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

SUPPLEMENT DATED JUNE 2015 TO THE COLLEGECHOICE 529 DIRECT SAVINGS PLAN DISCLOSURE BOOKLET DATED NOVEMBER 2014

This Supplement describes important changes affecting the CollegeChoice 529 Direct Savings Plan. Unless otherwise indicated, capitalized terms have the same meaning as those in the Disclosure Statement.

1. Effective June 1, 2015, the Program Management Fee is reduced for all Account Owners.

   In February, 2015, the combined assets of CollegeChoice 529 and CollegeChoice Advisor 529 Savings Plan reached three billion dollars which reduced the Program Management Fee from 0.42% to 0.41% for the Age-Based Portfolios and from 0.27% to 0.26% for the Individual Portfolios. From March to May, 2015, the reduction in Fees was paid to the Authority. On June 1, 2015, Account Owners will begin receiving this fee reduction.

2. Effective June 1, 2015, the following replaces the section entitled "What fees will I pay?" on page 6 of the Disclosure Booklet:

   What fees will I pay?

   CollegeChoice 529 has no commissions, loads, or sales charges. The total annual asset-based fee varies from 0.26% to 0.90% depending on the Portfolio you choose. In addition, an Annual Account Maintenance Fee of $20 will be charged to each of your Accounts unless your combined Account balance for your Beneficiary is equal to or greater than $25,000 or if you or your Beneficiary are an Indiana Resident. A detailed description of the Fees associated with CollegeChoice 529 can be found under *Fees* starting on page 27.

3. Effective June 1, 2015, the following replaces the "Manager Fee" and "Costs" paragraphs on page 28 of the Disclosure Booklet:

   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. The Manager Fee will be reduced by one basis point from 0.41% to 0.40% for the Age-Based Portfolios and from 0.26% to 0.25% for the Individual Portfolios when the combined assets of CollegeChoice 529 and CollegeChoice Advisor 529 Savings Plan reach $4 billion. As of May 31, 2015, the combined assets of CollegeChoice 529 and CollegeChoice Advisor 529 Savings Plan were just over $3.1 billion.

   Costs: The Program Fee ranges from 0.26% to 0.90%.

4. Effective June 1, 2015, the following replaces the "Fee Structure Table" on page 29 of the Disclosure Booklet:

FEE AND EXPENSE INFORMATION

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%	0.41%	0.49%
Growth Portfolio	0.11%	0.41%	0.52%
Moderate Growth Portfolio	0.15%	0.41%	0.56%
Conservative Growth Portfolio	0.16%	0.41%	0.57%
Conservative Portfolio	0.16%	0.41%	0.57%
Income Portfolio	0.15%	0.41%	0.56%
Conservative Income Portfolio	0.14%	0.41%	0.55%
U.S. Equity Index Portfolio	0.02%	0.26%	0.28%
Short-Term Bond Index Portfolio	0.07%	0.26%	0.32%
Money Market Portfolio	0.10%	0.26%	0.36%

International Portfolio	0.64%	0.26%	0.90%
Active Bond Portfolio	0.40%	0.26%	0.66%
Inflation-Protected Portfolio	0.26%	0.26%	0.52%
Bond Index Portfolio	0.06%	0.26%	0.32%
Savings Portfolio[4]	0.00%	0.26%	0.26%

[1]This fee is waived if: a) you or your Beneficiary are an Indiana Resident; or b) your Account balance is at least $25,000.

[2]This total is assessed against assets over the course of the year and includes the annualized Underlying Investment Fee and the annualized Manger fee, but does not include the Annual Account Maintenance Fee. Please refer to the Table on this page that shows total approximate costs for a $10,000 investment over 1-, 3-, 5-, and 10-year periods.

[3]Fees are current as of June 1, 2015. The Underlying Investment Fee includes investment advisory fees, administrative, and other expenses, which are paid to Vanguard, Loomis Sayles, Scout, and Western Asset, as applicable. For Dodge & Cox Funds, the Underlying investment Fee include 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 1, 2015, Sallie Mae Bank does not charge and Underlying Fee for the High-Yield Savings Account.

[4]The Program Manager may voluntarily limit the Money Market Portfolio's management Fee in an effort to maintain a net yield of 0.00%

5. Effective June 1, 2015, the following replaces the "Hypothetical $10,000 Investment Cost Chart" table on page 30 of the Disclosure Booklet:

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	$50	$157	$274	$616
Growth Portfolio	$53	$167	$291	$653
Moderate Growth Portfolio	$57	$179	$313	$701
Conservative Growth Portfolio	$58	$183	$318	$714
Conservative Portfolio	$58	$183	$318	$714
Income Portfolio	$57	$179	$313	$701
Conservative Income Portfolio	$56	$176	$307	$689
U.S. Equity Index Portfolio	$29	$90	$157	$356
Short-Term Bond Index	$34	$106	$185	$418
Money Market Portfolio	$37	$116	$202	$456
International Portfolio	$92	$287	$498	$1,108
Active Bond Portfolio	$67	$211	$368	$822
Inflation-Protected Portfolio	$53	$167	$291	$653
Bond Index Portfolio	$33	$103	$180	$406
Savings Portfolio	$27	$84	$146	$331

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	$70	$217	$373	$811
Growth Portfolio	$73	$226	$390	$847
Moderate Growth Portfolio	$77	$239	$412	$896
Conservative Growth Portfolio	$78	$242	$417	$908
Conservative Portfolio	$78	$242	$417	$908
Income Portfolio	$77	$239	$412	$896
Conservative Income Portfolio	$76	$236	$406	$884
U.S. Equity Index Portfolio	$49	$150	$257	$553

Short-Term Bond Index	$54	$166	$285	$615
Money Market Portfolio	$58	$179	$307	$664
International Portfolio	$112	$346	$597	$1,299
Active Bond Portfolio	$87	$271	$466	$1,016
Inflation-Protected Portfolio	$73	$226	$390	$847
Bond Index Portfolio	$53	$163	$279	$602
Savings Portfolio	$47	$144	$246	$528

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

SUPPLEMENT DATED FEBRUARY 2015 TO THE COLLEGECHOICE 529 DIRECT SAVINGS PLAN DISCLOSURE BOOKLET DATED NOVEMBER 2014

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

Annual investment change limits

Under the recently enacted federal law known as the Achieving a Better Life Experience Act of 2014 or the "ABLE Act of 2014", you will be permitted to change the investment option for all or a portion of the assets in your account for any reason up to two times during each calendar year beginning in 2015. Accordingly, all references to the once per calendar year restriction found throughout this Disclosure Booklet should be changed to twice per calendar year.

CollegeChoice 529 Direct Savings Plan

Disclosure Booklet

November 2014

CollegeChoice 529
DIRECT SAVINGS PLAN

Important Highlights in the Disclosure Booklet

Topic	Section
Account Owner and Beneficiary requirements	2
Contribution limitations and penalties	2 and 3
Fees and costs	5
Federal and state tax information	9
General risks	6
Investment options	7
Investment performance	8
Investment risks	Appendix A
Plan governance and administration	10
Withdrawal limitations and penalties	3

The Enrollment Kit for the CollegeChoice 529 Direct Savings Plan (CollegeChoice 529 or Plan) consists of this Disclosure Booklet and the Enrollment Form. This Disclosure Booklet has been identified by the Plan as the Offering Materials intended to provide substantive disclosure of the terms and conditions of an investment in the Plan. This Disclosure Booklet is designed to comply with the College Savings Plans Network Disclosure Principles, Statement No. 5, adopted May 3, 2011.

If you are not an Indiana taxpayer, you should consider before investing whether your or the Beneficiary's home state offers a 529 plan that provides its taxpayers with favorable state tax and other benefits that may only be available through an investment in the home state's 529 plan, and which are not available through an investment in the 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 the many appropriately weighted factors to be considered when making an investment decision.

In addition, you should periodically access, and if appropriate, adjust your investment choices with your time horizon, risk tolerance, and investment objectives in mind.

Capitalized terms used in this Disclosure Booklet are defined throughout the document and in the Glossary starting on page 65.

What's Inside

This Booklet describes the terms of your Account with CollegeChoice 529. You should read it before you open your Account.

Section 1. Questions You May Have — Pages 5–10
This section answers many commonly asked questions about CollegeChoice 529.

Section 2. How You Participate — Pages 11–18
This section tells you everything you need to get started with your Account. It includes information on:

- How to Open and Fund Your Account
- Funding Methods
- Additional Form Requirements for Rollovers, ESAs and Series EE or Series I Bonds

Section 3. How To Take a Distribution from Your Account — Pages 19–22

Section 4. Maintaining Your Account — Pages 23–26

Section 5. Fees — Pages 27–32
This section tells you the cost of investing in CollegeChoice 529. It also provides the approximate costs for a hypothetical $10,000 investment.

Section 6. Risks — Pages 33–36
As with any investment, there are risks involved in investing in a CollegeChoice 529 Account. This section explains those general risks. Later in this Booklet, we'll explain the risks related to each separate investment that makes up the portfolios you can invest in.

Section 7. Investment Information — Pages 37–50
This section describes each of the Portfolios available for you to invest in. Some Portfolios are called Age-Based Portfolios. The investments in these Portfolios automatically become more conservative as your Beneficiary gets closer to college age. The other Portfolios are called Individual Portfolios. These Portfolios keep essentially the same investments at all times. The third type of Portfolio is called a Savings Portfolio. This Portfolio invests in a savings account.

Section 8. Investment Performance — Pages 51–52
This section provides Portfolio performance over certain periods of time.

Section 9. Taxes — Pages 53–56
This section talks about the federal and state tax issues that you should consider regarding your Account.

Section 10. General — Pages 57–62
This section explains anything that we haven't yet discussed.

Section 11. Plan Governance — Pages 63–64
This section tells you who's in charge of CollegeChoice 529.

Section 12. Glossary — Pages 65–68
This section defines important terms that we use throughout the Booklet.

Section 13. Reps and Acknowledgements — Pages 69–72
This section describes your rights and obligations and is part of the agreement you enter into with CollegeChoice 529 when you open your Account.

Appendix A — Pages 73–88
This section explains the investment risk factors that you should be aware of before investing in CollegeChoice 529.

CollegeChoice 529
DIRECT SAVINGS PLAN

Getting Started

Getting started with CollegeChoice 529 is easy. Just follow these steps:

1. Read this Booklet in its entirety and save it for future reference. It contains important information you should review before opening an Account, including information about the benefits and risks of investing.
2. Gather your information:
   a. Your Social Security Number
   b. Your Permanent Address
   c. Your Beneficiary's Social Security number and date of birth
   d. Your email address
   e. Your checking or savings account number and your bank's routing number (if you want to contribute electronically with a bank transfer)
3. Go online to **collegechoicedirect.com** and click on ***Enroll***. The easy-to-follow directions will guide you through the enrollment process. Enrolling online is fast, convenient, and secure. In as little as 10 minutes, you can be fully signed up and saving for college. Or, if you prefer, you can complete and mail the Enrollment Form included in the Enrollment Kit.

1.
Questions You May Have

What is CollegeChoice 529?

CollegeChoice 529 is a Section 529 plan offered by the Indiana Education Savings Authority (Authority). Ascensus Broker Dealer Services, Inc. serves as the Program Manager. Ascensus Broker Dealer Services, Inc. and its affiliates (Ascensus College Savings or ACS) have overall responsibility for the day-to-day operations including investment advisory, recordkeeping and administrative services, and marketing. 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 at least one of three (3) different investment approaches based on your preferences and the level of risk you are comfortable with.

One investment approach is the *Age-Based Option* where your money is moved automatically among different Portfolios to progressively more conservative investments as your Beneficiary approaches college age. There are seven (7) Portfolios available under the Age-Based Option (Aged-Based Portfolios). These Portfolios invest in Underlying Funds managed by Vanguard and Loomis Sayles.

CollegeChoice 529 is a tax-advantaged college savings plan that offers tax-deferred growth, generous contribution limits, attractive Investment Options and professional investment management.

The second investment approach is the *Individual Portfolios Option*, in which the types of investments (for example - stocks, bonds or cash) the Portfolio invests in, remains fixed over time. Each Individual Portfolio invests in a single Underlying Fund, four of which are managed by Vanguard (U.S. Equity Index Portfolio, the Short-Term Bond Index Portfolio, Bond Index Portfolio and Money Market Portfolio). Other Individual Portfolios are managed by Dodge & Cox (International Portfolio), Scout (Active Bond Portfolio), and Western Asset (Inflation Protected Portfolio).

The third investment approach is the *Savings Portfolio Option*. The Savings Portfolio invests in a Federal Deposit Insurance Corporation (FDIC) insured omnibus savings account held in trust by the Authority at Sallie Mae Bank.

All of the contributions made to your Account grow tax deferred and the distributions are free of federal and Indiana state income taxes 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 you 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 your Enrollment Form is complete and accepted, and whether your 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 fifteen (15) Portfolios 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 Beneficiary.

What fees will I pay?

CollegeChoice 529 has no commissions, loads, or sales charges. The total annual asset-based fee varies from 0.27% to 0.91%, depending on the Portfolio you choose. In addition, an Annual Account Maintenance Fee of $20 will be charged to each of your Accounts unless your combined Account balance for your Beneficiary is equal to or greater than $25,000 or if you or your Beneficiary are an Indiana Resident. A detailed description of the Fees associated with CollegeChoice 529 can be found under ***Fees*** starting on page 27.

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 free of federal and Indiana state income taxes when used to pay for Qualified Expenses.

How does the Indiana state income tax credit work?

If you are an Indiana taxpayer (resident or non-resident) filing a single or joint return, you may receive a 20% Indiana state income tax credit against your Indiana adjusted gross income tax liability, up to a maximum of $1,000, for contributions to an Account. You do not need to be the Account Owner to take the Indiana state income tax credit. We will generally treat contributions sent by U.S. mail as having been made in a given year if checks are received on or before December 31 of the applicable year, and provided the checks are subsequently paid. For electronic contributions, 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 that year and the

funds are successfully deducted from your checking or savings account at another financial institution. See ***How to Open and Fund Your Account - Contribution Date*** starting on page 13.

The Indiana state income tax credit is also available for contributions to both the CollegeChoice Advisor 529 Savings Plan (CollegeChoice Advisor) and the CollegeChoice CD 529 Savings Plan (CollegeChoice CD) by individual Indiana taxpayers, filing a single return or, to a married couple, filing a joint return. The maximum annual Indiana state income tax credit that an Indiana taxpayer may receive is $1,000. You (as the Account Owner) may be subject to recapture of the tax credit in the event that you take certain Non-Qualified Distributions. For additional information, including how to calculate the amount of the Indiana state income tax credit, please see ***State Tax Issues*** starting on page 55.

Is my Account guaranteed?

