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# **INVESTMENT POLICY STATEMENT**

**For**

## **CollegeChoice 529 Savings Plans**

Prepared: September 2008

Restated: February 2024

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# PURPOSE

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The purpose of this Investment Policy Statement (“IPS”) is to assist the Indiana Education Savings Authority (“IESA”) Board (“Board”) in effectively supervising, monitoring and evaluating the Investment Portfolios and FDIC-Insured Bank Products offered within the CollegeChoice 529 Direct Savings Plan, the CollegeChoice Advisor 529 Savings Plan and the CollegeChoice CD 529 Savings Plan (“Program”). The investment program is defined in the various sections of the IPS by:

- Stating in a written document the Board's judgments, expectations, objectives and guidelines in the investment of all Program assets.
- Setting forth an investment structure for managing all Program assets. This structure includes various asset classes and investment management styles. The Program intends to provide an appropriate range of Investment Portfolios that will span the risk/return spectrum, along with FDIC-Insured Bank Products.
- Establishing the criteria and procedures for selecting Investment Portfolios and underlying Investment Managers.
- Providing guidelines for each Investment Portfolio that controls the level of overall risk (appropriate diversification) and liquidity, such that all Program assets are managed in accordance with stated objectives.
- Encouraging effective communications between the Board, Investment Consultant, Program Managers and Investment Managers.
- Establishing formalized criteria to monitor, evaluate and compare the performance results achieved by Investment Portfolios and underlying Investment Managers on a regular basis.
- Complying with all fiduciary, prudence and due diligence requirements and with all applicable laws, rules and regulations from state and federal political entities that may impact Program assets.

This IPS has been arrived at upon consideration by the Board of the financial implications of a wide range of policies and describes the prudent investment process that the Board deems appropriate.

# PROGRAM SUMMARY

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## **Background Information:**

The Program is comprised of qualified savings plans established for the purpose of enhancing the accessibility and affordability of higher education. The CollegeChoice 529 Investment Plan, which began operations in 1997 (as the Indiana Family College Savings Plan), was made possible by legislation passed by the Indiana General Assembly in 1996, which created the IESA to serve as the governing board of the Plan.

Effective January 1, 2002, the IESA retained One Group Administrative Services Inc., an indirect wholly owned subsidiary of Bank One Corporation, as Program Manager. On July 1, 2004, Bank One was acquired by JP Morgan Chase and subsequently was renamed JP Morgan Chase & Co. During the summer of 2007, the IESA conducted a Program Manager search as part of its fiduciary review of the CollegeChoice 529 Investment Plan. As a result of the search, the IESA chose Upromise Investments, Inc. (now known as Ascensus Broker Dealer Services, Inc.) as the Program Manager replacing JP Morgan. The CollegeChoice 529 Investment Plan was divided into two Plans, one offered to participants directly (CollegeChoice 529 Direct Savings Plan) and one offered to participants through third-party investment advisors (CollegeChoice Advisor 529 Savings Plan). This change became effective on September 22, 2008. In January 2011, the IESA added College Savings Bank (now known as College Savings Bank, a Division of NexBank) as Program Manager of the newly formed CollegeChoice CD 529 Savings Plan, which launched in April 2011.

The Program is designed to meet certain Internal Revenue Service requirements in order to offer Account Owners favorable tax treatment. The existing rules governing the Program are found in Title 540 of the Indiana Administrative Code, as amended from time to time. The IESA and the Indiana General Assembly reserve the right to modify the Program's policies, procedures and rules.

In December 2017, changes to Section 529 made by the Tax Cuts and Jobs Act became law. The following is an overview of those changes applicable to qualified tuition programs:

Expanded Definition of Qualified Higher Education Expenses. Effective for distributions made after December 31, 2017, the definition of "qualified higher education expenses" under Section 529 was expanded to include expenses for tuition in connection with enrollment or attendance at an elementary or secondary public, private, or religious school (not to exceed \$10,000 per tax year in the aggregate across all qualified tuition programs for a beneficiary) ("K-12 Tuition Expenses"). Earnings on distributions from a 529 plan account used for K-12 Tuition Expenses are free of federal income tax.

## PROGRAM SUMMARY

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Certain Rollovers From 529 Plans to Achieving a Better Life Experience Programs Not Subject to Federal Income Tax. Effective for periods after December 22, 2017 and prior to January 1, 2026, rollovers from a 529 plan account to an Achieving a Better Life Experience Program (“ABLE”) account for the same beneficiary or to another beneficiary who is a Member of the Family (as defined in Section 529 of the Internal Revenue Code) will be free of federal income tax, subject to the annual contribution limits for ABLE accounts. Amounts withdrawn from a 529 plan account may be treated as a rollover to an ABLE account for federal tax purposes if the amount withdrawn is re-deposited within 60 days into an ABLE account, subject to the limitations in the immediately preceding sentence.

Setting Every Community Up for Retirement Enhancement Act:

On December 20, 2019, the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act) was signed into law. The SECURE Act amended Section 529 of the Code to permit withdrawals to pay for expenses for apprenticeship programs registered and certified with the Secretary of Labor under the National Apprenticeship Act (Apprenticeship Program Expenses) and to pay principal and interest on certain qualified education loans (Education Loan Repayments) for the Beneficiary or any of the Beneficiary’s siblings. The loan repayment provisions apply to repayments up to a lifetime maximum of \$10,000 per individual.

Setting Every Community Up for Retirement Enhancement Act 2.0:

On December 29, 2022, the Setting Every Community Up for Retirement Enhancement Act 2.0 (SECURE 2.0) was signed into law. SECURE 2.0 allows 529 assets to be rolled over to a Roth IRA for the beneficiary, subject to annual Roth contribution limits and an aggregate lifetime limit of \$35,000. Rollover distributions can be made from an account that has been maintained for the 15-year period ending on the date of the distribution. The amount of the distribution cannot exceed the aggregate amount contributed to the account (and earnings attributable thereto) before the 5-year period ending on the date of the distribution. In addition, the rollover must be a direct trustee-to-trustee rollover.

Key information regarding the Program can be found in Appendix A.

