The Education Plan®
Plan Description and Participation Agreement

December 9, 2019
This Plan Description and Participation Agreement has been identified by the Plan as the Offering Materials intended to provide substantive disclosure of the terms and conditions of an investment in the Plan. This Plan Description and Participation Agreement does not constitute an offer to sell or the solicitation of an offer to buy any security other than an investment in the Plan offered hereby, nor does it constitute an offer to sell or the solicitation to any person in any jurisdiction or under any circumstances in which it would be unlawful.

No security issued by the Plan has been registered with or approved by the United States Securities and Exchange Commission or any state securities commission. Further, this Plan Description and Participation Agreement is not subject to oversight by the Financial Industry Regulatory Authority (FINRA) or the Municipal Securities Rulemaking Board (MSRB).

The information contained in the Plan Description and Participation Agreement is believed to be accurate as of the date on the front cover and is subject to change without prior notice. Account Owners should rely only on the information contained in the Plan Description and Participation Agreement. No one is authorized to provide information about The Education Plan that is different from the information contained in the Plan Description and Participation Agreement. Please visit our website, theeducationplan.com, for the most current Plan Description and Participation Agreement.

If you are not a New Mexico taxpayer, you should consider before investing whether your or the Beneficiary’s home state offers a 529 plan that provides its taxpayers with favorable state tax and other benefits such as financial aid, scholarship funds, and protection from creditors that may only be available through an investment in the home state’s 529 plan, and which are not available through an investment in the Plan. Therefore, please consult your financial, tax, or other advisor to learn more about how state-based benefits (or any limitations) would apply to your specific circumstances. Keep in mind that state-based benefits should be one of the many appropriately weighted factors to be considered when making an investment decision.

You should periodically access, and if appropriate, adjust your investment choices with your time horizon, risk tolerance, and investment objectives in mind. Investing is an important decision. Please read the Plan Description and Participation Agreement and the Enrollment Form in their entirety before making an investment decision.

The Plan cannot and does not provide legal, financial or tax advice and the following information should not be construed as such with respect to the consequences for any particular individual as a result of contributions or distributions from a Plan account.

Section 529 plans are intended to be used only to save for qualified expenses. The Plan 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. You may wish to seek tax advice from an independent tax advisor based on your own particular circumstances.

Capitalized terms used in this Plan Description and Participation Agreement are defined throughout the document and in the Glossary starting on page 6.
This Plan Description describes the terms of your Account with The Education Plan. You should read it before you open your Account.

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GETTING STARTED

Getting started with The Education Plan is easy. Just follow these steps:

1. Read this Plan Description and Participation Agreement 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 or Tax Identification Number
   b. Your Permanent Address
   c. Your Beneficiary’s Social Security Number or Tax Identification 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 theeducationplan.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 education. Or, if you prefer, you can complete and mail the Enrollment Form included in the Enrollment Kit.

Contact Us

Online: theeducationplan.com

Phone: 1-877-337-5268
Monday through Friday, 8 a.m. to 7 p.m. Mountain Time

Regular Mail:
The Education Plan
P.O. Box 219331
Kansas City, MO 64121-9331

Overnight Delivery:
The Education Plan
920 Main Street, Suite 900
Kansas City, MO 64105-2017
SUMMARY

About The Education Plan
The Education Plan (the Plan) is a Section 529 plan offered by The Education Trust Board of New Mexico (Board or, when applicable, the Trustee). Ascensus College Savings Recordkeeping Services, LLC, is the Program Manager of the Plan. The Education Plan is designed to help individuals and families save for education goals in a tax-advantaged way and offers valuable advantages including tax-deferred growth, generous contribution limits, attractive Investment Options, and professional investment management.

You can use the assets in your Account toward the costs of nearly any public or private, 2-year or 4-year college nationwide, as long as the student (your Beneficiary) is enrolled in a U.S.-accredited college, university, graduate school, or technical school that is eligible to participate in U.S. Department of Education student financial aid programs. You can also use the assets in your Account to pay tuition expenses at a public, private or religious elementary or secondary school up to $10,000 per student per year. See pages 42-44 for important tax information regarding the Plan.

What's Inside

Glossary p. 6-9
This section provides definitions of terms contained in this Plan Description and Participation Agreement. Note that terms defined in the glossary (other than you and your) appear with initial capital letters when referenced in this document.

How You Participate p. 10-15
The Education Plan is open to U.S. citizens or resident aliens throughout the U.S. You, as the Account Owner, maintain complete control over the Account and can open Accounts for any number of Beneficiaries, including yourself. This section will guide you through the details of opening an Account in The Education Plan, contributing to your Account, maintaining your Account, using your savings to pay for Qualified Expenses, and closing your Account.

To open an Account, you must complete your enrollment online or send us a completed Enrollment Form, which is a contract between you, as the Account Owner, and the Board, establishing the obligations of each.

This section also highlights the many ways you can contribute to your Account including Recurring Contributions, electronic funds transfer and rollovers from an account with another Qualified Tuition Program. See pages 42-44 for information regarding the impact of New Mexico state and federal tax considerations regarding rollovers into your Account.

How to Take a Distribution from Your Account p. 16-18
This section discusses the different ways you can withdraw funds from your Account. You can have a withdrawal paid directly to you, as Account Owner, to the Beneficiary or to an Eligible Educational Institution. A withdrawal to pay K-12 Tuition is only payable to the Account Owner.

This section also describes the difference between Qualified Distributions, Non-Qualified Distributions and other types of withdrawals (for example, when the Beneficiary receives a scholarship, or is unable to attend school due to a Disability). There can be federal and state tax impacts of taking a withdrawal. It’s important to discuss withdrawals with a tax advisor to ensure you understand your particular situation.

Maintaining Your Account p. 19-21
This section provides information on various Account maintenance issues such as your Account statements, changing Beneficiaries and changing your Investment Options. You can change Investment Options up to two times per year. The twice per year limitation applies in the aggregate across all of your accounts for the same Beneficiary under all Qualified Tuition Programs sponsored by the State of New Mexico.

Fees p. 22-24
The total annual asset-based Fee varies from 0.10% to 0.44% depending on the Portfolio you choose. In this section, you will find a detailed description of the Fees associated with your Account in The Education Plan.
Important Risks You Should Know About  

As with any investment, there are risks involved in investing in The Education Plan, including the risk of investment losses; the risk of changes in federal and state laws, including federal and state tax laws; the risk of Plan changes, including changes in Fees or the Underlying Investments, as well as other risks. To learn more about the risks, please thoroughly read and carefully consider the information in this section and throughout this Plan Description and Participation Agreement, and ask your tax, legal and investment advisors about these risks.

Investment Information  

When you enroll in The Education Plan, you choose to invest using at least one of three different investment approaches, based upon your investing preferences and risk tolerance. You can choose between the Year of Enrollment Option, the Static Allocation Option, the Individual Portfolios Option or a mix of all three. If you do not specify any option, you will automatically be invested in the Year of Enrollment Portfolio closest to the year your Beneficiary turns 18 years old.

Year of Enrollment Option  

This Investment Option invests in a Portfolio that automatically moves to progressively more conservative investments as your Beneficiary approaches the year of enrollment in post-secondary education. There are eleven (11) Portfolios available under the Year of Enrollment Option. These Portfolios invest in Underlying Funds from multiple investment managers.

Static Allocation Option  

Each of the eight (8) Portfolios in this investment option seeks to meet a specific investment goal and asset allocation. Each Static Allocation Portfolio invests in multiple Underlying Funds managed multiple investment managers. The risk profile and allocation of each Static Allocation Portfolio remains fixed over time. Your investment returns will vary depending upon the performance of the Portfolios you choose.

Individual Portfolios Option  

This option offers five (5) Portfolios. The types of investments (for example - stocks, bonds or cash) the Portfolio invests in, remains fixed over time. Each Individual Portfolio invests in a single Underlying Fund.

Investment Performance  

This section discusses the performance of the Investment Options in the Plan. Performance information for the Investment Options is not available in this Plan Description and Participation Agreement because the Portfolios are new. For up to date price and performance information, go to theeducationplan.com or call us at 1.877.337.5268.

Important Tax Information  

This section discusses both the New Mexico state and federal tax benefits for an investment in The Education Plan.

Contributions to your Account are eligible for a New Mexico income tax deduction if you are a New Mexico taxpayer (resident or non-resident) filing a single or joint return.

You (as the Account Owner) may be subject to recapture of this tax deduction in certain events.

General Information  

In this section you will learn about the rights and obligations associated with your Account, considerations related to changes to your Account, this document, and state and federal laws, and claims against your Account.

Plan Governance  

This section summarizes the administration of The Education Plan.

Participation Agreement  

In this section, we ask you to review and acknowledge your rights and responsibilities in connection with your enrollment in The Education Plan. You must review this agreement in detail prior to completing an Enrollment in the Plan. Upon enrolling in the Plan online you will be prompted to acknowledge your understanding of, and agreement with the terms, conditions and information contained in the Plan Description and Participation Agreement. If you enroll by completing a paper Enrollment Form, you will be required to sign a similar acknowledgement.

Appendix A — Explanation of Investment Risks and Underlying Fund Descriptions  

The information in the Appendix provides a summary of the main investment risks of the Portfolios and the Underlying Investments. As with any investment, your investment in the Portfolios could lose money. Each Portfolio has a different level of risk.
GLOSSARY

Defined Terms. Terms used in this Disclosure Booklet have the following meanings:

ABLE Rollover Distribution: A distribution to an account in a Qualified ABLE Program for the same Beneficiary or a Member of the Family of the Beneficiary. Any distribution must be made before January 1, 2026 and cannot exceed the annual $15,000 contribution limit prescribed by Section 529A(b)(2)(B)(i) of the Code.

Account: An account in The Education Plan established by an Account Owner for a Beneficiary.

Account Owner or you: An individual 18 years or older, an emancipated minor (as determined by New Mexico law), a trust, an estate, a partnership, an association, a company, a corporation, or a qualified custodian under the UGMA/UTMA, who signs an online or paper Enrollment Form establishing an Account. In certain cases, the Account Owner and Beneficiary may be the same person. An individual seeking to open an Account as an emancipated minor must submit a court order as well as any other documentation that we request, establishing that he or she is empowered to enter into a contract without the ability to revoke a contract based on age. Without such documentation, we will not open an Account for an emancipated minor.

AGS or Ascensus Government Savings: Ascensus Government Savings is used to refer collectively or individually, as the case requires, to Ascensus College Savings Recordkeeping Services, LLC and its affiliates.

American Funds: Capital Research and Management.

Beneficiary: The individual designated by an Account Owner, or as otherwise provided in writing to The Education Plan, to receive the benefit of an Account.

BlackRock: BlackRock Institutional Trust Company, N.A.

Board: The board of trustees of The Education Plan Trust of New Mexico.

Code: Internal Revenue Code of 1986, as amended. There are references to various Sections of the Code throughout this Plan Description and Participation Agreement, including Section 529 as it currently exists and as it may subsequently be amended, and any regulations adopted under it.

Custodian: The individual who opens an Account on behalf of a minor Beneficiary with assets from an UGMA/UTMA account. Generally, the Custodian will be required to perform all duties of the Account Owner with regard to the Account until the Account Owner attains the age 18, is otherwise emancipated, or the Custodian is released or replaced by a valid court order. The Custodian of an Account funded from an UGMA/UTMA account may not change the Account Owner or Beneficiary.

Declaration of Trust: The Declaration of Trust establishing the Trust as may be amended from time to time by the Board.

DFA: Dimensional Fund Advisors LP.

Plan Description and Participation Agreement: This document, intended to provide substantive disclosure of the terms and conditions of an investment in The Education Plan, including any other Supplements distributed from time to time.

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

Disabled or Disability: Condition of a Beneficiary who is unable to do any substantial gainful activity because of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. We will require medical documentation to verify this condition. See IRS Publication 970 available at https://www.irs.gov/forms-pubs/about-publication-970 for further details.

Educational Assistance: Educational Assistance generally refers to the tax-free portion of any scholarships or fellowships, Pell Grants, employer provided educational assistance, veterans education assistance, and other tax-free educational assistance. See IRS Publication 970 online at https://www.irs.gov/forms-pubs/about-publication-970 for more information.

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

Eligible Educational Institution: An institution as defined in Section 529(e) of the Code. Generally, the term includes accredited post-secondary educational institutions or vocational schools in the United States and some accredited post-secondary educational institutions or vocational schools abroad offering credit toward a bachelor’s degree, an associate’s degree, a graduate level or professional degree, or another recognized post-secondary credential. The institution must be eligible to participate in a student financial aid program under Title IV of the Higher Education Act of 1965 (20

Enabling Legislation: The law that established the Education Plan Trust and its Board. (The Education Trust Act, Chapter 21, Article 21K NMSA 1978).

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 The Education Plan. An enrollment may also be completed online. Your digital signature acknowledges your agreement with the terms and conditions of the Plan Description and Participation Agreement and Enrollment Form.

Fees: The Program Fee and any other fees, costs, expenses, and charges associated with The Education Plan.

IRS: Internal Revenue Service.

Investment Option or Portfolio: The Year of Enrollment Portfolios, Static Allocation Portfolios, and Individual Portfolios, available to Account Owners in The Education Plan.

Investment Managers: The investment managers or funding agreement issuers of the Underlying Funds from time to time, which are currently Vanguard, Schwab, SSGA, BlackRock, New York Life, TIAA-CREF, American Funds, DFA, and PGIM Investments are the managers of their respective Underlying Funds.

K-12 Tuition: Qualified elementary and secondary tuition expenses as defined in the Code and as may be further limited by the Plan. These expenses are defined as expenses for tuition in connection with enrollment or attendance at an elementary or secondary public, private, or religious school. Although K-12 Tuition is a Qualified Higher Education Expense under federal tax law, it is not a Qualified Higher Education Expense for New Mexico tax purposes.

Management Agreement: An agreement between the Board and AGS to provide The Education Plan with program management, investment advisory, recordkeeping and administrative and marketing services.

The Management Agreement between the Board and AGS is now effective and will terminate in 2026, or earlier as provided in the Management Agreement.

Maximum Account Balance: The maximum aggregate balance of all accounts for the same Beneficiary in Qualified Tuition Programs sponsored by the State of New Mexico, 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. The current Maximum Account Balance is $500,000.

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:

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

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

New Mexico Resident: An Account Owner or Beneficiary who has registered a New Mexico address with the Plan.


Non-Qualified Distributions: A distribution from an Account that is not used to pay for Qualified Expenses.

PGIM Investments: PGIM Investments LLC.

Plan: The Education Plan

Plan Officials: The State, The Education Plan, the Board, the Trustee, the Trust, any other agency of the State, the Program Manager (including its affiliates), the Investment Managers (including their respective affiliates), and any other counsel, advisor, or consultant retained by, or on behalf of, those entities and any employee, officer, official, or agent of those entities.

Program Fee: The total of the Underlying Investment Fee and the Manager Fee as described under Fees on page 22.

Program Manager: Ascensus College Savings Recordkeeping Services, LLC has been engaged by the Board to provide the program management services, including program management, investment advisory, recordkeeping and administrative and marketing services, as an independent contractor, on behalf of The Education Plan, the Trust, the Trustee and the Board.
Qualified ABLE Program: A program designed to allow individuals with disabilities to save for qualified disability expenses. Qualified ABLE Programs are sponsored by states or state agencies and are authorized by Section 529A of the Code.

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 The Education Plan. Generally, these include the following:

1. tuition, fees and the costs of textbooks, supplies, and equipment required for the enrollment or attendance of a Beneficiary at an Eligible Educational Institution;
2. certain costs of the room and board of a Beneficiary for any academic period during which the student is enrolled at least half-time at an Eligible Educational Institution;
3. expenses for special needs Beneficiaries that are necessary in connection with their enrollment or attendance at an Eligible Educational Institution;
4. 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; and
5. K-12 Tuition. Although K-12 Tuition is a Qualified Higher Education Expense under federal tax law, it is not a Qualified Higher Education Expense for New Mexico tax purposes.

Qualified Tuition Program or 529 plan: A qualified tuition program under Section 529 of the Code.

Recurring Contribution: Also known as AIP or Automatic Investment Plan. A service in which an Account Owner authorizes The Education Plan to transfer money, on a regular and predetermined basis, from a bank or other financial institution to an Account in The Education Plan.

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:

1. The retribution must not exceed the amount of the refund from the Eligible Educational Institution;
2. The retribution must not exceed the amount of distributions previously taken to pay the Qualified Expenses of the beneficiary;
3. The retribution must be made to an account in a Qualified Tuition Program of the same beneficiary to whom the refund was made; and
4. 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 New Mexico state income tax, recapture of the New Mexico state income tax deduction, or the Distribution Tax.

Rollover Distribution: A distribution resulting from a change of Beneficiary to another Beneficiary who is a Member of the Family, either within The Education Plan 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.

Schwab: Charles Schwab Investment Management, Inc.

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

SSGA: State Street Global Advisors.

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

State: The State of New Mexico.

Successor Account Owner: The person named during online enrollment or in the Enrollment Form or otherwise in writing to The Education Plan by the Account Owner, who may exercise the rights of the Account Owner under The Education Plan if the Account Owner dies or is declared legally incompetent. The Successor Account Owner may be the Beneficiary if the Beneficiary is 18 years or older.

Supplement: An addendum to the Plan Description and Participation Agreement, issued from time to time.

The Education Plan: The Education Plan within the Trust.

TIAA-CREF: Teachers Advisors, LLC.

Trust: The Education Plan Trust of New Mexico created by the Declaration of Trust.

Trusted Contact Person: The person you designate as a contact to address possible financial exploitation, to confirm the specifics of your current contact information, health status, or the identity of any legal guardian, executor, trustee, or holder of a power of attorney; or as otherwise permitted by Financial Industry Regulatory Authority (FINRA) Rule 2165.

Trustee: The Board in its capacity as trustee of the Trust.

**Underlying Funds** or **Funds**: The Underlying Investments in which assets of the Portfolios are invested in either the Year of Enrollment, Static Allocation and/or Individual Portfolios.

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

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

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

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

**We** or **Our**: The Education Plan, the Board, the Trustee of the Trust the Program Manager, and the Investment Managers.
HOW YOU PARTICIPATE

Account Basics
To participate in The Education Plan, you must complete your enrollment by opening an Account online or by completing and mailing an Enrollment Form. You must be 18 years or older and a U.S. citizen (or a resident alien), or an entity that is organized in the U.S. and have a valid permanent U.S. street address. By completing your online enrollment or signing the Enrollment Form, you irrevocably consent and agree that your Account is subject to the terms and conditions of the Enrollment Form and the Plan Description and Participation Agreement.

Account Basics: To open an Account, you must be 18 years or older and a U.S. citizen (or a resident alien), or an entity that is organized in the U.S., be 18 years or older, and have a valid permanent U.S. street address.

Successor Account Owner. You may designate a Successor Account Owner that is 18 years or older (to the extent permissible under the laws that apply to your situation) to succeed to all of your right, title, and interest in your Account upon your death or legal incompetence. You can make this designation online, on the Enrollment Form, over the phone, or in writing. We must receive and process your request before the Successor Account Owner designation can be effective. You may change or terminate your Successor Account Owner at any time by submitting an Account Information Change Form. Forms may be obtained from our website at theeducationplan.com or by calling us at 1.877.337.5268.

Beneficiary. You can set up an Account for anyone, including yourself, your child, grandchild, spouse, another relative, or even someone not related to you. Each Account can have only one Beneficiary at any time. However, you may have multiple Accounts for different Beneficiaries. Also, different Account Owners may have an Account for the same Beneficiary within the Plan, but contributions to an Account will be limited if the total assets held in all Accounts for that Beneficiary under all 529 plans offered by New Mexico equal or exceed the Maximum Account Balance. See Maximum Account Balance on page 14. Your Beneficiary may be of any age; however, the Beneficiary must be an individual.

Identification Verification. Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an Account. When completing your enrollment online or on an Enrollment Form, as applicable, we will ask for your name, street address, date of birth, and Social Security or Tax Identification number.

Trusts, Corporations, and Other Entities as Account Owners. If you are a trust, partnership, corporation, association, estate, or another acceptable type of entity, you must submit documentation to The Education Plan to verify the existence of the entity and identify the individuals who are eligible to act on the entity's behalf. Examples of appropriate documentation include a trust agreement, partnership agreement, corporate resolution, articles of incorporation, bylaws, or letters appointing an executor or personal representative. This documentation must be submitted when an Account is established. We will not be able to open your Account until we receive all of the information required on the Enrollment Form and any other information we may require, including the documentation that verifies the identity and existence of the Account Owner.

A Beneficiary does not have to be named during enrollment 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.

If you are a trust or other entity, we require a Tax Identification Number and information for any person(s) opening your Account, such as a Custodian, agent under power of attorney, trustee, or corporate officer. Further information about identification verification requirements can be found in the General Information section beginning on page 45.

How to Open and Fund Your Account
Minimum Contributions. To open an account or for subsequent investments you must contribute at least $1. You can make your initial and any additional contributions by check, Recurring Contributions (also known as Automatic Investment Plan (AIP)), payroll direct deposit, Electronic Funds Transfer (EFT), dollar-cost averaging, rolling over assets from another Qualified Tuition Program, moving assets from an UGMA/UTMA account or Coverdell Education Savings Account, or by redeeming U.S. Savings Bonds.

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

We will not accept contributions made by cash, money order, traveler’s checks, foreign checks, checks dated more than 180 days from the date of receipt, checks post-dated more than seven days in advance, checks with unclear instructions, starter or counter checks, credit card or bank courtesy checks, third-party personal checks over $10,000, instant loan checks, or any other check we deem unacceptable. We will
also not accept stocks, securities, or other noncash assets as contributions to your Account.

You can allocate each contribution among any of the Investment Options; however, the minimum percentage per selected Investment Option is 1% of the contribution amount. Your subsequent contributions can be made to different Investment Options than the selection(s) you make during enrollment as long as investments in those different Investment Options are permissible.

**Getting Started:** You can open your Account with as little as $1.

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

We will generally treat contributions sent by U.S. mail as having been made in a given year if checks are postmarked on or before December 31 of the applicable year, and provided the checks are subsequently paid.

With respect to EFT contributions, for tax purposes we will generally treat contributions received by us in a given year as having been made in that year if you initiate them on or before December 31 of such year, provided the funds are successfully deducted from your checking or savings account at another financial institution.

Your contributions made by Recurring Contribution will generally be considered received by us in the year the Recurring Contribution debit has been deducted from your checking or savings account at another financial institution. See Funding Methods – Recurring Contribution beginning on page 12.

**Future Contributions.** At the time you enroll, you must choose how you want your contributions invested, which will serve as the standing investment instruction for future contributions (Standing Investment Instruction). We will invest all additional contributions according to your Standing Investment Instruction, unless you provide us with different instructions, and investments in different Investment Options are permissible.

You may reallocate assets to different Portfolios twice per calendar year, and with a permissible change in the Beneficiary. You may view or change your Standing Investment Instruction at any time by logging onto our website at theeducationplan.com, by submitting the Exchange/Future Contribution (Allocation) Change Form by mail, or by calling 1.877.337.5268.

**Control over Your Account.** Although any individual or entity may make contributions to your Account, you, as Account Owner, retain control of all contributions made as well as all earnings credited to your Account up to the date they are directed for distribution. A Beneficiary who is not the Account Owner has no control over any of the Account assets. Except as required by law, only you may direct transfers, rollovers, investment changes, withdrawals, and changes of the Beneficiary. You may also grant another person the ability to take certain actions with respect to your Account by completing appropriate form(s).

**Opening an Account with the Assistance of a Financial Advisor.** You may choose to open your Account with the assistance of a financial advisor, who would generally charge a fee for this service. You must consent and agree to authorize your financial advisor to access your Account and perform certain transactions on your behalf when you enroll or separately on the Agent Authorization/Limited Power of Attorney Form.

**Trusted Contact.** You can choose to authorize us to contact a Trusted Contact Person and disclose to that person information about your Account to address possible financial exploitation; to confirm the specifics of your current contact information, health status, or the identity of any legal guardian, executor, trustee or holder of a power of attorney; or as otherwise permitted by law. You can choose to designate a Trusted Contact Person by completing the Trusted Contact Person Form, or the Trusted Contact Person section of the Enrollment Form. A Trusted Contact Person must be at least eighteen (18) years of age.

**Contributions by Check.** You may make your initial contribution by check whether you enroll online or by sending an Enrollment Form.

**Checks must be made payable to The Education Plan.** Third-party personal checks must be equal to or less than ten-thousand dollars ($10,000) and be properly endorsed or made payable to The Education Plan.
### Funding Methods

**Recurring Contributions (also known as Automatic Investment Plan (AIP))**
- Link your bank account and The Education Plan and schedule automatic transfers of a set dollar amount.

**Electronic Funds Transfer (EFT)**
- Link your bank account and The Education Plan and schedule transfers of a set dollar amount.

**Check**
- Send a check payable to The Education Plan to P.O. Box 219418, Kansas City, MO 64121.

**Payroll Deduction**
- Link your Account in The Education Plan to your employer so a set amount is taken out of your paycheck each pay period.

**Upromise**
- Link your Account in The Education Plan to the Upromise program to earn a percentage of what you spend on eligible everyday purchases.

**Ugift®**
- Give a unique code to your family and friends and allow them to contribute to your Account in The Education Plan.

**Incoming Rollover**
- Transfer assets from a 529 plan outside the Program to your Account in The Education Plan.

**Contribution From ESA or Qualified U.S. Savings Bond**
- Contribute to The Education Plan from an education savings account or by selling a qualified U.S. Savings Bond.

**Contribution From UGMA/UTMA**
- Contribute assets from an UGMA/UTMA account to your The Education Plan Account.

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**Funding Methods**

**Recurring Contribution.** You may contribute to your Account by authorizing us to receive periodic automated debits from a checking or savings account at your bank if your bank is a member of the Automated Clearing House, subject to certain processing restrictions. You may elect to authorize an annual increase to your Recurring Contribution.

You can initiate a Recurring Contribution either when you enroll by completing the Recurring Contribution section during enrollment 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. Your Recurring Contribution authorization will remain in effect until we have received notification of its termination from you and we have had a reasonable amount of time to act on it.

You may terminate your Recurring Contribution at any time. To be effective, a change to, or termination of, a Recurring Contribution must be received at least 5 business days before the next Recurring Contribution debit is scheduled to be deducted from your bank account, and is not effective until received and processed by us. If your Recurring Contribution cannot be processed because the bank account on which it is drawn lacks sufficient funds, if you provide incomplete or inaccurate banking information, or if the transaction would violate processing restrictions, we reserve the right to suspend processing of future Recurring Contributions.

There is no charge for making Recurring Contributions. Recurring Contribution 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 Recurring Contribution debit will occur on the next business day. Quarterly Recurring Contribution debits will be made on the day you indicate (or the next business day, if applicable) every three (3) months, not on a calendar quarter basis. If you do not designate a date, your bank account will be debited on the 20th day of the applicable month.

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

The start date for a Recurring Contribution must be at least three (3) business days from the date you submit the Recurring Contribution request. If a start date for a Recurring Contribution is less than three (3) business days from the date you submit the Recurring Contribution request, the Recurring Contribution will start on the requested day in the next succeeding month.

**Electronic Funds Transfer (EFT).** You may also contribute by EFT subject to certain processing restrictions. You may authorize us to withdraw funds by EFT from a checking or savings account for both initial and additional contributions to your Account, provided you have submitted certain information about the bank account from which the money will be withdrawn. EFT transactions can be completed through the following means: (i) by providing EFT instructions...
during online enrollment or on the paper Enrollment Form; (ii) by submitting EFT instructions online after enrollment at theeducationplan.com; or by contacting a Client Service Representative at 1.877.337.5268. We do not charge a Fee for contributing by EFT.

Limitations on Recurring Contributions and EFT Contributions. We may place a limit on the total dollar amount per day you may contribute to an Account by EFT. Contributions in excess of this limit will be rejected. If you plan to contribute a large dollar amount to your Account by EFT, you may want to contact a Client Service Representative at 1.877.337.5268 to inquire about the current limit prior to making your contribution.

An EFT or Recurring Contribution may fail because the bank account on which it is drawn lacks sufficient funds or because the Account Owner has failed to provide correct and complete banking instructions (Failed Contributions). If you have a Failed Contribution, we reserve the right to suspend processing of future Recurring Contribution and EFT contributions. See Failed Contributions on page 15.

Direct Deposits From Payroll. You may be eligible to make automatic, periodic contributions to your Account by payroll direct deposit (if your employer offers this service). You may make your initial investment by payroll direct deposit or set up payroll direct deposit for additional contributions to your Account. Contributions by payroll direct deposit will only be permitted from employers able to meet our operational and administrative requirements. You must complete payroll direct deposit instructions by logging into your Account at theeducationplan.com, selecting the payroll direct deposit option, and designating the contribution amount in the instructions. You will need to print these instructions and submit them to your employer. Alternatively, you may submit a Payroll Direct Deposit Form directly to us to initiate the payroll direct deposit process.

Rollover Contributions. You can make your initial investment by rolling over assets from another Qualified Tuition Program to The Education Plan for the benefit of the same Beneficiary. You can also rollover assets from your Account or another Qualified Tuition Program to a Beneficiary who is a Member of the Family of your current Beneficiary. See Maintaining Your Account – Options for Unused Contributions: Changing a Beneficiary, Transferring Assets to Another of Your Accounts on page 19. A rollover for the same Beneficiary is restricted to once per 12-month period. Incoming rollovers can be direct or indirect.

A direct rollover is the transfer of money from one Qualified Tuition Program directly to another. An indirect rollover is the transfer to you of money from an account in another state’s Qualified Tuition Program; you then contribute the money to your Account. To avoid federal income tax consequences and the Distribution Tax, you must contribute an indirect rollover within 60 days of the distribution.

