

# Stable Value Plus College Savings Plan<sup>SM</sup>



PLAN DISCLOSURE STATEMENT, PARTICIPATION AGREEMENT, & PRIVACY POLICY

JANUARY 2019

**COLLEGEINVEST**  
Trustee and Administrator

**BRIGHTHOUSE FINANCIAL**  
Manager

**SUPPLEMENT DATED OCTOBER 2, 2018  
TO THE COLLEGEINVEST STABLE VALUE PLUS COLLEGE SAVINGS PLAN  
PLAN DISCLOSURE STATEMENT, PARTICIPATION AGREEMENT AND PRIVACY POLICY  
DATED JANUARY 2018**

This Supplement is intended to supplement the relevant information provided in the CollegeInvest Stable Value Plus College Savings Plan (the "**Plan**") Plan Disclosure Statement, Participation Agreement and Privacy Policy dated January 2018 (the "**Plan Disclosure Statement**"). Please keep a copy of this Supplement with your copy of the Plan Disclosure Statement. Capitalized terms not otherwise defined in this Supplement have the meanings assigned to them in the Plan Disclosure Statement.

**IMPORTANT UPDATE ON COLORADO STATE TAX TREATMENT OF WITHDRAWALS MADE TO PAY K-12 TUITION EXPENSES**

Changes to the Federal tax law that went into effect at the start of 2018 expanded the qualified use of Section 529 accounts by allowing withdrawals for K-12 tuition expenses, with a limit of \$10,000 per year, per child. However, Colorado authorities have determined that withdrawals for K-12 tuition expenses will be treated as non-qualified withdrawals for Colorado state tax purposes. Accordingly, (i) the portion of a withdrawal made for K-12 tuition expenses that is attributable to contributions previously deducted for Colorado income tax purposes will be subject to Colorado state tax recapture and added to the Colorado taxable income of the taxpayer who took the deduction in the year the withdrawal is made, and (ii) the earnings portion of a withdrawal made for K-12 tuition expenses will be subject to Colorado income tax.

The cautionary statement in the preceding paragraph concerning the applicability of state tax recapture and state income tax to K-12 withdrawals is intended only for Colorado taxpayers. Non-Colorado account owners should check their own state laws with respect to potential state tax recapture or other impact of K-12 withdrawals.

All Stable Value Plus account owners are urged to be extremely cautious and should consult with their tax advisors before using their Stable Value Plus accounts to pay for any K-12 tuition expenses.

If you have questions concerning this Supplement, please call a CollegeInvest representative Monday through Friday at 1-800-448-2424 from 8:00 a.m. to 5:00 p.m. MST.

**SUPPLEMENT DATED APRIL 11, 2018  
TO THE COLLEGEINVEST STABLE VALUE PLUS COLLEGE SAVINGS PLAN  
PLAN DISCLOSURE STATEMENT, PARTICIPATION AGREEMENT AND PRIVACY POLICY  
DATED JANUARY 2018**

This Supplement is intended to supplement the relevant information provided in the ColleeInvest Stable Value Plus College Savings Plan (the “**Plan**”) Plan Disclosure Statement, Participation Agreement and Privacy Policy dated January 2018 (the “**Plan Disclosure Statement**”). Please keep a copy of this Supplement with your copy of the Plan Disclosure Statement. Capitalized terms not otherwise defined in this Supplement have the meanings assigned to them in the Plan Disclosure Statement.

Effective May 11, 2018, returned checks or rejected automated fund transfers will incur a charge of \$11.00, which will be deducted from your plan account.

Our new contact information is:

ColleeInvest Stable Value Plus College Savings Plan  
1600 Broadway, Suite 2300  
Denver, CO 80202  
Phone: 1-800-448-2424

If you have questions concerning this Supplement, please call a ColleeInvest representative Monday through Friday at 1-800-448-2424 from 8:00 a.m. to 5:00 p.m. MST.

**COLLEGEINVEST STABLE VALUE PLUS COLLEGE SAVINGS PLAN  
PLAN DISCLOSURE STATEMENT**

**JANUARY 2019**

**COLLEGEINVEST  
TRUSTEE AND ADMINISTRATOR**

**BRIGHTHOUSE LIFE INSURANCE COMPANY  
(formerly known as MetLife Insurance Company USA)  
PLAN MANAGER**

Before you make any contribution to the CollegeInvest Stable Value Plus College Savings Plan (the "**Plan**"), read and understand this Plan Disclosure Statement. It gives you important information about the Plan and discusses the risks of investing through the Plan in the CollegeInvest Stable Value Plus College Savings Trust (the "**Trust**"). See "Certain Investment Considerations."

The information contained in this Plan Disclosure Statement is believed to be accurate as of the date hereof and is subject to change without notice. This Plan Disclosure Statement speaks as of the date hereof, and delivery of this Plan Disclosure Statement does not create any implication that there has been no change in the affairs of Brighthouse Life Insurance Company (formerly known as MetLife Insurance Company USA), a Delaware corporation (the "**Plan Manager**"), or CollegeInvest since the date hereof. No one is authorized to provide information that is different from the information contained in this Plan Disclosure Statement.

**The Colorado income tax deduction for contributions to the Plan, as described herein, is only available to Colorado taxpayers investing in Colorado plans under current law, which may be changed through future legislative or judicial action. If you are not a Colorado taxpayer, depending upon the laws of your home state or the home state of your beneficiary, favorable state tax treatment or other benefits offered by such home state for investing in Section 529 plans may be available only if you invest in the home state's Section 529 plan. Any state-based benefit offered with respect to a particular Section 529 plan should be one of many appropriately weighted factors considered in making an investment decision. You should consult with your financial, tax or other advisor to learn more about how state-based benefits (including any limitations) would apply to your specific circumstances. You also may wish to contact your home state or other Section 529 plans to learn more about the features, benefits and limitations of that state's Section 529 plans.**

Interests in the Trust have not been registered with the U.S. Securities and Exchange Commission or with any state.

CollegeInvest currently offers three other Section 529 plans, including the Scholars Choice College Savings Program, the CollegeInvest Direct Portfolio College Savings Plan and the CollegeInvest Smart Choice College Savings Plan, and may develop and offer other Section 529 plans in the future. Such other Colorado Section 529 plans are not described in this Plan Disclosure Statement, and (i) offer different plan options with different investment advisors or different benefits from the Plan; (ii) may be marketed differently from the Plan; and (iii) assess different fees, withdrawal penalties and sales commissions, if any, relative to those assessed by the Plan. Offering materials describing such other Colorado Section 529 plans are available from CollegeInvest or the distributors of such plans.

**The Plan is intended to be used only to save for qualified higher education 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. A taxpayer should seek tax advice based on the taxpayer's particular circumstances from an independent, qualified tax advisor.**

Your investment in the Trust will not be insured by the Federal Deposit Insurance Corporation, or any other state or federal governmental agency. Interests in the Trust are not deposits or other obligations of any depository institution. None of the United States, the State of Colorado, CollegeInvest, or any other agency or instrumentality of the federal government or the State of Colorado makes any guarantee of, or has any legal obligation to insure, the ultimate payout of all or any portion of the amount contributed to a Plan account or any interest earnings thereon.

All contributions received by the Trust will be invested by a deposit under a Funding Agreement between the Plan Manager and CollegeInvest, as trustee for the Trust and administrator of the Plan (the "**Funding Agreement**"). The ability of CollegeInvest to repay the amount you contributed and interest earnings on your contribution under the Plan is contingent upon the payment of distributions by the Plan Manager to the Trust under the Funding Agreement. The obligation of the Plan Manager to repay the amounts deposited under the Funding Agreement and pay interest thereon to the Trust as described herein is an unsecured obligation of the Plan Manager. **IN SHORT, YOU COULD LOSE MONEY (INCLUDING THE AMOUNT YOU CONTRIBUTED), OR NOT EARN ANY RETURN ON YOUR CONTRIBUTION, IF THE PLAN MANAGER FAILS FOR ANY REASON TO PAY INTEREST OR REPAY AMOUNTS DEPOSITED UNDER THE FUNDING AGREEMENT.**

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TABLE OF CONTENTS

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	<u>Page</u>
PLAN DISCLOSURE STATEMENT	
Summary of Key Features .....	ii
General Information .....	1
Investment of Plan Assets .....	2
Opening and Maintaining a Plan Account.....	4
Changing Investment Options.....	5
Changing the Account Owner .....	6
Contributions and Balance Limit .....	6
Unit Value.....	7
Beneficiaries.....	7
Changing the Beneficiary of Your Plan Account.....	7
Withdrawals.....	8
Fees and Charges .....	9
Certain Investment Considerations.....	10
Tax Matters .....	12
More about the Plan.....	18
PARTICIPATION AGREEMENT .....	1
General Information .....	1
Definitions .....	1
Contributions to Your Account .....	3
Investment of Account Assets.....	4
Designation of Beneficiary .....	5
Withdrawals.....	5
Account Owner's Representations and Acknowledgements .....	6
Limitation of Liability; Indemnification .....	10
Lawsuits; Disputes .....	10
Miscellaneous Provisions.....	11
COLLEGEINVEST PRIVACY POLICY STATEMENT.....	13

## CollegelInvest Stable Value Plus College Savings Plan

### Summary of Key Features

The summary is intended to provide an overview of the Plan and is subject to the more detailed information contained in this Plan Disclosure Statement. Before investing, you should read carefully and understand the complete information in this Plan Disclosure Statement and Participation Agreement.

<b>Purpose of the CollegelInvest Stable Value Plus College Savings Plan</b>	<p>To help individuals and families save for qualified higher education expenses through a "<b>qualified tuition program</b>" under Section 529 of the Internal Revenue Code of 1986, as amended (the "<b>Code</b>") administered by CollegelInvest, a division of the Colorado Department of Higher Education. Amounts contributed to the Plan will be deposited to a separate account (a "<b>Plan account</b>") that is part of the Trust.</p> <p>See "General Information" on page 1.</p>
<b>State Issuer and Administrator</b>	<p>CollegelInvest, a division of the Colorado Department of Higher Education ("<b>CollegelInvest</b>"), is the State issuer and administrator of the Plan.</p> <p>See "General Information" on page 1.</p>
<b>Plan Manager</b>	<p>The Plan is currently managed by Brighthouse Life Insurance Company (formerly known as MetLife Insurance Company USA), a Delaware corporation (the "<b>Plan Manager</b>"), pursuant to the terms of a service agreement which requires that the Plan assets be invested by the Plan Manager by deposit under a Funding Agreement between the Plan Manager and CollegelInvest (the "<b>Funding Agreement</b>"). The term of the service agreement continues through December 31, 2019, unless terminated earlier by CollegelInvest and, upon such expiration or termination, CollegelInvest may select a new manager for the Plan. CollegelInvest will provide certain administrative and marketing services for the Plan.</p> <p>See "General Information" on page 1 and "Investment of Plan Assets – The Plan Manager" on pages 3-4.</p>
<b>No Third Party Guarantees</b>	<p>The repayment of contributions and payment of interest thereon are obligations only of the Plan Manager and only to the extent provided by the Funding Agreement. Neither the amount contributed to the Trust, nor the interest earned on amounts so contributed, is or at any time will be guaranteed by the State of Colorado, CollegelInvest, any parent, affiliate or subsidiary of the Plan Manager, or any federal or state governmental agency. An investment in the Trust is not a bank deposit or other obligation of any depository institution and is not guaranteed or insured by the Federal Deposit Insurance Company or any depository institution.</p> <p>See "Certain Investment Considerations" on pages 10-12.</p>
<b>Account Ownership</b>	<p>The Plan is open to all United States citizens and resident aliens who have a Social Security number or taxpayer identification number and have a permanent address in the United States that is not a P.O. box. There are no restrictions on the income of a participant in the Plan (the "<b>Account Owner</b>"). An Account Owner can be a minor, but the minor must also be designated as the beneficiary and his or her parent or legal guardian must</p>

	<p>sign the account application. The Account Owner can designate a successor account owner who becomes the owner of the Plan account in the event of an Account Owner's death. If a successor account owner is not designated or is deceased or validly disclaims his or her interest in the Plan account, the beneficiary of the account will become the account owner.</p>
<p><b>Beneficiary</b></p>	<p>The beneficiary of your Plan account may be a United States citizen or resident alien with a Social Security number or taxpayer identification number of any age. The beneficiary does not need to be related to the Account Owner or reside in the United States. You may change a beneficiary or transfer a portion of the Plan account to a different beneficiary without adverse tax consequences, provided the two beneficiaries are members of the same family (as defined on page 6). The beneficiary of a Plan account owned by a minor or funded with Uniform Transfers to Minors Act or Uniform Gift to Minors Act ("<b>UTMA/UGMA</b>") assets cannot be changed. The Account Owner and the beneficiary for a Plan account may be the same. Contributions may be made by anyone, regardless of the relationship to the Account Owner or the beneficiary.</p> <p>See "Changing the Beneficiary of your Plan Account" on pages 7-8.</p>
<p><b>Contributions</b></p>	<ul style="list-style-type: none"> <li>• Contributions may be made by anyone, regardless of the relationship to the Account Owner or beneficiary, but the Account Owner retains ownership and control of all Plan account assets.</li> <li>• Initial Contribution: \$25 minimum.</li> <li>• Additional Contributions: \$25 minimum.</li> <li>• Contributions may be made by automatic deduction from a bank account authorized by you or by check made payable to "<b>Stable Value Plus.</b>"</li> <li>• Contributions can also be made by a rollover or transfer of money from another state's Section 529 plan, from another Section 529 plan administered by CollegenInvest and from another Plan account in the Plan (provided such rollover/transfer occurs within 60 days of withdrawal and subject to certain other limitations imposed by tax law). There are limitations on contributions made to a Plan account with assets from a UTMA/UGMA custodial account.</li> <li>• Contributions by check or via direct deposit or automatic funds transfers will be held and will not be available for withdrawal for ten (10) business days from the deposit date.</li> </ul> <p>See "Contributions and Balance Limit" on pages 6-7.</p>
<p><b>Maximum Balance Limit</b></p>	<p>\$400,000 – Plan accounts that have reached this combined maximum balance permitted across all Colorado Section 529 plans for the same beneficiary may continue to accrue earnings, but additional contributions (including rollover contributions) are prohibited. Once the Plan account balance (in combination with such other Colorado Section 529 accounts) falls below the \$400,000 balance limit, additional contributions can be made.</p> <p>See "Contributions and Balance Limit" on pages 6-7.</p>



