Markets Index Fund	15%
Vanguard Total Bond Market Index Fund	40%



Through its ownership of the three stock funds, the Portfolio indirectly owns primarily large-capitalization U.S. stocks and, to a lesser extent, international stocks and mid- and small-capitalization U.S. stocks. Through its ownership of the bond fund, the Portfolio also indirectly holds a broadly diversified collection of securities that, in the aggregate, approximates the Lehman Brothers U.S. Aggregate Bond Index in terms of key risk factors and other characteristics. The Index represents a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities—all with maturities of more than 1 year. The bond fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years.

Investment Risks. Through its stock fund holdings, the Portfolio is primarily subject to **stock market risk** and **investment style risk.** Through its bond fund holding, the Portfolio has low to moderate levels of **interest-rate risk, credit risk, income risk,** and **call/prepayment risk.** The Portfolio also has low levels of **foreign securities risk, index sampling risk,** and **derivatives risk.** These risks are discussed under ***Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Vanguard is Investment Manager*** starting on page **30.**

Conservative Growth Portfolio

Investment Objective. The Portfolio seeks to provide current income and capital appreciation.

Investment Strategy. The Portfolio invests in three Vanguard stock index funds and one Vanguard bond index fund, resulting in an allocation of 50% of assets to stocks and 50% of assets to investment-grade U.S. bonds. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

Vanguard 500 Index Fund	30%
Vanguard Extended Market Index Fund	8%
Vanguard Institutional Developed Markets Index Fund	12%
Vanguard Total Bond Market Index Fund	50%

Through its ownership of the three stock funds, the Portfolio indirectly owns primarily large-capitalization U.S. stocks and, to a lesser extent, international stocks and mid- and small-capitalization U.S. stocks. Through its ownership of the bond fund, the Portfolio also indirectly holds a broadly diversified collection of securities that, in the aggregate, approximates the Lehman Brothers U.S. Aggregate Bond Index in terms of key risk factors and other characteristics. The Index represents a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities—all with maturities of more than 1 year. The bond fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years.

Investment Risks. Through its stock fund holdings, the Portfolio is subject to **stock market risk** and **investment style risk.** Through its bond fund holding, the Portfolio has low to moderate levels of **interest-rate risk, credit risk, income risk,** and **call/prepayment risk.** The Portfolio also has low levels of **foreign securities risk, index sampling risk,** and **derivatives risk.** These risks are discussed under ***Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Vanguard is Investment Manager*** starting on page **30.**

Income Portfolio

Investment Objective. The Portfolio seeks to provide current income and low to moderate capital appreciation.

Investment Strategy. The Portfolio invests in two Vanguard bond index funds and three Vanguard stock index funds, resulting in an allocation of 70% of assets to investment-grade U.S. bonds and 30% of assets to stocks. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

Vanguard Total Bond Market Index Fund	47%
Vanguard Short-Term Bond Index Fund	23%
Vanguard 500 Index Fund	18%
Vanguard Extended Market Index Fund	4%
Vanguard Institutional Developed Markets Index Fund	8%

Through its ownership of the Vanguard Total Bond Market Index Fund, the Portfolio indirectly holds a broadly diversified collection of securities that, in the aggregate, approximates the Lehman Brothers U.S. Aggregate Bond Index in terms of key risk factors and other characteristics. The Index represents a wide spectrum of public, investment-grade, taxable, fixed-income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities—all with maturities of more than 1 year. Through its ownership of the Vanguard Short-Term Bond Index Fund the Portfolio indirectly holds a range of securities that, in the aggregate, approximates the Lehman Brothers 1–5 Year U.S. Government/Credit Index. This includes all medium and larger issues of U.S. government, investment-grade corporate, and investment-grade international dollar-denominated bonds that have maturities between 1 and 5 years and are publicly issued. The bond funds maintain a dollar-weighted average maturity consistent with that of their respective Indexes, which generally range from 5 to 10 years (Total Bond Market Index Fund), or does not exceed 3 years (Short-Term Bond Index Fund).

Through its ownership of the three stock funds, the Portfolio also indirectly owns primarily large-capitalization U.S. stocks and, to a lesser extent, international stocks and mid- and small-capitalization U.S. stocks.

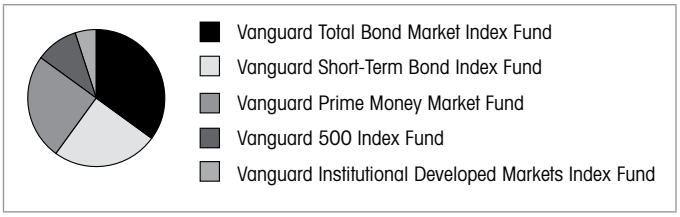
Investment Risks. Because it invests mainly in bond funds, the Portfolio primarily is subject to low to moderate levels of **interest-rate risk, credit risk, income risk,** and **call/prepayment risk.** Through its stock fund holdings, the Portfolio has low to moderate levels of **stock market risk** and **investment style risk.** The Portfolio also has low levels of **foreign securities risk, index sampling risk,** and **derivatives risk.** These risks are discussed under ***Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Vanguard is Investment Manager*** starting on page **30.**

Conservative Income Portfolio

Investment Objective. The Portfolio seeks to provide current income and low capital appreciation.

Investment Strategy. The Portfolio invests in two Vanguard bond index funds, one Vanguard money market fund, and two Vanguard stock index funds, resulting in an allocation of 60% of assets to investment-grade U.S. bonds, 25% of assets to short-term investments, and 15% of assets to stocks. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

Vanguard Total Bond Market Index Fund	35%
Vanguard Short-Term Bond Index Fund	25%
Vanguard Prime Money Market Fund	25%
Vanguard 500 Index Fund	10%
Vanguard Institutional Developed Markets Index Fund	5%



Through its ownership of the Vanguard Total Bond Market Index Fund, the Portfolio indirectly holds a broadly diversified collection of securities that, in the aggregate, approximates the Lehman Brothers U.S. Aggregate Bond Index in terms of key risk factors and other characteristics. The Index represents a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities—all with maturities of more than 1 year. Through its ownership of the Vanguard Short-Term Bond Index Fund, the Portfolio indirectly holds a range of securities that, in the aggregate, approximates the Lehman Brothers 1-5 Year U.S. Government/Credit Index. This includes all medium and larger issues of U.S. government, investment-grade corporate, and investment-grade international dollar-denominated bonds that have maturities between 1 and 5 years and are publicly issued. The bond funds maintain a dollar-weighted average maturity consistent with that of their respective Indexes, which generally range from 5 to10 years (for Total Bond Market Index Fund), or does not exceed 3 years (for Short-Term Bond Index Fund).

Through its ownership of the money market fund, the Portfolio indirectly holds high-quality, short-term money market instruments, including certificates of deposit, banker's acceptances, commercial paper, and other money market securities. The money market fund maintains a dollar-weighted average maturity of 90 days or less. (See ***Note*** under the ***Money Market Portfolio*** description on page **25.**)

Through its ownership of the two stock funds, the Portfolio indirectly owns primarily large-capitalization U.S. stocks and, to a lesser extent, international stocks.

Investment Risks. Because it invests mainly in bond and money market funds, the Portfolio primarily is subject to low to moderate levels of **interest-rate risk, credit risk, income risk,** and **call/prepayment risk.** Through its stock fund holdings, the Portfolio also has a low to moderate level of **stock market risk.** The portfolio also has low levels of **investment style risk, foreign securities risk, manager risk, index sampling risk, industry concentration risk,** and **derivatives risk.** These risks are discussed under ***Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Vanguard is Investment Manager*** starting on page **30.**

INDIVIDUAL PORTFOLIO PROFILES

U.S. Equity Index Portfolio

Investment Objective. The Portfolio seeks to track the performance of a benchmark index that measures the investment return of the overall stock market.

Investment Strategy. The Portfolio invests 100% of its assets in Vanguard Total Stock Market Index Fund, which employs a "passive management"—or indexing—investment approach designed to track the performance of the Morgan Stanley Capital International (MSCI) U.S. Broad Market Index. The Index represents 99.5% or more of the total market capitalization of all the U.S. common stocks regularly traded on the New York and American Stock Exchanges and the Nasdaq over-the-counter market. The Fund typically holds 1,200–1,300 stocks in its target index (covering nearly 95% of the Index's total market capitalization) and a representative sample of the remaining stocks. The Fund holds a broadly diversified collection of securities that, in the aggregate, approximates the full Index in terms of key characteristics. These key characteristics include

industry weightings and market capitalization, as well as certain financial measures, such as price/earnings ratio and dividend yield.

Investment Risks. The Portfolio primarily is subject to **stock market risk.** The Portfolio also has low levels of **index sampling risk** and **derivatives risk.** These risks are discussed under ***Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Vanguard is Investment Manager*** starting on page **30.**

Short-Term Bond Index Portfolio

Investment Objective. The Portfolio seeks to track the performance of a market-weighted bond index with a short-term dollar-weighted average maturity.

Investment Strategy. The Portfolio invests 100% of its assets in the Vanguard Short-Term Bond Index Fund, which employs a "passive management"—or indexing—investment approach designed to track the performance of the Lehman Brothers 1–5 Year U.S. Government/Credit Index. This Index includes all medium and larger issues of U.S. government, investment-grade corporate, and investment-grade international dollar-denominated bonds that have maturities between 1 and 5 years and are publicly issued. The Fund invests by sampling the Index, meaning that it holds a range of securities that, in the aggregate, approximates the full Index in terms of key risk factors and other characteristics. All of the Fund's investments will be selected through the sampling process, and at least 80% of the Fund's assets will be invested in bonds held in the Index. The Fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally does not exceed 3 years.

Investment Risks. The Portfolio primarily is subject to **income risk.** The Portfolio also has low levels of **interest-rate risk, credit risk, index sampling risk,** and **derivatives risk.** These risks are discussed under ***Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Vanguard is Investment Manager*** starting on page **30.**

Money Market Portfolio

Investment Objective. The Portfolio seeks income consistent with the preservation of principal.

Investment Strategy. The Portfolio invests 100% of its assets in Vanguard Prime Money Market Fund, which invests primarily in high-quality, short-term money market instruments, including certificates of deposit, banker's acceptances, commercial paper, and other money market securities. To be considered high-quality, a security generally must be rated in one of the two highest credit-quality categories for short-term securities by at least two nationally recognized rating services (or by one, if only one rating service has rated the security). If unrated, the security must be determined by Vanguard to be of quality equivalent to securities in the two highest credit-quality categories. The Fund invests more than 25% of its assets in securities issued by companies in the financial services industry. The Fund maintains a dollar-weighted average maturity of 90 days or less.

Investment Risks. The Portfolio primarily is subject to **income risk, manager risk,** and **industry concentration risk.** It also has low levels of **credit risk,** and **derivatives risk.** These risks are discussed under ***Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Vanguard is Investment Manager*** starting on page **30.**

Note: The Portfolio's investment in Vanguard Prime Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Prime Money Market Fund seeks to preserve the value of the investment at $1 per share, it is possible that the Portfolio may lose money by investing in the Fund.

International Portfolio

Investment Objective: The Portfolio seeks long-term growth of principal and income.

Investment Strategy: The Portfolio invests in the Dodge & Cox International Stock Fund. Through its ownership in the Fund, the Portfolio's objective is to provide Account Owners with an opportunity for long-term growth of principal and income. Investors should recognize that the market risks inherent in investing in securities cannot be avoided, and there is no assurance that the investment objective of the Fund will be achieved.

The Fund seeks to achieve its objective by investing primarily in a diversified portfolio of equity securities issued by non-U.S. companies from at least three different foreign countries, including emerging markets. Under normal circumstances, the Fund will invest at least 80% of its total assets in common stocks, preferred stocks, securities convertible into common stocks, and securities that carry the right to buy common stocks of non-U.S. companies, excluding non-U.S. companies included in the S&P 500. The Fund may invest in American, European, and Global Depositary Receipts of such securities.

Moderate reserves in cash or short-term fixed-income securities may be held from time to time as Dodge & Cox may deem advisable. For temporary, defensive purposes, the Fund may invest, without limitation, in U.S. dollar-denominated money market securities. As a result of

taking this defensive position, the Fund may not achieve its investment objective. Nevertheless, the long-term emphasis is to maintain a fully invested equity Fund.

Securities selected for the Fund are predominantly those which, in the view of Dodge & Cox, have positive prospects for long-term growth of principal and income not reflected in the current price. Prospective earnings, cash flow, and dividends are considered in making these stock selections. Various other factors, including financial strength, economic condition, competitive advantage, quality of the business franchise, and the reputation, experience and competence of a company's management are weighed against valuation in selecting individual securities.

In an attempt to minimize unforeseen risks in holding the securities of a single issuer, the Fund seeks to provide investment diversification. Although there is no restriction on the number of changes in security holdings, purchases are made with a view to holding for the long term and not for short-term trading purposes. (The Fund's portfolio turnover rates for the fiscal years ended December 31, 2007, 2006, and 2005, were 16%, 9%, and 7%, respectively.) However, during rapidly changing economic, market, and political conditions, portfolio turnover may be higher than in a more stable period. A higher turnover rate might result in increased transaction expenses and the realization of capital gains and losses, some of which may be short-term capital gains taxed as ordinary income. It is the general practice of the Fund to invest in foreign securities of non-U.S. companies with ready markets, mainly issues listed on U.S. and foreign national securities exchanges. In seeking to achieve the objectives of the Fund, Dodge & Cox may lend the Fund's portfolio securities.

Investment Risks. Investment risks are discussed under ***Explanation of the Risk Factors of the Portfolios and the Underlying Funds; International Portfolio—Dodge & Cox, Investment Manager*** starting on page **31.**

Bond Portfolio

Investment Objective: The Portfolio seeks a high level of total return, consistent with the preservation of capital.

Investment Strategy: The Portfolio invests in the Frontegra Columbus Core Plus Fund, Institutional Class. Through its ownership in the Fund, the Fund invests primarily in a diversified portfolio of fixed income securities of varying maturities. Under normal market conditions, the Fund will invest at least 80% of its assets, determined at the time of purchase, in bonds. Types of bonds include: short-term fixed income securities; U.S. government securities; corporate debt securities, including convertible securities and corporate commercial paper; mortgage-backed and other asset-backed securities; bank certificates of deposit, fixed time deposits and bankers' acceptances; repurchase agreements; obligations of foreign governments or their subdivisions, agencies and instrumentalities; and obligations of international agencies or supranational entities.

