



ACHIEVE  
MONTANA

---

**Program Description**

NOVEMBER 2020

This Program Description is part of the Achieve Montana (Achieve Montana or the Plan) Enrollment Kit. The Enrollment Kit consists of a Highlights Booklet, this Program Description, and the Enrollment Form. The Program Description has been identified by the Montana Board of Regents of Higher Education (Board) as the Offering Materials (as defined in the College Savings Plans Network Disclosure Principles, as may be amended or restated from time to time) intended to provide substantive disclosure of the terms and conditions of an investment in Achieve Montana. This Program Description is designed to comply with the College Savings Plans Network Disclosure Principles.

If you are not a Montana taxpayer, before investing you should consider whether your or the Beneficiary's home state offers a Qualified Tuition Program that provides its taxpayers with favorable state tax and other state benefits such as financial aid, scholarship funds, and protection from creditors that may only be available through an investment in the home state's Qualified Tuition Program, and which are not available through an investment in Achieve Montana. Since different states have different tax provisions, this Program Description contains limited information about the state tax consequences of investing in Achieve Montana. Therefore, please consult your financial, tax, or other professional to learn more about how state-based benefits (or any limitations) would apply to your specific circumstances.

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

This Program Description contains important information you should review before opening an account in Achieve Montana, including information about the benefits and risks of investing. Please read it carefully and save for future reference. Capitalized terms used in this Program Description are defined in the *Glossary* (beginning on page 76).

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

**Other Important Information.** 529 Plans are intended to be used only to save for Qualified Expenses. Achieve Montana is not intended to be used, nor should it be used, by any taxpayer for the purpose of evading federal or state taxes or tax penalties. Taxpayers may wish to seek tax advice from an independent tax advisor based on their own particular circumstances.



## TABLE OF CONTENTS

---

Getting Started	Page 4
Summary	Page 4
My Account	Page 7
Opening My Account	Page 7
Contributing To My Account	Page 9
Maintaining My Account	Page 16
Using My Account	Page 20
Closing My Account	Page 24
Fees	Page 25
Important Risks You Should Know About	Page 29
Investment Choices	Page 34
Investment Performance	Page 64
Important Tax Information	Page 66
Federal Tax Information	Page 66
State Tax Information	Page 68
General Information	Page 71
Administration	Page 75
Glossary	Page 76
Agreement	Page 82

---

## GETTING STARTED

---

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

- 1** Read this Program Description in its entirety and save it for future reference. It contains important information you should review before opening an Account, including information about the benefits and risks of investing.
- 2** Gather your information:
  - a.** Your Social Security number
  - b.** Your permanent address
  - c.** Your Beneficiary's Social Security number and date of birth
  - d.** Your email address
  - e.** Your checking or savings account number and your bank's routing number  
(if you want to contribute electronically with a bank transfer)
- 3** Go online to [achievemontana.com](http://achievemontana.com) and click on Enroll. The easy-to-follow directions will guide you through the enrollment process. Enrolling online is fast, convenient, and secure. In as little as 10 minutes, you can be fully signed up and saving for college. Or, if you prefer, you can complete and mail the Enrollment Form included in the Enrollment Kit.

---

## SUMMARY

This Program Description provides you with important information that can help you decide whether to open an Achieve Montana Account. You can find the key terms used throughout this Program Description in the *Glossary*, beginning on page 76. This Summary provides highlights of the features of Achieve Montana and tells you the section and page number where you can find more complete information about each topic.

### ***About Achieve Montana***

Achieve Montana is a Qualified Tuition Program sponsored by the Board. Achieve Montana is designed to help individuals and families save for college in a tax-advantaged way and offers valuable advantages including a generous Montana income tax deduction for contributions, tax-deferred growth, high contribution limits, attractive investment options, and professional investment management.

## WHAT'S INSIDE

---

### ***My Account (p. 7)***

Achieve Montana is open to U.S. citizens or resident aliens throughout the U.S. You, as the Account Owner, maintain complete control over the Account and can open Accounts for any number of Beneficiaries, including yourself. This section will guide you through the details of opening an Achieve Montana Account, contributing to your Account, maintaining your Account, using your savings to pay for Qualified Expenses, and closing your Account. To open an Account, you must complete your Enrollment online or send us a completed Enrollment Form, which is a contract between you, as the Account Owner, and the Board, establishing the obligations of each.

### ***Fees (p. 25)***

Achieve Montana has no commissions, loads, or sales charges. The Total Annual Asset-Based Fee varies from 0.395% to 0.587%, depending upon the Portfolio(s) you choose. An Annual Account Maintenance Fee of \$25 is charged to each Account but is waived if:

- the combined Account balance for the same Account Owner and Beneficiary is equal to or greater than \$25,000,
- the Account Owner is a Montana Resident, or
- you contribute to Achieve Montana automatically from your bank account by Automatic Investment Plan (AIP) or by payroll deduction.

### ***Important Risks You Should Know About (p. 29)***

As with any investment, there are risks involved in investing in Achieve Montana, including the risk of investment losses; the risk of changes in federal and state laws, including federal and state tax laws; and the risk of Program changes, including changes in Fees. To learn more about the risks, please thoroughly read and carefully consider the information in this section beginning on page 29 and throughout this Program Description, and ask your tax, legal and investment professionals about these risks before deciding to enroll in Achieve Montana.

### ***Investment Choices (p. 34)***

When you enroll in Achieve Montana, you choose to invest in at least one of three different investment approaches, based upon your investing preferences and risk tolerance. You can choose between the Year of Enrollment Option, the Asset Allocation Option, the Individual Portfolios Option, or a mix of all three.

#### **• Year of Enrollment Option**

This option offers Portfolios designed for different enrollment years (anticipated year of enrollment at college). Your money is invested in a Portfolio that automatically moves to progressively more conservative investments as your Beneficiary approaches college age (roughly 18-19 years of age). There are seven (7) Portfolios available under the Year of Enrollment Option. These Portfolios invest in Underlying Funds managed by BlackRock, DFA, New York Life, Schwab, and Vanguard.

#### **• Asset Allocation Portfolios Option**

This option offers five (5) different Portfolios in which the types of investments (for example - stocks, bonds, or cash) the Portfolio invests in, remains fixed over time. Each Asset Allocation Portfolio invests in multiple Underlying Funds managed by BlackRock, DFA, Schwab and Vanguard. Four of the Asset Allocation Portfolios also invest in a Guaranteed Interest Account offered by New York Life.

#### **• Individual Portfolios Option**

This option offers three (3) portfolios with investments that remain fixed over time. These Portfolios invest in a single Underlying Fund and are managed by BlackRock (Equity Index Portfolio), New York Life (Capital Preservation Portfolio), and Vanguard (Bond Index Portfolio).

You may change your Investment Options for balances currently in your Achieve Montana Account up to two times per calendar year, or if you change your Beneficiary. You can apply new contributions to your existing Portfolio selections, or to new Portfolios. This section also provides details on how to view investment performance of each Portfolio.

### ***Important Tax Information (p. 66)***

As a 529 Plan, Achieve Montana offers federal and Montana state tax benefits, including tax-deferred earnings.

#### **Federal Taxes**

This section discusses key federal tax issues you should consider before investing in Achieve Montana. Earnings on your account are tax-deferred and are federal income tax free when used toward Qualified Expenses. Note that if you take a Non-Qualified Distribution, any earnings are subject to federal and state income taxes and an additional 10% federal tax penalty (Distribution Tax). If you take an Other Distribution, any earnings may be subject to federal and applicable state income taxes, but not the Distribution Tax. Learn more about federal tax considerations associated with investing in Achieve Montana by thoroughly reviewing this section. Before you invest, you should consult an independent tax advisor regarding the application of tax laws to your particular circumstances.

#### **Montana State Taxes**

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

This section also discusses the types of Non-Qualified Montana Distributions that may be subject to a recapture tax.

#### **General Information (p. 71)**

In this section you will learn about the rights and obligations associated with your Account, considerations related to

changes to your Account, this document, and state and federal laws, and claims against your Account.

#### **Administration (p. 75)**

This section summarizes the administration of Achieve Montana.

- The Board administers Achieve Montana and serves as trustee of the Family Education Savings Trust (Trust). The trust was created by the State of Montana to hold assets in Achieve Montana.
- Ascensus College Savings serves as Program Manager and provides recordkeeping and administrative support, and through its affiliate, Ascensus Investment Advisors, LLC, provides certain investment advisory services. Each Ascensus entity will be referred to individually or collectively in this Program Description, as the case may be, as Ascensus.
- BlackRock Advisors, LLC and BlackRock Fund Advisors (BlackRock), Dimensional Fund Advisors LP (DFA), Charles Schwab Investment Management, Inc. (Schwab), New York Life Insurance Company (New York Life) and the Vanguard Group, Inc. (Vanguard) provide investment management services to the Portfolios' Underlying Funds.