# STATEMENT OF OBJECTIVES

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The objectives of the Program have been established in conjunction with a comprehensive review. The objectives are:

- To maintain flexibility in meeting the future needs of the Account Owners and Beneficiaries.
- To provide Account Owners with Investment Portfolios that are diversified across a range of risk levels, asset classes and investment strategies in order to accommodate the varying levels of needs and risk tolerance of the Program's Account Owners.
- To control costs of administering the Program and managing the assets.
- To undertake all transactions solely in the interest of the Account Owners and Beneficiaries.
- To comply with all fiduciary, prudence and due diligence requirements and with all applicable laws, rules and regulations from state and federal political entities that may impact Program assets.

# RESPONSIBILITIES

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## **Responsibilities of the Board**

The Board is responsible for the prudent administration of the Program with specific responsibilities, which include: design of Program investment platform; establishing investment policy objectives and guidelines; prudent selection of Investment Managers; and, ongoing monitoring.

## **Delegation of Authority**

The Board members of the Program are fiduciaries and are responsible for providing the investment framework and monitoring the investment management of Program assets. As such, the Board is authorized to delegate certain responsibilities to professional experts in various fields. The services provided by these professional experts will be periodically reviewed by the Board. Services include, but are not limited to:

1. *Investment Consultant.* Capital Cities, L.L.C. has been retained by the Board as an Investment Consultant. The Investment Consultant's role is that of an investment advisor to the Board. Investment guidance concerning the investment management of Program assets will be offered by the Investment Consultant, and will be consistent with the investment objectives, policies and constraints as established in this IPS. Specific responsibilities of the Investment Consultant include, but are not limited to:
  - Providing independent and unbiased information.
  - Assisting in strategic planning and Investment Portfolio mapping.
  - Assisting in the development and periodic review of the IPS.
  - Conducting Investment Portfolio searches when requested by the Board.
  - Assisting in development of performance measurement and qualitative standards.
  - Monitoring and evaluating Investment Portfolios' performance on an ongoing basis and conducting due diligence when an Investment Portfolio fails to meet a standard.
  - Making recommendations with respect to Investment Portfolio and Investment Manager retention or termination.
  - Assisting in monitoring hired Investment Managers and service vendors for compliance with this IPS.
  - Assisting in the control of investment expenses, including helping to negotiate Program Manager fees.

## RESPONSIBILITIES

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- Reporting, on a timely basis, quarterly investment performance results to provide the Board with the ability to determine the progress and compliance with investment goals and objectives.
2. *Program Managers.* The Board has retained two Program Managers, including:
- Ascensus Broker Dealer Services, Inc.: CollegeChoice 529 Direct Savings Plan and CollegeChoice Advisor 529 Savings Plan; and
  - College Savings Bank, a Division of NexBank: CollegeChoice CD 529 Savings Plan.
- A Program Manager has the responsibility to manage the day-to-day operations of the Program. The Program Manager performs administrative, recordkeeping, risk management, reporting, regulatory, tax reporting, client services, marketing and other services in connection with the operation of the Program. Additionally, the Program Manager can delegate the performance of accounting, custody and other administrative services. Specifically, the Bank of New York Mellon serves as the custodian for the CollegeChoice 529 Direct Savings Plan and the CollegeChoice Advisor 529 Savings Plan.
3. *Investment Managers (“Investment Managers”).* The Investment Managers have discretion to purchase, sell, or hold the specific securities or products that will be used to meet the Program’s investment objectives. Investment Managers can include both actively and passively managed mutual funds, exchange-traded funds (“ETFs”), separate accounts, funding agreements and as otherwise provided through any contractual agreement. Investment Managers will be held responsible and accountable to achieve the objectives herein stated. Investment Managers must furnish regular investment reports as required by the Board and/or Investment Consultant.
4. Additional specialists such as attorneys, auditors, actuaries and others may be employed by the Board to assist in meeting its responsibilities and obligations to administer Program assets prudently.

### **Responsibilities of Account Owners**

The Board will not provide individual investment counseling to Account Owners. Account Owners are responsible for choosing appropriate Investment Portfolio(s) and/or FDIC-Insured Bank Product(s). Furthermore, Account Owners choosing to invest in the Year of Enrollment Portfolios must determine that the Portfolios’ asset allocation strategies are appropriate for their risk tolerance, time horizons and return expectations. Account Owners choosing to invest in the Individual Portfolios and/or FDIC-Insured Bank Products are responsible for selecting an appropriate asset allocation based on the Account Owner’s unique time horizon, risk tolerance, return expectation and asset class preferences. Account Owners alone bear the risk of the investment results from the options and asset mixes that they select.



## RESPONSIBILITIES

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Account Owners may employ a financial intermediary to provide advice on financial matters. A financial intermediary is a firm that receives compensation for contributions made to an Account established by one of its clients. Financial intermediaries may include, among others, an Account Owner's broker, financial planner or advisor, banks and insurance companies. Financial intermediaries employ individual financial advisors who advise Account Owners and other contributors on an individual basis. The Board recognizes that by employing licensed professional brokers or financial advisors, Account Owners elect to avail themselves of advice and assistance in the selection of investments that are outside the scope of the Board's oversight or responsibility.

# **GUIDELINES AND INVESTMENT POLICY**

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## **CollegeChoice 529 Direct Savings Plan** **CollegeChoice Advisor 529 Savings Plan**

In order to provide appropriate investment alternatives for Account Owners, several Investment Portfolios will be made available that provide a range of risk and return characteristics, each unique to aid in proper diversification. **Two different types of Investment Portfolios are offered to Account Owners: Year of Enrollment Portfolios and Individual Portfolios.** More specific information on each option is contained in Appendix B and Appendix C of this IPS.

### **Year of Enrollment Portfolios**

Year of Enrollment Portfolios offer account owners pre-diversified Investment Portfolios that become more conservative as the Designated Beneficiary approaches college age.