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 Disclosure Booklet. Your investment returns will vary depending upon the performance of the Portfolios you choose. Except for the FDIC insurance available for the Savings Portfolio (subject to the limits described in the section entitled ***Investment Information – Individual Portfolio Profiles – Savings Portfolio*** starting on page 47), 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 23.)

When can I enroll a newborn?

A newborn may be enrolled at any time. Keep in mind that you are required to submit your 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. Once your child is born or adopted, you may change the Beneficiary to your 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 nationwide, as long as the student (your Beneficiary) is enrolled in a U.S.-accredited college, university, graduate school, or technical school that is eligible to participate in U.S. Department of Education student financial aid programs. In fact, many U.S. colleges and universities now have campuses or locations outside of the country, where money from your CollegeChoice 529 Account can be used. You can go to **www.fafsa.ed.gov** to see if your school qualifies.

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

Yes. Participation in CollegeChoice 529 will not limit your Beneficiary'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 or other financial aid. Assets you hold in an Account are not considered when determining eligibility for Indiana state financial aid programs. In addition, an Account not owned by the parent or student is not required to be disclosed when applying for federal financial aid. However, funds disbursed from an Account to the student will be reported as income for the student on their Free Application for Federal Student Aid (FAFSA) for the following year. For additional information see ***Risks-Relationship to Financial Aid*** on page 36.

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 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 your 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 income tax credit.

What if I 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 Indiana state income tax credit previously granted to *any contributors* to your Account. (For details about specific tax and other penalties, see ***Taxes*** starting on page 53.)

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 Indiana 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 not available for rollover contributions from another state's Qualified Tuition Program into CollegeChoice 529. The tax credit is only available for *new* contributions made to an Account. Please contact a Client Service Representative at **1-866-485-9415** Monday through Friday, 8 a.m. to 8 p.m. Eastern time for details. Note that some states may not permit direct rollovers from 529 plans. 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. Please contact your current 529 plan for additional details on rolling over your account.

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 2014, $14,000 for a single individual or $28,000 for a married couple electing to split gifts). Under certain conditions, you can contribute up to $70,000 immediately ($140,000 for married couples making a proper election) 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 ***Risks*** starting on page 33 and ***Appendix A*** starting on page 73.

What is the Ascensus College Savings Privacy Policy?

Protecting your privacy is a top priority at Ascensus College Savings. We want you to understand how we handle the personal information about you that we may obtain and the high standards we employ to safeguard this information. To learn more about the Privacy Policy, please see ***General*** starting on page 57.

What is the Upromise® Service?

Upromise, Inc. offers a loyalty program (Upromise Service), which enables Account Owners in the Upromise Service to earn rewards from participating merchants. These cash rewards can be used to make contributions to an Account in the Plan. The Upromise Service is a separate service from the Plan. It is not affiliated with the State of Indiana, the Authority, the Board, the Trust or the Program Manager. 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
P.O. Box 55767
Boston, MA 02205

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

2.
How You Participate

Account Basics

To participate in CollegeChoice 529, you must complete an Enrollment Form and open an Account either online or by completing and mailing an enrollment form. 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 your Account is subject to the terms and conditions of the Enrollment Form and the Disclosure Booklet.

Account Basics: To open an Account, 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.

Trusts, Corporations, and Other Entities as Account Owners. If you are a trust, partnership, corporation, association, estate, or another acceptable type of entity, you 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. This 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 identity and existence of the Account Owner.

Successor Account Owner. You may designate a Successor Account Owner that is 18 years or older (to the extent permissible under the laws that apply to your situation) to succeed to all of your right, 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 change or terminate your 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 under all 529 plans offered by Indiana equal or exceed the Maximum Account Balance. (See ***How to Open and Fund Your Account*** on page 12.) Your 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. 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. If you are a trust or other entity, we require a Tax Identification number and information for any person(s) opening your Account, such as a Custodian, agent under power of attorney, trustee, or corporate officer. Further information about Customer Identification Verification requirements can be found in the ***General*** section beginning on page 57.

How to Open and Fund Your Account

Minimum Contributions. To open an Account, you must make an initial contribution of at least $10. Subsequent investments must also be at least $10 per contribution. Gift contributions through Ugift® - Give College Savings (Ugift) must also be at least $10 per contribution. The minimum contribution amount may be waived for certain circumstances at our discretion.

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 set up your Account to periodically transfer funds as a subsequent investment, provided that the minimum contribution amount is met. You may also receive contributions through Ugift.

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 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. We will also not accept stocks, securities, or other non-cash assets as contributions to your Account. You can allocate each contribution among any of the Investment

Options; however, the minimum percentage per selected Investment Option is 1% of the contribution amount. Your subsequent contributions can be made to different Investment Options than the selection(s) you make on your Enrollment Form as long as investments in those different Investment Options are permissible.

Getting Started: You can open your Account with as little as $10.

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 received by 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. Your contributions made by 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. (See ***Funding Methods — Automatic Investment Plan*** below.)

Future Contributions. At the time you enroll, you must choose how you want your contributions invested, which will serve as the standing investment instruction for future contributions (Standing Investment Instruction). We will invest all additional contributions according to your Standing Investment Instruction, 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 Investment Instruction at any time by logging onto our website at **www.collegechoicedirect.com**, by submitting the Annual Exchange/Future Contribution (Allocation) Change Form by mail, or by calling **1-866-485-9415**.

Control Over Your 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. You may also grant another person the ability to take certain actions with respect to your Account by completing appropriate form(s).

Opening an Account with the Assistance of a Financial Advisor. You may 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 or separately on the Agent Authorization/Limited Power of Attorney Form.

Funding Methods

Contributions by Check. You may make your initial contribution by check. The initial minimum contribution of $10 must accompany your Enrollment Form. Any additional contributions you make by check must be at least $10. Checks must be made payable to *CollegeChoice 529 Direct Savings Plan*. Third-party personal checks must be payable to the Account Owner or the Beneficiary, must be equal to or less than ten-thousand dollars ($10,000) and be properly endorsed by you or the Beneficiary to *CollegeChoice 529 Direct Savings Plan*.

Funding Your Account: Some ways that you can fund your Account are: by check; AIP; EFT; payroll deduction; redemption of certain U.S. savings bonds; rollovers from other 529 plans; UGMA/UTMA accounts; and other education savings accounts.

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, subject to certain processing restrictions. You may elect to authorize an annual increase to your AIP contribution. 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 $10 per month or $30 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. 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 lacks sufficient funds, if you provide incomplete or inaccurate banking information, or if the transaction would violate processing restrictions, we reserve the right to suspend processing of future AIP contributions.

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 (3) months, not on a calendar quarter basis. If you do not designate a date, your bank account will be debited on the 20th day of the applicable month.

You will receive a trade date of one (1) business day prior to the day the bank debit occurs. If you indicate a start date that is within the first four (4) 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 (3) business days from the date of submission of the AIP request. If a start date for an AIP is less than three (3) 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 (EFT). You may also contribute by EFT subject to certain processing restrictions. Each contribution must be in an amount of at least $10. You may authorize us to withdraw funds by EFT from a checking or savings account for both initial and 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:

1. 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 these cases, the EFT debit from your bank account will occur on the second business day after the request is received; or
2. 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 these 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.

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. We do not charge a fee for contributing by EFT.

Limitations on AIP and EFT Contributions. We may place a limit on the total dollar amount per day you may contribute to an Account by EFT. Contributions in excess of this limit will be rejected. If you plan to contribute a large dollar amount to your Account by EFT, you may want to contact a Client Service Representative at **1-866-485-9415** to inquire about the current limit prior to making your contribution.

An EFT or AIP contribution may fail because the bank account on which it is drawn lacks sufficient 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 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 this 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 $10 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. Alternatively, you may submit a Payroll Deduction Form directly to us to initiate the process of payroll deduction.

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 24). 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.

The State income tax credit is not available for rollover contributions from another state's Qualified Tuition Program into the Plan. You should also be aware that some states may not 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. (See ***Taxes – State Tax Issues - Income Tax Credit for Indiana Taxpayers*** on page 55).

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:

1. you must indicate that the Account is an UGMA/UTMA Account by checking the appropriate box on the Enrollment Form and indicate the State in which the UGMA/UTMA custodial account was opened;
2. you must establish an Account in your custodial capacity separate from any Accounts you may hold in your individual capacity;
3. you will be permitted to make distributions in accordance with the rules regarding distributions under applicable UGMA/UTMA law;
4. 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;
5. you will not be able to change the Account Owner to anyone other than a successor Custodian during the term of the custodial account under applicable UGMA/UTMA law;
6. 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;
7. any tax consequences of a distribution from an Account will be imposed on the Beneficiary and not on the Custodian; and
8. we may require you to provide documentation evidencing compliance with the applicable UGMA/UTMA law.

In addition, certain tax consequences described under ***Taxes*** starting on page 53 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. In addition, making distributions from an UGMA/UTMA account to fund an Account for the same Beneficiary does not qualify for the Indiana income state tax credit. Please contact a tax advisor to determine how to transfer assets held in an existing UGMA/UTMA account to CollegeChoice 529 and what the implications of that 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 the 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 a current 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:

1. In the case of a contribution from an ESA, an accurate account statement issued by the financial institution that acted as custodian of the account that reflects in full both the principal and earnings attributable to the rollover amount.
2. In the case of a contribution from the redemption of Series EE or Series I U.S. Savings Bonds, an accurate account statement or Form 1099-INT issued by the financial institution that redeemed the bond showing interest from the redemption of the bond.
3. In the case of a rollover, either you or the previous Qualified Tuition Program must provide us with an accurate statement issued by the distributing program which reflects in full both the principal and earnings attributable to the rollover amounts.

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 rollover contribution as earnings in the Account receiving the transfer, which would subject the entire amount of the rollover contribution to taxation in the case of a Non-Qualified Distribution.

Dollar-Cost Averaging. Dollar-cost averaging is a way to make contributions to an Individual Portfolio on a regular basis. The goal of dollar-cost averaging is to, over time, purchase more Units at a lower price. You may dollar-cost average new contributions or decide to dollar-cost average assets out of a current Individual Portfolio into another Individual Portfolio.

Here's how it works: You contribute a large fixed amount to one Portfolio (Source Portfolio) and allocate portions of that original contribution at regular intervals to other Portfolio(s) (Target Portfolio). Because the amount you allocate is constant, you will tend to 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 may be lower than the average market price per Unit during the time you are contributing.

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. In addition, you must allocate contributions to the selected Individual Portfolio(s) in increments of no less than $500 on a monthly or quarterly basis.

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.

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 your annual investment exchange for that calendar year.

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 of Indiana (CollegeChoice 529, CollegeChoice Advisor and CollegeChoice CD) is counted toward the Maximum Account Balance regardless of the Account Owner. Earnings may cause the Account balances for your Beneficiary to exceed $298,770 and no further contributions will be allowed at that point. If, however, the market value of your Account falls below the Maximum Account Balance, we will then accept additional contributions.

Should the Authority decide to increase the Maximum Account Balance, 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 your 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 you are enrolled in an AIP, the AIP may be discontinued. Also, 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 of Indiana 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.

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 ten (10) calendar days. We have the right to reject or cancel any contribution due to nonpayment.

Confirmation of Contributions and Transactions. 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 Portfolio as a Beneficiary ages, exchanges due to dollar-cost averaging, automatic transfers from a Upromise 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 25).

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 are 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. You may invite family and friends to contribute to your Account through Ugift, either in connection with a special event or just to provide a gift to the Account Owner's Beneficiary. Family and friends can either contribute online through an electronic bank transfer or by mailing in a gift contribution coupon with a check made payable to *Ugift—CollegeChoice 529 Direct Savings Plan*. The minimum Ugift contribution is ten dollars ($10).

Gift contributions associated with a special event will be held by the Program Manager upon receipt and transferred into your Account approximately three (3) business days after the special event. If the gift contribution is received less than two (2) 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 five (5) 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 Investment Instruction 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 of Indiana, the Authority, the Board, or the Trust. For more information, please see our website at **www.collegechoicedirect.com**.

Upromise Service. If you are enrolled in the Upromise 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 Service account to your Account is $25. However, you cannot use the transfer of funds from a Upromise Service account as the initial funding source to satisfy the minimum contribution amount of ten dollars ($10) for your Account.

This Disclosure Booklet is not intended to provide detailed information concerning the Upromise Service. The Upromise 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.upromise.com**. Participating companies, contribution levels and terms and conditions are subject to change at any time without notice. The Upromise Service is an optional service, is separate from CollegeChoice 529, and is not affiliated with the State of Indiana, the Authority, the Board, or the Trust.

3.
How to Take a Distribution 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. 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 are not required to provide information to the IRS regarding the type (qualified or non-qualified) 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*** beginning on this page.

Distributions: Distributions from your Account are either Qualified Distributions (tax free) or Non-Qualified Distributions (subject to income tax and, in some cases, the Distribution Tax).

Procedures for Distributions. Only the Account Owner may direct distributions from your 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**. In order for us to process a distribution request, you must complete and submit the distribution request 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.

Distributions for Account Owners that are Trusts, Corporations and Other Entities. If the individuals who are authorized to act on behalf of your entity have changed since your Account was established, then additional documentation showing these changes must be submitted with any distribution request.

Temporary Withdrawal Restriction. If you make a contribution by check, EFT, or AIP (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. There will also be a hold of nine (9) business days on withdrawals following a change to your address, and a hold of fifteen (15) calendar days on withdrawals if banking information has been added or edited. For assistance, please contact a Client Services Representative at **1-866-485-9415**.

Qualified Distributions. Distributions for Qualified Expenses are generally exempt from federal and Indiana 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. 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 unless it is one of the distributions described below under Other Distributions. The person receiving the distribution is subject to 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 ***Taxes – Federal Tax Issues - Transfers and Rollovers*** on page 54.) 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 your 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 Distribution Tax. 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.

- **Educational Assistance.** Distributions up to the amount of the Educational Assistance, as described in the Code, may be made without incurring any Distribution Tax, although the earnings portion of those 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 a United States military academy, such as the United States Naval 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 American Opportunity or Lifetime Learning Credits for the same expenses. Furthermore, expenses used in determining the allowed American Opportunity 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. These 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 sixty (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 relating to your account, including records 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 Educational Assistance, or (iv) the attendance by a Beneficiary at certain specified military academies.

Method of Payment. We pay distributions as noted 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 Education 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 your 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.

Tax Treatment of Distributions. (Please read ***Taxes*** starting on page 53.)

4.
Maintaining Your Account

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 Portfolios; exchanges due to dollar-cost averaging; automatic transfers from a Upromise Service account to your Account; 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 your Account statement(s) to determine how you 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

Account Maintenance: Did you know that most transactions and changes to your Account can be handled online by going to **www.collegechoicedirect.com** and logging into your Account?