<p><b>Investment of Plan Assets</b></p>	<p>Contributions to Plan accounts in the Trust will be invested by deposit under the Funding Agreement. The annual interest rate under the Funding Agreement for any year is determined no later than each December 1 of the prior year for the next following calendar year. The current annual interest rate will be posted at <b>collegeinvest.org</b> or you can call <b>1-800-478-5651</b>. For historical annual return rates, see "Investment Return" on page 2. Withdrawals from Plan accounts in the Trust will be made only if the Plan Manager pays distributions as it has agreed to do under the Funding Agreement. You may change the investment option for your account assets only twice during a calendar year.</p> <p>See "Investment of Plan Assets" on pages 2-4 and "Changing Investment Options" on page 5.</p>
<p><b>Fees and Charges</b></p>	<p>CollegelInvest may charge an administrative fee at an annual rate of up to 0.99% of the average daily net assets in each Plan account. CollegelInvest currently is electing to waive 0.28% of its 0.99% administrative fee. While such waiver continues in effect, CollegelInvest will receive an administrative fee at an annual rate of 0.71% of the average daily net assets in each Plan account. CollegelInvest will periodically re-evaluate such 0.71% administrative fee level, and, at any time, may determine to either lower such fee level or increase it to an amount that is no greater than 0.99%. CollegelInvest will notify Account Owners of any decision to change the 0.71% administrative fee level.</p> <p>The other fees and charges currently imposed in connection with the Plan are described in "Fees and Charges" on pages 9-10.</p>
<p><b>Withdrawals and Transfers to Other Section 529 Plans</b></p>	<ul style="list-style-type: none"> <li>• Withdrawals used to pay for "qualified higher education expenses" ("<b>Qualified Withdrawals</b>") are not taxable income to the Account Owner or beneficiary. CollegelInvest and the Plan Manager will not be monitoring withdrawals from Plan accounts to determine whether or not they are qualified withdrawals.</li> <li>• The earnings portion of withdrawals that are not Qualified Withdrawals ("<b>Nonqualified Withdrawals</b>") generally are subject to federal and state income taxes and may be subject to an additional 10% federal tax.</li> <li>• If a withdrawal is made to pay for "qualified higher education expenses" of a beneficiary and the beneficiary receives a refund of such payment, the amount withdrawn will not be subject to taxation if it is recontributed to a Plan account or to an account under another Section 529 plan, in each case with the same beneficiary, within 60 days of the refund, as described in "Tax Matters – Qualified Withdrawals" on pages 13-14. The account owner is responsible for identifying to the Plan Manager any contribution to a Plan account that qualifies for such treatment and for certifying to the Plan Manager that the conditions for such treatment have been satisfied.</li> <li>• A tax-free rollover to or from an account in another state's Section 529 plan for the same beneficiary may be made if it has been at least 12 months since the most recent rollover for that beneficiary. Rollovers must occur within 60 days of withdrawal. A rollover to another Plan account or to an account in another Colorado Section 529 plan for the same beneficiary is not subject to this 12-month rule, but is subject to the investment change limitation described in "Changing Investment Options" on page 5.</li> </ul>



	<ul style="list-style-type: none"> <li>• A tax-free rollover to a Plan account for a different beneficiary or to an account for a different beneficiary under another Section 529 plan offered by CollegenInvest may be made if the new beneficiary is a member of the family (as defined on page 7) of the current beneficiary. Rollovers must occur within 60 days of withdrawal.</li> <li>• The beneficiary of a Plan account can be changed without taking a withdrawal and without income tax consequences if the new beneficiary is a member of the family of the current beneficiary.</li> <li>• If the Account Owner is a minor or the Plan account was funded with the proceeds from an UTMA/UGMA custodial account, the Plan account cannot be transferred to another Account Owner (other than to another UTMA/UGMA custodian for the benefit of the same beneficiary).</li> <li>• You will not be permitted to transfer amounts from your Plan account directly to a "Colorado Competing Fixed Interest Fund" as defined by the Funding Agreement and as further described herein.</li> </ul> <p>See "Withdrawals" on pages 8-9.</p>
<p><b>Federal Tax Matters</b></p>	<ul style="list-style-type: none"> <li>• Earnings grow free from federal income tax while in a Plan account.</li> <li>• Qualified withdrawals are not taxable income to the Account Owner or beneficiary.</li> <li>• Qualified withdrawals are withdrawals used to pay for "<b>qualified higher education expenses</b>," which include tuition, fees, books, supplies and equipment required for the enrollment or attendance of a student at an "<b>eligible educational institution</b>" plus, subject to certain limitations, room and board (including off-campus housing) expenses for a student attending such an institution on at least a half time basis.</li> <li>• "Qualified higher education expenses" also include 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 such 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. Expenses for computer software designed for sports, games, or hobbies do not qualify as qualified higher education expenses unless the software is predominantly educational in nature.</li> <li>• "<b>Eligible educational institutions</b>" include most community colleges, public and private 4-year colleges, universities, graduate and post-graduate programs, certain proprietary and vocational schools, and certain institutions in foreign countries.</li> <li>• The earnings portion of a Nonqualified Withdrawal generally is includable in the taxable income of the account owner (or possibly the beneficiary, if paid to the beneficiary).</li> <li>• Subject to certain exceptions, the earnings portion of a Nonqualified Withdrawal also will be subject to an additional 10% federal tax.</li> <li>• <b>Contributions to a Plan account are not deductible for federal income tax purposes.</b></li> </ul> <p>See "Tax Matters" on pages 12-18.</p>
<p><b>Colorado Tax Matters</b></p>	<ul style="list-style-type: none"> <li>• For Account Owners and contributors to a Plan account who are Colorado income taxpayers, contributions to a Plan account generally are Colorado state tax deductible to the extent of their Colorado</li> </ul>

	<p>taxable income for the year, subject to recapture for certain Nonqualified Withdrawals or if there is a rollover to a non-Colorado Section 529 plan.</p> <ul style="list-style-type: none"> <li>• Rollovers or transfers from another Section 529 plan do not qualify as contributions for purposes of this deduction.</li> <li>• Qualified withdrawals are not included in Colorado taxable income of the Account Owner or beneficiary.</li> <li>• The earnings portion of any Nonqualified Withdrawal is subject to Colorado income tax.</li> </ul> <p>See "Tax Matters – State of Colorado Income Tax" on page 18.</p>
<p><b>Federal Estate and Gift Tax Matters</b></p>	<ul style="list-style-type: none"> <li>• Contributions to Plan accounts are generally considered completed gifts.</li> <li>• Subject to certain limitations, the value of a Plan account will not be included in the Account Owner's estate if the Account Owner dies while there is still money in his or her Plan account.</li> <li>• If an Account Owner's contributions to a Plan account for a beneficiary in a single year are greater than \$14,000 (\$28,000 per married couple), an Account Owner can elect to treat contributions of up to \$70,000 (\$140,000 per married couple) as having been made ratably over a five-year period for federal gift tax purposes. If the Account Owner dies before the five-year period elapses, a portion of the contributions would be includable in the Account Owner's estate.</li> </ul> <p>See "Tax Matters – Federal Estate and Gift Taxes" on pages 16-17.</p>
<p><b>Risk Factors of the Plan</b></p>	<p>Investing in the Plan involves certain risks, including: (i) the possibility that you may lose money (including the principal you invest) over short or even long periods as a result of the Plan Manager's failure to make payments to the Trust, (ii) the risk of federal or state tax law changes, (iii) the risk of Plan changes including changes in fees, funding agreements, and investment guidelines, and (iv) the risk that contributions to the Plan may adversely affect the eligibility of the beneficiary or the account owner for financial aid or other benefits. There is no guarantee or assurance that you will have sufficient assets in your Plan account to meet your beneficiary's higher education expenses or that your savings goals will be realized.</p> <p>See "Certain Investment Considerations" on pages 10-12.</p>
<p><b>Applications and Account Information</b></p>	<ul style="list-style-type: none"> <li>• Applications may be obtained online at <a href="http://collegeinvest.org">collegeinvest.org</a> or by mail.</li> <li>• Applications may also be made online at <a href="http://collegeinvest.org">collegeinvest.org</a>.</li> <li>• Plan account information may be reviewed online; however, annual statements will be provided to Account Owners only by mail.</li> </ul> <p>See "Opening and Maintaining a Plan Account" on pages 4-5.</p>
<p><b>Contact Information</b></p>	<p>CollegeInvest Stable Value Plus College Savings Plan  1600 Broadway, Suite 2300  Denver, CO 80202  Phone: 1-800-448-2424  <a href="http://collegeinvest.org">collegeinvest.org</a></p>

## COLLEGEINVEST STABLE VALUE PLUS COLLEGE SAVINGS PLAN

### PLAN DISCLOSURE STATEMENT JANUARY 2019

#### General Information

In May 1999, the Colorado General Assembly adopted legislation (the "**Act**"), authorizing the establishment of a college savings program. The State of Colorado has established a college savings program that is designed to be a "qualified tuition program" under Section 529 of the Internal Revenue Code of 1986, as amended (the "**Code**"). CollegenInvest, a division of the Colorado Department of Higher Education (the "**Department**"), is the issuer and administrator of various plans including, since 2003, the CollegenInvest Stable Value Plus College Savings Plan (the "**Plan**") as part of that college savings program. It is possible that federal and state laws may change in a manner that will adversely affect the Plan as described in this Plan Disclosure Statement, and that such adverse effects may be retroactive. CollegenInvest also may amend the Plan at any time if CollegenInvest determines that such an amendment is necessary to maintain qualification under Code Section 529. CollegenInvest may establish such administrative rules as it determines are necessary or desirable to ensure or promote the Plan's compliance with Code Section 529, other laws, rules and regulations, the purpose of the Plan and the orderly operation and administration of the Plan. Some administrative rules may not be described in this Plan Disclosure Statement.

The Plan provides an opportunity for Plan participants (referred to herein as "**Account Owners**") to invest on a tax-favored basis toward the "qualified higher education expenses" of a designated beneficiary (the "**beneficiary**") associated with attending an Eligible Educational Institution. As used in this Plan Disclosure Statement, "**Eligible Educational Institutions**" refer to schools eligible to participate in certain Department of Education student aid programs under the Higher Education Act (as in effect on August 5, 1997). They include most community colleges, public and private four-year colleges, universities, graduate and post-graduate programs, and certain proprietary and vocational schools. "**Qualified higher education expenses**" include (i) tuition, fees, books, supplies, and equipment required for the enrollment or attendance of a beneficiary at an Eligible Educational Institution, plus, subject to certain limitations, room and board (including off-campus housing) expenses for a beneficiary attending such an institution on at least a half time basis, and (ii) 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 such 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. Expenses for computer software designed for sports, games, or hobbies do not qualify as qualified higher education expenses unless the software is predominantly educational in nature. To get the full benefits from the Plan, the beneficiary does not have to attend an Eligible Educational Institution located in Colorado.

Amounts contributed to the Plan will be used to purchase units in a separate account (a "**Plan account**") that is part of the Trust. Assets of the Trust are held "in trust" for the exclusive benefit of Account Owners and beneficiaries in the Plan. There is a combined account balance limit for the Plan and all other Colorado Section 529 plans for a particular beneficiary of \$400,000, as further described herein. MetLife Insurance Company of Connecticut has been selected by CollegenInvest as the Plan Manager and is required to invest Trust assets (which represent funds contributed to Plan accounts together with earnings thereon) by deposit under the Funding Agreement as directed by CollegenInvest. The Plan has been designed by CollegenInvest to provide a return of the principal contributed and a minimum rate of interest with the potential for additional interest. CollegenInvest will provide services for the Plan including establishing your Plan account; accepting and processing contributions to and withdrawals from your Plan account; marketing the Plan; and providing certain recordkeeping services with respect to the Plan (the "**CollegenInvest Services**"). **CollegenInvest is solely responsible for the performance of the CollegenInvest Services and in no event shall the Plan Manager have any liability with respect to the performance or nonperformance of any such CollegenInvest Services.**

Applicable tax rules are complex, certain of the rules are uncertain, and their application to any particular person may vary according to facts and circumstances applicable to that person. **You should consult a qualified tax advisor regarding the application of the law to your circumstances.**

### **Investment of Plan Assets**

The Funding Agreement - Overview. Contributions to the Trust are currently being invested by deposit under the Funding Agreement. Deposits made under the Funding Agreement become commingled with the general account of the Plan Manager. The Plan Manager is obligated to repay the amounts deposited under the Funding Agreement and an investment return based on an interest rate as described below. Distributions will be made to CollegenInvest at any time to cover requests by Account Owners for Qualified or Nonqualified Withdrawals or transfers to any other Section 529 plan except another plan offered or administered by CollegenInvest or any other agency or instrumentality of the State of Colorado which offers, in the opinion of the Plan Manager, an interest return for education savings similar to the Plan (a "**Colorado Competing Fixed Interest Fund**").

The general account of the Plan Manager supports its obligations under the Funding Agreement. No substitution, collateralization or other safeguards relating to the credit of the Plan Manager will be provided under the Funding Agreement, even in the event of a downgrade of the financial strength credit ratings of the Plan Manager or any other indication that the ability of the Plan Manager to pay the amounts guaranteed under the Funding Agreement may have been impaired.

If the Funding Agreement is discontinued, CollegenInvest is required to direct the investment of Trust assets to alternate investments as permitted by the Funding Agreement and the CollegenInvest Investment Policy Statement for the Plan. See "Discontinuance of the Funding Agreement" and "Alternate Investments" below. The Plan Manager may assign the Funding Agreement without the consent of CollegenInvest but only to an entity with the financial strength credit ratings as provided in the Funding Agreement either at the time of assignment or on the effective date of the Funding Agreement. See "The Plan Manager" below.

Investment Return. No later than December 1 of each year, the Plan Manager will calculate and notify CollegenInvest of the annual interest rate which will be in effect under the Funding Agreement during the following calendar year. The Plan Manager has agreed that the minimum annual interest rate calculated each year under the Funding Agreement will not be less than the greater of (i) the Colorado minimum nonforfeiture interest rate for individual deferred annuities, or (ii) 2.00%. Under Colorado statute, the minimum nonforfeiture interest rate for individual deferred annuities is the lesser of 3.00% per annum or, if specified in the contract that the interest rate will reset at least once in a 15 month period, the five-year constant maturity treasury rate reported by the federal reserve as of a specified date or averages over a period reduced by 125 basis points, but in no event less than 1.00%. The actual investment return on your Plan account will be the annual interest rate under the Funding Agreement reduced by an administrative fee deducted from your Plan account by CollegenInvest. **The minimum investment return currently under the Plan until any notice of change is given by CollegenInvest will be 1.29%, which is the current minimum annual interest rate of 2.00% under the Funding Agreement less the CollegenInvest administrative fee currently in effect of 0.71%.**

The following chart shows the actual investment return to the Account Owner in the respective calendar years.

Calendar Year	2015	2016	2017	2018	2019	2020 & beyond
Actual Investment Return	3.09% <sup>(1)</sup>	2.54% <sup>(1)</sup>	2.59% <sup>(1)</sup>	2.29% <sup>(1)</sup>	2.49% <sup>(2)</sup>	<sup>(3)</sup>

(1) Reflects a CollegenInvest administrative fee of .71% in effect for such calendar years.

(2) Assumes that the CollegenInvest administrative fee of .71% remains in effect for calendar year 2019.

(3) Future annual interest rates will be posted at [collegeinvest.org](http://collegeinvest.org) or call **1-800-448-2424**. There is no assurance that the annual rate calculated for any calendar year will be at any level above the minimum annual interest rate described above. There is also no assurance whether or at what level CollegenInvest will continue to waive any portion of its administrative fee in the future.

Discontinuance of the Funding Agreement. CollegenInvest may elect to discontinue the Funding Agreement at any time, including upon a default by or the insolvency of the Plan Manager. In addition, CollegenInvest is required to discontinue the Funding Agreement in the event that the financial strength credit ratings of the Plan Manager shall be lowered to ratings of less than the lowest "A" category of at least two nationally recognized rating agencies. The Plan Manager has the right to discontinue the Funding Agreement only under limited circumstances, including a default by CollegenInvest or material changes to the Plan. In the event that the Funding Agreement is discontinued by CollegenInvest for a default by or the insolvency of the Plan Manager (but not based solely on a ratings downgrade), all amounts under the Funding Agreement will be immediately payable by the Plan Manager. In the case of discontinuance for any other reason, the Plan Manager may choose to pay out all amounts held under the Funding Agreement to CollegenInvest in a lump sum payment or in annual installments (up to four) over a period not to exceed three years and 60 days. CollegenInvest may only reinvest amounts as paid out; all other amounts will remain invested under the Funding Agreement. After a discontinuance, the Plan Manager will continue to be obligated to distribute amounts which remain invested in the Funding Agreement to cover withdrawals or transfers requested by Account Owners.