#### **Glossary (p. 76)**

This section provides definitions of terms contained in this Program Description. Note that terms defined in the glossary (other than you and your) appear with initial capital letters when referenced in this document.

#### **Agreement (p. 82)**

In this section, we ask you to review and acknowledge your rights and responsibilities in connection with your enrollment in Achieve Montana. You must review this agreement in detail prior to completing an Enrollment in the Program. Upon enrolling in the Program you will be prompted to acknowledge your understanding of, and agreement with the terms, conditions and information contained in the Program Description and the Agreement.

# MY ACCOUNT

## OPENING MY ACCOUNT

### AT A GLANCE

IN THIS SECTION, YOU WILL LEARN MORE ABOUT:

WHO CAN BE AN ACCOUNT OWNER  
SUCCESSOR ACCOUNT OWNERS  
BENEFICIARIES

#### Account Owner/Custodian.

To participate in Achieve Montana, you must complete an Enrollment Form and open an Account either online or by mail. You must be a U.S. citizen (or a resident alien), or an entity that is organized in the U.S., be 18 years or older, and have a valid permanent U.S. residential address. You may also open an Account as a custodian for a child under UGMA/UTMA. By signing the Enrollment Form, you consent and agree that the Account is subject to the terms and conditions of this Program Description.

#### Joint Account Ownership.

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

If you hold your Account jointly, the name and Social Security number of the first Account Owner listed on the Enrollment Form (primary Account Owner) will be used for IRS reporting purposes. If you opened your Account online, only the primary Account Owner may register an email address with Achieve Montana as well as create a password to transact online. Account statements, transaction confirmations, and Program Descriptions and supplements, as well as correspondence from Achieve Montana will be mailed to the address on file for the primary Account Owner

(or the primary Account Owner will receive notification to the registered email address if electronic delivery of these documents is chosen). You can choose to have duplicate Account statements mailed to the Joint Account Owner, if applicable, at another address as an interested party by completing the appropriate form.

#### Successor Account Owner.

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

#### Beneficiary.

You can set up an Account for the benefit of your child, grandchild, spouse, yourself, another relative, or even someone not related to you. Each Account can have only one Beneficiary at any time. However, you may have multiple Accounts for different Beneficiaries. Also, different Account Owners may have an Account for the same Beneficiary within Achieve Montana, but contributions to an Account will be limited if the total assets held in all Accounts for that

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

Beneficiary exceed the Maximum Contribution Limit. Please see *Contributing To My Account — Maximum Contribution Limit* on page 14.

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

**Control Over the Account.**

Although other individuals or entities may make contributions to your Account, you, as the Account Owner,

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

**Documents in Good Order.**

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



# MY ACCOUNT

## CONTRIBUTING TO MY ACCOUNT

### AT A GLANCE

IN THIS SECTION, YOU WILL LEARN MORE ABOUT:

DIFFERENT WAYS TO CONTRIBUTE TO YOUR ACCOUNT

AUTOMATIC INVESTMENT PLANS

PAYROLL DEDUCTION

ROLLOVERS FROM OTHER 529 PLANS

#### Minimum Contributions.

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

You can make your initial and any additional contributions by check, AIP, payroll deduction, EFT, dollar-cost averaging, rolling over assets from another Qualified Tuition Program, moving assets from a UGMA/UTMA account or Coverdell Education Savings Account, or by redeeming U.S. Savings Bonds. We

will not accept contributions made by cash, money order, travelers checks, checks

not in U.S. dollars, checks drawn on banks located outside the U.S., checks dated more than 180 days from the date of receipt, checks post-dated more than seven (7) days in advance, checks with unclear instructions, starter or counter checks, credit card or bank courtesy checks, third-party

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

personal checks over \$10,000, instant loan checks, or any other check we deem unacceptable. No stocks, securities, or other non-cash assets will be accepted as contributions. You may also designate that funds from a Upromise service account be periodically transferred as a subsequent investment, provided that the minimum contribution amount is met.

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

#### Contribution Date.

We will credit any money contributed to your Account on the same Business Day if the contribution is received in good order and prior to the close of the New York Stock Exchange (NYSE), normally 2 p.m., Mountain Time. The contribution will be credited on the next succeeding Business Day if it is received in good order after the close of the NYSE. The trade date policies for AIP and EFT contributions differ from those described in this paragraph. Please see *Automatic Investment Plan (AIP)* on page 10 and *Electronic Funds Transfer (EFT)* on page 11 for more information.

We will generally treat contributions sent by U.S. mail as having been made in a given year if checks are postmarked on or before December 31 of the applicable year, provided the checks are subsequently paid. With respect to EFT contributions, for tax purposes we will generally treat contributions received by us in a given year as having been

made in that year if you submit them on or before December 31 of such year, provided the funds are successfully deducted from your checking or savings account at another financial institution. Contributions made pursuant to an AIP will generally be considered received by us in the year the AIP debit has been deducted from your checking or savings account at another financial institution. (Please see *Automatic Investment Plan (AIP)* below).

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

In the event of Force Majeure, we may experience processing delays, which may affect your trade date. In those instances, your actual trade date may be after the trade date you would have received, which may negatively affect the value of your Account.

#### **Allocation of Future Contributions.**

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

#### **Contributions by Check.**

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

must be payable to you or the Beneficiary and properly endorsed by you or the Beneficiary to Achieve Montana.

#### **Automatic Investment Plan (AIP).**

You may contribute to your Account by authorizing us to receive periodic automated debits from a checking or savings account at your bank, if your bank is a member of the Automated Clearing House, subject to certain processing restrictions. You can initiate an AIP either when you enroll by completing the AIP section of the Enrollment Form, or after your Account has been opened, either online, over the phone (provided you have previously submitted certain information about the bank account from which the money will be withdrawn), or in writing by submitting the appropriate form. AIP deposits must equal at least \$25 per month, \$75 per quarter, \$150 per semi-annual period, or \$300 per year. You may also elect to authorize an automatic annual increase to your AIP Contribution.

Your AIP authorization will remain in effect until we have received and processed your notification of its termination.

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

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

There is no charge for enrolling in an AIP. Debits from your bank account will occur on the day you indicate, provided the day is a regular Business Day. If the day you indicate falls on a weekend or a holiday, the AIP debit will occur on the next Business Day. You will receive a trade date of the Business Day on which the bank debit occurs. Quarterly AIP debits will be made on the day you indicate (or the next Business Day, if applicable) every three months, not on a calendar quarter basis. Semi-annual and annual debits will be made on the day you indicate (or the next Business Day, if

applicable) every 6 months or once each year, as applicable. If you do not designate a date, your bank account will be debited on the 20th of the applicable month.

The start date for an AIP must be at least three (3) Business Days from the date of submission of the AIP request, regardless of the frequency of your AIP. If a start date for an AIP is less than three (3) Business Days from the date of the submission of the AIP request, the AIP will start on the requested day in the next succeeding month.

### **Electronic Funds Transfer (EFT).**

You may also contribute by EFT. Each contribution must be in an amount of at least \$25. You may authorize us to withdraw funds by EFT from a checking or savings account for both initial and/or additional contributions to your Account, provided you have submitted certain information about the bank account from which the money will be withdrawn, subject to certain processing restrictions.

Transactions can be completed through the following means: (i) by providing EFT instructions on the Enrollment Form; (ii) by submitting EFT instructions online after enrollment at *achievemontana.com*; or (iii) by contacting a Client Service Representative at 1-877-486-9271.

Debit requests that are received in good order:

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

We do not charge a fee for contributing by EFT.

### **Limitations on AIP and EFT Contributions.**

We may place a limit on the total dollar amount per day you

may contribute to your Account by EFT. Contributions in excess of that limit will be rejected. If you plan to contribute a large dollar amount to your Account by EFT, you may want to contact a Client Service Representative at 1-877-486-9271 to inquire about the current limit prior to making your contribution. An EFT or AIP contribution may fail because the bank account on which it is drawn contains insufficient funds or because correct and complete banking instructions were not provided (Please see *Failed Contributions* on page 14). If your AIP or EFT contribution cannot be processed because the bank account on which it is drawn contains insufficient funds, because of incomplete information or inaccurate information, or if the transaction would violate processing restrictions, we reserve the right to suspend processing of future AIP and EFT contributions.

### **Direct Deposits From Payroll.**

You may be eligible to make automatic, periodic contributions to your Account by payroll deduction (if your employer offers this service). You may make your initial investment by payroll deduction or set up payroll deduction for additional contributions to your Account. The minimum payroll deduction contribution is \$15 per Account per paycheck. Contributions by payroll deduction will only be permitted from employers able to meet our operational and administrative requirements. You must complete payroll deduction instructions by logging into your Account at *achievemontana.com*, selecting the payroll deduction option, and designating the contribution amount in the instructions. You will need to print these instructions and submit them to your employer.