Fixed-Income Securities. Issuers of fixed-income securities have a contractual obligation to pay interest at a specified rate on specified dates and to repay principal on a specified maturity date. Certain securities (usually intermediate- and long-term bonds) have provisions that allow the issuer to redeem or "call" a bond before its maturity. Issuers are most likely to call such securities during periods of falling interest rates. As a result, the Fund may be required to invest the unanticipated proceeds of the called security at lower interest rates, which may cause the Fund's income to decline. Commercial paper generally is considered the shortest form of fixed-income security. Notes whose original maturities are two years or less are considered short-term obligations. The term "bond" generally refers to securities with maturities longer than two years. Bonds with maturities of three years or less are considered short-term, bonds with maturities between three and ten years are considered intermediate-term, and bonds with maturities greater than ten years are considered long-term.

Non-Investment Grade Debt Securities (High Yield Securities). Although the Fund primarily will invest in investment grade fixed income securities, the Fund may invest up to 25% of its assets in fixed-income securities that are rated below investment grade. Investment grade fixed income securities include bonds rated in one of the four highest rating categories by a nationally recognized statistical rating organization, such as BBB or higher by Standard & Poor's (S&P). High yield securities, while generally offering higher yields than investment grade securities with similar maturities, involve greater risks, including the possibility of default or bankruptcy. They are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. Although it is not precluded from doing so, the Fund generally does not invest in high yield securities rated below BB by S&P.

Mortgage- and Other Asset-Backed Securities. The Fund may invest in mortgage- and other asset-backed securities. Mortgage-backed securities represent direct or indirect participation in mortgage loans secured by real property, and include single- and multi-class pass-through securities and collateralized mortgage obligations. Asset-backed securities have structural characteristics similar to mortgage-backed securities. However, the underlying assets are not mortgage loans.

Instead, they include assets such as motor vehicle installment sales contracts, installment loan contracts, home equity loans, leases of various types of property and receivables from credit card issuers or other revolving credit arrangements.

Temporary Strategies. The Fund may invest up to 100% of its assets in cash and short-term fixed income securities for temporary defensive purposes in response to adverse market, economic, or political conditions and in other limited circumstances, such as in the case of unusually large cash inflows or redemptions. When so invested, the Fund may not achieve its investment objective.

As the Fund's subadviser, Reams Asset Management Company, LLC, (Reams) attempts to maximize total return over a long-term horizon through opportunistic investing in a broad array of eligible securities. The investment process combines top-down interest rate management with bottom-up bond selection, focusing on undervalued issues in the fixed income market. Reams employs a two-step process in managing the Fund. The first step is to establish the portfolio's duration, or interest rate sensitivity. Reams determines whether the bond market is under- or over-priced by comparing current real interest rates (the nominal rate on the ten year bond less Reams' estimate of inflation) to historical real interest rates. If the current real rate is higher than historical norms, the market is considered undervalued and Reams will manage the portfolio with duration greater than the market duration. If the current real rate is less than historical norms, the market is considered overvalued and Reams will run a defensive portfolio.

Once Reams has determined an overall market strategy, the second step is to select the most attractive bonds for the Fund. The portfolio management team screens hundreds of issues to determine how each will perform in various interest-rate environments. The team constructs these scenarios by considering the outlook for interest rates, fundamental credit analysis and option-adjusted spread analysis. The team compares these investment opportunities and assembles the Fund's portfolio from the best available values. Reams constantly monitors the expected returns of the securities in the Fund versus those available in the market and of other securities the firm is considering for purchase. Reams' strategy is to replace securities that it feels are approaching fair market value with those that, according to its analysis, are significantly undervalued.

The portfolio duration of the Fund will normally fall between two and seven years based on market conditions. Duration is a measure of a fixed income security's average life that reflects the present value of the security's cash flow, and accordingly is a measure of price sensitivity to interest rate changes. For example, if interest rates decline by 1%, the market value of a portfolio with a duration of five years would rise by approximately 5%. Conversely, if interest rates increase by 1%, the market value of the portfolio would decline by approximately 5%. The longer the duration, the more susceptible the portfolio will be to changes in interest rates.

Investment Risks. Investment risks are discussed under ***Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Bond Portfolio—Frontegra Funds, Investment Manager*** starting on page **32.**

Inflation-Protected Portfolio

Investment Objective: The Portfolio seeks to maximize total return, consistent with preservation of capital.

Investment Strategy: The Portfolio invests in the Western Asset Inflation Indexed Plus Bond Portfolio, Institutional Class. Through its ownership in the Fund, under normal market conditions, the Portfolio invests 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. Inflation-indexed securities are fixed-income securities that are structured to provide protection against inflation. The principal or interest components of an inflation-indexed security are adjusted periodically according to the general movements of inflation in the country of issue. For example, the U.S. Treasury currently uses the Consumer Price Index for All Urban Consumers, non-seasonally adjusted, as its inflation measure.

The Fund's investment advisers use fundamental investment techniques to select issues. Although the Fund may invest in fixed-income securities of any maturity, the target average modified duration of the Fund is expected to range within 3 years of that of its benchmark, the Lehman Brothers U.S. Treasury Inflation Notes Index. Therefore, the range within which the average modified duration of the Fund is expected to fluctuate is 6–12 years, although this may vary. The Fund's average modified duration may fall outside of its expected average modified duration range due to market movements. If this happens, the Fund's investment advisers will take action to bring the Fund's average modified duration back within the Fund's expected average modified duration range within a reasonable period of time. Modified duration measures the expected sensitivity of market price to changes in interest rates, taking into account the effects of structural complexities (for example, some bonds can be prepaid by the issuer).

The Fund intends to sell protection in connection with credit default swaps relating to corporate debt securities. It is currently expected that the notional amount of the credit default swaps will not exceed 40% of the Fund's net assets, although such exposure may exceed 40% from time to time.

Although the Fund is expected to maintain an average credit quality of at least A/A, it may invest up to 30% of its net assets in securities rated below AAA/Aaa at the time of purchase or unrated securities of comparable quality at the time of purchase (as determined by the Fund's investment advisers), including securities rated below investment grade. The Fund will consider a security to be rated below investment grade if it is not rated Baa/BBB or above by at least one Nationally Recognized Statistical Rating Organization (NRSRO) (or, if unrated, is determined by the Fund's investment advisers to be of comparable quality). Securities rated below investment grade are commonly known as "junk bonds" or "high yield securities." With respect to the Fund's use of credit default swaps, for purposes of calculating the Fund's average credit quality, the Fund will utilize the credit rating and the notional amount of the debt security referenced in the credit default swap.

To achieve its objective, the Fund may invest in a variety of securities and instruments, including:

- U.S. government obligations
- corporate obligations (including, without limitation, debt obligations, preferred stock, convertible securities, zero coupon securities, and pay-in-kind securities)
- non-U.S. inflation-indexed securities
- mortgage- and other asset-backed securities
- debt obligations of corporate and governmental issuers in emerging market countries (including "Brady Bonds"); bonds issued as a result of a debt restructuring plan; Eurobonds; domestic and international bonds issued under the laws of a developing country; and emerging market loans (emerging market securities)
- non-U.S. debt issued in U.S. dollars or non-U.S. currencies, including obligations of non-U.S. governments, international agencies, or supranational organizations
- municipal obligations
- variable and floating-rate debt securities
- commercial paper and other short-term investments
- certificates of deposit, time deposits, and bankers' acceptances
- loan participations and assignments
- structured notes
- repurchase agreements

In addition, under normal market conditions, at the time of purchase:

- no more than 20% of the Fund's net assets may be invested in non-U.S. dollar-denominated inflation-indexed securities
- no more than 10% of the Fund's net assets may be invested in un-hedged non-U.S. dollar-denominated securities
- no more than 20% of the Fund's net assets may be invested in a combination of high yield securities, emerging market securities, and loan participations and assignments
- no more than 10% of the Fund's net assets may be invested in high yield securities
- no more than 10% of the Fund's net assets may be invested in emerging market securities
- no more than 10% of the Fund's net assets may be invested in loan participations and assignments

The Fund may also:

- engage in reverse repurchase agreements
- borrow money for temporary or emergency purposes
- invest in derivatives such as futures, options, and swaps for both hedging and non-hedging purposes, including for purposes of enhancing returns
- buy or sell non-U.S. currencies, non-U.S. currency options, or non-U.S. currency futures contracts and related options for hedging and non-hedging purposes, including for purposes of enhancing returns
- enter into non-U.S. currency forward contracts for hedging and non-hedging purposes, including for purposes of enhancing returns
- loan its portfolio securities
- buy or sell securities on a forward commitment basis
- hold common stock or warrants received as the result of an exchange or tender of fixed income securities

In particular, the Fund may use interest rate swaps, credit default swaps (on individual securities and/or baskets of securities), future contracts and/or mortgage-backed securities to a significant extent, although the amounts invested in these instruments may change from time to

time. Other instruments may also be used to a significant extent from time to time.

The Fund may buy and sell investments relatively often, which involves higher trading costs and other expenses, and may increase taxes payable by the Fund's shareholders.

Investment Risks. Investment risks are discussed under ***Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Inflation-Protected Portfolio — Western Asset, Investment Manager*** starting on page **33.**

ADDITIONAL VANGUARD UNDERLYING FUND PROFILES

The Age-Based Option's Portfolios invest in multiple Underlying Funds, two of which also are available for investment through the Individual Portfolios, and thus information about those Underlying Funds has already been provided above under ***Individual Portfolio Profiles.*** Information about the other four Underlying Funds is presented below.

Vanguard 500 Index Fund

Investment Objective. The Fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks.

Investment Strategy. The Fund employs a "passive management" — or indexing — investment approach designed to track the performance of the Standard & Poor's 500 Index, a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weighting in the Index.

Investment Risks. The Fund primarily is subject to **stock market risk** and **investment style risk.** The Fund also has a low level of **derivatives risk.** These risks are discussed under ***Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Vanguard is Investment Manager*** starting on page **30.**

Vanguard Extended Market Index Fund

Investment Objective. The Fund seeks to track the performance of a benchmark index that measures the investment return of small- and mid-capitalization stocks.

Primary Investment Strategies. The Fund employs a "passive management" — or indexing — investment approach designed to track the performance of the Standard & Poor's Completion Index, a broadly diversified index of stocks of small and medium-size U.S. companies. The S&P Completion Index contains all of the U.S. common stocks regularly traded on the New York and American Stock Exchanges and the Nasdaq over-the-counter market, except those stocks included in the S&P 500 Index. The Fund invests all, or substantially all, of its assets in stocks of its target index, with nearly 80% of its assets invested in 1,200 stocks in its target index (covering nearly 80% of the Index's total market capitalization), and the rest of its assets in a representative sample of the remaining stocks. The Fund holds a broadly diversified collection of securities that, in the aggregate, approximates the full Index in terms of key characteristics. These key characteristics include industry weightings and market capitalization, as well as certain financial measures, such as price/earnings ratio and dividend yield.

Investment Risks. The Fund primarily is subject to **stock market risk** and **investment style risk.** The Fund also has a low level of **derivatives risk.** These risks are discussed under ***Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Vanguard is Investment Manager*** starting on page **30.**

Vanguard Institutional Developed Markets Index Fund

Investment Objective. The Fund seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in the major markets of Europe and the Pacific region.

Investment Strategy. The Fund employs a "passive management" — or indexing — investment approach. The Fund seeks to track the performance of the MSCI Europe, Australasia, Far East (EAFE) Index by investing in two other Vanguard funds — Vanguard European Stock Index Fund and Vanguard Pacific Stock Index Fund. These other funds seek to track the MSCI Europe Index and the MSCI Pacific Index, which together make up the MSCI EAFE Index. The Fund allocates all, or substantially all, of its assets between the European Stock Index Fund and the Pacific Stock Index Fund, based on the market capitalizations of European and Pacific stocks in the MSCI EAFE Index. The MSCI EAFE Index includes approximately 1,140 common stocks of companies located in Europe, Australia, Asia, and the Far East.

Investment Risks. The Fund primarily is subject to **stock market risk** and **foreign securities risk.** The Fund also has a low level of **derivatives risk.** These risks are discussed under ***Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Vanguard is Investment Manager*** starting on page **30.**

Vanguard Total Bond Market Index Fund

Investment Objective. The Fund seeks to track the performance of a broad, market-weighted bond index.

Investment Strategy. The Fund employs a "passive management"—or indexing—investment approach designed to track the performance of the Lehman Brothers U.S. Aggregate Bond Index. This Index measures a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities—all with maturities of more than 1 year. The Fund invests by sampling the Index, meaning that it holds a broadly diversified collection of securities that, in the aggregate, approximates the full Index in terms of key risk factors and other characteristics. All of the Fund's investments will be selected through the sampling process, and at least 80% of the Fund's assets will be invested in bonds held in the Index. The Fund maintains a dollar-weighted average maturity consistent with that of the Lehman Brothers U.S. Aggregate Bond Index, which generally ranges between 5 and 10 years.

Investment Risks. The Fund primarily is subject to moderate levels of **interest-rate risk, income risk,** and **call/prepayment risk,** and low levels of **credit risk, index sampling risk,** and **derivatives risk.** These risks are discussed under ***Explanation of the Risk Factors of the Portfolios and the Underlying Funds; Portfolios for which Vanguard is Investment Manager*** below.

EXPLANATION OF THE RISK FACTORS OF THE PORTFOLIOS AND THE UNDERLYING FUNDS

Portfolios for which Vanguard is Investment Manager

Call/Prepayment Risk. This is the risk that during periods of falling interest rates, issuers of callable bonds may call (repay) securities with higher coupons or interest rates before their maturity dates. The Underlying Fund would lose potential price appreciation and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the Underlying Fund's income. For mortgage-backed securities, this risk is known as prepayment risk.

Credit Risk. This is the risk that an issuer of a security owned by an Underlying Fund will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that security to decline.

Derivatives Risk. An Underlying Fund may invest, to a limited extent, in derivatives. Generally speaking, a derivative is a financial contract whose value is based on the value of a financial asset (such as a stock, bond, or currency), a physical asset (such as gold), or a market index (such as the S&P 500 Index). Investments in derivatives may subject the Underlying Funds to risks different from, and possibly greater than, those of the underlying securities, assets, or market indexes. The Vanguard Underlying Funds will not use derivatives for speculation or for the purpose of leveraging (magnifying) investment returns.

Foreign Securities Risk. Investments in foreign securities are subject to country risk and currency risk. Country risk is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the values of securities issued in foreign countries or regions. Currency risk is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates. Investments in foreign stock markets can be riskier than U.S. stock investments. The prices of foreign stocks and the prices of U.S. stocks have, at times, moved in opposite directions.

Income Risk. This is the risk that the Underlying Fund's income will decline because of falling interest rates. Income risk generally is higher for short-term bond funds and lower for long-term bond funds.

Index Sampling Risk. This is the risk that the securities selected for an Underlying Fund that uses the sampling method of indexing, in the aggregate, will not provide investment performance matching that of the Underlying Fund's target index.

Industry Concentration Risk. This is the risk that there will be overall problems affecting a particular industry in which an Underlying Fund invests more than 25% of its assets. Because the Conservative Income Portfolio and the Money Market Fund Portfolio invest in the Vanguard Prime Money Market Fund, which invests more than 25% of its assets in securities of companies in the financial services industry, both Portfolios' performance will depend to a greater extent on the overall condition of that industry.