The Plan Manager. You will receive withdrawals from your Plan account in the Trust in the amount you contributed and earnings thereon only if the Plan Manager pays distributions as it has agreed to do under the Funding Agreement. See "Certain Investment Considerations – Risks of Default by the Plan Manager." The obligation to make distributions under the Funding Agreement to the Trust is an unsecured obligation of the Plan Manager and is not an obligation of nor is it guaranteed by any of its parent company, subsidiaries or affiliates. **Before making contributions to your Plan account and while amounts contributed to your Plan account remain invested under the Funding Agreement, you should carefully evaluate the ability of the Plan Manager to make distributions when requested under the Funding Agreement.**

Financial information as to the Plan Manager is included in this Plan Disclosure Statement only by reference to filings made by the Plan Manager with the U.S. Securities and Exchange Commission (the "**SEC**"), as required by law. You may read and copy this information at the Public Reference Room of the SEC at its Headquarters Office, 100 F Street, N.E., Washington D.C. 20549 or by calling the SEC at 1-202-551-8090 or 1-800-SEC-0330 (Office of Investor Education and Advocacy). In addition, the SEC maintains an internet website ([www.sec.gov](http://www.sec.gov)) that contains reports, proxy statements, and other information regarding issuers that file electronically with the SEC, including the Plan Manager.

In January 2016 MetLife, Inc. ("**MetLife**") announced its plan to pursue the separation of a substantial portion of its U.S. Retail business, which has been rebranded as Brighthouse Financial. As a result of the announcement of this separation from MetLife, which was completed in August 2017, the Plan Manager, which will be Brighthouse Financial's largest operating subsidiary, was rated as part of Brighthouse Financial as a standalone entity and its financial strength ratings were downgraded by three of the four rating agencies now rating the Plan Manager – A.M. Best Company, Fitch Ratings, Inc. and Moody's Investors Service. The Plan Manager now holds financial strength ratings of: A.M. Best Company ("A"), Fitch Ratings, Inc. ("A"), Moody's Investors Service ("A3") and Standard & Poor's ("A+" with negative outlook). According to A.M. Best Company publications, the "A" rating is the third highest rating on a scale with 16 rating categories, and is assigned to companies that have an excellent ability to meet their

ongoing insurance obligations. Fitch Ratings, Inc. publications report that insurance companies rated "A" are viewed as possessing strong capacity to meet policyholder and contract obligations; this rating is the sixth highest on a scale of 19 ratings. According to Moody's Investors Services publications, "A3" is the seventh highest rating on a scale of 21 ratings and is assigned to insurance companies that offer upper-medium grade financial security. Standard & Poor's publications report that the "A+" (with negative outlook) rating, the fifth highest on a scale with 22 ratings, is assigned to insurance companies that have strong financial security. A.M. Best, Fitch, Moody's and Standard & Poor's make no representation regarding an investment in the Plan.

The Plan Manager has agreed to provide written notice to CollegenInvest of any change in a rating. CollegenInvest is required to notify all Account Owners of any rating downgrades about which CollegenInvest is notified by the Plan Manager, and to discontinue the Funding Agreement in the event of certain rating downgrades as discussed under "Discontinuance of the Funding Agreement." Such notification to Account Owners may be made pursuant to an updated Plan Disclosure Statement or by a posting on the CollegenInvest website at [collegeninvest.org](http://collegeninvest.org).

According to the Plan Manager, as a Delaware insurance company, it will be subject to the insurance laws of the State of Delaware in the event of its liquidation, rehabilitation or other delinquency proceeding. In the event of an insolvency of the Plan Manager, a claim by CollegenInvest as holder of the Funding Agreement would have a priority over the claims of general creditors of the Plan Manager under the insurance laws of the State of Delaware.

The Plan Manager currently manages the Plan pursuant to the terms of a service agreement with CollegenInvest which expires on December 31, 2019, unless terminated earlier by CollegenInvest. Upon such expiration or termination, CollegenInvest may select a new manager for the Plan.

Alternate Investments. In the event that the Funding Agreement is discontinued for reasons other than the default by or insolvency of the Plan Manager or in the case of certain assignments, CollegenInvest will receive a transfer of amounts invested thereunder from the Plan Manager, either in a lump sum payment or in annual installments at the option of the Plan Manager. CollegenInvest will seek to invest amounts as received upon discontinuance in an alternative funding agreement or other investments intended to meet the investment objectives of the Plan – that is, to provide a return of principal contributed and a minimum rate of interest with the potential for additional interest. There is no assurance, however, that CollegenInvest would be able to obtain such an alternate investment, what the minimum investment return would be for any such alternate investment and who would be the provider of such an alternate investment. **This Plan Disclosure Statement does not contain a detailed description of any such alternate investment(s), and it is anticipated that any such information would be provided by a supplement to this Plan Disclosure Statement.** See "Changing Investment Options."

### **Opening and Maintaining a Plan Account**

To be an Account Owner, you must be a United States citizen or resident alien and must have a Social Security number or taxpayer identification number. Account Owners must provide a permanent address in the United States that is not a post office box. The Plan is open to both residents and non-residents of the State of Colorado. **The Colorado income tax deduction for contributions to the Plan, as described in this Plan Disclosure Statement, is available only to Colorado taxpayers investing in Colorado plans under current law, which may be changed through future legislative or judicial action. If you are not a Colorado taxpayer, depending upon the laws of your home state or the home state of your beneficiary, favorable state tax treatment or other benefits offered by such home state for investing in Section 529 plans may be available only if you invest in the home state's Section 529 plan. Any state-based benefit offered with respect to a particular Section 529 plan should be one of many appropriately weighted factors considered in making an investment decision. You should consult with your financial, tax or other advisor to learn more about how state-based benefits (including any limitations) would apply to your specific circumstances. You also may wish to contact your home state or other Section 529 plans to learn more about the features, benefits and limitations of that state's Section 529 plans.**

To open a Plan account, you must complete, sign and submit to CollegenInvest an application which incorporates by reference the Participation Agreement. CollegenInvest may verify the identity of each person who opens a Plan account and, if you do not provide this information, CollegenInvest may not be able to open your Plan account. You may choose to authorize contributions by automatic deduction from a bank account when you open your Plan account or make your initial contribution by check made payable to "**Stable Value Plus.**" Each Plan account will be established as a separate account under the Plan for a single beneficiary. The Account Owner and the beneficiary for a Plan account may be the same. An Account Owner can be a minor, but the minor must also be designated as the beneficiary and his or her parent or legal guardian must sign the account application. Each Account Owner will receive an annual statement detailing contributions, withdrawals, interest earnings and year-end account value under the Plan.

Each state has unclaimed property laws which may require a Plan account to be turned over to the applicable state in the event that there is no activity in such Plan account over a designated period and/or Plan mailings are returned to the Plan Manager. The applicable state for this purpose is usually determined by the most recent address on file of the Account Owner.

In addition to rights expressly stated elsewhere in this Plan Disclosure Statement, CollegenInvest reserves the right to (1) freeze a Plan account and/or suspend Plan account services when CollegenInvest has received reasonable notice of a dispute regarding the assets in the Plan account, including notice of a dispute in Plan account ownership or when CollegenInvest reasonably believes a fraudulent transaction may occur or has occurred; (2) freeze a Plan account and/or suspend Plan account services upon the notification to CollegenInvest of the death of the Account Owner until CollegenInvest receives required documentation in good order and reasonably believes that it is lawful to transfer Plan account ownership to the successor Account Owners; (3) redeem a Plan account, without the Account Owner's permission, in cases of threatening conduct or suspicious, fraudulent or illegal activity; and (4) reject a contribution for any reason, including contributions that CollegenInvest believes are not in the best interests of the Plan or the Account Owners. The risk of market loss, tax implications, penalties and any other expenses as a result of such a Plan account freeze or redemption will be solely the Account Owner's responsibility.

### **Changing Investment Options**

Under a federal law known as the ABLE Act of 2014 (the "**ABLE Act**"), pending the issuance of final regulations, you may change the investment option for all or a portion of the assets in your Plan account for any reason two times during any calendar year. The details of how the IRS will implement the changes resulting from the ABLE Act are not entirely clear and may impact the rules applicable to changes in investment options.

Under guidance from the IRS, pending the issuance of final regulations, you may also change the investment option of the assets in your Plan account upon any permissible change in the person designated as beneficiary of your Plan account. Consequently, while you may not choose the particular underlying investments in which a Section 529 plan invests, you may select among the available investment options and, under the circumstances described above, subsequently change from one investment option to another. The limitation on changing investment options twice during a calendar year applies on an aggregate basis to all Plan accounts and all accounts under other Colorado Section 529 plans, including the CollegenInvest Direct Portfolio College Savings Plan, the Scholars Choice College Savings Program and the Smart Choice College Savings Plan, having the same Account Owner and the same beneficiary. Thus, you will not be permitted to change the investment option for your Plan account (assuming you do not change the beneficiary on the Plan account) if, within the same calendar year, you have already made two investment option changes in the aggregate in Plan accounts you maintain under the Plan or in accounts you maintain under another Colorado Section 529 plan for the same beneficiary. In addition, any transfer between a Plan account and an account you maintain for the same beneficiary under another Colorado Section 529 plan is considered a change of investment option for purposes of the investment change limitation. You may, however, change the investment option on more than one Plan account (and/or accounts under other Colorado Section 529 plans) for the same beneficiary without violating the investment change limitation if all such changes are made at the same time. All such



simultaneous changes are treated as a single change of investment option for purposes of the limitation. To change the investment option for your Plan account, you must complete the appropriate form and submit it to CollegenInvest.

### **Changing the Account Owner**

You may transfer your Plan account to another Account Owner without changing the beneficiary of your Plan account. If the Account Owner is a minor or the Plan account was funded with the proceeds from an UTMA/UGMA custodial account, the Plan account cannot be transferred to another Account Owner (other than to another UTMA/UGMA custodian for the benefit of the same beneficiary). Such a transfer will be effective only if it is irrevocable and transfers all rights, title, interest and power over the Plan account to the new Account Owner. The tax consequences associated with a transfer of ownership are uncertain. You may wish to consult with a qualified tax advisor concerning the potential income, gift and estate tax consequences of a transfer of ownership before effecting such a transfer. To effect a transfer of ownership, you must contact CollegenInvest by calling **1-800-478-5651**. **In the case of an UTMA/UGMA custodial account, neither CollegenInvest nor the Plan Manager will be liable for any consequences related to a custodian's improper use, transfer or characterization of custodial funds.**

If, on the death of the Account Owner, the Account Owner has not designated a successor account owner on the account application, the beneficiary designated for the Plan account will automatically become the Account Owner. The beneficiary of the Plan account also will become the Account Owner if a designated successor account owner is deceased at the time of the Account Owner's death or validly disclaims his/her interest in the Plan account. If the beneficiary becomes the Account Owner and is a minor, his or her parent or legal guardian will need to consent to the minor's participation in the Plan as an Account Owner.

### **Contributions and Balance Limit**

Minimum Contributions. The minimum contribution at any time to an Account is \$25.

Contributing Via Rollovers and Transfers; Other Contributions. Contributions may be made to your Plan account through a rollover or transfer of money from another state's Section 529 plan, from another Section 529 plan administered by CollegenInvest, or from another Plan account in the Plan. Rollovers do not qualify as a contribution for purposes of the Colorado state tax deduction. You may contribute to the Plan with assets from an UTMA/UGMA custodial account, an education savings account, or certain U.S. savings bonds issued January 1990 and later ("**Qualified U.S. Savings Bonds**"). There are limitations on, and there may be other tax consequences of, such rollovers, transfers or other contributions. **In the case of an UTMA/UGMA custodial account, neither CollegenInvest nor the Plan Manager will be liable for any consequences related to a custodian's improper use, transfer or characterization of custodial funds.** You should consult a qualified tax advisor regarding your particular circumstances. Please see "Tax Matters – Transfers between Plan Accounts of Different Designated Beneficiaries or Different Section 529 Plans."

Maximum Balance Limit. The combined maximum balance permitted (the "**Balance Limit**") of all Plan accounts in the Plan and all accounts in other Colorado Section 529 plans (including the CollegenInvest Direct Portfolio College Savings Plan, the Scholars Choice College Savings Program and the CollegenInvest Smart Choice College Savings Plan, which are also administered by CollegenInvest) for a particular beneficiary from all Account Owners is \$400,000. In other words, you will be unable to make additional contributions to a Plan account (including rollover contributions) if the Balance Limit has been reached. If CollegenInvest determines that a contribution (including rollover contributions) you wish to make would result in the Plan account balances for all Plan accounts and all accounts in all other Colorado Section 529 plans for a particular beneficiary exceeding the Balance Limit ("**excess contribution**"), the excess contribution either will not be accepted or will be returned to you and may be considered a Nonqualified Withdrawal. However, if the aggregate balance in the Plan accounts and all accounts in all other Colorado Section 529 plans for the benefit of the beneficiary later falls below \$400,000, you may resume making contributions. The Balance Limit is inclusive of contributions from all

sources – so, for example, a married couple may not contribute double the usual amount. It is possible that CollegenInvest will periodically increase the Balance Limit to reflect future increases in higher education costs, and you will be notified of any changes in the Balance Limit. Such notification may be made pursuant to an updated Plan Disclosure Statement or at [collegeinvest.org](http://collegeinvest.org).

How to Contribute. All contributions to Plan accounts must be in cash. For these purposes, checks drawn on a U.S. bank and bank transfers are considered cash. Contributions may be made in person to CollegenInvest, by mail, or by wire transfer. Checks should be made payable to "**Stable Value Plus.**" Third party checks will only be accepted at CollegenInvest's discretion. *Contributions by check or via direct deposit or automatic funds transfer will be held and will not be available for withdrawal for ten (10) business days from the deposit date.*

### **Unit Value**

Amounts contributed to your Plan account will purchase units in the Trust (a "**unit**") at the applicable unit value described below. Contributions will be invested in the Trust within 30 days of receipt by CollegenInvest. The net asset value (the "**NAV**") used to determine the number of units purchased will be the NAV calculated on the business day immediately preceding the date the contributions are invested in the Trust. Any interest earned on contributions prior to investment in the Trust will accrue to CollegenInvest and will be used to defray administrative expenses.

The NAV of the Trust per unit is calculated by dividing the value of the Trust's net assets by the total number of units then outstanding. So long as contributions to the Trust are invested under the Funding Agreement, the Trust's net assets will be equal to the amount reported by the Plan Manager as remaining invested (including accrued interest) under the Funding Agreement less applicable CollegenInvest administrative fees.

The value of your Plan account will increase each day based on the annual interest rate established for the related calendar year less the CollegenInvest administrative fee.

### **Beneficiaries**

When establishing a Plan account, the Account Owner with limited exception must select a designated beneficiary. Plan accounts established by governmental entities and not-for-profit organizations to fund scholarship programs need not have a designated beneficiary at the time of the Plan account opening. Only one person may be designated as the beneficiary of each Plan account, and joint beneficiaries on a single Plan account are not permitted. There is no limit on the age of the beneficiary to participate in, or benefit from, the Plan. Only the Account Owner may change the person designated as the beneficiary of a Plan account.

