College SAVE™

Picture the Future

one day...

Plan now to help your children achieve their dreams

There's no doubt that a college education is an investment that can yield a wealth of opportunity. But for a child born today, a four-year public college could cost more than $219,000 — and possibly more than double that amount for a private institution.* The numbers are humbling, but the College SAVE Plan can help you invest for the future.

On the following pages you'll read how College SAVE can help you:

- Stretch your money further with **tax advantages**
- Save with a North Dakota **state tax deduction**
- Earn a **matching grant** from Bank of North Dakota (available to North Dakota residents only)
- **Children FIRST** Program, which aims to give $200 to every North Dakota newborn
- Save even more with **Ugift® — Give College Savings** and **Upromise®**

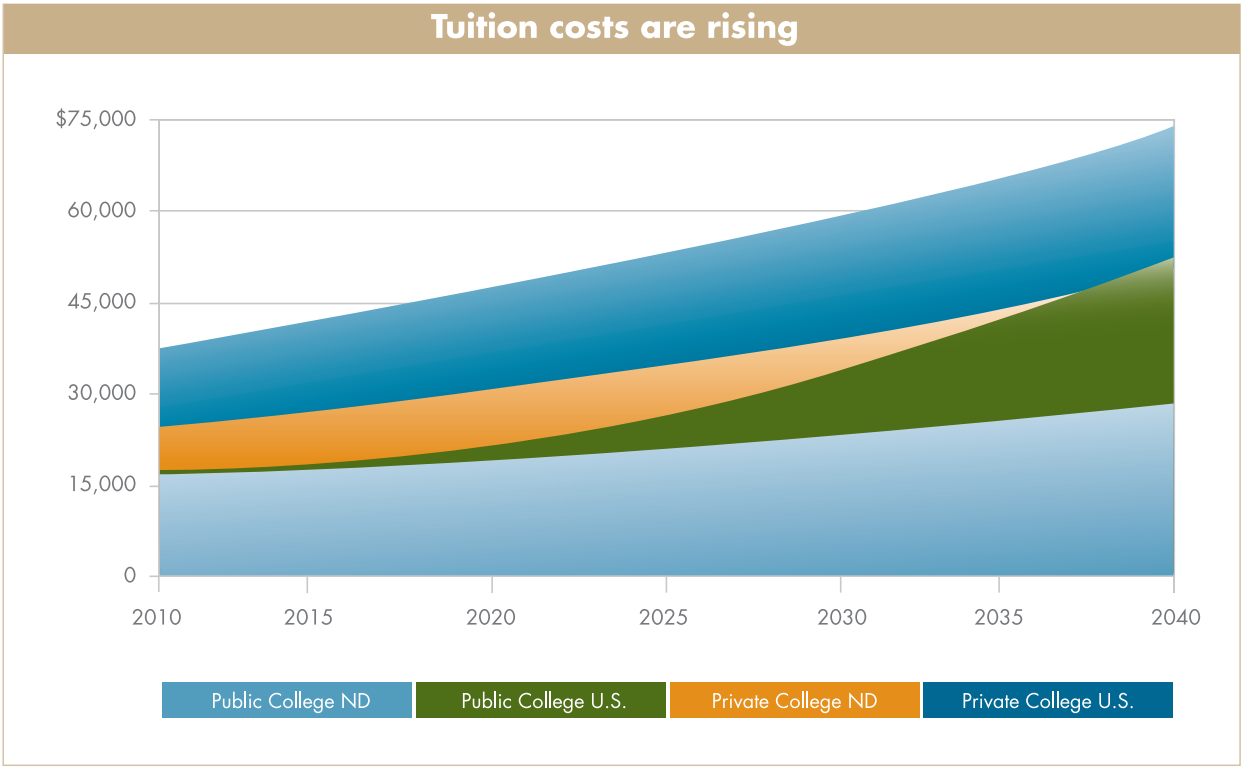
Managed by industry leaders

College SAVE, a tax-advantaged education savings plan, is administered by Bank of North Dakota. Ascensus Broker Dealer Services, Inc. (ABD) serves as the Plan Manager, and Vanguard is Investment Manager.