### **Rollover Contributions.**

You can make your initial investment by rolling over assets from another Qualified Tuition Program to Achieve Montana for the benefit of the same Beneficiary. You can also rollover assets from your Account or another Qualified Tuition Program to a Beneficiary who is a Member of the Family of your current Beneficiary. (Please see *Options for Unused Contributions: Changing a Beneficiary, Transferring Assets to Another of Your Accounts* on page 16). A rollover for the same Beneficiary is restricted to once in each 12-month

period. Certain rollovers may be subject to the Montana recapture tax.

Incoming rollovers can be direct or indirect. A direct rollover is the transfer of money from one Qualified Tuition Program directly to your Account. An indirect rollover is the transfer of money to you from an account in another state's Qualified Tuition Program; you then contribute the money to your Account. To avoid federal income tax consequences and the Distribution Tax, you must contribute an indirect rollover within 60 days of the distribution. You should be aware that not all states permit direct rollovers from Qualified Tuition Programs. In addition, there may be state income tax consequences (and in some cases state-imposed penalties) resulting from a rollover out of a state's Qualified Tuition Program. Rollover contributions from another Qualified Tuition Program into Achieve Montana are eligible for the State income tax deduction. (Please see *State Tax Information – Income Tax Benefit for Montana Taxpayers* on page 68.)

#### **Refunded Distributions.**

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

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

#### **Moving Assets From a UGMA/UTMA (Uniform Gifts to Minors/Uniform Transfers to Minors Act) Account.**

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

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

- you must indicate that the Account is a UGMA/UTMA Account by checking the appropriate box on the Enrollment Form;
- you must establish an Account in your custodial capacity separate from any Accounts you may hold in your individual capacity;
- you will be permitted to make distributions only in accordance with the rules applicable to distributions under applicable UGMA/UTMA law;
- you will not be able to change the Beneficiary of the Account (directly or by means of a Rollover Distribution), except as may be permitted by applicable UGMA/UTMA law;
- you must notify us when the custodianship terminates and your Beneficiary is legally entitled to take control of the Account by completing the appropriate form. At that time, the Beneficiary will become the Account Owner and will become subject to the provisions of Achieve Montana applicable to non-UGMA/UTMA Account Owners. If you fail to direct us to transfer ownership of the Account when the Beneficiary is legally entitled to take control of the Account assets, we may freeze the Account. Some UGMA/UTMA laws allow for more than one age at which the custodianship terminates (Age of Termination). We may freeze the Account based on the youngest allowable Age of Termination of the custodianship according to the UGMA/UTMA laws where the custodianship Account was established, based on our records. The custodian may be required to provide documentation to us if the Age of Termination of the custodianship Account is other than the youngest allowable age under the applicable UGMA/UTMA law or if the applicable UGMA/UTMA law differs from our records;
- any tax consequences of a distribution from an Account will be imposed on the Beneficiary and not on the Custodian; and
- we may require you to provide documentation evidencing compliance with the applicable UGMA/UTMA law.

In addition, certain tax consequences described under *Federal Tax Information* beginning on page 66 and *State Tax Information* beginning on page 68 may not be applicable in the case of Accounts opened by a custodian under UGMA/UTMA. Moreover, because only contributions made in cash form may be used to open an Account in Achieve Montana, the liquidation of non-cash assets held by a UGMA/UTMA account would be required and would generally be a taxable event. Please contact a tax advisor to determine how to transfer assets held in an existing UGMA/UTMA account and what the implications of a transfer may be for your specific situation.

#### **Moving Assets From a Coverdell Education Savings Account.**

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

#### **Redeeming U.S. Savings Bonds.**

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

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

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

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

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

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

#### **Trusts, Corporations, and other Entities as Account Owners.**

An Account Owner that is a trust, partnership, corporation, association, estate, or another acceptable type of entity must submit documentation to verify the existence of the entity and identify the individuals who are eligible to act on the entity's behalf. Examples of appropriate documentation include a trust agreement, partnership agreement, corporate resolution, articles of incorporation, bylaws, or letters appointing an executor or personal representative. Documentation must be submitted when an Account is established. We will not be able to open your Account until we receive all of the information required on the Enrollment Form and any other information we may require, including the documentation that verifies the existence of the Account Owner. If the Account Owner is an agency or instrumentality of a state or local government, or tax-exempt organization as defined in Section

501(c)(3) of the Code, has established the Account as a general scholarship fund and is not subject to the Maximum Contribution Limit, the organization must provide verification (e.g., an IRS determination letter) of its exempt status when the Account is established.

### **Maximum Contribution Limit.**

You can contribute up to a Maximum Contribution Limit of \$396,000 for each Beneficiary. All accounts for the same Beneficiary under all Qualified Tuition Programs sponsored by the State of Montana are counted toward the Maximum Contribution Limit regardless of the Account Owner. If a contribution is made to an Account that would cause the aggregate balance of all accounts to exceed the Maximum Contribution Limit, all or a portion of the contribution amount will be returned to you or the contributor. If you are enrolled in an AIP, the AIP may be discontinued. Accounts (either alone or combined with other Accounts) that have reached the Maximum Contribution Limit (whether through contributions or market fluctuation) may continue to accrue earnings, although future contributions may not be made to the accounts. If, however, the market value of an Account falls below the Maximum Contribution Limit, additional contributions will be accepted. Should the Maximum Contribution Limit increase, additional contributions up to the new Maximum Contribution Limit will be accepted. An Account opened by an agency or instrumentality of a state or local government, or tax-exempt organization as defined in Section 501(c)(3) of the Code, as a general scholarship fund is not subject to the Maximum Contribution Limit.

### **Excess Contributions.**

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

excess contributions and related earnings to the contributor. Any refund of an excess contribution may be treated as a Non-Qualified Distribution. The risk of market loss, tax implications and any other expenses as a result of the refund will be solely your responsibility.

### **Failed Contributions.**

If you make a contribution by check, EFT, or AIP that is returned unpaid by the bank upon which it is drawn, you will be responsible for any losses or expenses incurred by the Portfolios or Achieve Montana and we may charge your Account a fee of \$30. Achieve Montana has the right to reject or cancel any contribution due to nonpayment.

### **Confirmation of Transactions.**

We will send you a separate confirmation statement with respect to each transaction in your Account(s), except for

- AIPs,
- payroll deduction transactions,
- exchanges due to Account assets being automatically moved to a more conservative Portfolio within the Year of Enrollment Option as your Beneficiary ages,
- transfers from a Upromise service account to your Achieve Montana Account,
- exchanges due to dollar-cost averaging, and
- the Annual Account Maintenance Fee, which will only be confirmed on a quarterly basis via your quarterly Account statement.

Each confirmation statement will indicate the number of Units you own in each Portfolio as a result of the transaction. If you receive a confirmation statement or quarterly statement that you believe does not accurately reflect your instructions — for example, the amount invested differs from the amount you contributed or the contribution was not invested in the particular Investment Option(s) you selected — you must promptly notify us of the error. (Please see *Maintaining My Account — Duty to Promptly Notify Us of Errors, and Safeguarding Your Account* beginning on page 17).

**Ugift®.**

You may invite family and friends to contribute to your Accounts through Ugift to provide a gift for your Beneficiary. You provide a unique contribution code to selected family and friends and gift givers can either contribute online through a one-time or recurring electronic bank transfer or they can mail in the gift contribution coupon with a check made payable to Ugift – Achieve Montana. The minimum Ugift contribution is \$15.

Gift contributions received in good order will be held for approximately five (5) Business Days before being transferred into your Account. Gift contributions through Ugift are subject to the Maximum Contribution Limit. Gift contributions will be invested according to the Standing Allocation on file for your Account at the time the gift contribution is transferred. There may be potential tax consequences of gift contributions invested in your Account. You and the gift giver should consult a tax advisor for more information. Ugift is an optional service, is separate from Achieve Montana and is not affiliated with the State, the Board, or the Trust. For more information, please see our website at [achievemontana.com](http://achievemontana.com).

**Upromise Service.**

If you are enrolled in the Upromise service, you can link your Account so that savings are automatically transferred to your Account on a periodic basis. The Upromise service is administered by Upromise, Inc. in accordance with the terms and procedures set forth in the Upromise Member Agreement, as amended from time to time.

You cannot use the transfer of funds from a Upromise account as the initial funding source for an Achieve Montana Account. The Upromise service is an optional service, is separate from Achieve Montana, and is not affiliated with the State, the Board, the Committee, the Program Manager, or the Trust. Transfers from a Upromise account may be subject to a minimum amount. Go to [upromise.com](http://upromise.com) for more information.