The Year of Enrollment Portfolios represent a weighted allocation among a pre-determined number and type of investment strategies. The Program Manager (Ascensus), with the oversight of the Investment Consultant and approval of the Board, reviews these strategic allocations periodically and makes adjustments when deemed appropriate. Additionally, the sub-asset class allocations (within each asset class) may periodically be adjusted in order to take advantage of evolving trends in the capital markets, by increasing the exposure to certain sub-asset classes that are expected to outperform and decreasing exposure to those that are expected to underperform, based on future market projections. As a result of these changes, one or more sub-asset classes in each Year of Enrollment Portfolio may deviate from its target allocation at any given time. More specific information regarding the Year of Enrollment Portfolios' asset allocation flexibility is contained in Appendix B and Appendix C of this IPS.

### **Year of Enrollment Portfolios' Glide Paths and Rebalancing**

A "glide path" describes how the asset allocation of the Year of Enrollment Portfolios evolves over time. The Plans utilize a progressive glide path approach in which the asset allocation of the Account Owner's Year of Enrollment Portfolio automatically shifts from capital accumulation in the earlier years to capital preservation in the near-college and college years. Each Plan's glide path generally adjusts this allocation on a semi-annual basis.

An essential component of the asset allocation process is rebalancing. Rebalancing is a process that realigns a portfolio back to its strategic targets as market fluctuations change the initial allocations over time. The Program Manager monitors the underlying asset allocation of the Year of Enrollment Portfolios on a quarterly basis. The Board has given the Program Manager discretion to rebalance the Year of Enrollment Portfolios when the Investment Portfolios fall outside the strategic targets by more than one percentage point.

# **GUIDELINES AND INVESTMENT POLICY**

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## **Individual Portfolios**

The Individual Portfolios are stand-alone options which allow Account Owners to allocate their account into one or more Investment Portfolios. The goal in offering the Individual Portfolios is to provide Account Owners with the ability to construct diversified portfolios by asset class and investment style that match their risk tolerance, asset class preferences, time horizons and expected returns.

### **Individual Portfolio Options Structure**

The Program Manager, with the oversight of the Board and Investment Consultant, seeks to achieve diversity in the Individual Portfolios offered. Certain criteria will be used to determine the material difference between and among potential Individual Portfolios with exposure to the various asset classes. These criteria are:

- A distinct definable market;
- A distinct risk and return profile; and
- Use of a distinct management style that is definable in terms of the investment strategies/methodologies utilized (e.g., passive versus active management).

The Board reserves the right to add or replace Investment Portfolios based upon market conditions, Program Manager and/or Investment Consultant input, Account Owner response or other factors.

## **CollegeChoice CD 529 Savings Plan**

Separate from the Investment Portfolios offered within the CollegeChoice 529 Direct Savings Plan and CollegeChoice Advisor 529 Savings Plan, the Board offers a FDIC-Insured Bank Plan (CollegeChoice CD 529 Savings Plan). The CollegeChoice CD 529 Savings Plan offers certificates of deposits (CDs) and a high-yield Savings Account for Account Owners who exhibit a conservative risk profile and/or seek FDIC insurance.

More specific information on each type of product can be found in Appendix D of this IPS.

## SECURITIES GUIDELINES

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The guidelines set forth in the prospectus shall govern all mutual fund and ETF vehicle investments. Securities guidelines for separate accounts, funding agreements and as otherwise provided through any contractual agreement shall be negotiated and agreed upon in writing on a case-by-case basis. The Savings Portfolio offered within the CollegeChoice 529 Direct Savings Plan and CollegeChoice Advisor 529 Savings Plan is governed by College Savings Bank, a Division of NexBank. Additionally, the CDs and Savings Account within the CollegeChoice CD 529 Savings Plan are governed by College Savings Bank, a Division of NexBank.

# SELECTION OF INVESTMENT MANAGERS

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The Board, with the assistance of the Investment Consultant and Program Manager, has the responsibility for selecting appropriate underlying Investment Managers of the Investment Portfolios. The Board's intent is to follow a process that embodies the principles of procedural due diligence. Accordingly, when selecting Investment Managers, the following criteria will be considered:

1. The Investment Manager will be a bank, insurance company, investment management company or investment adviser as defined by the Investment Advisers Act of 1940.
2. Historical quarterly performance numbers calculated on a time-weighted basis for performance screening.
3. Performance evaluation reports that illustrate the risk/return profile of the Investment Manager relative to other Investment Managers of like investment style, if appropriate.
4. Detailed information on the history of the firm and key personnel (including any material litigation and fraud or allegations of fraud), key clients, costs and support personnel.
5. The investment strategy that will be followed must be described and documented, with documentation that the strategy has been successfully adhered to over time.
6. Fees should be competitive compared to similar investments.
7. Investment Managers will be compared against a comparable peer group for selection, where appropriate.

# **CONTROL PROCEDURES**

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## **Disclosure to Participants**

A Program Description or equivalent document will be made available to all Account Owners in order to ensure Account Owners have sufficient information to make informed investment decisions.

## **Monitoring Service Contracts and Costs**

The Board will review the service contracts and costs associated with the Program periodically, at least every two years. In conjunction with this review, the Board also will periodically review the performance of the Investment Consultant in carrying out its responsibilities under this IPS.

## **IPS Review and Evaluation**

It is not expected that the IPS will change frequently. In particular, short-term changes in the financial markets should not require adjustments to the IPS. The Board and the Investment Consultant will review the IPS periodically to determine whether any changes are appropriate. Based on the Board's and the Investment Consultant's IPS review, the Board may revise the IPS or alter the Program to meet current needs. Additionally, the Board shall consult with the Program Managers to obtain input prior to amending the IPS.

# **MONITORING OF INVESTMENT MANAGERS**

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The Board is aware that the ongoing review and analysis of Investment Managers is just as important as the due diligence implemented during the Investment Manager selection process. Monitoring these Investment Managers is a three-step process, outlined below:

## **Step 1 – On-Going Monitoring**

The Investment Consultant and the Board will perform a constant and on-going analysis of all Investment Managers. In addition to reviewing quarterly investment performance, the Investment Consultant and the Board will continually evaluate:

- Investment Manager's adherence to the IPS guidelines;
- Material changes in the Investment Manager's organization, investment philosophy and/or personnel;
- The volatility of the investment rates of return of the Investment Manager compared to the volatility of an appropriate market index and peer group (as listed in Appendix B and Appendix C); and
- Comparisons of the Investment Manager's results to appropriate indices and peer groups (as listed in Appendix B and Appendix C).