The rising cost of a college degree

Whether a child pictures a future in science, teaching, or medicine, education is one of the best ways to help those dreams come true. Not only does a college education help open doors, it can also mean a higher salary and a better standard of living.

We all want our children to have the chance to live their dreams. But college comes with a price. Statistics show that college tuition has risen at an average annual rate of 6% over the past 10 years.** By planning ahead, you can help bring the dream of a college education closer to reality.



Average tuition in the 2012–2013 academic year, with total charges including tuition, fees, and room and board, averaged more than $17,500 per year for four-year public colleges and universities and over $39,000 per year for four-year private colleges and universities.** In North Dakota, those numbers were more than $17,000 per year for four-year public colleges and universities and over $25,000 per year for four-year private colleges and universities.***

* www.collegeboard.com, College Cost Calculator. Calculated based on an annual increase of 6% with college costs beginning in 18 years and 4 years of public (in-state) college attendance.

** The College Board: *Trends in College Pricing, 2014.*

*** College Education in North Dakota. Bank of North Dakota, 2012, www.banknd.nd.gov/collegeplanning/pdf/1011c ollegeeducationcostchart.pdf. Costs based on North Dakota resident on-campus budgets for 2012 - 2013 with a 5% annual rate of inflation. North Dakota higher education average of approximately $3,400 for the combination of personal, recreational, and miscellaneous fees and $1,000 for books and supplies is included in the cost. Originating costs from this source have been modified manually to reflect a 6% annual rate of inflation to better compare with U.S. College Costs.

529 plans: The smart way to start saving for college

529 college savings plans like the College SAVE Plan were developed to give families an easy, tax-advantaged way to save for higher education. Whether a child is starting pre-school or middle school, it's never too early or too late to start saving. The important thing is to start right now by enrolling in a 529 plan, which offers valuable benefits:

Tax-free qualified withdrawals: Use your assets for any eligible school's tuition, fees, and the cost of books, supplies, and equipment required for enrollment or attendance. Assets can also be used for certain room and board expenses for students enrolled at an eligible school at least half-time.*

Affordable: You can enroll in a 529 plan for as little as $25; there are no income limits, either. Remember: Even small, regular investments have the potential to add up to a significant sum over time.**

Flexible: Your student can attend any eligible college, graduate school, or trade or vocational institution — not just those in North Dakota.

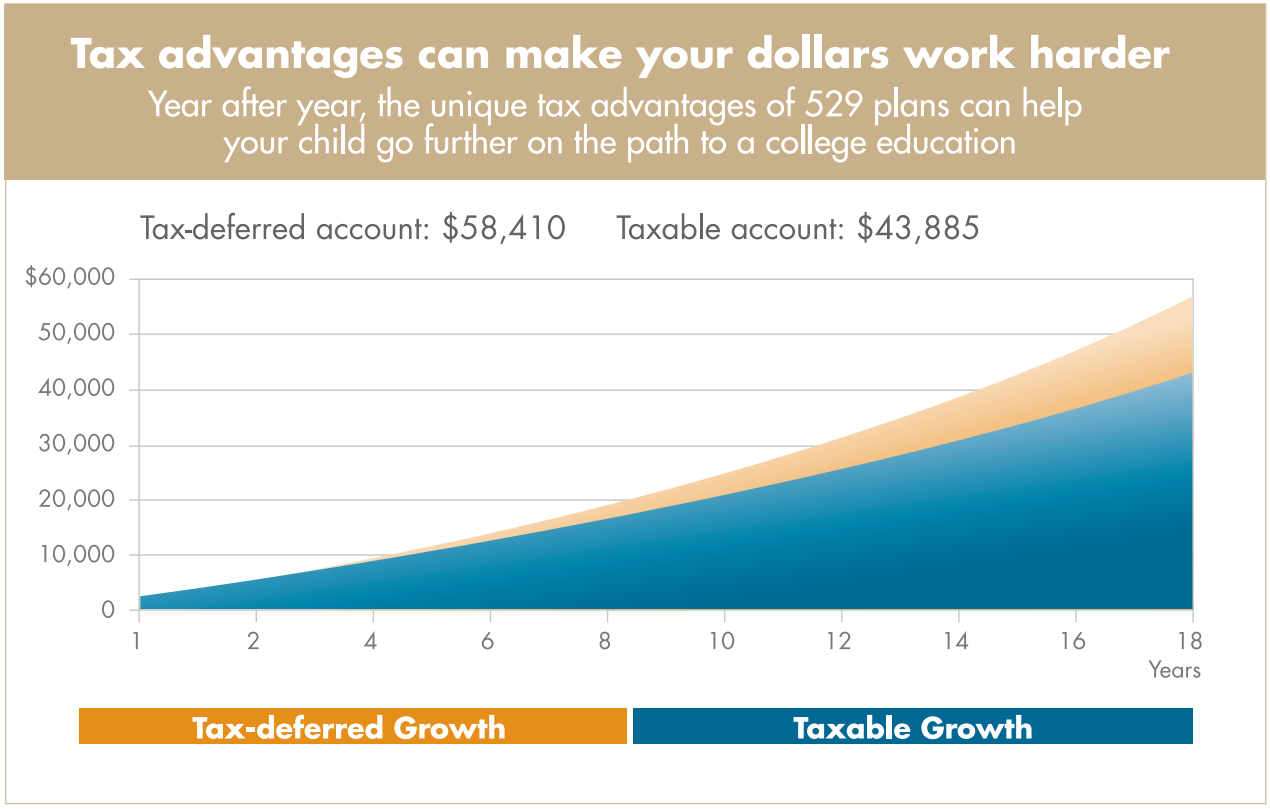
Control: As the participant, you have control over how and when a 529 plan's assets are used.

