*Please file this Supplement to the Achieve Montana Program Descriptions with your records.*

# SUPPLEMENT DATED AUGUST 2016
# TO THE ACHIEVE MONTANA PROGRAM DESCRIPTION DATED OCTOBER 2015

***This Supplement describes important changes affecting Achieve Montana. Unless otherwise indicated, capitalized terms have the same meaning as those in the Program Description.***

## Qualified Higher Education Expenses Expanded to Include Computer Technology and Equipment

Pursuant to recent changes in federal law, the list of qualified higher education expenses has been expanded to include computer and related equipment, software and services, with a retroactive effective date of January 1, 2015. Accordingly, the following changes are made to the Program Description:

1. ***The definition of Qualified Expenses on page 62 of the Program Description is replaced in its entirety as follows:***

**Qualified Expenses:** Qualified higher education expenses as defined in the Code and as may be further limited by Achieve Montana, related to enrollment or attendance at an Eligible Educational Institution. Generally, these include the following:

- Tuition, fees, and the costs of textbooks, supplies, and equipment required for the enrollment or attendance of a Beneficiary at an Eligible Educational Institution;
- Certain costs of room and board of a Beneficiary for any academic period during which the Beneficiary is enrolled at least half-time at an Eligible Educational Institution;
- Expenses for "special needs" services needed by a special needs Beneficiary which must be incurred in connection with the Beneficiary's enrollment or attendance at an Eligible Educational Institution; and
- Expenses for the purchase of computer or peripheral equipment (as defined in section 168(i)(2)(B) of the Code), computer software (as defined in section 197(e)(3)(B) of the Code), or Internet access and related services, if the equipment, software, or services are to be used primarily by the Beneficiary during any of the years the Beneficiary is enrolled at an Eligible Educational Institution.

## Refunds from Eligible Educational Institutions can be Recontributed

Pursuant to recent changes in federal law, if a Beneficiary receives a refund of any Qualified Expenses from an Eligible Educational Institution, as long as the refund is recontributed to a Qualified Tuition Program for the same Beneficiary within 60 days of the date of the refund, the refund will not be subject to federal and Montana state income tax or the Distribution Tax. This change is retroactively effective January 1, 2015 and allows for refunds received from Eligible Education Institutions after December 31, 2014 and before December 18, 2015 to be recontributed up to and including February 16, 2016. Accordingly, the following changes are made to the Program Description:

1. ***The following section is added after the section entitled Rollover Contributions on page 14 of the Program Description:***

**Refunded Distributions.**

In the event the Beneficiary receives a refund from an Eligible Educational Institution, those funds will be eligible for recontribution to your Account if:

- The Beneficiary of your Account is the same beneficiary receiving the refund; and
- The recontribution is made within 60 days of the date of the refund.

The recontributed amount will not be subject to federal or Montana state income tax or the Distribution Tax. For tax purposes, please maintain proper documentation evidencing the refund from the Eligible Educational Institution.

2. ***The section entitled Other Distributions beginning on page 22 is amended by replacing the first paragraph in its entirety as follows:***

**Other Distributions**

The distributions discussed below are not subject to the Distribution Tax. Except for Rollover Distributions and Refunded Distributions, the earnings portion of each distribution discussed will be subject to federal and to any applicable state income taxes, including the Montana recapture tax. (Please see Federal Tax Information—Transfers and Rollovers on page 50 and State Tax Information - Recapture of Income Tax Deduction on page 52). You should consult a tax advisor regarding the application of federal and state tax laws if you take any of these distributions.

3. ***The section entitled Other Distributions is amended by adding the following paragraph after the Rollover Distribution paragraph on page 23:***

- Refunded Distribution. Refunds received from an Eligible Educational Institution that are recontributed to an Account and qualify as a "Refunded Distribution" will not be subject to federal or Montana state income tax or the Distribution Tax. (Please see the definition of "Refunded Distribution" on page 3 of this Supplement).

4. ***The section entitled Federal Tax Information is amended by adding a new section entitled Refunded Distributions immediately following the section entitled Transfers and Rollovers on page 50.***

**Refunded Distributions.**

Where a distribution is made to pay Qualified Expenses and the distribution or a portion of the distribution is refunded by the Eligible Educational Institution, you may avoid incurring federal income tax or a Distribution Tax if:

- You recontribute the refund to a Qualified Tuition Program account for which the beneficiary is the same

beneficiary as the beneficiary who received the refund; and
- The recontribution is made within 60 days of the date of the refund from the Eligible Educational Institution.

5. ***The section entitled State Tax Information is amended by adding a new section entitled Refunded Distributions immediately following the section entitled Income Tax benefit for Montana Taxpayers on page 52.***

**Refunded Distributions.**

Where a distribution is made to pay Qualified Expenses and the distribution or a portion of the distribution is refunded by the Eligible Educational Institution, you may avoid incurring Montana state income tax if:

- You recontribute the refund to a Qualified Tuition Program account for which the beneficiary is the same beneficiary as the beneficiary who received the refund; and
- The recontribution is made within 60 days of the date of the refund from the Eligible Educational Institution.

The Refunded Distribution may not be eligible for the Montana state income deduction when contributed to your Account.

6. ***The definition of Non-Qualified Distributions on page 61 is replaced in its entirety with the following:***

**Non-Qualified Distributions**: A distribution from an Account that is not one of the following:

- A Qualified Distribution;
- A distribution paid to a beneficiary of the Beneficiary (or the estate of the Beneficiary) on or after the death of the Beneficiary;
- A distribution by reason of the Disability of the Beneficiary;
- A distribution included in income because the Beneficiary received (i) a tax-free scholarship or fellowship; (ii) Veterans' education assistance; (iii) Tuition Assistance; or (iv) any other nontaxable (tax-free) payments (other than gifts or inheritances) received as education assistance;
- A distribution by reason of the Beneficiary's attendance at certain specified military academies;
- A distribution resulting from the use of Education Credits as allowed under federal income tax law;
- A Rollover Distribution to another Qualified Tuition Program that is not sponsored by the State of Montana in accordance with the Code, with appropriate documentation; or
- A Refunded Distribution.

7. ***The definition of Refunded Distribution is added immediately following the definition of Qualified Expenses on page 62 as follows:***

**Refunded Distribution:** a distribution taken for Qualified Expenses which is later refunded by the Eligible Educational Institution and recontributed to a Qualified Tuition Program that meets the following requirements:

- The recontribution must not exceed the amount of the refund from the Eligible Educational Institution;
- The recontribution must not exceed the amount of distributions previously taken to pay the Qualified Higher Education Expenses of the beneficiary;

- The recontribution must be made to an account in a Qualified Tuition Program of the same beneficiary to whom the refund was made; and
- The funds must be recontributed to a Qualified Tuition Program within 60 days of the date of the refund from the Eligible Educational Institution.

A Refunded Distribution will not be subject to federal or Montana state income tax or the Distribution Tax.

## Updated Fee Structure Table

1. ***Effective on or about September 23, 2016, the section entitled Fee Structure Table on page 26 of the Program Description is replaced in its entirety with the following:***

**Fee Structure Table.**

The following table describes the total fees charged to each Portfolio in Achieve Montana. The annualized Underlying Fund Fee, Service Fee and State Administrative Fee added together equal the Total Annual Asset-Based Fee.

| | ANNUALIZED ASSET BASED FEES | | | | ADDITIONAL EXPENSES |
|---|---|---|---|---|---|
| Portfolio | Estimated Annualized Underlying Fund Fee[1] | Annualized Service Fee[2] | Annualized State Administrative Fee[3] | Total Annual Asset-Based Fee[4] | Annual Account Maintenance Fee[5] |
| Aggressive Portfolio | 0.08% | 0.52% | 0.20% | 0.80% | $25 |
| Growth Portfolio | 0.09% | 0.52% | 0.20% | 0.81% | $25 |
| Moderate Portfolio | 0.09% | 0.52% | 0.20% | 0.81% | $25 |
| Conservative Portfolio | 0.11% | 0.52% | 0.20% | 0.83% | $25 |
| Income Portfolio | 0.11% | 0.52% | 0.20% | 0.83% | $25 |
| Savings Portfolio | 0.00% | 0.47% | 0.20% | 0.67% | $25 |

[1] The annualized Underlying Fund Fee includes investment advisory fees and administrative and other expenses of the Underlying Funds, as of June 30, 2016, which are paid to Vanguard and DFA, as applicable. The annualized Underlying Fund Fee may vary due to fluctuations of the expense ratios of the Underlying Funds.

[2] Ascensus College Savings receives the Service Fee for the Program Management Services it provides to Achieve Montana.

[3] The Board receives the State Administrative Fee to help cover the Board's costs and expense of operating Achieve Montana.

[4] This total is assessed against assets over the course of the year and includes the annualized Service Fee, the annualized Underlying Fund Fee, and the annualized State Administrative Fee, but does not include the Annual Account Maintenance Fee. Please refer to the Table on page 11 that shows the total assumed investment cost over 1-, 3-, 5-, and 10-year periods.

[5] This fee may be waived in certain circumstances. Please see Annual Account Maintenance Fee on page 25.

2. ***Effective on or about September 23, 2016, the tables for the approximate cost for a $10,000 investment on page 27 of the Program Description are replaced in their entirety with the following:***

Approximate cost for a $10,000 investment excluding the $25 Annual Account Maintenance Fee

| PORTFOLIO | ONE YEAR | THREE YEARS | FIVE YEARS | TEN YEARS |
|---|---|---|---|---|
| Aggressive Portfolio | $82 | $255 | $444 | $990 |
| Growth Portfolio | $83 | $259 | $450 | $1,002 |
| Moderate Portfolio | $83 | $259 | $450 | $1,002 |
| Conservative Portfolio | $85 | $265 | $460 | $1,025 |
| Income Portfolio | $85 | $265 | $460 | $1,025 |
| Savings Portfolio | $68 | $214 | $373 | $835 |

Approximate cost for a $10,000 investment including the $25 Annual Account Maintenance Fee

| PORTFOLIO | ONE YEAR | THREE YEARS | FIVE YEARS | TEN YEARS |
|---|---|---|---|---|
| Aggressive Portfolio | $107 | $330 | $567 | $1,230 |
| Growth Portfolio | $108 | $333 | $572 | $1,241 |
| Moderate Portfolio | $108 | $333 | $572 | $1,241 |
| Conservative Portfolio | $110 | $339 | $583 | $1,265 |
| Income Portfolio | $110 | $339 | $583 | $1,265 |
| Savings Portfolio | $93 | $289 | $496 | $1,076 |

## Underlying Fund Changes

Effective on or about September 23, 2016, the Vanguard Prime Money Market Fund will be replaced by the Vanguard Federal Money Market Fund as an Underlying Fund for the Age-Based Option and the Growth, Moderate, Conservative and Income Individual Portfolios. Accordingly, all references to and descriptions of "Vanguard Prime Money Market Fund" within the Program Description will be replaced with "Vanguard Federal Money Market Fund".

1. ***On or about September 23, 2016, the section entitled Underlying Fund Descriptions – Vanguard Underlying Funds – Vanguard Prime Money Market Fund on page 46 of the Program Description is replaced in its entirety with the following:***

***VANGUARD FEDERAL MONEY MARKET FUND***

**Objective:** The Fund seeks to provide current income while maintaining liquidity and a stable share price of $1.

**Strategy:** The Fund invests primarily in high-quality, short-term money market instruments issued by the U.S. government and its agencies and instrumentalities. Although these securities are high-quality, most of the securities held by the Fund are neither guaranteed by the U.S. Treasury nor supported by the full faith and credit of the U.S. government. 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 national recognized rating services. The Fund maintains a dollar-weighted average maturity of 60 days or less and a dollar-weighted average life of 120 days or less.

Under the federal money market reform rules adopted in 2014 and effective in 2016, government money market funds are required to invest at least 99.5% of their total assets in cash, government securities, and/or repurchase agreements that are collateralized solely by government securities or cash (collectively, government securities). The Fund generally invests 100% of its assets in government securities and therefore will satisfy the 99.5% requirement for designation as a government money market fund.

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

**Risks:** The Fund is designed for investors with a low tolerance for risk; however, the Fund is subject to **income risk, manager risk, and credit risk,** which could affect the Fund's performance. These risks are discussed under Investment Risks - Vanguard Underlying Funds beginning below.

2. ***On or about September 23, 2016, the paragraph entitled Industry concentration risk: on page 47 is removed from the section entitled Investment Risks – Vanguard Underlying Funds.***

ACHIEVE MONTANA

# Program Description

OCTOBER 2015

THEIR TOMORROW STARTS TODAY

This Program Description is part of the Achieve Montana (Achieve Montana) Enrollment Kit. The Enrollment Kit consists of a Highlights Booklet, this Program Description, and the Enrollment Form. The Program Description has been identified by the Montana Board of Regents of Higher Education (Board) as the Offering Material (as defined in the College Savings Plans Network Disclosure Principles, Statement No. 5, adopted May 3, 2011) intended to provide substantive disclosure of the terms and conditions of an investment in Achieve Montana. This Program Description is designed to comply with the College Savings Plans Network Disclosure Principles, Statement No. 5.

If you are not a Montana taxpayer, before investing you should consider whether your or the Beneficiary's home state offers a Qualified Tuition Program that provides its taxpayers with favorable state tax and other benefits that may only be available through an investment in the home state's Qualified Tuition Program, and which are not available through an investment in Achieve Montana. Since different states have different tax provisions, this Program Description contains limited information about the state tax consequences of investing in Achieve Montana. 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.

You also may wish to contact your home state's or any other 529 Plan, to learn more about those plans' features, benefits, and limitations. Keep in mind that state-based benefits should be one of many appropriately weighted factors to consider when making an investment decision. In addition, you should periodically assess, and if appropriate, adjust your 529 Plan investment choices with your time horizon, risk tolerance, and investment objectives in mind.

This Program Description contains important information you should review before opening an account in Achieve Montana, including information about the benefits and risks of investing. Please read it carefully and save for future reference. Capitalized terms used in this Program Description are defined in the Glossary (beginning on page 59).

**Accuracy of Information in Program Description.** The information in this Program Description is believed to be accurate as of the cover date, but 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 Program Description.

**Other Important Information.** 529 Plans are intended to be used only to save for Qualified Expenses. Achieve Montana 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. Taxpayers may wish to seek tax advice from an independent tax advisor based on their own particular circumstances.

## TABLE OF CONTENTS

## GETTING STARTED

Getting started with Achieve Montana is easy. Just follow these steps:

**1** Read this Program Description 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 achievemontana.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.

## FREQUENTLY ASKED QUESTIONS

***What is Achieve Montana?***

Achieve Montana is a Qualified Tuition Program sponsored by the Board. Achieve Montana 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.

***Achieve Montana offers an Age-Based Option, Individual Portfolios and a Savings Portfolio.***

***Who is in charge of Achieve Montana?***

The Board administers Achieve Montana and serves as trustee of the Family Education Savings Trust (Trust), the trust created by the State of Montana to hold assets in Achieve Montana.  Ascensus College Savings Recordkeeping Services, LLC serves as Program Manager and provides recordkeeping and administrative support, and through its affiliate, Ascensus Investment Advisors, LLC, provides certain investment advisory services. Each Ascensus entity will be referred to individually or collectively in this Program Description, as the case may be, as Ascensus College Savings. The Vanguard Group, Inc. (Vanguard), Dimensional Fund Advisors LP (DFA) and First National Bank of Omaha (FNBO) provide investment management services to the Portfolios' Underlying Funds.

***How does Achieve Montana work?***

When you enroll in Achieve Montana, you choose to invest in at least one of three different investment approaches, based upon your investing preferences and risk tolerance.

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 five (5) Portfolios that comprise the Age-Based Option. These Portfolios invest in several Underlying Funds managed by Vanguard and DFA.

The second investment approach is the Individual Portfolios Option, in which you can invest in the same Portfolios that comprise the Age-Based Option but on an individual basis. Unlike the Age-Based Option, your investments do not change as the Beneficiary ages, but, remain fixed over time.

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 Board at FNBO.

All of the contributions made to your Account grow tax deferred and distributions are free from federal and State income tax if used for Qualified Expenses. For additional information, please see *Investment Choices* beginning on page 32.

***How do I open an account?***

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

***How many accounts can I open?***

You can open Accounts for as many Beneficiaries as you wish by completing a new Enrollment Form for each Beneficiary. You may invest in any of the seven Investment Options for each Account. Accounts opened beginning October 19, 2015 may have only one Account Owner and cannot be held jointly.

***What are the fees associated with Achieve Montana?***

Achieve Montana has no commissions, loads, or sales charges. The Total Annual Asset-Based Fee varies from 0.67% to 0.83%, depending upon the Portfolio(s) you choose. In addition, an Annual Account Maintenance Fee of $25 is charged to each Account. This fee is waived if the combined Account balance for the same Account Owner and Beneficiary is equal to or greater than $25,000, if the Account Owner is a Montana Resident, or if you contribute to Achieve Montana automatically from your bank account by Automatic Investment Plan (AIP) or by payroll deduction. A detailed description of the Fees associated with Achieve Montana can be found in *Fees* beginning on page 25.

***Does Achieve Montana offer any tax benefits?***

Yes. Achieve Montana offers both State and federal tax benefits, starting with tax-deferred earnings and a Montana state income tax deduction for eligible contributions made by Montana taxpayers. Any earnings are State and federal income tax free when used toward Qualified Expenses. Note that if you take a Non-Qualified Distribution, any earnings are subject to federal and state income taxes and an additional 10% federal tax penalty (Distribution Tax). For additional information, please see *Federal Tax Information* beginning on page 50.

***How do State income tax benefits work for Achieve Montana?***

If you are a Montana taxpayer, you are entitled to a deduction of up to $3,000 per year for an individual taxpayer and $6,000 per year for married taxpayers filing jointly, to adjusted gross income in computing your Montana state income tax, based on eligible contributions to Achieve Montana. To be eligible, the contribution must be made to an Account owned by you, your spouse, or your child or stepchild if your child or stepchild is a Montana resident.