If appropriate market indices and/or peer groups are not available, the Investment Consultant and Board will evaluate factors such as the Investment Manager's adherence to stated risk and return objectives and the Investment Manager's portfolio exposures in relation to the market environment and stated philosophy and process.

## **Step 2 – Formal Watchlist**

If the Investment Consultant and the Board determine that any of the above factors, or any other development regarding the Investment Manager's performance or organization, warrants a more thorough examination, the Board will place the Investment Manager on a formal "watchlist". Factors examined during the watchlist period include, but are not limited to, the following:

- Extraordinary Events (Organizational Issues)  
Extraordinary events that may lead to an Investment Manager termination include such things as:
  - Change in ownership (e.g., key people "cash out")
  - Change in professionals
  - Changes to an Investment Manager's philosophy or the process it uses to implement the agreed-upon strategy
  - Investment Manager is involved in material litigation and/or fraud or allegations of fraud
  - Client-servicing problems

# MONITORING OF INVESTMENT MANAGERS

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- Significant account losses or significant account growth
  - Change in cost
  - Change in financial condition
  - Extreme performance volatility
- Long-Term Performance in Relation to Appropriate Market Index, Market Environment or Stated Goals and Objectives

Long-term performance standards measure an Investment Manager's performance over rolling five-year returns or since inception in relation to the appropriate market index.

- Shorter-Term Performance in Relation to Appropriate “Style Group,” Market Environment or Stated Goals and Objectives

Shorter-term performance standards incorporate a time period of at least three years. Each Investment Manager is expected to consistently perform in the top 50th percentile versus an appropriate peer group of Investment Managers with similar investment styles. Additionally, each Investment Manager is expected to demonstrate favorable cumulative and rolling three-year risk-adjusted performance compared to its peer group. If appropriate peer groups are not available, the Investment Manager’s adherence to stated risk and return objectives and the Investment Manager’s portfolio exposures in relation to the market environment and stated philosophy and process will be evaluated. Risk-adjusted performance measures will vary, but may include: Sharpe Ratio, Downside Risk, Information Ratio and/or Relative Standard Deviation.

## **Step 3 – Replace or Retain**

The watchlist period will generally be four quarters, but the time period can be shorter or longer depending on the factors causing the Investment Manager’s watchlist status. As a result of the watchlisting examination of the Investment Manager, a recommendation by the Investment Consultant to either **replace** or **retain** the Investment Manager will be made.

It is at the Board's discretion to take corrective action by replacing an Investment Manager, if it deems it appropriate, at any time. The watchlist is not the only route for removing an existing Investment Manager. The aforementioned events, or any other events of concern identified by the Board, may prompt the immediate removal of an Investment Manager without it being watchlisted.

Separate from this three-step monitoring process, the Program Manager (Ascensus) will complete its own independent monitoring of the Investment Managers on an ongoing basis.




# SIGNATURES

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Prepared:  
Capital Cities, L.L.C.


Date: 2/14/24


  
Investment Consultant


Accepted:  
IESA Board

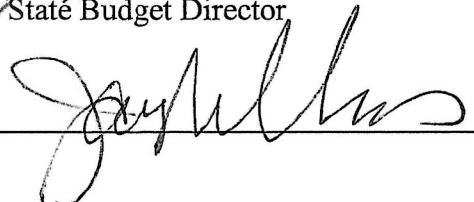
Date: 2/14/24

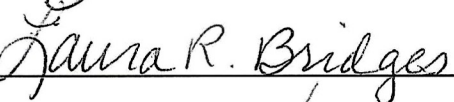
  
Treasurer, State of Indiana, Chairman


  
Commissioner for Higher Education

  
Secretary of Education

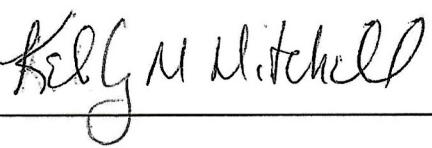
  
State Budget Director



  
Laura R. Bridges







## APPENDIX A: KEY INFORMATION

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### ***Key Information:***

Name of Plans:	CollegeChoice 529 Direct Savings Plan CollegeChoice Advisor 529 Savings Plan CollegeChoice CD 529 Savings Plan
Governing Body:	Indiana Education Savings Authority One North Capitol Ave., Suite 900 Indianapolis, IN 46204
IESA Board:	Treasurer of State, Chairman Commissioner for Higher Education Secretary of Education State Budget Director Five Gubernatorial Appointees
Type of Plan:	Qualified Tuition Program (referred to as a “529 Plan”)
Current Assets (as of September 30, 2023):	\$6,436,211,589
Participant Directed Investment Options:	Yes
Frequency to Change Investment Options:	Up to 2 times per calendar year
Program Managers:	<ul style="list-style-type: none"><li>• Ascensus Broker Dealer Services, Inc.: CollegeChoice 529 Direct Savings Plan and CollegeChoice Advisor 529 Savings Plan</li><li>• College Savings Bank, a Division of NexBank: CollegeChoice CD 529 Savings Plan</li></ul>
Investment Consultant:	Capital Cities, L.L.C. (317) 475-4500