You should also be aware that some states may not permit direct rollovers from Qualified Tuition Programs. In addition, there may be state income tax consequences (and in some cases state-imposed penalties) resulting from a rollover out of a state’s Qualified Tuition Program. See Important Tax Information – State Tax Issues – Income Tax Deduction Requirements on page 43.

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

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

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

In addition, certain tax consequences described under Important Tax Information starting on page 42, 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 The Education Plan, the liquidation of non-cash assets held
by an UGMA/UTMA account would be required and may be considered a taxable event. Please contact a tax advisor to determine how to transfer assets held in an existing UGMA/UTMA account to The Education Plan and what the implications of that transfer may be for your specific situation.

**Moving Assets from a Coverdell Education Savings Account.** You may fund your Account by moving assets from a Coverdell Education Savings Account (ESA). Please indicate that the assets were liquidated from the ESA during online enrollment, on the paper Enrollment Form or with any additional investments. Unlike UGMA/UTMA accounts, the Beneficiary may be changed to a Member of the Family of the beneficiary of the ESA. Making distributions from an ESA to fund an Account for the same Beneficiary may not be considered 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.

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

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

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

**Additional Form Requirements for Rollovers, ESAs and Series EE or Series I Bonds**

Rollover contributions and other transfers to your Account must be accompanied by an Incoming Rollover Form as well as any other information we may require, including the information required for certain contributions described below. To roll over assets for a current Beneficiary into an Account in The Education Plan, you must complete an Incoming Rollover Form and an Enrollment Form.

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

1. In the case of a contribution from an ESA, an accurate account statement issued by the financial institution that acted as custodian of the account that reflects in full both the principal and earnings attributable to the rollover amount.

2. In the case of a contribution from the redemption of Series EE or Series I U.S. Savings Bonds, an accurate account statement or Form 1099-INT issued by the financial institution that redeemed the bond showing interest from the redemption of the bond.

3. In the case of a rollover, either you or the previous Qualified Tuition Program must provide us with an accurate statement issued by the distributing program which reflects in full both the principal and earnings attributable to the rollover amounts. Please visit The Education Plan website at theeducationplan.com or contact a Client Service Representative at 1.877.337.5268 for any of the forms you may need. Until we receive the documentation described above, as applicable, we will treat the entire amount of the rollover contribution as earnings in the Account receiving the transfer, which would subject the entire amount of the rollover contribution to taxation in the case of a Non-Qualified Distribution.

**Dollar-Cost Averaging.** The Plan allows Account Owners the ability to take advantage of dollar cost averaging via periodic systematic exchanges. Account Owners may choose an originating Portfolio and designate a destination Portfolio into which specified dollar amounts (a minimum of $25 per Portfolio) will be transferred on a monthly or quarterly basis. Account Owners must have at least $1,000 in the originating Portfolio to start the Dollar-Cost Averaging instructions. An election to invest previously invested Account assets pursuant to the Plan’s Dollar-Cost Averaging Feature will be considered use of one of the Account Owner’s twice-per-calendar year Account reallocation.

**Maximum Account Balance.** You can contribute up to a Maximum Account Balance of $500,000 for each Beneficiary. The aggregate market value of all accounts for the same Beneficiary under all Qualified Tuition Programs sponsored by the State of New Mexico (The Education Plan and Scholar’s Edge) is counted toward the Maximum Account Balance regardless of the Account Owner. Earnings may cause the Account balances for your Beneficiary to exceed $500,000 and no further contributions will be allowed at that point. If, however, the market value of your Account falls below the Maximum Account Balance, we will then accept additional contributions.

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

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

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

**Confirmation of Contributions and Transactions.** We will send you a confirmation for each contribution and transaction to your Account(s), except for Recurring Contributions, payroll direct deposit transactions, exchanges due to dollar-cost averaging, automatic transfers from a Upromise Program account to your Account. Each confirmation statement will indicate the number of Units you own in each Investment Option. If an error has been made in the amount of the contribution or the Investment Option in which a particular contribution is invested, you have sixty (60) days from the date of the confirmation statement to notify us of the error. See **Maintaining Your Account - Correction of Errors** on page 20.

We use reasonable procedures to confirm that transaction requests are genuine. You may be responsible for losses resulting from fraudulent or unauthorized instructions received by us, provided we reasonably believe the instructions are genuine. To safeguard your Account, please keep your information confidential. Contact us immediately at **1.877.337.5268** if you believe there is a discrepancy between a transaction you requested and the confirmation statement you received, or if you believe someone has obtained unauthorized access to your Account. Contributions may be refused if they appear to be an abuse of the Plan.

**Ugift.** You may invite family and friends to contribute to your Account through Ugift, either in connection with a special event or just to provide a gift to the Account Owner’s Beneficiary. Family and friends can either contribute online through an electronic bank transfer or by mailing in a gift contribution coupon with a check made payable to Ugift—The Education Plan.

Gift contributions received in good order will be held for approximately five (5) business days before being transferred into your Account. Gift contributions through Ugift are subject to the Maximum Account Balance. Gift contributions will be invested according to the Standing Investment Instruction on file for your Account at the time the gift contribution is transferred. There may be potential tax consequences of gift contributions invested in your Account. You and the gift giver should consult a tax advisor for more information. Ugift is an optional service, is separate from The Education Plan, and is not affiliated with the State of New Mexico, the Board, or the Trust. For more information, please see our website at theeducationplan.com.

**Upromise Program.** If you are enrolled in the Upromise Program, you can link your Account so that savings are automatically transferred to your Account on a periodic basis. Transfers from a Upromise Program account may be subject to a minimum amount. Go to upromise.com for more information on transfer minimums.

This Plan Description and Participation Agreement is not intended to provide detailed information concerning the Upromise Program. The Upromise Program is administered in accordance with the terms and procedures set forth in the Upromise Member Agreement (as amended from time to time), which is available by going to upromise.com. Participating companies, contribution levels and terms and conditions are subject to change at any time without notice. The Upromise Program is an optional program, is separate from The Education Plan, and is not affiliated with the State of New Mexico, the Board, or the Trust.
HOW TO TAKE A DISTRIBUTION FROM YOUR ACCOUNT

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

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

Distributions may be subject to federal and/or state tax withholding. For purposes of determining that a distribution is not 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 for treatment as a Non-Qualified Distribution as discussed under **Other Distributions** beginning on this page.

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

**Procedures for Distributions.** Only the Account Owner may direct distributions from your Account. Qualified Distributions made payable to the Account Owner, the Beneficiary or an Eligible Educational Institution may be requested online, by phone or you may complete a Distribution Request Form. In order for us to process a distribution request, you must complete and submit the Distribution Request Form to us in good order and provide such other information or documentation as we may, from time to time, require.

We will generally process a distribution from an Account within three (3) business days of accepting the request. During periods of market volatility and at year-end, distribution requests may take up to five (5) business days to process. Please allow ten (10) business days for the proceeds to reach the Account Owner, the Beneficiary or the Eligible Educational Institution. We may also establish a minimum distribution amount and/or charge a Fee for distributions made by federal wire.

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

**Temporary Withdrawal Restriction.** If you make a contribution by check, EFT, or Recurring Contribution (assuming all are in good order), we will defer the approval of a withdrawal of that contribution from your Account for five (5) business days following deposit. There will also be a hold of fifteen (15) business days on withdrawals following a change to your address, and a hold of ten (10) calendar days on withdrawals if banking information has been added or edited. For assistance, please contact a Client Service Representative at 1.877.337.5268.

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

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

**Other Distributions.** The distributions discussed below are not subject to the Distribution Tax. Except for a Rollover Distribution, a Refunded Distribution, an ABLE Rollover Distribution and a K-12 Distribution, the earnings portion of each distribution discussed will be subject to federal and to any applicable state income taxes. For New Mexico taxpayers, a Rollover Distribution, an ABLE Rollover Distribution and a K-12 Distribution are subject to recapture by the state as taxable income. See **Important Tax Information - Federal Tax Issues - Transfers and Rollovers** on page 42 and **State Tax Issues** beginning on page 43. You should consult a tax advisor.
regarding the application of federal and state tax laws if you take any of these distributions:

- **Death of Beneficiary.** In the event of the death of the Beneficiary, you may change the Beneficiary of your Account, authorize a payment to a beneficiary of the Beneficiary, or the estate of the Beneficiary, or request the return of all or a portion of your Account balance. A distribution due to the death of the Beneficiary, if paid to a beneficiary of the Beneficiary or the estate of the Beneficiary, will not be subject to the Distribution Tax, but earnings will be subject to federal and any applicable state income tax. A distribution of amounts in your Account, if not paid to a beneficiary of the Beneficiary or the Beneficiary’s estate, may constitute a Non-Qualified Distribution, subject to federal and applicable state income taxes at the distributee’s tax rate and the Distribution Tax. If you select a new Beneficiary who is a Member of the Family of the former Beneficiary, you will not owe federal income tax or the Distribution Tax. Special rules apply to UGMA/UTMA custodial accounts.

- **Disability of Beneficiary.** If your Beneficiary becomes Disabled, you may change the Beneficiary of your Account or request the return of all, or a portion of your Account balance. A distribution due to the Disability of the Beneficiary will not be subject to the Distribution Tax, but earnings will be subject to federal and any applicable state income tax at your tax rate. If you select a new Beneficiary who is a Member of the Family of the former Beneficiary, you will not owe federal income tax or a Distribution Tax. Special rules apply to UGMA/UTMA custodial accounts.

- **Receipt of Scholarship.** If your Beneficiary receives a qualified scholarship, Account assets up to the amount of the scholarship may be withdrawn without imposition of the Distribution Tax. A qualified scholarship includes certain Educational Assistance allowances under federal law as well as certain payments for educational expenses (or attributable to attendance at certain educational institutions) that are exempt from federal income tax. The earnings portion of a distribution due to a qualified scholarship is subject to federal and any applicable state income tax at the distributee’s tax rate.

- **Attendance at Certain Specified Military Academies.** If your Beneficiary attends a United States military academy, such as the United States Naval Academy, you may withdraw up to an amount equal to the costs attributable to the Beneficiary’s attendance at the institution without incurring the additional Distribution Tax. The earnings portion of the distribution will be subject to federal and any applicable state income tax at the distributee’s tax rate.

- **Use of Education Tax Credits.** If you pay Qualified Expenses from an Account, you will not be able to claim American Opportunity or Lifetime Learning Credits for the same expenses. Furthermore, expenses used in determining the allowed American Opportunity or Lifetime Learning Credits will reduce the amount of a Beneficiary’s Qualified Expenses to be paid from your Account as a Qualified Distribution and may result in taxable distributions. These distributions will not be subject to the Distribution Tax.

- **Rollover Distribution.** To qualify as a Rollover Distribution, you must reinvest the amount distributed from your Account into another Qualified Tuition Program within sixty (60) days of the distribution date. Rollover Distributions may be subject to certain state taxes, but are generally exempt from federal income taxes and the Distribution Tax.

**ABLE Rollover Distribution.** To qualify as an ABLE Rollover Distribution, you must reinvest the amount distributed from your Account into a Qualified ABLE Program within 60 days of the distribution date. ABLE Rollover Distributions may be subject to certain state taxes but are generally exempt from federal income taxes and the Distribution Tax. Amounts previously deducted for New Mexico income tax purposes will be recaptured if they are distributed from a New Mexico 529 plan account to a Qualified ABLE program, including the ABLE program offered in the State of New Mexico (notwithstanding that such a transfer is a Qualified Withdrawal for federal tax purposes). Account Owners who are New Mexico taxpayers should consult their own tax advisors before transferring funds from a New Mexico 529 Plan to a Qualified ABLE Program. See State Tax Issues - Recapture of Income Tax Deduction on page 43.

- **Refunded Distribution.** If you take a Refunded Distribution, any refunds received from an Eligible Educational Institution will not be subject to federal or New Mexico state income tax or the Distribution Tax.

**Records Retention.** Under current federal tax law, you are responsible for obtaining and retaining records, invoices, or other documentation relating to your Account, including records adequate to substantiate, among other things, the following: (i) expenses which you claim are Qualified Expenses, (ii) the death or Disability of a Beneficiary, (iii) the receipt by a Beneficiary of a qualified scholarship or Educational Assistance, (iv) the attendance by a Beneficiary at certain specified military academies, or (v) a Refunded Distribution.

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

- Account Owner (by check or by ACH to an established bank account);
- Beneficiary (by check to an established bank account); or
- Eligible Education Institution (by check).

A distribution taken to pay K-12 Tuition will be made payable to the Account Owner only.
**Timing of Distribution Request.** Distribution requests received in good order before the close of the NYSE (generally 4 p.m. Eastern time) on any day the NYSE is open for business are processed that day based on the Unit Values of the Portfolios underlying your Account for that day. Requests received after the close of the NYSE are processed the next business day using the Unit Values on that day.

**Tax Treatment of Distributions.** Please read *Important Tax Information* starting on page 42.
**Account Statements.** You will receive quarterly statements to reflect transactions only if you have made transactions within the quarter. These transactions include contributions made to your Account; exchanges due to dollar-cost averaging; automatic transfers from a Upromise account to your Account; withdrawals made from your Account; and transaction and maintenance Fees incurred by your Account. The total value of your Account at the end of the quarter will also be included in your quarterly statements. You will receive an annual Account Statement even if you have made no transactions within the year.

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

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

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

**Options for Unused Contributions; Changing a Beneficiary, Transferring Assets to Another of Your Accounts.** Your Beneficiary may choose not to attend an Eligible Educational Institution or may not use all the money in your Account. In either case, you may name a new Beneficiary or take a distribution of your Account assets. Any Non-Qualified Distribution from your Account will be subject to applicable income taxes and may be subject to the Distribution Tax. See *How to Take a Distribution from your Account* starting on page 16.

**You can change your Beneficiary at any time.** To avoid negative tax consequences, the new Beneficiary must be a Member of the Family of the original Beneficiary. Any change of the Beneficiary to a person who is not a Member of the Family of the current Beneficiary is treated as a Non-Qualified Distribution subject to applicable federal and state income taxes as well as the Distribution Tax. An Account Owner who is an UGMA/UTMA Custodian will not be able to change the Beneficiary of the Account, except as may be permitted under the applicable UGMA/UTMA law. See *Funding Methods – Moving Assets from an UGMA/UTMA Account* on page 13. To initiate a change of Beneficiary, you must complete and submit a Beneficiary Change Form. The change will be made upon our receipt and acceptance of the signed, properly completed form(s) in good order. We reserve the right to suspend the processing of a Beneficiary transfer if we suspect that the transfer is intended to avoid the Plan’s twice per calendar year exchange and reallocation limits and/or the tax laws. Also, a Beneficiary change or transfer of assets may be denied or limited if it causes one or more Accounts to exceed the Maximum Account Balance for a Beneficiary. There is no Fee for changing a Beneficiary. You may also initiate a change of Beneficiary online by logging into your Account at theeducationplan.com.

When you change a Beneficiary, we will invest your assets in accordance with the Standing Investment Instruction for the new Beneficiary’s Account. You can also transfer assets in your Account to a new Investment Option when you change the Beneficiary for your Account.

**Changing Investment Direction.** You may change the Investment Options twice per calendar year for accounts you hold in The Education Plan and Scholar’s Edge with the same Beneficiary, and with a permissible change in the Beneficiary. Additional restrictions apply to transfers out of the Capital Preservation Portfolio. These additional restrictions may operate to limit your ability to change Investment Options within the same calendar year. See *Important Risks You Should Know About - Equity Wash Rule* on page 27. You can initiate this transaction online, over the telephone by contacting a Client Service Representative at 1.877.337.5268, or by downloading the Exchange/Future Contribution (Allocation) Form from our website at theeducationplan.com.

Because you may make only two (2) changes per year per Beneficiary, it is important that you select an Investment Option that will meet your comfort level for risk in a variety of market conditions.

**Changing or Removing a Custodian.** For an Account funded with assets originally held in an UGMA/UTMA account, the Custodian may be released or replaced upon written notice to the Plan. See *Funding Methods – Moving Assets from an UGMA/UTMA Account* on page 13.

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

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

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

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

Internet Access. You have the option to perform Account-related transactions and activity online. You can securely access and manage your Account information — including quarterly statements, annual statements, transaction confirmations, and tax forms — 24 hours a day at theeducationplan.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 online. 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.

The Enrollment Kit and additional information about the Plan are available on our website. These materials and this information may be supplemented from time to time throughout the year. Any supplements will also be available on our website.

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 theeducationplan.com.

We may archive Account documents and cease providing them on our website when they become out of date. 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 1.877.337.5268.

You will be required to create a user ID and password, and authenticate your device(s) in order to access and perform transactions in your Account. 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 1.877.337.5268 or making the change online.

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

Unclaimed Accounts and Uncashed Distribution Checks. Under certain circumstances, if there has been no activity in your Account, if we have not been able to contact you for a period of time, or you fail to cash a distribution check your Account or the uncashed check may be considered abandoned under New Mexico’s or your state’s unclaimed property laws. If your property is considered abandoned, it will, without proper claim by the Account Owner within a certain period of years, revert to the State or your state.

Involuntary Termination of Accounts. The Education Plan 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 The Education Plan or required by law. If we determine that you provided false or misleading information to the Plan Officials or an Eligible Educational Institution in establishing or maintaining an Account, or that you are restricted by law from participating in The Education Plan, we may close your Account. Trust interests redeemed as a result of closing your Account will be valued at the Unit Value next calculated after we decide to close your Account, and the risk of market loss, tax implications, and any other expenses, as a result of the liquidation, will be solely your responsibility.
The Fees and other payments for The Education Plan may change from time to time. Any changes to the Fees will be included in any updated Plan Description and Participation Agreements or Supplements. These Fees are described below and illustrated in the following tables.

**Program Fee.** Each Portfolio has a Fee, which includes both administrative and investment management costs. This Fee, called the Program Fee, is deducted from the assets in each Portfolio. As an Account Owner, you bear a pro rata share of the Program Fee. The Program Fee reduces the return you will receive from an investment in the Plan and has three components:
- the **Underlying Investment Expenses**, the **Program Management Fee**, and the **Board Administrative Fee**:
  - **Underlying Investment Expenses.** You bear a pro rata share of the annual fees and expenses of the Underlying Investments in each Portfolio in which your Account invests. The Underlying Investment Expenses include investment advisory fees, administrative, and other expenses, which are paid to the Investment Managers of such Underlying Investments.
  - **Program Management Fee.** The Program Manager receives the Program Management Fee for administration and management of The Education Plan. It is intended that the Manager Fee will provide all income to the Program Manager necessary to cover the expenses of administering and managing The Education Plan.
  - **Board Administrative Fee.** Portfolios are charged a Board Administrative Fee that is based on a percentage of average daily net assets and paid to the Board. The fees received by the Board are used to administer and market the Plan. Any amounts deemed not necessary for such uses may be used for any purpose related to the New Mexico 529 Program.

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

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

If you request delivery of distribution proceeds by priority delivery service, outgoing wire or, if available, electronic payment to schools, The Education Plan will deduct the applicable fee listed in the above chart directly from your Account, and will include this fee amount on your annual IRS Form 1099-Q as part of the gross distributions paid to you during the year. In its discretion and without prior notice, The Education Plan may deduct directly from your Account the other fees and expenses identified in this chart or similar fees or charges. Please consult your tax advisor regarding calculating and reporting any tax liability associated with the payment of any of these fees out of your Account in a year.

**Costs:** The Program Fee (also known as the Total Annual Asset-Based Fee) ranges from 0.10% to 0.44%.

**Float Income**

The Program Manager may receive indirect compensation for the custodial services that it provides to your Account. This compensation, known as “float” income, is paid by the financial organization at which the Program Manager maintains “clearing accounts” or by the investments in which the Program Manager invests in such clearing accounts. Float income may arise from interest that is earned on Account contributions or distributions during the time that these assets are held by the Program Manager in clearing accounts but are not invested in an Investment Option. For example, if you request a distribution and receive the distribution check but do not cash it for several days, some interest may be earned while your funds remain in the clearing account.

<table>
<thead>
<tr>
<th>TRANSACTION</th>
<th>FEE AMOUNT*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returned Check or Rejected ACH</td>
<td>$25</td>
</tr>
<tr>
<td>Priority Delivery</td>
<td>$15 weekday/$25 Saturday/$50 foreign</td>
</tr>
<tr>
<td>Outgoing Wires</td>
<td>$15 Domestic/$25 International</td>
</tr>
<tr>
<td>Request for Historical Statement</td>
<td>$10 per yearly statement</td>
</tr>
<tr>
<td>Electronic Payment to Schools (where available)</td>
<td>$10</td>
</tr>
<tr>
<td>Rollover Out of the Plan</td>
<td>$10</td>
</tr>
</tbody>
</table>

* Subject to change without prior notice.
These clearing accounts generally earn interest at a rate between the money market rate and that of U.S. Treasury Notes. The interest paid on each of these transactions is typically small, and it is likely to represent a minor portion of the overall compensation received by the Program Manager.

**Fee Structure Table.** The following table shows the total Fees charged to each Portfolio in The Education Plan. The annualized Underlying Investment Expenses, Program Management Fee, and Board Administrative Fee added together equal the Program Fee.

<table>
<thead>
<tr>
<th>INVESTMENT OPTIONS</th>
<th>ANNUALIZED UNDERLYING INVESTMENT FEE</th>
<th>ANNUALIZED PROGRAM MANAGEMENT FEE</th>
<th>ANNUALIZED BOARD ADMINISTRATIVE FEE</th>
<th>PROGRAM FEE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>YEAR OF ENROLLMENT PORTFOLIOS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2038-2039 Portfolio</td>
<td>0.04%</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.14%</td>
</tr>
<tr>
<td>2036-2037 Portfolio</td>
<td>0.04%</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.14%</td>
</tr>
<tr>
<td>2034-2035 Portfolio</td>
<td>0.04%</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.14%</td>
</tr>
<tr>
<td>2032-2033 Portfolio</td>
<td>0.04%</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.14%</td>
</tr>
<tr>
<td>2030-2031 Portfolio</td>
<td>0.04%</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.14%</td>
</tr>
<tr>
<td>2028-2029 Portfolio</td>
<td>0.04%</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.14%</td>
</tr>
<tr>
<td>2026-2027 Portfolio</td>
<td>0.04%</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.14%</td>
</tr>
<tr>
<td>2024-2025 Portfolio</td>
<td>0.04%</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.14%</td>
</tr>
<tr>
<td>2022-2023 Portfolio</td>
<td>0.04%</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.14%</td>
</tr>
<tr>
<td>2020-2021 Portfolio</td>
<td>0.04%</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.14%</td>
</tr>
<tr>
<td>Enrollment Portfolio</td>
<td>0.03%</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.13%</td>
</tr>
<tr>
<td><strong>STATIC ALLOCATION INDEX PORTFOLIOS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100% Equity Index Portfolio</td>
<td>0.04%</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.14%</td>
</tr>
<tr>
<td>75% Equity Index Portfolio</td>
<td>0.04%</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.14%</td>
</tr>
<tr>
<td>50% Equity Index Portfolio</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.15%</td>
</tr>
<tr>
<td>25% Equity Index Portfolio</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.15%</td>
</tr>
<tr>
<td><strong>STATIC ALLOCATION ACTIVE PORTFOLIOS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100% Active Equity Portfolio</td>
<td>0.34%</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.44%</td>
</tr>
<tr>
<td>75% Active Equity Portfolio</td>
<td>0.31%</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.41%</td>
</tr>
<tr>
<td>50% Active Equity Portfolio</td>
<td>0.27%</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.37%</td>
</tr>
<tr>
<td>25% Active Equity Portfolio</td>
<td>0.23%</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.33%</td>
</tr>
<tr>
<td><strong>INDIVIDUAL PORTFOLIOS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>US Equity Index Portfolio</td>
<td>0.02%</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.12%</td>
</tr>
<tr>
<td>Bond Index Portfolio</td>
<td>0.04%</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.14%</td>
</tr>
<tr>
<td>Short-Term Treasury Index Portfolio</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.15%</td>
</tr>
<tr>
<td>Social Choice Portfolio</td>
<td>0.17%</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.27%</td>
</tr>
<tr>
<td>Capital Preservation Portfolio</td>
<td>0.00%³</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.10%</td>
</tr>
</tbody>
</table>

---

1 This total is assessed against assets over the course of the year and includes the annualized Underlying Investment Fee, annualized Program Management Fee, and annualized Board Administrative Fee. Please refer to the table on the next page that shows total approximate costs for a $10,000 investment over 1-, 3-, 5-, and 10-year periods.

2 Fees are based on the expenses of the Underlying Investments as of July 31, 2019. The Underlying Investment Expenses includes investment advisory fees, administrative, and other expenses, which are paid to the Investment Managers. The Annualized Underlying Investment Expenses may increase or decrease over time.

3 The yield of the New York Life Guaranteed Interest Account is lowered by 0.20% to compensate New York Life for risk and administration costs. New York Life pays 0.10% to the Program Manager for recordkeeping and other services. This will lower the return of the Capital Preservation Portfolio.

---

23 The Education Plan
Approximate Cost for a $10,000 Investment

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

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

### Approximate Cost for a $10,000 Investment Excluding the $20 Annual Account Maintenance Fee

<table>
<thead>
<tr>
<th>PORTFOLIO</th>
<th>1 YEAR</th>
<th>3 YEAR</th>
<th>5 YEAR</th>
<th>10 YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2038-2039 Portfolio</td>
<td>$15</td>
<td>$46</td>
<td>$80</td>
<td>$182</td>
</tr>
<tr>
<td>2036-2037 Portfolio</td>
<td>$15</td>
<td>$46</td>
<td>$80</td>
<td>$182</td>
</tr>
<tr>
<td>2034-2035 Portfolio</td>
<td>$15</td>
<td>$46</td>
<td>$80</td>
<td>$182</td>
</tr>
<tr>
<td>2032-2033 Portfolio</td>
<td>$15</td>
<td>$46</td>
<td>$80</td>
<td>$181</td>
</tr>
<tr>
<td>2030-2031 Portfolio</td>
<td>$14</td>
<td>$46</td>
<td>$80</td>
<td>$181</td>
</tr>
<tr>
<td>2028-2029 Portfolio</td>
<td>$14</td>
<td>$46</td>
<td>$80</td>
<td>$181</td>
</tr>
<tr>
<td>2026-2027 Portfolio</td>
<td>$14</td>
<td>$46</td>
<td>$80</td>
<td>$181</td>
</tr>
<tr>
<td>2024-2025 Portfolio</td>
<td>$14</td>
<td>$46</td>
<td>$80</td>
<td>$181</td>
</tr>
<tr>
<td>2022-2023 Portfolio</td>
<td>$14</td>
<td>$46</td>
<td>$80</td>
<td>$181</td>
</tr>
<tr>
<td>2020-2021 Portfolio</td>
<td>$14</td>
<td>$45</td>
<td>$78</td>
<td>$178</td>
</tr>
<tr>
<td>Enrollment Portfolio</td>
<td>$14</td>
<td>$43</td>
<td>$76</td>
<td>$172</td>
</tr>
</tbody>
</table>

### Static Allocation Index Portfolios

<table>
<thead>
<tr>
<th>PORTFOLIO</th>
<th>1 YEAR</th>
<th>3 YEAR</th>
<th>5 YEAR</th>
<th>10 YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>100% Equity Index Portfolio</td>
<td>$14</td>
<td>$45</td>
<td>$80</td>
<td>$180</td>
</tr>
<tr>
<td>75% Equity Index Portfolio</td>
<td>$15</td>
<td>$46</td>
<td>$81</td>
<td>$184</td>
</tr>
<tr>
<td>50% Equity Index Portfolio</td>
<td>$15</td>
<td>$47</td>
<td>$82</td>
<td>$187</td>
</tr>
<tr>
<td>25% Equity Index Portfolio</td>
<td>$15</td>
<td>$48</td>
<td>$84</td>
<td>$190</td>
</tr>
</tbody>
</table>

### Static Allocation Active Portfolios

<table>
<thead>
<tr>
<th>PORTFOLIO</th>
<th>1 YEAR</th>
<th>3 YEAR</th>
<th>5 YEAR</th>
<th>10 YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>100% Active Equity Portfolio</td>
<td>$45</td>
<td>$141</td>
<td>$246</td>
<td>$555</td>
</tr>
<tr>
<td>75% Active Equity Portfolio</td>
<td>$42</td>
<td>$132</td>
<td>$231</td>
<td>$519</td>
</tr>
<tr>
<td>50% Active Equity Portfolio</td>
<td>$38</td>
<td>$121</td>
<td>$210</td>
<td>$474</td>
</tr>
<tr>
<td>25% Active Equity Portfolio</td>
<td>$34</td>
<td>$106</td>
<td>$186</td>
<td>$419</td>
</tr>
</tbody>
</table>

### Individual Portfolios

<table>
<thead>
<tr>
<th>PORTFOLIO</th>
<th>1 YEAR</th>
<th>3 YEAR</th>
<th>5 YEAR</th>
<th>10 YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Equity Index Portfolio</td>
<td>$12</td>
<td>$39</td>
<td>$68</td>
<td>$154</td>
</tr>
<tr>
<td>Bond Index Portfolio</td>
<td>$14</td>
<td>$44</td>
<td>$76</td>
<td>$173</td>
</tr>
<tr>
<td>Short-Term Treasury Index Portfolio</td>
<td>$15</td>
<td>$48</td>
<td>$85</td>
<td>$192</td>
</tr>
<tr>
<td>Social Choice Portfolio</td>
<td>$28</td>
<td>$87</td>
<td>$152</td>
<td>$343</td>
</tr>
<tr>
<td>Capital Preservation Portfolio</td>
<td>$10</td>
<td>$32</td>
<td>$56</td>
<td>$128</td>
</tr>
</tbody>
</table>
You should carefully consider the information in this Section, as well as the other information in the Plan Description and Participation Agreement before making any decisions about opening an Account or making any additional contributions. You should consult an attorney or a qualified financial or tax advisor with any legal, business, or tax questions you may have. In addition, no investment recommendation or advice you receive from any financial advisor or any other person is provided by, or on behalf of, the Plan Officials. The contents of the Plan Description and Participation Agreement should not be construed as legal, financial, or tax advice.