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 may be subject to the Distribution Tax. (See ***How to Take a Distribution from your Account*** starting on page 19.)

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 ***Funding Methods — Moving Assets From An UGMA/UTMA Account*** on page 15.)

To initiate a change of Beneficiary, you must complete and submit a Beneficiary Change Form. 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. You may also initiate a change of Beneficiary online by logging into your Account at **www.collegechoicedirect.com**.

When you change a beneficiary, we will invest your assets in accordance with the Standing Investment Instruction for the new Beneficiary's Account. If you are invested in an Age-Based Portfolio, the particular Portfolio in which your 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 corresponds to the age of the new Beneficiary and may result in a loss in the value of your Account depending on market fluctuations during the time of the change. You can also transfer assets in your Account to a new Investment Option when you change the Beneficiary for your 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 the Annual Exchange/Future Contribution (Allocation) Form from our website at **www.collegechoicedirect.com**.

Because you may make only one (1) exchange per year per 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 ***Funding Methods — Moving Assets From An UGMA/ UTMA Account*** on page 15.)

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 or other legal 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 Booklet 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 sixty (60) days after issuance of any Account statement or confirmation, you make no written objection to us regarding an error in your 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.

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 Investments and a revised or supplemented Disclosure Booklet 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 may archive these documents and cease providing them on our website when they become out of date and, therefore, 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 designed 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.

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 Indiana'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 Indiana's unclaimed property law, see the Indiana Attorney General, Unclaimed Property Division website at: **https://indianaunclaimed.gov/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.

5.
Fees

The Fees and other payments for CollegeChoice 529 may change from time to time. Any changes to the Fees will be included in any updated Disclosure Booklets or Supplements. These 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 bear a pro rata share of the Program Fee. Under the Program Fee, you also bear a pro rata share of the annual fees and expenses of the Underlying Investments in which each Portfolio in your Account invests. The Program Fee reduces the return you will receive from an investment in the Plan. The Program Fee has two components - the **Underlying Investment Fee** and the **Manager Fee**:

- **Underlying Investment Fee.** The Underlying Investment Fee includes investment advisory fees, administrative, and other expenses, which are paid to Vanguard, Loomis Sayles, Scout, and Western Asset. For Dodge & Cox Funds, the Underlying Investment 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. The Manager Fee will be reduced one basis point from 0.42% to 0.41% for the Age-Based Portfolios, and from 0.27% to 0.26% for the Individual Portfolios, when the combined assets of CollegeChoice 529 and CollegeChoice Advisor 529 Savings Plan reach $3 billion. Similarly, the Manager Fee will be reduced by an additional one basis point from 0.41% to 0.40% for the Age-Based Portfolios and from 0.26% to 0.25% for the Individual Portfolios when the Combined Assets reach $4 billion. As of September 30, 2014, the Combined Assets were just under $2.8 billion.

Costs: The Program Fee ranges from a low of 0.27% to a high of 0.91%.

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 are an Indiana Resident, or your Account balance is at least $25,000. The Fee may also be waived for certain types of Accounts. The Program Manager receives this Fee, which is generally charged during the month of the first anniversary in which your Account was 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 your Account's anniversary month.

Service-Based and Other Fees. We reserve the right to charge additional service-based and other Fees if we consider them to be necessary and reasonable. We may also impose certain Transaction Fees up to the amounts specified below:

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.	

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.

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

FEE AND EXPENSE INFORMATION			
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]**
AGE-BASED OPTION			
Aggressive Growth Portfolio	0.08%	0.42%	0.50%
Growth Portfolio	0.11%	0.42%	0.53%
Moderate Growth Portfolio	0.15%	0.42%	0.57%
Conservative Growth Portfolio	0.16%	0.42%	0.58%
Conservative Portfolio	0.16%	0.42%	0.58%
Income Portfolio	0.15%	0.42%	0.57%
Conservative Income Portfolio	0.14%	0.42%	0.56%
INDIVIDUAL PORTFOLIOS			
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	0.10%	0.27%	0.37%
International Portfolio	0.64%	0.27%	0.91%
Active Bond Portfolio	0.40%	0.27%	0.67%
Inflation-Protected Portfolio	0.27%	0.27%	0.54%
Bond Index Portfolio	0.07%	0.27%	0.34%
SAVINGS PORTFOLIOS			
Savings Portfolio[4]	0.00%	0.27%	0.27%

[1] This fee is waived if: a) you or your Beneficiary are an Indiana Resident; or b) your Account balance is at least $25,000.

[2] This total is assessed against assets over the course of the year and includes the annualized Underlying Investment Fee and the annualized Manager Fee, but does not include the Annual Account Maintenance Fee. Please refer to the Table on page 30 of the Disclosure Booklet that shows total approximate cost for a $10,000 investment over 1-, 3-, 5-, and 10-year periods.

[3] Fees are current as of September 30, 2014. The Underlying Investment Fee includes investment advisory fees, administrative, and other expenses, which are paid to Vanguard, Loomis Sayles, Scout, and Western Asset, as applicable. For Dodge & Cox Funds, the Underlying Investment 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 September 30, 2014, Sallie Mae Bank does not charge an Underlying Fee for the High-Yield Savings Account.

[4] The Program Manager may voluntarily limit the Money Market Portfolio's management Fee in an effort to maintain a net yield of 0.00%

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 total funds available in the Account are withdrawn 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 withdrawal).
- The total annual asset based fee remains the same as that shown in the ***Fee Structure Table*** on the previous page.
- Expenses for each Investment Option in the first table exclude the Annual Account Maintenance Fee of $20. The second table includes the Annual Account Maintenance Fee.

HYPOTHETICAL $10,000 INVESTMENT COST CHART excluding the Annual Account Maintenance Fee of $20				
	1 YEAR	**3 YEAR**	**5 YEAR**	**10 YEAR**
AGE-BASED PORTFOLIOS				
Aggressive Growth Portfolio	$51	$160	$280	$628
Growth Portfolio	$54	$170	$296	$665
Moderate Growth Portfolio	$58	$183	$318	$714
Conservative Growth Portfolio	$59	$186	$324	$726
Conservative Portfolio	$59	$186	$324	$726
Income Portfolio	$58	$183	$318	$714
Conservative Income Portfolio	$57	$179	$313	$701
INDIVIDUAL PORTFOLIOS				
U.S. Equity Index Portfolio	$30	$93	$163	$368
Short-Term Bond Index Portfolio	$35	$109	$191	$431
Money Market Portfolio	$38	$119	$208	$468
International Portfolio	$94	$293	$509	$1,131
Active Bond Portfolio	$68	$214	$373	$835
Inflation-Protected Portfolio	$55	$173	$302	$677
Bond Index Portfolio	$35	$109	$191	$431
INDIVIDUAL PORTFOLIOS				
Savings Portfolio	$28	$87	$152	$343

The expenses in the following table include the Annual Account Maintenance Fee of $20.

HYPOTHETICAL $10,000 INVESTMENT COST CHART including the Annual Account Maintenance Fee of $20				
	1 YEAR	**3 YEAR**	**5 YEAR**	**10 YEAR**
AGE-BASED PORTFOLIOS				
Aggressive Growth Portfolio	$71	$220	$379	$823
Growth Portfolio	$74	$230	$395	$859
Moderate Growth Portfolio	$78	$242	$417	$908
Conservative Growth Portfolio	$79	$245	$423	$920
Conservative Portfolio	$79	$245	$423	$920
Income Portfolio	$78	$242	$417	$908
Conservative Income Portfolio	$77	$239	$412	$896
INDIVIDUAL PORTFOLIOS				
U.S. Equity Index Portfolio	$50	$153	$262	$565
Short-Term Bond Index Portfolio	$55	$169	$290	$627
Money Market Portfolio	$58	$179	$307	$664
International Portfolio	$114	$353	$607	$1,322
Active Bond Portfolio	$88	$274	$472	$1,028
Inflation-Protected Portfolio	$75	$233	$401	$871
Bond Index Portfolio	$55	$169	$290	$627
INDIVIDUAL PORTFOLIOS				
Savings Portfolio	$48	$147	$251	$540

6.
Risks

You should carefully consider the information in this Section, as well as the other information in the Disclosure Booklet before making any decisions about opening an Account or making any additional contributions. 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 Plan Officials. The contents of the Disclosure Booklet should not be construed as legal, financial, or tax advice.

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 these risks with the understanding that they could arise at any time during the life of your Account. A discussion of the investment risks related to each Investment Option can be found in the ***Appendix A*** beginning on page 73.

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. 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 the Plan Officials. As described in this Disclosure Booklet, FDIC insurance is only provided on a pass-through basis for the Savings Portfolio Investment Option. 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 when you wish to make withdrawals from your Account (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.

Limited Investment Direction; Liquidity. Investments in a Qualified Tuition Program like CollegeChoice 529 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 your 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 (Section 529) 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, without prior notice:

- change the Plan's Fees and charges;
- add or remove a Portfolio;
- merge or change the composition of investments within the Portfolios;
- close a Portfolio to new investors; or
- change the Program Manager, an Investment Manager, Savings Portfolio Manager, or the Underlying Investments(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 you open 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. The Authority may terminate the Plan by giving written notice to you. If this happens, the funds in your Account will be distributed to you. Any amounts distributed are subject to any charges due; any charge, payment, or penalty required by law to be withheld; and allowances for any terminating or winding up expenses.

We may also change the Underlying Investments in the Plan. During the transition from one Underlying Investment to another Underlying Investment, we may sell all the securities in the Portfolio before purchasing new securities. Therefore, the Portfolio may temporarily not be invested in one of its asset classes. During a transition period, a Portfolio may temporarily hold a basket of securities if the Underlying Investment from which it is transitioning chooses to complete the transition by

exchanging one security for another. In this case, the Program Manager will seek to liquidate the securities received from the Underlying Investment as promptly as practicable so that the proceeds can be invested in the replacement Underlying Investment. The transaction costs associated with this type of 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 the Portfolio. An Underlying Investment from which a Portfolio redeems may also impose redemption fees. In this case, the Portfolio will bear the cost of the 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 you fund your Account(s) to the Maximum Account Balance, 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.

IRS Regulations Not Final. As of the date of this Disclosure Booklet, 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. If the IRS again begins issuing such private letter rulings, the Board may, at its sole discretion, determine to seek such a ruling in the future. In 2001, the Authority received 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, 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 and therefore, CollegeChoice 529 is vulnerable to tax law changes or court or interpretive rulings that might alter the tax considerations described in ***Taxes – Federal Tax Issues*** starting on page 54.

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 Indiana state income tax credit claimed in prior taxable years by any contributors to your Account if you take a Non-Qualified Distribution (other than as a result of the death or Disability of the Beneficiary, the Beneficiary's receipt of a scholarship that paid for all or part of the Qualified Expenses of the Beneficiary, to the extent that the withdrawal or distribution does not exceed the amount of the scholarship) 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 ***Taxes -State Tax Issues - Recapture of Income Tax Credit*** on page 56.) 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 are 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 Booklet. 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 Enrollment Forms 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:

- In making decisions about eligibility for financial aid programs offered by the U.S. government and the amount of financial aid required, the U.S. Department of Education takes into consideration a variety of factors, including among other things, the assets owned by your Beneficiary and the assets owned by the Beneficiary's parents.
- For federal financial aid purposes, Account assets will be considered:
  - assets of the Beneficiary's parents, if the Beneficiary is a dependent student and the Account Owner is the parent or the Beneficiary, or
  - assets of the Beneficiary, if the Beneficiary is the owner of the Account and not a dependent student.

Assets owned by the parent of a Beneficiary who is not a dependent are not considered for purposes of the Free Application for Federal Student Aid (FAFSA).

- Since the treatment of Account assets on the FAFSA may have a material adverse effect on your Beneficiary's eligibility to receive valuable benefits under financial aid programs, you or your Beneficiary should check:
  - the applicable laws or regulations,
  - with the financial aid office of an Eligible Educational Institution, and/or
  - with 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 the financial aid office of an Eligible Educational Institution 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, risks 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. Certain Portfolios carry more and/or different risks than others. 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.

There is no guarantee that the Investment Managers will continue to provide the Underlying Investments 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 ***Appendix A*** starting on page 73.

7.
Investment Information

In this Section, you will find information about the Portfolios, including a discussion of the Age-Based Portfolios, the Individual Portfolios and the Savings Portfolio. You should consider the information in this Section carefully before choosing to invest in CollegeChoice 529. Information about each Portfolio's strategy and risks has been provided by the Investment Managers and the Savings Portfolio Manager. If you have questions about any of the investment-related information in this Section, please call a Client Service Representative at **1-866-485-9415** or contact the appropriate Investment Manager prior to making an investment decision.

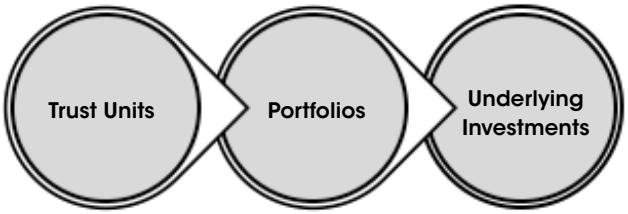
Here's where you can find specific investment information:

- Investments Overview 38
- Portfolio Descriptions 40
  - Age-Based Portfolio Descriptions 40
  - Individual Portfolio Descriptions 44
  - Savings Portfolio Description 47
- Additional Underlying Fund Descriptions 47
- Additional Investment Information 49

A discussion of the risk factors relating to each Portfolio and Underlying Investments can be found in **Appendix A** starting on page 73.

Investments Overview

Your Account assets are held in the Trust for your exclusive benefit and cannot be transferred or used by the Plan for any purpose other than those of the Trust. Please keep in mind that you will not own shares of the Underlying Investments. You are purchasing Units in the Trust. Those Units are made up of Portfolios and those Portfolios invest your contributions in one or more of the Underlying Investments.



You can choose between three investment approaches (Age-Based, Individual or Savings) at the time your Account is established and each time you make additional contributions.

We offer:

- Seven (7) Age-Based Portfolios, in which your money is moved automatically to progressively more conservative investments as your Beneficiary approaches college age. Each portfolio invests in multiple Underlying Funds managed by Vanguard and Loomis Sayles;
- Seven (7) Individual Portfolios, in which the composition of investments within the Portfolio remains fixed over time. Each portfolio invests in a single Underlying Fund, four (4) of which are managed by Vanguard and three (3) of which are managed by Dodge & Cox, Scout, and Western Asset, respectively; and
- The Savings Portfolio, which invests in a FDIC insured omnibus savings account held in trust by the Authority at Sallie Mae Bank.

Investment Options: Choose from an Age-Based Portfolio that automatically becomes more conservative over time, or the Individual Portfolios or the Savings Portfolio with investment types that remain fixed over time.