# MY ACCOUNT

---

## MAINTAINING MY ACCOUNT

### AT A GLANCE

IN THIS SECTION, YOU WILL LEARN MORE ABOUT:

- ACCOUNT STATEMENTS
- CHANGING BENEFICIARIES
- CHANGING INVESTMENTS
- CHANGING ACCOUNT OWNERS

#### **Account Statements.**

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

- Exchanges within your Account,
- Withdrawals made from your Account,
- Adjustments to more conservative Portfolios in the Year of Enrollment Option,
- Exchanges due to dollar-cost averaging,
- Automatic transfers from a Upromise service account to your Account, and
- Transaction and maintenance fees you incurred.

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

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

You may request duplicate copies of Account statements to be provided to another party. Your statements are also available online at [achievemontana.com](http://achievemontana.com) for a period of

at least eighteen (18) months. You can choose to receive Account statements, transaction confirmations, 1099-Qs, and other personal correspondence via electronic delivery or in paper format. We reserve the right to charge a fee for duplicate copies of historical statements.

You are expected to regularly and promptly review all transaction confirmations, Account statements, and any email or paper correspondence sent by Achieve Montana. Contact us immediately if you believe someone has obtained unauthorized access to your Account or if you believe there is a discrepancy between a transaction you requested and your transaction confirmation.

#### **Options for Unused Contributions: Changing a Beneficiary, Transferring Assets to Another of Your Accounts.**

Your Beneficiary may choose not to attend an Eligible Educational Institution or may not use all the money in your Account. In either case, you may name a new Beneficiary or take a distribution of your Account assets. Any Non-Qualified Distribution from your Account will be subject to applicable income taxes and the Distribution Tax and may be subject to the Montana recapture tax. Please see *Using my Account - Non-Qualified Distributions* on page 21.

You can change your Beneficiary at any time. To avoid negative tax consequences, the new Beneficiary must be a Member of the Family of the original Beneficiary. Any change of the Beneficiary to a person who is not a Member of the Family of the current Beneficiary is treated as a Non-Qualified Distribution subject to applicable federal and state income taxes as well as the Distribution Tax and may be subject to the Montana recapture tax. An Account Owner who is a UGMA/UTMA custodian will not be able to change the Beneficiary of the Account, except as may be



permitted under the applicable UGMA/UTMA law. Please see *Contributing to My Account — Moving Assets from a UGMA/UTMA (Uniform Gifts to Minors Act/Uniform Transfers to Minors Act) Account* on page 12.

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

We will invest your assets in accordance with the Standing Allocation for the new Beneficiary's Account. If you are invested in the Year of Enrollment Option, the particular Portfolio in which your Account is invested may change if there is a change in the Beneficiary (i.e., a different expected college enrollment year). This change will be made so that the Portfolio corresponds to the age of the new Beneficiary and may result in a loss in the value of your Account depending on market fluctuations during the time of the change. You can also transfer assets in the Account to a new Portfolio(s) when you change the Beneficiary for the Account.

### **Changing Investment Direction.**

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

Because you may make no more than two exchanges per calendar year per Account, it is important that you select an Investment Option that will meet your comfort level for risk in a variety of market conditions, while also considering your investment time horizon.

### **Change of Account Owner.**

Except as discussed below, you may transfer control of your Account assets to a new Account Owner. All transfers to a new Account Owner must be requested in writing, and include any information that may be required by us. However, your right of control may not be sold, transferred, used as collateral, or pledged or exchanged for money or anything of value. We may require affidavits or other evidence to establish that a transfer is non-financial in nature. Your right of control may also be transferred under an appropriate court order as part of divorce proceedings. If you transfer control of an Account to a new Account Owner, the new Account Owner must agree to be bound by the terms and conditions of the Program Description and Enrollment Form. Transferring an Account to a new Account Owner may have significant tax consequences. Before doing so, you may want to check with your tax advisor regarding your particular situation. For information about changing the Custodian of a UGMA/UTMA Account, please see *Contributing to My Account — Moving Assets from a UGMA/UTMA (Uniform Gifts to Minors Act/Uniform Transfers to Minors Act) Account* on page 12.

### **Recovery of Incorrect Amounts.**

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

### **Duty to Promptly Notify Us of Errors.**

If after issuance of any Account statement or confirmation, you make no written objection to us regarding an error in the Account that is reflected on that statement or confirmation, the statement or confirmation will be deemed correct and binding upon you and your Beneficiary. If you do not promptly write us to object to a statement or confirmation, you will be considered to have approved it and to have released the Plan Administrators from all responsibility for matters covered by the statement or confirmation. Moreover, any liability due to an error resulting from participation in Achieve Montana, for which the Plan Administrators are

determined to be responsible is limited to an amount equal to gains due to market movement that would have resulted from the transaction during the period in which you should have acted. Each Account Owner agrees to provide all information that we need to comply with any legal reporting requirements.

### **Safeguarding Your Account**

To safeguard your Account, it is important that you keep your Account information confidential, including your user name and password. We have implemented reasonable processes, procedures and internal controls to confirm that transaction requests are genuine, but these measures do not guarantee that fraudulent or unauthorized instructions received by us will be detected. Neither Achieve Montana nor any of its Plan Administrators will be responsible for losses resulting from fraudulent or unauthorized instructions received by us, provided we reasonably believed the instructions were genuine. Contact us immediately at 1-877-486-9271 if you believe there is a discrepancy between a transaction you requested and the confirmation or quarterly statement you received, or if you believe someone has obtained unauthorized access to your Account. Contributions may be refused if they appear to be an abuse of Achieve Montana.

### **Disclosure Relating to Internet Access**

You have the option to perform Account-related transactions and activity electronically via the Internet. You can securely access and manage Account information — including quarterly statements, transaction confirmations, and tax forms — virtually 24 hours a day at *achievemontana.com* once you have created an online user name and password.

If you choose to open an Account electronically or register for online access to an existing Account you can also choose to access documents relating to your Account via our website.

Please note that if you elect to receive documents electronically, the only way to get paper copies of these documents will be to print them from a computer. You

should not elect to conduct transactions electronically if you do not have regular and continuous Internet access.

The Enrollment Kit and information concerning the Portfolios are available on our website. We expect to post any updated information concerning the Portfolios and Underlying Funds as well as updates to the Program Description approximately annually. These materials and information also may be supplemented throughout the year. Any supplements will also be available on our website. We may archive documents and cease providing them on the website when they become out-of-date.

You should consider printing any information posted on our website before it is removed. If you have elected electronic delivery, we may, from time to time, notify you by email that documents, including Account statements and transaction confirmations, have been delivered. However, email notification is not a substitute for regularly checking your Account at *achievemontana.com*. We intend to archive the transaction history for Accounts for a rolling 48-month period, and Account statements and transaction confirmations for a rolling 18-month period, after which they may not be available through our website. Accordingly, you should consider printing any Account information that you may wish to retain before it is removed. After these documents are archived, you will be able to obtain a copy for a fee by contacting a Client Service Representative at 1-877-486-9271.

You will be required to provide your user ID and password to access your Account information and perform transactions on our website. You should not share your password with anyone else. We will honor instructions from any person who provides correct identifying information, and we are not responsible for fraudulent transactions we believe to be genuine according to these procedures. Accordingly, you bear the risk of loss if unauthorized persons obtain your user ID and password and conduct any transactions on your Account. You can reduce this risk by checking your Account information regularly. You should avoid using passwords that can be guessed and should consider changing your

password frequently. For security purposes, our Client Service Representatives will not ask you for your password. It is your responsibility to review your Account information and to notify us promptly of any unusual activity. You can withdraw your consent to receiving documents electronically at any time by contacting a Client Service Representative at 1-877-486-9271 or by making the change online.

We cannot guarantee the privacy or reliability of email, so we will not honor requests for transfers or changes received

by email, nor will we send Account information through email. All transfers or changes should be made through our secure website. Our website uses generally accepted and available encryption software and protocols, including Transport Layer Security. This is to prevent unauthorized people from eavesdropping or intercepting information sent by or received from us. This may require that you use certain readily available versions of web browsers. As new security software or other technology becomes available, we may enhance our systems.

# MY ACCOUNT

## USING MY ACCOUNT

### AT A GLANCE

IN THIS SECTION, YOU WILL LEARN MORE ABOUT:

- HOW TO USE YOUR ACCOUNT
- QUALIFIED DISTRIBUTIONS
- NON-QUALIFIED DISTRIBUTIONS

#### General.

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

Distributions may be subject to federal and/or state tax withholding, including the Montana recapture tax. For purposes of determining whether a distribution is taxable or subject to the Distribution Tax, you must determine whether the distribution is made in connection with the payment of Qualified Expenses, as defined under the Code and discussed under Qualified Distributions below, or fits within one of the exceptions

to treatment as  
a Non-Qualified  
Distribution as  
discussed under  
*Other Distributions*

⋮  
⋮ **You can take a distribution**  
⋮ **from your Account at**  
⋮ **any time ...**  
⋮

beginning on page

21. If you request that a distribution be taken from one or more specific Portfolio(s), the earnings, for tax reporting purposes, will be calculated based on the earnings of all the Portfolios in your Account.