# APPENDIX B: COLLEGECHOICE 529 DIRECT PLAN

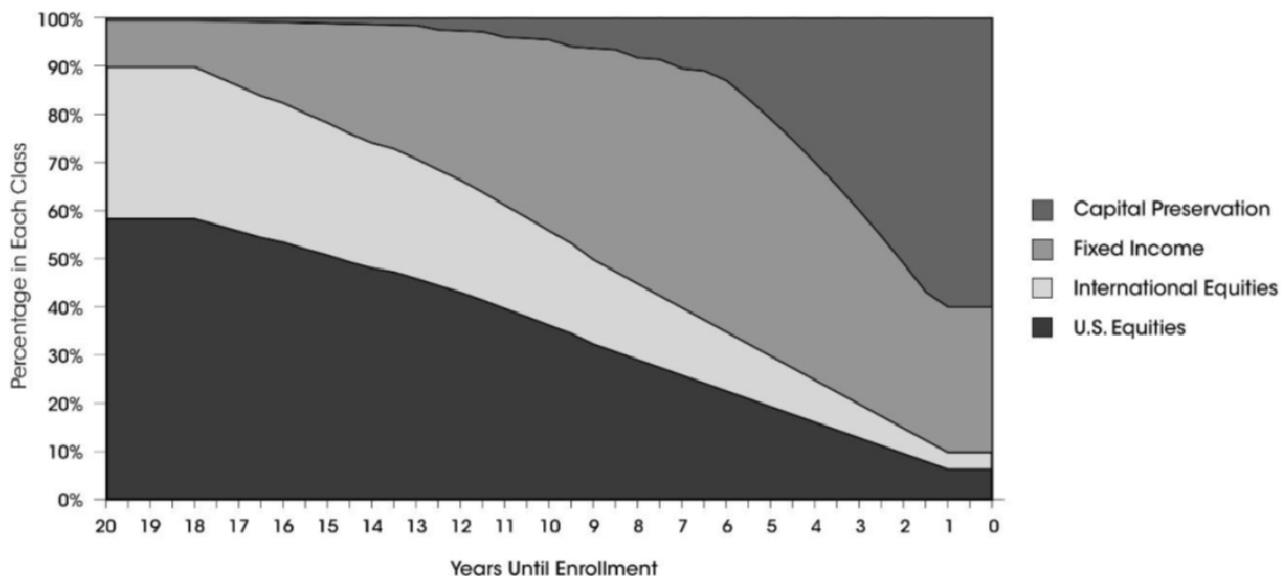
## *CollegeChoice 529 Direct Savings Plan's Investment Menu*

Year of Enrollment Portfolios	Index
Year of Enrollment Portfolios	Custom Benchmark Representing Underlying Asset Allocation
<b>Underlying Funds:</b>	
Schwab S&P 500 Index	S&P 500 Index
Vanguard Extended Market Index Instl Plus	S&P Completion Index
Vanguard Real Estate Index Institutional	MSCI US Investable Market Real Estate 25/50 Index
iShares MSCI EAFE Intl Index K	MSCI EAFE Index
Vanguard Emerging Market Stock Index Instl	FTSE Emerging Markets All Cap China A Inclusion Index
Vanguard Total Bond Market II Index Fund	Bloomberg U.S. Agg Bond Index Float Adj
Schwab Treasury Inflation Protected Sec Index	Bloomberg US TIPS Index
Vanguard High-Yield Corporate Adm	95% Bloomberg U.S. High-Yield Ba Index/B 2% Issuer Capped & 5% Bloomberg U.S. 1-5 Year Treasury Bond Index
Vanguard Total International Bond Fund	Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Hedged
Vanguard Short-Term Reserves Account	FTSE 3-Month T-Bill Index

Individual Portfolios / Underlying Funds	Index	Peer Group Universe
<b>Active US Equity Portfolio</b>		
AQR Large Cap Defensive Style	Russell 1000 Index	Large Blend
<b>US Equity Index Portfolio</b>		
Vanguard Total Stock Market Index	CRSP US Total Market Index	All Cap Blend
<b>Active International Equity Portfolio</b>		
JP Morgan International Equity	MSCI EAFE Index	Foreign Large Blend
<b>International Equity Index Portfolio</b>		
State Street Global All Cap Eq ex-US	MSCI ACWI ex US IMI	Foreign Large Blend
<b>Active Bond Portfolio</b>		
Carillon Reams Core Plus	Bloomberg U.S. Aggregate Bond Index	Intermediate Core Plus Bond
<b>Bond Index Portfolio</b>		
Vanguard Total Bond Market Index	Bloomberg U.S. Agg Bond Index Float Adj	Intermediate Core Bond
<b>Inflation-Protected Portfolio</b>		
DFA Inflation-Protected Securities	Bloomberg U.S. TIPS Index	Inflation-Protected Bond
<b>Stable Value Portfolio</b>		
Vanguard Short-Term Reserves Account	FTSE 3-Month T-Bill Index	Stable Value
<b>Savings Portfolio</b>		
NexBank Savings Account	FTSE 3-Month T-Bill Index	Money Market

## APPENDIX B: COLLEGECHOICE 529 DIRECT PLAN

### CollegeChoice 529 Direct Savings Plan's Year of Enrollment Portfolios



### CollegeChoice 529 Direct Year of Enrollment Portfolios' Asset Allocation Ranges

YEAR OF ENROLLMENT SUB-ASSET CLASS ALLOCATION RANGES WITHIN ASSET CLASS			
ASSET CLASS	SUB-ASSET CLASS	RANGE	
		MINIMUM	MAXIMUM
EQUITY	U.S. Large Cap	32.4%	68.0%
	U.S. Small / Mid Cap	8.1%	32.0%
	U.S. Real Estate	0.0%	8.0%
	Foreign Large Cap	9.0%	34.0%
	Foreign Small Cap	0.0%	8.0%
	Emerging Markets	4.0%	16.0%
FIXED INCOME	Core Bonds	40.0%	65.0%
	Treasury Infl-Protected Bonds	0.0%	25.0%
	High Yield Bonds	0.0%	25.0%
	International Bonds	10.0%	35.0%
CAPITAL PRESERVATION	Stable Value / Funding Agreements	0.0%	100.0%
	FDIC / Money Markets	0.0%	100.0%