If you are a Montana taxpayer, you may be subject to a recapture tax on certain Non-Qualified Distributions from your Account. For additional information, please see *State Tax Information* beginning on page 52.

***Is my Achieve Montana Account guaranteed?***

No. Achieve Montana is not insured or guaranteed, except to the extent of FDIC insurance available on the Savings Portfolio. Investment returns will vary depending upon the performance of the Portfolios you choose. Depending on market conditions, you could lose all or a portion of your investment. For more about the FDIC- insured Savings Portfolio please see *Investment Choices - Savings Portfolio* beginning on page 37.

***Is Achieve Montana the only 529 Plan sponsored by the State of Montana?***

No. The Board also administers the Montana Family Education Savings Program Bank Plan (Bank Plan). However, the Bank Plan is currently closed to new investments.

***Can I change my Investment Options?***

Yes. You may change your Investment Options up to two times 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. You may also change your Investment Options when changing your Beneficiary. For more information on making changes to your Account, please see *Maintaining My Account* beginning on page 18.

***When can I enroll a newborn?***

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

***Does my child have to attend college in Montana?***

No. You can use the assets in your Account toward the costs of nearly any college, university, vocational school, or other postsecondary educational institution eligible to participate in a student aid program administered by the U.S. Department of Education, which includes virtually all accredited public, nonprofit, and proprietary (privately owned profit-making) postsecondary institutions. The educational institution should be able to tell you if it is an "Eligible Educational Institution."

***You can use the assets in your Account at any Eligible Educational Institution in the U.S. and abroad.***

You can also visit ope.ed.gov/accreditation/ for a database of accredited schools.

Certain educational institutions located outside the United States also participate in the U.S. Department of Education's Federal Student Aid programs, which means that money from your Achieve Montana Account may be used to pay for Qualified Expenses at those institutions. Your Account can also be used for nearly any graduate school, medical school, or law school, among others, nationwide.

***If I enroll in Achieve Montana, can I still apply for financial aid?***

Yes. Participation in Achieve Montana does not limit a 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 need–based financial aid. Please see *Important Risks You Should Know About —Financial Aid* beginning on page 30.

***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 the Beneficiary;
- 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 a 10% additional federal tax penalty (Distribution Tax). Income taxes on earnings, however, will apply. The distribution may also be subject to the Montana recapture tax.

***Can I change the Beneficiary of my Account?***

Yes. You can change the Beneficiary of your Account to a Member of the Family of the original Beneficiary without incurring income taxes or penalties. Member of the Family currently includes: child, stepchild, foster child, adopted child, sibling, stepsibling, 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, or spouse of any individual listed (except first cousin).

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

Achieve Montana 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 Montana after I open an Account?***

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

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

You may request a distribution at any time. If the funds are not used for Qualified Expenses, the taxable party will be subject to federal and applicable state income taxes, plus the Distribution Tax on any earnings portion of the distribution. You, as the Account Owner, will be subject to recapture of any State income tax deduction previously taken on contributions to your Account. For details about specific tax and other penalties, please read *Federal Tax Information* beginning on page 50 and *State Tax Information* beginning on page 52.

***What if I already have a 529 Plan? Can I transfer my Account to Achieve Montana?*** Yes. We will accept a rollover of funds from an account with another 529 Plan into Achieve Montana. There may be many benefits to moving your account into Achieve Montana. The State income tax deduction is also available to Montana taxpayers who make rollover contributions from another 529 Plan into Achieve Montana.

Please contact a Client Service Representative at 1-877-486-9271 for details. You should also contact the sponsor of your current 529 Plan for additional details on rolling over your account. Please be aware that not all states 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 529 Plan.

***Do my contributions to Achieve Montana qualify as a gift under federal law?***

Yes. The Internal Revenue Code provides that contributions made to an Account are completed gifts to the Beneficiary for federal gift tax purposes and are eligible for the applicable annual exclusion from gift and generation-skipping transfer taxes (currently, $14,000 in one year for a single individual or $28,000 for a married couple making a proper election). Under certain conditions, you can also contribute up to $70,000 in one lump sum ($140,000 for married couples making a proper election) and apply the contribution against the annual exclusion equally over a five-year period. In the event the donor does not survive the five year period, a pro-rated amount will revert back to the donor's taxable estate. Please consult your tax advisor for more information.

***What are the risks involved in investing in Achieve Montana?***

As with any investment, there are risks involved in investing in Achieve Montana, including the risk of investment losses; the risk of federal tax law changes; the risk of state tax law changes; the risk of Program changes, including changes in Fees; and the risk that contributions to Achieve Montana may adversely affect the eligibility of you or your Beneficiary for financial aid or other benefits. To learn about the risks, please read and carefully consider *Important Risks You Should Know About* beginning on page 28 and *Investment Choices—Portfolio Profiles* beginning on page 34.

***What is Ugift®?***

Ugift is a way for you to ask family and friends to celebrate children's milestones with the gift of college savings. Gifts made via Ugift are earmarked for and invested in your Account. For additional information about Ugift, please see *Opening My Account — Ugift* on page 17.

***What is the Upromise® service?***

The Upromise service is offered by Upromise, Inc. You may join the Upromise service for free. This service allows members to receive a percentage of their qualified spending, with hundreds of America's leading companies, as college savings. When you enroll in the Upromise service, you can link the account to your Achieve Montana Account so your savings automatically transfer from your Upromise account on a periodic basis subject to a $25 minimum transfer amount. Upromise is an optional service offered by Upromise, Inc. and is separate from Achieve Montana. It is not affiliated with Achieve Montana, the State, the Board, the Program Manager, or the Trust. Separate terms and conditions apply to the Upromise service. Participating companies, contribution levels and terms and conditions are subject to change at any time without notice. Go to upromise.com to learn more.

***Where can I find additional forms and Enrollment Kits?***

To obtain forms relating to Achieve Montana or additional Enrollment Kits, visit the Achieve Montana website at achievemontana.com or call 1-877-486-9271.

***How do I contact Achieve Montana?***

*Phone:* 1-877-486-9271
Monday through Friday, 7 a.m. to 6 p.m., Mountain Time

*Online:* achievemontana.com

*Regular Mail:*
Achieve Montana
PO BOX 219448, Kansas City, MO 64121-9448

*Overnight Delivery:*
Achieve Montana
920 Main Street, Suite 900, Kansas City, MO 64105

## MY ACCOUNT

### OPENING MY ACCOUNT

**AT A GLANCE**
IN THIS SECTION, YOU WILL LEARN MORE ABOUT:

WHO CAN BE AN ACCOUNT HOLDER
SUCCESSOR ACCOUNT HOLDERS
BENEFICIARIES

**Account Owner/Custodian.**
To participate in Achieve Montana, you must complete an Enrollment Form and open an Account either online or by mail. 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. residential address. You may also open an Account as a custodian for a child under UGMA/UTMA. By signing the Enrollment Form, you consent and agree that the Account is subject to the terms and conditions of this Program Description.

**Joint Account Ownership.**
As of October 19, 2015, joint Account ownership is no longer available in Achieve Montana. If you opened your Account prior to October 19, 2015 and owned the Account jointly with your spouse, you may continue to hold your Account in this manner.

If you hold your Account jointly, the name and Social Security number of the first Account Owner listed on the Enrollment Form (primary Account Owner) will be used for IRS reporting purposes. If you opened your Account online, only the primary Account Owner may register an email address with Achieve Montana as well as create a password to transact online. Account statements, transaction confirmations, and Program Descriptions and supplements, as well as correspondence from Achieve Montana will be mailed to the address on file for the primary Account Owner (or the primary Account Owner will receive notification to the registered email address if electronic delivery of these documents is chosen). You can choose to have duplicate Account statements mailed to the Joint Account Owner, if applicable, at another address as an interested party by completing the appropriate form.

**Successor Account Owner.**
You may designate a Successor Account Owner (to the extent permissible under applicable law) to succeed to all of your rights, title, and interest in your Account upon your death. You can make this designation on the Enrollment Form, online, over the phone, or in writing. We must receive and process your request before the Successor Account Owner designation can be effective. You may revoke the designation of a Successor Account Owner at any time by submitting an Account Information Change Form. Forms may be obtained from our website at achievemontana.com or by calling us at 1-877-486-9271. If your Account is jointly owned, the surviving Account Owner will become the sole owner of the Account upon the death of the other Joint Account Owner, if applicable.

**Beneficiary.**
You can set up an Account for the benefit of your child, grandchild, spouse, yourself, 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 Achieve Montana, but contributions to an Account will be limited if the total assets held in all Accounts for that Beneficiary exceed the Maximum Contribution

***A Beneficiary can be of any age and can be a child, grandchild, other relative or even someone not related to you.***

Limit. Please see *Contributing To My Account — Maximum Contribution Limit* on page 16. The Beneficiary may be of any age; however, the Beneficiary must be an individual and not a trust or other entity. A Beneficiary does not have to be named on the Enrollment Form when the Account Owner is a tax-exempt organization as defined in the Code, and the Account has been established as a general scholarship fund.

**Control Over the Account.**

Although other individuals or entities may make contributions to your Account, you, as the Account Owner, retain control of all contributions made as well as all earnings credited to your Account. A Beneficiary who is not also the Account Owner has no control over any of the Account assets. Except as required by law, only you may make transfers, rollovers, investment changes, withdrawals, and Beneficiary changes. For Joint Accounts, each Account Owner has equal control over the Account.

**Documents in Good Order.**

To process any transaction in Achieve Montana, all necessary documents must be in good order, which means executed when required and properly, fully, and accurately completed, as determined by the Program Manager.

# MY ACCOUNT

## CONTRIBUTING TO MY ACCOUNT

**AT A GLANCE**
IN THIS SECTION, YOU WILL LEARN MORE ABOUT:

DIFFERENT WAYS TO CONTRIBUTE TO YOUR ACCOUNT
AUTOMATIC INVESTMENT PLANS
PAYROLL DEDUCTION
ROLLOVERS FROM OTHER 529 PLANS

**Minimum Contributions.**
To open an Account, you must make an initial contribution of at least $25. Additional investments must be at least $25 per contribution. The minimum initial and additional contribution through payroll deduction is $15. You may also receive a minimum gift contribution of $15 through Ugift. The minimum contribution amount may be waived in certain circumstances at the discretion of the Board.

You can make your initial and any additional contributions by check, AIP, payroll deduction, 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. We will not accept contributions made by cash, money order, travelers checks, foreign checks not in U.S. dollars, checks dated more than 180 days from the date of receipt, checks post-dated more than seven (7) days in advance, checks with unclear instructions, starter or counter checks, credit card or bank courtesy checks, third-party personal checks over $10,000, instant loan checks, or any other check we deem unacceptable. No stocks, securities, or other non-cash assets will be accepted as contributions. You may also designate that funds from a Upromise service account be periodically transferred as a subsequent investment, provided that the minimum contribution amount is met.

***You can open an Achieve Montana Account with as little at $25, $15 if you contribute through payroll deduction.***

You can allocate each contribution among any of the Investment Options; however, the minimum allocation per selected Investment Option is 5% of the contribution amount. For example, if you make a $100 contribution to your account to be allocated among 3 Portfolios, a minimum of $5 must be allocated to each of the Portfolios you selected. Your subsequent contributions can be made to different Investment Options and Portfolio allocation(s) than the selection(s) you make on your Enrollment Form.

**Contribution Date.**
We will credit any money contributed to your Account on the same Business Day if the contribution is received in good order and prior to the close of the New York Stock Exchange (NYSE), normally 2 p.m., Mountain Time. The contribution will be credited on the next succeeding Business Day if it is received in good order after the close of the NYSE. The trade date policies for AIP and EFT contributions differ from those described in this paragraph. Please see *Automatic Investment Plan (AIP)* on page 12 and *Electronic Funds Transfer (EFT)* on page 13 for more information.

We will generally treat contributions sent by U.S. mail as having been made in a given year if checks are postmarked on or before December 31 of the applicable year, provided the checks are subsequently paid. With respect to EFT contributions, for tax purposes we will generally treat contributions received by us in a given year as having been made in that year if you submit them on or before December 31 of such year, provided the funds are successfully deducted from your checking or savings account at another financial institution. Contributions made pursuant to an AIP will generally be considered received by us in the year the AIP debit has been deducted from your checking or savings account at another financial institution. (Please see *Automatic Investment Plan (AIP)* below).

Regardless of the calendar year for which a contribution is deductible, the trade date of the contribution (and thus the price of the Units purchased with the contribution) will be determined based on the day we receive the contribution and, with respect to AIP and EFT contributions, on the same day the bank debit occurs.

**Allocation of Future Contributions.**

At the time of enrollment, you must select how you want your contributions allocated, which will serve as the Standing Allocation for future contributions. We will invest all additional contributions according to the Standing Allocation, unless you provide us with different instructions, and investments in different Investment Options are permissible. You may move assets to different Portfolios up to two times per calendar year. You may also move assets at the same time you change your Beneficiary. You may change your Standing Allocation at any time by logging into your Account at achievemontana.com, by submitting the appropriate form by mail, or by calling 1-877-486-9271.

**Contributions by Check.**

You may make your initial contribution by check. The initial minimum contribution of $25 must accompany your Enrollment Form. Any additional contributions you make by check must be at least $25. Checks must be made payable to Achieve Montana. Third-party personal checks up to $10,000 must be payable to you or the Beneficiary and properly endorsed by you or the Beneficiary to *Achieve Montana*.

**Automatic Investment Plan (AIP).**

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 can initiate an AIP either when you enroll by completing the AIP section of the Enrollment Form, or after your Account has been opened, either online, over the phone (provided you have previously submitted certain information about the bank account from which the money will be withdrawn), or in writing by submitting the appropriate form. AIP deposits must equal at least $25 per month, $75 per quarter, $150 per semi-annual period, or $300 per year. You may also elect to authorize an automatic annual increase to your AIP Contribution. Your AIP authorization will remain in effect until we have received and processed your notification of its termination.

You may terminate your AIP at any time. Any changes to, or termination of, an AIP must occur at least three (3) Business Days before a scheduled debit from your bank account and will become effective as soon as we have received and processed your request.

***An Automatic Investment Plan allows you to set up contributions to your Account by making periodic automated debits from your checking or savings account.***

There is no charge for enrolling in an 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. You will receive a trade date of the Business Day on which the bank debit occurs. Quarterly AIP debits will be made on the day you indicate (or the next Business Day, if applicable) every three months, not on a calendar quarter basis. Semi-annual and annual debits will be made on the day you indicate (or the next Business Day, if applicable) every 6 months or once each year, as applicable. If you do not designate a date, your bank account will be debited on the 20th of the applicable month.

The start date for an AIP must be at least three (3) Business Days from the date of submission of the AIP request, regardless of the frequency of your AIP. 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. Each contribution must be in an amount of at least $25. You may authorize us to withdraw funds by EFT from a checking or savings account for both initial and/or additional contributions to your Account, provided you have submitted certain information about the bank account from which the money will be withdrawn, subject to certain processing restrictions. 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 achievemontana.com; or (iii) by contacting a Client Service Representative at 1-877-486-9271. Debit requests that are received in good order:

- before 8 p.m., Mountain Time, will be given a trade date of the second Business Day after the date of receipt and will be effected at that day's closing price for the applicable Portfolio. The EFT debit from your bank account will occur on the second Business Day after the request is received.
- after 8 p.m., Mountain Time, will be given a trade date of the third Business Day after the date the request is received, and will be effected at that day's closing price for the applicable Portfolio. The EFT debit will occur on the third Business Day after the request is received.

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 your Account by EFT. Contributions in excess of that 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 1-877-486-9271 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 contains insufficient funds or because correct and complete banking instructions were not provided (Please see *Failed Contributions* on page 16). If your AIP or EFT contribution cannot be processed because the bank account on which it is drawn contains insufficient funds, because of incomplete information or inaccurate information, or if the transaction would violate processing restrictions, we reserve the right to suspend processing of future AIP and EFT contributions.

**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 $15 per Account 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 achievemontana.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.

**Rollover Contributions.**
You can make your initial investment by rolling over assets from another Qualified Tuition Program to Achieve Montana 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. (Please see *Options for Unused Contributions: Changing a Beneficiary, Transferring Assets to Another of Your Accounts* on page 18). A rollover for the same Beneficiary is restricted to once in each 12-month period. Certain rollovers may be subject to the Montana recapture tax.

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 of money to you from an account in another state's Qualified Tuition Program; you then contribute the money to your Account. To avoid federal income tax consequences and the Distribution Tax, you must contribute an indirect rollover within 60 days of the distribution. You should be aware that not all states permit direct rollovers from Qualified Tuition Programs. In addition, there may be state income tax consequences (and in some cases state-imposed penalties) resulting from a rollover out of a state's Qualified Tuition Program. Rollover contributions from another Qualified Tuition Program into Achieve Montana are eligible for the State income tax deduction. (Please see *State Tax Information: Income Tax Benefit for Montana Taxpayers* on page 52.)

**Moving Assets From an UGMA/UTMA (Uniform Gifts to Minors/Uniform Transfers to Minors Act) 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 529 Plan accounts. The Plan Administrators are not liable for any consequences related to your improper use, transfer, or characterization of custodial funds.

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

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

In addition, certain tax consequences described under *Federal Tax Information* beginning on page 50 and *State Tax Information* beginning on page 52 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 Achieve Montana, the liquidation of non-cash assets held by an UGMA/UTMA account would be required and would generally be a taxable event. Please contact a tax advisor to determine how to transfer assets held in an existing UGMA/UTMA account and what the implications of a transfer may be for your specific situation.

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

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

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

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

Please visit the Achieve Montana website at achievemontana.com or contact a Client Service Representative at 1-877-486-9271 for any of the forms you may need. Until we receive the documentation described above, as applicable, we will treat the entire amount of the contribution as earnings in the Account receiving the transfer.

**Dollar-Cost Averaging**.
Dollar-cost averaging is a way to make contributions to an Investment Option 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 Portfolio into another 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 Investment Option(s) *(Target Investment Option)*. 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 Source Portfolio. In addition, you must allocate contributions to the Target Investment Option (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 one of your two allowed investment exchanges for that calendar year.