Most of all, a 529 plan can give you the satisfaction of knowing that you're taking a positive step toward making college more accessible for a child in your life.

Take advantage of favorable tax treatment

When you invest in a 529 plan, your earnings grow tax deferred. That means you have the potential to increase your savings more quickly than if you had invested in a taxable account.

The example below shows how tax-deferred assets can add up over time. Both accounts were started with an initial investment of $2,500 and the participant added $100 each month for 18 years. At the end of 18 years, the tax-deferred account is worth over $14,500 more. That's the benefit of a 529 plan.



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

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

** A plan of regular investment cannot assure a profit or protect against a loss in a declining market.

College SAVE — for your child's promising future

College SAVE offers important tax advantages, flexibility, and access to a range of investment options. Here are some of the valuable benefits of establishing an account:

Participation

- You can establish and contribute to a College SAVE account no matter how much you earn. And anyone can contribute to the Plan — parents, grandparents, relatives, and friends.
- You can start an account with as little as $25.
- Your designated beneficiary can be any age and live in any state.
- College SAVE is available to residents of all 50 states.
- As the participant, you maintain control of the assets at all times; you can even change the designated beneficiary.*
- You can choose the investments that meet your specific investment requirements, including age-based options or individual portfolios.

Using the money

- Your College SAVE assets can be used at any eligible public or private college in the country, and some abroad, as well.
- You can withdraw money to pay for any qualified higher education expenses, including tuition, certain room and board costs, and books and supplies required for enrollment or attendance at an eligible school, including both for undergraduate or graduate education.**

Tax benefits

- Any earnings from College SAVE accounts are tax-deferred from federal and state income taxes. Withdrawals used for qualified higher education expenses are tax free.**
- North Dakota taxpayers can deduct up to $5,000 (up to $10,000 if married, filing jointly) of their College SAVE contributions from their state taxable income.†
- You can contribute up to $14,000 per designated beneficiary each year ($28,000 if married, filing jointly) without incurring gift taxes.
- A gift tax exclusion allows you to make five years' worth of contributions — $70,000 ($140,000 if married, filing jointly) — in a single year and treat them as if they were made over five years for tax purposes.‡

Ease-of-use

- College SAVE's secure website lets you enroll in about 10 minutes and gives you virtually 24/7 online access to your account.

Professional investment management

- College SAVE investments are managed by Vanguard, one of the nation's leading investment managers.