Age-Based Portfolios

The Age-Based Portfolios are 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 Portfolios 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 investments 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 more investments in bonds and money market securities tend to be less volatile than those with higher investments in stocks. 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 Portfolios, we will automatically exchange assets from one Portfolio to another as your Beneficiary ages. The exchange occurs during the month following the month of your Beneficiary's birth date, according to the following table. The table also provides the target allocations for each Age-Based Portfolio.

	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 INVESTMENT	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 Index Fund	21%	19%	15%	11%	9%	6%	5%
Loomis Sayles Strategic Alpha Fund	4%	8%	12%	14%	13%	11%	8%
Vanguard Total Bond Market II Index Fund	8%	13%	22%	33%	29%	23%	13%
Vanguard Total International Bond Index Fund	3%	4%	6%	8%	7%	6%	4%
Vanguard Short-Term Bond Index Fund	0%	0%	0%	0%	16%	25%	25%
Vanguard Short-Term Inflation Protected Securities Index Fund	0%	0%	0%	0%	0%	10%	15%
Vanguard Prime Money Market Fund	0%	0%	0%	0%	0%	0%	20%
Total Equity/Fixed Income	85%/15%	75%/25%	60%/40%	45%/55%	35%/65%	25%/75%	15%/85%

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

Individual Portfolios

Unlike the Age-Based Portfolios, the Individual Portfolios do not change the types and composition of investments within a Portfolio as the Beneficiary ages. Instead, the types and composition of investments held by 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 23.)

The Individual Portfolios consist of the following seven (7) Portfolios, which each invest in a single Underlying Fund:

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

Savings Portfolios

The Savings Portfolio seeks income consistent with the preservation of principal. Similar to the Individual Portfolios, the types and composition of investments held by the Portfolio remains fixed over time. The Portfolio invests 100% of its assets in the Sallie Mae High-Yield Savings Account (HYSA). The HYSA is held in an omnibus savings account insured by the FDIC (up to certain limits), which is held in trust by the Authority at Sallie Mae Bank. (See ***Portfolio Descriptions – Savings Portfolio*** on page 47.)

Portfolio Descriptions

These descriptions highlight the investment objective and strategy of each Portfolio. The ability of the Portfolios to meet their goals is dependent on the Underlying Investments in which the Portfolio invests meeting their investment objectives. More detailed information about each Underlying Investment is available from the Investment Managers. Their contact information is available at the end of this Investments section on page 50.

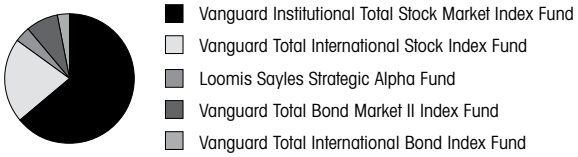
AGE-BASED OPTION PORTFOLIO PROFILES

Aggressive Growth Portfolio

The Portfolio seeks to provide capital appreciation.

It invests in two Vanguard stock index funds, two Vanguard bond index funds, and one Loomis Sayles bond fund, resulting in an allocation of 85% of its assets to stocks and 15% of its assets 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 Strategic Alpha Fund	4%
Vanguard Total Bond Market II Index Fund	8%
Vanguard Total International Bond Index Fund	3%

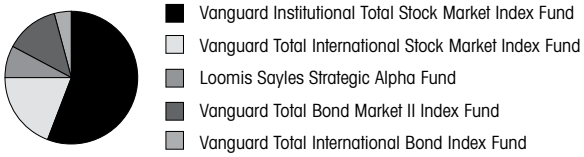


Growth Portfolio

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

It invests in two Vanguard stock index funds, two Vanguard bond index funds, and one Loomis Sayles bond fund, resulting in an allocation of 75% of its assets to stocks and 25% of its assets 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 Strategic Alpha Fund	8%
Vanguard Total Bond Market II Index Fund	13%
Vanguard Total International Bond Index Fund	4%

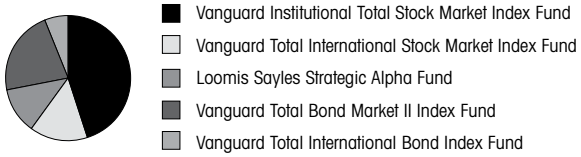


Moderate Growth Portfolio

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

It invests in two Vanguard stock index funds, two Vanguard bond index funds, and one Loomis Sayles bond fund, resulting in an allocation of 60% of its assets to stocks and 40% of its assets 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 Strategic Alpha Fund	12%
Vanguard Total Bond Market II Index Fund	22%
Vanguard Total International Bond Index Fund	6%

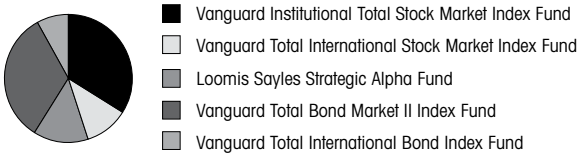


Conservative Growth Portfolio

The Portfolio seeks to provide current income and capital appreciation.

It invests in two Vanguard stock index funds, two Vanguard bond index funds, and one Loomis Sayles bond fund, resulting in an allocation of 45% of its assets to stocks and 55% of its assets 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 Strategic Alpha Fund	14%
Vanguard Total Bond Market II Index Fund	33%
Vanguard International Bond Index Fund	8%

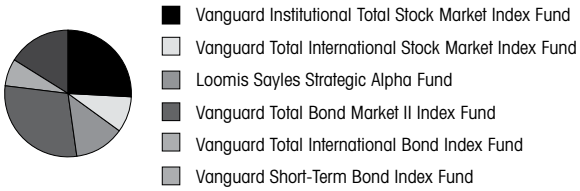


Conservative Portfolio

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

It invests in two Vanguard stock index funds, three Vanguard bond index funds, and one Loomis Sayles bond fund, resulting in an allocation of 35% of its assets to stocks and 65% of its assets 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 Strategic Alpha Fund	13%
Vanguard Total Bond Market II Index Fund	29%
Vanguard Total International Bond Index Fund	7%
Vanguard Short-Term Bond Index Fund	16%

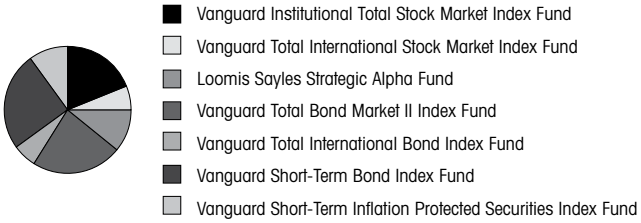


Income Portfolio

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

It invests in four Vanguard bond index funds and two Vanguard stock index funds, and one Loomis Sayles bond fund, resulting in an allocation of 75% of its assets to bonds and 25% of its assets to stocks. 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 Strategic Alpha Fund	11%
Vanguard Total Bond Market II Index Fund	23%
Vanguard Total International Bond Index Fund	6%
Vanguard Short-Term Bond Index Fund	25%
Vanguard Short-Term Inflation Protected Securities Index Fund	10%



Conservative Income Portfolio

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

It invests in four Vanguard bond index funds, two Vanguard stock index funds, one Vanguard money market fund, and one Loomis Sayles bond fund, resulting in an allocation of 65% of its assets to bonds, 20% of its assets to short term investments, and 15% of its assets to stocks. 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 Strategic Alpha Fund	8%
Vanguard Total Bond Market II Index Fund	13%
Vanguard Total International Bond Index Fund	4%
Vanguard Short-Term Bond Index Fund	25%
Vanguard Short-Term Inflation Protected Securities Index Fund	15%
Vanguard Prime Money Market Fund	20%

All Portfolios

Through investment in *Vanguard Institutional Total Stock Market Index Fund*, these Portfolios indirectly invest in primarily large capitalization U.S. stocks, and to a lesser extent in mid-, small-, and micro-capitalization U.S. stocks. The Fund's target index represents approximately 100% of the investable U.S. stock market.

Through investment in *Vanguard Total International Stock Index Fund*, these Portfolios indirectly invest in international stocks.

Through investment in *Vanguard Total Bond Market II Index Fund*, these Portfolios indirectly invest in a broadly diversified collection of securities that, in the aggregate, approximates the Barclays U.S. Aggregate Float Adjusted Index in terms of key risk factors and other characteristics. The 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 maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years.

Through investment in *Vanguard Total International Bond Index Fund*, these Portfolios also indirectly invest in government, government agency, corporate, and securitized non-U.S. investment-grade fixed income investments, all issued in currencies other than the U.S. dollar and with maturities of more than 1 year. To minimize the currency risk associated with investment in bonds denominated in currencies other than the U.S. dollar, the Fund attempts to hedge its currency exposures.

Through ownership of the *Loomis Sayles Strategic Alpha Fund*, these Portfolios indirectly hold 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 also may invest in preferred stocks.

Conservative, Income and Conservative Income Portfolios

Through investment in the *Vanguard Short-Term Bond Index Fund* the Portfolios indirectly hold a range of securities that, in the aggregate, approximates the Barclays U.S. 1–5 Year Government/Credit 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 Fund maintains a dollar-weighted average maturity consistent with that of the Index, which does not exceed 3 years.

Income and Conservative Income Portfolios

Through investment in the *Vanguard Short-Term Inflation Protected Securities Index Fund*, the Portfolios indirectly hold a range of securities that, in the aggregate, approximates the Barclays U.S. Treasury Inflation-Protected Securities 0-5 Year index. The Index is a market-capitalization-weighted index that includes all inflation-protected public obligations issued by the U.S. Treasury with remaining maturities of less than five years.

Conservative Income Portfolio

Through ownership of *Vanguard Prime Money Market Fund*, the Portfolio indirectly invests in 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.

INDIVIDUAL PORTFOLIO PROFILES

PORTFOLIO AND INVESTMENT OBJECTIVE	INVESTMENT STRATEGY
U.S. Equity Index Portfolio The Portfolio seeks to track the performance of a benchmark index that measures the investment return of the overall stock market.	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, which 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 the 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.
Short-Term Bond Index Portfolio The Portfolio seeks to track the performance of a market-weighted bond index with a short-term dollar-weighted average maturity.	The Portfolio invests 100% of its assets in the Vanguard Short-Term Bond Index Fund, which employs an indexing investment approach designed to track the performance of the Barclays U.S. 1–5 Year Government/Credit Float Adjusted 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.
Money Market Portfolio The Portfolio seeks to provide current income while maintaining liquidity and a stable share price of $1.	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 60 days or less and a dollar-weighted average life of 120 days or less. The investment in Vanguard Prime Money Market Fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although Vanguard 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.

PORTFOLIO AND INVESTMENT OBJECTIVE	PRINCIPAL INVESTMENT STRATEGY
International Portfolio The Portfolio seeks long-term growth of principal and income.	The Portfolio invests 100% of its assets in Dodge & Cox International Stock Fund. The Fund invests primarily in a diversified portfolio of equity securities issued by non-U.S. companies from at least three different countries, including emerging market countries. The Fund is not required to allocate its investments in set percentages in particular countries and may invest in emerging markets without limit. 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. The Fund may also invest directly or indirectly in restricted securities of U.S. and non-U.S. companies, including securities issued through private offerings outside the United States. The Fund invests primarily in medium-to-large well established companies based on standards of the applicable market. In selecting investments, the Fund invests primarily in companies that, in Dodge & Cox's opinion, appear to be temporarily undervalued by the stock market but have a favorable outlook for long-term growth. The Fund also focuses on the underlying financial condition and prospects of individual companies, including future earnings, cash flow, and dividends. 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. The Fund also considers the economic and political stability of a country and the protections provided to foreign shareholders. The Fund may enter into forward currency contracts or currency futures contracts to hedge foreign currency exposure.
Active Bond Portfolio The Portfolio seeks to achieve a high level of total return, consistent with the preservation of capital.	The Portfolio invests in the Scout 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 subadvisor, Reams Asset Management Company, ("Reams"), a division of Scout Investments Inc., 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.

PORTFOLIO AND INVESTMENT OBJECTIVE	INVESTMENT STRATEGY
Inflation-Protected Portfolio The Portfolio seeks long-term growth of principal and income.	The Portfolio invests 100% of its assets in the Western Asset Inflation Indexed Plus Bond Fund, which, under normal market conditions, 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. Although the Fund may invest in securities of any maturity, the Fund will normally maintain a dollar-weighted average effective duration within 3 years of that of its benchmark, the Barclays U.S. TIPS Index. Therefore, the range within which the dollar-weighted average effective duration of the Fund is expected to fluctuate is 6–12 years, although this may vary. 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. The Fund is expected to maintain a dollar-weighted average credit quality of at least A/A. In addition, under normal market conditions, at the time of purchase no more than 10% of the Fund's assets may be invested in un-hedged non-U.S. dollar denominated securities, securities rated below investment grade, emerging market securities, or loan participations and assignments. Under normal market conditions, at the time of purchase, no more than 20% of the Fund's assets may be invested in non-U.S. dollar denominated inflation-indexed securities or a combination of securities rated below investment grade, emerging market securities and loan participations and assignments. The Fund may also buy credit default swaps and use other derivative instruments (including, but not limited to, futures, options, swaps, foreign currency futures, forwards and options, and other instruments) to a significant extent.
Bond Index Portfolio The Portfolio seeks to track the performance of a broad, market-weighted bond index.	The Portfolio invests 100% of its assets in Vanguard Total Bond Market Index Fund, which employs an indexing investment approach designed to track the performance of the Barclays U.S. Aggregate Float Adjusted 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.

PORTFOLIO AND INVESTMENT OBJECTIVE	INVESTMENT STRATEGY
Savings Portfolio The Portfolio seeks income consistent with the preservation of principal.	The Portfolio invests 100% of its assets in the HYSA. The HYSA is held in an omnibus savings account insured by the FDIC (up to the limits set forth below), 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 and will be credited to the HYSA on a monthly basis. The interest rate is expressed as an Annual Percentage Yield (APY). The 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**. FDIC insurance is provided for the Savings Portfolio only. 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. The amount of FDIC insurance provided to an Account Owner is based on the total of: 1. the value of an Account Owner's investment in the Savings Portfolio; and 2. the value of all other accounts held by the Account Owner at Sallie Mae Bank, as determined by Sallie Mae Bank and FDIC regulations. The 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. There is no other insurance and there are no other guarantees for the Savings Portfolio. Therefore, like all of the Portfolios, neither your contributions to the Savings Portfolio nor any investment return earned on your contributions are guaranteed by the Plan Officials. In addition, the Savings Portfolio does not provide a guarantee of any level of performance or return.

ADDITIONAL UNDERLYING FUND DESCRIPTIONS

The Age-Based Portfolios invest in multiple Underlying Funds, three (3) of which (the Vanguard Institutional Total Stock Market Index Fund, the Vanguard Short-Term Bond Index Fund, and the Vanguard Total Bond Market II Index Fund) are also available for investment through the Individual Portfolios. See the information above under ***Individual Portfolio Profiles***. Information about the other four (4) Underlying Funds is presented below.