**Trusts, Corporations, and other Entities as Account Owners.**
An Account Owner that is a trust, partnership, corporation, association, estate, or another acceptable type of entity must submit documentation to Achieve Montana to verify the existence of the entity and identify the individuals who are eligible to act on the entity's behalf. Examples of appropriate documentation include a trust agreement, partnership agreement, corporate resolution, articles of incorporation, bylaws, or letters appointing an executor or personal representative. Documentation must be submitted when an

Account is established. We will not be able to open your Account until we receive all of the information required on the Enrollment Form and any other information we may require, including the documentation that verifies the existence of the Account Owner. If the Account Owner is an agency or instrumentality of a state or local government, or tax-exempt organization as defined in Section 501(c)(3) of the Code, has established the Account as a general scholarship fund and is not subject to the Maximum Contribution Limit, the organization must provide verification (e.g., an IRS determination letter) of its exempt status when the Account is established.

**Maximum Contribution Limit.**

You can contribute up to a Maximum Contribution Limit of $396,000 for each Beneficiary. All accounts for the same Beneficiary under all Qualified Tuition Programs sponsored by the State of Montana are counted toward the Maximum Contribution Limit regardless of the Account Owner. Earnings may cause the account balances for any one Beneficiary to exceed $396,000 and no further contributions will be allowed at that point. If a contribution is made to an Account that would cause the aggregate balance of all accounts to exceed the Maximum Contribution Limit, all or a portion of the contribution amount will be returned to you or the contributor. If you are enrolled in an AIP, the AIP may be discontinued. If, however, the market value of your Account falls below the Maximum Contribution Limit, additional contributions will be accepted. Should the Maximum Contribution Limit increase, additional contributions up to the new Maximum Contribution Limit will be accepted.

**Excess Contributions.**

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

**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 Achieve Montana and we will charge your Account a fee of $30. Achieve Montana has the right to reject or cancel any contribution due to nonpayment.

**Confirmation of Transactions.**

We will send you a separate confirmation statement with respect to each transaction in your Account(s), except for AIPs, payroll deduction transactions, exchanges due to Account assets being automatically moved to a more conservative Portfolio within the Age-Based Option as your Beneficiary ages, transfers from a Upromise service account to your Achieve Montana Account, exchanges due to dollar-cost averaging, and the Annual Account Maintenance Fee, which will only be confirmed on a quarterly basis via your quarterly Account statement. Each confirmation statement will indicate the number of Units you own in each Portfolio as a result of the transaction. If you receive a confirmation statement or quarterly statement that you believe does not accurately reflect your instructions — for example, the amount invested differs from the amount you contributed or the contribution was not invested in the particular Investment Option(s) you selected — you have 60 days from the date of the confirmation or quarterly statement to notify us of the error. (Please see *Maintaining My Account — Correcting Errors* on page 19).

We use reasonable procedures to confirm that transaction requests are genuine. You may be responsible for losses resulting from fraudulent or unauthorized instructions received by us, provided we reasonably believe the instructions were genuine. To safeguard your Account, please keep your information confidential. Contact us immediately at 1-877-486-9271 if you believe there is a discrepancy between a transaction you requested and the confirmation or quarterly 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 Achieve Montana.

**Ugift®.**

You may invite family and friends to contribute to your Accounts through Ugift, either in connection with a special event or just to provide a gift for your Beneficiary. You simply provide a unique contribution code to selected family and friends and gift givers can either contribute online through an electronic bank transfer or they can mail in the gift contribution coupon with a check made payable to *Ugift – Achieve Montana*. The minimum Ugift contribution is $15.

Gift contributions associated with a special event will be held upon receipt by the Program Manager for a period of approximately three (3) Business Days after an 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 gift 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 Contribution Limit. Gift contributions will be invested according to the Standing Allocation on file for your Account at the time the gift contribution is transferred. There may be potential tax consequences of gift contributions invested in your Account. You and the gift giver should consult a tax advisor for more information. Ugift is an optional service, is separate from Achieve Montana and is not affiliated with the State, the Board, or the Trust. For more information, please see our website at achievemontana.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 account to your Account is $25. However, you cannot use the transfer of funds from a Upromise account as the initial funding source for your Account.

The Upromise service is administered by Upromise, Inc. in accordance with the terms and procedures set forth in the Upromise Member Agreement (as amended from time to time), which is available on the Upromise website at upromise.com. The Upromise service is an optional service, is separate from Achieve Montana, and is not affiliated with the State, the Board, the Program Manager, or the Trust.

# MY ACCOUNT

## MAINTAINING MY ACCOUNT

**AT A GLANCE**
IN THIS SECTION, YOU WILL LEARN MORE ABOUT:

ACCOUNT STATEMENTS
CHANGING BENEFICIARIES
CHANGING INVESTMENTS
CHANGING ACCOUNT OWNERS

**Account Statements.**
You will receive quarterly statements to reflect financial transactions only if you have made financial transactions within the quarter. This would include:

- Exchanges within your Account
- Withdrawls made from your Account
- Adjustments to more conservative Portfolios in the Age-Based Option
- Exchanges due to dollar-cost averaging
- Automatic transfers from a Upromise service account to your Account
- Transaction and maintenance fees you incurred

The total value of your Account at the end of the quarter will also be included in your quarterly statements. You will receive an annual Account statement even if you have made no financial transactions within the year.

Your Account statement is not a tax document and should not be submitted with your tax forms. However, you could use the Account statement(s) to determine how much you paid or contributed during the previous tax year.

You may request duplicate copies of Account statements to be provided to another party. Your statements are also available online at achievemontana.com for a period of at least eighteen (18) months. You can also choose to receive Account statements, transaction confirmations, 1099-Qs, and other personal correspondence via electronic delivery or in paper format. We reserve the right to charge a fee for duplicate copies of historical statements.

**Options for Unused Contributions: Changing a Beneficiary, Transferring Assets to Another of Your Accounts.**
Your Beneficiary may choose not to attend an Eligible Educational Institution or may not use all the money in your Account. In either case, you may name a new Beneficiary or take a distribution of your Account assets. Any Non-Qualified Distribution from your Account will be subject to applicable income taxes and the Distribution Tax and may be subject to the Montana recapture tax. Please see *Using my Account - Non-Qualified Distributions* on page 22.

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 and may be subject to the Montana recapture 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. Please see *Contributing to My Account — Moving Assets from an UGMA/UTMA (Uniform Gifts to Minors Act/Uniform Transfers to Minors Act) Account* on page 14.

To initiate a change of Beneficiary, you must complete and submit a Change of Beneficiary Form (and an Enrollment Form if you do not already have an Account for the new Beneficiary). The change will be made upon our receipt and acceptance of the signed, properly completed form(s) in good order. We reserve the right to suspend the processing of a Beneficiary transfer if we suspect that the transfer is intended to avoid Achieve Montana's exchange and reallocation limits and/or 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 Contribution Limit for a Beneficiary. There is no fee for changing a Beneficiary.

We will invest your assets in accordance with the Standing Allocation for the new Beneficiary's Account. If you are invested in the Age-Based Option, the particular Portfolio in which 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 the Account to a new Portfolio(s) when you change the Beneficiary for the Account.

**Changing Investment Direction.**
You can change the investment strategy for each Beneficiary – i.e., make an exchange — up to two times per calendar year. You can initiate this transaction online, over the telephone by contacting a Client Service Representative at 1-877-486-9271, or by downloading a form from our website at achievemontana.com.

Because you may make no more than two exchanges per calendar 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, while also considering your investment time horizon.

**Change of Account Owner.**
Except as discussed below, you may transfer control of your Account assets to a new Account Owner. All transfers to a new Account Owner must be requested in writing, and include any information that may be required by us. However, your right of control may not be sold, transferred, used as collateral, or pledged or exchanged for money or anything of value. We may require affidavits or other evidence to establish that a transfer is non-financial in nature. Your right of control may also be transferred under an appropriate court order as part of divorce proceedings. If you transfer control of an Account to a new Account Owner, the new Account Owner must agree to be bound by the terms and conditions of the Program Description 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. For information about changing the Custodian of an UGMA/UTMA Account, please see *Contributing to My Account — Moving Assets from an UGMA/UTMA (Uniform Gifts to Minors Act/Uniform Transfers to Minors Act) Account* on page 14.

**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 (insignificant) in amount may be waived at our discretion.

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

**Disclosure Relating to Internet Access.**
You have the option to perform Account-related transactions and activity electronically via the Internet. You can securely access and manage Account information — including

quarterly statements, transaction confirmations, and tax forms — virtually 24 hours a day at achievemontana.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 any updated information concerning the Portfolios and Underlying Funds as well as updates to the Program Description at least annually. These materials and 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 achievemontana.com. We intend to archive the transaction history for Accounts for a rolling 48-month period, and Account statements and transaction confirmations for a rolling 18-month period, after which they may not be available through our website. Accordingly, you should consider printing any Account information that you may wish to retain before it is removed. After these documents are archived, you will be able to obtain a copy for a fee by contacting a Client Service Representative at 1-877-486-9271.

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 transactions 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 a Client Service Representative at 1-877-486-9271 or by 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 Transport Layer Security. This is to prevent unauthorized people from eavesdropping or intercepting information sent by or received from us. This may require that you use certain readily available versions of web browsers. As new security software or other technology becomes available, we may enhance our systems.

## USING MY ACCOUNT

**AT A GLANCE**
IN THIS SECTION, YOU WILL LEARN MORE ABOUT:

HOW TO USE YOUR ACCOUNT
QUALIFIED DISTRIBUTIONS
NON-QUALIFIED DISTRIBUTIONS

**General.**
You can take a distribution from your Account or close your Account at any time by notifying us at 1-877-486-9271 or by submitting appropriate forms online or by mail. Contributions made by check, AIP, or EFT will not be available for withdrawal for seven (7) Business Days. Please note that there will be a 15-calendar-day hold placed on distribution requests when there is a change to your banking information and a nine (9) Business Day hold placed on distribution requests following a change to your address.

Distributions from your Account are either Qualified Distributions or Non-Qualified Distributions as determined under IRS requirements. As the Account Owner, you are responsible for satisfying the IRS requirements for proof of Qualified Distributions, which includes retaining any paperwork and receipts necessary to verify the type of distribution you received. We will not provide information to the IRS regarding the type of distribution you receive.

Distributions may be subject to federal and/or state tax withholding, including the Montana recapture tax. 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 page 22.

***A distribution from your Account can be made payable to you, your Beneficiary, or the Eligible Educational Institution.***

**Method of Payment.**
We pay distributions to the following payees:

- Account Owner (by check or by Automated Clearing House (ACH) to an established bank account);
- Beneficiary (by check); or
- Eligible Educational Institution (by check).

**Timing of Distribution Request.**
Distribution requests received in good order before the close of the NYSE (generally 2 p.m., Mountain Time) on a Business Day are processed based on the Unit Values of the Portfolios underlying the Account for that day. Requests received in good order after the close of the NYSE are processed using the Unit Values of the Portfolios underlying the Account for the next Business Day.

**Procedures for Distributions.**
Only you, as the Account Owner may direct distributions from your Account. Qualified Distributions are made payable to the Account Owner, the Beneficiary, or an Eligible Educational Institution; and may be requested online or by phone by providing verifying Account information upon request. You may also call a Client Service Representative at 1-877-486-9271 to receive a Distribution Request Form, or download the form on our website at achievemontana.com. Complete and submit the form to us in good order and provide such other information or documentation as we may require from time to time.

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 charge a Fee for distributions made by federal wire or by overnight express mail.

**Qualified Distributions.**
Distributions for Qualified Expenses are generally exempt from federal and applicable state income taxes and the Distribution Tax.

**Non-Qualified Distributions.**
A distribution that does not meet the requirements for a Qualified Distribution will be considered a Non-Qualified Distribution by the IRS unless it is one of the distributions described below under Other Distributions. The earnings portion of a Non-Qualified Distribution will be subject to federal income taxes (and may be subject to other taxes, including the Montana recapture tax) and will be taxable to the person receiving the distribution. In addition, Non-Qualified Distributions are subject to a Distribution Tax. The person receiving the distribution would need to comply with IRS requirements, including filing applicable forms with the IRS. Although we will report the earnings portion of all distributions, it is your final responsibility to calculate and report any tax liability and to substantiate any exemption from tax and/or penalty.

**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 distribution of that contribution from your Account for seven (7) Business Days after deposit. Please note there will be a nine (9) Business Day hold on distributions following a change to your address and a 15-calendar day hold on distributions following a change to your banking information. For assistance, please contact a Client Service Representative at 1-877-486-9271 Monday - Friday, 7 a.m. to 6 p.m. Mountain Time.

**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, including the Montana recapture tax. (Please see *Federal Tax Information— Transfers and Rollovers* on page 50 and *State Tax Information - Recapture of Income Tax Deduction* on page 52). 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. If not paid to a beneficiary of the Beneficiary or the Beneficiary's estate, the distribution 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 distribution 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 the 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.

- **Tuition Assistance.**
  Distributions up to the amount of the Tuition Assistance, as described in the Code, may be made without incurring any Distribution Tax, although the earnings portion of such distributions will be subject to federal income taxes and may be subject to other taxes.

- **Attendance at Certain Specified Military Academies.**
  If your Beneficiary attends the United States Military Academy, the United States Naval Academy, the United States Air Force Academy, the United States Coast Guard Academy, or the United States Merchant Marine Academy, you may withdraw up to an amount equal to the costs attributable to the Beneficiary's attendance at the institution without incurring the 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 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 Program within 60 days of the distribution date. Rollover Distributions may be subject to certain state taxes, but are generally exempt from federal income taxes and the Distribution Tax. Rollover Distributions may also be subject to a recapture tax if contributions made to your Account were deducted from the contributor's State income tax.

**Records Retention.**
Under current federal tax law, you are responsible for obtaining and retaining records, invoices, or other documentation adequate to substantiate: (i) expenses which you claim are Qualified Expenses, (ii) the death or Disability of a Beneficiary, (iii) the receipt by a Beneficiary of a qualified scholarship or Tuition Assistance, (iv) the attendance by a Beneficiary at certain specified military academies, or (v) the use of American Opportunity or Lifetime Learning Credits.

**Tax Treatment of Distributions**.
Please read *Federal Tax Information* beginning on page 50 and *State Tax Information* beginning on page 52.

# MY ACCOUNT

## CLOSING MY ACCOUNT

**AT A GLANCE**
IN THIS SECTION, YOU WILL LEARN MORE ABOUT:

WHEN ACHIEVE MONTANA MAY CLOSE YOUR ACCOUNT

ACCOUNT RESTRICTIONS

**No Assets in Your Account.**
A distribution of all assets in your Account will result in your Account being closed. Your Account may be re-opened with any type of contribution within six (6) months of the date of the last withdrawal. Beyond the six (6) month time frame, you must complete a new Enrollment Form and reestablish your Account at that time.

**Unclaimed Accounts.**
Under certain circumstances, if there has been no activity in your Account, or if we have not been able to contact you for a period of time, your Account may be considered abandoned under the State's or your state's unclaimed property laws. Under Montana law, this time period is five (5) years. Your state may have a different time period under which your Account may be considered abandoned. If your property is considered abandoned, it will, without proper claim by the Account Owner within a certain period of years, revert to the State or your state. For more information on the State's unclaimed property law, please see the Montana's Department of Revenue website at http://revenue.mt.gov.

**Involuntary Termination of Accounts.**
Achieve Montana 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 Achieve Montana or required by law. If we reasonably believe that you provided false or misleading information to the Plan Administrators or an Eligible Educational Institution in establishing or maintaining an Account, or that you are restricted by law from participating in Achieve Montana, we may close your Account.

In addition, the Program Manager may terminate an Account if the balance or fair market value of the Account is less than $25 for a period of at least six (6) months.

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, penalties, and any other expenses, as a result of the liquidation, will be solely your responsibility.

**Account Restrictions.**
In addition to rights expressly stated elsewhere in this Program Description, we reserve the right to (1) freeze an Account and/or suspend Account services when we have received reasonable notice of a dispute regarding the assets in an Account, including notice of a dispute in Account ownership or when Achieve Montana reasonably believes a fraudulent transaction may occur or has occurred; (2) freeze an Account and/or suspend Account services upon the notification of the death of an Account Owner until we receive required documentation in good order and reasonably believe that it is lawful to transfer Account ownership to the Joint Account Owner, if applicable, or the Successor Account Owner; (3) redeem an Account, without the Account Owner's permission, in cases of threatening conduct or suspicious, fraudulent, or illegal activity; and (4) reject a contribution for any reason, including contributions to an Account or Accounts that the Program Manager or the Board believe are not in the best interests of Achieve Montana, a Portfolio or the Account Owners. The risk of market loss, tax implications, penalties, and any other expenses, as a result of such an Account freeze or redemption will be solely the Account Owner's responsibility.

# FEES

## AT A GLANCE

IN THIS SECTION, YOU WILL LEARN MORE ABOUT:

TOTAL FEES CHARGED

FEES CHARGED FOR UNDERLYING FUNDS AND PROGRAM MANAGEMENT

COST OF A $10,000 INVESTMENT

The Board has established Fees and other payments relating to Achieve Montana, which it may change from time to time. Any changes to the Fees will be included in any subsequent Program Descriptions or supplements. The Fees are described below and illustrated in the following tables.

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

- **Underlying Fund Fee.**
  The Underlying Fund Fee includes investment advisory fees and administrative and other expenses of the Underlying Fund, which are paid to Vanguard or DFA as applicable.

- **Service Fee.**
  The Service Fee is paid to Ascensus College Savings for the Program Management Services that it provides to Achieve Montana.

- **State Administrative Fee.**
  The State Administrative Fee is paid to the Board to help cover the Board's costs and expense of operating Achieve Montana.

**Annual Account Maintenance Fee.**
An Annual Account Maintenance Fee of $25 is charged to each Account. This fee is waived if (i) you are a Montana Resident, (ii) your Account balance is at least $25,000, or (iii) you have established an AIP or payroll deduction. The Program Manager receives this Fee, which is generally assessed each April.

**Fee Structure Table.**

The following table describes the total fees charged to each Portfolio in Achieve Montana. The annualized Underlying Fund Fee, Service Fee and State Administrative Fee added together equal the Total Annual Asset-Based Fee.