### **Changing the Beneficiary of Your Plan Account**

With the exception of Plan accounts owned by minor Account Owners and Plan accounts funded by proceeds from an UTMA/UGMA account, Account Owners may change the beneficiary of a Plan account. If the new beneficiary is a "member of the family" (as defined below) of the current beneficiary, there is no penalty or adverse federal income tax consequences resulting from such change. A "**member of the family**" under the Code would be a person with one of the following relationships to the current beneficiary: (i) child or a descendant of a child; (ii) brother or sister; (iii) stepbrother or stepsister; (iv) father or mother, or an ancestor of either; (v) stepfather or stepmother; (vi) son or daughter of a brother or sister; (vii) brother or sister of the father or mother; (viii) son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law; or (ix) first cousin. A spouse of a family member described in (i) through (ix) above or the spouse of the beneficiary also is considered a family member. For purposes of these rules, a child includes a son, daughter, stepson, stepdaughter and eligible foster child and a legally adopted child is treated as a child by blood and the terms brother and sister include a brother or sister by half-blood. If you wish to change the beneficiary to someone who is not a member of

the current beneficiary's family, you must make a Nonqualified Withdrawal, which will be subject to federal and state income taxation (including possible recapture of state deductions) on the investment earnings withdrawn and may be subject to an additional federal tax of 10% of such earnings, as described in "Tax Matters."

If there are other accounts opened for the benefit of the new beneficiary, there may be limitations on how much of the Plan account can be used for the new beneficiary under the Balance Limit, as described under "Maximum Balance Limit."

If an Account Owner is a minor or an investment in a Plan account consists of the proceeds from an UTMA/UGMA account, the beneficiary designated on the Plan account cannot be changed, the Plan account cannot be transferred to another Account Owner (other than to another legal guardian or UTMA/UGMA custodian for the benefit of the same beneficiary) and there can be no Nonqualified Withdrawals other than for the benefit of the beneficiary.

You may request a change of beneficiary only by completing and submitting a Beneficiary Change Form to CollegenInvest. You will be asked to certify the relationship between the new beneficiary and the current beneficiary. (Note that under certain circumstances you may also transfer Plan account assets to another Plan account for a new beneficiary or to another Section 529 Plan for a new beneficiary or the same beneficiary, as described under "Tax Matters – Transfers between Plan Accounts of Different Designated Beneficiaries or Different Section 529 Plans.")

## **Withdrawals**

Withdrawal Procedures. To make a withdrawal from a Plan account, you must submit a Withdrawal Request Form to CollegenInvest and provide such other information as the Plan may require. Contact CollegenInvest to obtain the form and/or for more information when you are ready to request a withdrawal. We will promptly process directions for withdrawals and will generally direct payment of withdrawals within fifteen (15) days after receiving a properly completed Withdrawal Request Form or on such later date as you may specify in the Withdrawal Request Form. **However, CollegenInvest reserves the right to delay remittance of amounts contributed by check or via direct deposit or automatic funds transfers for up to ten (10) business days from the deposit date.** The amounts withdrawn may be (i) sent directly to the Eligible Educational Institution, or (ii) sent to the Account Owner or the beneficiary.

The Plan uses reasonable procedures to confirm that a withdrawal request is genuine. However, you may be responsible for losses resulting from fraudulent or unauthorized instructions received by the Plan, provided the Plan reasonably believed the instructions were genuine. To safeguard your Plan account, please keep your information confidential. Contact CollegenInvest if you believe someone has obtained unauthorized access to your Plan account.

Pricing of Withdrawal Requests. Withdrawals result in the redemption of units of the Trust. The number of units to be redeemed by CollegenInvest will be based on the NAV determined on the date immediately preceding the date that a payment is made by CollegenInvest in satisfaction of a withdrawal request. See "Unit Value."

Nonqualified Withdrawals. All withdrawals other than withdrawals used to pay for "qualified higher education expenses" are considered Nonqualified Withdrawals. Federal and state income taxes (including possible recapture of state deductions) plus an additional 10% federal tax payable by you to the Internal Revenue Service (the "IRS") will be imposed on investment earnings withdrawn as a Nonqualified Withdrawal unless the withdrawal qualifies for an exception to the additional 10% federal tax, as discussed under "Tax Matters – Nonqualified Withdrawals." For this purpose, each withdrawal is treated as including a ratable share of investment earnings on all Plan accounts for the beneficiary having the same Account Owner.

No Transfer To Colorado Competing Fixed Interest Fund. In accordance with terms of the Funding Agreement, you will not be permitted to transfer amounts from your Plan account in the Trust directly to a Colorado Competing Fixed Interest Fund even if you are not satisfied with the investment in the Trust for a particular calendar year or if the Funding Agreement is discontinued. In the CollegenInvest Direct Portfolio College Savings Plan, the Money Market Portfolio has been determined by the Plan Manager to be a Colorado Competing Fixed Interest Fund. In the Scholars Choice College Savings Program, the Cash Reserve Option has been determined by the Plan Manager to be a Colorado Competing Fixed Interest Fund. In the CollegenInvest Smart Choice College Savings Plan, the Money Market Account and the Time Savings Account have each been determined by the Plan Manager to be a Colorado Competing Fixed Interest Fund. None of the other investment options currently available under the other Section 529 plans in the Program have been determined to be a Colorado Competing Fixed Interest Fund. However, CollegenInvest may in the future establish other Colorado Competing Fixed Interest Funds which might offer a rate of return or other terms more favorable than the Plan.

Other Matters Relating to Withdrawals. CollegenInvest reserves the right to delay remittance of redemption proceeds for units purchased by check or via direct deposit or automatic funds transfers for up to 10 business days from the deposit date. CollegenInvest also reserves the right to require that an Account Owner's withdrawal request be signature guaranteed by an eligible guarantor institution such as a domestic bank, savings and loan institution, domestic credit union, member bank of the Federal Reserve System or member firm of a national securities exchange if the Account Owner has effected a change of address or has received the contribution to the Plan account from another person within 30 days of such withdrawal request. If your withdrawal is processed through wire transfer, CollegenInvest will charge a fee for this service. Your financial institution may also charge you a fee for such a wire transfer.

## **Fees and Charges**

Plan Manager's Fees and Charges. The annual interest rate calculated each year under the Funding Agreement is net of all administrative and other charges of the Plan Manager.

CollegenInvest Administrative Fee. CollegenInvest will receive an annual administrative fee as administrator of the Plan. CollegenInvest may charge an administrative fee at an annual rate of up to 0.99% of the average daily net assets in each Plan account. CollegenInvest currently is electing to waive 0.28% of its 0.99% administrative fee. While such waiver continues in effect, CollegenInvest will receive an administrative fee at an annual rate of 0.71% of the average daily net assets in each Plan account. CollegenInvest will periodically re-evaluate such 0.71% administrative fee level, and, at any time, may determine to either lower such fee level or increase it to an amount that is no greater than 0.99%. CollegenInvest will notify Account Owners of any decision to change the 0.71% administrative fee level.

This fee will be deducted monthly from each Plan account and will be used by CollegenInvest for the payment of expenses incurred in connection with the operations of the Program, including the funding of scholarships and grants, which may or may not relate to the Plan. Other Section 529 plans in the Program include the CollegenInvest Direct Portfolio College Savings Plan, the Scholars Choice College Savings Program and the CollegenInvest Smart Choice College Savings Plan. CollegenInvest will not earn a profit from the Program. **This CollegenInvest administrative fee will reduce the annual interest rate provided under the Funding Agreement. For example, the minimum investment return currently under the Plan would be 1.29%, which is the minimum annual rate under the Funding Agreement of 2.00% less the CollegenInvest administrative fee currently in effect of 0.71%.**

Plan Account Fees and Charges. Returned checks or rejected automated fund transfers will incur charges of \$4.25 and \$5.00, respectively, which will be deducted from your Plan account. A fee will also be charged for amounts transferred or withdrawals processed through a wire transfer. CollegenInvest may also impose other fees and penalties in connection with certain other Plan account activities, including a cancellation fee. CollegenInvest may redeem units in a Plan account to satisfy these Plan account fees.

Fees and Charges May Change. Note that the fees and charges under the Plan are subject to change, and new fees and charges may be imposed in the future. You will be notified from time to time of all new or amended fees and charges.

Investment Cost Example. The following example is intended to help demonstrate the cost of investing in the Plan over different periods of time. It illustrates the hypothetical expenses that you would incur over various periods if you invest \$10,000 in a Plan account. This example assumes that the Plan provides a return of 3.00% per year (the current Plan interest rate for 2018) and that CollegenInvest's administrative fee remains at the 0.71% level (notwithstanding the right of CollegenInvest to lower such fee level or increase it to an amount not greater than 0.99%). The results do not take into account any redemptions that are Nonqualified Withdrawals or otherwise subject to state or federal income taxes, or any penalties.

#### **Hypothetical Cumulative Investment Costs**

	1 year	3 years	5 years	10 years
Stable Value College Savings Plan	\$72.90	\$230.58	\$405.18	\$925.09

This example does not represent actual fees and charges or performance from the past or for the future. Actual future fees and charges may be higher or lower than those shown based upon the actual amount invested, and actual returns over time.

#### **Certain Investment Considerations**

No Third-Party Guarantees. The repayment of contributions and payment of interest thereon are obligations only of the Plan Manager and only to the extent provided by the Funding Agreement. Neither the amount contributed to the Trust, nor the interest earned on amounts so contributed, is or at any time will be guaranteed by the State of Colorado, CollegenInvest, any parent, affiliate or subsidiary of the Plan Manager, or any federal or state governmental agency. An investment in the Trust is not a deposit or other obligation of any depository institution and is not guaranteed or insured by the FDIC or any depository institution.

Risks of Default by the Plan Manager. Your contributions will be invested under the Funding Agreement. Any withdrawal of your contributions and/or earnings thereon from your Plan account will be payable only from amounts distributed by the Plan Manager under the Funding Agreement to the Trust. There is a risk that the Plan Manager could fail to perform its obligations under the Funding Agreement for financial or other reasons. Such a failure could result in a loss by affected Account Owners of all or part of their Plan account balance. **Before making contributions to the Plan and while your contributions remain invested under the Funding Agreement, you should carefully evaluate the ability of the Plan Manager to make distributions when requested under the Funding Agreement.** See "Investment of Plan Assets – The Plan Manager."

Changes to Colorado Minimum Nonforfeiture Rate. The Plan Manager has agreed to pay an annual interest rate on contributions to the Plan deposited under the Funding Agreement at a rate equal to or greater than a minimum annual interest rate which is the greater of (i) the minimum nonforfeiture interest rate for individual deferred annuities established by Colorado law, or (ii) 2.00%. See "Investment of Plan Assets – The Funding Agreement – Investment Return." The Colorado General Assembly is the governing body that determines the Colorado nonforfeiture interest rates, and there is no assurance that a proposal to lower this statutory rate even further will not be considered and adopted. Regardless of the statutory nonforfeiture rate, however, at no point will the annual interest rate be less than 2%. It is also important to understand that the minimum investment return on Plan accounts in the Trust will be the minimum annual interest rate under the Funding Agreement less the CollegenInvest administrative fee (which would currently be 1.29%, or the current minimum annual interest rate of 2.00% less the CollegenInvest administrative fee currently in effect of 0.71%).

Effects of Funding Agreement Discontinuance. In the event that the Funding Agreement is discontinued by CollegenInvest, even due to concerns about the creditworthiness or as a result of a rating downgrade of the Plan Manager, a portion of your Plan account balance may be required to remain invested with the Plan Manager for up to three years and 60 days under the terms of the Funding Agreement.

Implications for Withdrawals; Limitations on Transfer. An Account Owner may not be satisfied with the annual interest rate established in a particular year, or an Account Owner may have concerns about the financial viability of the Plan Manager, or there may be other reasons why an Account Owner may wish to withdraw or transfer amounts in a Plan account from the Plan. You should carefully consider the tax implications of a Nonqualified Withdrawal (which may be made at any time) and the limitations on transfers from the Plan to another Section 529 plan, including a Colorado Competing Fixed Interest Fund, when considering the risks described in this Plan Disclosure Statement and the options for an Account Owner in responding to future Plan variables. See "Withdrawals" and "Tax Matters."

Impact of Inflation on Qualified Higher Education Expenses. Because investment returns under the Plan may be lower than other investment options, Account Owners relying primarily on this investment option are more likely to need to supplement their savings as it is unlikely that their Plan account's earnings will keep pace with the rate of increase in the cost of higher education. Even if your Plan account balance (including contributions and earnings) reaches the Balance Limit – currently a combined \$400,000 for all Colorado Section 529 plans for a particular beneficiary from all sources – the balance in your Plan account may be insufficient to meet all of the beneficiary's qualified higher education expenses. The impact of inflation on qualified higher education expenses is uncertain and the rate of inflation could exceed the rate of return on your investment in a Plan account.

Changing Legal Regulations. It is possible that Congress, the Treasury Department, the IRS, the State of Colorado or other taxing authorities or the courts may take actions that will adversely affect the Plan as described in this Plan Disclosure Statement and that such adverse effects may be retroactive. In addition, the IRS has proposed regulations under Section 529 of the Code (the "**Proposed Regulations**") and has issued a notice describing additional proposed regulations expected to be issued under Section 529 of the Code. See "Tax Matters – Changing Tax Laws and Regulations." The IRS has not issued final tax regulations concerning qualified tuition programs. When issued, such regulations may alter the tax consequences summarized in this Plan Disclosure Statement, necessitate changes in the Plan to achieve the tax benefits described or have a significant impact on the Plan and your investment in your Plan account. CollegenInvest is not under any obligation to continue the Plan in the event that the tax or other federal or state law makes continued operation not in the best interests of Account Owners or beneficiaries. There can be no assurance that a change will not adversely affect the Plan or the value, either to you or to the beneficiary, of your investment in a Plan account.

Financial Aid Eligibility. The beneficiary may wish to participate in federal, state or institutional loan, grant or other programs that assist students and their parents in paying for educational costs. Being the Account Owner or beneficiary of a Plan account may adversely affect the ability to receive financial aid or other benefits. The manner in which Account assets will be treated under such programs, particularly in connection with calculating the "expected family contribution" for purposes of determining eligibility for federal financial aid, is subject to interpretation and may change from time to time. In addition, individual schools are not required to use the federal financial aid methodology in awarding their institutional financial aid. Thus, the treatment of a Plan account by an individual school for institutional financial aid purposes may differ from the treatment of a Plan account under the federal financial aid methodology. There can be no assurance as to how your Plan account assets would be treated under such federal, state or institutional loan, grant or other financial assistance program. Account Owners should consult a qualified advisor to determine how a Plan account may affect financial aid eligibility.

Medicaid Eligibility. The effect of a Plan account on an Account Owner's Medicaid eligibility is unclear, and there can be no assurance that a Plan account will not be viewed as a "countable resource" in determining an individual's financial eligibility for Medicaid. Withdrawals from a Plan account during certain periods may also have the effect of delaying the disbursement of Medicaid payments. Account Owners should consult a qualified advisor to determine how a Plan account may affect Medicaid eligibility.