# APPENDIX C: COLLEGECHOICE ADVISOR 529 PLAN

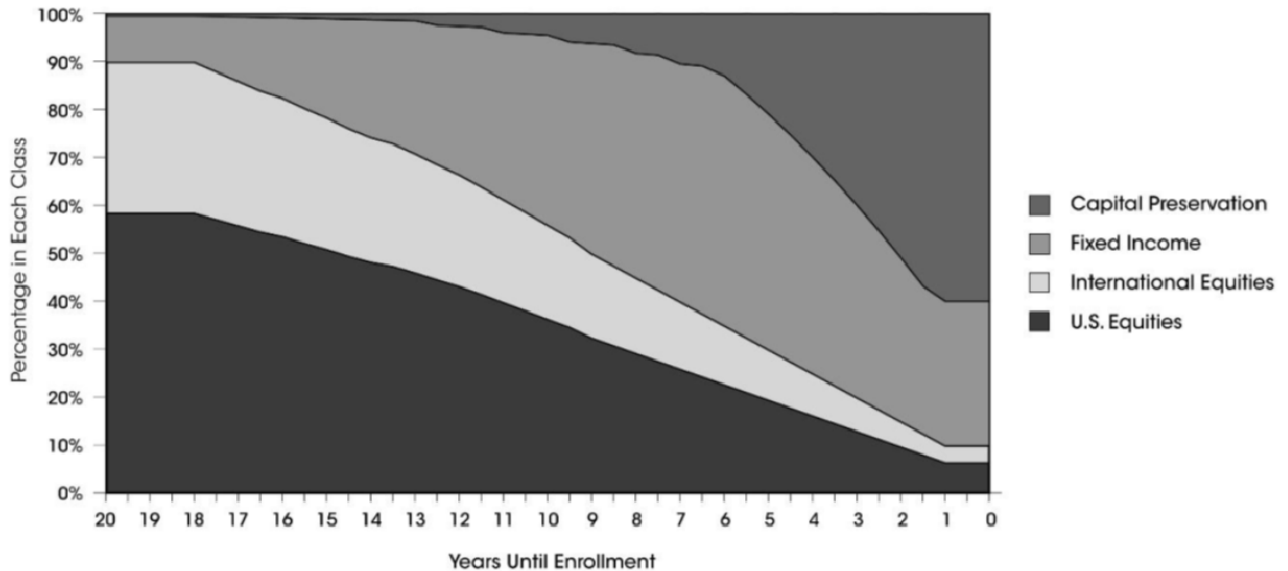
## *CollegeChoice Advisor 529 Savings Plan's Investment Menu*

Year of Enrollment Portfolios	Index
Year of Enrollment Portfolios	Custom Benchmark Representing Underlying Asset Allocation
<b>Underlying Funds:</b>	
Schwab S&P 500 Index	S&P 500 Index
Vanguard Equity Income	FTSE High Dividend Yield Index
T. Rowe Price Large Cap Growth	Russell 1000 Growth Index
Vanguard Extended Market Index Instl Plus	S&P Completion Index
Vanguard Real Estate Index Institutional	MSCI US Investable Market Real Estate 25/50 Index
iShares MSCI EAFE Intl Index K	MSCI EAFE Index
American Funds EuroPacific Growth	MSCI ACWI ex-US Index
DFA International Small Company	MSCI World ex US Small Cap Index
Vanguard Emerging Market Stock Index Instl Plus	FTSE Emerging Markets All Cap China A Inclusion Index
Vanguard Total Bond Market II Index Fund	Bloomberg U.S. Agg Bond Index Float Adj
Carillon Reams Core Plus	Bloomberg U.S. Aggregate Bond Index
Vanguard Core Bond	Bloomberg U.S. Agg Bond Index Float Adj
Schwab Treasury Inflation Protected Sec Index	Bloomberg US TIPS Index
Vanguard High-Yield Corporate Adm	95% Bloomberg U.S. High-Yield Ba Index/B 2% Issuer Capped & 5% Bloomberg U.S. 1-5 Year Treasury Bond Index
Vanguard Total International Bond Fund	Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Hedged Index
NYLife GIA Funding Agreement	90 Day T-Bill Index

Individual Portfolios / Underlying Funds	Index	Peer Group Universe
<b>Large Cap Equity Index Portfolio</b>		
Schwab S&P 500 Index	S&P 500 Index	Large Blend
<b>Vanguard Equity Income Portfolio</b>		
Vanguard Equity Income	FTSE High Dividend Yield Index	Large Value
<b>T. Rowe Price Large Cap Growth Portfolio</b>		
T. Rowe Price Large Cap Growth	Russell 1000 Growth Index	Large Growth
<b>Mid Cap Equity Index Portfolio</b>		
iShares Core S&P Mid Cap	S&P Mid Cap 400 Index	Mid Cap Blend
<b>Small Cap Equity Index Portfolio</b>		
iShares Core S&P Small Cap	S&P Small Cap 600 Index	Small Blend
<b>Diamond Hill Small-Mid Cap Portfolio</b>		
Diamond Hill Small-Mid Cap	Russell 2500 Index/Russell 2500 Value Index	SMID
<b>International Equity Index Portfolio</b>		
iShares MSCI EAFE Intl Index K	MSCI EAFE Index	Foreign Large Blend
<b>Emerging Markets Equity Index Portfolio</b>		
Vanguard Emerging Markets Stock Index	FTSE Emerging Markets All Cap China A Inclusion Index	Diversified Emerging Markets
<b>American Funds EuroPacific Growth Portfolio</b>		
American Funds EuroPacific Growth	MSCI ACWI ex-US Index	Foreign Large Blend
<b>Core Bond Index Portfolio</b>		
Schwab Aggregate Bond	Bloomberg U.S. Aggregate Bond Index	Intermediate Core Bond
<b>PIMCO Total Return Portfolio</b>		
PIMCO Total Return	Bloomberg U.S. Aggregate Bond Index	Intermediate Core Plus Bond
<b>TIPS Index Portfolio</b>		
Vanguard Short-Term Inflation-Protected Securities Index	Bloomberg U.S. 0-5 Year Treasury Infl Protect Sec Index	Inflation-Protected Bond
<b>Capital Preservation</b>		
NYLife GIA Funding Agreement	ICE BofA 0-3 Month Treasury Index	Stable Value
<b>Savings Portfolio</b>		
NexBank Savings Account	FTSE 3-Month T-Bill Index	Money Market