For Montana State tax purposes, including the application of the recapture tax, you must also determine whether the distribution is made in connection with the payment of Qualified Montana Expenses. See *State Tax Information* beginning on page 68.

You can take a distribution from your Account or close your Account at any time by notifying us at 1-877-486-9271 or by submitting appropriate forms online or by mail. Please note that if you are a Montana taxpayer, you may be subject to a recapture tax on distributions from an Account that was opened less than three years before the date of the distribution.

#### Method of Payment.

We pay distributions to the following payees:

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

A distribution taken to pay K-12 Tuition will be made payable to the Account Owner only.

#### Timing of Distribution Request.

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

#### Procedures for Distributions.

Only you, as the Account Owner may direct distributions from your Account. Qualified Distributions are made payable to the Account Owner, the Beneficiary, or an Eligible Educational Institution; and may be requested online or by

phone by providing verifying Account information upon request. You may also call a Client Service Representative at 1-877-486-9271 to receive a Distribution Request Form, or download the form on our website at *achievemontana.com*. Complete and submit the form to us in good order and provide such other information or documentation as we may require from time to time.

We will generally process a distribution from an Account within three (3) Business Days of accepting the request. During periods of market volatility and at year-end, distribution requests may take up to five (5) Business Days to process. Please allow ten (10) Business Days for the proceeds to reach you. We may also charge a Fee for distributions made by federal wire or by priority delivery.

#### **Qualified Distributions.**

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

Certain distributions for Qualified Expenses may be considered Non-Qualified Montana Distributions and, therefore, be subject to recapture of the Montana income tax deduction. These include distributions to pay K-12 Tuition, pay Apprenticeship Program Expenses and make Education Loan Repayments. See *State Tax Information – Montana Taxation of Non-Qualified Montana and Other Distributions* beginning on page 69.

#### **Education Loan Repayments.**

You may take a distribution from your Account to make an Education Loan Repayment for your Beneficiary or a sibling (defined in Section 152(d)(2)(B) of the Code) of your Beneficiary, up to a lifetime limit of \$10,000 per individual. However, if you make an Education Loan Repayment from your Account, Section 221(e)(1) of the Code provides that you may not also be able to take a federal income tax deduction for any interest included in that Education Loan Repayment.

It is important that you keep all records of your distributions. We do not separately report distributions made from your Account to make an Education Loan Repayment for a sibling of your Beneficiary.

#### **Non-Qualified Distributions.**

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

#### **Temporary Withdrawal Restriction.**

If you make a contribution by check, EFT, or AIP (assuming all are in good order), we will defer the approval of a distribution of that contribution from your Account for seven (7) Business Days after deposit. Please note there will be a nine (9) Business Day hold on distributions following a change to your address and a 15-calendar day hold on distributions following a change to your banking information. For assistance, please contact a Client Service Representative at 1-877-486-9271 Monday - Friday, 7 a.m. to 6 p.m. Mountain Time.

#### **Other Distributions**

The distributions discussed below are not subject to the Distribution Tax. Except for Rollover Distributions and Refunded Distributions, the earnings portion of each distribution discussed will be subject to federal and to any applicable state income taxes, including the Montana recapture tax. (Please see *Federal Tax Information— Transfers*

and Rollovers on page 66 and *State Tax Information - Recapture of Income Tax Deduction* on page 69). You should consult a tax advisor regarding the application of federal and state tax laws if you take any of these distributions.

- **Death of Beneficiary.**

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

- **Disability of Beneficiary.**

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

- **Receipt of Scholarship.**

If your Beneficiary receives a qualified scholarship, Account assets up to the amount of the scholarship may be withdrawn without imposition of the Distribution Tax. A qualified scholarship includes certain Educational

Assistance allowances under federal law as well as certain payments for educational expenses (or attributable to attendance at certain educational institutions) that are exempt from federal income tax. The earnings portion of a distribution due to a qualified scholarship is subject to federal and any applicable state income tax at the distributee's tax rate.

- **Attendance at Certain Specified Military Academies.**

If your Beneficiary attends the United States Military Academy, the United States Naval Academy, the United States Air Force Academy, the United States Coast Guard Academy, or the United States Merchant Marine Academy, you may withdraw up to an amount equal to the costs attributable to the Beneficiary's attendance at the institution without incurring the Distribution Tax. The earnings portion of the distribution will be subject to federal and any applicable state income tax at the distributee's tax rate.

- **Use of Education Credits.**

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

- **Rollover Distribution.**

To qualify as a Rollover Distribution, you must reinvest the amount distributed from your Account into another Qualified Tuition Program within 60 days of the distribution date. Rollover Distributions may be subject to certain state taxes, but are generally exempt from federal income taxes and the Distribution Tax. Rollover Distributions may also be subject to the Montana recapture tax if contributions made to your Account were deducted from the contributor's State income tax.

- **Refunded Distribution.**

Refunds received from an Eligible Educational Institution that are recontributed to an Account and qualify as a Refunded Distribution will not be subject to federal or Montana state income tax or the Distribution Tax. (Please see the definition of “*Refunded Distribution*” on page 80 of the Glossary).

- **ABLE Rollover Distribution.**

To qualify as an ABLE Rollover Distribution, you must reinvest the amount distributed from your Account into a Qualified ABLE Program within 60 days of the distribution date. ABLE Rollover Distributions may be subject to certain state taxes but are generally exempt from federal income taxes and the Distribution Tax. The Montana Department of Revenue has not provided information on whether an ABLE Rollover Distribution may also be subject to Montana income tax and the recapture tax. Montana state taxation of ABLE Rollover Distributions is discussed in *State Tax Information* beginning on page 68.

**Records Retention.**

Under current federal tax law, you are responsible for obtaining and retaining records, invoices, or other documentation adequate to substantiate expenses which you claim are Qualified Expenses or Other Distributions.

**Tax Treatment of Distributions.**

Please read *Federal Tax Information* beginning on page 66 and *State Tax Information* beginning on page 68.

# MY ACCOUNT

---

## CLOSING MY ACCOUNT

### AT A GLANCE

IN THIS SECTION, YOU WILL LEARN MORE ABOUT:

WHEN ACHIEVE MONTANA MAY CLOSE  
YOUR ACCOUNT  
ACCOUNT RESTRICTIONS

#### **No Assets in Your Account.**

A distribution of all assets in your Account will result in your Account being closed. Your Account may be re-opened with any type of contribution within six (6) months of the date of the last withdrawal. Beyond the six (6) month time frame, you must complete a new Enrollment Form and re-establish your Account at that time.

#### **Unclaimed Accounts.**

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

#### **Involuntary Termination of Accounts.**

Achieve Montana is not intended to be used, nor should it be used, by any taxpayer for the purpose of evading federal or state taxes or tax penalties. We may refuse to establish or may terminate an Account if we determine that it is in the best interest of Achieve Montana or required by law. If we reasonably believe that you provided false or misleading information to the Plan Administrators or an Eligible

Educational Institution in establishing or maintaining an Account, or that you are restricted by law from participating in Achieve Montana, we may close your Account.

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

Trust interests redeemed as a result of closing your Account will be valued at the Unit Value next calculated after we decide to close your Account, and the risk of market loss, tax implications, penalties, and any other expenses, as a result of the liquidation, will be solely your responsibility.

#### **Account Restrictions.**

In addition to rights expressly stated elsewhere in this Program Description, we reserve the right to

- freeze an Account and/or suspend Account services when we have received reasonable notice of a dispute regarding the assets in an Account, including notice of a dispute in Account ownership or when Achieve Montana reasonably believes a fraudulent transaction may occur or has occurred;
- freeze an Account and/or suspend Account services upon the notification of the death of an Account Owner until we receive required documentation in good order and reasonably believe that it is lawful to transfer Account ownership to the Joint Account Owner, if applicable, or the Successor Account Owner;
- redeem an Account, without the Account Owner's permission, in cases of threatening conduct or suspicious, fraudulent, or illegal activity; and
- reject a contribution for any reason, including contributions to an Account or Accounts that the Program Manager or the Board believe are not in the best interests of Achieve Montana, a Portfolio, or the Account Owners.

The risk of market loss, tax implications, penalties, and any other expenses, as a result of such an Account freeze or redemption will be solely the Account Owner's responsibility.