Vanguard Total Bond Market II Index Fund

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

Investment Strategy. The Fund employs an indexing investment approach designed to track the performance of the Barclays U.S. Aggregate Float Adjusted 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 Fund primarily is subject to moderate levels of **interest rate risk, income risk,** and **call/prepayment risk**. The Fund also has low levels of **credit risk** and **index sampling risk**. These risks are discussed under ***Appendix A - Vanguard Investment Risks*** starting on page 76 of the Disclosure Booklet.

Vanguard Total International Stock Market 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 developed and emerging markets, excluding the United States.

Investment Strategies. 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.

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 ***Appendix A - Vanguard Investment Risks*** starting on page 76 of this Disclosure Booklet.

Vanguard Short-Term Inflation Protected Securities Fund

Investment Objective. The Fund seeks to track the performance of a benchmark index that measures the investment return of inflation protected public obligations of the U.S. Treasury with remaining maturities of less than five years.

Investment Strategy. The Fund employs an indexing investment approach designed to track the performance of the Barclays U.S. Treasury Inflation-Protected Securities (TIPS) 0.5 Year Index. The index is a market-capitalization-weighted index that includes all inflation-protected public obligations issued by the U.S. Treasury with remaining maturities of less than five years. The Fund attempts to replicate the target index by investing all, or most, of its assets in the securities that make up the index, holding each security in approximately the same proportion as its weighting in the index.

Investment Risks. The Fund is primarily subject to **income fluctuation risk** and **interest rate risk**. These risks are discussed under ***Appendix A -Vanguard Investment Risks*** starting on page 76 of this Disclosure Booklet.

Loomis Sayles Strategic Alpha 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.

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. The Fund also may invest in preferred stocks.

In selecting investments, the Fund's investment advisor 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 Fund's investment advisor 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 Fund's investment

advisor seeks to actively manage risk, with a focus on managing the Fund's exposure to credit, interest rate and currency risks in relation to the market. 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 Advisor currently targets an annualized volatility range of 4% to 6% (as measured by the standard deviation of the Fund's returns). The Fund's actual or realized volatility during certain periods or over time may materially exceed or be lower than its target volatility range for various reasons, including changes in market levels of volatility and because the Fund's portfolio may include instruments that are inherently volatile. This would increase the risk of investing in the Fund.

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 or yield curve 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, equity risk, fixed-income securities risk, foreign securities risk, inflation/deflation risk, interest rate risk, issuer risk, large investor 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 ***Appendix A – Loomis Sayles Investment Risks*** on pages 83–85 of this Disclosure Booklet.

ADDITIONAL INVESTMENT INFORMATION

How Your Units Are Valued. The Unit Value of each Portfolio is normally calculated as of the close of the NYSE each day. If securities held by an Underlying Investment in your Portfolio are traded in other markets on days when the NYSE is closed, that Portfolio's value may fluctuate on days when you do not have access to it 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 Policy. The Authority has adopted an Investment Policy Statement, amended as of August 2014. The Investment Policy Statement sets forth, in part:

1. the Board's judgments, expectations, objectives, and guidelines for the investment of all Plan assets;
2. an investment structure for managing all Plan assets. This structure includes various asset classes and investment management styles that span the risk/return spectrum;
3. the criteria and procedures for selecting Investment Options, Investment Managers, and the Savings Portfolio Manager;
4. guidelines for each Portfolio that controls the level of overall risk and liquidity assumed in that Portfolio so that all Plan assets are managed in accordance with stated objectives;
5. communications between the Board, the investment advisor to the Authority, the Program Manager, Investment Managers and the Savings Portfolio Manager;
6. criteria to monitor, evaluate and compare the performance results achieved by the Investment Managers, and the Savings Portfolio Manager on a regular basis; and
7. fiduciary, legal, prudence and due diligence requirements.

The Authority, with the assistance of the Program Manager, the Investment Managers and the Savings Portfolio Manager, has developed Investment Options and selected the Underlying Investments for each Portfolio based on the guidelines set forth in the Investment Policy Statement.

Portfolio Changes. We may change the type or composition of investments within a Portfolio or change the policies, objectives, and guidelines of the Portfolios from time to time. We may also change the selection

of Underlying Investments in which each Portfolio invests or modify, add, or 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.

Treatment of Dividends and Capital Gains. The Underlying Investments distribute dividends and capital gains because they are required to do so under the current provisions of the Code 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 Investments will become assets of the Portfolios. Although the Underlying Investments may distribute dividends and/or capital gains, the Portfolios, rather than distributing earnings, reflect changes in value from income and gains and losses from the Underlying Investments solely by increasing or decreasing the Portfolio's Unit Value.

Differences between Performance of the Portfolios and Underlying Investments. The performance of the Portfolios will differ from the performance of the Underlying Investments. Because the Portfolios have higher expense ratios than the Underlying Investments, over comparable periods of time, all other things being equal, a Portfolio would have lower performance than its comparable Underlying Investment. However, the Underlying Investments 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 Portfolio Units as of the trade date. The Portfolio will use your money to purchase shares of an Underlying Investment. However, the trade date for the Portfolio's purchase of Underlying Investment shares typically will be one (1) business day after the trade date for your purchase of Portfolio Units. Depending on the amount of cash flow into or out of the Portfolio and whether the Underlying Investment is going up or down in value, this timing difference will cause the Portfolio's performance either to trail or exceed the Underlying Investment's performance. For more information on investment performance, see ***Investment Performance*** on page 51. The target indices 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.

Investment Selection. For each new contribution, you can select from any of the Portfolios when you make your contribution as long as investments in those different Portfolios are permissible. 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.

Requesting Additional Information about the Underlying Funds. We will invest your contributions to the Age-Based Portfolios or the Individual Portfolios 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	877-662-7447
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

8.
Investment Performance

This table shows how the performance of the Portfolios has varied over the periods listed. The performance data includes each Portfolio's total annual asset-based fee, but do not include other charges associated with an investment in CollegeChoice 529. See ***Fees*** on page 27. As explained earlier, the performance of the Portfolios will differ from the performance of the Underlying Investments. See ***Differences between Performance of the Portfolios and Underlying Investments*** on page 50. If you are invested in an Age-Based Portfolio, the assets in the Portfolio in which you are currently invested (Current Portfolio) will automatically transfer to other Portfolios as the Beneficiary ages. Therefore, the assets in your current Portfolio may not have been invested in the current Portfolio for all or a portion of the period reported in the Performance table shown below.

So, your personal performance may be different than the performance shown.

This performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so your 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**.

Performance: Current performance information is available online at **www.collegechoicedirect.com**. From the home page select "Investment Options – Check portfolio prices & performance."

Average Annual Total Returns as of September 30, 2014					
PORTFOLIO	**1 YEAR**	**3 YEAR**	**5 YEAR**	**SINCE INCEPTION**	**INCEPTION DATE**
AGE-BASED PORTFOLIOS					
Aggressive Growth Portfolio	12.50%	17.53%	11.78%	7.41%	9/19/2008
Growth Portfolio	11.34%	15.37%	10.75%	7.55%	9/19/2008
Moderate Growth Portfolio	9.77%	12.58%	9.36%	7.28%	9/19/2008
Conservative Growth Portfolio	8.17%	9.89%	8.04%	6.58%	9/19/2008
Conservative Portfolio	6.63%	N/A	N/A	6.40%	8/10/2012
Income Portfolio	5.34%	5.99%	5.61%	5.24%	9/19/2008
Conservative Income Portfolio	3.09%	3.44%	3.42%	3.53%	9/19/2008
INDIVIDUAL PORTFOLIOS					
U.S. Equity Index Portfolio	17.58%	22.82%	15.5%	10.09%	9/19/2008
International Portfolio	12.85%	18.35%	9.07%	6.98%	9/19/2008
Money Market Portfolio[1]	0.00%	0.00%	0.0%	18%	9/19/2008
Short-Term Bond Index Portfolio	0.86%	0.95%	1.83%	2.70%	9/19/2008
Active Bond Portfolio	2.26%	4.62%	5.81%	8.39%	9/19/2008
Inflation-Protected Portfolio	0.95%	0.88%	4.05%	4.06%	9/19/2008
Bond Index Portfolio	3.58%	2.04%	3.75%	4.29%	7/27/2009
SAVINGS PORTFOLIOS					
Savings Portfolio	0.68%	0.66%	N/A	0.73%	7/19/2010

[1] The Program Manager may voluntarily limit the Money Market Portfolio's Management Fee in an effort to maintain a net yield of 0.00%.

9.
Taxes

FEDERAL TAX ISSUES

General. This Section describes 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. The federal tax consequences associated with an investment in CollegeChoice 529 can be complex. CollegeChoice 529 should not be used for the purposes of avoiding federal tax or tax penalties. **Before you invest, you may wish to consult an independent tax advisor regarding the application of tax laws to your particular circumstances.**

Some states may impose taxes and/or penalties on investments in or withdrawals from a Qualified Tuition Program offered by other states. These penalties and taxes may, in certain cases, have the effect of offsetting some or all of the federal tax benefits discussed below.

Risk of Tax law changes. The IRS has issued only proposed regulations and certain other guidance under Section 529. Final regulations could affect the tax considerations or require changes in the terms of CollegeChoice 529.

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 Taxes: The federal taxation of your CollegeChoice 529 Account can be complex. Make sure you understand the federal tax benefits and obligations before you invest.

Federal Gift/Estate Tax. If your contributions, together with any other gifts to the Beneficiary (over and above those made to your Account), do not exceed $14,000 per year ($28,000 for married couples making a proper election), no gift tax will be imposed for that year. Gifts of up to $70,000 can be made in a single year ($140,000 for married couples making a proper election) for a Beneficiary and you 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. If you die with assets still remaining in your Account, the Account's value will generally 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 your 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. The state law treatment of gift and estate taxes varies so you should check with your tax advisor for the specific effect of federal and state (if any) gift tax and generation-skipping transfer tax on your situation.

Transfers and Rollovers. Where a distribution is placed in another Account or another Qualified Tuition Program account within sixty (60) days of the distribution date, you may avoid incurring federal income tax or a Distribution Tax. 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 within the prior twelve (12) months. 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.

Direct Transfers Between Plans for the Same Beneficiary. Under Section 529, you can transfer assets directly between CollegeChoice 529, CollegeChoice Advisor and CollegeChoice CD, 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 24.

Indirect Transfers. For federal and state tax purposes, an indirect transfer involving the distribution of money from CollegeChoice 529 to either CollegeChoice Advisor or CollegeChoice CD, 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 (ESA). 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 American Opportunity and Lifetime Learning Tax Credits without affecting your participation in CollegeChoice 529 or its benefits. American Opportunity 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.

All Distributions. Distributions may be comprised of: (1) principal, which is not taxable when distributed, and (2) earnings, if any, which may be subject to federal income tax. We determine the earnings portion based on IRS rules and report to the IRS and the recipient. However, we do 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 as 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 considered in determining any American Opportunity or Lifetime Learning Credits claimed for that taxable year.

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.

Other Distributions. For federal income tax purposes, you, or the Beneficiary, may be 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 other tax-free Educational Assistance, attendance at certain specified military academies, or use of American Opportunity or Lifetime Learning Credits. The distributions discussed in this paragraph 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 Indiana state income tax credit with respect to any Non-Qualified Distribution as discussed in ***State Tax Issues - Recapture of Income Tax Credit*** on page 56.

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.

STATE TAX ISSUES

General. This Section describes 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 Indiana state tax consequences associated with an investment in CollegeChoice 529 can be complex. CollegeChoice 529 should not be used for the purposes of avoiding state tax or tax penalties. **Before you invest, you may wish to consult an independent tax advisor regarding the application of tax laws to your particular circumstances.**

Income Tax Credit for Indiana Taxpayers. If you are an individual Indiana taxpayer (resident or non-resident), filing a single or joint return, you may receive a twenty percent (20%) Indiana state income tax credit against your Indiana adjusted gross income tax liability, up to a maximum of one-thousand dollars ($1,000), for contributions to an Account. The tax credit is available to an individual filing a single return or a married couple filing a joint return. The contributor does not need to be the Account Owner of an Account. The amount of the credit is the lesser of the following:

1. twenty percent (20%) of the amount of each contribution to CollegeChoice 529 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.

State Taxes: The Indiana income tax credit may be subject to recapture in certain circumstances. Make sure you fully understand how the credit works if you are in Indiana taxpayer.

The Indiana state income tax credit is a nonrefundable credit. You may not carry forward any unused Indiana state income tax credit. An Indiana taxpayer may not sell, assign, convey, or otherwise transfer the tax credit. If you no longer have Indiana adjusted gross income, you will no longer be eligible to receive the Indiana state income tax credit for subsequent contributions to an Account. Effective January 1, 2010, rollover contributions from another Qualified Tuition Program into CollegeChoice 529 and transfers from the Upromise Service into CollegeChoice 529 became ineligible for

the Indiana state income tax credit available to Indiana taxpayers (resident or non-resident, individual or married). Contribution must be received by December 31 in order to qualify for the Indiana state income tax credit for a particular tax year. For additional information, see the Indiana Department of Revenue *Information Bulletin #98* available at **http://www.in.gov/dor/**.

Recapture of Income Tax Credit. You, as the 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 you take a Non-Qualified Distribution from your Account. This does not apply if your distribution is because of the death or Disability of the Beneficiary, or if the Beneficiary received a scholarship that paid for all or part of the Qualified Expenses of the Beneficiary, to the extent that the withdrawal or distribution does not exceed the amount of the scholarship. This recapture, however, does include any rollover from your Account into another state's Qualified Tuition Program or any termination of your Account within 12 months after your Account was opened. Any repayment of the State income tax credit by you must be reported and paid on your Indiana income tax return for the taxable year in which a Non-Qualified Distribution was made. The Amount that you 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 your Account; or
2. the excess of: (a) the cumulative amount of all Indiana state income tax credits that are claimed by any contributor with respect to contributions made to your Account for all prior taxable years beginning on or after January 1, 2007, over (b) the cumulative amount of your repayments 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, 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.

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. State-based benefits should be one of many factors to be considered when making an investment decision. Since different states have different tax provisions, this Disclosure Booklet contains limited information about the state tax consequences of investing in CollegeChoice 529. **Therefore, please consult your tax advisor for information on your own state's tax laws and to learn more about how state-based benefits (or any limitations) would apply to your specific circumstances.**

10.
General

Customer Identification Verification. Certain information is necessary to properly verify your identity. If we do not receive all of the required information, there could be a delay in opening your Account. If, after making reasonable efforts, we are unable to verify your identity, we may take any action permitted by law, without prior notice to you, including rejecting contribution and transfer requests, suspending Account services, or closing your Account and issuing a refund at the Unit Value calculated the day your 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.