The Plan is an Investment Vehicle. Accounts in the Plan are subject to certain risks. In addition, certain Portfolios carry more and/or different risks than others. You should weigh these risks with the understanding that they could arise at any time during the life of your Account. A discussion of the investment risks related to each Investment Option can be found in Appendix A - Explanation of Investment Risks and Underlying Fund Descriptions beginning on page 52.

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

An investment in The Education Plan is not a bank deposit. Generally, investments in The Education Plan are not insured or guaranteed by the FDIC or any other government agency or by the Plan Officials. Relative to investing for retirement, the holding period for those saving for Qualified Expenses is very short (i.e., 5-20 years versus 30-60 years). Also, the need for liquidity when you wish to make withdrawals from your Account (to pay for Qualified Expenses) generally is very important. You should strongly consider the level of risk you wish to assume and your investment time horizon prior to selecting an Investment Option.

Market Uncertainties. Due to market uncertainties, the overall market value of your Account could 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 the control of the Plan or the Board and may cause the value of your Account to decrease (realized or unrealized losses).

Limited Investment Direction; Liquidity. Investments in a Qualified Tuition Program like The Education Plan are considered less liquid than other types of investments (e.g., investments in mutual fund shares) because the circumstances in which you may withdraw money from your Account without a penalty or adverse tax consequences are significantly more limited. Once you select a Portfolio for a particular contribution, Section 529 of the Code (Section 529) provides that you can move money or transfer from that Portfolio to another only twice per calendar year for the same Beneficiary, in aggregate across any 529 plans maintained by the State of New Mexico. 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 the Plan. The Board has the sole discretion to determine which Investment Options will be available in the Plan. For example, the Board may, without prior notice:

- change the Plan's Fees;
- add or remove a Portfolio;
- merge or change the composition of investments within the Portfolios;
- close a Portfolio to new investors and/or new contributions; or
- change the Program Manager, an Investment Manager, or the Underlying Investments(s) of a Portfolio.

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

If we change the Underlying Investments in the Plan, during the transition from one Underlying Investment to another Underlying Investment, we may sell all the securities in the Portfolio before purchasing new securities. Therefore, the Portfolio may temporarily not be invested in one of its asset classes. During a transition period, a Portfolio may temporarily hold a basket of securities if the Underlying Investment from which it is transitioning chooses to complete the transition by exchanging one security for another. In this case, the Program Manager will seek to liquidate the securities received from the Underlying Investment as promptly as practicable so that the proceeds can be invested in the replacement Underlying Investment. The transaction costs associated with this type of
liability, as well as any market impact on the value of the securities being liquidated, will be borne by the Portfolio and Accounts invested in the Portfolio. An Underlying Investment from which a Portfolio redeems may also impose redemption fees. In this case, the Portfolio will bear the cost of the redemption fees.

Suitability. The Plan Officials make no representation regarding the suitability or appropriateness of the Plan or any of its Portfolios as an investment. There is no assurance that any Portfolio will be able to achieve its goals.

Other types of investments may be more appropriate depending upon your financial status, tax situation, risk tolerance, age, investment goals, savings needs, and the investment time horizons of you or your Beneficiary.

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

Meeting College Expenses and Attendance at School Not Guaranteed. Even if you fund your Account(s) to the Maximum Account Balance, there is no assurance that the money in your Account will be sufficient to cover all the education expenses your Beneficiary may incur, or that the rate of return on your investment will match or exceed the rate at which education expenses may rise each year.

In addition, there is no guarantee that the Beneficiary will be accepted to, allowed to continue as a student by or graduate from any particular school or institution. There is no guarantee that the Beneficiary will be treated as a state resident of any state for Qualified Expenses purposes; or will achieve any particular treatment under any applicable state or federal financial aid programs.

IRS Regulations Not Final. As of the date of this Plan Description and Participation Agreement, the IRS has not issued final regulations regarding Qualified Tuition Programs. The Education Plan has not sought nor has it received a private letter ruling from the IRS regarding the status of The Education Plan under Section 529. If the IRS again begins issuing such private letter rulings, the Board may, in its sole discretion, determine to seek such a ruling in the future.

Effect of Future Law Changes. It is possible that future changes in federal or state laws or court or interpretive rulings could adversely affect the terms and conditions of the Plan, the value of your Account, or the availability of state tax deductions, even retroactively. Specifically, The Education Plan 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 and therefore, The Education Plan is vulnerable to tax law changes or court or interpretive rulings that might alter the tax considerations described in Important Tax Information – Federal Tax Issues starting on page 42.

Death of Account Owner. If an Account Owner dies, control and ownership of the Account will be transferred to the Successor Account Owner. If no Successor Account Owner has been named or if the Successor Account Owner predeceases the Account Owner, control and ownership of the Account will be transferred to the Beneficiary if the Beneficiary is 18 years or older.

If the Beneficiary is less than 18 years old, control and ownership of the Account will become subject to the estate and guardianship laws of the state in which the Account Owner resided.

Tax Considerations; Tax Deduction Recapture. The federal and state tax consequences associated with participating in the Plan can be complex. In particular, you, as the Account Owner (not the contributor), must repay all or part, depending on the circumstances, of the New Mexico state income tax deduction claimed in prior taxable years by any contributors to your Account if you take a Non-Qualified Distribution, a distribution for K-12 Tuition or an ABLE Rollover from your Account. See Important Tax Information - State Tax Issues - Recapture of Income Tax Deduction beginning on page 43. You should consult a tax advisor regarding the application of tax laws to your particular circumstances.

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

Relationship to Financial Aid. A Beneficiary may wish to participate in federal, state, or institutional loan, grant, or other programs for funding higher education. An investment in The Education Plan may have an adverse impact on the Beneficiary’s eligibility to participate in needs-based financial aid programs:

- In making decisions about eligibility for financial aid programs offered by the U.S. government and the amount of financial aid required, the U.S. Department of Education takes into consideration a variety of factors, including among other things, the assets owned by your Beneficiary and the assets owned by the Beneficiary’s parents.

Since the treatment of Account assets on the Free Application for Federal Student Aid (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 with your tax advisor regarding the impact of an investment in the Plan on needs-based financial aid programs.

The Education Plan accounts are not considered when determining eligibility for state financial aid programs in New Mexico. If you are not a New Mexico Resident, check with the financial aid office of an Eligible Educational Institution for more information.

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

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

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

There is no guarantee that the Investment Managers will continue to provide the Underlying Investments for The Education Plan or manage the Portfolio’s assets, as applicable, or that the Program Manager will be able to negotiate their continued services in the future.

For additional information on the risks that may affect Portfolio performance, please read Appendix A - Explanation of Investment Risks and Underlying Fund Descriptions starting on page 52.

Equity Wash Rule. An Account Owner cannot transfer an Account, or any portion of an Account, directly from the Capital Preservation Portfolio to an Investment Option that is considered a competing Investment Option. Competing Investment Options include capital preservation funds or other investments that invest primarily or exclusively in capital preservation funds or certain fixed income investments. The competing Investment Option in The Education Plan is the Short-Term Treasury Index Portfolio.

Before an Account Owner may direct the transfer of assets in their Account from the Capital Preservation Portfolio to the Short-Term Treasury Index Portfolio, (or any other competing investment option that may later be added to the Plan), the Account Owner must first direct the transfer to an Investment Option other than a competing Investment Option, and wait at least 90 days. After 90 days, the Account Owner may then instruct the Program Manager to transfer the applicable amount to the Short-Term Treasury Index Portfolio or other competing Investment Option available at that time.

Account Owners should note that moving allocations from the Capital Preservation Portfolio to a noncompeting Investment Option for at least 90 days, and then to the desired competing Investment Option, will each count toward the two permitted investment exchanges for an Account within a calendar year.

Investment Options Use for K-12 Tuition. The Investment Options we offer through the Plan have been designed exclusively for you to save for Qualified Higher Education Expenses, including higher education and K-12 Tuition. Specifically, the Year of Enrollment Portfolios are designed for Account Owners seeking to automatically invest in progressively more conservative Portfolios as their Beneficiary approaches enrollment age. If you wish to save for K-12 Tuition you may choose an enrollment date that is earlier than if you were saving for higher education. This means you may have a significantly shorter time horizon with less potential for growth than an investor saving for higher education. In addition, if you are saving for K-12 Tuition and wish to invest in the Individual Portfolios and the Static Allocation Portfolios, please note that these Portfolios are comprised of fixed investments. This means that your assets will remain invested in that Portfolio until you direct us to move them to a different Portfolio. Please consult a qualified tax or investment advisor about your personal circumstances.
In this Section, you will find information about the Portfolios, including a discussion of the Year of Enrollment Portfolios, the Static Allocation Portfolios and the Individual Portfolios. You should consider the information in this Section carefully before choosing to invest in The Education Plan. Information about each Portfolio’s strategy and risks has been provided by the Investment Managers. If you have questions about any of the investment-related information in this Section, please call a Client Service Representative at 1.877.337.5268 or contact the appropriate Investment Manager prior to making an investment decision.

Here’s where you can find specific investment information:

- Investments Overview 28
- Portfolio Descriptions 30
  - Year of Enrollment Portfolio Profiles 32
  - Static Allocation Portfolio Profiles 33
  - Individual Portfolio Profiles 37
- Additional Investment Information 39

A discussion of the risk factors relating to each Portfolio and Underlying Investments can be found in Appendix A - Explanation of Investment Risks and Underlying Fund Descriptions starting on page 52.

**Investments Overview**

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

<table>
<thead>
<tr>
<th>Trust Units</th>
<th>Portfolios</th>
<th>Underlying Investments</th>
</tr>
</thead>
</table>

You can choose between three investment approaches (Year of Enrollment, Static Allocation or Individual) at the time your Account is established and each time you make additional contributions. We offer:

- Ten (10) Year of Enrollment Portfolios and one (1) Enrollment Portfolio, in which your money is invested in a Portfolio that automatically moves to progressively more conservative investments as your Beneficiary approaches college age. Each Portfolio may invest in multiple Underlying Funds, currently managed by Vanguard, Schwab, SSGA, BlackRock and New York Life.
- Eight (8) Static Allocation Portfolios, in which your money is invested in a multiple Underlying Funds, currently managed by BlackRock, Schwab, SSGA, Vanguard, American Funds, DFA, New York Life, PGIM Investments and TIAA-CREF. The allocation to the Underlying Funds remains fixed over time.
- Five (5) Individual Portfolios, in which the composition of investments within the Portfolio remains fixed over time. Each Portfolio invests in a single Underlying Fund, currently managed by New York Life, Vanguard and TIAA-CREF.

The Investment Options we offer through the Plan have been designed exclusively for you to save for Qualified Higher Education Expenses, including higher education and K-12 Tuition. Specifically, the Year of Enrollment Portfolios are designed for Account Owners seeking to automatically invest in progressively more conservative Portfolios as their Beneficiary approaches enrollment age. If you wish to save for K-12 Tuition you may choose an enrollment date that is earlier than if you were saving for higher education. This means you may have a significantly shorter time horizon with less potential for growth than an investor saving for higher education.

**Year of Enrollment Portfolios**

The ten (10) Year of Enrollment Portfolios and one (1) Enrollment Portfolio are a simplified approach to college investing. We have designed these Portfolios to allow you to select a Portfolio based upon your risk tolerance and your Beneficiary’s anticipated year of enrollment. For example, if you expect your Beneficiary to attend college or K-12 beginning in the year 2038 or 2039, you may choose to select the 2038-2039 Portfolio; or you may choose one of the other Year of Enrollment Portfolios.

The asset allocation of the money invested in these Investment Options is automatically adjusted semiannually over time to become more conservative as the Beneficiary’s year of enrollment in school draws nearer. The asset allocation for the Enrollment Portfolio is not adjusted as the Enrollment Portfolio has already reached its most conservative phase. About every two (2) years, a new Year of Enrollment Portfolio is created and assets of the oldest Year of Enrollment Portfolio are folded into the Enrollment Portfolio.
Portfolios with higher allocations to bonds and capital preservation funds tend to be less volatile than those with higher stock allocations. Less-volatile Portfolios generally will not decline as far when stock markets go down, but they also generally will not appreciate in value as much when stock markets go up. There is no assurance that any Portfolio will be able to reach its goal.

As of the date of this Plan Description and Participation Agreement, each Year of Enrollment Portfolio holds the Underlying Investments set forth in the table below.

**Portfolio Rebalancing.** Year of Enrollment Portfolios are rebalanced on an ongoing basis to ensure that they are allocated as close to the target allocations as possible. The diagram on the following page shows how the asset allocations will change over time.

<table>
<thead>
<tr>
<th>Year of Enrollment</th>
<th>Vanguard Total Stock Market Index Fund Instl Plus</th>
<th>Schwab U.S. REIT ETF</th>
<th>Vanguard Developed Markets Index Fund Instl</th>
<th>SPDR® Portfolio Emerging Markets ETF</th>
<th>Vanguard Total Bond Market II Index Fund Instl</th>
<th>Vanguard Short-Term Inflation-Protected Securities Index Fund</th>
<th>Vanguard High-Yield Corporate Fund Adm</th>
<th>iShares International Aggregate ETF</th>
<th>Vanguard Short-Term Treasury Index Fund Instl</th>
<th>New York Life Guaranteed Interest Account</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>48.60%</td>
<td>5.40%</td>
<td>27.00%</td>
<td>9.00%</td>
<td>5.00%</td>
<td>1.50%</td>
<td>1.00%</td>
<td>2.50%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td></td>
<td>48.60%</td>
<td>5.40%</td>
<td>27.00%</td>
<td>9.00%</td>
<td>5.00%</td>
<td>1.50%</td>
<td>1.00%</td>
<td>2.50%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td></td>
<td>45.00%</td>
<td>5.00%</td>
<td>25.00%</td>
<td>8.33%</td>
<td>6.67%</td>
<td>2.00%</td>
<td>1.33%</td>
<td>3.33%</td>
<td>1.67%</td>
<td>1.67%</td>
</tr>
<tr>
<td></td>
<td>41.40%</td>
<td>4.60%</td>
<td>23.00%</td>
<td>7.67%</td>
<td>8.33%</td>
<td>2.50%</td>
<td>1.67%</td>
<td>3.33%</td>
<td>3.33%</td>
<td>3.33%</td>
</tr>
<tr>
<td></td>
<td>37.80%</td>
<td>4.20%</td>
<td>21.00%</td>
<td>7.00%</td>
<td>10.00%</td>
<td>3.00%</td>
<td>2.00%</td>
<td>4.17%</td>
<td>5.00%</td>
<td>5.00%</td>
</tr>
<tr>
<td></td>
<td>34.20%</td>
<td>3.80%</td>
<td>19.00%</td>
<td>6.33%</td>
<td>11.67%</td>
<td>3.50%</td>
<td>2.33%</td>
<td>4.83%</td>
<td>5.00%</td>
<td>6.67%</td>
</tr>
<tr>
<td></td>
<td>29.70%</td>
<td>3.30%</td>
<td>16.50%</td>
<td>5.50%</td>
<td>14.17%</td>
<td>4.25%</td>
<td>2.84%</td>
<td>7.08%</td>
<td>6.25%</td>
<td>8.33%</td>
</tr>
<tr>
<td></td>
<td>24.30%</td>
<td>2.70%</td>
<td>13.50%</td>
<td>4.50%</td>
<td>17.50%</td>
<td>5.25%</td>
<td>3.50%</td>
<td>8.75%</td>
<td>6.25%</td>
<td>10.00%</td>
</tr>
<tr>
<td></td>
<td>17.10%</td>
<td>1.90%</td>
<td>9.50%</td>
<td>3.17%</td>
<td>20.83%</td>
<td>6.25%</td>
<td>4.17%</td>
<td>10.42%</td>
<td>6.25%</td>
<td>20.00%</td>
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<tr>
<td></td>
<td>10.80%</td>
<td>1.20%</td>
<td>6.00%</td>
<td>2.00%</td>
<td>20.00%</td>
<td>6.00%</td>
<td>4.00%</td>
<td>7.50%</td>
<td>6.00%</td>
<td>15.00%</td>
</tr>
<tr>
<td></td>
<td>5.40%</td>
<td>0.60%</td>
<td>3.00%</td>
<td>1.00%</td>
<td>15.00%</td>
<td>4.50%</td>
<td>3.00%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Please note that total allocations may reflect rounding.) Strategic asset allocations may change from time to time and actual asset allocations will change with fluctuations in the value of each Underlying Investment’s investments. From time to time the Plan may maintain an amount of cash or cash equivalents to meet liquidity needs.
**Model Risk.** The allocation of each Year of Enrollment Portfolio is derived using quantitative models that have been developed based on a number of factors. Neither the Plan nor the Plan Officials can offer any assurance that the recommended asset allocation will either maximize returns or minimize risk or be the appropriate allocation in all circumstances for every investor with a particular time horizon or risk tolerance.
**Static Allocation Portfolios**

Unlike the Year of Enrollment Portfolios, the Static Allocation Portfolios do not change the types and composition of investments within a Portfolio as the Beneficiary ages. Instead, the types and composition of investments held by each Portfolio remain fixed over time.

If you choose to invest in Static Allocation Portfolios that invest in Underlying Funds with a significant weighting in stocks, such as the 100% Equity Index Portfolio and the 100% Active Equity Portfolio, you might consider moving your assets to the more conservative Static Allocation Portfolios that invest in either a bond or a capital preservation Underlying Investment as your Beneficiary approaches college age. Please note that there are limitations on your ability to move assets from one Portfolio to another. See *Maintaining Your Account* starting on page 19.

As of the date of this Plan Description and Participation Agreement, each Year of Enrollment Portfolio holds the Underlying Investments set forth in the table below.

<table>
<thead>
<tr>
<th>UNDERLYING INVESTMENT</th>
<th>TARGET ALLOCATION 100% EQUITY INDEX PORTFOLIO</th>
<th>TARGET ALLOCATION 75% EQUITY INDEX PORTFOLIO</th>
<th>TARGET ALLOCATION 50% EQUITY INDEX PORTFOLIO</th>
<th>TARGET ALLOCATION 25% EQUITY INDEX PORTFOLIO</th>
<th>TARGET ALLOCATION 100% ACTIVE EQUITY PORTFOLIO</th>
<th>TARGET ALLOCATION 75% ACTIVE EQUITY PORTFOLIO</th>
<th>TARGET ALLOCATION 50% ACTIVE EQUITY PORTFOLIO</th>
<th>TARGET ALLOCATION 25% ACTIVE EQUITY PORTFOLIO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vanguard Total Stock Market Index Fund Instl Plus</td>
<td>54.00%</td>
<td>40.50%</td>
<td>27.00%</td>
<td>13.50%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Schwab U.S. REIT ETF</td>
<td>6.00%</td>
<td>4.50%</td>
<td>3.00%</td>
<td>1.50%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Vanguard Developed Markets Index Fund Instl</td>
<td>30.00%</td>
<td>22.50%</td>
<td>15.00%</td>
<td>7.50%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>SPDR® Portfolio Emerging Markets ETF</td>
<td>10.00%</td>
<td>7.50%</td>
<td>5.00%</td>
<td>2.50%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Vanguard Total Bond Market II Index Fund Instl</td>
<td>0.00%</td>
<td>8.75%</td>
<td>16.25%</td>
<td>22.50%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Vanguard Short-Term Inflation-Protected Securities Index Fund Instl</td>
<td>0.00%</td>
<td>2.63%</td>
<td>4.87%</td>
<td>6.75%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Vanguard High-Yield Corporate Fund Adm</td>
<td>0.00%</td>
<td>1.75%</td>
<td>3.25%</td>
<td>4.50%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>iShares International Aggregate ETF</td>
<td>0.00%</td>
<td>4.38%</td>
<td>8.13%</td>
<td>11.25%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Vanguard Short-Term Treasury Index Fund Instl</td>
<td>0.00%</td>
<td>7.50%</td>
<td>17.50%</td>
<td>30.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
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</tr>
<tr>
<td>American Funds Fundamental Invs F3</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>54.00%</td>
<td>40.50%</td>
<td>27.00%</td>
<td>13.50%</td>
</tr>
<tr>
<td>TIAA CREF Real Estate Sec Instl</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>6.00%</td>
<td>4.50%</td>
<td>3.00%</td>
<td>1.50%</td>
</tr>
<tr>
<td>DFA International Core Equity I</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>30.00%</td>
<td>22.50%</td>
<td>15.00%</td>
<td>7.50%</td>
</tr>
<tr>
<td>DFA Emerging Markets Core Equity I</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>10.00%</td>
<td>7.50%</td>
<td>5.00%</td>
<td>2.50%</td>
</tr>
<tr>
<td>TIAA CREF Bond Plus Instl</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>8.75%</td>
<td>16.25%</td>
<td>22.50%</td>
</tr>
<tr>
<td>DFA Inflation-Protected Securities I</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>2.63%</td>
<td>4.87%</td>
<td>6.75%</td>
</tr>
<tr>
<td>Vanguard Ultra-Short-Term Bond Fund Adm</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>4.38%</td>
<td>8.13%</td>
<td>11.25%</td>
</tr>
<tr>
<td>PGIM Global Total Return R6</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>1.75%</td>
<td>3.25%</td>
<td>4.50%</td>
</tr>
<tr>
<td>New York Life Guaranteed Interest Account</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>7.50%</td>
<td>17.50%</td>
<td>30.00%</td>
</tr>
</tbody>
</table>
Portfolio Rebalancing. Static Allocation Portfolios are rebalanced on an ongoing basis to ensure that they are allocated as close to the target allocations as possible.

For more information about the objectives, risks and strategies of each Portfolio, see Portfolio Descriptions starting on page 32.

YEAR OF ENROLLMENT OPTION PORTFOLIO PROFILES

Individual Portfolios

Unlike the Year of Enrollment Portfolios, the Individual Portfolios do not change the types and composition of investments within a Portfolio as the Beneficiary ages. Instead, the types and composition of investments held by each Portfolio remain fixed over time.

If you choose to invest in Individual Portfolios that each invest in one Underlying Fund with a significant weighting in stocks, such as the U.S. Equity Index Portfolio, you might consider moving your assets to the more conservative Individual Portfolios that invest in either a bond or a capital preservation Underlying Investment as your Beneficiary approaches school age. Please note that there are limitations on your ability to move assets from one Portfolio to another. See Maintaining Your Account starting on page 19.

The Individual Portfolios consist of the following five (5) Portfolios, which each invest in a single Underlying Investment:

- U.S. Equity Index Portfolio, which invests 100% of its assets in the Vanguard Total Stock Market Index Fund.
- Bond Index Portfolio, which invests 100% of its assets in the Vanguard Total Bond Market Index ETF.
- Short-Term Treasury Index Portfolio, which invests 100% of its assets in the Vanguard Short-Term Treasury Index Fund.
- Social Choice Portfolio, which invests 100% of its assets in the TIAA-CREF Social Equity Instl Fund.
- Capital Preservation Portfolio, which invests 100% of its assets in the New York Life Guaranteed Interest Account Funding Agreement.

For more information about the Underlying Investment of each Portfolio, see Portfolio Descriptions starting on page 32.

Portfolio Descriptions

These descriptions highlight the investment objective, strategy and principal risks of each Portfolio. The ability of the Portfolios to meet their goals is dependent on the Underlying Investments in which the Portfolio invests meeting their investment objectives. More detailed information about each Underlying Investment is available from the Investment Managers. Their contact information is available at the end of this Investments section on page 40.

Year of Enrollment Portfolio Profiles

Objective

The Year of Enrollment Portfolios seek to achieve capital appreciation, income, and preservation of capital as appropriate for proximity to its applicable target date. The target date, included in the name of the option, is the year which corresponds to the potential enrollment year of the Beneficiary. The objective of this option becomes more focused on capital preservation and income as it approaches its target date.

Strategy

The option allocates its assets to underlying funds consisting of ETFs, mutual funds, and a capital preservation component. The capital preservation component consists of the New York Life Guaranteed Interest Account, a funding agreement issued by New York Life. The option seeks to provide a diversified allocation to broad asset classes, including domestic and international stocks and bonds, real estate, and capital preservation. The underlying funds represent different investment objectives and strategies. The allocations to the asset classes and the underlying funds are expected to change, reducing exposure to stocks and increasing exposure to fixed income and capital preservation, until the Beneficiaries’ enrollment year. The underlying funds in this option will rebalance on an ongoing basis if they drift from their target allocations. The options will de-risk the asset class allocations on a semi-annual basis, until reaching the Enrollment Portfolio, which will retain a static allocation unless otherwise indicated.

Principal Risks

An investment in the portfolio could lose money over short or long periods of time. The Fund is subject to the risks set forth below, which could affect the Fund’s performance.

BlackRock Risks are indicated below with the abbreviation (B).
New York Life Risks are indicated below with the abbreviation (N).
Schwab Risks are indicated below with the abbreviation (SC).
SSGA Risks are indicated below with the abbreviation (S).
Vanguard Risks are indicated below with the abbreviation (V).

For additional information about these risks, see Appendix A.

The Education Plan

(B)(S), Large-Cap Company Risk (SC), Liquidity Risk (V)(SC), Management Risk (B)(S), Manager Risk (V), Market Risk (B)(S)(SC), Market Capitalization Risk (SC), Market Trading Risk (B)(S)(SC), Mid-Cap Company Risk (SC), Non-Diversification Risk (B)(S), Non-U.S. Issuers Risk (B)(S), Operational Risk (B)(S), Prepayment Risk (V), Privately-Issued Securities Risk (B)(S), Real Estate Investment Risk (SC), Real Interest Rate Risk (V), REITs Risk (SC), Reliance on Trading Partners Risk (B)(S), Risk of Investing in Developed Countries (B)(S), Risk of Investing in Russia (B)(S), Securities Lending Risk (B)(S)(SC), Small-Cap Company Risk (SC), Sovereign and Quasi-Sovereign Obligations Risk (B)(S), Stock market risk (V), Structural Risk (B)(S), Tax Risk (B)(S), Termination Risk (N), Tracking Error Risk (B)(S)(SC), Valuation Risk (B)(S), Shares of the Fund May Trade at Prices Other Than NAV (SC).

STATIC ALLOCATION PORTFOLIO PROFILES

Passively Managed Static Allocation Portfolios

100% Equity Index Portfolio

Objective
The 100% Equity Index Portfolio seeks to achieve long-term growth of capital and income.

Strategy
The option allocates its assets to underlying ETFs and mutual funds, seeking to provide a diversified allocation to broad asset classes, including domestic stocks, international stocks and real estate. The underlying funds represent different investment objectives and strategies and are each managed to track their prospective benchmark index. The underlying funds in this option will rebalance on an ongoing basis if they drift from their target allocations.

Principal Risks
An investment in the portfolio could lose money over short or long periods of time. The Fund is subject to the risks set forth below, which could affect the Fund’s performance.

BlackRock Risks are indicated below with the abbreviation (B).
Schwab Risks are indicated below with the abbreviation (SC).
SSGA Risks are indicated below with the abbreviation (S)
Vanguard Risks are indicated below with the abbreviation (V)

For additional information about these risks, see Appendix A.

Asset Class Risk (S), Authorized Participant Concentration Risk (S), Call Risk (S), Cash Transactions Risk (S), Concentration Risk (S)(SC), Country/Regional Risk (V), Credit Risk (S), Currency Hedging Risk (S), Currency Risk (S)(V), Cyber Security Risk (S), Derivatives Risk (S)(SC), Extension Risk (S), Geographic Risk (S), Illiquid Investments Risk (S), Investment Style Risk (SC)(V), Income Risk (S), Index-Related Risk (S), Index-Sampling Risk (V), Interest Rate Risk (S), Issuer Risk (S), Large-Cap Company Risk (SC), Liquidity Risk (SC), Management Risk (S), Market Risk (S)(SC), Market Capitalization Risk (SC), Market Trading Risk (S)(SC), Mid-Cap Company Risk (SC), Non-Diversification Risk (S), Non-U.S. Issuers Risk (S), Operational Risk (S), Passive Investment Risk (S), Privately-Issued Securities Risk (S), Real Estate Investment Risk (SC), Reliance on Trading Partners Risk (S), REITs Risk (SC), Risk of Investing in Developed Countries (S), Risk of Investing in Russia (S), Securities Lending Risk (S)(SC), Sovereign and Quasi-Sovereign Obligations Risk (S), Stock market risk (V), Structural Risk (S), Tax Risk (S), Tracking Error Risk (S)(SC), Valuation Risk (S), Shares of the Fund May Trade at Prices Other Than NAV (SC).

75% Equity Index Portfolio

Objective
The 75% Equity Index Portfolio seeks to achieve long-term growth of capital and income.

Strategy
The option allocates its assets to underlying ETFs and mutual funds, seeking to provide a diversified allocation to broad asset classes, including 75% allocation to domestic stocks, international stocks and real estate, and a 25% allocation to US Intermediate Term Bonds, US Short-Term Inflation Protected Bonds, High Yield Bonds, US Short-Term Treasury Bonds, and International Bonds. The underlying funds represent different investment objectives and strategies and are each managed to track their prospective benchmark index. The underlying funds in this option will rebalance on an ongoing basis if they drift from their target allocations.

Principal Risks
An investment in the portfolio could lose money over short or long periods of time. The Fund is subject to the risks set forth below, which could affect the Fund’s performance.

BlackRock Risks are indicated below with the abbreviation (B).
Schwab Risks are indicated below with the abbreviation (SC).
SSGA Risks are indicated below with the abbreviation (S)
Vanguard Risks are indicated below with the abbreviation (V)

For additional information about these risks, see Appendix A.

50% Equity Index Portfolio

Objective
The 50% Equity Index Portfolio seeks to achieve a balanced of long-term growth of capital and income.