# FEES

---

## AT A GLANCE

IN THIS SECTION, YOU WILL LEARN MORE ABOUT:

TOTAL FEES CHARGED

FEES CHARGED FOR UNDERLYING FUNDS  
AND PROGRAM MANAGEMENT

COST OF A \$10,000 INVESTMENT

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

### **Total Annual Asset-Based Fee.**

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

Based Fee is distributed as follows:

- **Underlying Fund Fee.**

The Underlying Fund Fee includes investment advisory fees and administrative and other expenses of the Underlying Fund, which are retained by the applicable Underlying Fund manager out of the assets of the Underlying Fund.

- **Service Fee.**

The Service Fee is paid to Ascensus for the Program Management Services that it provides to Achieve Montana. The Service Fee accrues daily and is factored into each Portfolio's Unit Value.

- **State Administrative Fee.**

The State Administrative Fee is paid to the Board to help cover the Board's costs and expense of operating Achieve Montana. The State Administrative Fee accrues daily and is factored into each Portfolio's Unit Value.

### **Annual Account Maintenance Fee.**

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

**Fee Structure Table.**

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

**ANNUALIZED ASSET-BASED FEES**

PORTFOLIOS	ESTIMATED ANNUALIZED UNDERLYING FUND FEE <sup>1</sup>	ANNUALIZED SERVICE FEE <sup>2</sup>	ANNUALIZED STATE ADMINISTRATIVE FEE <sup>3</sup>	TOTAL ANNUAL ASSET-BASED FEE <sup>4</sup>	ADDITIONAL EXPENSES ANNUAL ACCOUNT MAINTENANCE FEE <sup>5</sup>
2038 Enrollment Portfolio	0.047%	0.445%	0.095%	0.587%	\$25
2035 Enrollment Portfolio	0.045%	0.445%	0.095%	0.585%	\$25
2032 Enrollment Portfolio	0.044%	0.445%	0.095%	0.584%	\$25
2029 Enrollment Portfolio	0.043%	0.445%	0.095%	0.583%	\$25
2026 Enrollment Portfolio	0.041%	0.445%	0.095%	0.581%	\$25
2023 Enrollment Portfolio	0.036%	0.445%	0.095%	0.576%	\$25
College Portfolio	0.023%	0.445%	0.095%	0.563%	\$25
<b>Asset Allocation Option</b>					
Aggressive Portfolio	0.047%	0.445%	0.095%	0.587%	\$25
Growth Portfolio	0.044%	0.445%	0.095%	0.584%	\$25
Moderate Portfolio	0.043%	0.445%	0.095%	0.583%	\$25
Conservative Portfolio	0.040%	0.445%	0.095%	0.580%	\$25
Income Portfolio	0.023%	0.445%	0.095%	0.563%	\$25
<b>Individual Portfolios Option</b>					
Equity Index Portfolio	0.030%	0.445%	0.095%	0.570%	\$25
Bond Index Portfolio	0.035%	0.445%	0.095%	0.575%	\$25
Capital Preservation Portfolio	0.000%	0.395%	0.000%	0.395%	\$25

- 1 The annualized Underlying Fund Fee includes investment advisory fees and administrative and other expenses of the Underlying Funds, as of September 30, 2020, which are paid to BlackRock, DFA, Schwab and Vanguard, as applicable. The annualized Underlying Fund Fee may vary due to fluctuations of the expense ratios of the Underlying Funds.
- 2 Ascensus receives the Service Fee for the Program Management Services it provides to Achieve Montana.
- 3 The Board receives the State Administrative Fee to help cover the Board's costs and expense of operating Achieve Montana.
- 4 This total is assessed against assets over the course of the year and includes the annualized Service Fee, the annualized Underlying Fund Fee, and the annualized State Administrative Fee, but does not include the Annual Account Maintenance Fee. Please refer to the Table on page 28 that shows the total assumed investment cost over 1-, 3-, 5-, and 10-year periods.
- 5 This fee may be waived in certain circumstances. Please see *Annual Account Maintenance Fee* on page 25.

**Service-Based and Other Fees.**

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

We reserve the right to charge an Account in any circumstance in which we incur expenses on behalf of the Account (e.g. when a check, AIP payment, or Electronic Funds Transfer (EFT) is returned unpaid by the bank upon which it is drawn). We may deduct these fees and expenses directly from your Account. In particular, if you request delivery of distribution proceeds by priority delivery service, outgoing wire or, if available, electronic payment to schools, we may deduct these or similar applicable fees or charges directly from your Account and include the amount on your IRS Form 1099-Q as part of the gross distributions paid to you during the year. Please consult your tax advisor regarding calculating and reporting any tax liability associated with the payment of any of these fees out of your Account.

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

<sup>6</sup> Subject to change without prior notice.

**Float Income.**

The Program Manager may receive indirect compensation for the custodial services that it provides to your Account. This compensation, known as “float” income, is paid by the financial organization at which the Program Manager maintains “clearing accounts” or by the investments in which the Program Manager invests in those clearing accounts. Float income may arise from interest that is earned on Account contributions or distributions during the time that these assets are held by the Program Manager in clearing accounts but are not invested in a Portfolio. For example, if you request a distribution and receive the distribution check but do not cash it for several days, some interest may be earned while your funds remain in the clearing account. These clearing accounts generally earn interest at a rate between the money market rate and that of U.S. Treasury Notes. The interest paid on each of these transactions is typically small, and it is likely to represent a minor portion of the overall compensation received by the Program Manager. By maintaining an Account, you acknowledge that float income may be retained by the Program Manager.

APPROXIMATE COST FOR A \$10,000 INVESTMENT

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

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

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

PORTFOLIOS	ONE YEAR	THREE YEARS	FIVE YEARS	TEN YEARS
2038 Enrollment Portfolio	\$60	\$188	\$327	\$732
2035 Enrollment Portfolio	\$60	\$188	\$327	\$732
2032 Enrollment Portfolio	\$60	\$187	\$326	\$730
2029 Enrollment Portfolio	\$60	\$187	\$325	\$729
2026 Enrollment Portfolio	\$59	\$186	\$325	\$728
2023 Enrollment Portfolio	\$59	\$184	\$321	\$721
College Portfolio	\$58	\$180	\$314	\$705
<b>Asset Allocation Option</b>				
Aggressive Portfolio	\$60	\$188	\$328	\$734
Growth Portfolio	\$60	\$187	\$326	\$731
Moderate Portfolio	\$60	\$187	\$325	\$729
Conservative Portfolio	\$59	\$186	\$324	\$725
Income Portfolio	\$58	\$180	\$314	\$705
<b>Individual Portfolios Option</b>				
Equity Index Portfolio	\$58	\$183	\$318	\$714
Bond Index Portfolio	\$59	\$184	\$321	\$720
Capital Preservation Portfolio	\$40	\$127	\$222	\$499

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

PORTFOLIOS	ONE YEAR	THREE YEARS	FIVE YEARS	TEN YEARS
2038 Enrollment Portfolio	\$85	\$262	\$450	\$975
2035 Enrollment Portfolio	\$85	\$262	\$450	\$975
2032 Enrollment Portfolio	\$85	\$262	\$449	\$973
2029 Enrollment Portfolio	\$85	\$261	\$449	\$971
2026 Enrollment Portfolio	\$84	\$261	\$448	\$970
2023 Enrollment Portfolio	\$84	\$259	\$445	\$963
College Portfolio	\$83	\$255	\$438	\$948
<b>Asset Allocation Option</b>				
Aggressive Portfolio	\$85	\$263	\$451	\$977
Growth Portfolio	\$85	\$262	\$449	\$973
Moderate Portfolio	\$85	\$261	\$449	\$971
Conservative Portfolio	\$84	\$260	\$447	\$968
Income Portfolio	\$83	\$255	\$438	\$948
<b>Individual Portfolios Option</b>				
Equity Index Portfolio	\$83	\$257	\$442	\$956
Bond Index Portfolio	\$84	\$259	\$445	\$962
Capital Preservation Portfolio	\$65	\$202	\$345	\$744

## IMPORTANT RISKS YOU SHOULD KNOW ABOUT

---

### AT A GLANCE

IN THIS SECTION, YOU WILL LEARN MORE ABOUT:

KEY RISKS  
MARKET UNCERTAINTIES  
BOARD DISCRETION  
IMPACT ON FINANCIAL AID

#### **Key Risk Factors of Achieve Montana.**

You should carefully consider the information in this section, as well as the other information in the Program Description, before making any decisions about opening an Account or making any additional contributions. The contents of the Program Description should not be construed as legal, financial, or tax advice. You should consult an attorney or a qualified financial or tax professional with any legal, business, or tax questions you may have. In addition, investment recommendations or advice you receive from any financial professional or any other person are not provided by, or on behalf of, the Plan Administrators.

#### **Achieve Montana is an Investment Vehicle.**

Accounts in Achieve Montana are subject to certain risks. In addition, certain Portfolios carry more and/or different risks than others. You should weigh such risks with the understanding that these risks could arise at any time during the life of your Account. For a discussion of the investment risks related to each Investment Option, please see *Investment Risks* beginning on page 50.