Purpose of Qualified Tuition Programs. 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. You may wish to seek tax advice from an independent tax advisor based on your own particular circumstances.

Your Account. A completed Enrollment Form includes an acknowledgement that you agree to be bound by the terms and conditions of this Disclosure Booklet and the Enrollment Form. The Disclosure Booklet and the Enrollment Form, when executed by you, is considered the entire agreement between you and the Trust with respect to your Account. By signing the Enrollment Form, you are requesting that we open an Account for the benefit of your Beneficiary. Your Account, the Disclosure Booklet and your signed Enrollment Form are subject to the Enabling Legislation and any rules we may adopt under the Enabling Legislation. Your Account assets will be held, subject to the Enabling Legislation and the Code, the Disclosure Booklet, and your signed Enrollment Form, for the exclusive benefit of you and your Beneficiary.

Changes to Your 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.

Accuracy of Information in Disclosure Booklet. The information in this Disclosure Booklet 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 Booklet, as supplemented from time to time.

Changes to the Disclosure Booklet. The Authority may amend the terms of the Disclosure Booklet 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.

Keep Legal Documents for Your Records. You should retain this Disclosure Booklet for your records. We may make modifications to CollegeChoice 529 in the future. If so, an addendum (Supplement) to the Disclosure Booklet may 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 Supplement and/or Disclosure Booklet 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 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 Booklet. 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 Booklet.

Guide to Interpretation. The Plan is intended to qualify for the tax benefits of Section 529. Notwithstanding anything in the Disclosure Booklet to the contrary, the terms and conditions applicable to your Account will be interpreted and/or amended to comply with the requirements of Section 529 and applicable regulations.

Continuing Disclosure. Certain financial information and operating data relating to the Trust will be filed by or on behalf of the Trust in electronic form with the Electronic Municipal Market Access system (EMMA) maintained

by the Municipal Securities Rulemaking Board (MSRB) pursuant to Rule 15c2-12 as promulgated by the SEC under the Securities Exchange Act of 1934. Notices of certain enumerated events will be filed by or on behalf of the Trust with the MSRB.

Independent Registered Public Accounting Firm. We have engaged Thomas & Thomas, LLP, an independent public accounting firm to audit the financial statements for the Plan.

Ascensus College Savings Privacy Policy. Ascensus College Savings is required to treat all Account Owner and Beneficiary information confidentially. ACS is prohibited from using or disclosing this 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. You can access a copy of the most recent ACS Privacy Policy on the Plan's website at **www.collegechoicedirect.com**.

Custodial Arrangements. The Bank of New York Mellon (Mellon) is the Plan's custodian. As custodian, Mellon is responsible for maintaining the Plan's assets.

Creditor Protection under U.S. Laws. Federal bankruptcy law excludes from property of the debtor's bankruptcy estate certain assets that have been contributed to an account in a Qualified Tuition Program. However, bankruptcy protection in this respect is limited and has certain conditions. For the Qualified Tuition Program account to be excluded from the debtor's estate, the Beneficiary must be a child, stepchild, grandchild, or step-grandchild (including a legally adopted child or a foster child) of the individual who files for bankruptcy protection. In addition, contributions made to all Qualified Tuition Plan accounts for the same Beneficiary are protected from becoming property of the debtor's estate as follows:

- contributions made to all Qualified Tuition Plan accounts for the same beneficiary more than seven-hundred twenty (720) days before a federal bankruptcy filing are completely protected;
- contributions made to all Qualified Tuition Plan accounts for the same beneficiary more than three hundred and sixty-five (365) days but less than seven hundred and twenty (720) days before a federal bankruptcy filing are protected up to six-thousand two-hundred twenty-five dollars ($6,225.00), an amount currently revised every three (3) years by the Judicial Conference of the United States; and
- contributions made to all Qualified Tuition Plan accounts for the same beneficiary less than three hundred sixty-five (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 even though the assets are property of the debtor's estate. Under federal bankruptcy law, assets held in a 529 Plan account that are property of the debtor's estate are not exempt from debt for domestic support obligations. This information is not meant to constitute individual tax or bankruptcy advice, and you should consult with your own advisors concerning your individual circumstances.

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 Booklet 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 will be severed from the Disclosure Booklet or the Enrollment Form, as applicable, and the remainder of the Disclosure Booklet or Enrollment Form, as applicable, will continue in full force and effect as if that 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 Booklet, 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, will govern. To the extent permitted by Indiana law, the Code will 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 of Indiana. 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 will be made solely against the assets in your Account. The obligations

of CollegeChoice 529 under an Enrollment Form are monies 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.

Your Accounts are not insured by the State and neither the principal deposited nor the investment return is guaranteed by the State of Indiana or Plan Officials. Opening an Account does not guarantee that your 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. Opening an Account does not establish Indiana residence for your Beneficiary. Neither the State of Indiana nor Plan Officials guarantee that amounts saved in your Account will be sufficient to cover the Qualified Expenses of a Beneficiary. All obligations under your Account and the Disclosure Booklet are legally binding contractual obligations of the Trust only.

Arbitration. This is a pre-dispute arbitration clause. Any controversy or claim arising out of or relating to the Plan or the Disclosure Booklet, 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 Program Manager, an Investment Manager, or the Savings Portfolio 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.

In connection with any arbitration, you should note that:

1. 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 in which the claim is filed;
2. arbitration awards are generally final and binding; your ability to have a court reverse or modify an arbitration award is very limited;
3. your ability to obtain documents, witness statements, and other discovery is generally more limited in arbitration than in court proceedings;
4. the potential cost of arbitration may be more or less than the cost of litigation;
5. the arbitrators do not have to explain the reason(s) for their award, unless in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel at least twenty (20) days prior to the first scheduled hearing date;
6. the panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry;
7. 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
8. the rules of the arbitration forum are incorporated by reference into this Disclosure Booklet 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 Indiana law will be applied by the arbitrator(s) without regard to conflict of laws principles;
2. the place of arbitration will 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 FINRA's Code of Arbitration Procedure.

You cannot bring a putative or certified class action to arbitration, or seek to enforce any pre-dispute 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 Booklet 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 Booklet 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 Booklet and the Enrollment Form.

11.
Plan Governance

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 three (3) Qualified Tuition Programs: CollegeChoice 529, CollegeChoice Advisor, and CollegeChoice CD. This Disclosure Booklet relates only to CollegeChoice 529. CollegeChoice Advisor is available for investing only through financial advisors. Go to **www.collegechoiceadvisor529.com** for information and materials about CollegeChoice Advisor. College Choice CD offers both direct and advisor sold FDIC-insured savings options. Go to **www.collegechoicecd.com** for more information about CollegeChoice CD.

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 travel 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, CollegeChoice Advisor and/or CollegeChoice CD 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, among other things:

1. retain professional services, including accountants, auditors, consultants, and experts;
2. seek rulings and other guidance from the U.S. Department of the Treasury, the IRS, and the Indiana Department of Revenue;
3. make changes to the Plan and the Trust required for the Account Owners in CollegeChoice 529 to obtain the federal income tax benefits or treatment provided by Section 529;
4. interpret, in rules, policies, guidelines, and procedures, the provisions of the Enabling Legislation broadly in light of its purpose and objectives;
5. charge, impose, and collect administrative fees and service charges in connection with any agreement, contract, or transaction relating to the Plan;
6. 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;
7. contract with a financial institution or institutions to serve as program managers and depositories; and
8. take any other action reasonably necessary to implement and administer CollegeChoice and the Trust.

To obtain a copy of the Trust Declaration, please call a Client Service Representative at **1-866-485-9415.**

Program Manager to CollegeChoice 529. Ascensus Broker Dealer Services, Inc., the Program Manager, and its affiliates, have overall responsibility for the day-to-day operations, including investment advisory, recordkeeping and administrative services, and marketing.

Program Manager Address. 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.**

12.
Glossary

Defined Terms. Terms used in this Disclosure Booklet 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 UGMA/UTMA, 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.

ACS or **Ascensus College Savings:** Ascensus College Savings is used to refer collectively or individually, as the case requires, to Ascensus Broker Dealer Services, Inc. and its affiliates.

Authority: The Indiana Education Savings Authority.

Beneficiary: 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 Booklet, 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 18, 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.

Disclosure Booklet: This document, intended to provide substantive disclosure of the terms and conditions of an investment in CollegeChoice 529, including any other Supplements distributed from time to time.

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.

Educational Assistance: 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. See IRS Publication 970 online at: **http://www.irs.gov/publications/p970/ch08.html** for more information.

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: **https://fafsa.ed.gov/**.

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 Trust, 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.

HYSA: Sallie Mae Bank's High-Yield Savings Account.

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 Age-Based Portfolios, Individual Portfolios, and the Savings Portfolio available to Account Owners in CollegeChoice 529.

Investment Managers: Vanguard; Dodge & Cox; Loomis Sayles; Scout; and Western Asset are the managers of their respective Underlying Funds.

Loomis Sayles: Loomis, Sayles & Company, L.P., a subsidiary of Natixis Global Asset Management.

Management Agreement: An agreement between the Authority and ACS to provide CollegeChoice 529 with program management, investment advisory, recordkeeping and administrative services, and marketing. The Management Agreement between the Authority and ACS 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 (3) 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. 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:

1. a child or stepchild;
2. a sibling, stepsibling, or half-sibling;
3. a parent, or stepparent;
4. a grandparent;
5. a grandchild;
6. a niece or nephew;
7. an aunt or uncle;
8. a first cousin;
9. a mother- or father-in-law, son- or daughter-in-law, brother- or sister-in-law; or
10. a spouse of any individual listed (except first cousin).

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 used to pay for Qualified Expenses.

Plan: The CollegeChoice 529 Direct Savings Plan.

Plan Officials: The State, CollegeChoice 529, the Authority, the Trustee, the Trust, any other agency of the State, the Program Manager (including its affiliates and agents), the Investment Managers or the Savings Portfolio Manager (including their respective 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 Investment Fee and the Manager Fee as described under ***Fees and Expenses*** on page 28.

Program Management Services: ACS has been engaged by the Authority to provide program management services, including program management, investment advisory, recordkeeping and administrative services and marketing, as an independent contractor, on behalf of CollegeChoice 529, the Trust, and the Trustee.

Program Manager: Ascensus Broker Dealer Services, 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:

1. tuition, fees and the costs of textbooks, supplies, and equipment required for the enrollment or attendance of a Beneficiary at an Eligible Educational Institution;
2. certain costs of the room and board of a Beneficiary for any academic period during which the student is enrolled at least half-time at an Eligible Educational Institution; and
3. expenses for special needs Beneficiaries 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 twelve (12) months.

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

Section 529: Section 529 of the Internal Revenue Code of 1986, as amended.

Savings Portfolio Manager: Sallie Mae Bank.

Scout or **Scout Funds:** Scout Investments, Inc.

Standing Investment Instruction: The selection made by an Account Owner indicating how contributions are allocated among Investment Options.

State: The State of Indiana.

Supplement: An addendum to the Disclosure Booklet, issued from time to time.

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.

Underlying Funds or **Funds:** The Underlying Investments in which assets of the Portfolios are invested in either the Age-Based and/or Individual Portfolios.

Underlying Investments: The investments in which assets of the Portfolios are invested in any of the Investment Options.

UGMA/UTMA: Uniform Gifts to Minors Act / Uniform Transfers to Minors Act.

Unit or **Units:** The measurement of your interest in a Portfolio.

Unit Value: The value per Unit in a Portfolio.

Upromise Service: A loyalty program offered by Upromise, Inc. which enables Account Owners in the Upromise Service to earn rewards from participating merchants. The Upromise Service is a separate service from the Plan. Upromise, Inc. is not an affiliate of the Program Manager.

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, the Investment Managers and the Savings Portfolio Manager.

Western Asset: Western Asset Management Company and Western Asset Management Company Limited.

13.
Reps and Acknowledgements

In this section, we ask you to indemnify the Plan Officials, to make certain representations to us and to acknowledge your responsibilities.

Indemnity

As an Account Owner, I agree to and acknowledge the following indemnity:

1. I am opening an Account in the Trust based upon my statements, agreements, representations, warranties, and covenants as set forth in the Disclosure Booklet and Enrollment Form.

2. I, by executing the Enrollment Form, agree to 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 Booklet and Enrollment Form, or any failure by me to fulfill any covenants or agreements in the Disclosure Booklet or Enrollment Form.

Representations, Warranties 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 Booklet and Enrollment Form including that:

1. I have received, read, and understand the terms and conditions of the Disclosure Booklet, 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 for 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 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 Booklet 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 understand that Plan assets may be allocated among equity funds, fixed income funds, cash management funds, funding agreements, and other investments.

8. 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 Booklet, and I have considered the availability of alternative education savings and investment programs, including other Qualified Tuition Programs.

9. I understand that I am solely responsible for determining which Qualified Tuition Program is best suited to my needs and objectives. I understand that CollegeChoice 529 and the Investment Options offered by the Plan may not be 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 my Beneficiary.

10. 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 this information.

11. 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.

12. I understand that although I own Trust interests in a Portfolio, I do not have a direct beneficial interest in the Underlying Investments 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 Underlying Investments. I further understand that I received no advice or investment recommendation from, or on behalf of, the Plan Officials.

13. 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 (1) time per calendar year.

14. 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.

15. I understand that, if I so elect, the Program Manager has the right to provide the financial advisor I have identified to the Program with access to financial and other information regarding my Account.

16. I understand that, unless otherwise provided in a written agreement between me and my 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.

17. Except as described in this Disclosure Booklet, 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.

18. 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 Booklet 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, State law, or applicable rules or regulations adopted by the Authority or to ensure the proper administration of the Plan.

19. 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 Expenses 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.

20. The Plan Officials, individually and collectively, are not liable for:

    a. 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. 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. 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.

21. **My statements, representations, warranties, and covenants will survive the termination of my Account.**

Appendix A

EXPLANATION OF INVESTMENT RISK FACTORS

The information provided below is a summary of the main risks of the Underlying Investments. Each Underlying Investment's current prospectus and statement of additional information contains information not summarized here and identifies additional principal risks to which the respective Underlying Investment may be subject. As with any investment, your investment in the Portfolios could lose money or the Portfolios' performance could trail that of other investments. Each Portfolio has a different level of risk.