Strategy
The option allocates its assets to underlying ETFs and mutual funds, seeking to provide a diversified allocation to broad asset classes, including 50% allocation to domestic stocks, international stocks and real estate, and a 50% allocation to US Intermediate Term Bonds, US Short-Term Inflation Protected Bonds, High Yield Bonds, US Short-Term Treasury Bonds, and International Bonds. The underlying funds represent different investment objectives and strategies and are each managed to track their prospective benchmark index. The underlying funds in this option will rebalance on an ongoing basis if they drift from their target allocations.

Principal Risks
An investment in the portfolio could lose money over short or long periods of time. The Fund is subject to the risks set forth below, which could affect the Fund’s performance.

BlackRock Risks are indicated below with the abbreviation (B). Schwab Risks are indicated below with the abbreviation (B).

SSGA Risks are indicated below with the abbreviation (SC).

Vanguard Risks are indicated below with the abbreviation (S).

For additional information about these risks, see Appendix A.


25% Equity Index Portfolio

Objective
The 25% Equity Index Portfolio seeks to achieve total return made up of current income and capital appreciation, along with some protection from inflation.

Strategy
The option allocates its assets to underlying ETFs and mutual funds, seeking to provide a diversified allocation to broad asset classes, including 25% allocation to domestic stocks, international stocks and real estate, and a 75% allocation to US Intermediate Term Bonds, US Short-Term Inflation Protected Bonds, High Yield Bonds, US Short-Term Treasury Bonds, and International Bonds. The underlying funds represent different investment objectives and strategies and are each managed to track their prospective benchmark index. The underlying funds in this option will rebalance on an ongoing basis if they drift from their target allocations.

Principal Risks
An investment in the portfolio could lose money over short or long periods of time. The Fund is subject to the risks set forth below, which could affect the Fund’s performance.

BlackRock Risks are indicated below with the abbreviation (B). Schwab Risks are indicated below with the abbreviation (B).

SSGA Risks are indicated below with the abbreviation (SC).

Vanguard Risks are indicated below with the abbreviation (S).

For additional information about these risks, see Appendix A.

**Actively Managed Static Allocation Portfolios**

### 100% Active Equity Portfolio

#### Objective
The 100% Active Equity Portfolio seeks to achieve long-term growth of capital and income.

#### Strategy
The option allocates its assets to underlying mutual funds, seeking to provide a diversified allocation to broad asset classes, including domestic stocks, international stocks and real estate. The underlying funds represent different investment objectives and strategies and are actively managed. The underlying funds in this option will rebalance on an ongoing basis if they drift from their target allocations.

#### Principal Risks
An investment in the portfolio could lose money over short or long periods of time. The Fund is subject to the risks set forth below, which could affect the Fund’s performance.

American Funds Risks are indicated below with the abbreviation (A).

DFA Risks are indicated below with the abbreviation (D).

PGIM Investments Risks are indicated below with the abbreviation (P).

TIAA-CREF Risks are indicated below with the abbreviation (T).

Vanguard Risks are indicated below with the abbreviation (V).

For additional information about these risks, see **Appendix A**.

Active Management Risk (T), Cyber-Security Risk (D), Derivatives Risk (D)(P), Emerging Markets Risk (D)(P), Equity Market Risk (D), Foreign Investment Risk (T); Foreign Securities Risk (P), Foreign Securities and Currencies Risk (D), Illiquid Investments Risk (T), Liquidity Risk (P), Industry/Sector Concentration Risk (T), Investing in Growth Oriented Stocks (A), Investing in Income Oriented Stocks, Investing Outside the United States, Issuer Risk (T), Management Risk, Market Risk (T)(P), Mid-Cap Risk (T), Profitability Risk (D), Real Estate Investing Risk (T), Securities Lending Risk (D), Small Company Risk (D), Small-Cap Risk (T), Value Investment Risk (D).

### 75% Active Equity Portfolio

#### Objective
The 75% Active Equity Portfolio seeks to achieve long-term growth of capital and income.

#### Strategy
The option allocates its assets to underlying ETFs, seeking to provide a diversified allocation to broad asset classes, including 75% allocation to domestic stocks, international stocks and real estate, and a 25% allocation to US Intermediate Term Bonds, US Short-Term Inflation Protected Bonds, High Yield Bonds, International Bonds, and a Capital Preservation product. The Capital Preservation component consists of the New York Life Guaranteed Interest Account, a funding agreement issued by New York Life. The underlying funds represent different investment objectives and strategies and are actively managed. The underlying funds in this option will rebalance on an ongoing basis if they drift from their target allocations.

#### Principal Risks
An investment in the portfolio could lose money over short or long periods of time. The Fund is subject to the risks set forth below, which could affect the Fund’s performance.

American Funds Risks are indicated below with the abbreviation (A).

DFA Risks are indicated below with the abbreviation (D).

New York Life Risks are indicated below with the abbreviation (N).

PGIM Investments Risks are indicated below with the abbreviation (P).

TIAA-CREF Risks are indicated below with the abbreviation (T).

Vanguard Risks are indicated below with the abbreviation (V).

For additional information about these risks, see **Appendix A**.
Active Management Risk (T), Call Risk (T), Credit Risk (D)(P)(T)(V), Credit Spread Risk (T), Cyber-Security Risk (D), Debt Obligations Risk (P), Default Risk (N), Derivatives Risk (D)(P)(T)(V), Downgrade Risk (T), Early Withdrawal Risk (N), Emerging Markets Risk (D)(P)(T), Equity Market Risk (D), Extension Risk (T), Fixed-Income Foreign Investment Risk (T), Floating and Variable Rate Securities Risk (T), Foreign Investment Risk (T), Foreign Securities and Currencies Risk (D), Foreign Securities Risk (P), Illiquid Investments Risk (T), Income Risk (D)(V), Income Volatility Risk (T), Industry/Sector Concentration Risk (T), Inflation Protected Securities Interest Rate Risk (D), Inflation Protected Securities Tax Risk (D), Interest Rate Risk (D)(P)(T)(V), Investing in Growth Oriented Stocks, Investing in Income Oriented Stocks, Investing Outside the United States, Issuer Risk (T), Liquidity Risk (D)(V)(P), Management Risk, Manager Risk (V), Market Risk (D)(T)(P), Market Volatility, Liquidity and Valuation Risk (T), Mid-Cap Risk (T), Mortgage Roll Risk (T), Non-Investment Grade Securities Risk (T), Prepayment Risk (T), Profitability Risk (D), Real Estate Investing Risk (T), Risk of Investing for Inflation Protection (D), Securities Lending Risk (D), Senior Loan Risk (T), Small Company Risk (D), Small-Cap Risk (T), termination Risk (N), US Government and Agency Securities Risk (P), US Government Securities Risk (T), Value Investment Risk (D).

50% Active Equity Portfolio

Objective
The 50% Active Equity Portfolio seeks to achieve a balanced long-term growth of capital and income.

Strategy
The option allocates its assets to underlying ETFs, seeking to provide a diversified allocation to broad asset classes, including 50% allocation to domestic stocks, international stocks and real estate, and a 50% allocation to US Intermediate Term Bonds, US Short-Term Inflation Protected Bonds, High Yield Bonds, International Bonds, and a Capital Preservation product. The Capital Preservation component consists of the New York Life Guaranteed Interest Account, a funding agreement issued by New York Life. The underlying funds represent different investment objectives and strategies and are actively managed. The underlying funds in this option will rebalance on an ongoing basis if they drift from their target allocations.

Principal Risks
An investment in the portfolio could lose money over short or long periods of time. The Fund is subject to the risks set forth below, which could affect the Fund’s performance.

American Funds Risks are indicated below with the abbreviation (A).

DFA Risks are indicated below with the abbreviation (D).

New York Life Risks are indicated below with the abbreviation (N).

PGIM Investments Risks are indicated below with the abbreviation (P).

TIAA-CREF Risks are indicated below with the abbreviation (T).

Vanguard Risks are indicated below with the abbreviation (V).

For additional information about these risks, see Appendix A.

Active Management Risk (T), Call Risk (T), Credit Risk (D)(P)(T)(V), Credit Spread Risk (T), Cyber-Security Risk (D), Debt Obligations Risk (P), Default Risk (N), Derivatives Risk (D)(P)(T)(V), Downgrade Risk (T), Early Withdrawal Risk (N), Emerging Markets Risk (D)(T)(P), Equity Market Risk (D), Extension Risk (T), Fixed-Income Foreign Investment Risk (T), Floating and Variable Rate Securities Risk (T), Foreign Investment Risk (T), Foreign Securities and Currencies Risk (D), Foreign Securities Risk (P), Illiquid Investments Risk (T), Income Risk (D)(V), Income Volatility Risk (T), Industry/Sector Concentration Risk (T), Inflation Protected Securities Interest Rate Risk (D), Inflation Protected Securities Tax Risk (D), Interest Rate Risk (D)(P)(T)(V), Investing in Growth Oriented Stocks, Investing in Income Oriented Stocks, Investing Outside the United States, Issuer Risk (T), Liquidity Risk (D)(V)(P), Management Risk, Manager Risk (V), Market Risk (D)(T)(P), Market Volatility, Liquidity and Valuation Risk (T), Mid-Cap Risk (T), Mortgage Roll Risk (T), Non-Investment Grade Securities Risk (T), Prepayment Risk (T), Profitability Risk (D), Real Estate Investing Risk (T), Risk of Investing for Inflation Protection (D), Securities Lending Risk (D), Senior Loan Risk (T), Small Company Risk (D), Small-Cap Risk (T), termination Risk (N), US Government and Agency Securities Risk (P), US Government Securities Risk (T), Value Investment Risk (D).

25% Active Equity Portfolio

Objective
The 25% Active Equity Portfolio seeks to achieve total return made up of current income and capital appreciation, along with some protection from inflation.

Strategy
The option allocates its assets to underlying ETFs, seeking to provide a diversified allocation to broad asset classes, including 25% allocation to domestic stocks, international stocks and real estate, and a 75% allocation to US Intermediate Term Bonds, US Short-Term Inflation Protected Bonds, High Yield Bonds, International Bonds, and a Capital Preservation product. The Capital Preservation component consists of the New York Life Guaranteed Interest Account, a funding agreement issued by New York Life. The underlying funds represent different investment objectives and strategies and are actively managed. The underlying funds in this option will rebalance on an ongoing basis if they drift from their target allocations.
Principal Risks
An investment in the portfolio could lose money over short or long periods of time. The Fund is subject to the risks set forth below, which could affect the Fund’s performance.

American Funds Risks are indicated below with the abbreviation (A).

DFA Risks are indicated below with the abbreviation (D).

New York Life Risks are indicated below with the abbreviation (N).

PGIM Investments Risks are indicated below with the abbreviation (P).

TIAA-CREF Risks are indicated below with the abbreviation (T).

Vanguard Risks are indicated below with the abbreviation (V).

For additional information about these risks, see Appendix A.

Active Management Risk (T), Call Risk (T), Credit Risk (D)(P)(T)(V), Credit Spread Risk (T), Cyber-Security Risk (D), Debt Obligations Risk (P), Default Risk (N), Derivatives Risk (D)(P)(T)(V), Downgrade Risk (T), Early Withdrawal Risk (N), Emerging Markets Risk (D)(T)(P), Equity Market Risk (D), Extension Risk (T), Fixed-Income Foreign Investment Risk (T), Floating and Variable Rate Securities Risk (T), Foreign Investment Risk (T), Foreign Securities and Currencies Risk (D), Foreign Securities Risk (P), Illiquid Investments Risk (T), Income Risk (D)(V), Income Volatility Risk (T), Industry/Sector Concentration Risk (T), Inflation Protected Securities Interest Rate Risk (D), Inflation Protected Securities Tax Risk (D), Interest Rate Risk (D)(P)(T)(V), Investing in Growth Oriented Stocks, Investing in Income Oriented Stocks, Investing Outside the United States, Issuer Risk (T), Liquidity Risk (D)(V)(P), Management Risk, Manager Risk (V), Market Risk (D)(T)(P), Market Volatility, Liquidity and Valuation Risk (T), Mid-Cap Risk (T), Mortgage Roll Risk (T), Non-Investment Grade Securities Risk (T), Prepayment Risk (T), Profitability Risk (D), Real Estate Investing Risk (T), Risk of Investing for Inflation Protection (D), Securities Lending Risk (D), Senior Loan Risk (T), Small Company Risk (D), Small-Cap Risk (T), termination Risk (N), US Government and Agency Securities Risk (P), US Government Securities Risk (T), Value Investment Risk (D).

Individual Portfolio Profiles

US Equity Index Portfolio

Investment Objective
The US Equity Index Portfolio invests 100% of its assets in the Vanguard Total Stock Market Index Fund. The Fund seeks to track the performance of a benchmark index that measures the investment return of the overall stock market.

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

Principal Risks
An investment in the portfolio could lose money over short or long periods of time. The Fund is subject to the following Vanguard risks, which could affect the Fund’s performance:

Stock market risk, Index sampling risk.

For additional information about these risks, see Appendix A.

Bond Index Portfolio

Investment Objective
The Bond Index Portfolio invests 100% of its assets in the Vanguard Total Bond Market Index ETF. The Fund seeks to track the performance of a broad, market-weighted bond index.

Principal Investment Strategies
The Fund employs an indexing investment approach designed to track the performance of the Bloomberg 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. As of December 31, 2018, the dollar-weighted average maturity of the Index was 8.3 years.

Principal Risks
An investment in the portfolio could lose money over short or long periods of time. The Fund is subject to the following Vanguard risks, which could affect the Fund’s performance:

Interest rate risk, Income risk, Prepayment risk, Extension risk, Call risk, Credit risk, Index sampling risk, Liquidity risk.

For additional information about these risks, see Appendix A.
Short-Term Treasury Index Portfolio

Investment Objective
The Short-Term Treasury Index Portfolio invests 100% of its assets in the Vanguard Short-Term Treasury Index Fund. The Fund seeks to track the performance of a market-weighted Treasury index with a short-term dollar-weighted average maturity.

Principal Investment Strategies
The Fund employs an indexing investment approach designed to track the performance of the Bloomberg Barclays US Treasury 1–3 Year Bond Index. This Index includes fixed income securities issued by the U.S. Treasury (not including inflation-protected securities), all with maturities between 1 and 3 years. The Fund invests by sampling the Index, meaning that it holds a range of securities that, in the aggregate, approximates the full Index in terms of key risk factors and other characteristics. All of the Fund’s investments will be selected through the sampling process, and under normal circumstances, at least 80% of the Fund’s assets will be invested in bonds included in the Index. The Fund maintains a dollar-weighted average maturity consistent with that of the Index. As of August 31, 2018, the dollar-weighted average maturity of the Index was 2.0 years.

Principal 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 the following Vanguard Risks, which could affect the Fund’s performance:

- Income risk
- Interest rate risk
- Index sampling risk

For additional information about these risks, see Appendix A.

Social Choice Portfolio

Investment Objective
The Social Choice Portfolio invests 100% of its assets in the TIAA-CREF Social Equity Instl Fund. The Fund seeks a favorable long-term total return that reflects the investment performance of the overall U.S. stock market while giving special consideration to certain environmental, social and governance (“ESG”) criteria.

Principal Investment Strategies
Under normal circumstances, the Fund invests at least 80% of its assets in equity securities. The Fund attempts to achieve the return of the U.S. stock market as represented by its benchmark, the Russell 3000® Index, while investing only in companies whose activities are consistent with the Fund’s ESG criteria. See “Additional information about the Fund’s benchmark index” in the non-summary portion of the Prospectus for more information about the Fund’s benchmark. The ESG criteria the Fund takes into consideration are non-fundamental investment policies. Such criteria and the universe of investments that the Fund utilizes may be changed without the approval of the Fund’s shareholders. For purposes of the 80% investment policy, the term “assets” means net assets, plus the amount of any borrowings for investment purposes. The Fund’s investments are subject to certain ESG criteria. The ESG criteria are implemented based on data provided by independent research vendor(s). All companies must meet or exceed minimum ESG performance standards to be eligible for inclusion in the Fund. The evaluation process favors companies with leadership in ESG performance relative to their peers. Typically, environmental assessment categories include climate change, natural resource use, waste management and environmental opportunities. Social evaluation categories include human capital, product safety and social opportunities. Governance assessment categories include corporate governance, business ethics and government and public policy. How well companies adhere to international norms and principles and involvement in major ESG controversies (examples of which may relate to the environment, customers, human rights and community, labor rights and supply chain, and governance) are other considerations. The ESG evaluation process is conducted on an industry-specific basis and involves the identification of key performance indicators, which are given more or less relative weight compared to the broader range of potential assessment categories. Concerns in one area do not automatically eliminate an issuer from being an eligible Fund investment. When ESG concerns exist, the evaluation process gives careful consideration to how companies address the risks and opportunities they face in the context of their sector or industry and relative to their peers. The Fund will not generally invest in companies significantly involved in certain business activities, including but not limited to the production of alcohol, tobacco, military weapons, firearms, nuclear power, thermal coal and gambling products and services. Once a universe of ESG-eligible companies is established, the Fund’s investment adviser, Teachers Advisors, LLC (“Advisors”), then uses quantitative investment techniques to attempt to closely match, to the extent practicable, the overall risk characteristics of the benchmark index. Under these quantitative investment techniques, the Fund uses a risk model to evaluate the universe of stocks in which the Fund may invest and to inform the construction of a broadly diversified group of stocks. The Fund holdings will generally consist of a subset of the eligible investment universe. The Fund is not required to invest in all companies that meet the ESG criteria. The Corporate Governance and Social Responsibility Committee (the “CGSR Committee”) of the Board of Trustees of the Trust (“Board of Trustees”) reviews the ESG criteria used to screen securities held by the Fund and approves the vendor of that service. Advisors seeks to ensure that the Fund’s investments are consistent with its ESG criteria, but Advisors cannot guarantee that this will always be the case for every Fund investment. Consistent with its responsibilities, the CGSR Committee evaluates options for implementing the Fund’s ESG investment criteria and monitors the ESG vendors selected to supply...
the ESG-eligible universe. Advisors have the right to change the ESG vendor(s) at any time and to add to the number of vendors providing the universe of eligible companies. Investing on the basis of ESG criteria is qualitative and subjective by nature, and there can be no assurance that the process utilized by the Fund's vendor(s) or any judgment exercised by the CGSR Committee or Advisors will reflect the beliefs or values of any particular investor. The Fund is not restricted from investing in any securities issued or guaranteed by the U.S. government or its agencies or instrumentalities. The Fund may also invest in securities issued by other countries or their agencies or instrumentalities as approved by the CGSR Committee. Consistent with its ESG criteria, the Fund may invest up to 15% of its assets in foreign investments.

**Principal Investment Risks**

You could lose money over short or long periods by investing in this Fund. An investment in the Fund, due to the nature of the Fund’s portfolio holdings, typically is subject to the following TIAA-CREF risks:


For additional information about these risks, see *Appendix A*.

**Capital Preservation Portfolio**

**Investment Objective**

The Capital Preservation Portfolio invests 100% of its assets in the New York Life Guaranteed Interest Account Funding Agreement. It is a general account funding agreement seeking to provide a low-risk, stable investment option. The New York Life Guaranteed Interest Account offers participants competitive yields and limited volatility, with a guarantee of principal and accumulated interest.

**Principal Risks**

While the New York Life Guaranteed Interest Account carries relatively low risk, there are some risks associated with the New York Life Guaranteed Interest Account funding agreement, including, but not limited to:

Default Risk, Termination Risk, Equity Wash Risk, Early Withdrawal Risk.

For additional information about these risks, see *Appendix A*.

**Additional Investment Information**

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

**Investment Policy Statement.** The Board has adopted an Investment Policy Statement, amended as of November 7, 2019 and effective December 9, 2019 which is available at nmetb.org. The Investment Policy Statement sets forth, in part:

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

The Board, with the recommendation of the Program Manager, and the advice of the consultant to the Board, has developed Investment Options and selected the Underlying Investments for each Portfolio based on the guidelines set forth in the Investment Policy Statement.

**Benchmarks.** Pursuant to the Investment Policy Statement described above, the Board has established criteria to monitor, evaluate and compare the Underlying Investments. Among other factors, the performance of each Underlying Investment will be compared to the applicable primary benchmark disclosed in the Underlying Investment’s prospectus.

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

**Differences between Performance of the Portfolios and Underlying Investments.** The performance of the Portfolios will differ from the performance of the Underlying Investments. Because the Portfolios have higher expense ratios than the Underlying Investments, over comparable periods of time, all other things being equal, a Portfolio would have lower performance than its comparable Underlying Investment. However, the Underlying Investments do not offer the same tax advantages as the Portfolios. Performance differences also are caused by differences in the trade dates of Portfolio purchases. When you invest money in a Portfolio, you will receive Portfolio Units as of the trade date. The Portfolio will use your money to purchase shares of an Underlying Investment. However, the trade date for the Portfolio’s purchase of Underlying Investment shares typically will be one (1) business day after the trade date for your purchase of Portfolio Units. Depending on the amount of cash flow into or out of the Portfolio and whether the Underlying Investment is going up or down in value, this timing difference will cause the Portfolio’s performance either to trail or exceed the Underlying Investment’s performance. For more information on investment performance, see Investment Performance on page 41. The target indices of certain of the Underlying Funds may change. Many of the Underlying Funds are index Funds. Each index Fund reserves the right to substitute a different index for the index it currently tracks. This could happen if the current index is discontinued, if the index Fund’s agreement with the sponsor of its current index is terminated, or for any other reason determined in good faith by the index Fund’s board of trustees. In any such instance, a substitute index would measure substantially the same market segment (e.g., large-, mid-, or small-capitalization) as the current index.

**Investment Selection.** For each new contribution, you can select from any of the Portfolios when you make your contribution as long as investments in those different Portfolios are permissible. The minimum allocation per selected Investment Option is 1% of the contribution amount.

**Changing Portfolios.** Once your Portfolio is selected for a particular contribution, IRS guidance provides that you can move money or transfer from one Portfolio to another twice per calendar year for the same Beneficiary, in aggregate across both The Education Plan and the Scholar’s Edge Plan.

**Requesting Additional Information about the Underlying Investments.** We will invest your contributions to the Year of Enrollment Portfolios, Static Allocation Portfolios or the Individual Portfolios in one or more of the Underlying Investments. Please keep in mind that you will not own shares of the Underlying Funds. Instead, you will own interests in the respective Portfolios. Additional information about the investment strategies and risks of each Underlying Fund is available in its current prospectus and Statement of Additional Information (SAI), or in the case of the New York Life Guaranteed Interest Account, in fact sheets and product guides. You can request a copy of the current prospectus, the SAI, or the most recent semiannual or annual report, as applicable, of any Underlying Fund or in the case of the New York Life Guaranteed Interest Account, fact sheets and product guides by visiting the following Investment Managers’ websites or calling the numbers referenced below.

**American Funds**
www.capitalgroup.com/individual
800.421.0180

**BlackRock**
www.ishares.com/us
800.474.2737

**DFA**
www.us.dimensiona.com
512.306.7400

**New York Life**
www.stablevalueinvestments.com
973-685-6378

**PGIM Investments**
www.pgiminvestments.com
800.225.1852

**Schwab**
www.schwabfunds.com
877.824.5615

**SSGA**
www.ssga.com
866.787.2257

**TIAA-CREF**
www.tiaa.org/public/index.html
800.842.2252

**Vanguard**
www.vanguard.com
877.662.7447
INVESTMENT PERFORMANCE

Portfolio price and performance information will be available once the Portfolios commence operations in December 2019. For up to date price and performance information, go to theeducationplan.com or call us at 1.877.337.5268.

The performance of the Portfolios will differ from the performance of the Underlying Investments. The Portfolios may have higher expense ratios than the Underlying Investments. Portfolio performance may also be affected by cash flows into and out of the Portfolios; typically, the Portfolio purchases Underlying Investment shares one business day after the date funds are contributed. Depending on market conditions, the collective impact of these differences may cause the Portfolio’s performance to trail or exceed the Underlying Investments’ returns. However, your investment in the Portfolios through your Account to the Portfolios may receive advantageous tax treatment. For more information about the differences between the Portfolios and Underlying Investments, see Differences between Performance of the Portfolios and Underlying Investments on page 40.

Portfolio performance information represents past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so your Units, when sold, maybe worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For Portfolio performance data current to the most recent month-end, visit theeducationplan.com.
**FEDERAL TAX ISSUES**

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

**Before you invest you may wish to consult an independent tax advisor regarding the application of tax laws to your particular circumstances.**

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

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

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

**Federal Taxes: The federal taxation of your The Education Plan Account can be complex. Make sure you understand the federal tax benefits and obligations before you invest.**

**Federal Gift/Estate Tax.** If your contributions, together with any other gifts to the Beneficiary (over and above those made to your Account), do not exceed $15,000 per year ($30,000 for married couples making a proper election), no gift tax will be imposed for that year. Gifts of up to $75,000 can be made in a single year ($150,000 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, in which case the contributions allocable to the remaining years in the 5-year period would be includible in your estate. If your Beneficiary dies, and assets remain in your Account, the value of your Account may be included in the Beneficiary’s estate for federal tax purposes. Further rules regarding gifts and the generation-skipping transfer tax may apply in the case of distributions, changes of Beneficiaries, and other situations. The state law treatment of gift and estate taxes varies so you should check with your tax advisor for the specific effect of federal and state (if any) gift tax and generation-skipping transfer tax on your situation.

**Transfers and Rollovers.** Where a distribution is placed in another Account or another Qualified Tuition Program account within sixty (60) days of the distribution date, you may avoid incurring federal income tax or a Distribution Tax if the transfer is for the same Beneficiary or for a Member of the Family of the Beneficiary. You can transfer assets for the same Beneficiary from another Qualified Tuition Program to your Account without adverse tax consequences only if no other such rollovers have occurred within the prior twelve (12) months. Changes in your Beneficiary could potentially cause gift and/or generation-skipping transfer tax consequences to you and your Beneficiary. Because gift and generation-skipping transfer tax issues are complex, you should consult with your tax advisor.

**ABLE Rollover Distributions.** Where a distribution is placed in a Qualified ABLE Program account within 60 days of the distribution date, you may avoid incurring federal income tax or a Distribution Tax if the transfer is for the same Beneficiary or for a Member of the Family of the Beneficiary. Any distribution must be made before January 1, 2026 and cannot exceed the annual Qualified ABLE Program $15,000 contribution limit.

Changes in your Beneficiary could potentially cause gift and/ or generation-skipping transfer tax consequences to you and your Beneficiary. Because gift and generation-skipping transfer tax issues are complex, you should consult with your tax advisor.

**Direct Transfers Between Plans for the Same Beneficiary.** Under Section 529, you can transfer assets directly between two plans maintained by the State of New Mexico, twice per calendar year for the same Beneficiary. Such a direct transfer is considered an investment exchange for federal and state tax purposes and is therefore subject to the restrictions described in *Maintaining Your Account – Changing Investment Direction* on page 19.

**Indirect Transfers.** For federal and state tax purposes, an indirect transfer involving the distribution of money from The Education Plan to Scholar’s Edge, or vice versa, would be treated as a Non-Qualified Distribution (and not as an...
investment contributed to the new account for the same Beneficiary.

**Coverdell Education Savings Accounts (ESA).** Generally, contributions may be made to both an ESA (defined in Section 530 of the Code) and a Qualified Tuition Program in the same year on behalf of the same Beneficiary.

However, the same educational expenses cannot be claimed for a tax-exempt distribution from both the ESA and the Qualified Tuition Program.

**Education Tax Credits.** You and your Beneficiary, if eligible, can take advantage of American Opportunity and Lifetime Learning Tax Credits without affecting your participation in The Education Plan 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 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: the death or Disability of a Beneficiary, the receipt by the Beneficiary of a scholarship, grant, or other tax-free Educational Assistance, attendance at certain specified military academies, use of American Opportunity or Lifetime Learning Credits, or a Refunded Distribution. 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 New Mexico state income tax deduction with respect to any Non-Qualified Distribution and certain other withdrawals as discussed in **State Tax Issues - Recapture of Income Tax Deduction** beginning on page 43.

**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.

**STATE TAX ISSUES**

**General.** This Section describes some of the state tax considerations you should be aware of when investing in The Education Plan. However, the discussion is by no means exhaustive and is not meant as tax advice. The New Mexico state tax consequences associated with an investment in The Education Plan can be complex.

The Education Plan should not be used for the purposes of avoiding state tax or tax penalties. Before you invest, you may wish to consult an independent tax advisor regarding the application of tax laws to your particular circumstances.

**Income Tax Deduction for New Mexico Taxpayers.** If you are an individual New Mexico taxpayer (resident or non-resident), filing a single or joint return, you may deduct contributions to The Education Plan and Scholar’s Edge for New Mexico individual income tax purposes. In certain circumstances, the amounts deducted may be recaptured in subsequent years as discussed below. The contributor does not need to be the Account Owner of an Account to be eligible for the deduction.

**Recapture of Income Tax Deduction.** In certain circumstances, the amounts deducted may be recaptured in subsequent years. Despite K-12 Tuition being included in Qualified Higher Education Expenses for federal income tax purposes, K-12 Tuition will not constitute Qualified Higher Education Expenses under the New Mexico tax code, thereby resulting in a recapture of any deduction related to amounts distributed for K-12 Tuition. In addition, amounts previously deducted for New Mexico income tax purposes will be recaptured if they are distributed from The Education Plan or Scholar’s Edge to a Qualified ABLE program, including the ABLE program offered in the State of New Mexico or to another Qualified Tuition Program not offered by the State of New Mexico (notwithstanding that such a transfer is a
Qualified Withdrawal for federal tax purposes). Account Owners who are New Mexico taxpayers should consult their own tax advisors before making withdrawals from The Education Plan or Scholar’s Edge for K-12 Tuition or transferring funds from The Education Plan or Scholar’s Edge to a Qualified ABLE Program.

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

New Mexico Taxation of Non-Qualified and Other Distributions. Because New Mexico adjusted gross income is generally derived from federal adjusted gross income, you or the Beneficiary, as applicable, will be subject to New Mexico adjusted gross income tax on the earnings portion of any Non-Qualified Distribution, or other distributions that are also included in your federal adjusted gross income for a taxable year.