ANNUALIZED ASSET-BASED FEES

| PORTFOLIOS | ANNUALIZED UNDERLYING FUND FEE[1] | ANNUALIZED SERVICE FEE[2] | ANNUALIZED STATE ADMINISTRATIVE FEE[3] | TOTAL ANNUAL ASSET-BASED FEE[4] | ADDITIONAL EXPENSES ANNUAL ACCOUNT MAINTENANCE FEE[5] |
|---|---|---|---|---|---|
| Aggressive Portfolio | 0.09% | 0.52% | 0.20% | 0.81% | $25 |
| Growth Portfolio | 0.08% | 0.52% | 0.20% | 0.80% | $25 |
| Moderate Portfolio | 0.10% | 0.52% | 0.20% | 0.82% | $25 |
| Conservative Portfolio | 0.10% | 0.52% | 0.20% | 0.82% | $25 |
| Income Portfolio | 0.11% | 0.52% | 0.20% | 0.83% | $25 |
| Savings Portfolio | 0.00% | 0.47% | 0.20% | 0.67% | $25 |

1 The annualized Underlying Fund Fee includes investment advisory fees and administrative and other expenses of the Underlying Funds, as of August 31, 2015, which are paid to Vanguard and DFA, as applicable.
2 Ascensus College Savings receives the Service Fee for the Program Management Services it provides to Achieve Montana.
3 The Board receives the State Administrative Fee to help cover the Board's costs and expense of operating Achieve Montana.
4 This total is assessed against assets over the course of the year and includes the annualized Service Fee, the annualized Underlying Fund Fee, and the annualized State Administrative Fee, but does not include the Annual Account Maintenance Fee. Please refer to the Table on page 27 that shows the total assumed investment cost over 1-, 3-, 5-, and 10-year periods.
5 This fee may be waived in certain circumstances. Please see *Annual Account Maintenance Fee* on page 25.

**Service-Based and Other Fees.**

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

| TRANSACTION | FEE AMOUNT[6] |
|---|---|
| Returned Check | $30 |
| Rejected AIP | $30 |
| Rejected EFT | $30 |
| Overnight Delivery | $15 |
| Outgoing Wires | $5 |
| Reissue of Disbursement Checks | $15 |
| Request for Historical Statement | $10 per yearly statement |
| | $30 maximum per household |
| Rollover to another 529 Plan | $20 |

6 Subject to change without prior notice.

We reserve the right to charge an Account in any circumstance in which we incur expenses on behalf of the Account (e.g. when a check, AIP payment, or Electronic Funds Transfer (EFT) is returned unpaid by the bank upon which it is drawn). We may deduct these fees and expenses directly from your Account.

## APPROXIMATE COST FOR A $10,000 INVESTMENT

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

- A $10,000 contribution is invested for the time periods shown.
- A 5% annually compounded rate of return on the amount invested throughout the period.
- The Account is redeemed at the end of the period shown to pay for Qualified Expenses (the table does not consider the impact of any potential state or federal taxes on the redemption).
- The total annual asset-based fee remains the same as that shown in the Fee Structure Table on page 26. However, the actual total annual asset-based fee may be higher or lower.

Approximate cost for a $10,000 investment excluding the $25 Annual Account Maintenance Fee

| PORTFOLIO | ONE YEAR | THREE YEARS | FIVE YEARS | TEN YEARS |
|---|---|---|---|---|
| Aggressive Portfolio | $83 | $259 | $450 | $1,002 |
| Growth Portfolio | $82 | $255 | $444 | $990 |
| Moderate Portfolio | $84 | $262 | $455 | $1,014 |
| Conservative Portfolio | $84 | $262 | $455 | $1,014 |
| Income Portfolio | $85 | $265 | $460 | $1,025 |
| Savings Portfolio | $68 | $214 | $373 | $835 |

Approximate cost for a $10,000 investment including the $25 Annual Account Maintenance Fee

| PORTFOLIO | ONE YEAR | THREE YEARS | FIVE YEARS | TEN YEARS |
|---|---|---|---|---|
| Aggressive Portfolio | $108 | $333 | $572 | $1,241 |
| Growth Portfolio | $107 | $330 | $567 | $1,230 |
| Moderate Portfolio | $109 | $336 | $578 | $1,253 |
| Conservative Portfolio | $109 | $366 | $578 | $1,253 |
| Income Portfolio | $110 | $339 | $583 | $1,265 |
| Savings Portfolio | $93 | $289 | $496 | $1,076 |

## IMPORTANT RISKS YOU SHOULD KNOW ABOUT

**AT A GLANCE**
IN THIS SECTION, YOU WILL LEARN MORE ABOUT:

KEY RISKS
MARKET UNCERTAINTIES
BOARD DISCRETION
IMPACT ON FINANCIAL AID

**Key Risk Factors of Achieve Montana.**
You should carefully consider the information in this section, as well as the other information in the Program Description, before making any decisions about opening an Account or making any additional contributions. The contents of the Program Description should not be construed as legal, financial, or tax advice. You should consult an attorney or a qualified financial or tax advisor with any legal, business, or tax questions you may have. In addition, investment recommendations or advice you receive from any financial advisor or any other person are not provided by, or on behalf of, the State of Montana, the Board, the Trust, Achieve Montana, the Program Manager or its affiliates, or the Investment Managers.

**Achieve Montana is an Investment Vehicle.**
Accounts in Achieve Montana are subject to certain risks. In addition, certain Portfolios carry more and/or different risks than others. You should weigh such risks with the understanding that these risks could arise at any time during the life of your Account. For a discussion of the investment risks related to each Investment Option, please see *Portfolio Profiles* beginning on page 34.

**Principal and Returns not Guaranteed.**
Neither your contributions to an Account nor any investment return earned on your contributions are guaranteed by the Plan Administrators. 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 Achieve Montana.

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

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

**Limited Investment Direction; Liquidity.**
Investments in a Qualified Tuition Program are considered less liquid than other types of investments (e.g., investments in mutual fund shares) because the circumstances in which you may withdraw money from a Qualified Tuition Program account without a penalty or adverse tax consequences are significantly more limited. Once you select a Portfolio for a particular contribution, Section 529 of the Code provides that you can move money or transfer from that Portfolio to another up to two times per calendar year for the same Beneficiary or upon a change of 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 Board; Potential Changes to Achieve Montana.**

The Board has the sole discretion to determine which Investment Options will be available in Achieve Montana. For example, the Board may

- add, remove, or merge Portfolios;
- close a Portfolio to new investors;
- change the Program Manager, the Investment Manager(s), or the Underlying Fund(s) of a Portfolio; and
- change Achieve Montana's Fees and charges.

Depending on the nature of the change, you may be required to participate or be prohibited from participating in the change with respect to Accounts established before the change.

We may terminate Achieve Montana by giving written notice to you and you may be required to take a distribution. Any amounts distributed may be considered a Non-Qualified Withdrawal and are subject to any charges due; to any charge, tax payment or penalty required by law to be withheld; and to allowances for any terminating or winding up expenses.

If you established your Account prior to the time a change to Achieve Montana is made available, you may be required to participate in those changes or may be prohibited (according to the Code, Section 529 regulations or other guidance issued by the IRS) from participating in Achieve Montana changes, unless you open a new Account.

We may also change the Underlying Funds in Achieve Montana. During the transition from one Underlying Fund to another Underlying Fund, a Portfolio or portion of a Portfolio may be temporarily uninvested and lack market exposure to an asset class. During a transition period, a Portfolio may temporarily hold a basket of securities if the original Underlying Fund chooses to satisfy the Portfolio's redemption on an in-kind basis. In this case, we will seek to liquidate the securities received from the Underlying Fund as soon as practicable so that the proceeds can be invested in the replacement Underlying Fund. The transaction costs associated with any liquidation, as well as any market impact on the value of the securities being liquidated, will be borne by the Portfolio and Accounts invested in that Portfolio. The original Underlying Fund may impose redemption fees. In this event, the Portfolio and Accounts invested in that Portfolio will bear those redemption fees.

***You should consult a tax or investment advisor to seek advice concerning the appropriateness of this investment.***

**Suitability.**

The Plan Administrators 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 the 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 Achieve Montana available as education investment alternatives. They may entail tax and other fee or expense consequences and features different from Achieve Montana, including, for example, different investments and different levels of account owner control. You may wish to consider these alternatives prior to opening an Account.

**Meeting College Expenses not Guaranteed.**

Even if your Account(s) for a Beneficiary meet the Maximum Contribution Limit allowed under Achieve Montana, 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 Program Description, the IRS has not issued final tax regulations regarding Qualified Tuition Programs. In addition, Achieve Montana has not sought, nor has it received, a private letter ruling from the IRS regarding the status of Achieve Montana under Section 529 of the Code. The Board may, in its sole discretion, determine to seek such a ruling in the future.

**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 Achieve Montana or the value of your Account, or the availability of state tax deductions, even retroactively. Specifically, Achieve Montana is subject to the provisions of and any changes to or revocation of the Enabling Legislation.

In addition, it is the Board's intention to take advantage of Section 529 of the Code, and, therefore, Achieve Montana is vulnerable to tax law changes or court or interpretive rulings that might alter the tax considerations described in *Federal Tax Information* beginning on page 50.

**Death of Account Owner.**
If the Account is jointly owned, the surviving Joint Account Owner will become the sole Account Owner. If the Account is owned by a sole Account Owner, the Successor Account Owner will become the Account Owner upon completion of an Enrollment Form. If a Successor Account Owner has not been named on an Account and the Account Owner dies, control and ownership of the Account will become subject to the estate laws of the state in which the Account Owner resided.

**Tax Considerations; Recapture.**
The federal and state tax consequences associated with participating in Achieve Montana can be complex. In particular, you, as the Account Owner (not the contributor), as provided in the Montana Code Annotated, Section 15-62-208, are subject to a recapture tax at a rate equal to the highest rate of tax provided in the Montana Code Annotated, Section 15-30-2103 if you take a Non-Qualified Distribution or if you opened your Account less than three years before the date of any distribution. All contributions made to Accounts owned by residents of Montana are presumed to have reduced the contributor's State adjusted gross income after applying the Montana state income tax deduction unless the contributor can demonstrate that all or a portion of the contributions did not reduce State adjusted gross income. Please see *State Tax Information—— Recapture of Income Tax Deduction* on page 52. You should consult a tax advisor regarding the application of tax laws to your particular circumstances.

**Securities Laws.**
Units held by the Accounts in Achieve Montana are generally 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 Program Description.

**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 Achieve Montana 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 the 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 Achieve Montana on needs-based financial aid programs.

**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 Achieve Montana on Medicaid eligibility.

**General Portfolio Risks.**
Each Portfolio has its own investment strategy and, as a result, its own risk and performance characteristics. In choosing the appropriate Portfolio(s) for your Account, you should consider your investment objectives, risk tolerance, time horizon, and other factors you determine to be important.

A Portfolio's risk and potential return are functions of its relative weightings of stock, bond, and money market investments. In general, the greater a Portfolio's exposure to stock investments, the higher its risk (especially short-term volatility) and its potential for superior long-term performance. The more exposure a Portfolio has to bond and money market investments, the lower its risk and its potential long-term returns. There are also variations in risk/return levels within the stock and bond categories. For example, international stocks typically have higher risk levels than domestic stocks.

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

In addition, there is no guarantee that the Investment Managers will continue to provide the Underlying Funds for investment by the Portfolios or that the Program Manager or other service providers will be able to negotiate their continued services in the future.

For additional information on the risks that may affect Portfolio performance, please read *Investment Choices—Portfolio Profiles* beginning on page 34.

# INVESTMENT CHOICES

**AT A GLANCE**
IN THIS SECTION, YOU WILL LEARN MORE ABOUT:



In this Section, you will find information about the Investment Options. You should consider the information in this Section carefully before choosing to invest in one or more Portfolios. Information related to each Underlying Fund has been provided by Vanguard, DFA, or FNBO, as applicable. If you have questions about any of the investment-related information in this Section, you should call a Client Service Representative at 1-877-486-9271 prior to making an investment decision.

## INVESTMENTS OVERVIEW

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

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

- An **Age-Based Option**, comprised of five (5) Portfolios, in which your money is moved automatically from one Portfolio to progressively more conservative investments as your Beneficiary approaches college age. Each Portfolio invests in multiple Underlying Funds managed by Vanguard or DFA;
- **Individual Portfolios**. Each of the five (5) Portfolios that comprise the Age-Based Option are also available as Individual Portfolios. Unlike the Age-Based Option, if you invest in an Individual Portfolio, your assets will remain invested in that Portfolio until you direct us to move those assets to a different Portfolio. The composition of investments within the Portfolio remains fixed over time. Each Portfolio invests in multiple Underlying Funds, each of which is managed by either Vanguard or DFA; or
- The **Savings Portfolio**, in which all assets are invested in an omnibus savings account *(Savings Account)* at FNBO. The Savings Account is insured by the FDIC and held in trust by the Board at FNBO.

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

## AGE-BASED OPTION

The Age-Based Option is designed to take into account a Beneficiary's age and your investing time horizon - i.e., the number of years before the Beneficiary is expected to attend an Eligible Educational Institution. In general, for younger Beneficiaries, the 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 Portfolios with 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 Option, 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 Portfolio within the Age-Based Option.

| | BENEFICIARY AGE BIRTH-4 | BENEFICIARY AGE 5-10 | BENEFICIARY AGE 11-14 | BENEFICIARY AGE 15-17 | BENEFICIARY AGE 18+ |
|---|---|---|---|---|---|
| UNDERLYING INVESTMENT | *AGGRESSIVE PORTFOLIO* | *GROWTH PORTFOLIO* | *MODERATE PORTFOLIO* | *CONSERVATIVE PORTFOLIO* | *INCOME PORTFOLIO* |
| DFA U.S. Large Company Portfolio | 38.00% | 33.44% | 24.70% | 11.40% | 0.00% |
| Vanguard Small-Cap Value Index Fund Institutional | 25.00% | 22.00% | 16.25% | 7.50% | 0.00% |
| Vanguard REIT Index Fund Institutional | 10.00% | 8.80% | 6.50% | 3.00% | 0.00% |
| Vanguard Developed Markets Index Fund Institutional | 15.00% | 13.20% | 9.75% | 4.50% | 0.00% |
| Vanguard Emerging Markets Stock Index Fund Institutional | 12.00% | 10.56% | 7.80% | 3.60% | 0.00% |
| **Total Equity** | **100.0%** | **88.0%** | **65.0%** | **30.0%** | **0.0%** |
| Vanguard Short-Term Inflation-Protected Securities Index Fund Institutional | 0.0% | 1.8% | 4.5% | 6.0% | 4.5% |
| DFA Short-Term Government Portfolio | 0.0% | 3.0% | 7.5% | 10.0% | 7.5% |
| DFA Two-Year Global Fixed Income Portfolio | 0.0% | 1.8% | 4.5% | 6.0% | 4.5% |
| DFA Inflation-Protected Securities Portfolio | 0.0% | 2.4% | 6.0% | 8.0% | 6.0% |
| Vanguard Total Bond Market Index Fund Admiral | 0.0% | 3.0% | 7.5% | 10.0% | 7.5% |
| **Total Fixed Income** | **0.0%** | **12.0%** | **30.0%** | **40.0%** | **30.0%** |
| Vanguard Prime Money Market Fund Institutional | 0.0% | 0.0% | 5.0% | 30.0% | 70.0% |
| **Total Equity/Fixed Income** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |

**Portfolio Rebalancing.**
The Portfolios are rebalanced quarterly if the allocation of assets is off by more than 1% from the target to ensure that they are allocated as close to the target allocations as possible.

## INDIVIDUAL PORTFOLIOS

Unlike the Age-Based Option, if you invest in one or more Individual Portfolios, your assets will not be automatically moved to Portfolios with more conservative investments as the Beneficiary ages. Instead, your investment will remain fixed in the Portfolio unless and until you direct us to exchange into another Portfolio.

The Individual Portfolios consist of the following five (5) Portfolios, each of which invest in multiple Underlying Funds as shown in the table on page 33.

- Aggressive Portfolio
- Growth Portfolio
- Moderate Portfolio
- Conservative Portfolio
- Income Portfolio

*If you choose to invest in Portfolios that invest in Underlying Funds with a significant weighting in stocks, you should consider moving your assets to the more conservative Portfolios that invest in either a bond or short-term fixed-income Underlying Fund as your Beneficiary approaches college age. Please note that there are limitations on your ability to move assets from one Portfolio to another. Please see Maintaining My Account beginning on page 18.*

## SAVINGS PORTFOLIO

Similar to the Individual Portfolios, the types and composition of investments held by the Portfolio remains fixed over time. The Savings Portfolio invests 100% of its assets in the Savings Account. The Savings Account is held in an omnibus savings account insured by the FDIC (up to certain limits) and held in trust by the Board at FNBO. Please see *Portfolio Profiles – Savings Portfolio* beginning on page 37.

## PORTFOLIO PROFILES

The following profiles highlight the investment objective, strategy, and a summary of the main risks of each Portfolio. The Portfolios in Achieve Montana are more likely to meet their goals if each Underlying Fund in which each Portfolio invests achieves its stated investment objectives.

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. The information provided below only includes a summary of the main risks of the Portfolios. Each Underlying Fund's current prospectus and statement of additional information contains information not summarized here and identifies additional risks that are not discussed below. You may wish to speak to an investment advisor to understand the specific risks associated with each Portfolio. A discussion of the risk factors relating to each Portfolio and Underlying Funds can be found beginning on page 38.