PORTFOLIO	RISK SUMMARY
Aggressive Growth Portfolio **Growth Portfolio** **Moderate Growth Portfolio**	Because they invest mainly in stock funds, these Portfolios are primarily subject to **stock market risk**. Through other Vanguard fund holdings, these Portfolios have **moderate** levels of **country/regional risk, currency risk,** and **emerging markets risk,** and **low** to **moderate** levels of **interest rate risk, credit risk, income risk**, and **call/prepayment risk**. These Portfolios also have **low** levels of **index sampling risk, non-diversification risk, currency hedging risk,** and **derivatives risk**. These risks are discussed under ***Vanguard Investment Risks*** starting on page 76. Through ownership in the Loomis Sayles bond fund, these Portfolios are subject to **agency securities risk, below investment-grade fixed income securities risk, credit/counterparty risk, currency risk, derivatives risk, emerging markets risk, equity securities risk, fixed-income securities risk, foreign securities risk, inflation/deflation risk, interest rate risk, issuer risk, large investor 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 ***Loomis Sayles Investment Risks*** on pages 83–85.
Conservative Growth Portfolio	Because it invests mainly in bond funds, the Portfolio is primarily subject to **low** to **moderate** levels of **interest rate risk, credit risk, income risk,** and **call/prepayment risk**. Through its other Vanguard fund holdings, the Portfolio is subject to **moderate** levels of **stock market risk, country/regional risk, currency risk,** and **emerging markets risk**. The Portfolio also has **low** levels of **index sampling risk, non-diversification risk, currency hedging risk**, and **derivatives risk**. These risks are discussed under ***Vanguard Investment Risks*** starting on page 76. 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, equity securities risk, fixed-income securities risk, foreign securities risk, inflation/deflation risk, interest rate risk, issuer risk, large investor 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 ***Loomis Sayles Investment Risks*** on pages 83–85.

Conservative Portfolio	Because it invests mainly in bond funds, the Portfolio is primarily subject to **low** to **moderate** levels of **interest rate risk, credit risk, income risk,** and **call/prepayment risk**. Through its other Vanguard fund holdings, the Portfolio is subject to **lo**w to **moderate** levels of **stock market risk, country/regional risk,** and **emerging markets risk**. The Portfolio also has **low** levels of **index sampling risk, non-diversification risk, currency hedging risk,** and **derivatives risk**. These risks are discussed under ***Vanguard Investment Risks*** starting on page 76. Through 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, equity securities risk, fixed-income securities risk, foreign securities risk, inflation/deflation risk, interest rate risk, issuer risk, large investor 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 ***Loomis Sayles Investment Risks*** on pages 83–85.
Income Portfolio **Conservative Income Portfolio**	Because they invest mainly in bond funds, These Portfolios primarily are subject to **low** to **moderate** levels of **interest-rate risk, credit risk, income risk,** and **call/ prepayment risk**. Through stock fund holdings, these Portfolios have **low** to **moderate** levels of **stock market risk** and **investment style risk**. These Portfolios also have **low** levels of **country/ regional risk, currency risk, emerging markets risk, index sampling risk, nondiversification risk, currency hedging risk, income fluctuation risk,** and **derivatives risk**. These risks are discussed under ***Vanguard Investment Risks*** starting on page 76. Through ownership in the Loomis Sayles bond fund, these Portfolios are subject to **agency securities risk, below investment-grade fixed-income securities risk, credit/counterparty risk, currency risk, derivatives risk, emerging markets risk, equity securities risk, fixed-income securities risk, foreign securities risk, inflation/deflation risk, interest-rate risk, issuer risk, large investor 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 ***Loomis Sayles Investment Risks*** on pages 83–85.
U.S. Equity Index Portfolio	The Portfolio primarily is subject to **stock market risk**. The Portfolio also has low levels of **index sampling risk**. These risks are discussed under ***Vanguard Investment Risks*** starting on page 76.
Short-Term Bond Index Portfolio	The Portfolio primarily is subject to **income risk**. The Portfolio also has low levels of **interest rate risk, credit risk,** and **index sampling risk**. These risks are discussed under ***Vanguard Investment Risks*** starting on page 76.
Money Market Portfolio	The Portfolio primarily is subject to **income risk, manager risk,** and **industry concentration risk**. The Portfolio also has low levels of **credit risk**. These risks are discussed under ***Vanguard Investment Risks*** starting on page 76.
International Portfolio	Principal Investment risks are discussed under ***Dodge & Cox Investment Risks*** starting on page 77.

Active Bond Portfolio	Investment risks are discussed under ***Scout Funds Investment Risks*** starting on page 78.
Inflation-Protected Portfolio	Investment risks are discussed under ***Western Asset Investment Risks*** starting on page 79.
Bond Index Portfolio	The Portfolio primarily is subject to moderate levels of **interest rate risk, income risk,** and **call/prepayment risk**. The Portfolio also has low levels of **credit risk,** and **index sampling risk**. These risks are discussed under ***Vanguard Investment Risks*** starting on page 76.
Savings Portfolio	To the extent that FDIC insurance applies, the Portfolio is primarily subject to income risk. This risk is discussed under ***Sallie Mae Bank Investment Risks*** on page 85.

VANGUARD INVESTMENT RISKS

Call Risk. This is the chance that during periods of falling interest rates, issuers of callable bonds may call (redeem) securities with higher coupons or interest rates before their maturity dates. The Underlying Fund would then lose any price appreciation above the bond's call price 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**.

Country/Regional Risk. This is 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 Vanguard Total International Stock 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.

Credit Risk. This is the chance that the 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.

Currency Risk. This 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. Currency risk is especially high in emerging markets.

Currency Hedging Risk. This is the risk that the currency hedging transactions entered into by an Underlying Fund may not perfectly offset the Underlying Fund's foreign currency exposures. Vanguard Total International Bond Index Fund seeks to mimic the performance of foreign bonds without regard to currency exchange rate fluctuations. To accomplish this goal, the Fund attempts to offset, or hedge, its foreign currency exposures by entering into currency hedging transactions. However, because it generally is not possible to perfectly hedge the exposures, the Fund may decline in value if it underhedges or overhedges in certain circumstances. Also, the Fund will incur expenses to hedge its foreign currency exposures.

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.

Emerging Markets Risk. This is 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.

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 chance that an Underlying Fund's income will decline because of falling interest rates. Income risk is generally higher for short-term bond funds, moderate for intermediate-term bond funds, and lower for long-term bond funds.

Income Fluctuations Risk. This is the risk that the Vanguard Short-Term Inflation-Protected Securities Index 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 this Underlying Fund.

Index Sampling Risk. This is the chance 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 chance 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 Portfolio invest in Vanguard Prime Money Market Fund, which invests more than 25% of its assets in securities issued by companies in the financial services industry, each Portfolio's performance depends to a greater extent on the overall condition of that industry.

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

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

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

Non-diversification Risk. This is the risk that Vanguard Total International Bond Index Fund's performance may be hurt disproportionately by the poor performance of bonds issued by just a few or even a single issuer. The Fund is considered nondiversified, which means that it may invest a significant percentage of its assets in bonds issued by a small number of issuers.

Stock Market Risk. This is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Vanguard Total International Stock Index Fund's investments in foreign stocks 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. In addition, prices of small- and mid-capitalization stocks may fluctuate more than those of large-capitalization stocks. An Underlying Fund's target index may, at times, become focused in stocks of a particular sector, category, or group of companies.

DODGE & COX INVESTMENT RISKS

The Dodge & Cox International Stock Fund could lose money or the Fund could underperform other investments. You should expect the Fund's share price and total return to fluctuate within a wide range. The Fund's performance could be hurt by:

Issuer risk. Securities held by the Fund may decline in value because of changes in the financial condition of, or other events affecting, the issuers of these securities.

Management risk. Dodge & Cox's opinion about the intrinsic worth of a company or security may be incorrect, Dodge & Cox may not make timely purchases or sales of securities for the Fund, the Fund's investment objective may not be achieved, and the market may continue to undervalue the Fund's securities.

Equity risk. Equity securities generally have greater price volatility than fixed income securities.

Market risk. Stock prices may decline over short or extended periods due to general market conditions.

Liquidity risk. The Fund may not be able to purchase or sell a security in a timely manner or at desired prices or achieve its desired weighting in a security.

Non-U.S. investment risk. Non-U.S. stock markets may decline due to conditions unique to an individual country, including unfavorable economic conditions relative to the United States. There may be increased risk of delayed settlement of portfolio transactions or loss of certificates of portfolio securities.

Non-U.S. currency risk. Non-U.S. currencies may decline relative to the U.S. dollar, which reduces the unhedged value of securities denominated in those currencies. Dodge & Cox may not hedge or may not be successful

in hedging the Fund's currency exposure. The Fund also bears transaction charges for currency exchange.

Non-U.S. issuer risk. Securities may decline in value because of political, economic, or market instability; the absence of accurate information about the companies; risks of internal and external conflicts; or unfavorable government actions, including expropriation and nationalization. These same factors may cause a decline in the value of foreign currency derivative instruments. Non-U.S. 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, may increase risk. Some countries also may have different legal systems that may make it difficult for the Fund to vote proxies, exercise shareholder rights, and pursue legal remedies with respect to investments. Certain of these risks may also apply to securities of U.S. companies with significant non-U.S. operations.

Emerging market risk. Non-U.S. investment and non-U.S. issuer risk may be particularly high to the extent the Fund invests in emerging market securities. Emerging market securities may present issuer, market, currency, liquidity, legal, political and other risks different from, and potentially greater than, the risks of investing in securities and instruments tied to developed non-U.S. issuers. Emerging market securities may also be more volatile, less liquid and more difficult to value than securities economically tied to developed non-U.S. issuers.

Derivatives risk. The Fund's use of forward currency contracts and currency futures contracts involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other more traditional investments. These derivatives are subject to potential changes in value in response to exchange rate changes, interest rate changes, or other market developments, or the risk that a derivative transaction may not have the effect Dodge & Cox anticipated. Derivatives also involve the risk of mispricing or improper valuation and poor correlation between changes in the value of a derivative and the underlying asset. Derivative transactions may be highly volatile, and can create investment leverage, which could cause the Fund to lose more than the amount of assets initially contributed to the transaction, if any. There is also the risk that the Fund may be unable to close out a derivative position at an advantageous time or price, or that a counterparty may be unable or unwilling to honor its contractual obligations, especially during times of financial market distress.

SCOUT FUNDS INVESTMENT RISKS

As with any mutual fund, there is a risk that the Portfolio could lose money by investing in the Scout Core Plus Fund. The shares of the Fund are not deposits or obligations of, nor guaranteed by any banking institution. They are not federally insured by the Federal Deposit Insurance Corporation or any other United States government agency. These shares involve investment risks, including the possible loss of the principal invested.

Market Risks. The Fund's investments are subject to market risk, which may cause the value of the Fund's investments to decline, sometimes rapidly or unpredictably, due to factors affecting securities markets generally, particular geographic regions or particular industries. If the value of the Fund's investments goes down, the share price of the Fund will go down, and the Portfolio may lose money. U.S. and international markets have experienced extreme volatility, reduced liquidity, credit downgrades, increased likelihood of default and valuation difficulties in recent years.

Fixed Income Security Risks. The Fund's investments are subject to the risks inherent in individual fixed income security selections. Yields and principal values of debt securities (bonds) will fluctuate. Generally, values of debt securities change inversely with interest rates. As interest rates go up, the value of debt securities tends to go down. As a result, the value of the Fund may go down. Furthermore, these fluctuations tend to increase as a fixed income security's time to maturity increases, so a longer-term fixed income security will decrease more for a given increase in interest rates than a shorter-term fixed income security. Fixed income securities may also be affected by changes in the credit rating or financial condition of their issuers.

Maturity Risks. The Fund will invest in fixed income securities of varying maturities. Generally, the longer a fixed income security's maturity, the greater the risk. Conversely, the shorter a fixed income security's maturity, the lower the risk.

Credit Risks. Credit risk is the risk that the Fund could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivative contract, is unable or unwilling to meet its financial obligations.

High Yield Security Risks. High yield securities involve greater risk than investment grade securities, including the possibility of default or bankruptcy. They tend to be more sensitive to economic conditions than higher-rated debt securities and, as a result, are generally more sensitive to credit risk than securities in the higher-rated categories. High yield securities are considered primarily speculative with respect to the issuer's continuing ability

to make principal and interest payments. Periods of economic uncertainty generally result in increased volatility in the market prices of these securities.

Issuer Risks. The risk that the value of a security may decline for a reason directly related to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services.

Credit Ratings Risks. Ratings by nationally recognized ratings agencies generally represent the agencies' opinion of the credit quality of an issuer and may prove to be inaccurate.

Income Risks. 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.

Mortgage- and Asset-Backed Securities Risks. Movements in interest rates (both increases and decreases) may quickly and significantly reduce the value of certain types of mortgage- and asset-backed securities. Mortgage- and asset-backed securities can also be subject to the risk of default on the underlying mortgages or other assets. Mortgage- and asset-backed securities are subject to fluctuations in yield due to prepayment rates that may be faster or slower than expected.

International Investing Risks. International investing poses additional risks. If a security owned by the Fund is denominated in a foreign currency, the value of the foreign currency may fluctuate relative to the United States dollar and cause a loss to the Fund. International markets may be subject to political instability, which may make foreign investments more volatile than investments in domestic markets. International markets are not always as liquid as in the United States, sometimes making it harder to sell a security. In addition, foreign companies may not be subject to comparable accounting, auditing and financial reporting standards as United States companies, and therefore, information about the foreign companies may not be readily available.

To the extent the Fund invests a significant portion of its assets in a single country or region, the Fund may be subject to increased risk associated with the country or region. The risks of investing in foreign securities may be increased if the investments are located in developing countries or emerging markets. Security prices in emerging markets can be significantly more volatile than those in more developed markets, reflecting the greater uncertainties of investing in less established markets and economies. These risks are inherently passed on to the company's shareholders, including the Fund, and in turn, to the Fund's shareholders.

As markets become more globalized, many U.S. companies are increasing international business operations and are subject to international investing risks. Funds that invest in larger U.S. companies, such as the Fund, are subject to some degree of international risk as a result of these holdings and, to a lesser degree, as a result of owning direct or indirect interests in foreign companies (typically large multi-national companies).

Portfolio Turnover Risks. The Fund has historically experienced portfolio turnover in excess of 100%. When the Fund experiences a high portfolio turnover rate, the Portfolio 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, which may lower the Fund's return.

Liquidity Risks. Liquidity risk is the risk that certain securities may be difficult or impossible to sell at the time and price that the Fund's investment advisor would like to sell. The advisor may have to lower the price, sell other securities instead or forego an investment opportunity.

Valuation Risks. The securities held by the Fund are generally priced by an independent pricing service and may also be priced using dealer quotes or fair valuation methodologies in accordance with valuation procedures adopted by the Fund's Board. 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.

Derivative Risks. Derivatives, such as swap agreements (including credit default swaps and credit default swap index products), options, futures contracts or currency forwards, may involve greater risks than if the Fund invested in the reference obligation directly. These instruments are subject to general market risks, liquidity risks, interest rate risks, credit risks and management risks. Derivatives also involve an increased risk of mispricing or improper valuation and may result in a loss of value to the Fund. Changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index, and the Fund could lose more than the principal amount invested. The derivatives market may be subject to additional regulations in the future.