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* For designated beneficiary changes to occur without federal or state income taxes, the new designated beneficiary must be a "Member of Family" of the former designated beneficiary. Please see the Plan Disclosure Statement for a definition of a "Member of the Family."

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

† Rollovers from another state's 529 plan are not considered eligible for the state income tax deduction.

‡ In the event the donor does not survive the 5-year period, a pro-rated amount will revert to the donor's taxable estate.

Four ways to move closer to your college savings goals

College SAVE wants to help you make the most of your college savings efforts and to bring the dream of higher education closer to being a reality.

1. Matching Grant

College SAVE participants who are North Dakota residents can apply for a matching grant from Bank of North Dakota. Lower-income residents are eligible to receive a matching grant of $300 for up to three years, provided the participant's adjusted gross income for the previous year was $60,000 or less if single or $80,000 or less if married, filing jointly. Middle-income residents are eligible to receive a one-time matching grant of up to $300, provided the participant's adjusted gross income for the previous year was $80,000 or less if single or $120,000 or less if married, filing jointly.* To apply or to learn more about the College SAVE Matching Grant, please see the instructions and guidelines, available at **www.collegesave4u.com** or by calling **1.866.SAVE.529.**

2. Children FIRST

College SAVE offers the Children FIRST program, which aims to give $200 in college savings to every North Dakota newborn. Visit ndchildrenfirst.com for more details.

3. Ugift® — Give College Savings

Ugift is an easy, free-to-use service that lets family and friends make the meaningful gift of money toward your student's education. Gift contributions can be made online or by check, and contributions are coded directly to your College SAVE account. This may be one of the most meaningful gifts your child ever receives.

To learn more about how Ugift works, visit **www.collegesave4u.com**.

4. Upromise®

Upromise is free to join and turns everyday purchases — from shopping online to dining out, from booking travel to buying groceries — into cash back for college. Visit **upromise.com/northdakota** to enroll.

You can link your Upromise account to your College SAVE account so your cash back earnings will be automatically transferred to your College SAVE account on a periodic basis.**

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* The matching grant program may be subject to certain limitations established by Bank of North Dakota. In addition, matching grants are subject to the availability of funds and can be reduced or stopped at Bank of North Dakota's discretion.

** Upromise is an optional service offered by Upromise, Inc., is separate from College SAVE, and is not affiliated with the State of North Dakota or the Bank of North Dakota. Specific terms and conditions apply. Participating companies, contribution levels, terms and conditions subject to change without notice. Transfers subject to a $25 minimum.

Investment flexibility for building a solid plan

With the College SAVE Plan, you can choose between two investment paths, both of which feature investments managed by Vanguard. **Age-Based Options** are one-step, ready-made portfolios; **Individual Portfolios** let you create your own investment plan.

Age-Based Options: A simplified approach

For those who prefer a simplified approach to investing, College SAVE offers three Age-Based Options: conservative, moderate, and aggressive. When you select any of these options, your assets will be managed according to the age of your account's designated beneficiary and your risk tolerance through a series of investment portfolios that change automatically over time.

As the table below shows, for most age groups the Conservative Age-Based Option has a higher concentration of assets in bonds or short-term investments than the Moderate Age-Based Option. Portfolios with higher allocations to bonds and short-term investments tend to be less volatile than those with higher stock allocations. Less-volatile portfolios generally may not decline as far when markets go down, but also may not appreciate in value as much when markets go up. The more conservative the portfolio, the higher its concentration of bonds and short-term investments.*

Age of beneficiary	Conservative	Moderate	Aggressive
5 or younger	Moderate Growth Portfolio 50% 50%	Growth Portfolio 25% 75%	Aggressive Growth Portfolio 100%
6-10	Conservative Growth Portfolio 25% 75%	Moderate Growth Portfolio 50% 50%	Growth Portfolio 25% 75%
11-15	Income Portfolio 25% 75%	Conservative Growth Portfolio 25% 75%	Moderate Growth Portfolio 50% 50%
16-18	Income Portfolio 25% 75%	Income Portfolio 25% 75%	Conservative Growth Portfolio 25% 75%
19 or older	Money Market Portfolio 100%	Income Portfolio 25% 75%	Income Portfolio 25% 75%

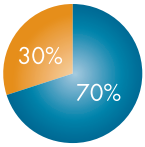
Stocks Bonds Short-Term Reserves

Individual Portfolios: Choose your investment style

You can choose among six Individual Portfolios, which invest in stocks, bonds, and a money market. As your designated beneficiary nears college, you can move your assets to more conservative investments to help preserve capital and minimize the effects of market fluctuations. However, unlike the Age-Based Options, this change will not automatically occur. Your allocation to Individual Portfolios will remain fixed until you instruct College SAVE to change it.