### *AGGRESSIVE PORTFOLIO*

**Objective:** The Aggressive Portfolio seeks to provide long-term capital appreciation.

**Strategy:** This Portfolio invests in one DFA stock fund and four Vanguard stock index funds. Through these investments, the Aggressive Portfolio allocates about 73% of its assets to Underlying Funds that invest primarily in U.S. stocks and about 27% of its assets to Underlying Funds that invest primarily in international stocks. The approximate percentages of the Portfolio's assets allocated to each Underlying Fund are:

- DFA U.S. Large Company Portfolio (38%)
- Vanguard Small-Cap Value Index Fund Institutional Shares (25%)
- Vanguard REIT Index Fund Institutional Shares (10%)
- Vanguard Developed Markets Index Fund Institutional Shares (15%)
- Vanguard Emerging Markets Stock Index Fund Institutional Shares (12%)

**Risks:** The Aggressive Portfolio has a number of investment-related risks. Through its investment in the DFA stock fund, it is subject to **market risk, derivatives risk, securities lending risk, and cyber security risk**. These risks are discussed under *Investment Risks - DFA Underlying Funds* beginning on page 41.

Through its investment in the Vanguard stock index funds, it is subject to **stock market risk, investment style risk, industry concentration risk, interest rate risk, country/ regional risk, currency risk, emerging markets risk, and index sampling risk**. these risks are discussed under *Investment Risks - Vanguard Underlying Funds* beginning on page 46.

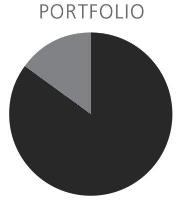
## GROWTH PORTFOLIO

**Objective:** This Portfolio seeks to provide capital appreciation and low to moderate current income.

**Strategy:** The Growth Portfolio invests in one DFA stock fund, four Vanguard stock index funds, three DFA bond funds, and two Vanguard bond index funds. Through these investments, the Growth Portfolio allocates about 88% of its assets to a diversified mix of stocks and about 12% of its assets to a mix of bonds. The approximate percentages of the Portfolio's assets allocated to each Underlying Fund are:

- DFA U.S. Large Company Portfolio (33.44%)
- Vanguard Small-Cap Value Index Fund Institutional Shares (22%)
- Vanguard REIT Index Fund Institutional Shares (8.8%)
- Vanguard Developed Markets Index Fund Institutional Shares (13.20%)
- Vanguard Emerging Markets Stock Index Fund Institutional Shares (10.56%)
- Vanguard Short-Term Inflation-Protected Securities Index Fund Institutional Shares (1.8%)
- DFA Short-Term Government Portfolio (3.0%)
- DFA Two-Year Global Fixed Income Portfolio (1.8%)

GROWTH PORTFOLIO



●Stocks · 88%
●Fixed Income · 12%

- DFA Inflation-Protected Securities Portfolio (2.4%)
- Vanguard Total Bond Market Index Fund Admiral Shares (3.0%)

**Risks:** The Growth Portfolio has a number of investment-related risks. Through its investment in the DFA stock fund, it is subject to **market risk, derivatives risk, securities lending risk and cyber security risk**. Through its investment in the DFA bond funds, it is subject to **market risk, interest rate risk, credit risk, income risk, liquidity risk, securities lending risk, foreign securities and currencies risk, foreign government debt risk, inflation-protected securities interest rate risk, risk of investing for inflation protection, and cyber security risk**. These risks are discussed under *Investment Risks - DFA Underlying Funds* beginning on page 41.

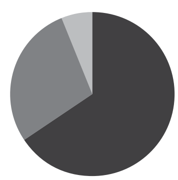
Through its investment in the Vanguard stock index funds, it is subject to **stock market risk, investment style risk, industry concentration risk, interest rate risk, country/ regional risk, currency risk, emerging markets risk, and index sampling risk. Through its investment in the Vanguard bond index funds, the Portfolio is subject to: income fluctuations risk, interest rate risk, income risk, call risk, prepayment risk, extension risk, credit risk, and index sampling risk**. These risks are discussed under *Investment Risks - Vanguard Underlying Funds* beginning on page 46.

## MODERATE PORTFOLIO

**Objective:** The Moderate Portfolio primarily seeks to provide capital appreciation and secondarily provide current income.

**Strategy:** This Portfolio invests in one DFA stock fund, four Vanguard stock index funds, three DFA bond funds, two Vanguard bond funds, and one Vanguard money market fund. Through its investment in these Underlying Funds, the Moderate Portfolio allocates about 65% of its assets to a mix of diversified stocks, about 30% of its assets to a mix of bonds and about 5% of its assets to cash. The approximate percentages of the Portfolio's assets allocated to each Underlying Fund are:

- DFA U.S. Large Company Portfolio (24.7%)
- Vanguard Small-Cap Value Index Fund Institutional Shares (16.25%)
- Vanguard REIT Index Fund Institutional Shares (6.5%)
- Vanguard Developed Markets Index Fund Institutional Shares (9.75%)
- Vanguard Emerging Markets Stock Index Fund Institutional Shares (7.8%)
- Vanguard Short-Term Inflation-Protected Securities Index Fund Institutional Shares (4.5%)
- DFA Short-Term Government Portfolio (7.5%)
- DFA Two-Year Global Fixed Income Portfolio (4.5%)
- DFA Inflation-Protected Securities Portfolio (6.0%)
- Vanguard Total Bond Market Index Fund Admiral Shares (7.5%)
- Vanguard Prime Money Market Fund Institutional Shares (5.0 %)




**Risks:** The Moderate Portfolio has a number of investment-related risks. Through its investment in the DFA stock fund, it is subject to **market risk, derivatives risk, securities lending risk, and cyber security risk**. Through its investment in the DFA bond funds, it is subject to **market risk, interest rate risk, credit risk, income risk, liquidity risk, securities lending risk, foreign securities and currencies risk, foreign government debt risk, inflation-protected securities interest rate risk, risk of investing for inflation protection, and cyber security risk**. These risks are discussed under *Investment Risks - DFA Underlying Funds* beginning on page 41.

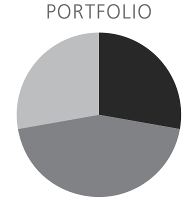
Through its investment in the Vanguard stock index funds, it is subject to **stock market risk, investment style risk, industry concentration risk, interest rate risk, country/regional risk, currency risk, emerging markets risk, and index sampling risk**. Through its investment in the Vanguard bond index funds, the Portfolio is subject to **income fluctuations risk, interest rate risk, income risk, call risk, prepayment risk, extension risk, credit risk, and index sampling risk.** Through its investment in the Vanguard money market fund, it is subject to **income risk, manager risk, credit risk, and industry concentration risk**. These risks are discussed under *Investment Risks - Vanguard Underlying Funds* beginning on page 46.

## *CONSERVATIVE PORTFOLIO*

**Objective:** The Conservative Portfolio seeks to provide current income and low to moderate capital appreciation.

**Strategy:** This Portfolio invests in one DFA stock fund, four Vanguard stock index funds, three DFA bond funds, two Vanguard bond funds, and one Vanguard money market fund. Through its investment in these Underlying Funds, the Conservative Portfolio allocates about 30% of its assets to broadly diversified stocks, about 40% of its assets to bonds, balancing medium-term and short-term maturities, and about 30% of its assets to cash. The approximate percentages of the Portfolio's assets allocated to each Underlying Fund are:

- DFA U.S. Large Company Portfolio (11.40%)
- Vanguard Small-Cap Value Index Fund Institutional Shares (7.5%)
- Vanguard REIT Index Fund Institutional Shares (3.0%)
- Vanguard Developed Markets Index Fund Institutional Shares (4.5%)
- Vanguard Emerging Markets Stock Index Fund Institutional Shares (3.6%)
- Vanguard Short-Term Inflation-Protected Securities Index Fund Institutional Shares (6.0%)
- DFA Short-Term Government Portfolio (10.0%)
- DFA Two-Year Global Fixed Income Portfolio (6.0%)
- DFA Inflation-Protected Securities Portfolio (8.0%)
- Vanguard Total Bond Market Index Fund Admiral Shares (10.0%)
- Vanguard Prime Money Market Fund Institutional Shares (30.0%)



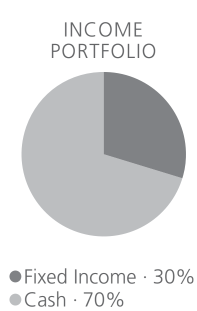
**Risks:** The Conservative Portfolio has a number of investment-related risks. Through its investment in the DFA stock fund, it is subject to **market risk, derivatives risk, securities lending risk, and cyber security risk**. Through its investment in the DFA bond funds, it is subject to **market risk, interest rate risk, credit risk, income risk, liquidity risk, securities lending risk, foreign securities and currencies risk, foreign government debt risk, inflation-protected securities interest rate risk, risk of investing for inflation protection, and cyber security risk**. These risks are discussed under *Investment Risks - DFA Underlying Funds* beginning on page 41.

Through its investment in the Vanguard stock index funds, it is subject to **stock market risk, investment style risk, industry concentration risk, interest rate risk, country/regional risk, currency risk, emerging markets risk, and index sampling risk**. Through its investment in the Vanguard bond index funds, the portfolio is subject to **income fluctuations risk, interest rate risk, income risk, call risk, prepayment risk, extension risk, credit risk, and index sampling risk**. Through its investment in the Vanguard money market fund, it is subject to **income risk, manager risk, credit risk, and industry concentration risk**. These risks are discussed under *Investment Risks - Vanguard Underlying Funds* beginning on page 46.

### *INCOME PORTFOLIO*

**Objective:** The Income Portfolio seeks to provide limited current income and preservation of principal.

**Strategy:** This Portfolio invests in two Vanguard bond index funds, three DFA bond funds, and one Vanguard money market fund. Through its investment in these Underlying Funds, the Portfolio allocates approximately 13.5% of assets to longer maturity bonds, about 16.5% of its assets to shorter maturity bonds, and about 70% of its assets to cash. The approximate percentages of the Portfolio's assets allocated to each Underlying Fund are:




- Vanguard Short-Term Inflation-Protected Securities Index Fund Institutional Shares (4.5%)
- DFA Short-Term Government Portfolio (7.5%)
- DFA Two-Year Global Fixed Income Portfolio (4.5%)
- DFA Inflation-Protected Securities Portfolio (6.0%)
- Vanguard Total Bond Market Index Fund Admiral Shares (7.5%)
- Vanguard Prime Money Market Fund Institutional Shares (70.0%)

**Risks:** The Income Portfolio has a number of investment-related risks. Through its investment in the DFA bond funds, it is subject to **market risk, interest rate risk, credit risk, income risk, liquidity risk, securities lending risk, foreign securities and currencies risk, foreign government debt risk, inflation-protected securities interest rate risk, risk of investing for inflation protection and cyber security risk**. These risks are discussed under *Investment Risks - DFA Underlying Funds* beginning on page 41.

Through its investment in the Vanguard bond index funds, the Portfolio is subject to **income fluctuations risk, interest rate risk, income risk, call risk, prepayment risk, extension risk, credit risk, and index sampling risk**. Through its investment in the Vanguard money market fund, it is subject to **income risk, manager risk, credit risk, and industry concentration risk**. These risks are discussed under *Investment Risks - Vanguard Underlying Funds* beginning on page 46.

### *SAVINGS PORTFOLIO*

**Objective:** The Savings Portfolio seeks to provide income consistent with the preservation of principal.

**Strategy:** This Portfolio invests 100% of its assets in a savings account held at FNBO. The Savings Account is an omnibus savings account insured by the FDIC (up to the limits set forth below), and is held in trust by the Board at FNBO.

Investments in the Savings Portfolio earn a varying rate of interest. Interest on the Savings Account is compounded daily based on the actual number of days in a year and will be credited to the Savings Account on a monthly basis. The interest rate is expressed as an annual percentage yield (APY). The APY will be reviewed by FNBO on a periodic basis and may be recalculated as needed at any time. To see the current Savings Portfolio APY, please visit achievemontana.com or call a Client Service Representative at 1-877-486-9271.

**FDIC Insurance.**

Subject to the application of FNBO and FDIC rules and regulations to each Account Owner, funds in the Savings Portfolio will retain their value as a result of FDIC insurance.

FDIC insurance is provided for the Savings Portfolio only, which invests in an FDIC-insured omnibus savings account held in trust by the Board at FNBO. Contributions to and earnings on the investments in the Savings Portfolio are insured by the FDIC on a per participant, pass-through basis to each Account Owner up to the maximum limit established by federal law, which currently is $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 FNBO (including FNBO deposits), as determined in accordance with FNBO and FDIC rules and regulations. You should determine whether the amount of FDIC insurance available to you is sufficient to cover the total of your investment in the Savings Portfolio plus your other deposits at FNBO. The Plan Administrators are not responsible for determining the amount of FDIC insurance provided to you.

**No Other Guarantees.**

FDIC insurance is the only insurance available for the Savings Portfolio. The Savings Portfolio does not provide a guarantee of any level of performance or return or offer any additional guarantees. Like all of the Investment Options, neither the contributions into the Savings Portfolio nor any investment return earned on the contributions are guaranteed by the Plan Administrators or any other federal or state entity or person.

**Risks**: To the extent that FDIC insurance applies, the Savings Portfolio is primarily subject to the risk that the return on the underlying Savings Account will vary because of changing interest rates and that the return on the Savings Account will decline because of falling interest rates. Except for Accounts invested in the Savings Portfolio, funds deposited in an Account are not insured by the FDIC.

## UNDERLYING FUND DESCRIPTIONS

### DFA UNDERLYING FUNDS

#### *DFA U.S. LARGE COMPANY PORTFOLIO*

**Objective:** The DFA U.S. Large Company Portfolio seeks, as its investment objective, to approximate the total investment return of the S&P 500® Index.

**Strategy:** The U.S. Large Company Portfolio generally invests in the stocks that comprise the S&P 500 Index in approximately the proportions they are represented in the S&P 500 Index. The S&P 500 Index comprises a broad and diverse group of stocks. Generally, these are the U.S. stocks with the largest market capitalizations and, as a group, they represent approximately 75% of the total market capitalization of all publicly traded U.S. stocks. For the U.S. Large Company Portfolio, Dimensional Fund Advisors LP *(Advisor)* considers the stocks that comprise the S&P 500 Index to be those of large companies. Under normal market conditions, at least 95% of the U.S. Large Company Portfolio's net assets will be invested in the stocks that comprise the S&P 500 Index. As a non-fundamental policy, under normal circumstances, the U.S. Large Company Portfolio will invest at least 80% of its net assets in securities of large U.S. companies.

Ordinarily, portfolio companies will not be sold except to reflect additions or deletions of the companies that comprise the S&P 500 Index, including as a result of mergers, reorganizations and similar transactions and, to the extent necessary, to provide cash to pay redemptions of the U.S. Large Company Portfolio's shares. Given the impact on prices of securities affected by the reconstitution of the S&P 500

Index around the time of a reconstitution date, the U.S. Large Company Portfolio may purchase or sell securities that may be impacted by the reconstitution before or after the reconstitution date of the S&P 500 Index (a reconstitution of the S&P 500 Index is when S&P Dow Jones adjusts the companies that are included in the Index). In seeking to approximate the total investment return of the S&P 500 Index, the Advisor may also adjust the representation of securities in the U.S. Large Company Portfolio after considering those securities' characteristics and other factors the Advisor determines to be appropriate.

The U.S. Large Company Portfolio may use derivatives, such as futures contracts and options on futures contracts for U.S. equity securities and indices, to adjust market exposure based on actual or expected cash inflows to or outflows from the portfolio.

The U.S. Large Company Portfolio does not intend to use derivatives for purposes of speculation or leveraging investment returns.

The U.S. Large Company Portfolio may lend its portfolio securities to generate additional income.

About the S&P 500® Index: The Standard & Poor's 500 Composite Stock Price Index is market capitalization weighted (adjusted for free float). Its performance is usually cyclical because it reflects periods when stock prices generally rise or fall.

**Risks:** The U.S. Large Company Portfolio is subject to **market risk, derivatives risk, securities lending risk and cyber security risk.** These risks are discussed under *Investment Risks - DFA Underlying Funds* beginning on page 41.

### *DFA SHORT-TERM GOVERNMENT PORTFOLIO*

**Objective:** The investment objective of the DFA Short-Term Government Portfolio is to maximize total returns from the universe of debt obligations of the U.S. Government and U.S. government agencies. Total return is comprised of income and capital appreciation.

**Strategy:** The Short-Term Government Portfolio seeks to maximize risk-adjusted total returns from a universe of obligations of the U.S. Government and its agencies maturing in five years or less. The credit quality of the securities purchased by the portfolio will be that of the U.S. Government or its agencies. As a non-fundamental policy, under normal circumstances, the Portfolio will invest at least 80% of its net assets in government securities that mature within five years from the date of settlement. It is the policy of the portfolio that the maximum length of maturity of investments will not exceed five years from the date of settlement. However, investments may be made in obligations maturing in a shorter time period (from overnight, to up to five years from the date of settlement). In making these purchase decisions, if the anticipated maturity risk premium is greater for longer-term securities in the eligible maturity range, the Advisor will focus investment in that longer-term area, otherwise, the portfolio will focus investment in the short-term range of the eligible maturity range. The Advisor expects that the portfolio's average portfolio maturity and average portfolio duration will be three years or less. Duration is a measure of the expected life of a fixed income security that is used to determine the sensitivity of a security's price to changes in interest rates. The longer a security's duration, the more sensitive it will be to interest rates. The portfolio will also acquire repurchase agreements backed by U.S. government securities. The portfolio is authorized to invest more than 25% of its total assets in U.S. Treasury bonds, bills and notes and obligations of federal agencies and instrumentalities.

The Short-Term Government Portfolio may lend its portfolio securities to generate additional income.

**Risks:** The Short-Term Government Portfolio is subject to **market risk, interest rate risk, credit risk, income risk, liquidity risk, securities lending risk and cyber security risk.** These risks are discussed under *Investment Risks - DFA Underlying Funds* beginning on page 41.

*DFA TWO-YEAR GLOBAL FIXED INCOME PORTFOLIO*

**Objective:** The investment objective of the DFA Two-Year Global Fixed Income Portfolio (Two-Year Global Portfolio) is to maximize total returns consistent with preservation of capital. Total return is comprised of income and capital appreciation.