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 New Mexico income tax or the recapture of the New Mexico state income tax deduction claimed by contributors in prior taxable years 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.

Non-New Mexico Taxpayers. If you are not a New Mexico 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 such as financial aid, scholarship funds, and protection from creditors, that may only be available through investment in the home state’s Qualified Tuition Program, and which are not available through an investment in The Education Plan. You may wish to contact your home state’s Qualified Tuition Program(s), or any other Qualified Tuition Program, to learn more about those plans’ features, benefits, and limitations. State-based benefits should be one of many factors to be considered when making an investment decision. Since different states have different tax provisions, this Plan Description and Participation Agreement contains limited information about the state tax consequences of investing in The Education Plan. Therefore, please consult your tax advisor for information on your own state’s tax laws and to learn how state-based benefits (or any limitations) would apply to your specific circumstances.
GENERAL INFORMATION

**Identification Verification.** Certain information is necessary to properly verify your identity. If we do not receive all of the required information, there could be a delay in opening your Account. If, after making reasonable efforts, we are unable to verify your identity, we may make any action permitted by law, without prior notice to you, including rejecting contribution and transfer requests, suspending Account services, or closing your Account and issuing a refund at the Unit Value calculated the day your Account is closed. Any refund made under these circumstances may be considered a Non-Qualified Distribution. The risk of market loss, tax implications, and any other expenses, as a result of the liquidation, will be solely your responsibility.

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

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

**Your Account.** When you complete your enrollment, you acknowledge that you agree to be bound by the terms and conditions of this Plan Description and Participation Agreement and the Enrollment Form. The Plan Description and Participation Agreement and your online enrollment or completion of the Enrollment Form, when executed by you, is considered the entire agreement between you and the Trust with respect to your Account. By providing your signature online or signing the Enrollment Form, as applicable, you are requesting that we open an Account for the benefit of your Beneficiary. Your Account, the Plan Description and Participation Agreement and your signed online enrollment or Enrollment Form are subject to the Enabling Legislation and any rules we may adopt under the Enabling Legislation. Your Account assets will be held, subject to the Enabling Legislation and the Code, the Plan Description and Participation Agreement, and your signed online enrollment or Enrollment Form, for the exclusive benefit of you and your Beneficiary.

**Changes to Your Account.** The Plan Officials are not responsible for the accuracy of the documentation you submit to us to make changes to your Account, whether submitted online or in paper form. If received in good order, 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 Board agrees otherwise.

**Accuracy of Information in Plan Description and Participation Agreement.** The information in this Plan Description and Participation Agreement is believed to be accurate as of the cover date, but it is subject to change without notice. No one is authorized to provide information that is different from the information in the most current form of this Plan Description and Participation Agreement, as supplemented from time to time.

**Changes to the Plan Description and Participation Agreement.** The Board may amend the terms of the Plan Description and Participation Agreement from time to time to comply with changes in the law or regulations or if the Board determines it is in the Plan'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 assure compliance with applicable state and federal laws or regulations or to preserve the favorable tax treatment to you, your Beneficiary, the Board, The Education Plan, or the Trust.

**Keep Legal Documents for Your Records.** You should retain this Plan Description and Participation Agreement for your records. We may make modifications to The Education Plan in the future. If so, an addendum (Supplement) to the Plan Description and Participation Agreement may be sent to your address of record or notice sent to you by email if you choose to receive documents electronically. In these cases, the new Supplement and/ or Plan Description and Participation Agreement will supersede all prior versions.

Please note that we periodically match and update the addresses of record against a change of address database maintained by the U.S. Postal Service to reduce the possibility that items sent by First Class Mail, such as Account statements, will be undeliverable.

**Changes to State Statutes; Adoption of Rules.** The New Mexico Legislature may, from time to time, pass legislation, which may directly or indirectly affect the terms and conditions of The Education Plan and the Plan Description and Participation Agreement. Also, the Board may adopt rules pursuant to the provisions of the Enabling Legislation, which may directly or indirectly affect the terms and conditions of The Education Plan and the Plan Description and Participation Agreement.
Guide to Interpretation. The Plan is intended to qualify for the tax benefits of Section 529. Notwithstanding anything in the Plan Description and Participation Agreement to the contrary, the terms and conditions applicable to your Account will be interpreted and/or amended to comply with the requirements of Section 529 and applicable regulations.

Continuing Disclosure. Certain financial information and operating data relating to the Trust will be filed by or on behalf of the Trust in electronic form with the Electronic Municipal Market Access system (EMMA) maintained by the Municipal Securities Rulmaking Board (MSRB) pursuant to Rule 15c2-12 as promulgated by the SEC under the Securities Exchange Act of 1934. Notices of certain enumerated events will be filed by or on behalf of the Trust with the MSRB.

Independent Registered Public Accounting Firm. The Board will engage an independent public accounting firm to audit the financial statements for the Plan.

The Education Plan Privacy Policy. The Education Plan is required to treat all Account Owner and Beneficiary information confidentially. The Education Plan prohibits AGS from using or disclosing this information, except as may be necessary to perform its obligations under the terms of its contract with the Board, or if required by applicable law, by court order, or other order. You can access a copy of the most recent The Education Plan Privacy Policy on the Plan’s website at theeducationplan.com.

Custodial Arrangements. The Bank of New York Mellon (Mellon) is the Plan’s custodian. As custodian, Mellon is responsible for holding the Plan’s assets, including fund shares and funds contributed to Accounts by Account Owners.

Creditor Protection under U.S. Laws. Federal bankruptcy law excludes from property of the debtor’s bankruptcy estate certain assets that have been contributed to an account in a Qualified Tuition Program. However, bankruptcy protection in this respect is limited and has certain conditions. Additional provisions of New Mexico state law, including NMSA 21-21K-6.A, may also apply. For the Qualified Tuition Program account to be excluded from the debtor’s estate, the Beneficiary must be a child, stepchild, grandchild, or step-grandchild (including a legally adopted child or a foster child) of the individual who files for bankruptcy protection. In addition, contributions made to all Qualified Tuition Program accounts for the same Beneficiary are protected from becoming property of the debtor’s estate as follows:

- contributions made to all Qualified Tuition Program accounts for the same beneficiary more than seven-hundred twenty (720) days before a federal bankruptcy filing are completely protected;
- contributions made to all Qualified Tuition Program accounts for the same beneficiary more than three hundred and sixty-five (365) days but less than seven hundred and twenty (720) days before a federal bankruptcy filing are protected up to six-thousand eight-hundred twenty-five dollars ($6,825.00), an amount currently revised every three (3) years by the Judicial Conference of the United States; and contributions made to all Qualified Tuition Program accounts for the same beneficiary less than three hundred sixty-five (365) days before a federal bankruptcy filing are not protected against creditor claims in federal bankruptcy proceedings.

Federal bankruptcy law permits a debtor to exempt certain specified assets from liability even though the assets are property of the debtor’s estate. Under federal bankruptcy law, assets held in a 529 plan account that are property of the debtor’s estate are not exempt from debt for domestic support obligations. This information is not meant to constitute individual tax or bankruptcy advice, and you should consult with your own advisors concerning your individual circumstances.

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

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

Precedence. Except as otherwise expressly provided in the Declaration of Trust, in the event of inconsistencies between the Plan Description and Participation Agreement, the Management Agreement, Board policy or any rules adopted by the Board, and the Code or New Mexico statutes, the provisions of the New Mexico statutes or the Code, as applicable, will govern. To the extent permitted by New Mexico law, the Code will govern in the event of any inconsistencies between New Mexico statutes and the Code.

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

Claims; Disputes. All decisions and interpretations by the Plan Officials in connection with the operation of the Plan will be final and binding upon you, the Beneficiary, and any other
person affected. Any claim by you or your Beneficiary against the Plan Officials, individually or collectively, with respect to your Account will be made solely against the assets in your Account. The obligations of The Education Plan under your agreement with the Trust are monies received from you and earnings and/or losses from your Account investments, and neither you nor your Beneficiary will have recourse against the Plan Officials, collectively or individually, in connection with any right or obligations arising out of an Account. Assets in your Account are not an obligation of the State.

Your Accounts are not insured by the State and neither the principal deposited nor the investment return is guaranteed by the State of New Mexico or Plan Officials. Opening an Account does not guarantee that your Beneficiary will be admitted to an Eligible Educational Institution or be allowed to continue enrollment at or graduate from an Eligible Educational Institution after admission. Opening an Account does not establish New Mexico residence for your Beneficiary. Neither the State of New Mexico nor Plan Officials guarantee that amounts saved in your Account will be sufficient to cover the Qualified Expenses of a Beneficiary. All obligations under your Account and the Plan Description and Participation Agreement 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 New Mexico for all legal proceedings arising out of or relating to your Account. The Board or the Program Manager may apply to a court at any time for judicial settlement of any matter involving your Account. If the Board or the Program Manager does so, they must give you or your Beneficiary the opportunity to participate in the court proceeding, but they also can involve other persons. Any expense incurred by the Plan Officials in legal proceedings involving your Account, including attorney's fees and expenses, are chargeable to your Account and payable by you or your Beneficiary if not paid from your Account.

Binding Nature. The Plan Description and Participation Agreement and your agreement to participate in the Plan are binding upon the parties and their respective heirs, successors, beneficiaries, and permitted assigns. By signing an online enrollment or the Enrollment Form, you agree that all of your representations and obligations are for the benefit of the Plan Officials, all of whom can rely upon and enforce your representations and obligations contained in the Plan Description and Participation Agreement and the Enrollment Form.
The Education Plan. The Education Plan is a Qualified Tuition Program that 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 The Education Plan through the establishment of rules, guidelines, procedures, or policies. In addition, the Board is provided discretion with regard to the formation of The Education Plan, including the establishment of minimum Account contributions and retention of professional services necessary to assist in the administration of The Education Plan. The Education Plan is administered by the Board of the Trust, an instrumentality of the State.

Other Qualified Tuition Programs Administered by the Board. The Board administers two (2) Qualified Tuition Programs: The Education Plan and Scholar’s Edge. This Plan Description and Participation Agreement relates only to The Education Plan. Scholar’s Edge is available for investing only through financial advisors. Go to scholarsedge529.com for information and materials about Scholar's Edge.

The Board reserves the right at any time, and without consent of or notice to Account Owners or Designated Beneficiaries, among other things, to:

- Refuse, change, discontinue or temporarily suspend accepting Contributions, rollovers or transfers and processing withdrawal requests;
- Delay sending out the proceeds of a withdrawal request for up to five business days;
- Change the Plan’s Fees and expenses;
- Change the maximum account balance limit;
- Add, subtract, terminate or merge Portfolios, or change the asset allocation of the Portfolios, or the Underlying Investments in which any Portfolio invests;
- Terminate an Account and/or assess a penalty against the Account if the Board determines that the Account Owner or the Designated Beneficiary has provided false or misleading information to the Board, the Program Manager, the Program Distributor, or an Eligible Educational Institution;
- Terminate the Program management agreement and replace the Program Manager and Program Distributor:
- Amend the Declaration of Trust, the Participation Agreement, this Plan Description and Participation Agreement and the Enrollment Application; and
- Suspend or terminate the Trust without any action on the part of the Account Owners or Designated Beneficiaries by giving written notice of such action to Account Owners, so long as after the action the assets in the Account are still held for the exclusive benefit of the Account Owner and the Designated Beneficiary.

Program Manager to The Education Plan. Ascensus College Savings Recordkeeping Services, LLC, the Program Manager, and its affiliates, have overall responsibility for the day-to-day operations, including investment advisory, recordkeeping and administrative services, and marketing.

Program Manager Address. 920 Main Street, Suite 900, Kansas City, MO 64105. All general correspondence, however, should be addressed to The Education Plan, P.O. Box 219331, Kansas City, MO 64121-9331.
PARTICIPATION AGREEMENT

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

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

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

2. I, by completing my online enrollment or executing the Enrollment Form, as applicable, agree to indemnify and hold harmless the Plan Officials from and against any and all loss, damage, liability, penalty, tax, or expense, including costs of reasonable attorneys’ fees, which they incur by reason of, or in connection with, any misstatement or misrepresentation that is made by me or my Beneficiary, any breach by me of the acknowledgements, representations, or warranties in the Plan Description and Participation Agreement and Enrollment Form, or any failure by me to fulfill any covenants or agreements in the Plan Description and Participation Agreement or 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 Plan Description and Participation Agreement and Enrollment Form including that:

1. I have received, read, and understand the terms and conditions of the Plan Description and Participation Agreement, Enrollment Form and any additional information provided to me by the Plan Officials with respect to the Trust or the Plan.

2. I certify that I am a natural person, at least 18 years of age, and a citizen or a resident of the United States of America, who resides in the United States of America or, that I have the requisite authority to enter into this participation agreement and to open an Account for the Beneficiary. I also certify that the person named as Beneficiary of the Account is a citizen or a resident of the United States of America.

3. I understand that the Plan is intended to be used only to save for Qualified Expenses.

4. I understand that any contributions credited to my Account will be deemed by the Plan Officials to have been received from me and that contributions by third parties may result in adverse tax or other consequences to me or those third parties.

5. If I am establishing an Account as a Custodian for a minor under UGMA/UTMA, I understand and agree that I assume responsibility for any adverse consequences resulting from the establishment, maintenance, or termination of the Account.

6. If I am establishing an Account as a trustee for a trust, I represent that: (i) the trustee is the Account Owner; (ii) the individual signing the online enrollment or paper Enrollment Form, as applicable, is duly authorized to act as trustee for the trust; (iii) the Plan Description and Participation Agreement may not discuss tax consequences and other aspects of the Plan of particular relevance to the trust and individuals having an interest in the trust; and (iv) the trustee, for the benefit of the trust, has consulted with and relied on a professional advisor, as deemed appropriate by the trustee, before becoming an Account Owner.

7. I understand that Plan assets may be allocated among equity funds, fixed income funds, capital preservation funds, funding agreements, and other investments.

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

9. I understand that I am solely responsible for determining which Qualified Tuition Program is best suited to my needs and objectives. I understand that The Education Plan and the Investment Options offered by the Plan may not be for all investors as a means of saving and investing for education costs. I have determined that an investment in The Education Plan is a suitable investment for me as a means of saving for the Qualified Expenses of my Beneficiary.

10. I have been given an opportunity to obtain any additional information needed to complete my enrollment and/or verify the accuracy of any information I have furnished. I certify that all of the information that I provided online during enrollment or in the Enrollment Form, as applicable, and any other documentation subsequently furnished in connection with the opening or maintenance of, or any
11. The value of my Account depends upon the performance of the Portfolios. I understand that at any time the value of my Account may be more or less than the amounts contributed to the Account. I understand that all contributions to my Account are subject to investment risks, including the risk of loss of all or part of the contributions and any return or interest earned. I understand that the value of the Account may not be adequate to fund actual Qualified Expenses.

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

13. After I make my initial contribution to a specific Investment Option, I will be allowed to direct the further investment of that contribution no more than two (2) times per calendar year.

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

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

16. I understand that, unless otherwise provided in a written agreement between me and my financial advisor, or between me and the Board or the Program Manager, no part of my participation in the Plan will be considered the provision of an investment advisory service.

17. Except as described in this Plan Description and Participation Agreement, I will not assign or transfer any interest in my Account. I understand that, except as provided under New Mexico law, any attempt to assign or transfer that interest is void.

18. I acknowledge that the Plan intends to qualify for favorable federal tax treatment under the Code. Because this qualification is vital to the Plan, the Board may modify the Plan or amend this Plan Description and Participation Agreement 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 applicable rules or regulations adopted by the Board or to ensure the proper administration of the Plan.

19. The Plan Officials, individually and collectively, do not guarantee that my Beneficiary: will be accepted as a student by a particular elementary or secondary school, any institution of higher education or other institution of post-secondary education; if accepted, will be permitted to continue as a student; will be treated as a state resident of any state for Qualified Expenses purposes; will graduate from any elementary or secondary school, any institution of higher education or other institution of post-secondary education; or will achieve any particular treatment under any applicable state or federal financial aid programs; or guarantee any rate of return or benefit for contributions made to my Account.

20. The Plan Officials, individually and collectively, are not liable for:
   a. a failure of The Education Plan to qualify or to remain a Qualified Tuition Program under the Code including any subsequent loss of favorable tax treatment under state or federal law;
   b. any loss of funds contributed to my Account or for the denial to me or my Beneficiary of a perceived tax or other benefit under The Education Plan, the Declaration of Trust, or the Enrollment Form; or
   c. loss caused directly or indirectly by government restrictions, exchange or market rulings, suspension of trading, war, acts of terrorism, strikes, or other conditions beyond their control.

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

Arbitration. This is a pre-dispute arbitration clause. Any controversy or claim arising out of or relating to the Plan or the Plan Description and Participation Agreement, or the breach, termination, or validity of this Plan or the Enrollment Form, may be submitted to arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules (except that if Program Manager, or an Investment Manager, is a party to the arbitration, it may elect that arbitration will instead be subject to the Code of Arbitration Procedure of the Financial Industry Regulatory Authority), both of which are made part of this Agreement, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction.

In connection with any arbitration, you should note that:
   1. you are giving up important rights under state law, including the right to sue in court and the right to a trial
2. arbitration awards are generally final and binding; your ability to have a court reverse or modify an arbitration award is very limited;

3. your ability to obtain documents, witness statements, and other discovery is generally more limited in arbitration than in court proceedings;

4. the potential cost of arbitration may be more or less than the cost of litigation;

5. the arbitrators do not have to explain the reason(s) for their award, unless in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel at least twenty (20) days prior to the first scheduled hearing date;

6. the panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry;

7. the rules of the arbitration forum may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court; and

8. the rules of the arbitration forum are incorporated by reference into this Plan Description and Participation Agreement and are available by contacting a Client Service Representative at 1.877.337.5268.

To the extent permitted by applicable law:

1. the terms and conditions of the agreement between you and the Trust and New Mexico law will be applied by the arbitrator(s) without regard to conflict of laws principles;

2. the place of arbitration will be Santa Fe, New Mexico; and

3. the arbitrator(s) is not empowered to award consequential or punitive damages under any circumstances, whether statutory or common law in nature, including treble damages by statute.

You may have other rights under FINRA’s Code of Arbitration Procedure.

You cannot bring a putative or certified class action to arbitration, or seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action; who is a member of a putative class who has opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; or (ii) the class is decertified; or (iii) the person is excluded from the class by the court. A failure to enforce this arbitration provision does not constitute a waiver of any of the Plan Official’s rights under the Plan Description and Participation Agreement or the Enrollment Form or your Account except to the extent set forth in this Arbitration Section.
APPENDIX A: EXPLANATION OF INVESTMENT RISKS AND UNDERLYING FUND DESCRIPTIONS

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

UNDERLYING FUND DESCRIPTIONS

DFA International Core Equity Portfolio I (DFIEX)

Investment Objective
The investment objective of the International Core Equity Portfolio is to achieve long-term capital appreciation.

Principal Investment Strategies
The International Core Equity Portfolio purchases a broad and diverse group of securities of non-U.S. companies in developed markets with a greater emphasis on small capitalization, value and high profitability companies as compared to their representation in the International Universe. For purposes of this Portfolio, Dimensional Fund Advisors LP (the “Advisor”) defines the International Universe as a market capitalization weighted portfolio of non-U.S. companies in developed markets that have been authorized as approved markets for investment by the Advisor’s Investment Committee. The Portfolio’s increased exposure to small capitalization, value, and high profitability companies may be achieved by decreasing the allocation of the International Core Equity Portfolio’s assets to the largest growth or low profitability companies relative to their weight in the International Universe, which would result in a greater weight allocation to small capitalization, value, and/or high profitability companies. An equity issuer is considered a growth company primarily because it has a high price in relation to its book value. Securities are considered value stocks primarily because a company’s shares have a low price in relation to their book value. In assessing growth and value, the Advisor may consider additional factors such as price to cash flow or price to earnings ratios. In assessing profitability, the Advisor may consider different ratios, such as that of earnings or profits from operations relative to book value or assets. The criteria the Advisor uses for assessing growth, value or profitability are subject to change from time to time.

The International Core Equity Portfolio intends to purchase securities of companies associated with developed market countries that the Advisor has designated as approved markets. As a non-fundamental policy, under normal circumstances, the International Core Equity Portfolio will invest at least 80% of its net assets in equity securities. The Advisor determines company size on a country or region specific basis and based primarily on market capitalization. The percentage allocation of the assets of the International Core Equity Portfolio to securities of the largest growth companies as defined above will generally be reduced from between 5% and 35% of their percentage weight in the International Universe. As of December 31, 2018, securities of the largest growth companies in the International Universe comprised approximately 14% of the International Universe and the Advisor allocated approximately 4% of the International Core Equity Portfolio to securities of the largest growth companies in the International Universe. The percentage by which the Portfolio’s allocation to securities of the largest growth companies is reduced will change due to market movements and other factors. The Advisor may also adjust the representation in the International Core Equity Portfolio of an eligible company, or exclude a company, after considering such factors as free float, momentum, trading strategies, liquidity, size, value, profitability, and other factors that the Advisor determines to be appropriate, given market conditions.

The International Core Equity Portfolio may gain exposure to companies associated with approved markets by purchasing equity securities in the form of depositary receipts, which may be listed or traded outside the issuer’s domicile country. The International Core Equity Portfolio also may purchase or sell futures contracts and options on futures contracts for foreign or U.S. equity securities and indices, to adjust market exposure based on actual or expected cash inflows to or outflows from the Portfolio. The Portfolio does not intend to sell futures contracts to establish short positions in individual securities or to use derivatives for purposes of speculation or leveraging investment returns.

The International Core Equity Portfolio may lend its portfolio securities to generate additional income.
Principal Risks
Because the value of your investment in the Portfolio will fluctuate, there is the risk that you will lose money. An investment in the Portfolio is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The following is a description of principal risks of investing in the Portfolio:

E*TRADE in no way guarantees the accuracy of the information contained in the following:


DFA Emerging Markets Core Equity Portfolio I (DFCEX)

Investment Objective
The investment objective of the Emerging Markets Core Equity Portfolio is to achieve long-term capital appreciation.

Principal Investment Strategies
The Emerging Markets Core Equity Portfolio purchases a broad and diverse group of securities associated with emerging markets, which may include frontier markets (emerging market countries in an earlier stage of development), authorized for investment by Dimensional Fund Advisors LP’s (the “Advisor”) Investment Committee (“Approved Markets”), with a greater emphasis on small capitalization, value, and high profitability companies. The Portfolio’s increased exposure to small capitalization, value, and high profitability companies may be achieved by decreasing the allocation of the Portfolio’s assets to the largest growth or low profitability companies, which would result in a greater weight allocation to small capitalization, value, and/or high profitability companies. An equity issuer is considered a growth company primarily because it has a high price in relation to its book value. Securities are considered value stocks primarily because a company’s shares have a low price in relation to their book value. In assessing growth and value, the Advisor may consider additional factors such as price to cash flow or price to earnings ratios. In assessing profitability, the Advisor may consider different ratios, such as that of earnings or profits from operations relative to book value or assets. The criteria the Advisor uses for assessing growth, value or profitability are subject to change from time to time. The Advisor may also adjust the representation in the Emerging Markets Core Equity Portfolio of an eligible company, or exclude a company, after considering such factors as free float, momentum, trading strategies, liquidity, size, value, profitability, and other factors that the Advisor determines to be appropriate, given market conditions.

As a non-fundamental policy, under normal circumstances, the Emerging Markets Core Equity Portfolio will invest at least 80% of its net assets in emerging markets equity investments that are defined in the Prospectus as Approved Market securities.

The Emerging Markets Core Equity Portfolio may gain exposure to companies in Approved Markets by purchasing equity securities in the form of depositary receipts, which may be listed or traded outside the issuer’s domicile country. The Emerging Markets Core Equity Portfolio may purchase or sell futures contracts and options on futures contracts for Approved Market or other equity market securities and indices, including those of the United States, to adjust market exposure based on actual or expected cash inflows to or outflows from the Portfolio. The Portfolio does not intend to sell futures contracts to establish short positions in individual securities or to use derivatives for purposes of speculation or leveraging investment returns.

The Emerging Markets Core Equity Portfolio may lend its portfolio securities to generate additional income.

Principal Risks
Because the value of your investment in the Portfolio will fluctuate, there is the risk that you will lose money. An investment in the Portfolio is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The following is a description of principal risks of investing in the Portfolio:


DFA Emerging Markets Core Equity Portfolio I (DFCEX)

Investment Objective
The investment objective of the Emerging Markets Core Equity Portfolio is to provide inflation protection and earn current income consistent with inflation-protected securities.

Principal Investment Strategies
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. Under normal circumstances, when determining its duration, the Portfolio will consider an average duration similar to its benchmark, the Bloomberg Barclays U.S. TIPS Index, which was approximately 7.32 years as of December 31, 2018.

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 purchase or sell 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 sell futures contracts to establish short positions in individual securities or to use derivatives for purposes of speculation or leveraging investment returns.

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

Principal Risks
Because the value of your investment in the Portfolio will fluctuate, there is the risk that you will lose money. An investment in the Portfolio is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The following is a description of principal risks of investing in the Portfolio:


Vanguard Developed Markets Index Fund Instl (VTMNX)

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

Principal Investment Strategies
The Fund employs an indexing investment approach designed to track the performance of the FTSE Developed All Cap ex US Index, a market-capitalization-weighted index that is made up of approximately 3,885 common stocks of large-, mid-, and small-cap companies located in Canada and the major markets of Europe and the Pacific region. 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.

Principal Risks
An investment in the Fund could lose money over short or long periods of time. You should expect the Fund’s share price and total return to fluctuate within a wide range. The Fund is subject to the following risks, which could affect the Fund’s performance:


Vanguard Short-Term Treasury Index Fund Instl (VSBIX)

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

Principal Investment Strategies
The Fund employs an indexing investment approach designed to track the performance of the Bloomberg Barclays US Treasury 1–3 Year Bond Index. This Index includes fixed income securities issued by the U.S. Treasury (not including inflation-protected securities), all with maturities between 1 and 3 years. The Fund invests by sampling the Index, meaning that it holds a range of securities that, in the aggregate, approximates the full Index in terms of key risk factors and other characteristics. All of the Fund’s investments will be selected through the sampling process, and under normal circumstances, at least 80% of the Fund’s assets will be invested in bonds included in the Index. The Fund maintains a dollar-weighted average maturity consistent with that of the Index. As of August 31, 2018, the dollar weighted average maturity of the Index was 2.0 years.
Principal 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 the following risks, which could affect the Fund’s performance:

Income Risk, Interest Rate Risk, Index Sampling Risk.

Vanguard Short-Term Inflation-Protected Securities Index Fund Instl (VTSPX)

Investment Objective
The Fund seeks to track the performance of a benchmark index that measures the investment return of inflation-protected public obligations of the U.S. Treasury with remaining maturities of less than 5 years.

Principal Investment Strategies
The Fund employs an indexing investment approach designed to track the performance of the Bloomberg 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.

Principal Risks
An investment in the Fund could lose money over short or long periods of time. You should expect the Fund’s share price and total return to fluctuate within a wide range. The Fund is subject to the following risks, which could affect the Fund’s performance:

Credit Risk, Income Risk, Call Risk, Interest Rate Risk, Liquidity Risk, Extension Risk, Manager Risk.

Vanguard Ultra-Short-Term Bond Fund Admiral (VUSFX)

Investment Objective
The Fund seeks to provide current income while maintaining limited price volatility.

Principal Investment Strategies
The Fund invests in a diversified portfolio of high-quality and, to a lesser extent, medium-quality fixed income securities. High-quality fixed income securities are those rated the equivalent of A3 or better by Moody’s Investors Service, Inc. (Moody’s) or another independent bond rating agency or, if unrated, are determined to be of comparable quality by the Fund’s advisor. The Fund may invest no more than 30% of its assets in medium-quality fixed income securities. The Fund is expected to maintain a dollar-weighted average maturity of 0 to 2 years. Under normal circumstances, the Fund will invest at least 80% of its assets in fixed income securities.

Principal 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 the following risks, which could affect the Fund’s performance:

Income Risk, Interest Rate Risk, Credit Risk, Liquidity Risk, Manager Risk, Derivatives Risk.

Vanguard Total Bond Market II Index Fund Instl (VTBNX)

Investment Objective
The Fund seeks to track the performance of a broad, market-weighted bond index.
Principal Investment Strategies
The Fund employs an indexing investment approach designed to track the performance of the Bloomberg 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. As of December 31, 2018, the dollar-weighted average maturity of the Index was 8.3 years.

Principal Risks
An investment in the Fund could lose money over short or long periods of time. You should expect the Fund's share price and total return to fluctuate within a wide range. The Fund is subject to the following risks, which could affect the Fund's performance:

- Interest Rate Risk
- Income Risk
- Prepayment Risk
- Extension Risk
- Call Risk
- Credit Risk
- Index Sampling Risk
- Liquidity Risk

Vanguard Total Bond Market ETF (BND)

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

Principal Investment Strategies
The Fund employs an indexing investment approach designed to track the performance of the Bloomberg 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. As of December 31, 2018, the dollar-weighted average maturity of the Index was 8.3 years.

Principal Risks
An investment in the Fund could lose money over short or long periods of time. You should expect the Fund's share price and total return to fluctuate within a wide range. The Fund is subject to the following risks, which could affect the Fund's performance:

- Interest Rate Risk
- Income Risk
- Prepayment Risk
- Extension Risk
- Call Risk
- Credit Risk
- Index Sampling Risk
- Liquidity Risk

Vanguard Total Stock Market Index Fund Instl Plus (VSMPX)

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

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

Principal Risks
An investment in the Fund could lose money over short or long periods of time. You should expect the Fund's share price and total return to fluctuate within a wide range. The Fund is subject to the following risks, which could affect the Fund's performance:

- Stock Market Risk
- Index Sampling Risk

PGIM Global Total Return Fund R6 (PGTQX)

Investment Objective
The Fund's investment objective is to seek total return, made up of current income and capital appreciation.