Interest-Rate Risk. This is the risk that bond prices overall will decline because of rising interest rates. Interest-rate risk generally is higher for long-term bond funds and lower for short-term bond funds.

Investment Style Risk. This is the chance that returns from the types of stock in which an Underlying Fund invests will trail returns from the overall stock market. Specific types of stocks (for instance mid- or small-capitalization stocks) tend to go through cycles of doing better—or worse—than the stock market in general. These periods have, in the past, lasted for as long as several years.

Manager Risk. This is the risk that poor security selection will cause an Underlying Fund to underperform relevant benchmarks or other funds with a similar investment objective.

Stock Market Risk. This is the risk that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Prices of mid- and small-capitalization stocks often fluctuate more than those of large-capitalization stocks.

International Portfolio—Dodge & Cox, Investment Manager

The Fund could lose money or the Fund could underperform other investments, for any of the following reasons:

- The stock markets in the countries in which the Fund invests go down.
- Markets continue to undervalue the stocks in the Fund's portfolio.
- Dodge & Cox's opinion about the intrinsic worth of a company or security is incorrect.
- Dodge & Cox does not hedge or is not successful in hedging the Fund's currency exposure.
- The reduction of income by foreign taxes, including foreign withholding taxes on interest and dividends.
- Unfavorable differences between the U.S. economy and foreign economies.
- The increased risk of delayed settlement of portfolio transactions or loss of certificates of portfolio securities.
- Transaction charges for currency exchange.

Since the Fund invests primarily in securities of foreign companies, there is a greater risk that the Fund's share price will fluctuate more than if the Fund invested in U.S. issuers. Prices of foreign securities may go down (as well as your investment) for any of the following additional reasons:

- Unfavorable foreign government actions, including expropriation and nationalization, political, economic, or market instability, or the absence of accurate information about foreign companies.
- A decline in the value of foreign currencies relative to the U.S. dollar, which reduces the value of securities denominated in those currencies.
- Foreign securities are sometimes less liquid, more volatile, and harder to value than securities of U.S. issuers.
- Lack of uniform accounting, auditing, and financial reporting standards, with less governmental regulation and oversight than U.S. companies.

You should understand that all U.S. and foreign investments involve risks, and there can be no guarantee against loss resulting from an investment in the Fund, nor can there be any assurance that the Fund's investment objective will be attained. There are further risk factors described elsewhere in the Fund's prospectus and in the Fund's SAI.

Investments in stocks are subject to market risks that cause their prices to fluctuate over time (i.e., the possibility that stock prices will decline over short or extended periods). Prices of fixed-income securities are sensitive to changes in the market level of interest rates. In general, as interest rates rise, the prices of fixed-income securities fall, and conversely, as interest rates fall, the prices of these securities rise. Yields on short, intermediate and long-term securities are dependent on a variety of factors, including the general conditions of the money and fixed-income securities markets, the size of a particular offering, the terms and conditions of the obligation (e.g., maturity, coupon, and call features), and the credit quality and rating of the issue. Debt securities with longer maturities tend to have higher yields and are generally subject to potentially greater volatility than obligations with shorter maturities and lower yields. Furthermore, because yield levels on securities vary with changing interest rates, no specific yield on shares of the Fund can be guaranteed.

The value of stocks and fixed-income securities may also be affected by credit risk, i.e., changes in the financial condition of, and other events affecting, specific issuers. For example, the Fund could lose money if the issuer or guarantor of a fixed-income security, or the counterparty to a forward contract, repurchase agreement or a loan of portfolio securities is unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations. If an issuer defaults, or if the credit quality of an investment deteriorates or is perceived to deteriorate, the value of the investment could decline.

Fluctuations in the value of the securities in which the Fund invests will cause the Fund's share price to fluctuate. An investment in the Fund, therefore, may be more suitable for long-term investors who can bear the risk of short and long-term fluctuations in the Fund's share price.

After purchase by the Fund, a debt security may cease to be rated or its rating may be reduced below the minimum required for purchase by the Fund. Neither event will require a sale of such security by the Fund. However, Dodge & Cox will consider such event in its

determination of whether the Fund should continue to hold the security. Foreign securities involve some special risks such as exposure to potentially adverse foreign political and economic developments; market instability; nationalization and exchange controls; potentially lower liquidity and higher volatility; possible problems arising from accounting, disclosure, settlement and regulatory practices that differ from U.S. standards; foreign taxes that could reduce returns; higher transaction costs and foreign brokerage and custodian fees; inability to vote proxies, exercise shareholder rights, pursue legal remedies and obtain judgments with respect to foreign investments in foreign courts; possible insolvency of a subcustodian or securities depository; and the risk that fluctuations in foreign exchange rates will decrease the investment's value (although favorable changes can increase its value). These risk factors are increased when investing in emerging markets.

Dodge & Cox follows a disciplined approach to investing in which investment ideas are considered by investment committees and decisions are applied to all eligible clients (including the Fund and separate account clients) within a particular strategy. This process involves establishment of target allocations and securities position limits that are applied across all relevant client portfolios. It is possible that certain investment opportunities that would be available to a smaller mutual fund may not be available to the Fund due to factors related to the size of the Fund, including the inability of the Fund to take significant positions in limited investment opportunities or the inability of the Fund to add significantly to or dispose of existing securities positions. Any of these factors could negatively impact the investment performance of the Fund.

Bond Portfolio — Frontegra Funds, Investment Manager

Market Risks: The Fund's investments are subject to market risk, so that the value of the Fund's investments may decline. If the value of the Fund's investments goes down, you may lose money.

Individual Bonds Risks: The Fund's investments are subject to the risks inherent in individual bond selections. While fixed-income securities normally fluctuate less in price than stocks, there have been extended periods of increases in interest rates that have caused significant declines in fixed-income securities prices. The values of fixed income securities may be affected by changes in the credit rating or financial condition of their issuers. Generally, the lower the credit rating of a security, the higher the degree of risk as to the payment of interest and return of principal.

Maturity Risk: The Fund will invest in bonds of varying maturities. A bond's maturity is one indication of the interest-rate exposure of a security. Generally, the longer a bond's maturity, the greater the risk and the higher its yield. Conversely, the shorter a bond's maturity, the lower the risk and the lower its yield.

Credit Risk: Individual issues of fixed-income securities in the Fund may also be subject to the credit risk of the issuer.

Prepayment Risk: The Fund may invest in mortgage- and asset-backed securities, which are subject to fluctuations in yield due to prepayment rates that may be faster or slower than expected.

Income Risk: The Fund's income could decline due to falling market interest rates. In a falling interest-rate environment, the Fund may be required to invest its assets in lower-yielding securities. Because interest rates vary, it is impossible to predict the income or yield of the Fund for any particular period.

Mortgage- and Asset-backed Securities Risk: The yield characteristics of mortgage- and asset-backed securities differ from those of traditional debt obligations. For example, interest and principal payments are made more frequently on mortgage- and asset-backed securities, usually monthly, and principal may be prepaid at any time. As a result, if the Fund purchases these securities at a premium, a prepayment rate that is faster than expected will reduce yield to maturity, while a prepayment rate that is slower than expected will increase yield to maturity. If the Fund purchases these securities at a discount, a prepayment rate that is faster than expected will increase yield to maturity, while a prepayment rate that is slower than expected will reduce yield to maturity. Accelerated prepayments on securities purchased at a premium also impose a risk of loss of principal because the premium may not have been fully amortized at the time the principal is prepaid in full. The market for privately issued mortgage- and asset-backed securities is smaller and less liquid than the market for government sponsored mortgage-backed securities.

Portfolio Turnover Risk: Although the Fund does not engage in frequent trading as a principal investment strategy, from time to time the Fund may experience a high portfolio turnover rate due to various factors, such as changes in asset levels or more trading in response to volatility in the fixed income markets. The portfolio turnover rate indicates changes in the Fund's securities holdings. If the Fund experiences a high portfolio turnover rate, the Fund's shareholders may realize significant taxable capital gains as a result of frequent trading of the Fund's assets and the Fund will incur transaction costs

in connection with buying and selling securities. Tax and transaction costs lower the Fund's effective return for investors.

Liquidity Risk: Liquidity risk is the risk that certain securities may be difficult or impossible to sell at the time and price that Reams would like to sell. Reams may have to lower the price, sell other securities instead, or forego an investment opportunity, any of which could have a negative effect on the Fund's management or performance.

Management Risk: The Fund is subject to management risk as an actively managed investment portfolio. Reams and each individual portfolio manager will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these will produce the desired results. If Reams is not able to select better-performing fixed income securities, the Fund may lose money.

High Yield Security Risk: The Fund may invest up to 25% of its assets in high yield securities, which tend to be more sensitive to economic conditions than are higher-rated securities. As a result, they generally involve more credit risk than securities in the higher-rated categories. During an economic downturn or a sustained period of rising interest rates, highly leveraged issuers of high yield securities may experience financial stress and may not have sufficient revenues to meet their payment obligations. The risk of loss due to default by an issuer of these securities is significantly greater than issuers of higher-rated securities because such securities are generally unsecured and are often subordinated to other creditors. The Fund may have difficulty disposing of certain high yield securities because there may be a thin trading market for such securities. To the extent a secondary trading market does exist, it is generally not as liquid as the secondary market for higher-rated securities. Periods of economic uncertainty generally result in increased volatility in the market prices of these securities and thus in the Fund's net asset value and the Portfolio's Unit Value.

Inflation-Protected Portfolio — Western Asset, Investment Manager

The following risks may apply to the Portfolio through its investment in the Fund.

In General: At any time, an investment in the Fund may be worth more or less than the price originally paid for it. The Fund may lose money because: (1) the value of the investments it owns changes, sometimes rapidly and unpredictably; (2) the Fund is not successful in reaching its goal because of its strategy or because it did not implement its strategy properly; or (3) unforeseen occurrences in the securities markets negatively affect the Fund.

Borrowing Risk: When the Fund borrows money or is otherwise leveraging its portfolio, the value of an investment in the Fund will be more volatile and all other risks will tend to be compounded. This is because leverage tends to exaggerate the effect of any increase or decrease in the value of the Fund's holdings. The Fund may take on borrowing risk or similar risks by borrowing money to meet redemption requests, investing collateral from securities loans, using reverse repurchase agreements, dollar rolls and other borrowings (including by engaging in loans of portfolio securities), through the use of when-issued, delayed-delivery or forward commitment transactions or by using futures, swaps or by using other derivatives. The use of leverage may also cause the Fund to liquidate positions when it may not be advantageous to do so to satisfy its obligations or meet segregation requirements.

Call Risk: Many fixed-income securities, especially those issued at high interest rates, provide that the issuer may repay them early. Issuers often exercise this right when interest rates are low. Accordingly, holders of callable securities may not benefit fully from the increase in value that other fixed-income securities experience when rates decline. Furthermore, the Fund reinvests the proceeds of the payoff at current yields, which are lower than those paid by the security that was paid off.

Credit Risk: The Fund is also subject to credit risk, i.e., the risk that an issuer of securities will be unable to pay principal and interest when due, or that the value of the security will suffer because investors believe the issuer is less able to pay. This is broadly gauged by the credit ratings of the securities in which the Fund invests. However, ratings are only the opinions of the agencies issuing them and are not absolute guarantees as to quality. Not all securities are rated. In the event that NRSROs assign different ratings to the same security, the Fund's investment advisers will determine which rating they believe best reflects the security's quality and risk at that time.

Debt securities rated below investment grade (i.e., securities not rated Baa/BBB or above by at least one NRSRO) are deemed by the rating agencies to be speculative and may involve major risk of exposure to adverse conditions. These ratings may indicate that the securities may be in default or in danger of default as to principal and interest. Unrated securities of comparable quality share these risks. For purposes of the credit quality limitations set forth in the Fund's prospectus and the Fund's SAI, the Fund will consider a security rated Baa3/BBB- to be rated Baa/BBB.

Not all U.S. government securities are backed by the full faith and credit of the United States. Some securities, such as securities issued by Freddie Mac, are backed only by the credit of the issuing agency or instrumentality. Accordingly, there is a risk of default on these securities.

Currency Risk: Because the Fund may invest in securities denominated in non-U.S. currencies, their value can be affected by changes in the rates of exchange between those currencies and the U.S. dollar. Currency exchange rates can be volatile and affected by, among other factors, the general economic conditions of a country, the actions of the U.S. and non-U.S. governments or central banks, the imposition of currency controls, and speculation. A security may be denominated in a currency that is different from the currency of the country where the issuer is domiciled.

In addition to the policies described elsewhere in the Fund's prospectus, the Fund may from time to time attempt to hedge a portion of its currency risk using a variety of techniques, including currency futures, forwards, and options. However, these instruments may not always work as intended, and in certain cases the Fund may be worse off than if it had not used a hedging instrument. For most emerging market currencies, there are not suitable hedging instruments available. (See ***Hedging Risk*** on page **35** for more information.)

Derivatives Risk: The Fund may engage in a variety of transactions using derivatives, such as futures, options, warrants, and swaps. Derivatives are financial instruments whose value depends upon, or is derived from, the value of something else, such as one or more Underlying Funds, indexes, or currencies. Derivatives may be traded on organized exchanges, or in individually negotiated transactions with other parties (these are known as "over-the-counter" derivatives). The Fund may use derivatives both for hedging and non-hedging purposes, including for purposes of enhancing returns. Although the Fund's investment advisers have the flexibility to make use of derivatives, they may choose not to for a variety of reasons, even under very volatile market conditions.

Derivatives involve special risks and costs and may result in losses to the Fund. The successful use of derivatives requires sophisticated management, and, to the extent that derivatives are used, the Fund will depend on the Fund's investment advisers' ability to analyze and manage derivatives transactions. The prices of derivatives may move in unexpected ways, especially in abnormal market conditions. Some derivatives are "leveraged" and therefore may magnify or otherwise increase investment losses to the Fund. The Fund's use of derivatives may also increase the amount of taxes payable by the Fund's shareholders.

Other risks arise from the potential inability to terminate or sell derivatives positions. A liquid secondary market may not always exist for the Fund's derivatives positions at any time. In fact, many over-the-counter derivative instruments will not have liquidity beyond the counterparty to the instrument. Over-the-counter derivative instruments also involve the risk that the other party will not meet its obligations to the Fund.

Swap agreements tend to shift the Fund's investment exposure from one type of investment to another. For example, if the Fund agrees to exchange payments in U.S. dollars for payments in non-U.S. currency, the swap agreement would tend to decrease the Fund's exposure to U.S. interest rates and increase its exposure to non-U.S. currency and interest rates. The Fund may also enter into interest rate swaps, which involve the exchange of interest payments by the Fund with another party, such as an exchange of floating-rate payments for fixed interest rate payments with respect to a notional amount of principal. If the Fund's investment advisers are incorrect in their interest rate forecasts and/or an interest rate swap used as a hedge negates a favorable interest rate movement, the investment performance of the Fund would be less than what it would have been if the Fund had not entered into the interest rate swap.