Leverage Risks Associated with Financial Instruments. The use of financial instruments to increase potential returns, including the use of when-issued, delayed delivery or forward commitment transactions, and derivatives used for investment (non-hedging) purposes, may cause the Fund to be more volatile than if it had not been leveraged. The use of leverage may also accelerate the velocity of losses and can result in losses to the Fund that exceed the amount originally invested.

Management Risks. The Fund is subject to management risk as an actively managed investment portfolio and depends on the decisions of the portfolio managers to produce the desired results.

WESTERN ASSET INVESTMENT RISKS

The following risks may apply to the Portfolio through its investment in the Western Asset Inflation Indexed Plus Bond Fund.

In General: Risk is inherent in all investing. There is no assurance that the Fund will meet its investment objective. The value the Portfolio receives on its investment in the Fund, as well as the amount of return the Portfolio receives on its investment, may fluctuate significantly. The Portfolio may lose part or all of its investment in the Fund or its investment may not perform as well as other similar investments. The Fund may take temporary defensive positions; in such a case, the Fund will not be pursuing its principal investment strategies. The following is a summary description of certain risks of investing in the Fund.

Prepayment or **Call Risk:** Many fixed income securities give the issuer the option to repay or call the security prior to its maturity date. Issuers often exercise this right when interest rates fall. Accordingly, if the Fund holds a fixed income security subject to prepayment or call risk, it will not benefit fully from the increase in value that other fixed income securities generally experience when interest rates fall. Upon prepayment of the security, the Fund would also be forced to reinvest the proceeds at then current yields, which would be lower than the yield of the security that was paid off. In addition, if the Fund purchases a fixed income security at a premium (at a price that exceeds its stated par or principal value), the Fund may lose the amount of the premium paid in the event of prepayment.

Credit Risk: If an obligor (such as the issuer itself or a party offering credit enhancement) for a security held by the Fund fails to pay, otherwise defaults, is perceived to be less creditworthy, becomes insolvent or files for bankruptcy, a security's credit rating is downgraded or the credit quality or value of any underlying assets declines, the value of the Portfolio's investment in the Fund could decline. If the Fund enters into financial contracts (such as certain derivatives, repurchase agreements, reverse repurchase agreements, and when-issued, delayed delivery and forward commitment transactions), the Fund will be subject to the credit risk presented by the counterparty. In addition, the Fund may incur expenses in an effort to protect the Fund's interests or to enforce its rights. Credit risk is broadly gauged by the credit ratings of the securities in which the Fund invests. However, ratings are only the opinions of the companies issuing them and are not guarantees as to quality. Securities rated in the lowest category of investment grade (Baa/BBB) may possess certain speculative characteristics.

The Fund is subject to greater levels of credit risk to the extent it holds below investment grade debt securities (that is, securities rated below the Baa/BBB categories or unrated securities of comparable quality), or "junk bonds". These securities have a higher risk of issuer default, because, among other reasons, issuers of junk bonds often have more debt in relation to total capitalization than issuers of investment grade securities. These securities are considered speculative, tend to be less liquid and are more difficult to value than higher rated securities and may involve major risk of exposure to adverse conditions and negative sentiments. These securities may be in default or in danger of default as to principal and interest. Unrated securities of comparable quality share these risks.

The Fund may hold securities which are subordinated to more senior securities of the issuer, or which represent interests in pools of such subordinated securities. The Fund is more likely to suffer a credit loss on subordinated securities than on non-subordinated securities of the same issuer. If there is a default, bankruptcy or liquidation of the issuer, most subordinated securities are paid only if sufficient assets remain after payment of the issuer's non-subordinated securities. In addition, any recovery of interest or principal may take more time. As a result, even a perceived decline in creditworthiness of the issuer is likely to have a greater impact on subordinated securities.

Currency Risk: The value of investments in securities denominated in foreign currencies increases or decreases as the rates of exchange between those currencies and the U.S. dollar change. Currency conversion costs and currency fluctuations could erase investment gains or add to investment losses. Currency exchange rates can be volatile, and are affected by factors such as general economic conditions, the actions of the U.S. and foreign governments or central banks, the imposition of currency controls and speculation.

Derivatives Risk: The Fund may engage in a variety of transactions using derivatives, such as futures, options, warrants, and swaps, including credit default swaps. Derivatives are financial instruments whose value depends upon, or are derived from, the value of something else, such as one or more of the 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 advisors 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. Using derivatives can increase losses and reduce opportunities for gains when market prices, interest rates or currencies, or the derivatives themselves, behave in a way not anticipated by the Fund, especially in abnormal market conditions. Using derivatives also can have a leveraging effect (which may increase investment losses) and increase Fund volatility, which is the degree to which the Fund's share price may fluctuate within a short time period. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment. The other parties to certain derivatives transactions present the same types of credit risk as issuers of fixed income securities. Derivatives also tend to involve greater liquidity risk and they may be difficult to value. The Fund may be unable to terminate or sell its derivative positions. In fact, many over-the-counter derivatives will not have liquidity beyond the counterparty to the instrument. The Fund's use of derivatives may also increase the amount of taxes payable by shareholders. The U.S. government is in the process of adopting and implementing regulations governing derivatives markets, including mandatory clearing of certain derivatives, margin, and reporting requirements. The ultimate impact of the regulations remains unclear. Additional regulation of derivatives may make them more costly, may limit their availability, may disrupt markets or may otherwise adversely affect their value or performance. The Fund may be exposed to additional risks as a result of the additional regulations. The extent and impact of the additional regulations are not yet fully known and may not be for some time.

Investments by the Fund in structured securities, a type of derivative, raise certain tax, legal, regulatory and accounting issues that may not be presented by direct investments in securities. These issues could be resolved in a manner that could hurt the performance of the Fund.

Swap agreements tend to shift the Fund's investment exposure from one type of investment to another. For example, the Fund may 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 an interest rate swap intended to be 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.

Credit default swap contracts involve heightened risks and may result in losses to the Fund. Credit default swaps may be illiquid and difficult to value. If the Fund buys a credit default swap, it will be subject to the risk that the credit default swap may expire worthless, as the credit default swap would only generate income in the event of a default on the underlying debt security or other specified event. As a buyer, the Fund would also be subject to credit risk relating to the seller's payment of its obligations in the event of a default (or similar event). If the Fund sells a credit default swap, it will be exposed to the credit risk of the issuer of the obligation to which the credit default swap relates. As a seller, the Fund would also be subject to leverage risk, because it would be liable for the full notional amount of the swap in the event of a default (or similar event).

The absence of a central exchange or market for swap transactions may lead, in some instances, to difficulties in trading and valuation, especially in the event of market disruptions. Recent legislation requires certain swaps to be executed through a centralized exchange or regulated facility and be cleared through a regulated clearinghouse. Although this clearing mechanism is generally expected to reduce counterparty credit risk, it may disrupt or limit the swap market and may not result in swaps being easier to trade or value. As swaps become more standardized, the Fund may not be able to enter into swaps that meet its investment needs. The Fund also may not be able to find a clearinghouse willing to accept a swap for clearing. In a cleared swap, a central clearing organization will be the counterparty to the transaction. The Fund will assume the risk that the clearinghouse may be unable to perform its obligations.

The Fund will be required to maintain its positions with a clearing organization through one or more clearing brokers. The clearing organization will require the Fund to post margin and the broker may require the Fund to post additional margin to secure the Fund's obligations. The amount of margin required may change from time to time. In addition, cleared transactions may be more expensive to maintain than over-the-counter transactions and may require the Fund to deposit larger amounts of margin. The Fund may not be able to recover margin amounts if the broker has financial difficulties. Also, the broker may require the Fund to terminate a derivatives position under certain circumstances. This may cause the Fund to lose money.

Risks associated with the use of derivatives are magnified

to the extent that an increased portion of the Fund's assets are committed to derivatives in general or are invested in just one or a few types of derivatives.

Foreign investments and emerging markets risk. The Fund's investments in securities of foreign issuers or issuers with significant exposure to foreign markets involve additional risk. Foreign countries in which the Fund may invest may have markets that are less liquid, less regulated and more volatile than U.S. markets. The value of the Fund's investments may decline because of factors affecting the particular issuer as well as foreign markets and issuers generally, such as unfavorable government actions, and political or financial instability. Lack of information may also affect the value of these securities.

The value of the Fund's foreign investments may also be affected by foreign tax laws, special U.S. tax considerations and restrictions on receiving the investment proceeds from a foreign country. Dividends or interest on, or proceeds from the sale of, foreign securities may be subject to non-U.S. withholding taxes.

In some foreign countries, less information is available about issuers and markets because of less rigorous accounting and regulatory standards than in the United States. It may be difficult for the Fund to pursue claims against a foreign issuer in the courts of a foreign country. 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 the government. Some non-U.S. governments have defaulted on principal and interest payments, and more may do so.

The risks of foreign investments are heightened when investing in issuers in emerging market countries. Emerging market countries tend to have economic, political and legal systems that are less fully developed and are less stable than those of more developed countries. They are often particularly sensitive to market movements because their market prices tend to reflect speculative expectations. Low trading volumes may result in a lack of liquidity and in extreme price volatility. Investors should be able to tolerate sudden, sometimes substantial, fluctuations in the value of their investments. Emerging market countries may have policies that restrict investment by foreigners or that prevent foreign investors from withdrawing their money at will.

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 reduce gains or result in losses.

Market and interest rate risk. The market prices of fixed income and other securities owned by the Fund may go up or down, sometimes rapidly or unpredictably. If the market prices of the securities owned by the Fund fall, the value of the Portfolio's investment in the Fund will decline. The value of a security may fall due to general market conditions, such as real or perceived adverse economic or political conditions, inflation, changes in interest or currency rates, lack of liquidity in the bond markets or adverse investor sentiment.

Changes in market conditions will not typically have the same impact on all types of securities. The value of a security may also fall due to specific conditions that affect a particular sector of the securities market or a particular issuer.

The market prices of securities may fluctuate significantly when interest rates change. When interest rates rise, the value of fixed income securities, and therefore the value of the Portfolio's investment in the Fund, generally goes down. Interest rates have been historically low and are expected to rise. Generally, the longer the maturity or duration of a fixed income security, the greater the impact of a rise in interest rates on the security's value. However, calculations of duration and maturity may be based on estimates and may not reliably predict a security's price sensitivity to changes in interest rates. Moreover, securities can change in value in response to other factors, such as credit risk. In addition, different interest rate measures (such as short- and long-term interest rates and U.S. and foreign interest rates), or interest rates on different types of securities or securities of different issuers, may not necessarily change in the same amount or in the same direction. When interest rates go down, the Fund's yield will decline. Also, when interest rates decline, investments made by the Fund may pay a lower interest rate, which would reduce the income received by the Fund.

Liquidity risk. Liquidity risk exists when particular investments are impossible or difficult to sell. Although most of the Fund's investments must be liquid at the time of investment, investments may become illiquid after purchase by the Fund, particularly during periods of market turmoil. Markets may become illiquid when,

for instance, there are few, if any, interested buyers or sellers or when dealers are unwilling or unable to make a market for certain securities. When the Fund holds illiquid investments, it may be harder to value, especially in changing markets, and if the Fund is forced to sell these investments to meet redemption requests or for other cash needs, the Fund may suffer a loss. In addition, when there is illiquidity in the market for certain investments, the Fund, due to limitations on illiquid investments, may be unable to achieve its desired level of exposure to a certain sector.

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 Statement of Additional Information.

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.

Mortgage-backed and asset-backed securities 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 duration of these securities. As a result, the negative effect of the interest 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. Conversely, when market interest rates decline, while the value of mortgage-backed securities may increase, the rates of prepayment of the underlying mortgages also tends to increase, which shortens the effective duration of these securities. Mortgage-backed securities are also subject to the risk that underlying borrowers will be unable to meet their obligations and the value of property that secures the mortgage may decline in value and be insufficient, upon foreclosure, to repay the associated loan. Investments in asset-backed securities are subject to similar risks.

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 Statement of Additional Information. 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 advisors may judge that market conditions make pursuing the Fund's investment strategies inconsistent with the best interests of its shareholders. The Fund's investment advisors then may temporarily use alternative strategies that are mainly designed to limit the Fund's losses. Although the Fund's investment advisors 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.

LOOMIS SAYLES INVESTMENT RISKS

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 Over-The-Counter (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 and may invest in securities or other instruments denominated in, or receive revenues in, foreign currencies. The Fund's investment advisor 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 use of derivatives may cause the Fund to incur losses greater than those which would have occurred had derivatives not been used. 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 is also the risk that the Fund may be unable to terminate or sell a derivatives position at an advantageous time or price. Moreover, a number of broker-dealers and other financial institutions have recently experienced extreme financial difficulty, sometimes resulting in bankruptcy of the institution. There can be no assurance that the Fund's derivative counterparties will be able to avoid experiencing similar financial difficulties, possibly resulting in losses to the Fund.

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.

Equity Securities Risk. The value of the Fund's investments in preferred stocks could be subject to unpredictable declines in the value of individual securities and periods of below-average performance in individual securities or in the equity market as a whole. In the event an issuer is liquidated or declares bankruptcy, the claims of owners of the issuer's bonds generally take precedence over the claims of those who own preferred stock.

Fixed-Income Securities Risk. Fixed-income securities are subject to credit risk, interest rate risk and liquidity risk. The Portfolio may lose money on its 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. Investments in foreign securities may be subject to greater political, economic, environmental, credit and information risks. 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.

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 the Portfolio's investment. The value of zero-coupon and pay-in-kind (PIK) bonds may be more sensitive to fluctuations in interest rates than other fixed-income securities.

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.

Large Investor Risk. Ownership of shares of the Fund may be concentrated in one or a few large investors. Such investors may redeem shares in large quantities or on a frequent basis. Redemptions by a large investor can affect the performance of the Fund, may increase realized capital gains, may accelerate the realization of taxable income to shareholders and may increase transaction costs. These transactions potentially limit the use of any capital loss carry forwards and certain other losses to offset future realized capital gains (if any). Such transactions may also increase the Fund's expenses.

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 Fund's investment advisor 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 Net Asset Value.

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. Moreover, there can be no assurance that securities necessary to cover a short position will be available for purchase.

SALLIE MAE BANK INVESTMENT RISKS

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.

Contact Information

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

Investment returns will vary depending upon the performance of the Portfolios you choose. Except to the extent of FDIC insurance available for the Savings Portfolio, you could lose all or a portion of your money by investing in CollegeChoice 529 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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CollegeChoice 529 DIRECT SAVINGS PLAN

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