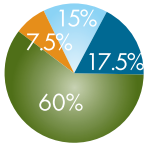
Individual Portfolio investment objectives

Aggressive Growth Portfolio



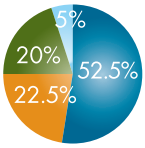
The Portfolio seeks to provide capital appreciation.

Conservative Growth Portfolio



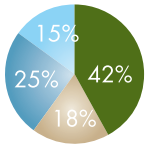
The Portfolio seeks to provide current income and low to moderate capital appreciation.

Growth Portfolio



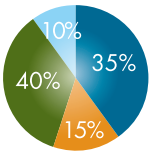
The Portfolio seeks to provide capital appreciation and low to moderate current income.

Income Portfolio**



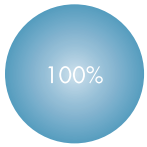
The Portfolio seeks to provide current income.

Moderate Growth Portfolio



The Portfolio seeks to provide capital appreciation and current income.

Money Market Portfolio**



The Portfolio seeks income consistent with preservation of principal.

- Vanguard Institutional Total Stock Market Index Fund
- Vanguard Inflation Protection Securities Fund
- Vanguard Total Bond Market Index Fund
- Vanguard Total International Bond Market Index Fund
- Vanguard Total International Stock Index Fund
- Vanguard Prime Money Market Fund

* The Plan's Portfolios, although they invest in mutual funds, are not mutual funds. As a Plan participant, you will own units of the Portfolios, which are municipal fund securities, not shares of Vanguard mutual funds. To learn more about the Vanguard mutual funds listed here, visit www.vanguard.com/visit/funds.

** The Income and Money Market Portfolios' investments in Vanguard Prime Money Market Fund are 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 may lose money by investing in the fund.

Questions & answers

What is College SAVE?

College SAVE is a 529 plan established by the State of North Dakota and administered by Bank of North Dakota, the only state-owned bank in the United States.

Who can open a College SAVE account?

Any U.S. citizen or resident alien with a Social Security number or Taxpayer Identification number. A participant must be 18 years old or older with a U.S. permanent address that is not a P.O. Box. There are no restrictions on state of residence or income.

Who can be a designated beneficiary?

Designated beneficiaries must be U.S. citizens or resident aliens, with a Social Security number or Taxpayer Identification number. There are no restrictions based on relationship, age, or state residency. An individual can even open an account to help save for his or her own education. You can transfer the account to a different designated beneficiary but for designated beneficiary changes to occur tax free, the new designated beneficiary must be a "Member of the Family" of the former designated beneficiary.*

How much can I contribute?

You can open a College SAVE account with an initial contribution of as little as $25 and continue to add through lump sum contributions or with a regular contribution plan, such as an Automatic Investment Plan (AIP) or payroll deduction. The maximum allowed in an account is $269,000. Anyone, including parents, grandparents, relatives, and friends can contribute to a College SAVE Plan account.

What is the North Dakota state income tax benefit?

North Dakota taxpayers can deduct up to $5,000 (up to $10,000 if married, filing jointly) from their North Dakota state taxable income for their College SAVE contributions.**

What are qualified expenses?

You can use your College SAVE account to pay for tuition, fees, certain room and board costs, books, supplies, and equipment required for enrollment in or attendance at an eligible educational institution.†

What is Ugift® — Give College Savings?

Ugift is an innovative program that lets participants invite family and friends to celebrate children's milestones with the gift of college savings in place of traditional gifts.

What is the impact on financial aid?