If the Fund sells protection on credit default swaps relating to corporate debt securities, the Fund would be required to pay the par (or other agreed-upon) value of a referenced debt security to the counterparty in the event of a default by a third party, the corporate debt security issuer, on the debt security, a downgrade of the debt security and/or a similar credit event. In return, the Fund would receive from the counterparty a periodic stream of payments over the term of the contract provided that no event of default had occurred. If no default occurred, the Fund would keep the stream of payments and would have no payment obligations. As the seller, the Fund would effectively add leverage to its portfolio because, in addition to its net assets, the Fund would be subject to investment exposure on the notional amount of the swap. Credit default swaps may also be structured based on the debt of a basket of issuers, rather than a single issuer, and may be customized with respect to the default event that triggers purchase or other factors (for example, a particular number of defaults within a basket, or defaults by a particular combination of issuers within the basket, may trigger a payment obligation.)

For purposes of the investment limitations set forth in the Fund's prospectus and in the SAI, the Fund will consider an instrument, including a synthetic instrument (such as a future or a swap), to be equivalent to a security if,

in the judgment of an investment advisor of the Fund, it has economic characteristics similar to that security. For example, the Fund will consider an instrument, including a synthetic instrument, to be a fixed-income security if, in the judgment of an investment advisor of the Fund, it has economic characteristics similar to fixed-income securities.

Emerging Markets Risk: The risks of non-U.S. investment are greater for investments in emerging markets. Among others, these types of investments can include not only corporate obligations, but also "Brady Bonds," bonds issued as a result of a debt restructuring plan, Eurobonds, domestic and international bonds issued under the laws of a developing country, emerging market loans and other debt instruments, and equity securities. Emerging market countries typically have economic and political systems that are less fully developed, and they can be expected to be less stable than those of more developed countries. For example, the economies of such countries can be subject to rapid and unpredictable rates of inflation or deflation. Low trading volumes may result in a lack of liquidity and in price volatility. Emerging market countries may have policies that restrict investment by foreigners or that prevent foreign investors from withdrawing their money at will.

Because the Fund may invest a significant amount of its total assets in emerging market securities, investors should be able to tolerate sudden and sometimes substantial fluctuations in the value of their investments. An investment in any Fund that invests in emerging market securities, which includes the Fund, should be considered speculative.

Hedging Risk: The decision as to whether and to what extent the Fund will engage in hedging transactions to hedge against such risks as credit risk, currency risk, and interest-rate risk will depend on a number of factors, including prevailing market conditions, the composition of the Fund, and the availability of suitable transactions. Accordingly, there can be no assurance that the Fund will engage in hedging transactions at any given time or from time to time, even under volatile market environments, or that any such strategies, if used, will be successful. Hedging transactions involve costs and may result in losses.

Interest-Rate Risk: The Fund is subject to interest-rate risk, which is the possibility that the rates of interest income generated by the Fund's fixed income investments may decline due to a decrease in market interest rates and the market prices of the Fund's fixed income investments may decline due to an increase in market interest rates. Generally, the longer the maturity of a fixed-income security, the greater is the effect on its value when rates increase.

Certain securities pay interest at variable or floating rates. Variable-rate securities reset at specified intervals, while floating-rate securities reset whenever there is a change in a specified index rate. In most cases, these reset provisions reduce the effect of changes in market interest rates on the value of the security. However, some securities do not track the underlying index directly but reset based on formulas that can produce an effect similar to leveraging; others may also provide for interest payments that vary inversely with market rates. The market prices of these securities may fluctuate significantly when interest rates change.

Liquidity Risk: Liquidity risk exists when particular investments are difficult to sell. The Fund may not be able to sell these illiquid investments at the best prices. Investments in derivatives, non-U.S. investments, restricted securities, securities having small market capitalization, and securities having substantial market and/or credit risk tend to involve greater liquidity risk.

Market Risk: The Fund may invest, directly or indirectly, its assets in equity securities. Prices of equity securities generally fluctuate more than those of other securities. The Fund may experience a substantial or complete loss on an individual stock. Market risk may affect a single issuer, industry or sector of the economy, or may affect the market as a whole.

Non-U.S. Securities Risk: Investments in non-U.S. securities (including those denominated in U.S. dollars) involve certain risks not typically associated with investments in domestic issuers. The values of non-U.S. securities are subject to economic and political developments in the countries and regions where the issuers operate or are domiciled, or where the securities are traded, such as changes in economic or monetary policies, and to changes in exchange rates. Values may also be affected by restrictions on receiving the investment proceeds from a non-U.S. country.

In general, less information is publicly available about non-U.S. companies than about U.S. companies. Non-U.S. companies are generally not subject to the same accounting, auditing, and financial reporting standards as are U.S. companies.

Some securities issued by non-U.S. governments or their subdivisions, agencies, and instrumentalities may not be backed by the full faith and credit of such governments. Even where a security is backed by the full faith and credit of a government, it may be difficult for the Fund to pursue its rights against such government in that country's courts. Some non-U.S. governments have defaulted on principal and interest payments.

In addition, the Fund's investments in non-U.S. securities may be subject to the risk of nationalization or expropriation of assets, imposition of currency exchange controls or restrictions on the repatriation of non-U.S. currency, confiscatory taxation, political or financial instability, and adverse diplomatic developments. Dividends or interest on, or proceeds from the sale of, non-U.S. securities may be subject to non-U.S. withholding taxes, and special U.S. tax considerations may apply.

Repurchase Agreement Risk: A repurchase agreement is an agreement under which securities are acquired from a securities dealer or bank subject to resale at an agreed upon price and date. The securities are held by the Fund as collateral until retransferred and will be supplemented by additional collateral if necessary to maintain a total market value equal to or in excess of the value of the repurchase agreement. The Fund bears a risk of loss in the event that the other party to a repurchase agreement defaults on its obligations and the Fund is delayed or prevented from exercising its rights to dispose of the collateral securities. The Fund also bears the risk that the proceeds from any sale of collateral will be less than the repurchase price. Repurchase agreements may be viewed as a loan by the Fund.

Risks Relating to Inflation-Indexed Securities: The value of inflation-indexed fixed-income securities generally fluctuates in response to changes in real interest rates, which are in turn tied to the relationship between nominal interest rates and the rate of inflation. Therefore, if inflation were to rise at a faster rate than nominal interest rates, real interest rates might decline, leading to an increase in value of inflation-indexed securities. In contrast, if nominal interest rates increased at a faster rate than inflation, real interest rates might rise, leading to a decrease in value of inflation-indexed securities. Although the principal value of inflation-indexed securities declines in periods of deflation, holders at maturity receive no less than the par value of the security. However, if the Fund purchases inflation-indexed securities in the secondary market whose principal values have been adjusted upward due to inflation since issuance, it may experience a loss if there is a subsequent period of deflation. If inflation is lower than expected during the period the Fund holds an inflation-indexed security, the Fund may earn less on the security than on a conventional bond.

Any increase in principal value caused by an increase in the index the inflation-indexed securities are tied to is taxable in the year the increase occurs, even though the Fund will not receive cash representing the increase at that time. As a result, the Fund could be required at times to liquidate other investments, including when it is not advantageous to do so, in order to satisfy its distribution requirements as a regulated investment company under the Code. See "Additional Tax Information" in the Fund's SAI.

If real interest rates rise (i.e., if interest rates rise for reasons other than inflation, for example, due to changes in currency exchange rates), the value of inflation-indexed securities held by the Fund will decline. Moreover, because the principal amount of inflation-indexed securities would be adjusted downward during a period of deflation, the Fund will be subject to deflation risk with respect to its investments in these securities. Inflation-indexed securities are tied to indices that are calculated based on rates of inflation for prior periods. There can be no assurance that such indices will accurately measure the actual rate of inflation in the prices of goods and services.

Special Risks of High Yield Securities: Securities rated below Baa/BBB, commonly known as "junk bonds" or high yield securities, have speculative characteristics. Accordingly, there is a greater possibility that the issuers of these securities may be unable to make timely payments of interest and principal and thus default. These securities typically entail greater potential price volatility and may also be more susceptible to real or perceived adverse economic and competitive industry conditions than higher-rated securities. These securities may be less liquid than higher-rated securities, which means the Fund may have difficulty selling them at times and may have to apply a greater degree of judgment in establishing a price. When the Fund buys lower-rated debt, the achievement of its goals depends more on the Advisers' credit analysis than would be the case if the Fund were buying investment-grade debt. Unrated securities of comparable quality share these risks.

Special Risks of Mortgage-Backed and Asset-Backed Securities: Mortgage-backed securities represent an interest in a pool of mortgages. When market interest rates decline, many mortgages are refinanced, and mortgage-backed securities are paid off earlier than expected. Prepayments may also occur on a scheduled basis or due to foreclosure. The effect on the Fund's return is similar to that discussed above for call risk.

When market interest rates increase, the market values of mortgage-backed securities decline. At the same time, however, mortgage refinancings and prepayments slow, which lengthens the effective maturities of these securities. As a result, the negative effect of the rate increase on the market value of mortgage-backed securities is usually more pronounced than it is for other

types of fixed-income securities, potentially increasing the volatility of the Fund. Mortgage-backed securities may be subject to the risk that underlying borrowers will be unable to meet their obligations.

Asset-backed securities are structured like mortgage-backed securities, but instead of mortgage loans or interests in mortgage loans, the underlying assets may include such items as motor vehicle installment sales or installment loan contracts, leases of various types of real and personal property, and receivables from credit card agreements. The ability of an issuer of asset backed securities to enforce its security interest in the underlying assets may be limited. Asset-backed securities are subject to many of the same risks as mortgage-backed securities.

At times, some of the mortgage-backed and asset-backed securities in which the Fund may invest will have higher-than-market interest rates and therefore will be purchased at a premium above their par value. Prepayments may cause losses on securities purchased at a premium. Unscheduled prepayments, which are made at par, will cause the Fund to experience a loss equal to any unamortized premium.

Risks Associated with Other Policies the Fund May Pursue: In addition to the investment strategies described above, the Fund may also make other types of investments, and therefore may be subject to other risks. Some of these risks are described in the Fund's SAI. The terms "debt," "bonds," and "fixed income securities" are used in the Fund's prospectus interchangeably, and, where used, are not intended to be limiting.

At times, the Fund's investment advisers may judge that market conditions make pursuing the Fund's investment strategies inconsistent with the best interests of its shareholders. The Fund's investment advisers then may temporarily use alternative strategies that are mainly designed to limit the Fund's losses. Although the Fund's investment advisers have the flexibility to use these strategies, they may choose not to for a variety of reasons, even in very volatile market conditions. These strategies may cause the Fund to miss out on investment opportunities, and may prevent the Fund from achieving its goal. In addition, an investment advisor of the Fund may also keep a portion of the Fund's assets in cash for temporary or defensive purposes, in order to meet redemption requests or for investment purposes.

SECTION IX: INVESTMENT PERFORMANCE

The Portfolios commenced operations in September 2008, and no performance information for the Portfolios is yet available. However, certain Portfolio price and performance information will be made available approximately 90 days after the Portfolios commence operations on **www.collegechoicedirect.com** or through a Client Service Representative by calling **1-866-485-9415.**

The performance of the Portfolios will differ from the performance of the Underlying Funds. Because the Portfolios have higher expense ratios than those of the Underlying Funds, over comparable periods of time, all other things being equal, a Portfolio would have lower performance than its comparable Underlying Fund. (Of course, the Underlying Funds do not offer the same tax advantages as the Portfolios.) Performance differences also are caused by differences in the trade dates of Portfolio purchases. When you invest money in a Portfolio, you will receive Units as of the trade date, noted under ***Opening and Funding an Account — Contribution Date*** starting on page **13.** The Portfolio will use your money to purchase shares of a Fund. However, the trade date for the Portfolio's purchase of Fund shares typically will be one business day after the trade date for your purchase of Units. Depending on the amount of cash flow into or out of the Portfolio and whether the Fund is going up or down in value, this timing difference may cause the Portfolio's performance either to trail or exceed the Fund's performance.

SECTION X: CERTAIN FEDERAL TAX CONSIDERATIONS

General. This Section takes a closer look at some of the federal tax considerations you should be aware of when investing in CollegeChoice 529. However, the discussion is by no means exhaustive and is not meant as tax advice. This Disclosure Statement was developed to describe the terms and conditions and the Investment Options offered by the Plan and cannot be relied upon for purposes of avoiding the payment of federal tax penalties. You should consult with your legal or tax advisor about the impact of these rules on your individual situation.

Please keep in mind that the IRS has issued only proposed regulations and certain other guidance under Section 529 of the Code. Final regulations could affect the tax considerations mentioned in this Section or require the terms of CollegeChoice 529 to change.

The federal tax consequences associated with an investment in CollegeChoice 529 can be complex. In

addition, some states may impose penalties and/or taxes on investments in or withdrawals from a Qualified Tuition Program offered by other states. These penalties and taxes may, in certain cases, result in an effective reduction or loss of some or all of the federal tax benefits discussed below. **You should consult with a tax advisor regarding the application of federal tax laws to your particular circumstances.**

Federal Tax-Deferred Earnings. Any earnings on contributions are tax deferred, which means your Account assets grow free of current federal income tax and are not subject to federal income tax if withdrawn to pay for Qualified expenses, as described below.

Federal Gift/Estate Tax. This Section only discusses federal gift and estate taxes. The state law treatment of gift and estate taxes varies so you should check with your tax advisor. If the amounts contributed by you on behalf of the Beneficiary together with any other gifts to the Beneficiary (over and above those made to your Account) do not exceed $12,000 per year ($24,000 for married couples making a proper election), no gift tax will be imposed for that year. Gifts of up to $60,000 can be made in a single year ($120,000 for married couples making a proper election) for a Beneficiary and the contributor may elect to apply the contribution against the annual exclusion equally over a five-year period. This allows you to move assets into tax-deferred investments and out of your estate more quickly. In general, if you die with assets still remaining in your Account, the Account's value will not be included in your estate for federal estate tax purposes, unless you elect the five-year averaging and die before the end of the fifth year. If your Beneficiary dies, and assets remain in your Account, the value of the Account may be included in the Beneficiary's estate for federal tax purposes. Further rules regarding gifts and the generation-skipping transfer tax may apply in the case of distributions, changes of Beneficiaries, and other situations. You should consult with a tax advisor when considering a change of Beneficiary or transfers to another Account for the specific effect of federal and state (if any) gift tax and generation-skipping transfer tax on your situation.