**Strategy:** The Two-Year Global Portfolio seeks to maximize risk-adjusted total returns from a universe of U.S. and foreign debt securities maturing in two years or less. The Two-Year Global Portfolio invests in obligations issued or guaranteed by the U.S. and foreign governments, their agencies and instrumentalities, corporate debt obligations, bank obligations, commercial paper, repurchase agreements, obligations of other domestic and foreign issuers, securities of domestic or foreign issuers denominated in U.S. dollars but not trading in the United States, and obligations of supranational organizations. At the present time, the Advisor expects that most investments will be made in the obligations of issuers which are in developed countries. However, in the future, the Advisor anticipates investing in issuers located in other countries as well. The fixed income securities in which the Two-Year Global Portfolio invests are considered investment grade at the time of purchase. Under normal market conditions, the portfolio intends to invest its assets to gain exposure to issuers of at least three different countries, one of which may be the United States. An issuer may be considered to be of a country if it is organized, has the majority of its assets, or derives a majority of its operating income in that country. As a non-fundamental policy, under normal circumstances, the portfolio will invest at least 80% of its net assets in fixed income securities that mature within two years from the date of settlement.

It is the policy of the Two-Year Global Portfolio that the weighted average length of maturity of investments will not exceed two years. However, investments may be made in obligations maturing in a shorter time period (from overnight, to up to two years from the date of settlement). In making purchase decisions, if the anticipated maturity risk premium is greater for longer-term securities in the eligible maturity range, the Advisor will focus investment in the longer-term area, otherwise, the portfolio will focus investment in the shorter-term area of the eligible maturity range. In addition, the portfolio is authorized to invest more than 25% of its total assets in U.S. Treasury bonds, bills and notes, and obligations of federal agencies and instrumentalities.

Because many of the portfolio's investments may be denominated in foreign currencies, the portfolio may also enter into forward foreign currency contracts to attempt to protect against uncertainty in the level of future foreign currency rates, to hedge against fluctuations in currency exchange rates or to transfer balances from one currency to another. In regard to currency hedging, it is generally not possible to precisely match the foreign currency exposure of such forward foreign currency contracts to the value of the securities involved due to fluctuations in the market values of such securities and cash flows into and out of the portfolio between the date a forward foreign currency contract is entered into and the date it expires. The portfolio may use derivatives, such as futures contracts and options on futures contracts, to adjust market exposure based on actual or expected cash inflows to or outflows from the portfolio. The portfolio does not intend to use derivatives for purposes of speculation or leveraging investment returns.

The Two-Year Global Portfolio may lend its portfolio securities to generate additional income.

**Risks:** The Two-Year Global Portfolio is subject to market risk, foreign securities and currencies risk, foreign government debt risk, interest rate risk, credit risk, income risk, derivatives risk, liquidity risk, securities lending risk and cyber security risk. These risks are discussed under *Investment Risks - DFA Underlying Funds* beginning on page 41.

*DFA INFLATION-PROTECTED SECURITIES PORTFOLIO*

**Objective:** The investment objective of the DFA Inflation-Protected Securities Portfolio (Inflation-Protected Portfolio) is to provide inflation protection and earn current income consistent with inflation-protected securities.

**Strategy:** The Inflation-Protected Portfolio seeks its investment objective by investing in a universe of inflation-protected securities that are structured to provide returns linked to the rate of inflation over the long-term. The Inflation-Protected Portfolio ordinarily invests in inflation-protected securities issued by the U.S. Government and its agencies and instrumentalities and the credit quality of such inflation-protected securities will be that of such applicable U.S. government, agency or instrumentality issuer.

As a non-fundamental policy, under normal circumstances, the portfolio will invest at least 80% of its net assets in inflation-protected securities. Inflation-protected securities (also known as inflation-indexed securities) are securities whose principal and/or interest payments are adjusted for inflation, unlike conventional debt securities that make fixed principal and interest payments. Inflation-protected securities include Treasury Inflation-Protected Securities *(TIPS)*, which are securities issued by the U.S. Treasury. The principal value of TIPS is adjusted for inflation (payable at maturity) and the semi-annual interest payments by TIPS equal a fixed percentage of the inflation-adjusted principal amount. These inflation adjustments are based upon the Consumer Price Index for Urban Consumers *(CPI-U)*. The original principal value of TIPS is guaranteed, even during periods of deflation. At maturity, TIPS are redeemed at the greater of their inflation-adjusted principal or par amount at original issue. Other types of inflation-protected securities may use other methods to adjust for inflation and other measures of inflation. In addition, inflation-protected securities issued by entities other than the U.S. Treasury may not provide a guarantee of principal value at maturity.

Generally, the Inflation-Protected Portfolio will purchase inflation-protected securities with maturities between five and twenty years from the date of settlement, although it is anticipated that, at times, the portfolio will purchase securities outside of this range. The portfolio ordinarily will have an average weighted maturity, based upon market values, between three to twelve years.

The Inflation-Protected Portfolio is authorized to invest more than 25% of its total assets in U.S. Treasury bonds, bills and notes and obligations of U.S. government agencies and instrumentalities. The portfolio will not shift the maturity of its investments in anticipation of interest rate movements.

The Inflation-Protected Portfolio may lend its portfolio securities to generate additional income.

**Risks:** The Inflation-Protected Portfolio is subject to **market risk, interest rate risk, inflation-protected securities interest rate risk, credit risk, risks of investing for inflation protection, income risk, liquidity risk, securities lending risk and cyber security risk.** These risks are discussed under *Investment Risks - DFA Underlying Funds* beginning on page 41.

## INVESTMENT RISKS - DFA UNDERLYING FUNDS

**Credit Risk:** Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value, and thus, impact the DFA Underlying Fund's performance. Government agency obligations have different levels of credit support and, therefore, different degrees of credit risk. Securities issued by agencies and instrumentalities of the U.S. Government that are supported by the full faith and credit of the United States, such as the Federal Housing Administration and Ginnie Mae, present little credit risk. Other securities issued by agencies and instrumentalities sponsored by the U.S. Government, that are supported only by the issuer's right to borrow from the U.S. Treasury, subject to certain limitations, and securities issued by agencies and instrumentalities sponsored by the U.S. Government that are sponsored by the credit of the issuing agencies, such as Freddie Mac and Fannie Mae, are subject to a greater degree of credit risk. U.S. government agency securities issued or guaranteed by the credit of the agency may still involve a risk of non-payment of principal and/or interest.

**Cyber Security Risk:** The DFA Underlying Fund's and its service providers' use of internet, technology and information systems may expose the DFA Underlying Fund to potential risks linked to cyber security breaches of those technological or information systems. Cyber security breaches, amongst other things, could allow an unauthorized party to gain access to proprietary information, customer data, or fund assets, or cause the DFA Underlying Fund and/or its service providers to suffer data corruption or lose operational functionality.

**Derivatives Risk:** Derivatives are instruments, such as futures contracts, whose value is derived from that of other assets, rates or indices. The use of derivatives for non-hedging purposes may be considered more speculative than other types of investments. When the U.S. Large Company Portfolio uses derivatives, the U.S. Large Company Portfolio will be directly exposed to the risks of that derivative. Derivative instruments are subject to a number of risks including counterparty, liquidity, interest rate, market, credit and management risks, and the risk of improper valuation. Changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index, and the U.S. Large Company Portfolio could lose more than the principal amount invested.

Derivatives are instruments, such as futures and foreign exchange forward contracts, whose value is derived from that of other assets, rates or indices. Derivatives can be used for hedging (attempting to reduce risk by offsetting one investment position with another) or non-hedging purposes. Hedging with derivatives may increase expenses, and there is no guarantee that a hedging strategy will work. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains or cause losses if the market moves in a manner different from that anticipated by the Two-Year Global Portfolio or if the cost of the derivative outweighs the benefit of the hedge. The use of derivatives for non-hedging purposes may be considered more speculative than other types of investments. When the Two-Year Global Portfolio uses derivatives, the Two-Year Global Portfolio will be directly exposed to the risks of that derivative. Derivative instruments are subject to a number of risks including counterparty, liquidity, interest rate, market, credit and management risks, and the risk of improper valuation. Changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index, and the Two-Year Global Portfolio could lose more than the principal amount invested.

**Foreign Government Debt Risk:** The risk that: (a) the governmental entity that controls the repayment of government debt may not be willing or able to repay the principal and/or to pay the interest when it becomes due, due to factors such as political considerations, the relative size of the governmental entity's debt position in relation to the economy, cash flow problems, insufficient foreign currency reserves, the failure to put in place economic reforms required by the International Monetary Fund or other multilateral agencies, and/or other national economic factors; (b) governments may default on their debt securities, which may require holders of such securities to participate in debt rescheduling; and (c) there is no legal or bankruptcy process by which defaulted government debt may be collected in whole or in part.

**Foreign Securities and Currencies Risk:** Foreign securities prices may decline or fluctuate because of: (a) economic or political actions of foreign governments, and/or (b) less regulated or liquid securities markets. Investors holding these securities may also be exposed to foreign currency risk (the possibility that foreign currency will fluctuate in value against the U.S. dollar or that a foreign government will convert, or be forced to convert, its currency to another currency, changing its value against the U.S. dollar). The Two-Year Global Portfolio hedges foreign currency risk.

**Income Risk:** Income risk is the risk that falling interest rates will cause the DFA Underlying Fund's income to decline because, among other reasons, the proceeds from maturing short-term securities in its portfolio may be reinvested in lower-yielding securities.

**Inflation-Protected Securities Interest Rate Risk:** Inflation-protected securities may react differently from other fixed income securities to changes in interest rates. Because interest rates on inflation-protected securities are adjusted for inflation, the values of these securities are not materially affected by inflation expectations. Therefore, the value of inflation-protected securities are anticipated to change in response to changes in "real" interest rates, which represent nominal (stated) interest rates reduced by the expected impact of inflation. Generally, the value of an inflation-protected security will fall when real interest rates rise and will rise when real interest rates fall. Income securities with longer maturities are more sensitive to changes in interest rates.

**Interest Rate Risk**: Fixed income securities are subject to interest rate risk because the prices of fixed income securities tend to move in the opposite direction of interest rates. When interest rates rise, fixed income security prices fall. When interest rates fall, fixed income security prices rise. In general, fixed income securities with longer maturities are more sensitive to changes in interest rates.

**Liquidity Risk:** Liquidity risk exists when particular portfolio investments are difficult to purchase or sell. To the extent that the DFA Underlying Fund holds illiquid investments, the DFA Underlying Fund's performance may be reduced due to an inability to sell the investments at opportune prices or times. Liquid portfolio investments may become illiquid or less liquid after purchase by the DFA Underlying Fund due to low trading volume, adverse investor perceptions and/or other market developments. Liquidity risk includes the risk that the DFA Underlying Fund will experience significant net redemptions at a time when it cannot find willing buyers for its portfolio securities or can only sell its portfolio securities at a material loss. Liquidity risk can be more pronounced in periods of market turmoil.

**Market Risk:** Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities, and the DFA Underlying Fund that owns them, to rise or fall. Because the value of your investment in the DFA Underlying Fund will fluctuate, there is the risk that you will lose money.

**Risks of Investing for Inflation Protection:** Because the interest and/or principal payments on an inflation-protected security are adjusted periodically for changes in inflation, the income distributed by the Inflation-Protected Portfolio may be irregular. Although the U.S. Treasury guarantees to pay at least the original face value of any inflation-protected securities the Treasury issues, other issuers may not offer the same guarantee. Also, inflation-protected securities, including those issued by the U.S. Treasury, are not protected against deflation. As a result, in a period of deflation, the principal and income of inflation-protected securities held by the Inflation-Protected Portfolio will decline and the Inflation-Protected Portfolio may suffer a loss during such periods. While inflation-protected securities are expected to be protected from long-term inflationary trends, short-term increases in inflation may lead to a decline in the Inflation-Protected Portfolio's value. For example, if interest rates rise due to reasons other than inflation, the Inflation-Protected Portfolio's investment in these securities may not be protected to the extent that the increase is not reflected in the securities' inflation measures. In addition, positive adjustments to principal generally will result in taxable income to the Inflation-Protected Portfolio at the time of such adjustments (which generally would be distributed by the Inflation-Protected Portfolio as part of its taxable dividends), even though the principal amount is not paid until maturity. The current market value of inflation-protected securities is not guaranteed and will fluctuate.

**Securities Lending Risk:** Securities lending involves the risk that the borrower may fail to return the securities in a timely manner or at all. As a result, the DFA Underlying Funds may lose money and there may be a delay in recovering the loaned securities. The DFA Underlying Fund could also lose money if it does not recover the securities and/or the value of the collateral falls, including the value of investments made with cash collateral. Securities lending also may have certain adverse tax consequences.

## VANGUARD UNDERLYING FUNDS

### *VANGUARD SMALL-CAP VALUE INDEX FUND*

**Objective:** The Fund seeks to track the performance of a benchmark index that measures the investment return of small-capitalization value stocks.

**Strategy:** The Fund employs an indexing investment approach designed to track the performance of the CRSP US Small Cap Value Index, a broadly diversified index of value stocks of small U.S. companies. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weighting in the Index.

**Risks:** An investment in the Fund could lose money over short or even long periods. You should expect the Fund's share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The Fund is subject to **stock market risk and investment style risk,** which could affect the Fund's performance. These risks are discussed under *Investment Risks - Vanguard Underlying Funds* beginning on page 46.

### *VANGUARD REIT INDEX FUND*

**Objective:** The Fund seeks to provide a high level of income and moderate long-term capital appreciation by tracking the performance of a benchmark index that measures the performance of publicly traded equity real estate investment trusts (known as REITs).

**Strategy:** The Fund employs an indexing investment approach designed to track the performance of the MSCI US REIT Index. The Index is composed of stocks of publicly traded equity REITs. The Fund attempts to replicate the Index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weighting in the Index.

**Risks:** An investment in the Fund could lose money over short or even long periods. You should expect the Fund's share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The Fund is subject to **industry concentration risk, stock market risk, interest rate risk and investment style risk**, which could affect the Fund's performance. These risks are discussed under *Investment Risks - Vanguard Underlying Funds* beginning on page 46.

### *VANGUARD DEVELOPED MARKETS INDEX FUND*

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

**Strategy:** The Fund employs an indexing investment approach designed to track the performance of the FTSE Developed ex North America Index, which includes approximately 1,385 common stocks of companies located in developed countries of Europe, Australia, Asia, and the Far East. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weighting in the Index.

**Risks:** An investment in the Fund could lose money over short or even long periods. You should expect the Fund's share price and total return to fluctuate within a wide range, like the fluctuations of global stock markets. The Fund is subject to **stock market risk, country/regional risk and currency risk**, which could affect the Fund's performance. These risks are discussed under *Investment Risks - Vanguard Underlying Funds* beginning on page 46.

### *VANGUARD EMERGING MARKETS STOCK INDEX FUND*

**Objective:** The Fund seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in emerging market countries.

**Strategy:** The Fund employs an indexing investment approach by investing substantially all (approximately 95%) of its assets in the common stocks included in the FTSE Emerging Index, while employing a form of sampling intended to reduce risk. The FTSE Emerging Index includes approximately 907 common stocks of companies located in emerging markets around the world.

**Risks:** An investment in the Fund could lose money over short or even long periods. You should expect the Fund's share price and total return to fluctuate within a wide range, like the fluctuations of global stock markets. The Fund is subject to stock market risk, emerging markets risk, country/regional risk, currency risk and index sampling risk, which could affect the Fund's performance. These risks are discussed under *Investment Risks - Vanguard Underlying Funds* beginning on page 46.

### *VANGUARD SHORT-TERM INFLATION-PROTECTED SECURITIES INDEX FUND*

**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 5 years.

**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 5 years.

The Fund attempts to replicate the target index by investing all, or substantially all, 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. The Fund maintains a dollar-weighted average maturity consistent with that of the target index, which generally does not exceed 3 years.

**Risks:** The Fund is designed for investors with a low tolerance for risk, but you could still lose money by investing in it. The Fund is subject to income fluctuations and interest rate risk, which could affect the Fund's performance. These risks are discussed under - *Investment Risks - Vanguard Underlying Funds* beginning on page 46.

### *VANGUARD TOTAL BOND MARKET INDEX FUND*

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

**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.

**Risks:** An investment in the Fund could lose money over short or even long periods. You should expect the Fund's share price and total return to fluctuate within a wide range, like the fluctuations of the overall bond market. The Fund is subject interest rate risk, income risk, call risk, prepayment risk, extension risk, credit risk and index sampling risk, which could affect the Fund's performance. These risks are discussed under *Investment Risks - Vanguard Underlying Funds* beginning below.

*VANGUARD PRIME MONEY MARKET FUND*

**Objective:** The Fund seeks to provide current income while maintaining liquidity and a stable share price of $1.

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

**Risks:** The Fund is designed for investors with a low tolerance for risk; however, the Fund is subject to **income risk, manager risk, credit risk, and industry concentration risk**, which could affect the Fund's performance. These risks are discussed under I*nvestment Risks - Vanguard Underlying Funds* beginning below.

## INVESTMENT RISKS - VANGUARD UNDERLYING FUNDS

**Call risk:** The chance that during periods of falling interest rates, issuers of callable bonds may call (redeem) securities with higher coupon rates or interest rates before their maturity dates. An 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.

**Country/regional risk:** The chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries or regions.

**Credit risk:** The chance that a bond issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments, will cause the price of that bond to decline.

**Currency risk:** The chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates. Currency risk is especially high in emerging markets.

**Emerging markets risk:** The chance that the stocks of companies located in emerging markets will be substantially more volatile, and substantially less liquid, than the stocks of companies located in more developed foreign markets because, among other factors, emerging markets can have greater custodial and operational risks; less developed legal, regulatory, and accounting systems; and greater political, social, and economic instability than developed markets.

**Extension risk:** The chance that during periods of rising interest rates, certain debt obligations will be paid off substantially more slowly than originally anticipated, and the value of those securities may fall. For funds that invest in mortgage-backed securities, extension risk is the chance that during periods of rising interest rates, homeowners will prepay their mortgages at slower rates.

**Income fluctuations:** 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. In fact, under certain conditions, the Fund may not have any income to distribute. Income fluctuations associated with changes in interest rates are expected to be low; however, income fluctuations associated with changes in inflation are expected to be high. Overall, investors can expect income fluctuations to be high for the Fund.