Status of Claims Against Plan Accounts. Colorado law is intended to exempt Plan accounts and Plan account assets from all claims by creditors of the Account Owner or beneficiary. However, Colorado law does not exempt Plan accounts and Plan account assets from tax levy, garnishment, attachment or similar orders from the IRS. Neither an Account Owner nor a beneficiary may use an interest in a Plan account as a security for a loan, and any pledge of an interest in a Plan account is of no force and effect. As of the date of this Plan Disclosure Statement, courts have yet to interpret, apply or rule on matters involving this Colorado law. It is unclear whether a court located in Colorado or in another state would apply this Colorado law in the case of an Account Owner who is a resident of a state other than Colorado. Further, this Colorado exemption may not be enforceable or available to exempt an Account Owner's interest in a Plan account in such Account Owner's bankruptcy proceedings commenced under Title 11 of the United States Bankruptcy Code.

No Guarantees With Respect to Eligible Educational Institutions. There is no guarantee that, as a result of being the beneficiary of a Plan account, a beneficiary will be accepted at any Eligible Educational Institution. Even after he or she begins to attend an Eligible Educational Institution, there is no guarantee that the beneficiary will be able to continue to attend, that he or she will graduate, or that he or she will be considered a resident of any particular state for tuition purposes.

Amendment or Termination of Participation Agreement. CollegenInvest may, at any time and from time to time, amend the Participation Agreement, or suspend or terminate the Plan and the Trust, by giving written notice of such action to Account Owners.

Tax, Investment Option and Cost Differences Among Section 529 Plans. There are a variety of Section 529 plans available to investors. State tax features vary by plan; CollegenInvest does not render tax advice and you should consult your own tax advisor to determine the effect of state and federal tax benefits related to each plan. The nature and composition of available investment options and costs (including charges, fees and expenses) vary from plan to plan. You should consider the wide variety of plans and related costs available to you.

Other Considerations. An investment in the Plan will not be the appropriate investment program for all investors. It provides an alternative for Account Owners who are unwilling to tolerate volatility and are willing to accept returns that may be lower than those offered by other investment options. You should evaluate the Plan, the minimum interest rate levels under the Funding Agreement and the financial strength of the Plan Manager in the context of your overall financial situation, investment goals, other resources and needs (such as liquidity) and other investments. You may want to save for higher education by making investments in addition to or other than through the Plan to seek the investment result that is right for you. **You should consult a qualified financial advisor to evaluate the appropriateness of the Plan to your financial circumstances.**

## **Tax Matters**

The following discussion summarizes certain aspects of the federal income, gift, estate and generation-skipping transfer tax and Colorado income tax consequences relating to the Plan and your investment in, and withdrawals from, your Plan account. This discussion does not address other taxes, including taxes imposed by a state other than Colorado or taxes imposed by any U.S. possession or foreign jurisdiction.

Caveats with Respect to Tax Discussion. This summary is not exhaustive, and you should not construe it as providing advice on your particular situation. In addition, there can be no assurance that the IRS will accept the conclusions in this Plan Disclosure Statement, or, if challenged by the IRS, that these conclusions would be sustained in court. The applicable tax rules are complex, certain rules are uncertain, and their application to any particular person may vary according to facts and circumstances specific to that person. **You should consult a qualified tax advisor regarding the application of the law to your circumstances.**

The Colorado income tax deduction for contributions to the Plan, as described herein, is available only to Colorado taxpayers investing in Colorado plans under current law, which may be changed through future



legislative or judicial action. If you are not a Colorado taxpayer, depending upon the laws of your home state or the home state of your beneficiary, favorable state tax treatment or other benefits offered by such home state for investing in Section 529 plans may be available only if you invest in the home state's Section 529 plan. Any state-based benefit offered with respect to a particular Section 529 plan should be one of many appropriately weighted factors considered in making an investment decision. You should consult with your financial, tax or other advisor to learn more about how state-based benefits (including any limitations) would apply to your specific circumstances. You also may wish to contact your home state or other states to learn more about the features, benefits and limitations of those states' Section 529 plans.

Changing Tax Laws and Regulations. This summary is based on the relevant provisions of the Code and Colorado tax law, the Proposed Regulations, and legislative history and interpretations of applicable federal and Colorado law existing on the date of this Plan Disclosure Statement. Changes to federal or state tax laws could occur in the future that could have a significant impact on the Plan and your investment in the Trust or result in termination of the Plan.

On January 17, 2008, the IRS issued an Advance Notice of Proposed Rulemaking (the "**Notice**"), which details issues on which the IRS intends to issue new proposed regulations under IRC Section 529 (the "**New Proposed Regulations**"). As described in the Notice, a principal component of the New Proposed Regulations will be an anti-abuse rule intended to deny the favorable federal tax treatment provided by Section 529 to the extent that transactions involving a Plan account are inconsistent with the education-savings purpose of Section 529 (for example, use of a Plan account to avoid federal gift or generation-skipping transfer taxes, as a retirement plan, or for other purposes inconsistent with the intent of Section 529). The Notice also indicates that the New Proposed Regulations will include other provisions that will change certain of the tax consequences described in this Plan Disclosure Statement. Although the Notice provides that the New Proposed Regulations generally will be proposed to be prospective in effect, the Notice also states that the anti-abuse rule may be applied retroactively. It is uncertain whether any or all of the provisions described in the Notice will become effective, or, if so, when they will become effective, and it is uncertain whether provisions will become applicable to Plan accounts established prior to the general effective date of the provisions. The following discussion under this caption "Tax Matters" relates to current law and does not further discuss the Notice or any New Proposed Regulations.

Maximum Account Balance Limit. The federal income tax laws require that a limit be placed on the amount that can be invested in a Plan account. Currently, the aggregate Balance Limit under the Plan for the benefit of a particular beneficiary is \$400,000. Plan accounts for the same beneficiary funded from all Account Owners are aggregated for purposes of applying this limitation, together with any investments for the same beneficiary in other Colorado Section 529 Plans, including the Collegenest Direct Portfolio College Savings Plan, the Scholars Choice College Savings Program and the Smart Choice College Savings Plan. Additional contributions to a Plan account (including rollover contributions) will not be accepted, or if accepted, will be returned together with any earnings thereon, to the extent that the contribution would cause the aggregate balance for the beneficiary to exceed the Balance Limit. However, if the aggregate balance in the Plan accounts and all other Colorado Section 529 Plans for the benefit of the beneficiary later falls below the Balance Limit, additional contributions to Plan accounts may be made. It is possible that Collegenest will periodically increase the Balance Limit in the future to reflect increases in higher education costs. You will be notified of any changes in the Balance Limit. Such notification may be made pursuant to an updated Plan Disclosure Statement or at [collegenest.org](http://collegenest.org).

Federal Income Tax Treatment of Contributions and Distributions. The Plan is designed to constitute a "qualified tuition program" under Section 529 of the Code. Contributions to a Plan account will not result in taxable income to the beneficiary. A contributor may not deduct the contribution from income for federal income tax purposes. Please see "Contributions and Balance Limit" for further information regarding contributions. Generally, earnings in the Trust will not be includible in computing the federal taxable income of the Account Owner or the beneficiary while held in the Plan account. As described in greater detail below, whether the earnings are taxed upon withdrawal depends upon how the withdrawal is used.

Qualified Withdrawals. Withdrawals used to pay for qualified higher education expenses ("**Qualified Withdrawals**") will be excludable from the beneficiary's and the Account Owner's federal taxable income.

"**Qualified higher education expenses**" include tuition, fees, books, supplies and equipment required for the enrollment or attendance of a student at an "**eligible educational institution**" plus, subject to certain limitations, room and board (including off-campus housing) expenses for a student attending such an institution on at least a half time basis. "Qualified higher education expenses" also include 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 such 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. Expenses for computer software designed for sports, games, or hobbies do not qualify as qualified higher education expenses unless the software is predominantly educational in nature. "**Eligible educational institutions**" include most community colleges, public and private 4-year colleges, universities, graduate and post-graduate programs, certain proprietary and vocational schools, and certain institutions in foreign countries.

Account Owners should retain documentation such as invoices and receipts adequate to substantiate to the IRS the qualifying use of such Qualified Withdrawals. There are two components to such a Qualified Withdrawal: one component is return of principal; the other is a distribution of earnings. Although neither component is taxable for a Qualified Withdrawal, separately accounting for such components is necessary in order to determine how much of the remaining investment in the Plan account consists of earnings and how much consists of principal invested. The earnings portion of a particular withdrawal will generally be determined as of the date of the withdrawal, rather than in the aggregate for all distributions as of the end of the year.

Pending guidance from the IRS, it is unclear whether a withdrawal used to pay for qualified higher education expenses incurred or paid prior to the establishment of the Plan account will be treated as a Qualified Withdrawal. Pending guidance from the IRS, it is also unclear whether a withdrawal taken before January 1st or after December 31st of the year in which the qualified higher education expenses were incurred and paid will be treated as a Qualified Withdrawal. Please consult with a qualified tax advisor.

If a withdrawal is made from a Plan account to pay the qualified higher education expenses of a beneficiary and the beneficiary receives a refund of any qualified higher education expenses from an Eligible Educational Institution, the amount withdrawn will not be includible in income to the extent it is recontributed to a Plan account or to an account under another Section 529 plan, in each case for which the beneficiary is the beneficiary, but only to the extent such recontribution is made not later than 60 days after the date of such refund and does not exceed the refunded amount. The Account Owner is responsible for identifying to CollegenInvest any contribution to a Plan account that qualifies for the treatment described in this paragraph and for certifying to CollegenInvest that the conditions for such treatment have been satisfied.

Nonqualified Withdrawals. Under Section 529, the earnings portion of withdrawals from a Plan account other than Qualified Withdrawals (*i.e.*, **Nonqualified Withdrawals**) is includible in computing the income of the Account Owner (or of the beneficiary if the Nonqualified Withdrawal is paid to the beneficiary) for federal income tax purposes in the year in which the Nonqualified Withdrawals are made, except for certain non-taxable transfers to a Plan account or another Section 529 plan as outlined in "Transfers between Plan Accounts of Different Designated Beneficiaries or Different Section 529 Plans." The computation of the portion of a Nonqualified Withdrawal that is includible in taxable income is made under a pro-rata allocation between a nontaxable return of principal and a taxable distribution of earnings.

The earnings portion of any Nonqualified Withdrawal that is includible in income for federal income tax purposes generally will be subject to an additional 10% federal tax, in addition to applicable income tax. The additional 10% federal tax will not apply, however, to (a) withdrawals made to make payments to a beneficiary of a beneficiary (or to the beneficiary's estate) upon the death of the beneficiary; (b) withdrawals made on account of the disability of the beneficiary; (c) withdrawals made on account of a

scholarship received by the beneficiary (or similar education-related receipts), to the extent that the withdrawals do not exceed the amount of the scholarship (or such receipts); (d) withdrawals in an amount equal to the amount of the beneficiary's qualified higher education expenses taken into account in determining the beneficiary's American Opportunity Credit or Lifetime Learning Credit; and (e) withdrawals made on account of the attendance of the beneficiary at a United States military academy (subject to limitations). Nonqualified Withdrawals that qualify for an exception to the additional 10% federal tax are still subject to applicable federal and state income tax.

A "financial" emergency would not entitle you to any special treatment under federal or Colorado tax laws, or with respect to the additional 10% federal tax. As noted above, you would be entitled to an exception to the additional 10% federal tax (but not to the imposition of applicable income tax) if you make a permissible Nonqualified Withdrawal in the case of a beneficiary who dies, becomes disabled, receives a scholarship or attends a United States military academy.

Tax Reporting. ColgelInvest will issue an IRS Form 1099-Q in the event of a withdrawal or trustee-to-trustee rollover from a Plan account. It is the responsibility of the recipient of the 1099-Q (which will be the Account Owner unless the withdrawal is paid directly to the beneficiary or to an Eligible Educational Institution for the benefit of the beneficiary) to determine whether a withdrawal is a Qualified Withdrawal or a Nonqualified Withdrawal and whether any income tax or the additional 10% federal tax may apply.

ColgelInvest may also release information about contributions to and withdrawals from a Plan account and as otherwise requested to the Colorado Department of Revenue as permitted by law.

Losses Upon Withdrawal. If an Account Owner has an investment loss in an Account, the Account Owner can take the loss as a deduction on the Account Owner's tax return but only when all amounts from that Plan account have been withdrawn and the total withdrawals are less than the total contributions to the Plan account. The loss can be claimed as a miscellaneous itemized deduction, subject to the 2% of adjusted gross income limit.

Aggregation of Plan Accounts. All Plan accounts with the same Account Owner for the benefit of a single beneficiary must be treated as a single account for purposes of calculating the earnings portion of each distribution. Thus, if more than one Plan account is created by an Account Owner for a beneficiary, and a Nonqualified Withdrawal is made from one or more of such Plan accounts, the amount includible in income must be calculated based upon the ratio of total earnings in all such Plan accounts to the total amount in such Plan accounts. Consequently, the amount withdrawn from a Plan account may carry with it a greater or lesser amount of income than the earnings in that Plan account alone would justify, depending on the earnings in the other relevant Plan account or Plan accounts.

Transfers between Plan Accounts of Different Designated Beneficiaries or Different Section 529 Plans. An Account Owner may change the person designated as a beneficiary of a Plan account without taking a withdrawal and without income tax consequences (provided that the new beneficiary is a "member of the family" of the old beneficiary (defined below)).

In addition, an Account Owner may transfer (*i.e.*, "rollover") an amount that has been withdrawn from a Plan account to a Plan account for a different beneficiary (provided that the new beneficiary is a "member of the family" of the old beneficiary (defined below)), may transfer (*i.e.*, "rollover") an amount that has been withdrawn from an account under another state's Section 529 "qualified tuition program" to a Plan account for the same beneficiary (provided it has been at least 12 months since the most recent rollover for that beneficiary), or may transfer (*i.e.*, "rollover") an amount that has been withdrawn from a Plan account to a Plan account for a different beneficiary under another Section 529 "qualified tuition program," in each case without the amount transferred having to be included at that time in the federal taxable income of the Account Owner or any beneficiary and without the tax on Nonqualified Withdrawals (provided that certain requirements are satisfied). Rollovers must occur within 60 days of withdrawal. Rollovers to another Section 529 plan include "direct rollovers" in which withdrawal proceeds are transferred directly by ColgelInvest to another Section 529 plan and invested directly in an account

under such Section 529 plan. See "Withdrawals – No Transfer to Colorado Competing Fixed Interest Fund" for a discussion of certain limitations on these transfers.

In order to qualify for favorable tax treatment, a new designated beneficiary must be a "member of the family" of the current beneficiary as set forth in Code sections 152(d)(2) and 529(e)(2). Thus, the new beneficiary must have one of the following relationships to the current beneficiary: (i) child or a descendant of a child; (ii) brother or sister; (iii) stepbrother or stepsister; (iv) father or mother, or an ancestor of either; (v) stepfather or stepmother; (vi) son or daughter of a brother or sister; (vii) brother or sister of the father or mother; (viii) son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law; or (ix) first cousin. A spouse of a family member described in (i) through (ix) above or the spouse of the beneficiary also is considered a family member. For purposes of these rules, a child includes a son, daughter, stepson, stepdaughter and eligible foster child, and a legally adopted child is treated as a child by blood and the terms brother and sister include a brother or sister by half-blood.

If there are other Plan accounts open for the benefit of the new beneficiary, you may be limited in how much of your Plan account can be used for the new beneficiary under the aggregate Balance Limit.