529 plan assets are counted at different rates for the Expected Family Contribution formula in the Free Application for Federal Student Aid (FAFSA). Assets in your College SAVE account are not treated as assets of a dependent student when determining needs-based eligibility for financial aid. For more information, consult the financial aid office of the schools you are considering.

Is my designated beneficiary required to attend a North Dakota college or university?

No. The money in your account may be used at any eligible higher education institution in the United States and abroad that qualifies under federal guidelines. This includes most public and private colleges and universities, graduate and post-graduate schools, community colleges, and certain technical and vocational schools.

What if my designated beneficiary doesn't attend college?

You can change your designated beneficiary to another qualified "Member of the Family" for his or her education expenses.* You can also maintain the account in case your designated beneficiary attends college later. If the money is not used for qualified higher education expenses, you may withdraw the money subject to certain taxes and penalties.‡

Does College SAVE accept transfers from other 529 plans?

Yes. College SAVE will accept direct and indirect rollovers from other states' 529 plans. Please review the requirements of the state from which you want to rollover, as there may be restrictions and tax consequences. For more information on rollovers, contact a College SAVE Client Service Representative at **1.866.SAVE.529** (1.866.728.3529).

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* Please see the Plan Disclosure Statement for a definition of a "Member of the Family."

** Rollovers from another state's 529 plan are not considered eligible for the state income tax deduction.

† Eligible educational institutions include two-year and four-year public and private universities, graduate and professional programs, and even some vocational programs. A list of eligible educational institutions can be found at www.fafsa.gov.

‡ Earnings on non-qualified distributions are subject to federal income tax and may be subject to a 10% federal penalty tax, as well as state and local income taxes.

Take 10 and start a College SAVE account today

In less than 10 minutes you can open a College SAVE account and begin saving for the children in your life. As you're enrolling, consider signing up for an Automatic Investment Plan (AIP).*

1 Read

Be sure to read the enclosed Plan Disclosure Statement. It contains all of the details regarding the Plan and your investment options. If you have any questions, you can call a College SAVE Client Service Representative at **1.866.SAVE.529.**

2 Choose

Decide which investment option best fits your needs and risk tolerance.

3 Enroll

Online: Go to **www.collegesave4u.com** and click on the "Open an Account" link.

By mail:
Complete the Enrollment Form and mail it to:
College SAVE
P.O. Box 219781
Kansas City, MO 64121-9781

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* A plan of regular investment cannot assure a profit or protect against a loss in a declining market.

College SAVE™ Picture the Future | BND Bank of North Dakota | Vanguard® | ascensus™ college savings

Contact and service

Telephone

1.866.SAVE.529 (1.866.728.3529)

Online

www.collegesave4u.com

Service Center

College SAVE
P.O. Box 219781
Kansas City, MO 64121-9781

Overnight Mail Address

College SAVE
920 Main Street, Suite 900
Kansas City, Missouri 64105

For more information about North Dakota's College SAVE Plan (College SAVE), call 1-866-SAVE-529 or visit www.collegesave4u.com to obtain a Plan Disclosure Statement. Investment objectives, risks, charges, expenses, and other important information are included in the Plan Disclosure Statement; read and consider it carefully before investing. Ascensus Broker Dealer Services, Inc. (ABD) is Distributor of College SAVE.

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

The College SAVE Plan (College SAVE) is a 529 plan established by the State of North Dakota. Bank of North Dakota (Bank) acts as trustee of College SAVE Trust, a North Dakota Trust, and is responsible for administering College SAVE Trust and College SAVE. ABD, the Plan Manager, and its affiliates, have overall responsibility for the day-to-day operations of the Plan, including recordkeeping and marketing. The Vanguard Group, Inc. (Vanguard) provides underlying investments for the Plan. The College SAVE's Portfolios, although they invest in mutual funds, are not mutual funds. Units of the Portfolios are municipal securities and the value of units will vary with market conditions.

Investment returns are not guaranteed and you could lose money by investing in College SAVE. Participants assume all investment risks, including the potential for loss of principal, as well as responsibility for any federal and state consequences.

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Not FDIC-Insured. No Bank, State or Federal Guarantee. May Lose Value.

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