#### **Principal and Returns not Guaranteed.**

Neither your contributions to an Account nor any investment return earned on your contributions are guaranteed by the Plan Administrators. You could lose money (including your contributions) or not make any money by investing in Achieve Montana.

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

#### **Market Uncertainties and Other Events.**

Due to market uncertainties, the overall market value of your Account is likely to be highly volatile and could be subject to wide fluctuations in the event of Force Majeure. All of these factors may cause the value of your Account to decrease (realized or unrealized losses) regardless of our performance or any systematic investing, including AIP and payroll deduction, and dollar-cost averaging on your part.

#### **Limited Investment Direction; Liquidity.**

Investments in a Qualified Tuition Program are considered less liquid than other types of investments (e.g., investments in mutual fund shares) because the circumstances in which you may withdraw money from a Qualified Tuition Program account without a penalty or adverse tax consequences are significantly more limited. Once you select a Portfolio for a particular contribution, Section 529 of the Code provides that you can move money or transfer from that Portfolio to another up to two times per calendar year for the same Beneficiary or upon a change of Beneficiary. Additional changes or a transfer of assets within a calendar year may be subject to federal, state, and other taxes.

#### **Cyber Risk**

Achieve Montana is highly dependent upon the computer systems of its service providers. This makes Achieve Montana potentially susceptible to operational and information security risks resulting from a cyber-attack. These risks

include direct risks, such as theft, misuse, corruption, and destruction of data we maintain and indirect risks, such as denial of service, attacks on service provider websites, and other operational disruptions that impede Achieve Montana's ability to electronically interact with its service providers and Account Owners. Cyber attacks affecting Achieve Montana and its service providers may adversely affect the Plan and your Account. In connection with any such cyber attack, the Plan and/or its service providers may be subject to regulatory fines and financial losses and/or reputational damage. Although we make substantial efforts to protect computer systems from cyber-attacks, including internal processes and technological defenses that are preventative or detective, and other controls designed to provide multiple layers of security assurance, there can be no guarantee that Achieve Montana, its service providers or your Account will avoid losses due to cyber-attacks or information security breaches in the future.

**Discretion of the Board; Potential Changes to Achieve Montana.**

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

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

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

If you established your Account prior to the time a change to Achieve Montana is made available, you may be required to participate in those changes or may be prohibited (according to the Code, Section 529 regulations or other guidance

issued by the IRS) from participating in Achieve Montana changes, unless you open a new Account.

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

The original Underlying Fund may impose redemption fees. In this event, the Portfolio and Accounts invested in that Portfolio will bear those redemption fees.

**Suitability.**

The Plan Administrators make no representation regarding the suitability or appropriateness of the Portfolios as an investment. There is no assurance that any Portfolio will be able to achieve its goals. Other types of investments may be more appropriate depending upon your financial status, tax situation, risk tolerance, age, investment goals, savings needs, and the investment time horizons of you or the Beneficiary.

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

You should consult a tax or investment professional to seek advice concerning the appropriateness of this investment. There are programs and investment options other than Achieve Montana available as education investment alternatives. They may entail tax and other fee or expense consequences and features different from Achieve Montana,

including, for example, different investments and different levels of account owner control. You may wish to consider these alternatives prior to opening an Account.

**Meeting Education Expenses not Guaranteed.**

Even if your Account(s) for a Beneficiary meet the Maximum Contribution Limit allowed under Achieve Montana, there is no assurance that the money in your Account will be sufficient to cover all the education expenses your Beneficiary may incur, or that the rate of return on your investment will match or exceed the rate at which higher education expenses may rise each year.

**IRS Regulations Not Final.**

As of the date of this Program Description, the IRS has not issued final tax regulations regarding Qualified Tuition Programs. In addition, Achieve Montana has not sought, nor has it received, a private letter ruling from the IRS regarding the status of Achieve Montana under Section 529 of the Code. The Board may, in its sole discretion, determine to seek such a ruling in the future.

**Effect of Future Law Changes.**

It is possible that future changes in federal or state laws or court or interpretive rulings could adversely affect the terms and conditions of Achieve Montana or the value of your Account, or the availability of state tax deductions, even retroactively. Specifically, Achieve Montana is subject to the provisions of and any changes to or revocation of the Enabling Legislation.

In addition, it is the Board's intention to take advantage of Section 529 of the Code, and, therefore, Achieve Montana is vulnerable to tax law changes or court or interpretive rulings that might alter the tax considerations described in *Federal Tax Information* beginning on page 66.

**Death of Account Owner.**

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

**Tax Considerations; Tax Deduction Recapture.**

The federal and state tax consequences associated with participating in Achieve Montana can be complex. In particular, you, as the Account Owner (not the contributor), as provided in the Montana Code Annotated, Section 15-62-208, are subject to a recapture tax at a rate equal to the highest rate of tax provided in the Montana Code Annotated, Section 15-30-2103, if you take a Non-Qualified Montana Distribution (including distributions for K-12 Tuition, Apprenticeship Program Expenses and Education Loan Repayments, federal Non-Qualified Distributions, and any rollover from your Account into another state's Qualified Tuition Program). All contributions made to Accounts owned by residents of Montana are presumed to have reduced the contributor's State adjusted gross income after applying the Montana state income tax deduction unless the contributor can demonstrate that all or a portion of the contributions did not reduce State adjusted gross income. Please see *State Tax Information— Recapture of Income Tax Deduction* on page 69. You should consult a tax advisor regarding the application of tax laws to your particular circumstances.

**Securities Laws.**

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

**Financial Aid.**

A Beneficiary may wish to participate in federal, state, or institutional loan, grant, or other programs for funding higher education. An investment in Achieve Montana may have an adverse impact on the Beneficiary's eligibility to participate in needs-based financial aid programs:

- In making decisions about eligibility for financial aid programs offered by the U.S. government and the amount of financial aid required, the U.S. Department of Education takes into consideration a variety of factors, including among other things, the assets owned by the Beneficiary and the assets owned by the Beneficiary's parents.
- For federal financial aid purposes, Account assets will be considered:
  - assets of the Beneficiary's parents, if the Beneficiary is a dependent student and the Account Owner is the parent or the Beneficiary, or
  - assets of the Beneficiary, if the Beneficiary is the owner of the Account and not a dependent student.

Assets owned by the parent of a Beneficiary who is not a dependent are not considered for purposes of the Free Application for Federal Student Aid (FAFSA).

- Since the treatment of Account assets on the FAFSA may have a material adverse effect on your Beneficiary's eligibility to receive valuable needs-based benefits under financial aid programs, you or your Beneficiary should check:
  - the applicable laws or regulations;

- with the financial aid office of an Eligible Educational Institution; and/or
- with your tax advisor regarding the impact of an investment in Achieve Montana on needs-based financial aid programs.

**Medicaid Eligibility.**

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

**General Portfolio Risks.**

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

A Portfolio's risk and potential return are functions of its relative weightings of stock, bond, and money market investments. In general, the greater a Portfolio's exposure to stock investments, the higher its risk (especially short-term volatility) and its potential for superior long-term performance. The more exposure a Portfolio has to bond and money market investments, the lower its risk and its potential long-term returns. There are also variations in risk/return levels within the stock and bond categories. For example, international stocks typically have higher risk levels than domestic stocks. Selecting a Portfolio emphasizing stocks is generally considered appropriate when the investment goal is many years away. As the goal becomes closer, an investor's concern generally shifts from capital growth to capital preservation.

In addition, there is no guarantee that the Investment Managers will continue to provide the Underlying Funds



in progressively more conservative Portfolios as their for investment by the Portfolios or that the Program Manager or other service providers will be able to negotiate their continued services in the future. For additional information on the risks that may affect Portfolio performance, please read *Investment Choices* beginning on page 34.

**Achieve Montana Investment Options Not Designed for Elementary and Secondary Tuition or Education Loan Repayments; Non-Qualified Montana Distributions.**

The Investment Options we offer through Achieve Montana have been designed exclusively for you to save for Qualified Montana Expenses. They have not been designed to assist you in reaching your K-12 Tuition or Education Loan Repayment savings goals. Specifically, the Year of Enrollment Option is designed for Account Owners seeking to automatically invest in progressively

more conservative Portfolios as their Beneficiary approaches college age. The Year of Enrollment Option time horizon and withdrawal periods may not match those needed to meet your K-12 Tuition or Education Loan Repayment savings goals, which may be significantly shorter. In addition, if you are saving for K-12 Tuition or to repay a Qualified Education Loan and wish to invest in the Asset Allocation Portfolios and the Individual Portfolios, please note that these Portfolios are comprised of fixed investments. This means that your assets will remain invested in that Portfolio until you direct us to move them to a different Portfolio. Please consult a qualified tax or investment professional about your personal circumstances.