**Income risk:** The chance that an Underlying Fund's income will decline because of falling interest rates.

**Index sampling risk:** The chance that the securities selected for an Underlying Fund, in the aggregate, will not provide investment performance matching that of the Underlying Fund's target index.

**Industry concentration risk:** The chance that there will be overall problems affecting a particular industry in which an Underlying Fund invests more than 25% of its assets. The performance of an Underlying Fund that invests more than 25% of its assets in a particular industry depends to a greater extent on the overall condition of that industry and is more susceptible to events affecting that industry.

**Interest rate risk:** The chance that bond prices will decline because of rising interest rates. For *Vanguard REIT Index Fund* this is the chance that REIT stock prices overall will decline and that the cost of borrowing for REITs will increase because of rising interest rates.

**Investment style risk:** 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 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.

**Prepayment risk:** The chance that during periods of falling interest rates, homeowners will refinance their mortgages before their maturity dates, resulting in prepayment of mortgage-backed securities held by an Underlying Fund. The Underlying Fund would then lose any price appreciation above the mortgage's principal and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the Underlying Fund's income.

**Manager risk:** The chance that poor security selection will cause an Underlying Fund to underperform relevant benchmarks or other funds with a similar investment objective.

**Stock market risk:** 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. An Underlying Fund's investments in foreign stocks can be riskier than U.S. stock investments. Foreign stocks tend to be more volatile and less liquid than U.S. stocks. The prices of foreign stocks and the prices of U.S. stocks may move in opposite directions. In addition, an Underlying Fund's target index may, at times, become focused in stocks of a particular market sector, which would subject the Underlying Fund to proportionately higher exposure to the risks of that sector.

## ADDITIONAL INVESTMENT INFORMATION

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

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

**Treatment of Dividends and Capital Gains.**
The Underlying Funds distribute dividends and capital

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

**The Target Indexes of Certain of the Underlying Funds May Change.**
Certain products of the Underlying Funds are index funds or are funds that invest in index funds. Each index fund reserves the right to substitute a different index for the index it currently tracks. This could happen if the current index is discontinued, if the index fund's agreement with the sponsor of its current index is terminated, or for any other reason determined in good faith by the index fund's board of trustees. In any such instance, a substitute index would measure substantially the same market segment (e.g., large-, mid-, or small-capitalization) as the current index.

**Portfolio Changes.**
We may (i) change the asset allocations, policies, objectives, and guidelines of the Portfolios, (ii) change the selection of Underlying Funds in which each Portfolio invests, and (iii) modify, add, and close Portfolios, each at any time and without prior notice. If we make 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 investments of the Underlying Funds of a Portfolio.

**Requesting additional Information about the Underlying Funds.**
Your contributions to the Portfolios will be invested by Achieve Montana 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. You can request a copy of the current prospectus, the Statement of Additional Information, or the most recent semi-annual or annual report of any Underlying Fund by contacting the following:

| | | |
|---|---|---|
| **Vanguard** | vanguard.com | 866.734.4533 |
| **DFA** | us.dimensional.com | 512.306.7400 |

## INVESTMENT DIRECTION AND CONTROL BY ACCOUNT OWNER

**Investment Selection.**
For each new contribution, you can select from any of the Portfolios when you make your contribution. The minimum allocation per selected Investment Option is 5% of the contribution amount. You should periodically assess, and if appropriate, adjust your investment choices with your time horizon, risk tolerance and investment objectives in mind.

**Changing Portfolios.**
Once you select your Portfolio for a particular contribution, IRS rules provide that you can move money or transfer from one Portfolio to another up to two times per calendar year for the same Beneficiary. You can change the allocation of your future contributions at any time.

## INVESTMENT PERFORMANCE

The Portfolios commenced operations in October 2015 and no performance information for the Portfolios is yet available. However, certain Portfolio price and performance information will be made available approximately 90 days after the Portfolios commence operations on achievemontana.com or through a Client Service Representative by calling 1-877-486-9271.

The performance of the Portfolios will differ from the performance of the Underlying Funds. Because the Portfolios have higher expense ratios than those of the Underlying Funds, over comparable periods of time, all other things being equal, a Portfolio would have lower performance than its comparable Underlying Fund. (Of course, the Underlying Funds do not offer the same tax advantages as the Portfolios.) Performance differences also are caused by differences in the trade dates of Portfolio purchases. When you invest money in a Portfolio, you will receive Units as of the trade date noted under *Contributing To My Account — Contribution* Date beginning on page 11.

The Portfolio will use your money to purchase shares of an Underlying Fund. However, the trade date for the Portfolio's purchase of Underlying Fund shares typically will be one Business Day after the trade date for your purchase of Units. Depending on the amount of cash flow into or out of the Portfolio and whether the Underlying Fund is going up or down in value, this timing difference may cause the Portfolio's performance either to trail or exceed the Underlying Fund's performance.

# IMPORTANT TAX INFORMATION

**AT A GLANCE**
IN THIS SECTION, YOU WILL LEARN MORE ABOUT:

FEDERAL TAX INFORMATION
STATE TAX INFORMATION

## FEDERAL TAX INFORMATION

**General.**
This Section describes some of the federal tax considerations you should be aware of when investing in Achieve Montana. However, the discussion is by no means exhaustive and is not meant as tax advice. The federal tax consequences associated with an investment in Achieve Montana can be complex. Achieve Montana should not be used for the purpose 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 Achieve Montana.

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

**Federal Gift/Estate Tax.**
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 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 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.

**Transfers from the Bank Plan for the Same Beneficiary.**
Under Section 529, you can transfer assets directly from the Bank Plan to Achieve Montana up to two times per calendar year for the same Beneficiary. This would be considered an investment exchange for federal and state tax purposes and is therefore subject to the restrictions described in *Maintaining My Account—Changing Investment Direction* on page 19.

An indirect transfer is where money is distributed from the Bank Plan to the Account Owner and then contributed by the Account Owner to an Account in Achieve Montana. For federal and state tax purposes, this type of indirect transfer 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. The earnings portion of an indirect transfer from the Bank Plan would be subject to federal and state income tax and the Distribution Tax on the earnings portion of the distribution.

**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 Achieve Montana 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, Tuition Assistance 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 Montana state income tax deduction with respect to any Non-Qualified Distribution as discussed in *State Tax Information - Recapture of Income Tax Deduction* below.

**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 INFORMATION

**General.**
This section discusses some of the state tax considerations you should be aware of when investing in Achieve Montana. However, the discussion is by no means exhaustive and is not meant as tax advice. The state tax consequences associated with an investment in Achieve Montana can be complex. You should consult a tax advisor regarding the application of state tax laws to your particular circumstances.

**Income Tax benefit for Montana Taxpayers.**
If you are a Montana taxpayer and you contribute to one or more accounts in a 529 Plan sponsored by the State of Montana in a tax year, you are entitled to reduce your adjusted gross income in computing your Montana income tax, by the total amount of your eligible contributions, but not by more than $3,000 ($6,000 if married, filing jointly). To be eligible, the contribution must be made to an Account owned by you, your spouse, or your child or stepchild (if your child or stepchild is a Montana resident when the contribution is made). If a parent or stepparent contributes to an Account they established under the Montana Uniform Transfers to Minors Act for which their child or stepchild is the Beneficiary, the parent or stepparent is allowed to deduct the amount of the contribution in computing their own Montana adjusted gross income. Rollover contributions from another Qualified Tuition Program into Achieve Montana also count as contributions eligible for the tax deduction. A Montana taxpayer's contributions to another Qualified Tuition Program are also eligible for a Montana state income tax deduction.

**Recapture of Income Tax Deduction.**
Montana imposes a recapture tax on Non-Qualified Distributions and distributions from an Account that was opened less than three years before the date of the distribution. The recapture tax is calculated at a rate equal to the highest rate of tax provided in the Montana Code Annotated, Section 15-30-2103. The recapture tax is payable by you, as the Account Owner. You are liable for the recapture tax if you owned the Account as a Montana resident even if you are not a Montana resident at the time of the withdrawal.

For purposes of the recapture tax, as provided in Montana Code Annotated, Section 15-62-208, all contributions made to an Account owned by a Montana resident are presumed to have reduced the contributor's State adjusted gross income unless the contributor can demonstrate that all or a portion of the contributions did not reduce State adjusted gross income. The Program Manager or its service provider may withhold the potential recapture tax from any "potentially recoverable distribution" from an Account that was at any time owned by a Montana Resident but that at the time of the distribution is not owned by a person who is a Montana Resident.

**Montana Tax-Free Distributions for Qualified Expenses.**
If you are a Montana taxpayer, you or the Beneficiary are generally not subject to Montana state 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 a Montana taxpayer, you should consult your own state's laws or your tax advisor for more information on your state's taxation of distributions for Qualified Expenses.

**Montana Taxation of Non-Qualified and Other Distributions.**

If you are a Montana taxpayer, you, or the Beneficiary, as applicable, will be subject to Montana state income tax on the earnings portion of any distribution that is also included in your federal adjusted gross income for a taxable year. In addition, you, as an Account Owner, may be subject to recapture of some or all of any State income tax deduction claimed for prior taxable years as a result of any Non-Qualified Distribution.

**Non-Montana Taxpayers.**

If you or your Beneficiary, as applicable, are not a Montana 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 Achieve Montana. You may wish to contact your home state's Qualified Tuition Program(s), or any other Qualified Tuition Program, to learn more about those plans' features, benefits and limitations.

Keep in mind that state-based benefits should be one of many appropriately weighted factors to be considered when making an investment decision.

In addition, since different states have different tax provisions, if you or your Beneficiary, as applicable, are not a Montana taxpayer, you should consult your own state's tax laws or your tax advisor for more information on your state's taxation of Non-Qualified and other distributions. 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.

## GENERAL INFORMATION

**AT A GLANCE**
IN THIS SECTION, YOU WILL LEARN MORE ABOUT:

- RIGHTS AND OBLIGATIONS OF YOUR ACCOUNT
- CHANGES TO YOUR ACCOUNT, THIS DOCUMENT AND LAWS
- LAWS AND CLAIMS REGARDING YOUR ACCOUNT

**Your Account.**
The Program Description and, when executed by you, the Enrollment Form, constitutes the entire contract between you and the Board, as trustee of the Trust, with respect to your Account. By signing the Enrollment Form, you are requesting that the Board establish an Account for the benefit of the Beneficiary you designate on the Enrollment Form. Your Account, the Program Description and your signed Enrollment Form are subject to the Enabling Legislation and any rules or policies the Board has adopted or may adopt under the Enabling Legislation. Your Account assets will be held, subject to the Enabling Legislation and the Code, the Program Description, and your signed Enrollment Form, for the exclusive benefit of you and the Beneficiary.

**Customer Identification Verification.**
To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an Account. When completing an Enrollment Form, we will ask for your name, street address, date of birth, and Social Security number or tax identification number (and any person(s) opening an Account on behalf of an Account Owner, such as a Custodian, agent under a power of attorney, trustee or corporate officers). This information is necessary to properly verify the identity of the person(s) opening the Account. If we do not receive all of the required information, there could be a delay in opening your Account. We will use this information to verify your identify and if, after making reasonable efforts, we are unable to verify

your identity, the U.S.A. Patriot Act allows us to take any action permitted by law, without prior notice to you, including rejecting contribution and transfer requests, suspending Account services, or closing the Account and refunding the Account at the Unit Value calculated the day the Account is closed. Any refund made under these circumstances may be considered a Non-Qualified Distribution. The risk of market loss, tax implications, and any other expenses as a result of the liquidation, will be solely your responsibility.

**Suspension of Services.**
The Board reserves the right to (a) refuse, change, discontinue, or temporarily suspend account services, including accepting contributions and processing distribution requests, for any reason, and (b) suspend the processing of distribution requests or postpone sending out the proceeds of a withdrawal request when the NYSE is closed for any reason other than its usual weekend or holiday closings, when trading is restricted by the SEC, or under any emergency circumstances.

**Changes to an Account.**
The Plan Administrators 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 Plan Administrators, 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 Plan Administrators agree otherwise.

**Keep Legal Documents for Your Records.**
You should retain the Program Description for your records. We may make modifications to Achieve Montana in the future. If so, a supplement to the Program Description may be sent to your address of record or notice sent to you by e-mail if you choose to receive documents electronically. If material modifications are made to Achieve Montana, a revised Program Description or supplement may be sent to your address of record or notice sent to you by e-mail if you choose to receive documents electronically.

In these cases, the new supplement and/or Program Description will supersede all prior versions. Please note that we periodically match and update the addresses of record (for Joint Account owners, the address on file for the primary Account Owner) against a change of address database maintained by the U.S. Postal Service to reduce the possibility that items sent First Class Mail, such as Account statements, will be undeliverable.

**Changes to the Program Description.**
The Board may amend the terms of the Program Description from time to time to comply with changes in Achieve Montana, the law or regulations or if the Board determines it is in Achieve Montana's best interest to do so. However, the Board 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 ensure compliance with applicable state and federal laws or regulations or to preserve the favorable tax treatment to you, your Beneficiary, the Board, Achieve Montana or the Trust.

**Changes to State Statutes; Adoption of Rules.**
The Montana Legislature may, from time to time, pass legislation which may directly or indirectly affect the terms and conditions of Achieve Montana and the Program Description. Also, the Board may adopt rules and/or policies pursuant to the provisions of the Enabling Legislation, which may directly or indirectly affect the terms and conditions of Achieve Montana and the Program Description.

**Determination of Maximum Contribution Limits.**
The Board or its designee generally evaluates the Maximum Contribution Limit each August. The Board may revise the Maximum Contribution Limit if it determines that a lower limit is required for Achieve Montana to qualify under Section 529 of the Code.

**Guide to Interpretation.**
Achieve Montana is intended to qualify for the tax benefits of Section 529 of the Code. Notwithstanding anything in the Program Description to the contrary, the terms and conditions applicable to your Account will be interpreted and/or amended to comply with the requirements of that section and applicable regulations.

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

**Custodial Arrangements.**
The Bank of New York Mellon Corporation (Mellon) is Achieve Montana's custodian. As such, Mellon is responsible for maintaining Achieve Montana's assets.

**Creditor Protections.**
Federal law provides limited creditor protections based on the timing of contributions and the debtor's relationship to the Beneficiary. Generally, contributions made to a debtor's Account less than 365 days before the filing of a federal bankruptcy petition are included in the debtor Account Owner's bankruptcy estate and are not protected from creditors. Contributions up to $6,225 made to a debtor's Account from 365 days to 72 days before the filing of a bankruptcy petition are generally not part of a debtor Account Owner's bankruptcy estate, provided that the Beneficiary is the debtor's child, stepchild, grandchild or step-grandchild. This amount is currently revised every three (3)

years by the Judicial Conference of the United States. 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 advice or bankruptcy advice. You should consult a legal advisor regarding the application of this specific law to your particular circumstances and for a determination of whether Montana or federal law applies to your situation.*

**Representation.**
All factual determinations regarding your or your Beneficiary's residency, Disabled status, and any other factual determinations regarding your Account will be made by the Board or its designee based on the facts and circumstances of each case.

**Severability.**
In the event that any clause or portion of the Program Description or the Enrollment Form, including your representations, warranties, certifications, and acknowledgements, is found to be invalid or unenforceable by a valid court order, that clause or portion shall be severed from the Program Description or the Enrollment Form, as applicable, and the remainder of the Program Description or Enrollment Form, as applicable, shall continue in full force and effect as if such clause or portion had never been included.

**Precedence.**
In the event of inconsistencies between the Program Description, the Management Agreement, Policies, or the Rules, and the Code or Montana statutes, the provisions of the Montana statutes or the Code, as applicable, shall govern. To the extent permitted by Montana law, the Code shall govern in the event of any inconsistencies between Montana statutes and the Code.

**Montana Law.**
Achieve Montana is created under the laws of the State. It is governed by, construed, and administered in accordance with the laws of the State. The venue for disputes and all other matters relating to Achieve Montana will only be in the State.

**Claims; Disputes.**
All decisions and interpretations by the Plan Administrators in connection with the operation of Achieve Montana will be final and binding upon you, the Beneficiary and any other person affected. Any claim by you or your Beneficiary against the Plan Administrators, individually or collectively, with respect to your Account shall be made solely against the assets in your Account. The obligations of Achieve Montana under an Enrollment Form are moneys received from you and earnings and/or losses from your Account investments, and neither you nor your Beneficiary will have recourse against the Plan Administrators, 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, are not insured or guaranteed by the State, and neither the full faith and credit nor the taxing power of the State can be pledged to the payment of education expenses, including Qualified Education Expenses. Establishment of an Account does not guarantee that a Beneficiary will be admitted to an Eligible Educational Institution or be allowed to continue enrollment at or graduate from an Eligible Educational Institution after admission. Establishing an Account does not establish Montana residence for a Beneficiary. The State does not guarantee that amounts saved in an Account will be sufficient to cover the Qualified Expenses of a Beneficiary. All obligations under your Account, the Enrollment Form, and the Program Description are legally binding contractual obligations of the Trust only.

**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 Montana for all legal proceedings arising out of or relating to your Account. The Board or the Program Manager or other service provider to Achieve Montana may apply to a court at any time for judicial settlement of any matter involving your Account. If the Board or the Program

Manager or other service provider to Achieve Montana 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 Administrators 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 Program Description and your agreement to participate in Achieve Montana 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 Administrators, all of whom can rely upon and enforce your representations and obligations contained in the Program Description and the Enrollment Form.

# ADMINISTRATION

**AT A GLANCE**
IN THIS SECTION, YOU WILL LEARN MORE ABOUT:

THE BOARD
THE TRUST
THE PROGRAM MANAGER

**Achieve Montana.**
Achieve Montana is intended to operate as a Qualified Tuition Program and is operated under the Trust established pursuant to the Enabling Legislation. The Enabling Legislation authorizes the Board to establish and administer Qualified Tuition Programs and gives the Board power to develop and implement Achieve Montana through the establishment of rules, guidelines, procedures, or policies. In addition, the Board is provided discretion with regard to the formation of Achieve Montana, including the retention of professional services necessary to assist in the administration of Achieve Montana. Achieve Montana is administered by the Board, an instrumentality of the State.