Principal Investment Strategies
The Fund seeks investments that will increase in value, as well as pay the Fund interest and other income. The Fund generally invests in global developed market sovereign, corporate, mortgage-related, and asset-backed debt securities. The Fund may also invest in the debt securities of emerging market sovereign, quasi-sovereign, and corporate issuers. The Fund may invest in countries anywhere in the world, and normally invests at least 65% of its total assets in income-
producing debt securities of US and foreign corporations and governments, supranational organizations, semi-governmental entities or government agencies, authorities or instrumentalities, investment-grade US or foreign mortgages and mortgage-related securities and US or foreign short-term and long-term bank debt securities or bank deposits. The Fund may invest in debt securities that are denominated in US dollars or foreign currencies. The Fund may invest up to 35% of its total assets in speculative, lower-rated securities, also known as “junk” bonds, and unrated securities that the subadviser determines are of comparable quality to investment grade securities.

In managing the Fund’s assets, the subadviser uses a combination of top-down economic analysis and bottom-up research in conjunction with proprietary quantitative models and risk management systems. In the top-down economic analysis, the subadviser develops views on economic, policy and market trends. In its bottom-up research, the subadviser develops an internal rating and outlook on issuers. The rating and outlook are determined based on a thorough review of the financial health and trends of the issuer. The subadviser may also consider investment factors such as expected total return, yield, spread and potential for price appreciation as well as credit quality, maturity and risk. The Fund may invest in a security based upon the expected total return rather than the yield of such security.

Principal Risks
All investments have risks to some degree. An investment in the Fund is not guaranteed to achieve its investment objective; is not a deposit with a bank; is not insured, endorsed or guaranteed by the Federal Deposit Insurance Corporation or any other government agency; and is subject to investment risks, including possible loss of your original investment.


iShares Core International Aggregate Bond ETF (IAGG)
Investment Objective
The iShares Core International Aggregate Bond ETF (the “Fund”) seeks to track the investment results of an index composed of global non-U.S. dollar-denominated investment-grade bonds that mitigates exposure to fluctuations between the value of the component currencies and the U.S. dollar.

Principal Investment Strategies
The Fund seeks to track the investment results of the Bloomberg Barclays Global Aggregate ex USD 10% Issuer Capped (Hedged) Index (the “Underlying Index”), which measures the performance of the global investment-grade (as determined by Bloomberg Index Services Limited (the “Index Provider” or “Bloomberg”) bond market. As of October 31, 2018, there were 9,964 issues in the Underlying Index. The Underlying Index includes investment-grade fixed-rate sovereign and government-related debt, corporate and securitized bonds from both developed and emerging market issuers. Securities included in the Underlying Index are issued in currencies other than the U.S. dollar, must have maturities of at least one year and are required to meet minimum outstanding issue size criteria. The Underlying Index is market capitalization-weighted with a cap on each issuer of 10%. Debt that is publicly issued in the global and regional markets is included in the Underlying Index. Certain types of securities, such as USD-denominated bonds, contingent capital securities, inflation-linked bonds, floating-rate issues, fixed-rate perpetuals, retail bonds, structured notes, pass-through certificates, private placements (other than those offered pursuant to Rule 144A or Regulation S promulgated under the Securities Act of 1933, as amended (the “1933 Act”)), sinkable Russian OFZ bonds issued prior to 2009 and securities where reliable pricing is unavailable are excluded from the Underlying Index. The securities in the Underlying Index are updated on the last business day of each month, and the currency risk of the securities in the Underlying Index are hedged to the U.S. dollar on a monthly basis. As of October 31, 2018, a significant portion of the Underlying Index is represented by non-U.S. government-related bonds and corporate bonds. The components of the Underlying Index are likely to change over time. The Underlying Index was comprised of securities issued by governments in 51 countries or regions as well as securities issued or guaranteed by supranational entities as of October 31, 2018.

BlackRock Fund Advisors (“BFA”) uses a “passive” or indexing approach to try to achieve the Fund’s investment objective. Unlike many investment companies, the Fund does not try to “beat” the index it tracks and does not seek temporary defensive positions when markets decline or appear overvalued.

Indexing may eliminate the chance that the Fund will substantially outperform the Underlying Index but also may reduce some of the risks of active management, such as poor security selection. Indexing seeks to achieve lower costs and better after-tax performance by keeping portfolio turnover low in comparison to actively managed investment companies.

BFA uses a representative sampling indexing strategy to manage the Fund. “Representative sampling” is an indexing strategy that involves investing in a representative sample of securities or other instruments comprising an applicable underlying index. The securities selected are expected to
have, in the aggregate, investment characteristics (based on factors such as market capitalization and industry weightings), fundamental characteristics (such as return variability, duration, maturity, credit ratings and yield) and liquidity measures similar to those of an applicable underlying index. The Fund may or may not hold all of the securities and other components of the Underlying Index.

The Fund generally will invest at least 90% of its assets in the component securities and other instruments of the Underlying Index and may invest up to 10% of its assets in certain futures, options and swap contracts, cash and cash equivalents, including shares of money market funds advised by BFA or its affiliates (“BlackRock Cash Funds”), as well as in securities not included in the Underlying Index, but which BFA believes will help the Fund track the Underlying Index. From time to time when conditions warrant, however, the Fund may invest at least 80% of its assets in the component securities and other instruments of the Underlying Index and may invest up to 20% of its assets in certain futures, options and swap contracts, cash and cash equivalents, including shares of BlackRock Cash Funds, as well as in securities not included in the Underlying Index, but which BFA believes will help the Fund track the Underlying Index.

Components of the Underlying Index include fixed-income securities and foreign currency forward contracts (both deliverable and non-deliverable) designed to hedge non-U.S. currency fluctuations against the U.S. dollar. The notional exposure to foreign currency forward contracts (both deliverable and non-deliverable) generally will be a short position that hedges the currency risk of the fixed-income portfolio. The Fund seeks to track the investment results of the Underlying Index before fees and expenses of the Fund.

The Underlying Index sells forward the total value of the underlying non-U.S. dollar currencies at a one-month forward rate to hedge against fluctuations in the relative value of the non-U.S. dollar component currencies in relation to the U.S. dollar. The hedge is reset on a monthly basis. The Underlying Index is designed to have higher returns than an equivalent unhedged investment when the non-U.S. dollar component currencies are weakening relative to the U.S. dollar and appreciation in some of the non-U.S. dollar component currencies does not exceed the aggregate depreciation of the others. Conversely, the Underlying Index is designed to have lower returns than an equivalent unhedged investment when the non-U.S. dollar component currencies, on a net basis, are rising relative to the U.S. dollar.

In order to track the “hedging” component of the Underlying Index, the Fund enters into foreign currency forward contracts designed to offset the Fund’s exposure to the non-U.S. dollar component currencies. A foreign currency forward contract is a contract between two parties to buy or sell a specified amount of a specific currency in the future at an agreed-upon exchange rate. The Fund’s exposure to foreign currency forward contracts is based on the aggregate exposure of the Fund to the non-U.S. dollar component currencies. While this approach is designed to minimize the impact of currency fluctuations on Fund returns, it does not necessarily eliminate the Fund’s exposure to the non-U.S. dollar component currencies. The return of the foreign currency forward contracts may not perfectly offset the actual fluctuations in value between the non-U.S. dollar component currencies and the U.S. dollar.

The Fund may also use non-deliverable forward (“NDF”) contracts to execute its hedging transactions. An NDF is a contract where there is no physical settlement of two currencies at maturity. Rather, based on the movement of the currencies and the contractually agreed upon exchange rate, a net cash settlement will be made by one party to the other in U.S. dollars.

The Fund may lend securities representing up to one-third of the value of the Fund’s total assets (including the value of any collateral received).

The Underlying Index is sponsored by Bloomberg, which is independent of the Fund and BFA. The Index Provider determines the composition and relative weightings of the securities in the Underlying Index and publishes information regarding the market value of the Underlying Index.

Industry Concentration Policy. The Fund will concentrate its investments (i.e., hold 25% or more of its total assets) in a particular industry or group of industries to approximately the same extent that the Underlying Index is concentrated. For purposes of this limitation, securities of the U.S. government (including its agencies and instrumentalities), repurchase agreements collateralized by U.S. government securities, and securities of state or municipal governments and their political subdivisions are not considered to be issued by members of any industry.

Principal Risks
As with any investment, you could lose all or part of your investment in the Fund, and the Fund's performance could trail that of other investments. The Fund is subject to certain risks, including the principal risks noted below, any of which may adversely affect the Fund’s net asset value per share (“NAV”), trading price, yield, total return and ability to meet its investment objective.

in Russia, Securities Lending Risk, Sovereign and Quasi-Sovereign Obligations Risk, Structural Risk, Tax Risk, Tracking Error Risk, Valuation Risk.

**SPDR Portfolio Emerging Markets ETF (SPEM)**

**Investment Objective**
The SPDR Portfolio Emerging Markets ETF (the “Fund”) seeks to provide investment results that, before fees and expenses, correspond generally to the total return performance of an index based upon the emerging markets of the world.

**Principal Investment Strategies**
In seeking to track the performance of the S&P Emerging BMI Index (the “Index”), the Fund employs a sampling strategy, which means that the Fund is not required to purchase all of the securities represented in the Index. Instead, the Fund may purchase a subset of the securities in the Index in an effort to hold a portfolio of securities with generally the same risk and return characteristics of the Index. The quantity of holdings in the Fund will be based on a number of factors, including asset size of the Fund. Based on its analysis of these factors, SSGA Funds Management, Inc. (“SSGA FM” or the “Adviser”), the investment adviser to the Fund, may invest the Fund’s assets in a subset of securities in the Index or may invest the Fund’s assets in substantially all of the securities represented in the Index in approximately the same proportions as the Index.

Under normal market conditions, the Fund generally invests substantially all, but at least 80%, of its total assets in the securities comprising the Index and in depositary receipts (including American Depositary Receipts (“ADRs”) or Global Depositary Receipts (“GDRs”)) based on securities comprising the Index. In addition, the Fund may invest in equity securities that are not included in the Index (including common stock, preferred stock, depositary receipts and shares of other investment companies), cash and cash equivalents or money market instruments, such as repurchase agreements and money market funds (including money market funds advised by the Adviser).

The Index is a market capitalization weighted index designed to define and measure the investable universe of publicly traded companies domiciled in emerging markets. The Index component securities are a subset, based on region, of component securities included in the S&P Global BMI (Broad Market Index). The S&P Global BMI is a rules-based index that measures global stock market performance. A country will be eligible for inclusion in the S&P Global BMI if it is classified as either a developed or emerging market by the S&P Global Equity Index Committee. Country classification is reviewed annually and determined based on quantitative criteria and feedback from market participants via a publicly available market consultation. All publicly listed companies with float-adjusted market capitalizations of at least $100 million and sufficient liquidity based on 12-month median value traded ratio and 6-month median daily value traded are included for each country. Once included, all current constituents with float-adjusted market capitalizations of at least $75 million and sufficient liquidity will remain in the S&P Global BMI for each country. The Index is “float-adjusted,” meaning that only those shares publicly available to investors are included in the Index calculation. All stocks are weighted proportionally to their float-adjusted market capitalization and the Index is reconstituted annually in September. In addition, the Index rebalances quarterly to allow for the inclusion of eligible initial public offerings.

**Principal Risks**
As with any investment, you could lose all or part of your investment in the Fund, and the Fund’s performance could trail that of other investments. The Fund is subject to certain risks, including the principal risks noted below, any of which may adversely affect the Fund’s net asset value per share (“NAV”), trading price, yield, total return and ability to meet its investment objective.


**TIAA-CREF Real Estate Securities Fund Instl (TIREX)**

**Investment Objective**
The Fund seeks to obtain a favorable long-term total return through both capital appreciation and current income, by investing primarily in equity securities of companies principally engaged in or related to the real estate industry.

**Principal Investment Strategies**
Under normal circumstances, the Fund invests at least 80% of its assets in the securities of companies that are principally engaged in or related to the real estate industry (“real estate securities”), including those that own significant real estate assets, such as real estate investment trusts (“REITs”). The Fund will invest primarily in equity securities of such companies. The Fund is actively managed using a research-oriented process with a focus on cash flows, asset values and Teachers Advisors, LLC’s (“Advisors”) belief in management’s ability to increase shareholder value. The Fund does not invest directly in real estate. The Fund concentrates its investments in the real estate industry. From time to time, the Fund may also invest in debt securities of companies principally engaged in or related to the real estate industry.

For purposes of the 80% investment policy, the term “assets” means net assets, plus the amount of any borrowings for investment purposes. An issuer is principally “engaged in” or principally “related to” the real estate industry if at least 50%
of its assets, gross income or net profits are attributable to ownership, construction, management or sale of residential, commercial or industrial real estate, or to products or services related to the real estate industry. The Fund typically invests in securities issued by equity REITs (which directly own real estate), mortgage REITs (which make short-term construction or real estate development loans or invest in long-term mortgages or mortgage pools), real estate brokers and developers, homebuilders, companies that manage real estate and companies that own substantial amounts of real estate. Businesses related to the real estate industry include manufacturers and distributors of building supplies and financial institutions that make or service mortgage loans. The Fund also may invest up to 15% of its assets in real estate securities of foreign issuers and up to 20% of its assets in equity (including preferred stock) and debt securities of issuers that are not engaged in or related to the real estate industry. The benchmark index for the Fund is the FTSE Nareit All Equity REITs Index.

Principal Investment Risks
You could lose money over short or long periods by investing in this Fund. An investment in the Fund, due to the nature of the Fund's portfolio holdings, typically is subject to the following principal investment risks:


TIAA-CREF Bond Plus Fund Instl (TIBFX)

Fund Objective
The Fund seeks total return, primarily through current income.

Principal Investment Strategies
Under normal circumstances, the Fund invests at least 80% of its assets in bonds. For these purposes, bonds include fixed-income securities of all types. The Fund's portfolio is divided into two segments. The first segment, which makes up at least 70% of the Fund's assets, is invested primarily in a broad range of investment-grade bonds and fixed-income securities, including, but not limited to, corporate bonds, U.S. Treasury and agency securities and mortgage-backed and asset-backed securities. The securities within the Fund's first segment are mainly high-quality instruments rated in the top four credit categories by Moody's or S&P, or deemed to be of the same quality by Teachers Advisors, LLC ("Advisors") using its own credit analysis. The second segment, which will not exceed 30% of the Fund's assets, is invested in fixed-income securities and bonds with special features in an effort to improve the Fund's total return. Potential investments in this segment include, but are not limited to, non-investment-grade securities (those rated Ba1 or lower by Moody's or BB+ or lower by S&P), emerging market fixed-income securities, convertible and preferred securities and loan participations and assignments and notes. Non-investment-grade securities are usually called "high yield" or "junk bonds" and are speculative in nature. For purposes of the 80% investment policy, the term "assets" means net assets, plus the amount of any borrowings for investment purposes. The Fund may invest in fixed-income securities of any duration. As of May 31, 2019, the duration of the Fund's benchmark index, the Bloomberg Barclays U.S. Aggregate Bond Index, was 5.66 years. The Fund's investments in mortgage-backed securities can include pass-through securities sold by private, governmental and government-related organizations and collateralized mortgage obligations ("CMOs"). Mortgage pass-through securities are created when mortgages are pooled together and interests in the pool are sold to investors. The cash flow from the underlying mortgages is "passed through" to investors in periodic principal and interest payments. CMOs are obligations that are fully collateralized directly or indirectly by a pool of mortgages from which payments of principal and interest are dedicated to the payment of principal and interest on the CMO. The Fund may use an investment strategy called "mortgage rolls" (also referred to as "dollar rolls"), in which the Fund sells securities for delivery in the current month and simultaneously contracts with a counterparty to repurchase similar (same type, coupon and maturity) but not identical securities on a specified future date. The Fund loses the right to receive principal and interest paid on the securities sold. However, the Fund would benefit to the extent of any price received for the securities sold and the lower forward price for the future purchase (often referred to as the "drop") plus the interest earned on the short-term investment awaiting the settlement date of the forward purchase. If such benefits exceed the income and gain or loss due to mortgage repayments that would have been realized on the securities sold as part of the mortgage roll, the use of this technique will enhance the investment performance of the Fund compared with what such performance would have been without the use of mortgage rolls. Realizing benefits from the use of mortgage rolls depends upon the ability of Advisors to predict correctly mortgage prepayments and interest rates. The Fund can make foreign investments, including investments in emerging market countries and non-dollar-denominated instruments, but the Fund does not expect such investments to exceed 25% of its assets under most circumstances. The Fund may also engage in relative value trading, a strategy in which the Fund reallocates assets across different sectors and maturities. Relative value trading is designed to enhance the Fund's returns but increases the Fund's portfolio turnover rate. The Fund may purchase and sell futures, options, swaps, forwards and other fixed-income derivative instruments to carry out the Fund's investment strategies.

Principal Investment Risks
You could lose money over short or long periods by investing in this Fund. An investment in the Fund, due to the nature of the Fund's portfolio holdings, typically is subject to the following principal investment risks:

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TIAA-CREF Social Choice Equity Fund Instl (TISCX)

Investment Objective
The Fund seeks a favorable long-term total return that reflects the investment performance of the overall U.S. stock market while giving special consideration to certain environmental, social and governance (“ESG”) criteria.

Principal Investment Strategies
Under normal circumstances, the Fund invests at least 80% of its assets in equity securities. The Fund attempts to achieve the return of the U.S. stock market as represented by its benchmark, the Russell 3000® Index, while investing only in companies whose activities are consistent with the Fund’s ESG criteria. See “Additional information about the Fund’s benchmark index” in the non-summary portion of the Prospectus for more information about the Fund’s benchmark. The ESG criteria the Fund takes into consideration are non-fundamental investment policies. Such criteria and the universe of investments that the Fund utilizes may be changed without the approval of the Fund’s shareholders. For purposes of the 80% investment policy, the term “assets” means net assets, plus the amount of any borrowings for investment purposes. The Fund’s investments are subject to certain ESG criteria. The ESG criteria are implemented based on data provided by independent research vendor(s). All companies must meet or exceed minimum ESG performance standards to be eligible for inclusion in the Fund. The evaluation process favors companies with leadership in ESG performance relative to their peers. Typically, environmental assessment categories include climate change, natural resource use, waste management and environmental opportunities. Social evaluation categories include human capital, product safety and social opportunities. Governance assessment categories include corporate governance, business ethics and government and public policy. How well companies adhere to international norms and principles and involvement in major ESG controversies (examples of which may relate to the environment, customers, human rights and community, labor rights and supply chain, and governance) are other considerations. The ESG evaluation process is conducted on an industry-specific basis and involves the identification of key performance indicators, which are given more or less relative weight compared to the broader range of potential assessment categories. Concerns in one area do not automatically eliminate an issuer from being an eligible Fund investment. When ESG concerns exist, the evaluation process gives careful consideration to how companies address the risks and opportunities they face in the context of their sector or industry and relative to their peers. The Fund will not generally invest in companies significantly involved in certain business activities, including but not limited to the production of alcohol, tobacco, military weapons, firearms, nuclear power, thermal coal and gambling products and services. Once a universe of ESG-eligible companies is established, the Fund’s investment adviser, Teachers Advisors, LLC (“Advisors”), then uses quantitative investment techniques to attempt to closely match, to the extent practicable, the overall risk characteristics of the benchmark index. Under these quantitative investment techniques, the Fund uses a risk model to evaluate the universe of stocks in which the Fund may invest and to inform the construction of a broadly diversified group of stocks. The Fund holdings will generally consist of a subset of the eligible investment universe. The Fund is not required to invest in all companies that meet the ESG criteria. The Corporate Governance and Social Responsibility Committee (the “CGSR Committee”) of the Board of Trustees of the Trust (“Board of Trustees”) reviews the ESG criteria used to screen securities held by the Fund and approves the vendor of that service. Advisors seeks to ensure that the Fund’s investments are consistent with its ESG criteria, but Advisors cannot guarantee that this will always be the case for every Fund investment. Consistent with its responsibilities, the CGSR Committee evaluates options for implementing the Fund’s ESG investment criteria and monitors the ESG vendors selected to supply the ESG-eligible universe. Advisors has the right to change the ESG vendor(s) at any time and to add to the number of vendors providing the universe of eligible companies. Investing on the basis of ESG criteria is qualitative and subjective by nature, and there can be no assurance that the process utilized by the Fund’s vendor(s) or any judgment exercised by the CGSR Committee or Advisors will reflect the beliefs or values of any particular investor. The Fund is not restricted from investing in any securities issued or guaranteed by the U.S. government or its agencies or instrumentalities. The Fund may also invest in securities issued by other countries or their agencies or instrumentalities as approved by the CGSR Committee. Consistent with its ESG criteria, the Fund may invest up to 15% of its assets in foreign investments.

Principal Investment Risks
You could lose money over short or long periods by investing in this Fund. An investment in the Fund, due to the nature of the Fund’s portfolio holdings, typically is subject to the following principal investment risks:

Schwab U.S. REIT ETF (SCHH)

Investment Objective
The fund’s goal is to track as closely as possible, before fees and expenses, the total return of the Dow Jones U.S. Select REIT Index TM.

Principal Investment Strategies
To pursue its goal, the fund generally invests in securities that are included in the Dow Jones U.S. Select REIT Index. The index is a float-adjusted market capitalization weighted index comprised of real estate investment trusts (REITs). The index generally includes REITs that own and operate income producing commercial and/or residential real estate, derive at least 75% of the REIT’s total revenue from the ownership and operation of real estate assets, and have a minimum total market capitalization of $200 million at the time of its inclusion. The index excludes mortgage REITs, net-lease REITs, real estate finance companies, mortgage brokers and bankers, commercial and residential real estate brokers and estate agents, home builders, large landowners and subdividers of unimproved land, hybrid REITs, timber REITs, and companies that have more than 25% of their assets in direct mortgage investments. As of February 28, 2019, the index was composed of 97 REITs.

It is the fund’s policy that under normal circumstances it will invest at least 90% of its net assets (including, for this purpose, any borrowings for investment purposes) in securities included in the index. The fund will notify its shareholders at least 60 days before changing this policy. The fund will generally seek to replicate the performance of the index by giving the same weight to a given security as the index does. However, when the investment adviser believes it is in the best interest of the fund, such as to avoid purchasing odd-lots (i.e., purchasing less than the usual number of shares traded for a security), for tax considerations, or to address liquidity considerations with respect to a security, the investment adviser may cause the fund’s weighting of a security to be more or less than the index’s weighting of the security. The fund may sell securities that are represented in the index in anticipation of their removal from the index, or buy securities that are not yet represented in the index in anticipation of their addition to the index.

Under normal circumstances, the fund may invest up to 10% of its net assets in securities not included in its index. The principal types of these investments include those that the investment adviser believes will help the fund track the index, such as investments in (a) securities that are not represented in the index but the investment adviser anticipates will be added to the index; (b) investment companies; and (c) derivatives, principally futures contracts. The fund may use futures contracts and other derivatives primarily to seek returns on the fund’s otherwise uninvested cash assets to help it better track the Index. The fund may also invest in cash, cash equivalents and money market funds, and may lend its securities to minimize the difference in performance that naturally exists between an index fund and its corresponding index.

Due to the composition of the index, the fund will concentrate its investments (i.e., hold 25% or more of its total assets) in real estate companies and companies related to the real estate industry. The fund may also invest in a particular industry, group of industries or sector to approximately the same extent that its index is so concentrated.

The investment adviser seeks to achieve, over time, a correlation between the fund’s performance and that of its index, before fees and expenses, of 95% or better. However, there can be no guarantee that the fund will achieve a high degree of correlation with the index. A number of factors may affect the fund’s ability to achieve a high correlation with its index, including the degree to which the fund utilizes a sampling technique. The correlation between the performance of the fund and its index may also diverge due to transaction costs, asset valuations, timing variances, and differences between the fund’s portfolio and the index resulting from legal restrictions (such as diversification requirements) that apply to the fund but not to the index.

Principal Risks
The fund is subject to risks, any of which could cause an investor to lose money. The fund’s principal risks include:

Market Risk, Investment Style Risk, Equity Risk, Market Capitalization Risk, Large-Cap Company Risk, Mid-Cap Company Risk, Small-Cap Company Risk, Real Estate Investment Risk, REITs Risk, Tracking Error Risk, Derivatives Risk, Concentration Risk, Liquidity Risk, Securities Lending Risk, Market Trading Risk, and Shares of the Fund May Trade at Prices Other Than NAV.

American Funds Fundamental Investors Fund F3 (FUNFX)

Investment Objective
The fund’s investment objective is to achieve long-term growth of capital and income.

Principal Investment Strategies
The fund seeks to invest primarily in common stocks of companies that appear to offer superior opportunities for capital growth and most of which have a history of paying dividends. In addition, the fund may invest significantly in

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4 Index ownership — Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC (Dow Jones). The Dow Jones U.S. Select REIT Index is a product of S&P Dow Jones Indices LLC and/or its affiliates, and has been licensed for use by Schwab. The Schwab U.S. REIT ETF is not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices LLC, Dow Jones, or any of their respective affiliates and neither S&P Dow Jones Indices LLC, Dow Jones, nor any of their respective affiliates make any representation regarding the advisability of investing in such product.
The investment adviser uses a system of multiple portfolio managers in managing the fund's assets. Under this approach, the portfolio of the fund is divided into segments managed by individual managers who decide how their respective segments will be invested. The fund relies on the professional judgment of its investment adviser to make decisions about the fund's portfolio investments. The basic investment philosophy of the investment adviser is to seek to invest in attractively valued companies that, in its opinion, represent good, long-term investment opportunities. The investment adviser believes that an important way to accomplish this is through fundamental analysis, which may include meeting with company executives and employees, suppliers, customers and competitors. Securities may be sold when the investment adviser believes that they no longer represent relatively attractive investment opportunities.

**Principal Risks**

This section describes the principal risks associated with investing in the fund. You may lose money by investing in the fund. The likelihood of loss may be greater if you invest for a shorter period of time. Investors in the fund should have a long-term perspective and be able to tolerate potentially sharp declines in value.

The fund’s principal risks include: Market conditions, Issuer risks, Investing in growth-oriented stocks, Investing in income-oriented stocks, Investing outside the United States, and Management Risk.

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**New York Life Guaranteed Investment Account (10)**

**Investment Objective**

The New York Life Guaranteed Interest Account is a general account funding agreement seeking to provide a low-risk, stable investment option. It offers participants competitive yields and limited volatility, with a guarantee of principal and accumulated interest. The New York Life Guaranteed Interest Account is not guaranteed by the FDIC or federal government.

**Principal Risks**

While the New York Life Guaranteed Interest Account carries relatively low risk, there are some risks associated with the New York Life Guaranteed Interest Account funding agreement, including, but not limited to:

Default Risk, Termination Risk, Equity Wash Risk, Early Withdrawal Risk.

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**UNDERLYING FUND RISKS**

**DFA Risks**

**Principal Risks**

- **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 Inflation-Protected Portfolio'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 Portfolios’ and their service providers’ use of internet, technology and information systems may expose the Portfolios 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 Portfolios and/or their service providers to suffer data corruption or lose operational functionality.

- **Derivatives Risk.** Derivatives are instruments, such as futures, and options thereon, and foreign currency forward contracts, whose value is derived from that of other assets, rates or indices. The use of derivatives for non-hedging purposes may be considered to carry more risk than other types of investments. When the Portfolio uses derivatives, the Portfolio will be directly exposed to the risks of those derivatives. Derivative instruments are subject to a number of risks including counterparty, liquidity, interest rate, market, credit and management risks, as well as 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 Portfolio could lose more than the principal amount invested.

- **Emerging Markets Risk.** Numerous emerging market countries have a history of, and continue to experience
serious, and potentially continuing, economic and political problems. Stock markets in many emerging market
countries are relatively small, expensive to trade in and
generally have higher risks than those in developed
markets. Securities in emerging markets also may be less
liquid than those in developed markets and foreigners
are often limited in their ability to invest in, and withdraw
assets from, these markets. Additional restrictions may be
imposed under other conditions. Frontier market countries
generally have smaller economies or less developed
capital markets and, as a result, the risks of investing
in emerging market countries are magnified in frontier
market countries.

- **Equity Market Risk.** Even a long-term investment approach
cannot guarantee a profit. Economic, market, political, and
issuer-specific conditions and events will cause the value of
equity securities, and the Portfolio that owns them, to rise or
fall. Stock markets tend to move in cycles, with periods of
rising prices and periods of falling prices.

- **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 International Core Equity Portfolio
and the Emerging Markets Core Equity Portfolio do not
hedge foreign currency risk.

- **Income Risk.** Income risk is the risk that falling interest
rates will cause the Inflation-Protected Portfolio’s income
to decline because, among other reasons, the proceeds from
matured 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 is 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.

- **Inflation-Protected Securities Tax Risk.** Any increase
in the principal amount of an inflation-protected security
may be included for tax purposes in the Portfolio’s gross
income, even though no cash attributable to such gross
income has been received by the Portfolio. In such event,
the Portfolio may be required to make annual gross
distributions to shareholders that exceed the cash it has
otherwise received. In order to pay such distributions,
the Portfolio may be required to raise cash by selling its
investments. The sale of such investments could result in
capital gains to the Portfolio and additional capital gain
distributions to shareholders. In addition, adjustments
during the taxable year for deflation to an inflation-
indexed bond held by the Portfolio may cause amounts
previously distributed to shareholders in the taxable year
as income to be characterized as a return of capital.

- **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 Inflation-Protected Portfolio holds
illiquid investments, the Portfolio’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
Inflation-Protected Portfolio due to low trading volume,
adverse investor perceptions and/or other market
developments. Liquidity risk includes the risk that the
Inflation-Protected Portfolio 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
Inflation-Protected Portfolio that owns them, to rise or fall.

- **Profitability Investment Risk.** High relative profitability
stocks may perform differently from the market as a whole
and following a profitability-oriented strategy may cause
the Portfolio to at times underperform equity funds that
use other investment strategies.