If the new beneficiary is a member of a younger generation than that of the current beneficiary, a federal gift tax may apply and if the new beneficiary is two or more generations younger than the current beneficiary, a federal generation-skipping transfer tax may apply. Under the existing Section 529 proposed regulations, these taxes are imposed on the prior beneficiary and not the Account Owner, but the treatment of such transactions under the current provisions of Section 529 is unclear. If applicable, this tax applies in the year in which the money is withdrawn from a Plan account or in which the beneficiary is changed. Please consult with a qualified tax advisor regarding the possible application of these taxes.

As stated above, tax-free treatment is available for a rollover to an account in another Section 529 plan for the benefit of the same beneficiary, provided that it has been at least 12 months since the most recent rollover for that beneficiary. Such a rollover must occur within 60 days of withdrawal. Rollovers to another Section 529 plan include "direct rollovers" in which withdrawal proceeds are transferred directly by CollegenInvest to another Section 529 plan and invested directly in an account under such Section 529 plan. A transfer to another Colorado Section 529 plan for the same beneficiary is not a rollover subject to this 12-month rule, but is instead subject to the investment change limitation described in "Changing Investment Options." A withdrawal and subsequent reinvestment to a Colorado Section 529 plan for the same beneficiary is not a tax-free rollover and thus may be treated as a Nonqualified Withdrawal. For a discussion of certain further programmatic limitations, see "Certain Investment Considerations – Implications for Withdrawals; Limitations on Transfer."

Rollover amounts from another Section 529 plan generally retain their character as earnings and invested principal. Until the plan receiving the rollover receives documentation from the distributing plan showing the earnings portion, however, the receiving plan will treat the entire amount of the rollover as earnings.

Federal Estate and Gift Taxes. Contributions to Plan accounts are considered completed gifts for federal estate and gift tax purposes. Generally, if the Account Owner dies while there is still money in his or her Plan account, the value of the Plan account would not be included in the Account Owner's estate (except in the situation described below relating to the gift tax election for investments exceeding \$14,000 in any one year). However, amounts distributed to a beneficiary of the beneficiary (or the estate of the beneficiary) on account of the death of a beneficiary may be included in the gross estate of that beneficiary for federal estate tax purposes.

Plan account contributions are potentially subject to federal gift tax payable by the contributing Account Owner and are potentially subject to the federal generation-skipping transfer tax if the beneficiary is a member of a generation that is two or more generations younger than the generation of the Account Owner. Generally, if an Account Owner's contributions to a Plan account or Plan accounts for a beneficiary, together with all other gifts by the Account Owner to the beneficiary, are less than \$14,000

per year (\$28,000 per married couple), no federal gift tax or generation-skipping transfer tax will be imposed on the Account Owner for gifts to the beneficiary during that year.

If an Account Owner's contributions to a Plan account for a beneficiary in a single year is greater than \$14,000 (\$28,000 per married couple electing to gift split), the Account Owner may elect for federal gift tax purposes to treat contributions up to \$70,000 (\$140,000 per married couple electing to gift split) as having been made ratably over a five-year period to such beneficiary. Once this election is made, if the Account Owner makes any additional gifts for the same beneficiary in the same or next four years, such gifts may be subject to federal gift or federal generation-skipping transfer taxes in the calendar year of the gift. However, if the Account Owner dies before the five-year period has elapsed, the portion of the contributions allocable to years remaining in the five-year period (except for earnings on such investment) would be includible in the Account Owner's estate for federal estate tax purposes.

A withdrawal from a Plan account, a permissible change of the beneficiary or a permissible transfer to a Plan account for another beneficiary will not be subject to federal gift or transfer tax, except that such a change or transfer will potentially be subject to federal gift tax if the new beneficiary is of a younger generation than the beneficiary being replaced and will potentially be subject to the federal generation-skipping transfer tax if the new beneficiary is two or more generations younger than the beneficiary being replaced. Please consult with a qualified tax advisor.

Generally, taxpayers are eligible for a limited generation-skipping transfer-tax exemption that will be allocated to transfers that are subject to generation-skipping transfer tax. Accordingly, this tax may not apply to many Account Owners and beneficiaries. However, where it applies, it is imposed at a flat rate.

The federal estate, gift, and generation-skipping transfer tax exemption is \$5 million for an individual or \$10 million for a married couple (indexed for inflation since 2012; in 2017, the exemption amount is \$5.49 million for an individual or \$10.98 million for a married couple). The maximum federal gift and estate tax rate is 40%. Account Owners and Beneficiaries should consult a qualified tax adviser regarding the use of any individual's federal estate, gift, and generation-skipping transfer exemption.

Coverdell Education Savings Accounts (ESAs). ESAs permit deferral of federal income tax liability and possible exclusion from gross income for earnings in such ESAs. If withdrawals are made from a Plan account and an ESA in the same year for the same beneficiary in excess of qualified higher education expenses, however, you will need to allocate qualified higher education expenses between the two programs.

You may make contributions to your Plan account and to an ESA in the same year. You may also take a distribution of part or all of your ESA and invest the distribution proceeds in your Plan account. Such a distribution on behalf of the same designated beneficiary is considered a qualifying ESA distribution that is not subject to federal income tax. Amounts that are so invested retain their character as earnings and invested principal provided appropriate documentation is received from the ESA.

Series EE and I Savings Bonds. Interest on Series EE Savings Bonds issued January 1990 and later, as well as interest on all Series I Savings Bonds, may be completely or partially excluded from federal income tax if bond proceeds are used to pay certain higher education expenses at an Eligible Educational Institution or are contributed to a Plan account in the same calendar year the bonds are redeemed. For this purpose, qualifying expenses include only certain tuition and fees and do not include the cost of books, supplies and room and board. The amount of higher education expenses taken into account in calculating the interest excludable from income is reduced by scholarships, fellowships, and certain other forms of tuition assistance. Certain income limitations apply and the beneficiary must have a specified relationship with the Account Owner. Provided appropriate documentation is furnished to the Plan, the original purchase price of the bonds redeemed and contributed to a Plan account will be added to the contribution portion of the Plan account, with the interest added to earnings.

Hope Scholarship and Lifetime Learning Credits. A taxpayer may not claim a Hope Scholarship Credit or Lifetime Learning Credit for amounts withdrawn tax free from a Plan account and used for qualified higher

educational expenses, but may be eligible for these credits for educational expenses paid from other sources during the year.

Tax Deduction for Education Expenses. A deduction for the payment of tuition and related expenses may be claimed by taxpayers who fall within certain income limits. The deduction may not be claimed, however, for expenses that were paid from the earnings portion of a tax-free withdrawal from a Plan account.

Effect on Other Federal Tax Benefits. Under certain circumstances, the interest paid with respect to a loan used to fund eligible higher education expenses is deductible for federal income tax purposes. To the extent that withdrawals are made from a Section 529 plan to pay eligible higher education expenses, the amount of such expenses is not eligible for a loan, the interest on which is otherwise deductible for federal income tax purposes. Under certain circumstances, the interest on United States savings bonds used to pay higher education expenses may be excluded from taxable income for federal tax purposes. To the extent withdrawals are made from a Section 529 plan for higher education expenses, such expenses cannot also be treated as paid with the United States savings bonds for purposes of this exclusion.

State of Colorado Income Tax. **The following information applies only to Colorado taxes. Any Colorado tax benefits offered in connection with the Plan are only available to certain Colorado taxpayers. You should consult with a qualified tax advisor regarding the application of Colorado tax rules to your particular circumstances.**

**Contributions.** Individuals, estates and trusts subject to Colorado income tax will generally be entitled to a Colorado income tax deduction for contributions to the Plan. This deduction can be taken to the extent of their Colorado taxable income for the year for contributions made to a Plan account in such year. The Colorado Department of Revenue does not treat a transfer or rollover from another Section 529 plan to the Plan as a contribution eligible for the Colorado income tax deduction.

**Withdrawals.** Qualified Withdrawals are not included in Colorado taxable income of the Account Owner or beneficiary. The earnings portion of any withdrawal other than a Qualified Withdrawal is subject to Colorado income tax.

**Recapture.** For withdrawals other than (i) to pay qualified higher education expenses, (ii) as a result of the beneficiary's death or disability, or (iii) as a result of receiving a scholarship (to the extent the withdrawal does not exceed the amount of the scholarship), the portion of the withdrawal attributable to contributions previously deducted for Colorado income tax purposes is subject to recapture and must be added to taxable income of the taxpayer who took the deductions, in the year in which the withdrawal is made. The recapture provision applies to a rollover to a non-Colorado Section 529 plan. While the State will recapture amounts attributable to a State tax deduction taken for the Nonqualified Withdrawal amounts, CollegenInvest has not imposed any other penalty that it deducts on such withdrawals.

## **More about the Plan**

CollegenInvest. CollegenInvest is a division of the Department of Higher Education of the State of Colorado (the "**Department**"). The members of CollegenInvest's nine-person Board of Directors (the "**Board**") are appointed by the Governor of the State and confirmed by the Colorado Senate. CollegenInvest provides the administrative and marketing services in connection with the Plan and generally oversees the Manager's activities in providing investment services for the Plan. In particular, the Board, with the approval of the Executive Director of the Department, has the responsibility to select a financial institution to manage the Plan assets. CollegenInvest acts in a fiduciary capacity with respect to the Plan. In addition to the Plan, CollegenInvest currently offers three other Section 529 plans as part of its Program.

Exemptions from Registration. Interests in the Trust, which take the form of units, have not been registered as securities under the Securities Act of 1933, as amended, pursuant to an exemption from

registration available for obligations issued by a state. Similarly, units have not been registered with the securities commissions of any state where applicable exemptions from registration are available. The Trust has also not been registered as an investment company under the Investment Company Act of 1940, as amended, since the provisions of that Act exclude from registration any instrumentality of a state.

Other Investment Plans. There are options other than the Plan for saving for the expenses of attending an Eligible Educational Institution, including the CollegenInvest Direct Portfolio College Savings Plan, the Scholars Choice College Savings Program and the CollegenInvest Smart Choice College Savings Plan, each of which is administered by CollegenInvest. If you are a resident of a state other than Colorado you may have the opportunity to participate in a Section 529 plan sponsored by your home state that may provide state tax benefits not available to you by participating in the Plan. Each Section 529 plan has its own eligibility requirements and tax benefits. You should determine the interaction between these plans if you intend to use more than one, since there may be limitations. Generally, you are not permitted to use the same educational expense for computing benefits from more than one such plan.

Notices; Forms; Contact Information. CollegenInvest has agreed to give notice to Account Owners about certain information and various events relating to the Plan. All such notices may be made pursuant to an updated Plan Disclosure Statement or by a posting on the CollegenInvest website at [collegeinvest.org](http://collegeinvest.org). Account Owners are responsible for alerting CollegenInvest to any change of address. You may also visit the CollegenInvest website to obtain forms relating to the Plan, this Plan Disclosure Statement and Plan account applications. Notices, Plan forms and other information can also be obtained by calling a CollegenInvest representative Monday through Friday toll-free at **1-800-478-5651** from 8:00 a.m. to 5:00 p.m. MST.



**COLLEGEINVEST STABLE VALUE PLUS COLLEGE SAVINGS PLAN  
PARTICIPATION AGREEMENT**

**JANUARY 2018**

**General Information**

This Participation Agreement contains the terms governing the Account that you will establish pursuant to the CollegeInvest Stable Value Plus College Savings Plan (the "**Plan**"). CollegeInvest, a division of the Colorado Department of Higher Education, administers a college savings program (the "**Program**") and offers the Plan as part of the Program. The Plan is designed to qualify for treatment as a qualified tuition program within the meaning of Code Section 529 (a "**Section 529 plan**"). ***By signing the Stable Value Plus College Savings Plan Account Application and becoming the Account Owner of your Account, you agree to be bound by the terms of this Participation Agreement, which Agreement is deemed effective as of the date you execute the Account Application.***

The Plan is designed to help you save for the Qualified Higher Education Expenses of the Beneficiary you designate in the Account Application. Your investment in the Plan will be used to purchase units in a separate Account that is part of the Stable Value Plus College Savings Trust (the "**Trust**"). Assets of the Trust will be invested by deposit under a Funding Agreement, between Brighthouse Life Insurance Company (formerly known as MetLife Insurance Company USA) (the "**Plan Manager**") and CollegeInvest, as administrator of the Plan and trustee for the Trust. The Plan Manager will be responsible for certain investment related services in connection with the investment of Trust assets by deposit under the Funding Agreement. CollegeInvest will provide all marketing, administrative, recordkeeping and other services for the Plan (the "**CollegeInvest Services**"), including the collection and processing of contributions by participants in the Plan, the processing of withdrawal requests and the payment to you of the amounts requested. **CollegeInvest is solely responsible for the performance of the CollegeInvest Services and in no event shall the Plan Manager have any liability with respect to the performance or nonperformance of any such CollegeInvest Services.**

The Plan Disclosure Statement sets forth in greater detail the terms of the Plan. The Plan Disclosure Statement is incorporated in its entirety by reference thereto in this Participation Agreement. ***Before making any investment under the Plan, you must read the Plan Disclosure Statement in its entirety. Call a CollegeInvest representative at 1-800-478-5651 Monday through Friday (8:00 a.m. to 5:00 p.m. MST) with any questions.***

The Trust assets are being invested by deposit under the Funding Agreement and repayment of amounts deposited and payment of certain interest earnings on such deposits under the Funding Agreement are guaranteed by the Plan Manager. Neither repayment of your contribution nor payment of any investment return on your contribution is guaranteed or insured by the State of Colorado or CollegeInvest, any affiliate of the foregoing, or the federal government or any of its agencies or instrumentalities, or any parent, subsidiary or affiliate of the Plan Manager. You will be notified in writing in the event that the Funding Agreement is discontinued, and you will be provided information at that time regarding any alternate investment of Trust assets.

**Definitions**

Terms used in this Participation Agreement shall have the meanings set forth below. Any terms not defined in this Participation Agreement shall have the meanings given them in the Plan Disclosure Statement.

"**Account**" or "**Plan account**" means your individual account established and maintained as part of the Trust. The money you contribute under the Plan will be allocated to your Account. You may open more than one Account for the same Beneficiary.

**"Account Application"** refers to the Stable Value Plus College Savings Plan Account Application which may be either paper copy or electronic.

**"Account Owner," "you" or "your"** refers to the individual or entity signing the Account Application and opening an Account.

**"Act"** refers to Title 23, Article 3.1, Part 3, Colorado Revised Statutes, as amended, which requires and authorizes the establishment of a college savings program to be developed and implemented by CollegenInvest as a Section 529 Program and which may include various plans, including the Plan.

**"Alternate Investments"** means any investments other than the Funding Agreement in which the Trust assets may be invested from time to time in accordance with the Policy Statement.

**"Beneficiary"** means the person you identify on the Account Application as the beneficiary of the Account whose Qualified Higher Education Expenses will be paid from the Account.

**"Code"** means the Internal Revenue Code of 1986, as amended.

**"CollegenInvest"** refers to CollegenInvest, a division of the Colorado Department of Higher Education of the State of Colorado. CollegenInvest is the administrator of the Plan and trustee for the Trust.

**"Colorado Competing Fixed Interest Fund"** means a Section 529 plan offered or administered by CollegenInvest or any other agency or instrumentality of the State of Colorado which offers, in the opinion of the Plan Manager, an interest return for education savings similar to the Plan.

**"Eligible Educational Institutions"** are institutions of higher education that are described in Section 481 of the Higher Education Act of 1965 (20 U.S.C. 1988), as in effect on August 5, 1997, and are eligible to participate in a program under Title IV of such Act.