## APPENDIX C: COLLEGECHOICE ADVISOR 529 PLAN

### CollegeChoice Advisor 529 Savings Plan's Year of Enrollment Portfolios



### CollegeChoice Advisor 529 Year of Enrollment Portfolios' Asset Allocation Ranges

YEAR OF ENROLLMENT SUB-ASSET CLASS ALLOCATION RANGES WITHIN ASSET CLASS			
ASSET CLASS	SUB-ASSET CLASS	RANGE	
		MINIMUM	MAXIMUM
EQUITY	U.S. Large Cap	32.4%	68.0%
	U.S. Small / Mid Cap	8.1%	32.0%
	U.S. Real Estate	0.0%	8.0%
	Foreign Large Cap	9.0%	34.0%
	Foreign Small Cap	0.0%	8.0%
	Emerging Markets	4.0%	16.0%
FIXED INCOME	Core Bonds	40.0%	65.0%
	Treasury Infl-Protected Bonds	0.0%	25.0%
	High Yield Bonds	0.0%	25.0%
	International Bonds	10.0%	35.0%
CAPITAL PRESERVATION	Stable Value / Funding Agreements	0.0%	100.0%
	FDIC / Money Markets	0.0%	100.0%

## **APPENDIX D: COLLEGECHOICE CD 529 PLAN**

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### ***CollegeChoice CD 529 Savings Plan:***

- **CollegeSure® Honors Savings Account** – A high-yielding, variable rate savings account with no fees. The minimum initial contribution for a CD is \$250. Contributions of a minimum of \$25 per month using an ACH Plan or \$25 per pay period using payroll deduction are acceptable. The annual percentage yield (APY) of the Fixed Rate CD purchased will be the APY offered as of the Contribution Date of the initial \$25 contribution.
- **Fixed Rate CD** – FDIC-insured CD offering 1-, 2- and 3-year maturities earning a fixed rate of return for the entire term of the CD with no fees. The minimum initial contribution for a CD is \$250. Contributions of a minimum of \$25 per month using an ACH Plan or \$25 per pay period using payroll deduction are acceptable. The APY of the Fixed Rate CD purchased will be the APY offered as of the Contribution Date of the initial contribution.

# ATTACHMENT A: SECURITIES GUIDELINES

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## T. ROWE LARGE CAP GROWTH SEPARATE ACCOUNT

(CollegeChoice Advisor 529 Savings Plan)

### Investment Objectives and Guidelines

#### **Investment Objectives:**

- The Account seeks to provide long-term capital appreciation through investments in common stocks of growth companies.

#### **Investment Guidelines:**

The Account will normally invest at least 80% of net assets in the common stocks of large companies. A large company is defined as one whose market cap is larger than the median market cap of companies in the Russell 1000 Growth Index.

The Account generally looks for companies with an above average rate of earnings and cash flow growth and a lucrative niche in the economy that gives them the ability to sustain earnings momentum even during times of slow economic growth.

The Account is “non-diversified,” meaning it may invest a greater portion of its assets in a single issuer and own more of the issuer’s voting securities than is permissible for a “diversified” fund. In pursuing its investment objective, T. Rowe Price has the discretion to deviate from its normal investment criteria, as previously described, and purchase securities that the Separate Account’s management believes will provide an opportunity for substantial appreciation.

The assets will be invested in U.S. common stocks, the Account may invest in other securities and use futures and options, in keeping with fund objectives.

The Account may sell securities for a variety of reasons, such as to secure gains, limit losses, or redeploy assets into more promising opportunities.

#### **Permissible Investments:**

- **U.S. Securities.** The Account will invest in securities of U.S. issuers listed on a major U.S. exchange or traded on a major U.S. securities market as follows:
  - Common Stock
  - Preferred Stock
  - Convertible Securities, including Convertible Preferred Stock and Convertible Bonds
  - Rights and Warrants
  - Exchange-traded Funds (“ETFs”)
  - Index Futures
  - Options
  - Closed-end Funds
  - Real Estate Investment Trusts (“REITs”)
  - Publicly-traded Partnerships (“PTPs”)
  - Units



# ATTACHMENT A: SECURITIES GUIDELINES

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- **Index Futures and ETFs.** Index futures and ETFs may be used solely as a cash management tool in order to maintain exposure to the large cap market. Futures and ETFs may not be used to leverage the portfolio or for any other speculative purpose.
- **Cash Reserves.** Cash reserves, not to exceed 10% of total portfolio at market value at the time of purchase, except with written permission of the Client, may be invested in one or more of the Custodian's STIFs at the discretion of T. Rowe Price, the T. Rowe Price Government Reserve Fund ("RIF"), a registered investment company for which T. Rowe Price serves as investment adviser, or other money market instruments at the discretion of T. Rowe Price. The Account will be temporarily exempted from this restriction due to timing differences regarding simultaneous buy/sell trade settlements and for a period of two months from the date of large cash injections into the Account (or in preparation for large cash redemptions upon notice by Ascensus). The Account may occasionally experience temporary overdrafts due to settlement, rebalancing and/or operational considerations at T. Rowe Price's discretion.
- **Capitalization.** Large-cap companies are defined as those whose market capitalization is larger than the median market capitalization of companies in the Russell 1000 Growth Index (the "Index") at the time of purchase. The market capitalization of the companies in the Account and in the Index changes over time; T. Rowe Price will not automatically sell or cease to purchase stock of a company already held in the Account just because the company's market capitalization falls below the median market capitalization of the Index. In addition, T. Rowe Price may purchase securities below the median market capitalization of the Index at inception in order to position the Account with holdings previously purchased for and held in the strategy.
- **Cross Trades.** Unless the Account is subject to ERISA, the Account may engage in cross trades.
- **Settlement Practices.** It is understood that certain foreign markets may require free or partial free delivery (e.g., initial partial escrow payments) regarding settlement of trades.
- **Affiliated Securities.** The Account is not restricted from purchasing securities whether issued by Client or an "affiliate" or otherwise, except as Client instructs pursuant to cusips, tickers, or other specific identifiers in an "affiliates" list.

## Unauthorized Investments:

- Fixed Income securities, except as authorized and limited above;
- Short Sales;
- Margin purchases, lending or borrowing of Account assets except for occasional temporary overdrafts as described above;
- Investments used to leverage the Account;
- Physical commodities or commodity futures or options;
- Derivatives except as authorized above regarding warrants, index futures, forward foreign currency contracts, and options;
- Foreign Securities;
- Private placements and other restricted securities (including Rule 144A eligible securities); and IPOs

# ATTACHMENT A: SECURITIES GUIDELINES

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## Additional Restrictions:

- **Per issuer restriction.** No more than the greater of a) 10% of the Account's total market value or b) 3X the weight in the Index at the time of purchase may be invested in the securities of any one issuer (excluding the Custodian's STIF, RIF, or securities of the U.S. Government, its agencies, or U.S. Government sponsored entities).
- **Per industry restriction.** No more than 25% of total market value at the time of purchase may be invested in any one industry.