- **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 Portfolio will decline and the 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 Portfolio’s value. For example, if interest rates rise due to reasons other than inflation, the 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 Portfolio at the time of such adjustments (which generally would be distributed by the 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 Portfolio may lose money and there may be a delay in recovering the loaned securities. The Portfolio 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.

- **Small Company Risk.** Securities of small companies are often less liquid than those of large companies and this could make it difficult to sell a small company security at a desired time or price. As a result, small company stocks may fluctuate relatively more in price. In general, smaller capitalization companies are also more vulnerable than larger companies to adverse business or economic developments and they may have more limited resources.

- **Value Investment Risk.** Value stocks may perform differently from the market as a whole and following a value-oriented investment strategy may cause the Portfolio to at times underperform equity funds that use other investment strategies.

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**Vanguard Risks**

**Principal Risks**

- **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. The 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 Fund’s income. Such redemptions and subsequent reinvestments would also increase the Fund’s portfolio turnover rate. Call risk should be high for the Fund because of the high percentage of callable bonds.

- **Country/Regional Risk.** The chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries or regions. Because the Fund may invest a large portion of its assets in securities of companies located in any one country or region, the Fund’s performance may be hurt disproportionately by the poor performance of its investments in that area. Significant investments in Japan and the United Kingdom (U.K.) subject the Index and the Fund to proportionately higher exposure to Japanese and U.K. country risk.

- **Credit Risk.** The chance that a bond or loan 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 or loan to decline. Credit risk should be high for the Fund because it invests primarily in junk bonds.

- **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. An investment in the Fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

- **Derivatives Risk.** The Fund may invest in derivatives, which may involve risks different from, and possibly greater than, those of investments directly in the underlying securities or assets. An investment in the Fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

- **Extension Risk.** The chance that during periods of rising interest rates, certain debt securities will be paid off substantially more slowly than originally anticipated, and the value of those securities may fall. Extension risk should be low to moderate for the Fund.

- **ETF Risk.** Because ETF Shares are traded on an exchange, they are subject to additional risks:
  - The Fund’s ETF Shares are listed for trading on Nasdaq and are bought and sold on the secondary market at market prices. Although it is expected that the market price of an ETF Share typically will approximate its net asset value (NAV), there may be times when the market price and the NAV differ significantly. Thus, you may pay more or less than NAV when you buy ETF Shares on the secondary market, and you may receive more or less than NAV when you sell those shares.
  - Although the Fund’s ETF Shares are listed for trading on Nasdaq, it is possible that an active trading market may not be maintained.
Trading of the Fund's ETF Shares may be halted by the activation of individual or market-wide trading halts (which halt trading for a specific period of time when the price of a particular security or overall market prices decline by a specified percentage). Trading of the Fund's ETF Shares may also be halted if (1) the shares are delisted from Nasdaq without first being listed on another exchange or (2) Nasdaq officials determine that such action is appropriate in the interest of a fair and orderly market or for the protection of investors.

- **Manager Risk.** The chance that poor security selection will cause the Fund to underperform relevant benchmarks or other funds with a similar investment objective. In addition, significant investment in the communication sector subjects the Fund to proportionately higher exposure to the risks of this sector. Because of the speculative nature of junk bonds, you should carefully consider the risks associated with this Fund before you purchase shares. An investment in the Fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

- **Income Fluctuations.** The 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 the Fund’s income will decline because of falling interest rates. Income risk is generally high for short-term bond funds, so investors should expect the Fund’s monthly income to fluctuate.

- **Index Sampling Risk.** The chance that the securities selected for the Fund, in the aggregate, will not provide investment performance matching that of the Fund's target index. Index sampling risk for the Fund is expected to be low. An investment in the Fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

- **Interest Rate Risk.** The chance that bond prices will decline because of rising interest rates. Interest rate risk should be low for the Fund because it invests primarily in short-term bonds, whose prices are less sensitive to interest rate changes than are the prices of longer-term bonds.

- **Investment Style Risk.** The chance that returns from non-U.S. small- and mid-capitalization stocks will trail returns from global stock markets. Historically, non-U.S. small- and mid-cap stocks have been more volatile in price than the large-cap stocks that dominate the global markets, and they often perform quite differently. The stock prices of small and mid-size companies tend to experience greater volatility because, among other things, these companies tend to be more sensitive to changing economic conditions.

- **Liquidity Risk.** The chance that the Fund may not be able to sell a security in a timely manner at a desired price.

- **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 the Fund. The 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 Fund’s income. Such prepayments and subsequent reinvestments would also increase the Fund’s portfolio turnover rate. Prepayment risk should be moderate for the Fund.

- **Real Interest Rate Risk.** The chance that the value of a bond will fluctuate because of a change in the level of real, or after inflation, interest rates. Although inflation-indexed bonds seek to provide inflation protection, their prices may decline when real interest rates rise and vice versa.

Because the Fund’s dollar-weighted average maturity is expected to be 5 years or less, real interest rate risk is expected to be low for the Fund. An investment in the Fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

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

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**PGIM Investments Risks**

**Principal Risks**

- **Credit Risk.** This is the risk that the issuer, the guarantor or the insurer of a fixed-income security, or the counterparty to a contract may be unable or unwilling to make timely principal and interest payments or to otherwise honor its obligations. Additionally, the securities could lose value due to a loss of confidence in the ability of the issuer, guarantor, insurer or counterparty to pay back debt. The longer the
maturity and the lower the credit quality of a bond, the more sensitive it is to credit risk.

- **Currency Risk.** The Fund’s net asset value could decline as a result of changes in exchange rates, which could adversely affect the Fund’s investments in currencies, or in securities that trade in, and receive revenues related to, currencies, or in derivatives that provide exposure to currencies. Certain foreign countries may impose restrictions on the ability of issuers of foreign securities to make payment of principal and interest or dividends to investors located outside the country, due to blockage of foreign currency exchanges or otherwise.

- **Debt Obligations Risk.** Debt obligations are subject to credit risk, market risk and interest rate risk. The Fund’s holdings, share price, yield and total return may also fluctuate in response to bond market movements. The value of bonds may decline for issuer-related reasons, including management performance, financial leverage and reduced demand for the issuer’s goods and services. Certain types of fixed-income obligations also may be subject to “call and redemption risk,” which is the risk that the issuer may call a bond held by the Fund for redemption before it matures and the Fund may lose income.

- **Derivatives Risk.** Derivatives involve special risks and costs and may result in losses to a Fund. The successful use of derivatives requires sophisticated management, and, to the extent that derivatives are used, a Fund will depend on the subadviser’s ability to analyze and manage derivatives transactions. The prices of derivatives may move in unexpected ways, especially in abnormal market conditions. Some derivatives are “leveraged” and therefore may magnify or otherwise increase investment losses to the Fund. A Fund’s use of derivatives may also increase the amount of taxes payable by shareholders. Other risks arise from the potential inability to terminate or sell derivatives positions. A liquid secondary market may not always exist for a Fund’s derivatives positions. In fact, many over-the-counter derivative instruments will not have liquidity beyond the counterparty to the instrument. Over-the-counter derivative instruments also involve the risk that the other party will not meet its obligations to the Fund.

- **Economic and Market Events Risk.** Events in the US and global financial markets, including actions taken by the US Federal Reserve or foreign central banks to stimulate or stabilize economic growth, may at times result in unusually high market volatility, which could negatively impact performance. Reduced liquidity in credit and fixed income markets could adversely affect issuers worldwide.

- **Emerging Markets Risk.** The risks of foreign investments are greater for investments in or exposed to emerging markets. Emerging market countries typically have economic and political systems that are less fully developed, and can be expected to be less stable, than those of more developed countries. For example, the economies of such countries can be subject to rapid and unpredictable rates of inflation or deflation. Low trading volumes may result in a lack of liquidity and price volatility. Emerging market countries may have policies that restrict investment by non-US investors, or that prevent non-US investors from withdrawing their money at will. Countries with emerging markets can be found in regions such as Asia, Latin America, Eastern Europe and Africa.

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

- **Interest Rate Risk.** The value of your investment may go down when interest rates rise. A rise in rates tends to have a greater impact on the prices of longer term or duration securities. When interest rates fall, the issuers of debt obligations may prepay principal more quickly than expected, and the Fund may be required to reinvest the proceeds at a lower interest rate. This is referred to as “prepayment risk.” When interest rates rise, debt obligations may be repaid more slowly than expected, and the value of the Fund’s holdings may fall sharply. This is referred to as “extension risk.” The Fund may face a heightened level of interest rate risk as a result of the US Federal Reserve Board’s rate-setting policies. The Fund may lose money if short-term or long-term interest rates rise sharply or in a manner not anticipated by the subadviser.

- **Junk Bonds Risk.** High-yield, high-risk bonds have predominantly speculative characteristics, including particularly high credit risk. Junk bonds tend to be less liquid than higher-rated securities. The liquidity of particular issuers or industries within a particular investment category may shrink or disappear suddenly and without warning. The non-investment grade bond market can experience sudden and sharp price swings and become illiquid due to a variety of factors, including changes in economic forecasts, stock market activity, large sustained sales by major investors, a high profile default or a change in the market’s psychology.

- **Liquidity Risk.** The Fund may invest in instruments that trade in lower volumes and are less liquid than other investments. Liquidity risk exists when particular investments made by the Fund are difficult to purchase or sell. Liquidity risk also includes the risk that the Fund
may make investments that may become less liquid in response to market developments or adverse investor perceptions. If the Fund is forced to sell these investments to pay redemption proceeds or for other reasons, the Fund may lose money. In addition, when there is no willing buyer and investments cannot be readily sold at the desired time or price, the Fund may have to accept a lower price or may not be able to sell the instrument at all. The reduction in dealer market-making capacity in the fixed income markets that has occurred in recent years also has the potential to reduce liquidity. An inability to sell a portfolio position can adversely affect the Fund’s value or prevent the Fund from being able to take advantage of other investment opportunities.

- **Market Risk.** Securities markets may be volatile and the market prices of the Fund’s securities may decline. Securities fluctuate in price based on changes in an issuer's financial condition and overall market and economic conditions. If the market prices of the securities owned by the Fund fall, the value of your investment in the Fund will decline.

- **Mortgages and Mortgage-Related Securities Risk.** When the Fund purchases mortgages or mortgage-related securities, it is subject to certain additional risks. Declines in the value of property backing these securities will negatively affect the quality of these securities and could reduce the ability of the issuer to sell the property to satisfy its outstanding obligations. The value of the property can be negatively affected by a number of factors, including changes in the neighborhood, factors affecting the particular property or the real estate market generally and poor property maintenance. Rising interest rates tend to extend the duration of mortgages and mortgage-related securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, the Fund may exhibit additional volatility if it holds mortgages or mortgage-related securities. This is known as extension risk. In addition, mortgages and mortgage-related securities are subject to prepayment risk. When interest rates decline, borrowers may pay off their mortgages sooner than expected. This can reduce the returns of the Fund because it will have to reinvest that money at the lower prevailing interest rates. Mortgage-related securities are also subject to the risk that the borrower may fail to make scheduled sinking fund payments or may default and that collateral for the mortgage may be inadequate or the terms of the mortgage may be revised. There may also be delays in receiving interest payments and in realizing collateral for these instruments. Finally, there is the potential risk that illiquidity in the market for mortgage-related securities may make it difficult for the Fund to dispose of these instruments or may seriously reduce their sale price.

- **Non-diversification Risk.** The Fund is non-diversified for purposes of the Investment Company Act of 1940 (the “1940 Act”). This means that the Fund may invest a greater percentage of its assets in the securities of a single company or other issuer than a diversified fund. Investing in a non-diversified fund involves greater risk than investing in a diversified fund because a loss resulting from the decline in value of any one security may represent a greater portion of the total assets of a non-diversified fund.

- **Risk of Increase in Expenses.** Your actual cost of investing in the Fund may be higher than the expenses shown in the expense table for a variety of reasons. For example, expense ratios may be higher than those shown if average net assets decrease. Net assets are more likely to decrease and Fund expense ratios are more likely to increase when markets are volatile. Active and frequent trading of Fund securities can increase expenses.

- **US Government and Agency Securities Risk.** US Government and agency securities are subject to market risk, interest rate risk and credit risk. Not all US Government securities are insured or guaranteed by the full faith and credit of the US Government; some are only insured or guaranteed by the issuing agency, which must rely on its own resources to repay the debt. Connecticut Avenue Securities issued by Fannie Mae and Structured Agency Credit Risk issued by Freddie Mac carry no guarantee whatsoever and the risk of default associated with these securities would be borne by the Fund. The maximum potential liability of the issuers of some US Government securities held by the Fund may greatly exceed their current resources, including their legal right to support from the US Treasury. It is possible that these issuers will not have the funds to meet their payment obligations in the future. In addition, the value of US Government securities may be affected by changes in the credit rating of the US Government.

  » The Fund may invest in some emerging markets through trading structures or protocols that subject it to risks such as those associated with illiquidity, custody of assets, different settlement and clearance procedures and asserting legal title under a developing legal and regulatory regime to a greater degree than in developed markets or even in other emerging markets.

  » The US Government and foreign governments have adopted (and may adopt further) regulations governing derivatives markets, including mandatory clearing of certain derivatives, margin and reporting requirements. The ultimate impact of the regulations remains unclear. Additional regulation of derivatives may make derivatives more costly, limit their availability or utility, or otherwise adversely affect their performance or disrupt markets.
**BlackRock Risks**

**Principal Risks**

- **Asset Class Risk.** Securities and other assets in the Underlying Index or in the Fund’s portfolio may underperform in comparison to the general financial markets, a particular financial market or other asset classes.

- **Authorized Participant Concentration Risk.** Only an Authorized Participant may engage in creation or redemption transactions directly with the Fund. The Fund has a limited number of institutions that may act as Authorized Participants on an agency basis (i.e., on behalf of other market participants). To the extent that Authorized Participants exit the business or are unable to proceed with creation or redemption orders with respect to the Fund and no other Authorized Participant is able to step forward to create or redeem Creation Units (as defined in the Purchase and Sale of Fund Shares section of this prospectus (“the Prospectus”)), Fund shares may be more likely to trade at a premium or discount to NAV and possibly face trading halts or delisting. Authorized Participant concentration risk may be heightened for an Authorized Participant that invests in non-U.S. issuers or other securities or instruments that have lower trading volumes.

- **Call Risk.** During periods of falling interest rates, an issuer of a callable bond held by the Fund may “call” or repay the security before its stated maturity, and the Fund may have to reinvest the proceeds in securities with lower yields, which would result in a decline in the Fund’s income, or in securities with greater risks or with other less favorable features.

- **Cash Transactions Risk.** The Fund expects to effect all of its creations and redemptions for cash, rather than in-kind securities. As a result, the Fund may have to sell portfolio securities at inopportune times in order to obtain the cash needed to meet redemption orders. This may cause the Fund to sell a security and recognize a capital gain or loss that might not have been incurred if it had made a redemption in-kind. The use of cash creations and redemptions may also cause the Fund’s shares to trade in the market at wider bid-ask spreads or greater premiums or discounts to the Fund’s NAV.

- **Concentration Risk.** The Fund may be susceptible to an increased risk of loss, including losses due to adverse events that affect the Fund’s investments more than the market as a whole, to the extent that the Fund’s investments are concentrated in the securities of a particular issuer or issuers, country, group of countries, region, market, industry, group of industries, project types, group of project types, sector or asset class.

- **Credit Risk.** Debt issuers and other counterparties may be unable or unwilling to make timely interest and/or principal payments when due or otherwise honor their obligations. Changes in an issuer’s credit rating or the market’s perception of an issuer’s creditworthiness may also adversely affect the value of the Fund’s investment in that issuer. The degree of credit risk depends on an issuer’s or counterparty’s financial condition and on the terms of an obligation.

- **Currency Hedging Risk.** When a derivative is used as a hedge against a position that the Fund holds, any loss generated by the derivative generally should be substantially offset by gains on the hedged investment, and vice versa. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains. Hedges are sometimes subject to imperfect matching between the derivative and its reference asset, and there can be no assurance that the Fund’s hedging transactions will be effective. In seeking to track the “hedging” component of the Underlying Index, the Fund invests in currency forward contracts (which may include both physically-settled forward contracts and NDFs) designed to hedge the currency exposure of non-U.S. dollar denominated securities held in its portfolio. NDFs may be less liquid than deliverable currency forward contracts and require the Fund to post variation margin to the counterparty, which can increase costs for the Fund. A lack of liquidity in NDFs of the hedged currency could result in the Fund being unable to structure its hedging transactions as intended. In addition, BFA may seek to limit the size of the Fund in order to attempt to reduce the likelihood of a situation where the Fund is unable to obtain sufficient liquidity in an underlying currency hedge to implement its investment objective. Currency forward contracts, including NDFs, do not eliminate movements in the value of non-U.S. currencies and securities but rather allow the Fund to establish a fixed rate of exchange for a future point in time. Exchange rates may be volatile and may change quickly and unpredictably in response to both global economic developments and economic conditions in a geographic region in which the Fund invests. In addition, in order to minimize transaction costs, or for other reasons, the Fund’s exposure to the non-U.S. dollar component currencies may not be fully hedged at all times. At certain times, the Fund may use an optimized hedging strategy and will hedge a smaller number of non-U.S. dollar component currencies to reduce hedging costs. In addition, because the Fund’s currency hedge is reset on a monthly basis, currency risk can develop or increase intra-month. Furthermore, while the Fund is designed to hedge against currency fluctuations, it is possible that a degree of currency exposure may remain even at the time a hedging transaction is implemented. As a result, the Fund may not be able to structure its hedging transactions as anticipated or its hedging transactions may not successfully reduce the currency risk included in the Fund’s portfolio. Because currency forwards are over-the-counter instruments, the
The effectiveness of the Fund’s currency hedging strategy will in general be affected by the volatility of both the Underlying Index and the volatility of the U.S. dollar relative to the currencies to be hedged, measured on an aggregate basis. Increased volatility in either or both of the Underlying Index and the U.S. dollar relative to the currencies to be hedged will generally reduce the effectiveness of the Fund’s currency hedging strategy. In addition, volatility in one or more of the currencies may offset stability in another currency and reduce the overall effectiveness of the hedges. The effectiveness of the Fund’s currency hedging strategy may also in general be affected by interest rates. Significant differences between U.S. dollar interest rates and some or all of the applicable foreign currency interest rates may impact the effectiveness of the Fund’s currency hedging strategy.

- **Currency Risk.** Because the Fund’s NAV is determined in U.S. dollars, the Fund’s NAV could decline if one or more of the currencies of the non-U.S. markets in which the Fund invests depreciates against the U.S. dollar and the depreciation of one currency is not offset by appreciation in another currency and/or the Fund’s attempt to hedge currency exposure to the depreciating currency or currencies is unsuccessful. Generally, an increase in the value of the U.S. dollar against the non-U.S. dollar component currencies will reduce the value of a security denominated in such currencies, as applicable. In addition, fluctuations in the exchange rates between currencies could affect the economy or particular business operations of companies in a geographic region, including securities in which the Fund invests, causing an adverse impact on the Fund’s investments in the affected region and the U.S. As a result, investors have the potential for losses regardless of the length of time they intend to hold Fund shares. Currency exchange rates can be very volatile and can change quickly and unpredictably. As a result, the Fund’s NAV may change quickly and without warning.

- **Cyber Security Risk.** Failures or breaches of the electronic systems of the Fund, the Fund’s adviser, distributor, and other service providers, the Index Provider, market makers, Authorized Participants or issuers of securities in which the Fund invests have the ability to cause disruptions and negatively impact the Fund’s business operations, potentially resulting in financial losses to the Fund and its shareholders. While the Fund has established business continuity plans and risk management systems seeking to address system breaches or failures, there are inherent limitations in such plans and systems. Furthermore, the Fund cannot control the cyber security plans and systems of the Fund’s service providers, the Index Provider, market makers, Authorized Participants or issuers of securities in which the Fund invests.

- **Derivatives Risk.** The Fund will use currency forwards and NDFs to hedge the currency exposure resulting from investments in the foreign-currency-denominated securities held by the Fund. The Fund’s use of these instruments, like investments in other derivatives, may reduce the Fund’s returns, increase volatility and/or result in losses due to credit risk or ineffective hedging strategies. Volatility is defined as the characteristic of a security, a currency, an index or a market, to fluctuate significantly in price within a defined time period. Currency forwards, like other derivatives, are also subject to counterparty risk, which is the risk that the other party in the transaction will not fulfill its contractual obligation. A risk of the Fund’s use of derivatives is that the fluctuations in their values may not correlate perfectly with the value of the currency or currencies being hedged as compared to that of the U.S. dollar. The possible lack of a liquid secondary market for derivatives and the resulting inability of the Fund to sell or otherwise close a derivatives position could expose the Fund to losses and could make derivatives more difficult for the Fund to value accurately. The Fund could also suffer losses related to its derivatives positions as a result of unanticipated market movements, which losses are potentially unlimited. BFA’s use of derivatives is not intended to predict the direction of securities prices, currency exchange rates, interest rates and other economic factors, which could cause the Fund’s derivatives positions to lose value. Derivatives may give rise to a form of leverage and may expose the Fund to greater risk and increase its costs. Regulatory requirements may make derivatives more costly, may limit the availability of derivatives, and may delay or restrict the exercise of remedies by the Fund upon a counterparty default under derivatives held by the Fund (which could result in losses), remedies or termination rights by the Fund, and may otherwise adversely affect the value and performance of derivatives.

- **Extension Risk.** During periods of rising interest rates, certain debt obligations may be paid off substantially more slowly than originally anticipated and the value of those securities may fall sharply, resulting in a decline in the Fund’s income and potentially in the value of the Fund’s investments.

- **Geographic Risk.** A natural disaster could occur in a geographic region in which the Fund invests, which could affect the economy or particular business operations of companies in the specific geographic region, causing an adverse impact on the Fund’s investments in the affected region.
• **Illiquid Investments Risk.** The Fund may invest up to an aggregate amount of 15% of its net assets in illiquid investments. An illiquid investment is any investment that the Fund reasonably expects cannot be sold or disposed of in current market conditions in seven calendar days or less without significantly changing the market value of the investment. To the extent the Fund holds illiquid investments, the illiquid investments may reduce the returns of the Fund because the Fund may be unable to transact at advantageous times or prices.

• **Income Risk.** The Fund’s income may decline when interest rates fall. This decline can occur because the Fund may subsequently invest in lower yielding bonds as bonds in its portfolio mature, are near maturity or are called, bonds in the Underlying Index are substituted, or the Fund otherwise needs to purchase additional bonds.

• **Index-Related Risk.** There is no guarantee that the Fund’s investment results will have a high degree of correlation to those of the Underlying Index or that the Fund will achieve its investment objective. Market disruptions and regulatory restrictions could have an adverse effect on the Fund’s ability to adjust its exposure to the required levels in order to track the Underlying Index. Errors in index data, index computations or the construction of the Underlying Index in accordance with its methodology may occur from time to time and may not be identified and corrected by the Index Provider for a period of time or at all, which may have an adverse impact on the Fund and its shareholders.

• **Interest Rate Risk.** An increase in interest rates may cause the value of securities held by the Fund to decline, may lead to heightened volatility in the fixed-income markets and may adversely affect the liquidity of certain fixed-income investments. The historically low interest rate environment, together with recent modest rate increases, heightens the risks associated with rising interest rates.

• **Issuer Risk.** The performance of the Fund depends on the performance of individual securities and other instruments to which the Fund has exposure. Changes in the financial condition or credit rating of an issuer of those securities or counterparty on other instruments may cause the value of the securities or instruments to decline.

• **Management Risk.** As the Fund will not fully replicate the Underlying Index, it is subject to the risk that BFA’s investment strategy may not produce the intended results.

• **Market Risk.** The Fund could lose money over short periods due to short-term market movements and over S-8 longer periods during more prolonged market downturns.

• **Market Trading Risk.** The Fund faces numerous market trading risks, including the potential lack of an active market for Fund shares, losses from trading in secondary markets, losses due to ineffective currency hedges, periods of high volatility and disruptions in the creation/redemption process. ANY OF THESE FACTORS, AMONG OTHERS, MAY LEAD TO THE FUND’S SHARES TRADING AT A PREMIUM OR DISCOUNT TO NAV.

• **Non-Diversification Risk.** The Fund may invest a large percentage of its assets in securities issued by or representing a small number of issuers. As a result, the Fund’s performance may depend on the performance of a small number of issuers.

• **Non-U.S. Issuers Risk.** Securities issued by non-U.S. issuers carry different risks from securities issued by U.S. issuers. These risks include differences in accounting, auditing and financial reporting standards, the possibility of expropriation or confiscatory taxation, adverse changes in investment or exchange control regulations, political instability, regulatory and economic differences, and potential restrictions on the flow of international capital. The Fund is specifically exposed to European Economic Risk.

• **Operational Risk.** The Fund is exposed to operational risks arising from a number of factors, including, but not limited to, human error, processing and communication errors, errors of the Fund’s service providers, counterparties or other third-parties, failed or inadequate processes and technology or systems failures. The Fund and BFA seek to reduce these operational risks through controls and procedures. However, these measures do not address every possible risk and may be inadequate to address significant operational risks.

• **Passive Investment Risk.** The Fund is not actively managed, and BFA generally does not attempt to take defensive positions under any market conditions, including declining markets. Privately-Issued Securities Risk. The Fund may invest in privately-issued securities, including those that are normally purchased pursuant to Rule 144A or Regulation S promulgated under the Securities Act of 1933, as amended (the “1933 Act”). Privately issued securities are securities that have not been registered under the 1933 Act and as a result may be subject to legal restrictions on resale. Privately issued securities are generally not traded on established markets. As a result of the absence of a public trading market, privately issued securities may be deemed to be illiquid investments, may be more difficult to value than publicly traded securities and may be subject to wide fluctuations in value. Delay or difficulty in selling such securities may result in a loss to the Fund.

• **Reliance on Trading Partners Risk.** The Fund invests in countries or regions whose economies are heavily dependent upon trading with key partners. Any reduction in this trading may have an adverse impact on the Fund’s investments. Through its holdings of securities of certain issuers, the Fund is specifically exposed to Asian Economic Risk.
• **European Economic Risk and North American Economic Risk.** Risk of Investing in Developed Countries.

The Fund's investment in developed country issuers may subject the Fund to regulatory, political, currency, security, economic and other risks associated with developed countries. Developed countries tend to represent a significant portion of the global economy and have generally experienced slower economic growth than some less developed countries. Certain developed countries have experienced security concerns, such as terrorism and strained international relations. Incidents involving a country's or region's security may cause uncertainty in its markets and may adversely affect its economy and the Fund's investments. In addition, developed countries may be adversely impacted by changes to the economic conditions of certain key trading partners, regulatory burdens, debt burdens and the price or availability of certain commodities.

• **Risk of Investing in Russia.** Investing in Russian securities involves significant risks, including legal, regulatory and economic risks that are specific to Russia. In addition, investing in Russian securities involves risks associated with the settlement of portfolio transactions and loss of the Fund's ownership rights in its portfolio securities as a result of the system of share registration and custody in Russia. A number of jurisdictions, including the U.S., Canada and the European Union (the "EU"), have imposed economic sanctions on certain Russian individuals and Russian corporate entities. These and future sanctions, or even the threat of further sanctions, may adversely affect Russia's economy and the Fund's investments.

• **Securities Lending Risk.** The Fund may engage in securities lending. Securities lending involves the risk that the Fund may lose money because the borrower of the loaned securities fails to return the securities in a timely manner or at all. The Fund could also lose money in the event of a decline in the value of collateral provided for loaned securities or a decline in the value of any investments made with cash collateral. These events could also trigger adverse tax consequences for the Fund.

• **Sovereign and Quasi-Sovereign Obligations Risk.** The Fund invests in securities issued by or guaranteed by non-U.S. sovereign governments and by entities affiliated with or backed by non-U.S. sovereign governments, which may be unable or unwilling to repay principal or interest when due. In times of economic uncertainty, the prices of these securities may be more volatile than those of corporate debt obligations or of other government debt obligations.

• **Structural Risk.** The countries in which the Fund invests may be subject to considerable degrees of economic, political and social instability.

• **Tax Risk.** The Fund invests in derivatives. The federal income tax treatment of a derivative may not be as favorable as a direct investment in an underlying asset. Derivatives may produce taxable income and taxable realized gain. Derivatives may adversely affect the timing, character and amount of income the Fund realizes from its investments. As a result, a larger portion of the Fund's distributions may be treated as ordinary income rather than as capital gains. In addition, certain derivatives are subject to mark-to-market or straddle provisions of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). If such provisions are applicable, there could be an increase (or decrease) in the amount of taxable dividends paid by the Fund. Income from swaps is generally taxable. In addition, the tax treatment of certain derivatives, such as swaps, is unsettled and may be subject to future legislation, regulation or administrative pronouncements issued by the U.S. Internal Revenue Service ("IRS"). As part of the Fund's currency hedging strategy, the Fund may match foreign currency forward contracts with the non-U.S. dollar denominated securities whose currency risk is intended to be hedged wholly or partially by such contracts. If the Fund were to perform such matching for income tax purposes, this matching would potentially result in the Fund's deferral for U.S. federal income tax purposes of the realized gains or losses attributable to foreign currency forward contracts until such gains or losses offset the currency related losses on the matched non-U.S. dollar denominated securities. If the IRS were to disagree with such deferral treatment or the matching methodology used, the Fund's income could become undistributed and incur tax liabilities. The Fund may reevaluate, adjust, begin, or discontinue the matching of such contracts in the future.