**"Family Member"** means a member of the family, as defined in Code Section 529(e)(2).

**"Funding Agreement"** means the Funding Agreement, dated as of January 13, 2003, between the Plan Manager and CollegenInvest, as administrator for the Plan and trustee for the Trust, in connection with the Plan.

**"Nonqualified Withdrawal"** means a withdrawal from an Account other than a Qualified Withdrawal.

**"Plan Disclosure Statement"** means the CollegenInvest Stable Value Plus College Savings Plan Disclosure Statement, as amended and supplemented from time to time.

**"Plan Manager"** refers to Brighthouse Life Insurance Company (formerly known as MetLife Insurance Company USA) or such other financial institution selected or approved by CollegenInvest to provide services in connection with the Plan.

**"Policy Statement"** refers to the Investment Policy Statement established by CollegenInvest for the Plan. The Policy Statement sets forth the policies, objectives and guidelines that govern the investment of Trust assets.

**"Qualified Higher Education Expenses"** means (i) tuition, room and board (including off-campus housing) expenses subject to certain limits, fees, books, supplies and equipment required for enrollment or attendance of the Beneficiary at an Eligible Educational Institution, and (ii) 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 such 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, all within the meaning of Code

Section 529(e)(3). Expenses for computer software designed for sports, games, or hobbies do not qualify as qualified higher education expenses unless the software is predominantly educational in nature.

"**Qualified Withdrawal**" means a withdrawal from an Account to pay the Qualified Higher Education Expenses of the Beneficiary.

"**Rating Agency**" means A.M. Best Company, Fitch, Inc., Moody's Investors Service or Standard & Poor's.

"**State**" refers to the State of Colorado.

"**Trust**" means the Stable Value Plus College Savings Trust established under the Act in connection with the Plan for funds contributed to the Accounts for which CollegenInvest shall act as trustee.

"**Units**" are units of interest in the Trust to which the assets in your Account are allocated.

### **Contributions to Your Account**

1. Amounts contributed to your Account will purchase Units in the Trust at the applicable unit value as described in the Plan Disclosure Statement. Contributions received by CollegenInvest will be invested in the Plan within 30 days of receipt. Any interest earned on contributions prior to investment in the Trust will accrue to CollegenInvest and will be used by CollegenInvest to defray administrative expenses of the Program.
2. You may purchase Units in the Trust through your Account or Accounts in cash only. For these purposes, making purchases in cash means putting money in your Account by check or electronic funds transfer acceptable to CollegenInvest. Checks must be drawn on a U.S. bank, and should be made payable to "Stable Value Plus." Third party checks will only be accepted at the discretion of CollegenInvest. Contributions by check or via direct deposit or automatic funds transfers will be held and will not be available for withdrawal for ten (10) business days from the date of deposit.
3. The minimum contribution to an Account is \$25.
4. For each Beneficiary, there is a maximum aggregate Balance Limit of \$400,000 from all sources for all Accounts established under the Plan and accounts in all other Colorado Section 529 plans (including the CollegenInvest Direct Portfolio College Savings Plan, the Scholars Choice College Savings Program, and the CollegenInvest Smart Choice College Savings Plan) which have that Beneficiary as the beneficiary of such Account. This maximum aggregate Balance Limit, which includes aggregate contributions and investment earnings is subject to change, and CollegenInvest will notify you of any such changes. Such notification may be made pursuant to an updated Plan Disclosure Statement or by a posting on the CollegenInvest website at **collegeninvest.org**.
5. Your investment will be directed to an Account established for the purpose of funding the Qualified Higher Education Expenses of the Beneficiary (each Account can be for only one Beneficiary) that you designate when you make your initial contribution.

## Investment of Account Assets

1. CollegenInvest will separately maintain your Account in the Trust, and will be the trustee of your Account. The assets of your Account will be commingled with amounts credited to the Accounts of other Account Owners for investment purposes. Contributions to all Accounts will be invested by deposit under the Funding Agreement. Deposits made under the Funding Agreement will become commingled with the general account of the Plan Manager. The annual interest rate under the Funding Agreement for any year is determined no later than each December 1 of the prior year for the next following calendar year. The current annual interest rate will be posted at [collegeinvest.org](http://collegeinvest.org) or you can call **1-800-478-5651**.
2. You may direct the investment of contributions to your Account. In addition, you may change the investment option for an Account for any reason twice during any calendar year and also upon a change in the person designated as Beneficiary of your Account. You may request such a change in investment option only by completing the designated form, which can be obtained from CollegenInvest. Subject to applicable limitations, you may change the investment option for all or a portion of the assets in your Account. The limitation on changing investment options applies on an aggregate basis to all Accounts under the Plan and all accounts under other Colorado Section 529 plans, including the CollegenInvest Direct Portfolio College Savings Plan, the Scholars Choice College Savings Program and the Smart Choice College Savings Plan, having the same Account Owner and the same Beneficiary. Thus, you will not be permitted to change the investment options for your Account (assuming you do not change the Beneficiary on the Account) if, within the same calendar year, you have already made two investment option changes in the aggregate in Accounts you maintain under the Plan or in accounts you maintain under other Colorado Section 529 plans for the same Beneficiary. In addition, any transfer between an Account in the Plan and an account you maintain for the same Beneficiary under another Colorado Section 529 plan is considered a change of investment option for purposes of the investment change limitation. For purposes of the twice a calendar year investment option change limitation, all investment option changes in more than one Account (and/or accounts under other Colorado Section 529 plans) for the same Beneficiary that are made at the same time are treated as a single change of investment option.
3. You will not be permitted to change the investment of your Account directly to a Colorado Competing Fixed Interest Fund even if you are not satisfied with investment under the Funding Agreement or if the Funding Agreement is discontinued.
4. The obligation to repay amounts deposited under the Funding Agreement and interest thereon is an unsecured obligation of the Plan Manager. The ability of CollegenInvest to repay the amount you contribute and interest earnings on your contribution under the Plan is contingent upon the payment of distributions by the Plan Manager to the Trust under the Funding Agreement. **Before making any contribution to the Plan and while your contributions remain invested under the Funding Agreement, you should carefully evaluate the ability of the Plan Manager to make distributions when requested under the Funding Agreement.**
5. The Funding Agreement may be discontinued by CollegenInvest at any time. In the event of such a discontinuance of the Funding Agreement, CollegenInvest will seek to invest the Trust assets in Alternate Investments as such Trust assets become available to CollegenInvest for reinvestment and in accordance with the Policy Statement. There is no assurance that CollegenInvest will be able to obtain such Alternate Investments or what the minimum investment return will be for any such Alternate Investment. It is anticipated that you will be provided with a supplement to this Participation Agreement and an updated Plan Disclosure Statement in the event the Trust assets are so invested in Alternate Investments.
6. You (not the Beneficiary) are the sole owner of all contributions, and all earnings on such contributions, although there are special federal and state tax rules applicable to such contributions and earnings.

7. CollegenInvest shall notify you of any changes (about which CollegenInvest is notified by the Plan Manager) regarding the downgrade of the financial strength credit ratings of the Plan Manager. Such notification may be made pursuant to an updated Plan Disclosure Statement or by a posting on the CollegenInvest website at [collegeinvest.org](http://collegeinvest.org). CollegenInvest shall also discontinue the Funding Agreement in the event that the financial strength credit ratings of the Plan Manager are lowered to ratings of less than the lowest "A" category by at least two Rating Agencies.

### Designation of Beneficiary

1. You shall designate one Beneficiary for each Account on the Account Application.
2. You may from time to time designate a new Beneficiary on your Account, except as discussed in paragraph 4 of this section.
3. If the new Beneficiary is a Family Member of the currently designated Beneficiary, there is no penalty or adverse federal income tax consequences resulting from such designation. If, however, you designate a Beneficiary who is not a Family Member of the current Beneficiary, that designation will be treated as a Nonqualified Withdrawal of Account assets and a transfer of such assets to a new Account for a new Beneficiary. This transfer is subject to federal and state income taxation and may be subject to an additional 10% federal tax on the earnings portion of such withdrawal.
4. In the case of a minor Account Owner, the minor must be designated as the Beneficiary and the parent or guardian for such minor Account Owner may not change the original Beneficiary designation. If an Account is funded with assets from or otherwise established as an UTMA/UGMA account, the Account Owner (who is the UTMA/UGMA Custodian) will not be able to change the person designated as Beneficiary on the Account.
5. You may request a substitution of the person named as Beneficiary of your Account only by completing the Beneficiary Change Form, which can be obtained from CollegenInvest. The substitution shall become effective when CollegenInvest has approved the Form. The Form will ask you to certify the family relationship between the new Beneficiary and the current Beneficiary.

### Withdrawals

1. Withdrawals of all or a portion of your Account will be processed only if you submit a properly completed and executed Withdrawal Request Form, which can be obtained from CollegenInvest, and any additional required documentation. CollegenInvest will generally direct withdrawals within fifteen (15) days of receiving a properly completed Withdrawal Request Form (or such later date as you may specify in that Form). **However, CollegenInvest reserves the right to delay remittance of amounts contributed by check or via direct deposit or automatic funds transfers for up to ten (10) business days from the deposit date.**
2. If you request a Qualified Withdrawal, the amounts withdrawn may be (i) sent directly to the Eligible Educational Institution, or (ii) sent to the Account Owner or the Beneficiary for payment of Qualified Higher Education Expenses.
3. If you request a Qualified Withdrawal to pay the Qualified Higher Education Expenses of the Beneficiary and the Beneficiary receives a refund of any payment of Qualified Higher Education Expenses from an Eligible Educational Institution, the amount withdrawn will not be includible in income to the extent it is recontributed to an Account for which the Beneficiary is the beneficiary, but only to the extent such recontribution is made not later than 60 days after the date of such refund and does not exceed the refunded amount. You are responsible for identifying to CollegenInvest any contribution to an Account that qualifies for the treatment described in this

paragraph and for certifying to CollegenInvest that the conditions for such treatment have been satisfied.

4. In the case of a minor Account Owner, the parent or guardian for such minor Account Owner is not permitted to make withdrawals other than for the benefit of the Beneficiary. If an Account is funded with UTMA/UGMA account assets, the Account Owner is not permitted to make withdrawals other than for the benefit of the Beneficiary.
5. If you request a Nonqualified Withdrawal, the withdrawal will be subject to an additional 10% federal tax payable to the Internal Revenue Service on the portion of such withdrawal that is attributable to investment earnings in the Account, unless the withdrawal qualifies for an exception to the additional 10% federal tax. For this purpose, each withdrawal is treated as including a ratable share of investment earnings on all Accounts within the Plan for the Beneficiary having the same Account Owner. A Nonqualified Withdrawal is not subject to the additional 10% federal tax only if the withdrawal is: (i) made to make payments to a Beneficiary of the Beneficiary (or to the Beneficiary's estate) upon the death of the Beneficiary; (ii) made on account of the disability of the Beneficiary; (iii) made on account of a scholarship received by the Beneficiary (or similar education-related receipts), to the extent that the withdrawal does not exceed the amount of the scholarship (or such receipts); (iv) a withdrawal in an amount equal to the amount of the Beneficiary's Qualified Higher Education Expenses taken into account in determining the Beneficiary's American Opportunity Credit or Lifetime Learning Credit; or (v) made on account of the attendance of the Beneficiary at a United States military academy (subject to limitations).
6. Nonqualified Withdrawals will also likely result in income taxation except for (i) a non-taxable transfer to another Account or to another Section 529 plan for a different Beneficiary who is a Family Member of the designated Beneficiary; or (ii) a qualifying non-taxable transfer to another Section 529 plan for the designated Beneficiary.
7. The earnings portion of any withdrawal will be computed in accordance with Code Section 529 and any regulations thereunder.
8. Distributions will be made to CollegenInvest under the Funding Agreement at any time to cover requests by Account Owners for Qualified or Nonqualified Withdrawals, or transfers to any other Section 529 plan except a Colorado Competing Fixed Interest Fund.

### **Account Owner's Representations and Acknowledgements**

You hereby represent, warrant, acknowledge and agree with CollegenInvest as follows:

1. You are resident of or domiciled in the United States of America.
2. You have received and read the Plan Disclosure Statement, have carefully reviewed the information contained therein, including information provided by or with respect to CollegenInvest and the Plan Manager, and agree that its terms are incorporated into this Participation Agreement as if they were set forth herein.
3. The investment of assets held in your Account will be governed by the provisions of the Plan Disclosure Statement and this Participation Agreement, each as amended from time to time, and all such assets will be held exclusively for your benefit and the benefit of the person named as Beneficiary of that Account.
4. CollegenInvest currently provides services and serves as administrator of the Plan and several other Section 529 plans. State tax features vary by plan; CollegenInvest does not render tax advice and you should consult your own tax advisor to determine the effect of state and federal

tax benefits related to each plan. The nature and composition of available investment options and costs (including sales charges, fees and expenses) vary from plan to plan. You should consider the wide variety of plans and related costs available to you and their costs.

5. The Colorado income tax deduction for contributions to the Plan, as described in the Plan Disclosure Statement, is available only to certain Colorado taxpayers. Section 529 plans offered by states other than Colorado may offer tax or other benefits to taxpayers or residents of those states that are not available with regard to the Plan. If you are a taxpayer or resident of a state other than Colorado, you have considered such state tax treatment and other benefits, if any, before making a decision to invest in the Plan.
6. You have been given an opportunity, within a reasonable time prior to the effective date of this Participation Agreement, to ask questions of representatives of CollegenInvest and receive satisfactory answers concerning (i) an investment in the Plan; (ii) the terms and conditions of the Plan, the Trust and the Funding Agreement; (iii) the applicable fees, expenses and charges associated with the Plan; (iv) the Plan Disclosure Statement, this Participation Agreement and the Account Application; (v) other Section 529 plans offered by CollegenInvest and costs associated with such plans; and (vi) your ability to obtain such additional information necessary to verify the accuracy of any information furnished.
7. Your Account is subject to the fees, expenses and charges as set forth in the Plan Disclosure Statement. Such fees, expenses and charges may be changed in the future. New fees, expenses and charges may also be charged in the future. You hereby authorize CollegenInvest to redeem units in your Account to satisfy the Account fees described in the Plan Disclosure Statement, as applicable.
8. The Plan is established and maintained with the intent that it meet the requirements for favorable federal tax treatment under Code Section 529. Qualification under Code Section 529 is vital, and CollegenInvest may amend this Participation Agreement at any time if CollegenInvest determines that such an amendment is necessary to maintain qualification of the Plan under Code Section 529.
9. CollegenInvest, in consultation with the Plan Manager, may establish such administrative rules as it determines are necessary or desirable to ensure or promote the Plan's compliance with Code Section 529, other laws, rules and regulations, the purpose of the Plan and the orderly operation and administration of the Plan. Some administrative rules may not be described in the Plan Disclosure Statement.
10. Federal and state laws are subject to change, sometimes with retroactive effect, and none of the State, CollegenInvest or the Plan Manager, or any affiliate of the foregoing, or any other person makes any representation that such federal or state laws will not be changed or repealed.
11. With respect to each Account you open under the CollegenInvest Stable Value Plus Plan, you are opening the Account in order to provide funds for the Qualified Higher Education Expenses of the person designated as Beneficiary of that Account.
12. You have not relied on any representations or other information, whether oral or written, and whether made by any agent or representative of CollegenInvest, the Plan Manager, or otherwise, other than as set forth in the Plan Disclosure Statement (including any applicable supplement to the Plan Disclosure Statement) and in this Participation Agreement.
13. The value of your Account(s) will increase each day based on the annual interest rate established for the related calendar year under the Funding Agreement less the CollegenInvest administrative fee. **YOU UNDERSTAND THAT YOU MAY NOT RECEIVE THE VALUE OF ANY ACCOUNT(S) TO WHICH YOU MAKE CONTRIBUTIONS IF THE PLAN MANAGER FAILS**