Transfers and Rollovers. As discussed earlier in ***Opening and Funding an Account*** starting on page **12**, certain transfers can be made without incurring federal income tax consequences or a Distribution Tax. The distribution must be placed in another Account or an account of another Qualified Tuition Program within 60 days of the distribution date. If the new Beneficiary is a member of a generation lower than the prior Beneficiary, the transfer may be subject to the gift tax or generation-skipping transfer tax. Changes in your Beneficiary could potentially cause gift and/or generation-skipping transfer tax consequences to you and your Beneficiary. Because gift and generation-skipping transfer tax issues are complex, you should consult with your tax advisor.

You can transfer assets for the same Beneficiary from another Qualified Tuition Program to your Account without adverse tax consequences only if no other such rollovers have occurred with respect to the Beneficiary within the prior twelve (12) months.

Transfers Between Plans for the Same Beneficiary. Under Section 529 of the Code, you can transfer assets directly between the Plan and CollegeChoice Advisor, once per calendar year for the same Beneficiary. Such a direct transfer is considered an investment exchange for federal and state tax purposes and is therefore subject to the restrictions described in ***Maintaining Your Account—Changing Investment Direction*** on page **41.**

For federal and state tax purposes, an indirect transfer involving the distribution of money from the Plan to CollegeChoice Advisor or vice versa would be treated as a Non-Qualified Distribution (and not as an investment exchange), even though it is subsequently contributed to the new account for the same beneficiary.

Coverdell Education Savings Accounts (ESAs). Generally, contributions may be made to both an ESA (defined in Section 530 of the Code) and a Qualified Tuition Program in the same year on behalf of the same Beneficiary. However, the same educational expenses cannot be claimed for a tax-exempt distribution from both the ESA and the Qualified Tuition Program.

Education Tax Credits. You and your Beneficiary, if eligible, can take advantage of Hope and Lifetime Learning Tax Credits without affecting your participation in CollegeChoice 529 or its benefits. Hope and Lifetime Learning Credits can be claimed in the same year that a tax-exempt distribution is taken from a Qualified Tuition Program provided the distribution is not used for the same educational expenses.

Federal Taxation of Distributions

All Distributions. Distributions may have up to two components: (1) principal, which is not taxable when distributed, and (2) earnings, if any, which may be subject to federal income taxation. We determine the earnings portion based on IRS rules and report to the IRS and the recipient on Form 1099-Q (or other successor form). However, the Form 1099-Q does not report whether the distribution is a Qualified Distribution or a Non-Qualified Distribution. You are responsible for preparing and filing the appropriate forms when completing your federal income tax return and for paying any applicable tax directly to the IRS.

Qualified Expense Distributions. If you take a distribution from your Account to pay for Qualified Expenses, your Beneficiary generally does not have to include in income any earnings distributed for the applicable taxable year if the total distributions for that year are less than or equal to the total distributions for Qualified Expenses for that year minus any tax-free educational assistance and expenses taken into account in determining any Hope or Lifetime Learning Credits claimed for that taxable year. Tax-free educational assistance generally refers to the tax-free portion of any scholarships or fellowships, Pell Grants, employer provided educational assistance, veterans education assistance, and other tax-free educational assistance.

If the total distributions from your Account exceed the amount of distributions for Qualified Expenses for a taxable year, a portion of the earnings distributed will be taxable to you or your Beneficiary, as applicable, in an amount equal to the total distributed earnings for the taxable year minus the total distributed earnings multiplied by a fraction the numerator of which is the adjusted qualified education expenses for the year, and the denominator of which is the total amount distributed during the year.

For example, assume you take a distribution of $5,000 from your Account in Year 1. Qualified Expenses for Year 1 are $5,000, your Beneficiary receives a scholarship for $1,000, and there are no Hope or Lifetime Learning Credits to be claimed for Year 1. Because the $1000 scholarship must be subtracted from the total Qualified Expenses for Year 1, you will potentially be taxed on the earnings associated with the $1,000 that were not used for Qualified Expenses as illustrated below:

KEY
E = Total distributed earnings T = Total amount distributed during the year S = Amount of scholarship
$E - E \left(\frac{T - S}{T} \right) = \text{Taxable Earnings}$

You, or your Beneficiary, as applicable, are responsible for determining the amount of the earnings portion of any distribution from your Account that may be taxable and are responsible for reporting any earnings that must be included in taxable income. You should consult with your tax advisor and IRS Publication 970 for further information. IRS Publication 970 is available online at: **http://www.irs.gov/publications/p970/ch08.html#d0e9822.**

Other Distributions. For federal income tax purposes and pursuant to current IRS guidance, including Form 1099-Q and proposed regulations, you, or the Beneficiary, as applicable, is subject to federal and state income tax on the earnings portion of a distribution in the event of a distribution on account of the death or Disability of a Beneficiary, the receipt by the Beneficiary of a scholarship, grant, or Tuition Assistance, attendance at certain specified military academies, or use of Hope or Lifetime Learning Credits. These other distributions are not subject to the Distribution Tax.

Non-Qualified Distributions. You, or the Beneficiary, as applicable, are subject to federal and state income tax and the Distribution Tax on the earnings portion of any distribution that is not exempt from tax as described above. You will also be subject to a recapture of the State income tax credit with respect to any Non-Qualified Distribution as discussed in ***Certain State Tax Considerations—Recapture of Income Tax Credit*** on page **40.**

Determination of Taxable Earnings. The principal and earnings portions of a distribution for federal tax purposes are determined by a formula reflecting the proportion of contributions to the overall market value of your accounts in all Qualified Tuition Programs sponsored by the State for the same Beneficiary. If the distribution is subject to a Distribution Tax, the Distribution Tax is applied to the earnings portion. Due to the IRS rules regarding aggregation of Accounts, the taxable earnings may be more or less than the actual earnings on any particular Account or Accounts.

SECTION XI: CERTAIN STATE TAX CONSIDERATIONS

General. This Section takes a closer look at some of the state tax considerations you should be aware of when investing in CollegeChoice 529. However, the discussion is by no means exhaustive and is not meant as tax advice. The State tax consequences associated with an investment in the Plan can be complex. You should consult with a tax advisor regarding the application of state tax laws to your particular circumstances.

Income Tax Credit for Indiana Taxpayers. If you are an Indiana taxpayer (resident or non-resident, individual or married), you may receive a 20 percent State tax credit against your adjusted gross income, up to a maximum of $1,000, for contributions to a CollegeChoice 529 Account. Rollover contributions from another Qualified Tuition Program into CollegeChoice also count as contributions eligible for the tax credit. The tax credit is available to an individual filing a single return or a married couple filing a joint return. The amount of the credit is the lesser of the following:

1. Twenty percent (20%) of the amount of each contribution to the Plan during the taxable year;
2. One thousand dollars ($1,000); or
3. The amount of the taxpayer's adjusted gross income tax liability for the taxable year reduced by the sum of all other credits allowed.

The State income tax credit is a nonrefundable credit. You may not carry forward any unused State income tax credit. If you no longer have Indiana adjusted gross income, you will no longer be eligible to receive the State income tax credit for subsequent contributions to an Account.

Recapture of Income Tax Credit. An Account Owner (not the contributor) must repay all or part of the State income tax credit claimed by contributors in prior taxable years in a taxable year in which the Account Owner makes a Non-Qualified Distribution from the Account, including any rollover from the Account into another state's Qualified Tuition Program or any termination of the Account within twelve months after the Account was opened. Any repayment of the State income tax credit by the Account Owner must be reported and paid on the Account Owner's Indiana adjusted gross income tax return for the taxable year in which a Non-Qualified Distribution was made or through an assessment by the State. The Amount that the Account Owner must repay is equal to the lesser of:

1. Twenty percent (20%) of the total amount of Non-Qualified Distributions made during the taxable year from the Account; or
2. The excess of: (a) the cumulative amount of all State income tax credits that are claimed by any contributor with respect to contributions made to the Account for all prior taxable years beginning on or after January 1, 2007, over (b) the cumulative amount of repayments paid by the Account Owner for all prior taxable years beginning on or after January 1, 2008.

Indiana Tax-Free Distributions for Qualified Expenses. Because Indiana adjusted gross income is generally derived from federal adjusted gross income, you or the Beneficiary, as applicable, if an Indiana taxpayer, will be subject to Indiana adjusted gross income tax in the same manner as federal income tax. As a result, you or the Beneficiary are generally not subject to Indiana adjusted gross income tax on the earnings portion of any distributions for Qualified Expenses. Since different states have different tax provisions, if you or your Beneficiary, as applicable, are not an Indiana taxpayer, you should consult your own state's tax laws or your tax advisor for more information on your state's taxation of distributions for Qualified Expenses.

Indiana Taxation of Non-Qualified and Other Distributions. Because Indiana adjusted gross income is generally derived from federal adjusted gross income, you or the Beneficiary, as applicable, will be subject to Indiana adjusted gross income tax on the earnings portion of any Non-Qualified or other distribution that is also included in your federal adjusted gross income for a taxable year. In addition, you, as an Account Owner, may be subject to recapture of some or all of any State income tax credit claimed by contributors for prior taxable years as a result of any Non-Qualified Distribution. Since different states have different tax provisions, if you or your Beneficiary, as applicable, are not an Indiana taxpayer, you should consult your own state's tax laws or your tax advisor for more information on your state's taxation of Other Distributions.

Non-Indiana Taxpayers. If you are not an Indiana taxpayer, consider before investing whether your or the Beneficiary's home state offers a Qualified Tuition Program that provides its taxpayers with favorable state tax and other benefits that may only be available through investment in the home state's Qualified Tuition Program, and which are not available through an investment in CollegeChoice 529. You may wish to contact your home state's Qualified Tuition Program(s), or any other Qualified Tuition Program, to learn more about those plans' features, benefits, and limitations. Keep in mind that state-based benefits should be one of many appropriately weighted factors to be considered when making an investment decision. Since different states have different tax provisions, this Disclosure Statement contains limited information about the state tax consequences of investing in CollegeChoice 529. **Therefore, please consult your financial, tax, or other advisor to learn more about how state-based benefits (or any limitations) would apply to your specific circumstances.**

SECTION XII: MAINTAINING YOUR ACCOUNT

Account Statements. You will receive quarterly statements indicating, for the applicable time period, contributions made to your Account; adjustments to more conservative Age-Based Options (if applicable); exchanges due to dollar-cost averaging (if applicable); automatic transfers from a Upromise rewards service account to your Account (if applicable); withdrawals made from your Account; the total value of your Account at the end of that time period; and transaction and maintenance Fees incurred by your Account. Your Account statement is not a tax document and should not be submitted with your tax forms. However, you could use the Account statement(s) to determine how much

you paid or contributed during the previous tax year. You may request duplicate copies of Account statements to be provided to another party.

You can choose to receive periodic Account statements, transaction confirmations, and other personal correspondence via electronic delivery or in paper format. We reserve the right to charge a Fee for duplicate copies of historical statements.

Options for Unused Contributions; Changing a Beneficiary, Transferring Assets to Another of Your Accounts. Your Beneficiary may choose not to attend an Eligible Educational Institution or may not use all the money in your Account. In either case, you may name a new Beneficiary or take a distribution of your Account assets. Any Non-Qualified Distribution from your Account will be subject to applicable income taxes and the Distribution Tax. (See ***Distributions from your Account*** starting on page **42.**)

You can change your Beneficiary at any time. To avoid negative tax consequences, the new Beneficiary must be a Member of the Family of the original Beneficiary. Any change of the Beneficiary to a person who is not a Member of the Family of the current Beneficiary is treated as a Non-Qualified Distribution subject to applicable federal and state income taxes as well as the Distribution Tax. An Account Owner who is an UGMA/UTMA custodian will not be able to change the Beneficiary of the Account, except as may be permitted under the applicable UGMA/UTMA law. (See ***Opening and Funding An Account—Moving Assets From An UGMA/UTMA Account*** on page **16.**)

To initiate a change of Beneficiary, you must complete and submit a Change of Beneficiary Form (and an Enrollment Form if you do not already have an Account for the new Beneficiary). The change will be made upon our receipt and acceptance of the signed, properly completed form(s) in good order. We reserve the right to suspend the processing of a Beneficiary transfer if we suspect that the transfer is intended to avoid the Plan's exchange and reallocation limits and/or the tax laws. Also, a Beneficiary change or transfer of assets may be denied or limited if it causes one or more Accounts to exceed the Maximum Account Balance for a Beneficiary. There is no fee for changing a Beneficiary.

We will invest your assets in accordance with the Standing Allocation for the new Beneficiary's Account. If you are invested in the Age-Based Option, the particular Portfolio in which the Account is invested may change if there is a change in the Beneficiary (i.e., in a different age bracket). This change will be made so that the Portfolio investment corresponds to the age of the new Beneficiary and may result in a loss in the value of the Account depending on market fluctuations during the time of the change. You can also transfer assets in the Account to a new Investment Option when you change the Beneficiary for the Account.

Changing Investment Direction. You can change the investment strategy for each Beneficiary—i.e., make an exchange—once per calendar year. This is a federal rule that applies to all Qualified Tuition Programs. You can initiate this transaction online, over the telephone by contacting a Client Service Representative at **1-866-485-9415,** or by downloading a form from our website at **www.collegechoicedirect.com.**

Because you may make only one exchange per year in an Account, it is important that you select an Investment Option that will meet your comfort level for risk in a variety of market conditions.

Changing or Removing a Custodian. For an Account funded with assets originally held in an UGMA/UTMA account, the Custodian may be released or replaced upon written notice to the Plan. (See ***Opening and Funding An Account—Moving Assets From An UGMA/UTMA Account*** on page **16.**)

Change of Account Owner. Except as discussed below, you may transfer control of your Account assets to a new Account Owner. All transfers to a new Account Owner must be requested in writing and include any information that may be required by us. However, your right of control may not be sold, transferred, used as collateral, or pledged or exchanged for money or anything of value. We may require affidavits or other evidence to establish that a transfer is non-financial in nature. Your right of control may also be transferred under an appropriate court order as part of divorce proceedings. If you transfer control of an Account to a new Account Owner, the new Account Owner must agree to be bound by the terms and conditions of the Disclosure Statement and Enrollment Form. Transferring an Account to a new Account Owner may have significant tax consequences. Before doing so, you may want to check with your tax advisor regarding your particular situation.

Simultaneous Death of Account Owner and Beneficiary. If you and your Beneficiary both die and there is no evidence to verify that one died before the other, the appointed Successor Account Owner will become the Account Owner. If no Successor Account Owner has been appointed, the fiduciary responsible for the disposition of the Beneficiary's estate must designate the new Account Owner. If no executor or fiduciary has been appointed, one must be appointed by a valid court order for this purpose.