• **Tracking Error Risk.** The Fund may be subject to tracking error, which is the divergence of the Fund’s performance from that of the Underlying Index. Tracking error may occur because of differences between the securities and other instruments held in the Fund’s portfolio and those included in the Underlying Index, pricing differences (including, as applicable, differences between a security's price at the local market close and the Fund's valuation of a security at the time of calculation of the Fund’s NAV), differences in transaction and hedging costs and forward rates achieved, the Fund’s holding of uninvested cash, differences in timing of the accrual of or the valuation of dividends or other distributions, interest, the requirements to maintain pass-through tax treatment, portfolio transactions carried out to minimize the distribution of capital gains to shareholders, changes to the Underlying Index and the cost to the Fund of complying with various new or existing regulatory requirements. These risks may be heightened during times of increased market volatility or other unusual market conditions in the affected securities and/or foreign exchange markets. In addition, tracking error may result because the Fund incurs fees.
and expenses, while the Underlying Index does not, and because the Fund accepts creations and redemptions during time periods between which it is able to adjust its currency hedges, whereas the Underlying Index does not adjust its hedging during these periods.

- **Valuation Risk.** The price the Fund could receive upon the sale of a security or unwind of a financial instrument or other asset may differ from the Fund’s valuation of the security, instrument or other asset and from the value used by the Underlying Index, particularly for securities or other instruments that trade in low volume or volatile markets or that are valued using a fair value methodology as a result of trade suspensions or for other reasons. In addition, the value of the securities or other instruments in the Fund’s portfolio may change on days or during time periods when shareholders will not be able to purchase or sell the Fund’s shares. Authorized Participants who purchase or redeem Fund shares on days when the Fund is holding fair valued securities may receive fewer or more shares, or lower or higher redemption proceeds, than they would have received had the Fund not fair valued securities or used a different valuation methodology. The Fund’s ability to value investments may be impacted by technological issues or errors by pricing services or other third-party service providers.

### SSGA Risks

**Principal Risks**

- **Currency Risk.** The value of the Fund’s assets may be affected favorably or unfavorably by currency exchange rates, currency exchange control regulations, and delays, restrictions or prohibitions on the repatriation of foreign currencies. Foreign currency exchange rates may have significant volatility, and changes in the values of foreign currencies against the U.S. dollar may result in substantial declines in the values of the Fund’s assets denominated in foreign currencies.

- **Depositary Receipts Risk.** Investments in depositary receipts may be less liquid and more volatile than the underlying securities in their primary trading market. If a depositary receipt is denominated in a different currency than its underlying securities, the Fund will be subject to the currency risk of both the investment in the depositary receipt and the underlying security. Holders of depositary receipts may have limited or no rights to take action with respect to the underlying securities or to compel the issuer of the receipts to take action. The prices of depositary receipts may differ from the prices of securities upon which they are based. To the extent the Fund invests in depositary receipts based on securities included in the Index, such differences in prices may increase index tracking risk.

- **Emerging Markets Risk.** Risks of investing in emerging markets include, among others, greater political and economic instability, greater volatility in currency exchange rates, less developed securities markets, possible trade barriers, currency transfer restrictions, a more limited number of potential buyers and issuers, an emerging market country’s dependence on revenue from particular commodities or international aid, less governmental supervision and regulation, unavailability of currency hedging techniques, differences in auditing and financial reporting standards, and less developed legal systems. There is also the potential for unfavorable action such as expropriation, nationalization, embargo, and acts of war. The securities of emerging market companies may trade less frequently and in smaller volumes than more widely held securities. Market disruptions or substantial market corrections may limit very significantly the liquidity of securities of certain companies in a particular country or geographic region, or of all companies in the country or region. The Fund may be unable to liquidate its positions in such securities at any time, or at a favorable price, in order to meet the Fund’s obligations. These risks are generally greater for investments in frontier market countries, which typically have smaller economies or less developed capital markets than traditional emerging market countries.

- **Equity Investing Risk.** The market prices of equity securities owned by the Fund may go up or down, sometimes rapidly or unpredictably. The value of a security may decline for a number of reasons that may directly relate to the issuer and also may decline due to general industry or market conditions that are not specifically related to a particular company. In addition, equity markets tend to move in cycles, which may cause stock prices to fall over short or extended periods of time.

- **Financial Sector Risk.** Financial services companies are subject to extensive governmental regulation which may limit both the amounts and types of loans and other financial commitments they can make, the interest rates and fees they can charge, the scope of their activities, the prices they can charge and the amount of capital they must maintain. Profitability is largely dependent on the availability and cost of capital funds and can fluctuate significantly when interest rates change or due to increased competition. In addition, deterioration of the credit markets generally may cause an adverse impact in a broad range of markets, including U.S. and international credit and interbank money markets generally, thereby affecting a wide range of financial institutions and markets. Certain events in the financial sector may cause an unusually high degree of volatility in the financial markets, both domestic and foreign, and cause certain financial services companies to incur large losses. Securities of financial services companies may experience a dramatic decline in value when such companies experience
substantial declines in the valuations of their assets, take action to raise capital (such as the issuance of debt or equity securities), or cease operations. Credit losses resulting from financial difficulties of borrowers and financial losses associated with investment activities can negatively impact the sector. Insurance companies may be subject to severe price competition. Adverse economic, business or political developments could adversely affect financial institutions engaged in mortgage finance or other lending or investing activities directly or indirectly connected to the value of real estate.

- **Fluctuation of Net Asset Value, Share Premiums and Discounts Risk.** As with all exchange-traded funds, Fund Shares may be bought and sold in the secondary market at market prices. The trading prices of Fund Shares in the secondary market may differ from the Fund's daily net asset value per share and there may be times when the market price of the shares is more than the net asset value per share (premium) or less than the net asset value per share (discount). This risk is heightened in times of market volatility or periods of steep market declines.

- **Geographic Focus Risk.** The performance of a fund that is less diversified across countries or geographic regions will be closely tied to market, currency, economic, political, environmental, or regulatory conditions and developments in the countries or regions in which the fund invests, and may be more volatile than the performance of a more geographically-diversified fund. China: The Chinese economy is generally considered an emerging market and can be significantly affected by economic and political conditions and policy in China and surrounding Asian countries. A relatively small number of Chinese companies represent a large portion of China's total market and thus may be more sensitive to adverse political or economic circumstances and market movements. The economy of China differs, often unfavorably, from the U.S. economy in such respects as structure, general development, government involvement, wealth distribution, rate of inflation, growth rate, allocation of resources and capital reinvestment, among others. Under China's political and economic system, the central government has historically exercised substantial control over virtually every sector of the Chinese economy through administrative regulation and/or state ownership. In addition, expropriation, including nationalization, confiscatory taxation, political, economic or social instability or other developments could adversely affect and significantly diminish the values of the Chinese companies in which the Fund invests. International trade tensions may arise from time to time which can result in trade tariffs, embargoes, trade limitations, trade wars and other negative consequences. These consequences may trigger a reduction in international trade, the oversupply of certain manufactured goods, substantial price reductions of goods and possible failure of individual companies and/or large segments of China’s export industry with a potentially severe negative impact to the Fund. The Fund may invest in shares of Chinese companies traded on stock markets in Mainland China or Hong Kong. These stock markets have recently experienced high levels of volatility, which may continue in the future. The Hong Kong stock market may behave differently from the Mainland China stock market and there may be little to no correlation between the performance of the Hong Kong stock market and the Mainland China stock market.

- **Indexing Strategy/Index Tracking Risk.** The Fund is managed with an indexing investment strategy, attempting to track the performance of an unmanaged index of securities, regardless of the current or projected performance of the Index or of the actual securities comprising the Index. This differs from an actively-managed fund, which typically seeks to outperform a benchmark index. As a result, the Fund's performance may be less favorable than that of a portfolio managed using an active investment strategy. The structure and composition of the Index will affect the performance, volatility, and risk of the Index and, consequently, the performance, volatility, and risk of the Fund. When there are changes made to the component securities of the Index and the Fund in turn makes similar changes to its portfolio, any transaction costs and market exposure arising from such portfolio changes will be borne directly by the Fund and its shareholders. The Fund may recognize gains as a result of rebalancing or reconstituting its securities holdings to reflect changes in the securities included in the Index. The Fund also may be required to distribute any such gains to its shareholders to avoid adverse federal income tax consequences. While the Adviser seeks to track the performance of the Index (i.e., achieve a high degree of correlation with the Index), the Fund’s return may not match the return of the Index. The Fund incurs a number of operating expenses not applicable to the Index, and incurs costs in buying and selling securities. In addition, the Fund may not be fully invested at times, generally as a result of cash flows into or out of the Fund or reserves of cash held by the Fund to meet redemptions. The Adviser may attempt to replicate the Index return by investing in fewer than all of the securities in the Index, or in some securities not included in the Index, potentially increasing the risk of divergence between the Fund’s return and that of the Index.

- **Liquidity Risk.** Lack of a ready market or restrictions on resale may limit the ability of the Fund to sell a security at an advantageous time or price or at all. Illiquid securities may trade at a discount from comparable, more liquid investments and may be subject to wide fluctuations in market value. Illiquidity of the Fund’s holdings may limit the ability of the Fund to obtain cash to meet redemptions on a timely basis. In addition, the Fund, due to limitations on investments in any illiquid securities and/or the
difficulty in purchasing and selling such investments, may be unable to achieve its desired level of exposure to a certain market or sector.

- **Market Risk.** The Fund’s investments are subject to changes in general economic conditions, and general market fluctuations and the risks inherent in investment in securities markets. Investment markets can be volatile and prices of investments can change substantially due to various factors including, but not limited to, economic growth or recession, changes in interest rates, changes in the actual or perceived creditworthiness of issuers, and general market liquidity. The Fund is subject to the risk that geopolitical events will disrupt securities markets and adversely affect global economies and markets.

- **Non-Diversification Risk.** As a “non-diversified” fund, the Fund may hold a smaller number of portfolio securities than many other funds. To the extent the Fund invests in a relatively small number of issuers, a decline in the market value of a particular security held by the Fund may affect its value more than if it invested in a larger number of issuers. The value of Fund Shares may be more volatile than the values of shares of more diversified funds.

- **Non-U.S. Securities Risk.** Non-U.S. securities (including depositary receipts) are subject to political, regulatory, and economic risks not present in domestic investments. There may be less information publicly available about a non-U.S. entity than about a U.S. entity, and many non-U.S. entities are not subject to accounting, auditing, legal and financial report standards comparable to those in the United States. Further, such entities and/or their securities may be subject to risks associated with currency controls; expropriation; changes in tax policy; greater market volatility; differing securities market structures; higher transaction costs; and various administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of dividends. To the extent underlying securities held by the Fund trade on foreign exchanges that are closed when the exchange on which the Fund’s shares trade is open, there may be deviations between the current price of an underlying security and the last quoted price for the underlying security on the closed foreign market. These deviations could result in the Fund experiencing premiums or discounts greater than those of ETFs that invest in domestic securities. Securities traded on foreign markets may be less liquid (harder to sell) than securities traded domestically. Foreign governments may impose restrictions on the repatriation of capital to the U.S. In addition, to the extent that the Fund buys securities denominated in a foreign currency, there are special risks such as changes in currency exchange rates and the risk that a foreign government could regulate foreign exchange transactions. In addition, to the extent investments are made in a limited number of countries, events in those countries will have a more significant impact on the Fund. Investments in depositary receipts may be less liquid and more volatile than the underlying shares in their primary trading market.

- **Technology Sector Risk.** Market or economic factors impacting technology companies and companies that rely heavily on technological advances could have a major effect on the value of the Fund’s investments. The value of stocks of technology companies and companies that rely heavily on technology is particularly vulnerable to rapid changes in technology product cycles, rapid product obsolescence, government regulation and competition, both domestically and internationally, including competition from foreign competitors with lower production costs. Stocks of technology companies and companies that rely heavily on technology, especially those of smaller, less-seasoned companies, tend to be more volatile than the overall market. Technology companies are heavily dependent on patent and intellectual property rights, the loss or impairment of which may adversely affect profitability. Additionally, companies in the technology sector may face dramatic and often unpredictable changes in growth rates and competition for the services of qualified personnel.

- **Unconstrained Sector Risk.** The Fund may invest a substantial portion of its assets within one or more economic sectors or industries, which may change from time to time. Greater investment focus on one or more sectors or industries increases the potential for volatility and the risk that events negatively affecting such sectors or industries could reduce returns, potentially causing the value of the Fund’s shares to decrease, perhaps significantly.

- **Valuation Risk.** Some portfolio holdings, potentially a large portion of the Fund’s investment portfolio, may be valued on the basis of factors other than market quotations. This may occur more often in times of market turmoil or reduced liquidity. There are multiple methods that can be used to value a portfolio holding when market quotations are not readily available. The value established for any portfolio holding at a point in time might differ from what would be produced using a different methodology or if it had been priced using market quotations. Portfolio holdings that are valued using techniques other than market quotations, including “fair valued” securities, may be subject to greater fluctuation in their valuations from one day to the next than if market quotations were used. In addition, there is no assurance that the Fund could sell or close out a portfolio position for the value established for it at any time, and it is possible that the Fund would incur a loss because a portfolio position is sold or closed out at a discount to the valuation established by the Fund at that time. Investors who purchase or redeem Fund Shares on days when the Fund is holding fair-valued
investments may receive fewer or more shares or lower or higher redemption proceeds than they would have received if the Fund had not fair-valued the holding(s) or had used a different valuation methodology.

TIAA-CREF Risks

Principal Risks

• **Active Management Risk.** The risk that Advisors’ strategy, investment selection or trading execution may cause the Fund to underperform relative to the benchmark index or mutual funds with similar investment objectives.

• **Benchmark Risk.** The risk that the Fund’s performance may not correspond to its benchmark index for any period of time and may underperform such index or the overall financial market. Additionally, to the extent that the Fund’s investments vary from the composition of its benchmark index, the Fund’s performance could potentially vary from the index’s performance to a greater extent than if the Fund merely attempted to replicate the index.

• **Call Risk.** The risk that, during periods of falling interest rates, an issuer may call (or repay) a fixed-income security prior to maturity, resulting in a decline in the Fund’s income.

• **Credit Risk (a type of Issuer Risk).** The risk that the issuer of fixed-income investments may not be able or willing to meet interest or principal payments when the payments become due.

• **Credit Spread Risk.** The risk that credit spreads (i.e., the difference in yield between securities that is due to differences in each security’s respective credit quality) may increase when market participants believe that bonds generally have a greater risk of default, which could result in a decline in the market values of a Fund’s debt securities.

• **Derivatives Risk.** The risks associated with investing in derivatives may be different and greater than the risks associated with directly investing in the underlying securities and other instruments. The Fund may use futures, options, single name or index credit default swaps, or forwards, and the Fund may also use more complex derivatives such as swaps that might present liquidity, credit and counterparty risk. When investing in derivatives, the Fund may lose more than the principal amount invested.

• **Downgrade Risk.** The risk that securities are subsequently downgraded should Advisors and/or rating agencies believe the issuer’s business outlook or creditworthiness has deteriorated.

• **Emerging Markets Risk.** The risk of foreign investment often increases in countries with emerging markets. For example, these countries may have more unstable governments than developed countries, and their economies may be based on only a few industries. Because their financial markets may be very small, share prices of financial instruments in emerging market countries may be volatile and difficult to determine. Financial instruments of issuers in these countries may have lower overall liquidity than those of issuers in more developed countries. In addition, foreign investors such as the Fund are subject to a variety of special restrictions in many emerging market countries.

• **ESG Criteria Risk.** The risk that because the Fund’s ESG criteria exclude securities of certain issuers for nonfinancial reasons, the Fund may forgo some market opportunities available to funds that do not use these criteria.

• **Extension Risk.** The risk that, during periods of rising interest rates, borrowers may pay off their mortgage loans later than expected, preventing the Fund from reinvesting principal proceeds at higher interest rates and resulting in less income than potentially available.

• **Fixed-Income Foreign Investment Risk.** Investment in fixed-income securities or financial instruments of foreign issuers involves increased risks due to adverse issuer, political, regulatory, currency, market or economic developments. These developments may impact the ability of a foreign debt issuer to make timely and ultimate payments on its debt obligations to the Fund or impair the Fund’s ability to enforce its rights against the foreign debt issuer. These risks are heightened in emerging or developing markets. Foreign investments may also have lower overall liquidity and be more difficult to value than investments in U.S. issuers.

• **Floating and Variable Rate Securities Risk.** Floating and variable rate securities provide for a periodic adjustment in the interest rate paid on the securities. The rate adjustment intervals may be regular and range from daily up to annually, or may be based on an event, such as a change in the prime rate. Floating and variable rate securities may be subject to greater liquidity risk than other debt securities, meaning that there may be limitations on the Fund’s ability to sell the securities at any given time. Such securities also may lose value. Please see the non-summary portion of the Prospectus for more detailed information about the risks described above.

• **Foreign Investment Risk.** Foreign markets can be more volatile than the U.S. market due to increased risks of adverse issuer, political, regulatory, currency, market or economic developments and can result in greater price volatility and perform differently from financial instruments of U.S. issuers. This risk may be heightened in emerging or developing markets. Foreign investments may also have lower liquidity and be more difficult to value than investments in U.S. issuers.
• **Illiquid Investments Risk.** The risk that illiquid investments may be difficult to sell for the value at which they are carried, if at all, or at any price within the desired time frame.

• **Income Volatility Risk.** The risk that the level of current income from a portfolio of fixed-income investments may decline in certain interest rate environments.

• **Industry/Sector Concentration Risk.** The risk that focusing on investment in specific industries or sectors makes a fund more vulnerable to developments particularly affecting those industries or sectors than a more broadly diversified fund would be.

• **Interest Rate Risk (a type of Market Risk).** The risk that increases in interest rates can cause the prices of fixed-income investments to decline. This risk is heightened to the extent the Fund invests in longer duration fixed-income investments and during periods when prevailing interest rates are low or negative. As of the date of this Prospectus, interest rates in the United States and in certain foreign markets are at low levels, which may increase the Fund’s exposure to risks associated with rising interest rates. In general, changing interest rates could have unpredictable effects on the markets and may expose fixed-income and related markets to heightened volatility.

• **Issuer Risk (often called Financial Risk).** The risk that an issuer’s earnings prospects and overall financial position will deteriorate, causing a decline in the value of the issuer’s financial instruments over short or extended periods of time.

• **Large-Cap Risk.** The risk that large-capitalization companies are more mature and may grow more slowly than the economy as a whole and tend to go in and out of favor based on market and economic conditions.

• **Market Risk.** The risk that market prices of portfolio investments held by the Fund may fall rapidly or unpredictably due to a variety of factors, including changing economic, political or market conditions. Market risk may affect a single issuer, industry or sector of the economy, or it may affect the market as a whole.

• **Market Volatility, Liquidity and Valuation Risk (types of Market Risk).** The risk that volatile or dramatic reductions in trading activity make it difficult for the Fund to properly value its investments and that the Fund may not be able to purchase or sell an investment at an attractive price, if at all.

• **Mid-Cap Risk.** The risk that the stocks of mid-capitalization companies often experience greater price volatility, lower trading volume and lower overall liquidity than the stocks of larger, more established companies.

• **Mortgage Roll Risk.** The risk that Advisors will not correctly predict mortgage prepayments and interest rates, which will diminish the Fund’s performance.

• **Non-Investment-Grade Securities Risk.** Issuers of non-investment-grade securities, which are usually called “high-yield” or “junk bonds,” are typically in weaker financial health and such securities can be harder to value and sell and their prices can be more volatile than more highly rated securities. While these securities generally have higher rates of interest, they also involve greater risk of default than do securities of a higher-quality rating.

• **Prepayment Risk.** The risk that, during periods of falling interest rates, borrowers may pay off their mortgage loans sooner than expected, forcing the Fund to reinvest the unanticipated proceeds at lower interest rates and resulting in a decline in income.

• **Quantitative Analysis Risk.** The risk that stocks selected using quantitative modeling and analysis could perform differently from the market as a whole. Please see the non-summary portion of the Prospectus for more detailed information about the risks described above.

• **Real Estate Investing Risk.** As a result of the Fund’s investment objective, the Fund is subject to all of the risks associated with the ownership of real estate. These risks include, among others, declines in the value of real estate, negative changes in the climate for real estate, risks related to general and local economic conditions, decreases in property revenues, increases in prevailing interest rates, property taxes and operating expenses, changes in zoning laws and costs resulting from the cleanup of environmental problems.

• **Senior Loan Risk.** Many senior loans present credit risk comparable to high-yield securities. The liquidation of the collateral backing a senior loan may not satisfy the borrower’s obligation to the Fund in the event of non-payment of scheduled interest or principal. Senior loans also expose the Fund to call risk and illiquid investments risk. The secondary market for senior loans can be limited. Trades can be infrequent and the values for senior loans may experience volatility. In some cases, negotiations for the sale or settlement of senior loans may require weeks to complete, which may impair the Fund’s ability to raise cash to satisfy redemptions, pay dividends, pay expenses or to take advantage of other investment opportunities in a timely manner. If an issuer of a senior loan prepares or redeems the loan prior to maturity, the Fund will have to reinvest the proceeds in other senior loans or instruments that may pay lower interest rates.

• **Small-Cap Risk.** The risk that the stocks of small-capitalization companies often experience greater price volatility than large- or mid-sized companies because small-cap companies are often newer or less established than larger companies and are likely to have more limited resources, products and markets. Securities of small-cap companies often have lower overall liquidity than securities of larger companies as a result of there being a smaller
market for their securities, which can have an adverse effect on the pricing of these securities and on the ability to sell these securities when Advisors deems it appropriate.

- **U.S. Government Securities Risk.** Securities issued by the U.S. Government or one of its agencies or instrumentalities may receive varying levels of support from the U.S. Government, which could affect the Fund’s ability to recover should they default. To the extent the Fund invests significantly in securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities, any market movements, regulatory changes or changes in political or economic conditions that affect the securities of the U.S. Government or its agencies or instrumentalities in which the Fund invests may have a significant impact on the Fund’s performance.

### Schwab Risks

**Principal Risks**

- **Market Risk.** Financial markets rise and fall in response to a variety of factors, sometimes rapidly and unpredictably. As with any investment whose performance is tied to these markets, the value of an investment in the fund will fluctuate, which means that an investor could lose money over short or long periods.

- **Investment Style Risk.** The fund is an index fund. Therefore, the fund follows the securities included in the index during upturns as well as downturns. Because of its indexing strategy, the fund does not take steps to reduce market exposure or to lessen the effects of declining market. In addition, because of the fund’s expenses, the fund’s performance may be below that of the index.

- **Equity Risk.** The prices of equity securities rise and fall daily. These price movements may result from factors affecting individual companies, industries or the securities market as a whole. In addition, equity markets tend to move in cycles which may cause stock prices to fall over short or extended periods of time.

- **Market Capitalization Risk.** Securities issued by companies of different market capitalizations tend to go in and out of favor based on market and economic conditions. During a period when securities of a particular market capitalization fall behind other types of investments, the fund’s performance could be impacted.

- **Large-Cap Company Risk.** Large-cap companies are generally more mature and the securities issued by these companies may not be able to reach the same levels of growth as the securities issued by small- or mid-cap companies.

- **Mid-Cap Company Risk.** Mid-cap companies may be more vulnerable to adverse business or economic events than larger, more established companies and the value of securities issued by these companies may move sharply.

- **Small-Cap Company Risk.** Securities issued by small-cap companies may be riskier than those issued by larger companies, and their prices may move sharply, especially during market upturns and downturns.

- **Real Estate Investment Risk.** Due to the composition of the index, the fund concentrates its investments in real estate companies and companies related to the real estate industry. As such, the fund is subject to risks associated with the direct ownership of real estate securities and an investment in the fund will be closely linked to the performance of the real estate markets. These risks include, among others: declines in the value of real estate; risks related to general and local economic conditions; possible lack of availability of mortgage funds or other limits to accessing the credit or capital markets; defaults by borrowers or tenants, particularly during an economic downturn; and changes in interest rates.

- **REITs Risk.** In addition to the risks associated with investing in securities of real estate companies and real estate related companies, REITs are subject to certain additional risks. Equity REITs may be affected by changes in the value of the underlying properties owned by the trusts. Further, REITs are dependent upon specialized management skills and cash flows, and may have their investments in relatively few properties, or in a small geographic area or a single property type. Failure of a company to qualify as a REIT under federal tax law may have adverse consequences to the fund. In addition, REITs have their own expenses, and the fund will bear a proportionate share of those expenses.

- **Tracking Error Risk.** As an index fund, the fund seeks to track the performance of its index, although it may not be successful in doing so. The divergence between the performance of the fund and the index, positive or negative, is called “tracking error.” Tracking error can be caused by many factors and it may be significant.

- **Derivatives Risk.** The fund’s use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. The fund’s use of derivatives could reduce the fund’s performance, increase the fund’s volatility and could cause the fund to lose more than the initial amount invested. In addition, investments in derivatives may involve leverage, which means a small percentage of assets invested in derivatives can have a disproportionately large impact on the fund.

- **Concentration Risk.** To the extent that the fund’s or the index’s portfolio is concentrated in the securities of issuers in a particular market, industry, group of industries, sector or asset class(including the real estate industry, as
The fund may be adversely affected by the performance of those securities, or be subject to increased price volatility and may be more vulnerable to adverse economic, market, political or regulatory occurrences affecting that market, industry, group of industries, sector or asset class.

- **Liquidity Risk.** The fund may be unable to sell certain securities, such as illiquid securities, readily at a favorable time or price, or the fund may have to sell them at a loss.

- **Securities Lending Risk.** Securities lending involves the risk of loss of rights in, or delay in recovery of, the loaned securities if the borrower fails to return the security loaned or becomes insolvent.

- **Market Trading Risk.** Although fund shares are listed on national securities exchanges, there can be no assurance that an active trading market for fund shares will develop or be maintained. If an active market is not maintained, investors may find it difficult to buy or sell fund shares.

- **Shares of the Fund May Trade at Prices Other Than NAV.** Fund shares may be bought and sold in the secondary market at market prices. Although it is expected that the market price of the shares of the fund will approximate the fund's net asset value (NAV), there may be times when the market price and the NAV vary significantly. An investor may pay more than NAV when buying shares of the fund in the secondary market, and an investor may receive less than NAV when selling those shares in the secondary market. The market price of fund shares may deviate, sometimes significantly, from NAV during periods of market volatility.

**American Funds Risks**

**Principal Risks**

- **Investing in growth-oriented stocks.** Growth-oriented common stocks and other equity type securities (such as preferred stocks, convertible preferred stocks and convertible bonds) may involve larger price swings and greater potential for loss than other types of investments.

- **Investing in income-oriented stocks.** The value of the fund’s securities and income provided by the fund may be reduced by changes in the dividend policies of, and the capital resources available for dividend payments at, the companies in which the fund invests.

- **Investing outside the United States.** Securities of issuers domiciled outside the United States, or with significant operations or revenues outside the United States, may lose value because of adverse political, social, economic or market developments (including 4 Fundamental Investors / Summary prospectus social instability, regional conflicts, terrorism and wars) in the countries or regions in which the issuers operate or generate revenue.

These securities may also lose value due to changes in foreign currency exchange rates against the U.S. dollar and/or currencies of other countries. Issuers of these securities may be more susceptible to actions of foreign governments, such as nationalization, currency blockage or the imposition of price controls or punitive taxes, each of which could adversely impact the value of these securities. Securities markets in certain countries may be more volatile and/or less liquid than those in the United States. Investments outside the United States may also be subject to different accounting practices and different regulatory, legal and reporting standards and practices, and may be more difficult to value, than those in the United States. In addition, the value of investments outside the United States may be reduced by foreign taxes, including foreign withholding taxes on interest and dividends. Further, there may be increased risks of delayed settlement of securities purchased or sold by the fund. The risks of investing outside the United States may be heightened in connection with investments in emerging markets.

- **Issuer risks.** The prices of, and the income generated by, securities held by the fund may decline in response to various factors directly related to the issuers of such securities, including reduced demand for an issuer’s goods or services, poor management performance, major litigation against the issuer, changes in government regulations affecting the issuer or its competitive environment and strategic initiatives such as mergers, acquisitions or dispositions and the market response to any such initiatives.

- **Management.** The investment adviser to the fund actively manages the fund’s investments. Consequently, the fund is subject to the risk that the methods and analyses, including models, tools and data, employed by the investment adviser in this process may be flawed or incorrect and may not produce the desired results. This could cause the fund to lose value or its investment results to lag relevant benchmarks or other funds with similar objectives. Your investment in the fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency, entity or person. You should consider how this fund fits into your overall investment program.

- **Market conditions.** The prices of, and the income generated by, the common stocks and other securities held by the fund may decline – sometimes rapidly or unpredictably – due to various factors, including events or conditions affecting the general economy or particular industries; overall market changes; local, regional or global political, social or economic instability; governmental, governmental agency or central bank responses to economic conditions; and currency exchange rate, interest rate and commodity price fluctuations.
New York Life Risks

- **Default Risk.** The risk that New York Life will default on its obligations under the funding agreement or that other events could render the funding agreement invalid.

- **Termination Risk.** The risk that the funding agreement is terminated and, as a result, payments from the funding agreement are subject to a negative market value adjustment or are paid over an extended period of time.

- **Equity Wash Risk.** The risk that certain transfers will require a 90-day holding period in an investment option with increased exposure to risk.

- **Early Withdrawal Risk.** The risk that certain actions taken by the Plan Officials or in Account Owner withdrawals and transfers being subject to payment restrictions, withdrawal charges or negative market value adjustments.
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The Education Plan is administered by The Education Trust Board of New Mexico. Ascensus College Savings Recordkeeping Services, LLC, the Program Manager, and its affiliates, have overall responsibility for the day-to-day operations, including investment advisory, recordkeeping and administrative services. The Education Plan's Portfolios invest in: (i) mutual funds; (ii) exchange traded funds; and/or (iii) a funding agreement issued by New York Life. Investments in The Education Plan are not insured by the FDIC. Units of the Portfolios are municipal securities and the value of units will vary with market conditions.

Investment returns will vary depending upon the performance of the Portfolios you choose. You could lose all or a portion of your money by investing in The Education Plan depending on market conditions. Account Owners assume all investment risks as well as responsibility for any federal and state tax consequences.

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