**Other Qualified Tuition Programs Administered by the Board.**
The Board also administers the Bank Plan, which is currently closed to new investments. This Program Description relates only to Achieve Montana. Go to collegesavings.com/montana for information and materials about the Bank Plan.

**The Board.**
As required by the Enabling Legislation, Achieve Montana is directed and administered by the Board. The Board consists of seven (7) members appointed by the Governor and confirmed by the legislature. The Governor, Superintendent of Public Instruction, and Commissioner of Higher Education are ex officio non-voting members of the Board. The Act also creates a Montana Family Education Savings Program Oversight Committee (Committee) under the authority of the Board to assist the Board in the implementation and administration of Achieve Montana, including recommending financial institutions for approval by the Board to act as managers of Achieve Montana. The Committee consists of seven (7) members appointed by the Governor to staggered 4-year terms and must include: the Commissioner of Insurance or the Commissioner's designee; the State Treasurer or the State Treasurer's designee; the presiding officer of the Board or the presiding officer's designee; and four (4) members of the general public, each of whom possesses knowledge, skill, and experience in accounting, risk management, or investment management as an actuary.

**The Trust.**
The Trust has been established pursuant to the Enabling Legislation as an instrumentality of the State. The Enabling Legislation provides that the Board is trustee of the Trust. Assets of the Trust consist of the investments and earnings on investments of funds received by Achieve Montana as contributions.

**Program Manager.**
Ascensus College Savings serves as the Program Manager of Achieve Montana. Ascensus College Savings and its affiliates, have overall responsibility for the day-to-day operations, including investment advisory, recordkeeping, customer service and administrative services. The Management Agreement between the Board and Ascensus College Savings expires in 2020 and may be extended for up two additional one year terms, or any other interval, upon agreement between the Board and Ascensus College Savings. The Management Agreement cannot exceed a total of seven years.

# GLOSSARY

**Defined Terms.** Terms used in this Program Description have the following meanings:

**529 Plan or Qualified Tuition Program:** A college savings plan generally set up by a state government pursuant to Section 529 of the Code to allow you to contribute to an account established for paying a student's Qualified Expenses at an Eligible Educational Institution.

**Account:** An account in Achieve Montana established by an Account Owner for a Beneficiary.

**Account Owner or You:** An individual 18 years or older, a trust, an estate, a partnership, an association, a company, a corporation, or Custodian, who signs an Enrollment Form establishing an Account. In certain cases, the Account Owner and Beneficiary may be the same person.

**Achieve Montana:** The Montana family education savings program operated pursuant to the Enabling Legislation.

**Annual Account Maintenance Fee:** An annual fee charged to each Account. The fee is waived if (i) the Account Owner is a Montana Resident, (ii) your Account balance is at least $25,000, or (iii) you have established an AIP or payroll deduction as described under *Fees* on page 25.

**AIP or Automatic Investment Plan:** A service in which an Account Owner authorizes Achieve Montana to transfer money, on a regular and predetermined basis, from a bank or other financial institution to an Account in Achieve Montana.

**Ascensus College Savings:** Ascensus College Savings is used to refer collectively or individually, as he case requires, to Ascensus College Savings Recordkeeping Services, LLC and Ascensus Investment Advisors, LLC.

**Bank Plan:** The Montana Family Education Savings Program Bank Plan.

**Beneficiary:** The individual designated by an Account Owner, or as otherwise provided in writing to Achieve Montana, is generally the student (or future student) for whom the Account is intended to provide benefits. The designated Beneficiary can be changed to a Member of the Family after an Account is opened and participation in Achieve Montana begins. If a state or local government or certain tax-exempt organizations purchase an interest in Achieve Montana as part of a scholarship program, the Beneficiary is the person who receives the interest as a scholarship.

**Board:** The Montana Board of Regents of Higher Education, as administrator of Achieve Montana and trustee of the Trust.

**Business Day:** A day on which the New York Stock Exchange is open for trading.

**Code:** Internal Revenue Code of 1986, as amended. There are references to various sections of the Code throughout this Program Description, including Section 529 as it currently exists and as it may subsequently be amended, and regulations promulgated thereunder.

**Committee:** The Montana Family Education Savings Program oversight committee established by the Enabling Legislation.

**Custodian:** The individual who opens an Account on behalf of a minor Beneficiary with assets from an UGMA/UTMA account. Generally, the Custodian will be required to perform all duties of the Account Owner with regard to the Account until the Account Owner attains the age of majority, is otherwise emancipated, or the Custodian is released or replaced by a valid court order. The Custodian of an Account funded from an UGMA/UTMA account may not change the Account Owner or Beneficiary.

**DFA:** Dimensional Fund Advisors LP.

**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. Please see IRS Publication 970 available at irs.gov/publications/p970/ for further details.

**Distribution Tax:** A federal surtax required by the Code that is equal to 10% of the earnings portion of a Non-Qualified Distribution.

**EFT or Electronic Funds Transfer:** A service in which an Account Owner authorizes Achieve Montana to transfer money from a bank or other financial institution to an Account in Achieve Montana.

**Eligible Educational Institution:** For purposes of a 529 Plan, any college, university, vocational school, or other postsecondary educational institution eligible to participate in a student aid program administered by the U.S. Department of Education. It includes virtually all accredited public, nonprofit, and proprietary (privately owned profit-making) postsecondary institutions. Certain educational institutions located outside the United States also participate in the U.S. Department of Education's Federal Student Aid (FSA) programs. You generally can determine if a school is an Eligible Educational Institution by searching for its Federal School Code (identification number for schools eligible for Title IV financial aid programs) at fafsa.ed.gov.

**Enabling Legislation:** The law that established the Montana Family Education Savings Program and the Family Education Savings Trust. (Montana Code Annotated, Title 15, Chapter 62).

**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 Achieve Montana.

**Fees:** The Annual Account Maintenance Fee, Total Annual Asset-Based Fee (which includes the Underlying Fund Fee, the Service Fee and the State Administrative Fee), and any other fees, costs, expenses, and charges associated with Achieve Montana.

**FNBO:** First National Bank of Omaha, a National Banking association.

**Investment Manager:** Ascensus College Savings has contracted with The Vanguard Group, Inc., Dimensional Fund Advisors LP and the First National Bank of Omaha to provide investment management services for the Underlying Funds that make up the Portfolios.

**Investment Option:** One of seven (7) options for investment in Achieve Montana – the Age-Based Option, five (5) Individual Portfolios and the Savings Portfolio.

**IRS:** Internal Revenue Service.

**Joint Account:** An Account owned together by spouses. The Account is considered a joint tenancy with right of survivorship.

**Management Agreement:** An agreement between the Board and Ascensus College Savings Recordkeeping Services, LLC, as the Program Manager, to provide Achieve Montana with recordkeeping and administrative services, Account servicing, and certain investment advisory services. The agreement between the Board and the Program Manager is now effective and will terminate in 2020 and may be extended for up to two additional one year terms, or any other interval, upon agreement between the Board and Ascensus College Savings. The Management Agreement cannot exceed a total of seven years.

**Maximum Contribution Limit:** The maximum aggregate balance of all accounts for the same Beneficiary in Qualified Tuition Programs sponsored by the State of Montana, as established by the Board from time to time, which will limit the amount of contributions that may be made to Accounts for any one Beneficiary, as required by Section 529 of the Code. The current Maximum Contribution Limit is $396,000.

**Member of the Family:** An individual as defined in Section 529(e)(2) of the Code. Generally, this definition includes a Beneficiary's immediate family members. A Member of the Family means an individual who is related to the Beneficiary as follows:

- a son, daughter, stepchild, or a descendant of any such person;
- a brother, sister, stepbrother, or stepsister;
- the father or mother, or an ancestor of either;
- a stepfather or stepmother;
- a son or daughter of a brother or sister;
- a brother or sister of the father or mother;
- a son-in-law, daughter-in-law, father-in-law, mother- in-law, brother-in-law, or sister-in-law;
- the spouse of the Beneficiary or the spouse of any individual described above; or
- a first cousin of the Beneficiary.

For purposes of determining who is a Member of the Family, a legally adopted child or a foster child of an individual is treated as the child of that individual by blood. The terms "brother" and "sister" include half-brothers and half-sisters.

**Montana Resident:** An Account Owner or Beneficiary who has registered a Montana address with Achieve Montana.

**Non-Qualified Distributions:** A distribution from an Account that is not one of the following:

- A Qualified Distribution;
- A distribution paid to a beneficiary of the Beneficiary (or the estate of the Beneficiary) on or after the death of the Beneficiary;
- A distribution by reason of the Disability of the Beneficiary;
- A distribution included in income because the Beneficiary received (i) a tax-free scholarship or fellowship; (ii) Veterans' education assistance; (iii) Tuition Assistance; or (iv) any other nontaxable (tax-free) payments (other than gifts or inheritances) received as education assistance;
- A distribution by reason of the Beneficiary's attendance at certain specified military academies;
- A distribution resulting from the use of Education Credits as allowed under federal income tax law; or
- A Rollover Distribution to another Qualified Tuition Program that is not sponsored by the State of Montana in accordance with the Code, with appropriate documentation.

**Plan Administrators:** The State, the Board, the Committee, any other agency of the State, the Program Manager, Ascensus Investment Advisors, LLC, Vanguard, DFA, FNBO and any other counsel, advisor, or consultant retained by, or on behalf of, those entities and any affiliate, employee, officer, official, or agent of those entities.

**Policies:** Policies relating to Achieve Montana adopted as part of the Board Policy and Procedures Manual. The Board may adopt new policies or amend existing policies at any time, in its sole discretion.

**Portfolio:** One of the six (6) Portfolios available to Account Owners in Achieve Montana.

**Program Management Services:** The services provided to the Accounts, the Trust, and Achieve Montana by the Program Manager. These services include recordkeeping, customer service, account administration, and certain investment advisory services.

**Program Manager:** Ascensus College Savings Recordkeeping Services, LLC has been engaged by the Board to provide Program Management Services, on behalf of Achieve Montana.

**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 Achieve Montana, related to enrollment or attendance at an Eligible Educational Institution. Generally, these include the following:

- Tuition, fees, and the costs of textbooks, supplies, and equipment required for the enrollment or attendance of a Beneficiary at an Eligible Educational Institution;
- Certain costs of room and board of a Beneficiary for any academic period during which the Beneficiary is enrolled at least half-time at an Eligible Educational Institution; and
- Expenses for "special needs" services needed by a special needs Beneficiary which must be incurred in connection with the Beneficiary's enrollment or attendance at an Eligible Educational Institution.

**Rollover Distribution:** A distribution resulting from a change of Beneficiary to another Beneficiary who is a Member of the Family, either within Achieve Montana 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.

**Rules:** The administrative rules adopted by the Montana Department of Revenue (please see Mont. Admin. R. 42.15.801). The Rules may be amended from time to time by the Montana Department of Revenue.

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

**State:** The State of Montana.

**Successor Account Owner:** The person named in the Enrollment Form or otherwise in writing to Achieve Montana by the Account Owner, who may exercise the rights of the Account Owner under Achieve Montana if the Account Owner dies. The Successor Account Owner may be the Beneficiary if the Beneficiary is 18 years or older.

**Trust:** The Montana family education savings trust, as established by the Enabling Legislation. When you invest in Achieve Montana, you are purchasing Portfolio Units issued by the Trust.

**Tuition:** The charges assessed by an Eligible Educational Institution for enrollment at the institution including, but not limited to, all mandatory fees imposed as a condition of enrollment toward a degree.

**Tuition Assistance:** A benefit earned by certain individuals employed by Eligible Educational Institutions whereby family members who attend these Eligible Educational Institutions may receive partial or full waivers for payment of Qualified Expenses.

**Underlying Fund Fee:** The investment advisory fees and administrative, and other expenses of the Underlying Funds in the Portfolios as described under *Fees* on page 25.

**Underlying Funds or Funds:** The Underlying mutual funds or other investments that make up the Portfolios.

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

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

**Unit Value:** The value per Unit in a Portfolio.

**Vanguard:** The Vanguard Group, Inc.

**We or Our:** Achieve Montana, the Board, the Committee, the Program Manager, Ascensus Investment Advisors, LLC, and the Investment Manager(s), as applicable.

# AGREEMENT

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

## INDEMNITY

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

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

2. I, through the Enrollment Form and the Program Description, indemnify and hold harmless the Plan Administrators 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 Program Description or the Enrollment Form, or any failure by me to fulfill any covenants or agreements in the Program Description, or the Enrollment Form.

## REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGEMENTS

I, as Account Owner, represent and warrant to, and acknowledge and agree with, the Board regarding the matters set forth in the Program Description and the Enrollment Form including that:

1. I have received, read, and understand the terms and conditions of the Program Description and Enrollment Form and any additional information provided to me by the Plan Administrators with respect to Achieve Montana.

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 agreement and to open an Account on behalf of the Beneficiary. I also certify that the person named as Beneficiary of the Account is a citizen or a resident of the United States of America.

3. I understand that Achieve Montana is intended to be used only to save for Qualified Expenses of the Beneficiary.

4. I understand that any contributions credited to my Account will be deemed by the Plan Administrators 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) I, in my capacity as trustee, am the Account Owner; (ii) I am duly authorized to act as trustee for the trust; (iii) I understand that the Program Description may not discuss tax consequences and other aspects of Achieve Montana of particular relevance to the trust and individuals having an interest in the trust; and (iv) I, as trustee, for the benefit of the trust, have consulted with and relied on a professional advisor, as

deemed appropriate by the trustee, before becoming an Account Owner.

7. I have been given an opportunity to ask questions and receive answers concerning the terms and conditions of Achieve Montana and the Program Description.

8. I understand that Achieve Montana assets may be allocated among equity Funds, fixed-income Funds, cash management Funds, funding agreements, and other investments.

9. In making my decision to open an Account and completing my Enrollment Form, I have not relied upon any representations or other information, whether written or oral, other than as set forth in the Program Description, and I have considered the availability of alternative education savings and investment programs, including other Qualified Tuition Programs.

10. I understand that I am solely responsible for determining which Qualified Tuition Program is best suited to my needs and objectives. I understand that each of the Investment Options within Achieve Montana may not be suitable, and that Achieve Montana may not be suitable, for all investors as a means of saving and investing for higher education costs. I have determined that an investment in Achieve Montana is a suitable investment for me as a means of saving for the Qualified Expenses of the Beneficiary.

11. I have been given an opportunity to obtain any additional information needed to complete my Enrollment Form and/or verify the accuracy of any information I have furnished. I certify that all of the information that I provided in the Enrollment Form and any other documentation subsequently furnished in connection with the opening or maintenance of, or any withdrawals from, my Account is and shall be accurate and complete, and I agree to notify the Board or Achieve Montana promptly of any material changes in such information.

12. The value of my Account depends upon the performance of the Portfolios. I understand that at any time the value of my Account may be more or less than the amounts contributed to the Account. I understand that all contributions to my Account are subject to investment risks, including the risk of loss of all or part of the contributions and any return or interest earned. I understand that the value of the Account may not be adequate to fund actual Qualified Expenses.

13. I understand that although I own Trust interests in a Portfolio, I do not have a direct beneficial interest in the Funds and other investment products approved by the Board from time to time, and therefore, I do not have the rights of an owner or shareholder of those Funds or other investments. I further understand that I received no advice or investment recommendation from, or on behalf of, the Plan Administrators.

14. After I make my initial contribution to a specific Investment Option, I will be allowed to direct the further investment of that contribution no more than two times per calendar year.

15. I cannot use my Account as collateral for any loan. I understand that any attempt to use my Account as collateral for a loan would be void. I also understand that Achieve Montana will not lend any assets to my Beneficiary or to me.

16. I understand that the Program Manager has the right to provide a financial advisor identified by me to Achieve Montana with access to financial and other information regarding my Account.

17. I understand that, unless otherwise provided in a written agreement between me and a financial advisor, or between me and the Board or the Program Manager, Ascensus Investment Advisors, LLC, or an Investment Manager, no part of my participation in Achieve Montana will be considered the provision of an investment advisory service.

18. Except as described in this Program Description, I will not assign or transfer any interest in my Account. I understand that, except as provided under Montana law, any attempt to assign or transfer that interest is void.

19. I acknowledge that Achieve Montana intends to qualify for favorable federal tax treatment under the Code. Because this qualification is vital to Achieve Montana, the Board may modify Achieve Montana or amend this Program Description at any time if the Board 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 the Rules, or to ensure the proper administration of Achieve Montana.

20. I understand that my Account(s), including assets and records, may be transferred to a different program manager, and/ or investment manager at the Board's direction in the event of a change in Program Manager or Investment Manager.

21. The Plan Administrators, 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 Tuition 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.

22. The Plan Administrators, individually and collectively, do not guarantee any rate of return or benefit for contributions made to my Account or guarantee the amount of Tuition and fees that may be charged by an Eligible Educational Institution.

23. The Plan Administrators, individually and collectively, are not:
    a. liable for a failure of Achieve Montana to qualify or to remain a Qualified Tuition Program under the Code including any subsequent loss of favorable tax treatment under state or federal law;
    b. liable for any loss of funds contributed to my Account or for the denial to me of a perceived tax or other benefit under Achieve Montana, the Program Description or the Enrollment Form; or
    c. liable for losses 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.

24. I understand that under Montana law, Montana residency is not established for the Beneficiary merely because I have designated him or her as the Beneficiary of the Account.

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

## CONTACT INFORMATION

| | |
|---|---|
| **Phone:** | 1-877-486-9271<br>Monday through Friday, 7 a.m. to 6 p.m., Mountain Time |
| **Online:** | achievemontana.com |
| **Regular Mail:** | Achieve Montana<br>PO BOX 219448<br>Kansas City, MO 64121-9448 |
| **Overnight Delivery:** | Achieve Montana<br>920 Main Street, Suite 900<br>Kansas City, MO 64105 |

## IMPORTANT HIGHLIGHTS

from the Achieve Montana Program Description



ACHIEVE MONTANA

THEIR TOMORROW STARTS TODAY