Recovery of Incorrect Amounts. If an incorrect amount is paid to or on behalf of you or your Beneficiary, we may recover this amount from you or your Beneficiary, or any remaining balances may be adjusted to correct the error. The processing of adjustments resulting from clerical errors or other causes that are de minimis in amount may be waived at the discretion of the Authority.

Correction of Errors. There is a 60-day period for making corrections. If, within 60 days after issuance of any Account statement or confirmation, you make no written objection to us regarding an error in the Account that is reflected on that statement, the statement will be deemed correct and binding upon you and your Beneficiary. If you do not write us to object to a confirmation within that time period, you will be considered to have approved it and to have released the Plan Officials from all responsibility for matters covered by the confirmation. Each Account Owner agrees to provide all information that we need to comply with any legal reporting requirements.

Disclosure Relating to Internet Access. You have the option to perform Account-related transactions and activity electronically via the Internet. You can securely access and manage Account information — including quarterly statements, transaction confirmations, and tax forms—24 hours a day at **www.collegechoicedirect.com** once you have created an online user name and password.

If you choose to open an Account electronically or register for online access to an existing Account you can also choose to access documents relating to your Account via our website.

Please note that if you elect to receive documents electronically, the only way to get paper copies of these documents will be to print them from a computer. **You should not elect to conduct transactions electronically if you do not have regular and continuous Internet access.**

The Enrollment Kit and information concerning the Portfolios are available on our website. We expect to post updated information concerning the Portfolios and Underlying Funds and a revised Disclosure Statement at least annually. These materials and this information also may be supplemented throughout the year. Any supplements will also be available on our website. We may archive documents and cease providing them on the website when they become out of date.

You should consider printing any information posted on our website before it is removed. If you have elected electronic delivery, we may, from time to time, notify you by email that documents, including Account statements and transaction confirmations, have been delivered. However, email notification is not a substitute for regularly checking your Account at **www.collegechoicedirect.com.** We intend to archive the transaction history for Accounts for a rolling 48-month period, and Account statements and transaction confirmations for a rolling 18-month period, after which they may not be available through our website. Accordingly, you should consider printing any Account information that you may wish to retain before it is removed. After these documents are archived, you will be able to obtain a copy for a fee by contacting Client Service at **1-866-485-9415.**

You will be required to provide your user ID and password to access your Account information and perform transactions on our website. You should not share your password with anyone else. We will honor instructions from any person who provides correct identifying information, and we are not responsible for fraudulent transactions we believe to be genuine according to these procedures. Accordingly, you bear the risk of loss if unauthorized persons obtain your user ID and password and conduct any transaction on your Account. You can reduce this risk by checking your Account information regularly. You should avoid using passwords that can be guessed and should consider changing your password frequently. For security purposes, our Client Service Representatives will not ask you for your password. It is your responsibility to review your Account information and to notify us promptly of any unusual activity. You can withdraw your consent to receiving documents electronically at any time by contacting Client Service at **1-866-485-9415** or making the change online.

We cannot guarantee the privacy or reliability of email, so we will not honor requests for transfers or changes received by email, nor will we send Account information through email. All transfers or changes should be made through our secure website. Our website uses generally accepted and available encryption software and protocols, including Secure Socket Layer. This is to prevent unauthorized people from eavesdropping or intercepting information sent by or received from us. This may require that you use certain readily available versions of web browsers. As new security software or other technology becomes available, we may enhance our systems.

SECTION XIII: DISTRIBUTIONS FROM YOUR ACCOUNT

General. You can take a distribution from your Account or close your Account at any time by notifying us. We will not send any proceeds from your distribution request until all the money has been collected, meaning the money's availability in your Account is confirmed. Contributions

made by check, AIP, or EFT will not be available for withdrawal for 10 calendar days. Please note that there will be a 15-calendar day hold placed on distribution requests when there is a change to your address or banking information. Distributions from your Account are either Qualified Distributions or Non-Qualified Distributions as determined under IRS requirements. As the Account Owner, you are responsible for satisfying the IRS requirements for proof of Qualified Distributions, which includes retaining any paperwork and receipts necessary to verify the type of distribution you received. We will not provide information to the IRS regarding the type of distribution you receive.

Distributions may be subject to federal and/or state tax withholding. For purposes of determining whether a distribution is taxable or subject to the Distribution Tax, you must determine whether the distribution is made in connection with the payment of Qualified Expenses, as defined under the Code and discussed under ***Qualified Distributions*** below, or fits within one of the exceptions to treatment as a Non-Qualified Distribution as discussed under ***Other Distributions*** on this page.

Procedures for Distributions. Only the Account Owner may direct distributions from the Account. Qualified Distributions made payable to the Account Owner, the Beneficiary or an Eligible Educational Institution may be requested online or by phone by providing verifying Account information upon request. Otherwise you may call Client Service at **1-866-485-9415** to receive a Distribution Request Form or download the form on our website at **www.collegechoicedirect.com.** Complete and submit the form to us in good order and provide such other information or documentation as we may, from time to time, require.

We will generally process a distribution from an Account within three (3) business days of accepting the request. During periods of market volatility and at year-end, distribution requests may take up to five (5) business days to process. Please allow ten (10) business days for the proceeds to reach you. We may also establish a minimum distribution amount and/or charge a Fee for distributions made by federal wire.

Qualified Distributions. Distributions for Qualified Expenses are generally exempt from federal and applicable state income taxes and the Distribution Tax.

Non-Qualified Distributions. A distribution that does not meet the requirements for a Qualified Distribution will be considered a Non-Qualified Distribution by the IRS unless it is one of the distributions described below under ***Other Distributions.*** The earnings portion of a Non-Qualified Distribution will be subject to federal income taxes (and may be subject to other taxes) and will be taxable to the person receiving the distribution. In addition, Non-Qualified Distributions are subject to a Distribution Tax. The person receiving the distribution would need to comply with IRS requirements, including filing applicable forms with the IRS. Although we will report the earnings portion of all distributions, it is your final responsibility to calculate and report any tax liability and to substantiate any exemption from tax and/or penalty.

Other Distributions. The distributions discussed below are not subject to the Distribution Tax. Except for a Rollover Distribution, the earnings portion of each distribution discussed will be subject to federal and to any applicable state income taxes. (See ***Certain Federal Tax Considerations—Transfers and Rollovers*** on page **38.**) You should consult a tax advisor regarding the application of federal and state tax laws if you take any of these distributions:

Death of Beneficiary. In the event of the death of the Beneficiary, you may change the Beneficiary of your Account, authorize a payment to a beneficiary of the Beneficiary, or the estate of the Beneficiary, or request the return of all or a portion of your Account balance. A distribution due to the death of the Beneficiary, if paid to a beneficiary of the Beneficiary or the estate of the Beneficiary, will not be subject to the Distribution Tax, but earnings will be subject to federal and any applicable state income tax. A distribution of amounts in the Account, if not paid to a beneficiary of the Beneficiary or the Beneficiary's estate, may constitute a Non-Qualified Distribution, subject to federal and applicable state income taxes at the distributee's tax rate and the Distribution Tax. If you select a new Beneficiary who is a Member of the Family of the former Beneficiary, you will not owe federal income tax or the Distribution Tax. Special rules apply to UGMA/UTMA custodial accounts.

Disability of Beneficiary. If your Beneficiary becomes Disabled, you may change the Beneficiary of your Account or request the return of all or a portion of your Account balance. A distribution due to the Disability of the Beneficiary will not be subject to the Distribution Tax, but earnings will be subject to federal and any applicable state income tax at your tax rate. If you select a new Beneficiary who is a Member of the Family of the former Beneficiary, you will not owe federal income tax or a penalty. Special rules apply to UGMA/UTMA custodial accounts.

Receipt of Scholarship. If your Beneficiary receives a qualified scholarship, Account assets up to the amount of the scholarship may be withdrawn

without imposition of the Distribution Tax. A qualified scholarship includes certain educational assistance allowances under federal law as well as certain payments for educational expenses (or attributable to attendance at certain educational institutions) that are exempt from federal income tax. The earnings portion of a distribution due to a qualified scholarship is subject to federal and any applicable state income tax at the distributee's tax rate.

Tuition Assistance. Distributions up to the amount of the Tuition Assistance, as described in the Code, may be made without incurring any Distribution Tax, although the earnings portion of such distributions will be subject to federal income taxes and may be subject to other taxes.

Attendance at Certain Specified Military Academies. If your Beneficiary attends the United States Military Academy, the United States Naval Academy, the United States Air Force Academy, the United States Coast Guard Academy, or the United States Merchant Marine Academy, you may withdraw up to an amount equal to the costs attributable to the Beneficiary's attendance at the institution without incurring the additional Distribution Tax. The earnings portion of the distribution will be subject to federal and any applicable state income tax at the distributee's tax rate.

Use of Education Tax Credits. If you pay Qualified Expenses from an Account, you will not be able to claim Hope or Lifetime Learning Credits for the same expenses. Furthermore, expenses used in determining the allowed Hope or Lifetime Learning Credits will reduce the amount of a Beneficiary's Qualified Expenses to be paid from your Account as a Qualified Distribution and may result in taxable distributions. Such distributions will not be subject to the Distribution Tax.

Rollover Distribution. To qualify as a Rollover Distribution, you must reinvest the amount distributed from your Account into another Qualified Tuition Plan within 60 days of the distribution date. Rollover Distributions may be subject to certain state taxes, but are generally exempt from federal income taxes and the Distribution Tax.

Records Retention. Under current federal tax law, you are responsible for obtaining and retaining records, invoices, or other documentation adequate to substantiate (i) expenses which you claim are Qualified Expenses, (ii) the death or Disability of a Beneficiary, (iii) the receipt by a Beneficiary of a qualified scholarship or Tuition Assistance, (iv) the attendance by a Beneficiary at certain specified military academies, or (v) the use of Hope or Lifetime Learning Credits.

Method of Payment. We pay distributions to the following payees:

- Account Owner (by check or by ACH to an established bank account);
- Beneficiary (by check to an established bank account); or
- Eligible Educational Institution (by check).

Timing of Distribution Request. Distribution requests received in good order before the close of the NYSE (generally 4 p.m. Eastern time) on any day the NYSE is open for business are processed that day based on the Unit Values of the Portfolios underlying the Account for that day. Requests received after the close of the NYSE are processed the next business day using the Unit Values on that day.

Trusts, Corporations, and Other Entities as Account Owners. An Account Owner that is a trust, partnership, corporation, association, estate, or another acceptable type of entity must submit documentation to CollegeChoice 529 to verify the existence of the entity and identify the individuals who are eligible to act on the entity's behalf. Examples of appropriate documentation include a trust agreement, partnership agreement, corporate resolution, articles of incorporation, bylaws, or letters appointing an executor or personal representative. Documentation must be submitted when an Account is established. We will not be able to open your Account until we receive all of the information required on the Enrollment Form and any other information we may require, including the documentation that verifies the existence of the Account Owner. If the individuals who are authorized to act on behalf of the entity have changed since the Account was established, then additional documentation must be submitted with any distribution or other transaction request.

Tax Treatment of Distributions. (Please read ***Certain Federal Tax Considerations*** starting on page **37** and ***Certain State Tax Considerations*** starting on page **39.**)

SECTION XIV: TERMINATION OF ACCOUNTS

Unclaimed Accounts. Under certain circumstances, if there has been no activity in your Account, or if we have not been able to contact you for a period of time, your Account may be considered abandoned under

the State's or your state's unclaimed property laws. If your property is considered abandoned, it will, without proper claim by the Account Owner within a certain period of years, revert to the State or your state. For more information on the State's unclaimed property law, see the Indiana Attorney General, Unclaimed Property Division website at **https://www.indianaunclaimed.com/apps/ag/ucp/index.html.**

Involuntary Termination of Accounts. CollegeChoice 529 is not intended to be used, nor should it be used, by any taxpayer for the purpose of evading federal or state taxes or tax penalties. We may refuse to establish or may terminate an Account if we determine that it is in the best interest of CollegeChoice 529 or required by law. If we determine that you provided false or misleading information to the Plan Officials or an Eligible Educational Institution in establishing or maintaining an Account, or that you are restricted by law from participating in CollegeChoice 529, we may close your Account. Trust interests redeemed as a result of closing your Account will be valued at the Unit Value next calculated after we decide to close your Account, and the risk of market loss, tax implications, and any other expenses, as a result of the liquidation, will be solely your responsibility.

SECTION XV: PLAN GOVERNANCE AND ADMINISTRATION

CollegeChoice 529. CollegeChoice 529 is a Qualified Tuition Program that is operated under the Trust established pursuant to the Enabling Legislation. The Enabling Legislation authorizes the Authority to establish and administer Qualified Tuition Programs and gives the Board power to develop and implement CollegeChoice 529 through the establishment of rules, guidelines, procedures, or policies. In addition, the Authority is provided discretion with regard to the formation of CollegeChoice 529, including the establishment of minimum Account contributions and retention of professional services necessary to assist in the administration of CollegeChoice 529. CollegeChoice 529 is administered by the Board of the Authority, an instrumentality of the State.

Other Qualified Tuition Programs Administered by the Authority. The Authority administers two Qualified Tuition Programs—CollegeChoice 529 and CollegeChoice Advisor. This Disclosure Statement relates only to CollegeChoice 529, a Qualified Tuition Program available for investing without the assistance of a financial advisor. CollegeChoice Advisor is available for investing only through financial advisors. Call 1-**866-485-9413** or go to **www.collegechoiceadvisor529.com** for information and materials about CollegeChoice Advisor.

The Authority. As required by the Enabling Legislation, CollegeChoice 529 is directed and administered by the Authority through its board of directors. The Board consists of (4) four ex officio members: the state treasurer, the state superintendent of public instruction, the Indiana commissioner for higher education, and the budget director and (5) five members who are appointed by the governor. Board members receive no compensation for their services to CollegeChoice 529; however, they are entitled to reimbursement for traveling expenses and other expenses actually incurred in the performance of their duties. There may be vacancies on the Board from time to time.

The Declaration of Trust. The Trust has been established pursuant to the Declaration of Trust, which provides that the Authority is the sole Trustee of CollegeChoice 529 and that the Authority may appoint its staff to act as the Trustee's designee with respect to the day-to-day operations of CollegeChoice 529. The Trust Declaration provides that the assets of CollegeChoice 529 shall be used exclusively to make Qualified Distributions and Non-Qualified Distributions in accordance with the provisions of the Enabling Legislation and the Accounts and pay expenses of the Trust and/or CollegeChoice Advisor in the management, protection, investment, and reinvestment of Trust assets. The Trust Declaration also provides that the Authority shall adopt investment policies and may change the policies from time to time as they deem in the best interest of Account Owners and Beneficiaries.