## Performance Benchmark:

The Account's gross performance shall be measured against the performance of the Index over a three to five year market cycle. However, it is understood that T. Rowe Price cannot guarantee performance.

# ATTACHMENT A: SECURITIES GUIDELINES

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## CAPITAL PRESERVATION PORTFOLIO: NEW YORK LIFE GUARANTEED INTEREST ACCOUNT

### (CollegeChoice Advisor 529 Savings Plan)

**Investment Objective:** The Portfolio seeks to provide competitive yields and limited volatility with a guarantee of principal and accumulated interest.

**Investment Strategy:** The Portfolio invests substantially all of its assets in the New York Life Guaranteed Interest Account (“GIA”). The GIA is a stable value investment option with a guarantee of principal and accumulated interest provided by New York Life Insurance Company (“New York Life”). Contributions to the GIA are invested in a funding agreement issued by New York Life (“Funding Agreement”). Contributions to the Funding Agreement are currently invested in a broadly diversified fixed income portfolio within New York Life’s general account. The investments in the general account are intended to provide a stable crediting rate consistent with preservation of principal. The general account is invested primarily in a conservative array of securities and cash-equivalent investments in accordance with the investment restrictions of New York insurance law. The primary objective of the general account is to ensure that New York Life can meet its obligations to policyholders and contract holders.

Subject to the investment risks, the Funding Agreement provides a guarantee of principal and accumulated interest to the Authority. These guarantees are made to the Authority in its capacity as Trustee through the Funding Agreement and are backed by the full faith and credit of New York Life. The GIA is not a registered mutual fund or collective investment trust.

The Portfolio is not guaranteed by the State, the Authority, the Program Manager, the FDIC, the Federal government or any other party.

**Interest Crediting Rate:** The initial GIA crediting rate will be fixed and guaranteed through December 31, 2018. Subsequent crediting rates are subject to change on January 1 and July 1 of each year and will be fixed for each semi-annual period, unless the Funding Agreement is terminated. Subsequent crediting rates will never be below 1%. Interest applied to an Account will depend on the semi-annual crediting rates provided by the GIA and any applicable Fees charged by the Plan. For example, although the crediting rate will not be below 1%, because we charge a Program Management Fee, the interest posted to an account may be lower than 1%.

### Investment Risks Related to New York Life

#### Credit Default Risk

Credit Default Risk is the risk that the issuer will default on its obligations under the contract or that other events could render the contract invalid

#### Equity Wash or Liquidity Risk

The Funding Agreement includes a provision that prohibits direct transfers from the Capital Preservation Portfolio to any "competing" Investment Option. Transfers to a competing investment option must first move to a non-competing Investment Option and be held there for at least 90 days before moving to the competing Investment Option. Competing Investment Options generally include money market funds, short-duration bond funds, FDIC-insured savings accounts, stable value funds, or any other fund that seeks principal preservation. The 90-day holding period is often referred to as an "equity wash".

# **ATTACHMENT A: SECURITIES GUIDELINES**

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As of November 2018, the Savings Portfolio is considered a competing Investment Option. The equity wash does not apply to distributions from an Account, transfers into the Capital Preservation Portfolio, or transfers within the Year of Enrollment Portfolios. Any changes to the Investment Options, including competing Investment Options, will be described in a revised Disclosure Statement or a Supplement. Certain changes to the Plan's design, changes in governing laws and regulations, failure of the Plan to qualify as a 529 Program, or termination of the Plan, may result in a termination of the Funding Agreement and, as a result, payments from the Funding Agreement may be paid over an extended period of time.

## **Holding Period Risk**

Holding Period Risk is the risk that certain transfers will require a 90-day holding period in an Investment Option with increased exposure to risk.

## **Termination Risk**

Termination Risk is the risk that the Funding Agreement is terminated and, as a result, payments from the agreement are paid over an extended period of time and subject to a fixed crediting rate than may be lower than market rates.

# **ATTACHMENT A: SECURITIES GUIDELINES**

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## **DIAMOND HILL SMALL/MID CAP EQUITY SEPARATE ACCOUNT**

**(CollegeChoice Advisor 529 Savings Plan)**

### **INVESTMENT OBJECTIVE**

Long-term capital appreciation by investing in companies selling for less than the portfolio managers' estimate of intrinsic value.

### **INVESTMENT STRATEGY**

To estimate intrinsic value, the business must be understandable, and the portfolio managers must be able to reasonably forecast its cash flows. The Diamond Hill Small-Mid Cap Equity Separate Account seeks businesses with sustainable competitive advantages, conservative balance sheets, and management with an ownership mentality.

Investments are sold when the stock price reaches the portfolio managers' estimate of intrinsic value, the portfolio managers' estimate of intrinsic value is revised such that there is no longer a discount to intrinsic value, a holding reaches the portfolio managers' stated maximum position size, or to raise proceeds for a more attractive opportunity.

### **STRATEGY DESCRIPTION**

The Diamond Hill Small-Mid Cap Separate Account seeks to provide long-term capital appreciation by investing in stocks of small and medium capitalization companies that the portfolio managers believe are undervalued.

### **PORTFOLIO GUIDELINES**

- Typically 50–70 positions
- Maximum position size is 7%
- Top 10 holdings are typically greater than 25% of net assets
- Maximum industry exposure is 20%
- Maximum sector exposure is 30%

### **PORTFOLIO COMPOSITION**

Portfolio composition should be across multiple industries and sectors. Generally, the minimum market capitalization for new positions at the time of purchase is \$500 million. For the initial funding trades, Diamond Hill shall be able to purchase securities, to model weight, of companies currently held in the strategy model. In addition, if additional funds are contributed to the Separate Account, Diamond Hill shall be able to purchase more shares to maintain the weight of positions currently held in the Separate Account.

### **BENCHMARK**

Russell 2500 Index