**FOR ANY REASON TO PAY INTEREST OR REPAY AMOUNTS DEPOSITED UNDER THE FUNDING AGREEMENT.**

14. All investment decisions will be made by CollegenInvest in accordance with the Policy Statement and you cannot direct the investment of any contributions invested in the Trust, either directly or indirectly. You will, however, have the ability to change the investment option selected for your Account for any reason one time during any calendar year, and also upon a change in the person designated as beneficiary of your Account, as described in the "Contributions to Your Plan Account" and "Investment of Plan Account Assets" sections of this Participation Agreement.
15. **The guarantee to the Trust of repayment of amounts deposited under the Funding Agreement and the payment of interest on such deposited amounts is made by the Plan Manager. None of the State or CollegenInvest, or any affiliate of the foregoing, the federal government, nor any parent, subsidiary or affiliate of the Plan Manager, insures or makes any guarantee that you will be repaid the amount you contribute or paid any interest earnings thereon other than from distributions made to the Trust by the Plan Manager under the Funding Agreement.**
16. You have accurately and truthfully completed the Account Application and any other documentation that you have furnished or subsequently furnish in connection with the opening or maintenance of, or any withdrawals from, your Account is or will be accurate, truthful and complete.
17. If you make false statements in connection with opening an Account or otherwise, CollegenInvest may take such action as permitted by the Act, including, without limitation, terminating your Account or requiring that you indemnify the State, the Plan Manager and/or CollegenInvest as discussed under the "Limitation of Liability; Indemnification" section of this Participation Agreement.
18. Your participation in the Plan does not guarantee that the Beneficiary: (i) will be accepted as a student by any Eligible Educational Institution; (ii) if accepted, will be permitted to continue as a student; (iii) will be treated as a state resident of any state for tuition purposes; (iv) will graduate from any Eligible Educational Institution; or (v) will receive any particular treatment under applicable state or federal financial aid programs. You further acknowledge and agree that none of the State, CollegenInvest, the Plan Manager, or any affiliate of the foregoing, or any other person, makes any such representation or guarantee.
19. No Account in which you invest will be used as collateral for any loan. Any attempt to use an Account as collateral for a loan shall be void. The Plan itself will not loan any assets to you or the Beneficiary.
20. You will not assign or transfer any interest in any Account, except as otherwise contemplated in the Plan Disclosure Statement or this Participation Agreement. Any attempted assignment or transfer of such an interest shall be void.
21. Although you own Units in the Trust through your Account, you do not have a direct beneficial interest in the Funding Agreement, and therefore you do not have the rights of a party to the Funding Agreement.
22. You may transfer your Account to another Account Owner without changing the Beneficiary identified as beneficiary of your Account. If the Account Owner is a minor or the Account was funded with the proceeds from or otherwise established in an UTMA/UGMA account, the Account cannot be transferred to another Account Owner (other than to another UTMA/UGMA Custodian for the benefit of the same Beneficiary). Such a transfer will be effective only if it is irrevocable and transfers all rights, title, interest and power over the Account to the new Account Owner. The



tax consequences associated with a transfer of ownership are uncertain. You should consult with a qualified tax advisor concerning the potential income, gift and estate tax consequences of a transfer of ownership before effecting a transfer. To effect a transfer of ownership, you must contact CollegenInvest.

23. If you do not validly designate a successor Account Owner on your Account Application or on a specific form which you may obtain from CollegenInvest, or if a designated successor is deceased or validly disclaims his/her interest in the Account, the Beneficiary will become the Account Owner in the event of your death.
24. CollegenInvest may ask you to provide additional documentation that may be required by applicable law or in connection with your investment in the Plan, and you agree to promptly comply with any such requests for additional documentation.
25. None of the Plan Disclosure Statement, this Participation Agreement, or the Account Application addresses taxes imposed by a state other than Colorado or the applicability of local taxes to the Plan, the Trust or your investment in the Trust, or your Account. You should consult with a qualified tax advisor regarding the application of all taxes (including those summarized in the Plan Disclosure Statement) to your particular situation.
26. The state or locality in which you reside may impose a tax on the earnings accumulated on your Account assets, without deferring such tax until the time that a withdrawal is made from the Account. You are generally responsible for paying any taxes imposed upon you with respect to your Account. However, to the extent that such taxes relating to your Account are imposed upon the Trust, the Trust may pay them directly from your Account. Such payments may be considered Nonqualified Withdrawals.
27. Your Account may become subject to state unclaimed property laws in the event that there is no activity in the Account over a designated period and/or Plan mailings are returned to CollegenInvest. The applicable state for this purpose is usually determined by the most recent address on file of the Account Owner.
28. In addition to rights expressly stated elsewhere in this Plan Disclosure Statement, CollegenInvest reserves the right to (i) freeze an Account and/or suspend Account services when CollegenInvest has received reasonable notice of a dispute regarding the assets in the Account, including notice of a dispute in Account ownership or when CollegenInvest reasonably believes a fraudulent transaction may occur or has occurred; (ii) freeze an Account and/or suspend Account services upon the notification to CollegenInvest of the death of the Account Owner until CollegenInvest receives required documentation in good order and reasonably believes that it is lawful to transfer Account ownership to the successor Account Owners; (iii) redeem an Account, without the Account Owner's permission, in cases of threatening conduct or suspicious, fraudulent or illegal activity; and (iv) reject a contribution for any reason, including contributions that CollegenInvest believes are not in the best interests of the Plan or the Account Owners. The risk of market loss, tax implications, penalties and any other expenses as a result of such an Account freeze or redemption will be solely the Account Owner's responsibility.

## Limitation of Liability; Indemnification

1. **Indemnification.** You recognize that the establishment of any Account in the Trust will be based upon your acknowledgments, statements, agreements, representations, warranties and covenants set forth in this Participation Agreement and the Account Application. You agree to indemnify and hold harmless the Plan, the Trust, CollegenInvest, the State, the Plan Manager, and any affiliates, directors, officers, employees, agents and other representatives of the foregoing, for any liabilities or expenses (including costs of reasonable attorney's fees) they each may incur as the result of any misstatement or misrepresentation made by you or the Beneficiary, or any breach by you or the Beneficiary of the acknowledgments, statements, agreements, representations or warranties or covenants contained in this Participation Agreement, other than those arising out of CollegenInvest's failure to perform its duties specified in this Participation Agreement, or CollegenInvest's or the Plan Manager's failure to perform their respective duties specified in the Plan Disclosure Statement. All of your statements, representations, warranties, covenants and agreements shall survive the termination of this Participation Agreement.
2. **Extraordinary Events.** CollegenInvest and the Plan Manager each will not be liable for any loss caused directly or indirectly by government restrictions, exchange or market rulings, suspension of trading, war, strikes, changes in federal or state law (including tax law) or other conditions beyond their control.

## Lawsuits; Disputes

1. **Lawsuits Involving your Account.** Except as to controversies arising between you or the Beneficiary and CollegenInvest or the Plan Manager, CollegenInvest or the Plan Manager may apply to a court at any time for judicial settlement of any matter involving your Account. CollegenInvest represents that if CollegenInvest or the Plan Manager so applies for a judicial settlement, CollegenInvest will give you or the Beneficiary the opportunity to participate in the court proceeding, but each of them also can involve other persons. Any expense that CollegenInvest or the Plan Manager incurs in legal proceedings involving your Account, including attorney's fees and expenses, are chargeable to your Account and payable by you or the Beneficiary if not paid from your Account.
2. **Disputes.** Any controversies that may arise between you or the Beneficiary and CollegenInvest involving any transaction in your Account, or the construction, performance or breach of this Participation Agreement, may be determined by arbitration or court proceedings, as determined by CollegenInvest in its sole discretion. If there is a dispute between you or the Beneficiary and CollegenInvest that is adjudicated in the courts, you hereby submit (on behalf of yourself and the Beneficiary) to exclusive jurisdiction in the courts of Colorado for all legal proceedings arising out of or relating to this Participation Agreement. In any such proceeding, you (on behalf of yourself and the Beneficiary) and CollegenInvest each agree to waive your rights to trial by jury. If there is a dispute between you or the Beneficiary and CollegenInvest that CollegenInvest determines, in its sole discretion, has to be arbitrated, you agree (on behalf of yourself and the Beneficiary) that the arbitration will be conducted in Colorado pursuant to the then current rules for such proceedings as provided by the American Arbitration Association.

## Miscellaneous Provisions

1. **Reporting.** CollegenInvest will keep records of all transactions concerning your Account and will provide annual statements of your Account to you. CollegenInvest will cause reports of your Account to be sent to you, the Internal Revenue Service, the Colorado Department of Revenue and such other regulatory authorities as required by law. If you do not write to CollegenInvest to object to a statement or report within 60 days after it has been sent to you, you will be considered to have approved it and to have released CollegenInvest and the Plan Manager from all responsibility for matters covered by the report. You agree to provide all information CollegenInvest or the Plan Manager may need to comply with any legal reporting requirements. You will continue to be responsible for filing your federal and state tax returns and any other reports required of you by law.
2. **Duties of CollegenInvest.** Neither CollegenInvest nor its representatives has a duty to perform any action other than the CollegenInvest Services as specified in this Participation Agreement and the Plan Disclosure Statement. CollegenInvest may accept and rely conclusively on any instructions or other communications reasonably believed to have been given by you or another authorized person and may assume that the authority of any other authorized person continues in effect until CollegenInvest receives written notices to the contrary. CollegenInvest has no duty to determine or advise you of the investment, tax or other consequences of your actions, or of its actions in following your directions, or of its failing to act in the absence of your directions.
3. **Duties of the Plan Manager.** Neither the Plan Manager nor its representatives has a duty to perform any actions other than those specified in this Participation Agreement, the Plan Disclosure Statement and the Funding Agreement, and it is specifically noted that the Plan Manager is not responsible for the performance (or nonperformance) of any marketing, administrative, recordkeeping, collection of contributions, processing of withdrawals or other CollegenInvest Services. The Plan Manager may accept and rely conclusively on any instructions or other communications reasonably believed to have been given by you or another authorized person and may assume that the authority of any other authorized person continues in effect until the Plan Manager receives written notices to the contrary. The Plan Manager may accept and rely conclusively on any instructions or communications reasonably believed to have been given by CollegenInvest. The Plan Manager has no duty to determine or advise you of the investment, tax or other consequences of your actions, or of its actions in following your directions, or of its failing to act in the absence of your directions.
4. **Discontinuance of Funding Agreement.** CollegenInvest may discontinue the Funding Agreement in the future. In such event, your Account assets may (i) continue to be invested in part under the Funding Agreement for up to three years and 60 days following such discontinuance, and in part in Alternate Investments selected by CollegenInvest, or (ii) be invested entirely in Alternate Investments selected by CollegenInvest. In each such event, you will not be able to direct investment of your Account assets, except as described in the "Investment of Account Assets" section of this Participation Agreement.
5. **Effectiveness of this Participation Agreement.** This Participation Agreement shall become effective upon the execution of your Account Application, subject to CollegenInvest's right to reject your Account Application if, in processing the Account Application, it is determined that the Account Application has not been completed in accordance with guidelines under the Plan.
6. **Amendment and Termination.** CollegenInvest may, at any time, and from time to time, amend this Participation Agreement or the Plan Disclosure Statement, or suspend or terminate the Plan and the Trust, by giving written notice of such action to you, but your Account assets may not thereby be diverted from the exclusive benefit of you and/or the Beneficiary. Nothing contained in this Participation Agreement or the Plan Disclosure Statement shall constitute an agreement or representation by CollegenInvest, on its own behalf or on behalf of the Plan Manager, that it will continue to maintain the Plan or the Trust indefinitely.

7. **Successors and Assigns.** This Participation Agreement shall be binding upon the parties and their respective heirs, successors (including substitute and transferee Account Owners) and permitted assigns. You agree that all of your representations and obligations under this Participation Agreement shall inure to the benefit of the Plan Manager as well as to CollegenInvest.
8. **Communications; Notices.** For purposes of this Participation Agreement, communications will be sent to you at the address that you specify in your Account Application or at such other address that you provide to CollegenInvest in writing. All communications so sent will be deemed to be given to you personally upon such sending, whether or not you actually receive them. You are responsible for alerting CollegenInvest to any change of address. Various notices to be provided by CollegenInvest in connection with the Plan may be made pursuant to an updated Plan Disclosure Statement or by a posting on the CollegenInvest website.
9. **Severability.** If any provision of this Participation Agreement is held to be invalid, illegal, void or unenforceable, by reason of any law, rule, or administrative order, or by judicial decision, such determination will not affect the validity of the remaining provisions of this Participation Agreement.
10. **Headings.** The heading of each section, paragraph and provision in this Participation Agreement is for descriptive purposes only and shall not be deemed to modify or qualify any of the rights or obligations set forth in each such section, paragraph and provision.
11. **Governing Law.** This Participation Agreement shall be construed in accordance with and shall be governed by the laws of the State of Colorado, without regard to community property laws or choice of law rules of any state. Your execution of the Plan account application shall constitute execution of this Participation Agreement.

**COLLEGEINVEST  
PRIVACY POLICY STATEMENT**

**State Administrator for  
The ColleeInvest Stable Value Plus College Savings Plan**

**The ColleeInvest Stable Value Plus College Savings Plan is Managed by  
Brighthouse Life Insurance Company (formerly known as MetLife Insurance Company USA)  
(the "Plan Manager")**

At ColleeInvest privacy and confidentiality of your personal information is important and we want to ensure your trust in us. The following statement describes our practices and policies for protecting your nonpublic personal information. ColleeInvest reserves the right to revise this policy at any time with notice.

**General**

ColleeInvest does not disclose, sell, rent, trade, or otherwise provide nonpublic personal information that we have about you or your account(s) to third parties, whether affiliated or unaffiliated with ColleeInvest, except as permitted by law.

ColleeInvest only collects nonpublic personal information provided by you either through the secure online information requests or application, through general and toll-free telephone numbers, through the application process or through your transactions with our plan manager or us. Examples of nonpublic personal information collected include:

- Name, address, phone number and Social Security Number of account owner, account successor and beneficiary.
- Account information, such as dollars contributed, units purchased and value of account.
- Optional demographic information such as gender, household income, ethnicity, age and level of education.
- Voluntary information collected by our service providers to conduct market research on our behalf.

ColleeInvest restricts access to your nonpublic personal and account information to those employees who need to know that information to service your account(s). We also maintain physical, electronic and procedural safeguards to protect your nonpublic personal information.

ColleeInvest will disclose nonpublic personal information to third parties as is necessary to process and service your account(s). In addition ColleeInvest will disclose nonpublic personal information to third parties providing services on ColleeInvest's behalf, such as delivery of information about ColleeInvest products and services through means including, but not limited to, mail, email, and telephone. We also provide names, addresses and telephone numbers to a firm that conducts market research on our behalf.

All third party servicers are governed by confidentiality agreements requiring the third party to keep all personal information provided to them by ColleeInvest confidential except as permitted by law.