Under the Trust Declaration, the Authority may:

- Retain professional services, including accountants, auditors, consultants, and experts;
- Seek rulings and other guidance from the U.S. Department of the Treasury, the IRS, and the State tax commission;
- Make changes to the Plan and the Trust required for the Account Owners in the Plan to obtain the federal income tax benefits or treatment provided by Section 529 of the Code;
- Interpret, in rules, policies, guidelines, and procedures, the provisions of the Enabling Legislation broadly in light of its purpose and objectives;
- Charge, impose, and collect administrative fees and service charges in connection with any agreement, contract, or transaction relating to the Plan;
- Select the financial institution or institutions to act as the depository and manager of the Plan in accordance with the Enabling Legislation and the Trust;

- Contract with a financial institution or institutions to serve as program managers and depositories; and
- Take any other action appropriate to implement and administer the Plan and the Trust.

To obtain a copy of the Trust Declaration, please call a Client Service Representative at **1-866-485-9415.**

Program Manager and Investment Advisor to CollegeChoice 529. As Program Manager for CollegeChoice 529, Upromise Investments, Inc., provides marketing, distribution, and certain administrative services for the Plan. Upromise Investments, Inc., is a registered broker-dealer and a member of the Financial Industry Regulatory Authority (FINRA). Upromise Investment Advisors, LLC, provides investment advisory and certain recordkeeping and administrative services for CollegeChoice 529. Upromise Investment Advisors, LLC, is registered as an investment advisor with the SEC. The Management Agreement between Upromise Investments, Inc., Upromise Investment Advisors, LLC, and the Authority expires in 2018.

Program Manager Address. The address for **Upromise Investments, Inc.**, and the subsidiaries listed on page **51** is **95 Wells Ave, Suite 155, Newton, MA 02459.** All general correspondence, however, should be addressed to **CollegeChoice 529 Direct Savings Plan, P.O. Box 55767, Boston, MA 02205.**

SECTION XVI: GENERAL PROVISIONS

Your Account. The Disclosure Statement and, when executed by you, the Enrollment Form, constitutes the entire agreement between you and the Trust with respect to your Account. By signing the Enrollment Form, you are requesting that the Authority establish an Account for the benefit of the Beneficiary you designate on the Enrollment Form. Your Account and the Disclosure Statement and your signed Enrollment Form are subject to the Enabling Legislation and any rules the Authority may adopt under the Enabling Legislation. Your Account assets will be held, subject to the Enabling Legislation and the Code, the Disclosure Statement, and your signed Enrollment Form, for the exclusive benefit of you and the Beneficiary.

Changes to an Account. The Plan Officials are not responsible for the accuracy of the documentation you submit to us to make changes to your Account, whether submitted online or in paper form. If acceptable to the Authority, notices, changes, options, and elections relating to your Account will take effect within a reasonable amount of time after we have received the appropriate documentation in good order, unless the Authority agrees otherwise.

Keep Legal Documents for Your Records. You should retain the Disclosure Statement for your records. We may make modifications to CollegeChoice 529 in the future. If so, an addendum to the Disclosure Statement may be sent to your address of record or notice sent to you by email if you choose to receive documents electronically. If material modifications are made to CollegeChoice 529, a revised Disclosure Statement or addendum will be sent to your address of record or notice sent to you by email if you choose to receive documents electronically. In these cases, the new addendum and/or Disclosure Statement will supersede all prior versions. Please note that we periodically match and update the addresses of record against a change of address database maintained by the U.S. Postal Service to reduce the possibility that items sent First Class Mail, such as Account statements, will be undeliverable.

Changes to the Disclosure Statement. The Authority may amend the terms of the Disclosure Statement from time to time to comply with changes in the law or regulations or if the Authority determines it is in the Plan's best interest to do so. However, the Authority will not retroactively modify existing terms and conditions applicable to an Account in a manner adverse to you or your Beneficiary except to the extent necessary to assure compliance with applicable state and federal laws or regulations or to preserve the favorable tax treatment to you, your Beneficiary, the Authority, the Board, CollegeChoice 529, or the Trust.

Changes to State Statutes; Adoption of Rules. The Indiana Legislature may, from time to time, pass legislation, which may directly or indirectly affect the terms and conditions of CollegeChoice 529 and the Disclosure Statement. Also, the Authority may adopt rules pursuant to the provisions of the Enabling Legislation, which may directly or indirectly affect the terms and conditions of CollegeChoice 529 and the Disclosure Statement.

Guide to Interpretation. The Plan is intended to qualify for the tax benefits of Section 529 of the Code. Notwithstanding anything in the Disclosure Statement to the contrary, the terms and conditions applicable to your Account will be interpreted and/or amended to comply with the requirements of that Section and applicable regulations.

Continuing Disclosure. To comply with Rule 15c2-12(b)(5) of the Securities Exchange Act of 1934 (Rule), we will make appropriate arrangements for your benefit to produce and distribute certain financial information and operating data (Annual Information) relating to the Plan and notices of the occurrence of certain events as required by the Rule. In this regard, we will make provision for the filing of the Annual Information

with each Nationally Recognized Municipal Securities Information Repository (NRMSIR) and with a State information depository, if one then exists. We will also make appropriate arrangements to file notices of certain enumerated events with the NRMSIR or the Municipal Securities Rulemaking Board and with the State information depository, if one then exists.

Independent Registered Public Accounting Firm. We will engage an independent public accounting firm to audit the financial statements for the Plan. The Plan's financial statements for the most recent fiscal year-end will be available on our website at **www.collegechoicedirect.com** or by contacting Client Service at **1-866-485-9415.**

Custodial Arrangements. The Bank of New York Mellon (Mellon) is the Plan's custodian. As such, Mellon is responsible for maintaining the Plan's assets.

Creditor Protections. Federal law and Indiana law provide limited creditor protections based on the timing of contributions and the debtor's relationship to the Beneficiary. Generally, contributions made to a debtor's Account less than one year before the filing of a bankruptcy petition are included in the debtor Account Owner's bankruptcy estate and are not protected from creditors. Contributions made to a debtor's Account more than one year before the filing of a bankruptcy petition are generally not part of a debtor Account Owner's bankruptcy estate, provided that the contributions are not deemed excess contributions and the Beneficiary is the debtor's child, stepchild, grandchild or step-grandchild. However, federal law provides that for contributions made between one and two years prior to the filing of a bankruptcy petition, a maximum of $5,475 in contributions may be excluded from the debtor Account Owner's bankruptcy estate. Indiana law provides for a maximum exclusion of $5,000 for contributions made between one and two years prior to the filing of a bankruptcy petition. **You should consult a legal advisor regarding the application of this specific law to your particular circumstances and for a determination of whether Indiana or federal law applies to your situation.**

Representation. All factual determinations regarding your or your Beneficiary's residency, Disabled status, and any other factual determinations regarding your Account will be made by the Authority or its designee based on the facts and circumstances of each case.

Severability. In the event that any clause or portion of the Disclosure Statement or the Enrollment Form, including your representations, warranties, certifications, and acknowledgements, is found to be invalid or unenforceable by a valid court order, that clause or portion shall be severed from the Disclosure Statement or the Enrollment Form, as applicable, and the remainder of the Disclosure Statement or Enrollment Form, as applicable, shall continue in full force and effect as if such clause or portion had never been included.

Precedence. Except as otherwise expressly provided in the Trust Declaration, in the event of inconsistencies between the Disclosure Statement, the Management Agreement, Authority policy or any rules adopted by the Authority, and the Code or Indiana statutes, the provisions of the Indiana statutes or the Code, as applicable, shall govern. To the extent permitted by Indiana law, the Code shall govern in the event of any inconsistencies between Indiana statutes and the Code.

Indiana Law. The Plan is created under the laws of the State. It is governed by, construed, and administered in accordance with the laws of the State. The venue for disputes and all other matters relating to the Plan will only be in the State.

Claims; Disputes. All decisions and interpretations by the Plan Officials in connection with the operation of the Plan will be final and binding upon you, the Beneficiary, and any other person affected. Any claim by you or your Beneficiary against the Plan Officials, individually or collectively, with respect to your Account shall be made solely against the assets in your Account. The obligations of CollegeChoice 529 under an Enrollment Form are moneys received from you and earnings and/or losses from your Account investments, and neither you nor your Beneficiary will have recourse against the Plan Officials, collectively or individually, in connection with any right or obligations arising out of an Account. Assets in your Account are not an obligation of the State. Accounts are not insured by the State and neither the principal deposited nor the investment return is guaranteed by the State. Establishment of an Account does not guarantee that a Beneficiary will be admitted to an Eligible Educational Institution or be allowed to continue enrollment at or graduate from an Eligible Educational Institution after admission. Establishing an Account does not establish Indiana residence for a Beneficiary. The State does not guarantee that amounts saved in an Account will be sufficient to cover the Qualified Expenses of a Beneficiary. All obligations under your Account and the Disclosure Statement are legally binding contractual obligations of the Trust only.

Arbitration. This is a predispute arbitration clause. Any controversy or claim arising out of or relating to the Plan or the Disclosure Statement, or the breach, termination, or validity of this Plan or the Enrollment Form, may be submitted to arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules (except that if the

Program Manager or an Investment Manager is a party to the arbitration, it may elect that arbitration will instead be subject to the Code of Arbitration Procedure of the Financial Industry Regulatory Authority), both of which are made part of this Agreement, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

In connection with any arbitration, you should note that:

a. you are giving up important rights under State law, including the right to sue in court and the right to a trial by jury, except as provided by the rules of the arbitration forum;

b. arbitration awards are generally final and binding; your ability to have a court reverse or modify an arbitration award is very limited;

c. your ability to obtain documents, witness statements, and other discovery is generally more limited in arbitration than in court proceedings;

d. the potential cost of arbitration may be more or less than the cost of litigation;

e. the arbitrators do not have to explain the reason(s) for their award;

f. the panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry;

g. the rules of the arbitration forum may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court; and

h. the rules of the arbitration forum are incorporated by reference into this Disclosure Statement and are available by contacting Client Service at **1-866-485-9415.**

To the extent permitted by applicable law: (1) the terms and conditions of the agreement between you and the Trust and the law of the State of Indiana shall be applied by the arbitrator(s) without regard to conflict of laws principles; (2) the place of arbitration shall be Indianapolis, Indiana; and (3) the arbitrator(s) is not empowered to award consequential or punitive damages under any circumstances, whether statutory or common law in nature, including treble damages by statute. You may have other rights under the Code of Arbitration Procedure of the Financial Industry Regulatory Authority.

You cannot bring a putative or certified class action to arbitration, or seek to enforce any predispute arbitration agreement against any person who has initiated in court a putative class action; who is a member of a putative class who has opted out of the class with respect to any claims encompassed by the putative class action until (i) the class certification is denied; or (ii) the class is decertified; or (iii) the person is excluded from the class by the court. A failure to enforce this arbitration provision does not constitute a waiver of any of the Plan Official's rights under the Disclosure Statement or the Enrollment Form or your Account except to the extent set forth in this Arbitration Section.

Lawsuits Involving Your Account. By opening an Account, you are submitting (on behalf of yourself and your Beneficiary) to the exclusive jurisdiction of courts in Indiana for all legal proceedings arising out of or relating to your Account. The Authority or the Program Manager may apply to a court at any time for judicial settlement of any matter involving your Account. If the Authority or the Program Manager does so, they must give you or your Beneficiary the opportunity to participate in the court proceeding, but they also can involve other persons. Any expense incurred by the Plan Officials in legal proceedings involving your Account, including attorney's fees and expenses, are chargeable to your Account and payable by you or your Beneficiary if not paid from your Account.

Binding Nature. The Disclosure Statement and your agreement to participate in the Plan are binding upon the parties and their respective heirs, successors, beneficiaries, and permitted assigns. By signing the Enrollment Form, you agree that all of your representations and obligations are for the benefit of the Plan Officials, all of whom can rely upon and enforce your representations and obligations contained in the Disclosure Statement and the Enrollment Form.

SECTION XVII: GLOSSARY

Defined Terms. Terms used in this Disclosure Statement have the following meanings:

Account: An account in CollegeChoice 529 established by an Account Owner for a Beneficiary.

Account Maintenance Fee: An annual fee charged to each Account. The fee is waived if the Account Owner or Beneficiary is an Indiana resident and for Accounts with balances of $25,000 or more.

Account Owner or you: An individual 18 years or older, an emancipated minor (as determined by Indiana law), a trust, an estate, a partnership, an association, a company, a corporation, or a qualified custodian under the Uniform Transfers to Minors Act, who signs an Enrollment Form establishing an Account. In certain cases, the Account Owner and Beneficiary may be the

same person. An individual seeking to open an Account as an emancipated minor must submit a court order as well as any other documentation that we request, establishing that he or she is empowered to enter into a contract without the ability to revoke a contract based on age. Without such documentation, we will not open an Account for an emancipated minor.

AIP or Automatic Investment Plan: A service in which an Account Owner authorizes CollegeChoice 529 to transfer money, on a regular and predetermined basis, from a bank or other financial institution to an Account in CollegeChoice 529.

Beneficiary or Student: The individual designated by an Account Owner, or as otherwise provided in writing to CollegeChoice 529, to receive the benefit of an Account.

Board: The board of directors of the Authority.

Code: Internal Revenue Code of 1986, as amended. There are references to various Sections of the Code throughout this Disclosure Statement, including Section 529 as it currently exists and as it may subsequently be amended, and any regulations adopted under it.

CollegeChoice 529: The CollegeChoice 529 Direct Savings Plan.

Custodian: The individual who opens an Account on behalf of a minor Beneficiary with assets from an UGMA/UTMA account. Generally, the Custodian will be required to perform all duties of the Account Owner with regard to the Account until the Account Owner attains the age of majority, is otherwise emancipated, or the Custodian is released or replaced by a valid court order. The Custodian of an Account funded from an UGMA/UTMA account may not change the Account Owner or Beneficiary.

Distribution Tax: A federal surtax required by the Code that is equal to 10% of the earnings portion of a Non-Qualified Distribution.

Disabled or Disability: Condition of a Beneficiary who is unable to do any substantial gainful activity because of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. We will require medical documentation to verify this condition. See IRS Publication 970 available at **http://www.irs.gov/publications/p970/** for further details.

EFT or Electronic Funds Transfer: A service in which an Account Owner authorizes CollegeChoice 529 to transfer money from a bank or other financial institution to an Account in CollegeChoice 529.

Eligible Educational Institution: An institution as defined in Section 529(e) of the Code. Generally, the term includes accredited post-secondary educational institutions or vocational schools in the United States and some accredited post-secondary educational institutions or vocational schools abroad offering credit toward a bachelor's degree, an associate's degree, a graduate level or professional degree, or another recognized post-secondary credential. The institution must be eligible to participate in a student financial aid program under Title IV of the Higher Education Act of 1965 (20 U.S.C.§1088). You can generally determine if a school is an Eligible Education Institution by searching for its Federal School Code (identification number for schools eligible for Title IV financial aid programs) at **www.fafsa.ed.gov/FOTWWebApp/FSLookupServlet.**

Enabling Legislation: The law that established the Indiana Education Savings Authority and its Board. (Indiana Code Title 21, Article 9).

Enrollment Form: A participation agreement between an Account Owner and the Authority, establishing the obligations of each and prepared in accordance with the provisions of CollegeChoice 529.

Fees: The Annual Account Maintenance Fee, Program Fee, and any other fees, costs, expenses, and charges associated with CollegeChoice 529.

Financial Advisor: An entity or individual who provides fee-based services.

Frontegra Funds: Frontegra Asset Management, Inc.

Indiana Resident: An Account Owner or Beneficiary who has registered an Indiana address with the Plan.

IRS: Internal Revenue Service.

Investment Option or Portfolio: The Portfolios available to Account Owners in CollegeChoice 529.

Investment Managers: The Vanguard Group, Inc.; Dodge & Cox; Frontegra Asset Management, Inc.; and Western Asset are the managers of their respective Underlying Funds.

Management Agreement: An agreement between the Authority and Upromise Investments, as the Program Manager, to provide CollegeChoice 529 with administrative, Account servicing, marketing and promotion, and investment management services. The agreement between the Authority and the Program Manager is now effective and will terminate in 2018, or earlier as provided in the Management Agreement. The Management Agreement may be extended for up to an additional three years.

Maximum Account Balance: The maximum aggregate balance of all accounts for the same Beneficiary in Qualified Tuition Programs sponsored by the State of Indiana, as established by the Authority from time to time, which will limit the amount of contributions that may be made to Accounts for any one Beneficiary, as required by Section 529 of the Code. The current Maximum Account Balance is $298,770.

Member of the Family: An individual as defined in Section 529(e)(2) of the Code. Generally, this definition includes a Beneficiary's immediate family members. A Member of the Family means an individual who is related to the Beneficiary as follows:

- a son, daughter, stepson or stepdaughter, or a descendant of any such person;
- a brother, sister, stepbrother, or stepsister;
- the father or mother, or an ancestor of either;
- a stepfather or stepmother;
- a son or daughter of a brother or sister;
- a brother or sister of the father or mother;
- a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law;
- the spouse of the Beneficiary or the spouse of any individual described above; or
- a first cousin of the Beneficiary.

For purposes of determining who is a Member of the Family, a legally adopted child or a foster child of an individual is treated as the child of that individual by blood. The terms "brother " and "sister" include half brothers and half sisters.

Non-Qualified Distributions: A distribution from an Account that is not one of the following:

- A Qualified Distribution;
- A distribution paid to a beneficiary of the Beneficiary (or the estate of the Beneficiary) on or after the death of the Beneficiary;
- A distribution by reason of the Disability of the Beneficiary;
- A distribution by reason of the receipt of a qualified scholarship or Tuition Assistance by the Beneficiary (to the extent the amount withdrawn does not exceed the amount of the scholarship);
- A distribution by reason of the Beneficiary's attendance at certain specified military academies;
- A distribution resulting from the use of Education Credits as allowed under federal income tax law; or
- A Rollover Distribution to another Qualified Tuition Program that is not sponsored by the State of Indiana in accordance with the Code, with appropriate documentation.

Plan: The CollegeChoice 529 Direct Savings Plan.

Plan Officials: The State, the Indiana Education Savings Authority, the Board, any other agency of the State, the Program Manager (including its affiliates and agents), Vanguard (including its affiliates and agents), Dodge & Cox (including its affiliates and agents), Frontegra Funds (including its affiliates and agents), Western Asset (including its affiliates and agents), and any other counsel, advisor, or consultant retained by, or on behalf of, those entities and any employee, officer, official, or agent of those entities.

Program Fee: The total of the Underlying Fund Fee and the Manager Fee as described under ***Fees and Expenses*** on page **7.**

Program Management Services: The services provided to the Accounts, the Trust, and CollegeChoice 529, by the Program Manager and its affiliate, Upromise Investment Advisors, LLC, pursuant to the terms of the Management Agreement. These services include investment, record keeping, and other administrative services.

Program Manager: Upromise Investments, Inc. has been engaged by the Authority to provide the Program Management Services, as an independent contractor, on behalf of CollegeChoice 529, the Trust, and the Trustee.

Qualified Distribution: A distribution from an Account that is used to pay Qualified Expenses of the Beneficiary.

Qualified Expenses: Qualified higher education expenses as defined in the Code and as may be further limited by CollegeChoice 529. Generally, these include the following:

- Tuition, fees and the costs of textbooks, supplies, and equipment required for the enrollment or attendance of a student at an Eligible Educational Institution;
- Certain costs of room and board of a student for any academic period during which the student is enrolled at least half-time at an Eligible Educational Institution; and
- Expenses for special needs students that are necessary in connection with their enrollment or attendance at an Eligible Educational Institution.

Qualified Tuition Program or 529 plan: A qualified tuition program under Section 529 of the Code.

Rollover Distribution: A distribution resulting from a change of Beneficiary to another beneficiary who is a Member of the Family, either within CollegeChoice 529 or between Qualified Tuition Programs, or a rollover or transfer of assets between Qualified Tuition Programs for the same Beneficiary, provided another rollover or transfer for the same Beneficiary has not occurred in the previous 12 months.

Standing Allocation: The selection made by an Account Owner indicating how contributions are allocated among Investment Options.

State: The State of Indiana.

Successor Account Owner: The person named in the Enrollment Form or otherwise in writing to CollegeChoice 529 by the Account Owner, who may exercise the rights of the Account Owner under CollegeChoice 529 if the Account Owner dies or is declared legally incompetent. The Successor Account Owner may be the Beneficiary if the Beneficiary is 18 years or older.

Trust: The CollegeChoice Direct 529 Savings Trust created by the Trust Declaration.

Trust Declaration: The Declaration of Trust establishing the Trust, dated effective September 19, 2008, and as may be amended from time to time by the Board.

Tuition: The charges assessed by an Eligible Educational Institution for enrollment at the institution including, but not limited to, all mandatory fees imposed as a condition of enrollment toward a degree.

Tuition Assistance: A benefit earned by certain individuals employed by Eligible Educational Institutions whereby family members who attend these Eligible Educational Institutions may receive partial or full waivers for payment of Qualified Expenses.

Underlying Funds or Funds: The underlying mutual funds that compose the Portfolios.

UGMA/UTMA: Uniform Gifts to Minors Act/Uniform Transfers to Minors Act.

Unit: The measurement of your interest in a Portfolio.

Unit Value: The value per Unit in a Portfolio.

Upromise Investments: Upromise Investments is used to refer collectively or individually, as the case requires, to Upromise Investments, Inc., Upromise Investment Advisors, LLC, and their affiliates.

Vanguard: The Vanguard Group, Inc.

We or our: The CollegeChoice 529 Direct Savings Plan, the Authority (as Trustee of the Trust), the Board, the Program Manager, and the Investment Managers.

Western Asset: Western Asset Management Company and Western Asset Management Company Limited.

SECTION XVIII: REPRESENTATIONS, WARRANTIES, CERTIFICATIONS, AND ACKNOWLEDGEMENTS

Account Owner's Indemnity. As an Account Owner, I agree to and acknowledge the following indemnity:

I am opening an Account in the Trust based upon my statements, agreements, representations, warranties, and covenants as set forth in the Disclosure Statement and the Enrollment Form.

I, through the Enrollment Form and the Trust Declaration, indemnify and hold harmless the Plan Officials from and against any and all loss, damage, liability, penalty, tax, or expense, including costs of reasonable attorneys' fees, which they incur by reason of, or in connection with, any misstatement or misrepresentation that is made by me or my Beneficiary, any breach by me of the acknowledgements, representations, or warranties in the Disclosure Statement and the Enrollment Form, or any failure by me to fulfill any covenants or agreements in the Disclosure Statement, or the Enrollment Form.

Account Owner's Representations and Acknowledgements

I, as Account Owner, represent and warrant to, and acknowledge and agree with, the Authority regarding the matters set forth in the Disclosure Statement and the Enrollment Form including that:

1. I have received, read, and understand the terms and conditions of the Disclosure Statement and Enrollment Form and any additional information provided to me by the Plan Officials with respect to the Trust or the Plan.
2. I certify that I am a natural person, at least 18 years of age, and a citizen or a resident of the United States of America, who resides in the United States of America or that I have the requisite authority to enter into this participation agreement and to open an Account on behalf of the Beneficiary. I also certify that the person named as Beneficiary of the Account is a citizen or a resident of the United States of America.
3. I understand that the Plan is intended to be used only to save for qualified higher education expenses.

4. I understand that any contributions credited to my Account will be deemed by the Plan Officials to have been received from me and that contributions by third parties may result in adverse tax or other consequences to me or those third parties.

5. If I am establishing an Account as a custodian for a minor under UGMA/UTMA, I understand and agree that I assume responsibility for any adverse consequences resulting from the establishment, maintenance, or termination of the Account.

6. If I am establishing an Account as a trustee for a trust, I represent that (i) the trustee is the Account Owner; (ii) the individual signing the Enrollment Form is duly authorized to act as trustee for the trust; (iii) the Disclosure Statement may not discuss tax consequences and other aspects of the Plan of particular relevance to the trust and individuals having an interest in the trust; and (iv) the trustee, for the benefit of the trust, has consulted with and relied on a professional advisor, as deemed appropriate by the trustee, before becoming an Account Owner.

7. I have been given an opportunity to ask questions and receive answers concerning the terms and conditions of CollegeChoice 529 and the Disclosure Statement.

8. I understand that Plan assets may be allocated among equity Funds, fixed-income Funds, cash management Funds, funding agreements, and other investments.

9. In making my decision to open an Account and completing my Enrollment Form, I have not relied upon any representations or other information, whether written or oral, other than as set forth in the Disclosure Statement, and I have considered the availability of alternative education savings and investment programs, including other Qualified Tuition Programs.

10. I understand that I am solely responsible for determining which Qualified Tuition Program is best suited to my needs and objectives. I understand that the Investment Options within CollegeChoice 529 may not be suitable, and that CollegeChoice 529 may not be suitable, for all investors as a means of saving and investing for higher education costs. I have determined that an investment in CollegeChoice 529 is a suitable investment for me as a means of saving for the Qualified Expenses of the Beneficiary.

11. I have been given an opportunity to obtain any additional information needed to complete my Enrollment Form and/or verify the accuracy of any information I have furnished. I certify that all of the information that I provided in the Enrollment Form and any other documentation subsequently furnished in connection with the opening or maintenance of, or any withdrawals from, my Account is and shall be accurate and complete, and I agree to notify the Authority or the Program Manager promptly of any material changes in such information.

12. The value of my Account depends upon the performance of the Portfolios. I understand that at any time the value of my Account may be more or less than the amounts contributed to the Account. I understand that all contributions to my Account are subject to investment risks, including the risk of loss of all or part of the contributions and any return or interest earned. I understand that the value of the Account may not be adequate to fund actual Qualified Expenses.

13. I understand that although I own Trust interests in a Portfolio, I do not have a direct beneficial interest in the Funds and other investment products approved by the Authority from time to time, and therefore, I do not have the rights of an owner or shareholder of those Funds or other investments. I further understand that I received no advice or investment recommendation from, or on behalf of, the Plan Officials.

14. After I make my initial contribution to a specific Investment Option, I will be allowed to direct the further investment of that contribution no more than one time per calendar year.

15. I cannot use my Account as collateral for any loan. I understand that any attempt to use my Account as collateral for a loan would be void. I also understand that the Trust will not lend any assets to my Beneficiary or to me.

16. I understand that the Program Manager has the right to provide a Financial Advisor identified by me to the Plan with access to financial and other information regarding my Account.

17. I understand that, unless otherwise provided in a written agreement between me and a Financial Advisor, or between me and the Authority or the Program Manager, no part of my participation in the Plan will be considered the provision of an investment advisory service.

18. Except as described in this Disclosure Statement, I will not assign or transfer any interest in my Account. I understand that, except as provided under Indiana law, any attempt to assign or transfer that interest is void.

19. I acknowledge that the Plan intends to qualify for favorable federal tax treatment under the Code. Because this qualification is vital to the Plan, the Authority may modify the Plan or amend this Disclosure Statement at any time if the Authority decides that the change is needed to meet the requirements of the Code or the regulations administered by the IRS pursuant to the Code, Indiana State law, or applicable rules or regulations adopted by the Authority or to ensure the proper administration of the Plan.

20 The Plan Officials, individually and collectively, do not guarantee that my Beneficiary will be accepted as a student by any institution of higher education or other institution of post-secondary education; if accepted, will be permitted to continue as a student; will be treated as a state resident of any state for Qualified Expense purposes; will graduate from any institution of higher education or other institution of post-secondary education; or will achieve any particular treatment under any applicable state or federal financial aid programs; or guarantee any rate of return or benefit for contributions made to my Account.

21. The Plan Officials, individually and collectively, are not:

    a. liable for a failure of CollegeChoice 529 to qualify or to remain a Qualified Tuition Program under the Code including any subsequent loss of favorable tax treatment under state or federal law;

    b. liable for any loss of funds contributed to my Account or for the denial to me or my Beneficiary of a perceived tax or other benefit under CollegeChoice 529, the Trust Declaration or the Enrollment Form; or

    c. liable for loss caused directly or indirectly by government restrictions, exchange or market rulings, suspension of trading, war, acts of terrorism, strikes, or other conditions beyond their control.

22. My statements, representations, warranties, and covenants will survive the termination of my Account.

The CollegeChoice 529 Direct Savings Plan, Administrator Upromise Investments, Inc., Program Manager, Distributor Upromise Investment Advisors, LLC, provides investment Advisory services and certain recordkeeping and administrative services.

Contact Information

CollegeChoice 529 Direct Savings Plan
Upromise Investments Service Center
P.O. Box 55767
Boston, MA 02205

Phone
1-866-485-9415

Online
www.collegechoicedirect.com

CollegeChoice 529 Direct Savings Plan (the Plan) is administered by the Indiana Education Savings Authority. Upromise Investments, Inc. serves as the Program Manager and Upromise Investment Advisors, LLC, provides investment advisory services and recordkeeping and administrative services. Upromise Investments, Inc. and Upromise Investment Advisors, LLC have overall responsibility for the day-to-day operations, including effecting transactions and marketing and distribution of the Plan. Dodge & Cox, Frontegra Asset Management, Inc., The Vanguard Group, Inc., and Western Asset serve as Investment Managers for the Plan. The Plan's portfolios, although they invest in mutual funds are not mutual funds. Units of the Portfolios are municipal securities and the value of units will vary with market conditions.

Investment returns are not guaranteed, and you could lose money by investing in the Plan. Account Owners assume all investment risks as well as responsibility for any federal and state tax consequences.

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CollegeChoice 529 DIRECT SAVINGS PLAN

Upromise INVESTMENTS