## INVESTMENT CHOICES

---

### AT A GLANCE

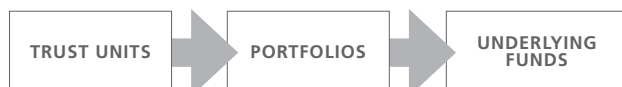
IN THIS SECTION, YOU WILL LEARN MORE ABOUT:

INVESTMENTS OVERVIEW	34
PORTFOLIO PROFILES	39
UNDERLYING FUND DESCRIPTIONS	43
INVESTMENT RISKS	50
ADDITIONAL INVESTMENT INFORMATION	62

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

### INVESTMENTS OVERVIEW

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



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

- **Seven (7) Year of Enrollment Portfolios**, in which your money is invested in a Portfolio that automatically moves to progressively more conservative investments as your Beneficiary approaches college age. Each Portfolio invests in multiple Underlying Funds managed by BlackRock, DFA, New York Life, Schwab, and Vanguard;
- **Five (5) Asset Allocation Portfolios**, in which the composition of investments within the Portfolio remains fixed over time. Each Portfolio invests in multiple Underlying Funds managed by BlackRock, DFA, New York Life, Schwab, and Vanguard; and
- **Three (3) Individual Portfolios**, each of which invests in a single Underlying Fund managed by BlackRock, New York Life, or Vanguard, as applicable.

The Investment Options have been designed exclusively for you to save for Qualified Montana Expenses. They have not been designed to assist you in saving for K-12 Tuition or Education Loan Repayments. Specifically, the Year of Enrollment Option time horizon and withdrawal periods may not match those needed to meet your K-12 Tuition or Education Loan Repayment savings goals, which may be significantly shorter.

#### Portfolio Rebalancing.

The Portfolios are rebalanced quarterly if the allocation of assets is off by more than 1% from the target to ensure that they are allocated as close to the target allocations as possible, unless prevailing market conditions, including volatility, interfere.

## YEAR OF ENROLLMENT OPTION

The Year of Enrollment Option is a simplified approach to college investing. We have designed this Investment Option to allow you to select a Portfolio based upon your risk tolerance and your Beneficiary's anticipated year of enrollment in an Eligible Educational Institution. For example, if you expect your Beneficiary to attend college beginning in the year 2026, you may choose to select the 2026 Year of Enrollment Portfolio. If you expect your Beneficiary to attend college beginning in the year 2030, you may choose to select the 2029 Year of Enrollment Portfolio if you are a more conservative investor, or the 2032 Year of Enrollment Portfolio if you are a more aggressive investor.

The asset allocation of the money invested in these Portfolios is automatically adjusted semi-annually over time to become more conservative as the Beneficiary's year of enrollment in college draws nearer. The asset allocation for the College Portfolio is not adjusted as the College Portfolio has already reached its most conservative phase. Portfolios are rebalanced on a daily basis to ensure that they are allocated as close to the target allocations as possible. About every three (3) years, a new Year of Enrollment Portfolio is created and assets of the oldest Year of Enrollment Portfolio are folded into the College Portfolio. As of the date of this Program Description, each Year of Enrollment Portfolio holds the Underlying Funds set forth in the table below.

Portfolios with higher allocations to fixed income and money market securities tend to be less volatile than those with higher stock allocations. Less-volatile Portfolios generally will not decline as far when stock markets go down, but they also generally will not appreciate in value as much when stock markets go up. There is no assurance that any Portfolio will be able to reach its goal.

### **Model Risk.**

The allocation of each Year of Enrollment Portfolio is derived using quantitative models that have been developed based on a number of factors. Neither the Year of Enrollment Portfolios nor the Plan can offer any assurance that the recommended asset allocation will either maximize returns or minimize risk or be the appropriate allocation in all circumstances for every investor with a particular time horizon or risk tolerance.

The following pie charts represent the current asset allocation to each Underlying Fund for each Year of Enrollment Portfolio as of the date of this Program Description.

2038 ENROLLMENT PORTFOLIO

iShares Total U.S. Stock Market Index Fund	48.60%
Schwab U.S. REIT ETF	5.40%
Vanguard Developed Markets Index Fund	27.00%
Vanguard Emerging Markets Stock Index Fund	9.00%
Vanguard Total Bond Market II Index Fund	5.00%
Vanguard Short-Term Inflation-Protected Securities Fund	1.50%
iShares Core International Aggregate Bond ETF	1.25%
DFA Two-Year Global Fixed Income Portfolio	1.25%
Vanguard High-Yield Corporate Fund	1.00%



- U.S. Equity (54%)
- International Equity (36%)
- U.S. Fixed Income (7.5%)
- International Fixed Income (2.5%)

2035 ENROLLMENT PORTFOLIO

iShares Total U.S. Stock Market Index Fund	42.30%
Schwab U.S. REIT ETF	4.70%
Vanguard Developed Markets Index Fund	23.50%
Vanguard Emerging Markets Stock Index Fund	7.83%
Vanguard Total Bond Market II Index Fund	7.92%
Vanguard Short-Term Inflation-Protected Securities Fund	2.38%
iShares Core International Aggregate Bond ETF	1.979%
DFA Two-Year Global Fixed Income Portfolio	1.979%
Vanguard High-Yield Corporate Fund	1.58%
New York Life Guaranteed Interest Account	5.83%



- U.S. Equity (47%)
- International Equity (31.3%)
- U.S. Fixed Income (11.9%)
- International Fixed Income (4%)
- Capital Preservation (5.8%)

2032 ENROLLMENT PORTFOLIO

iShares Total U.S. Stock Market Index Fund	36.90%
Schwab U.S. REIT ETF	4.10%
Vanguard Developed Markets Index Fund	20.50%
Vanguard Emerging Markets Stock Index Fund	6.83%
Vanguard Total Bond Market II Index Fund	10.42%
Vanguard Short-Term Inflation-Protected Securities Fund	3.13%
iShares Core International Aggregate Bond ETF	2.60%
DFA Two-Year Global Fixed Income Portfolio	2.60%
Vanguard High-Yield Corporate Fund	2.08%
New York Life Guaranteed Interest Account	10.83%



- U.S. Equity (41%)
- International Equity (27.33%)
- U.S. Fixed Income (15.63%)
- International Fixed Income (5.21%)
- Capital Preservation (10.88%)

2029 ENROLLMENT PORTFOLIO

iShares Total U.S. Stock Market Index Fund	31.05%
Schwab U.S. REIT ETF	3.45%
Vanguard Developed Markets Index Fund	17.25%
Vanguard Emerging Markets Stock Index Fund	5.75%
Vanguard Total Bond Market II Index Fund	13.33%
Vanguard Short-Term Inflation-Protected Securities Fund	4.00%
iShares Core International Aggregate Bond ETF	3.33%
DFA Two-Year Global Fixed Income Portfolio	3.33%
Vanguard High-Yield Corporate Fund	2.67%
New York Life Guaranteed Interest Account	15.83%



- U.S. Equity (34.5%)
- International Equity (23%)
- U.S. Fixed Income (20%)
- International Fixed Income (6.7%)
- Capital Preservation (15.8%)

2026 ENROLLMENT PORTFOLIO	
iShares Total U.S. Stock Market Index Fund	22.50%
Schwab U.S. REIT ETF	2.50%
Vanguard Developed Markets Index Fund	12.50%
Vanguard Emerging Markets Stock Index Fund	4.17%
Vanguard Total Bond Market II Index Fund	18.33%
Vanguard Short-Term Inflation-Protected Securities Fund	5.50%
iShares Core International Aggregate Bond ETF	4.58%
DFA Two-Year Global Fixed Income Portfolio	4.58%
Vanguard High-Yield Corporate Fund	3.67%
New York Life Guaranteed Interest Account	21.66%



- U.S. Equity (25%)
- International Equity (16.67%)
- U.S. Fixed Income (27.5%)
- International Fixed Income (9.17%)
- Capital Preservation (21.66%)

2023 ENROLLMENT PORTFOLIO	
iShares Total U.S. Stock Market Index Fund	11.88%
Schwab U.S. REIT ETF	1.32%
Vanguard Developed Markets Index Fund	6.60%
Vanguard Emerging Markets Stock Index Fund	2.20%
Vanguard Total Bond Market II Index Fund	21.00%
Vanguard Short-Term Inflation-Protected Securities Fund	6.30%
iShares Core International Aggregate Bond ETF	5.25%
DFA Two-Year Global Fixed Income Portfolio	5.25%
Vanguard High-Yield Corporate Fund	4.20%
New York Life Guaranteed Interest Account	36.00%



- U.S. Equity (13.2%)
- International Equity (8.8%)
- U.S. Fixed Income (31.5%)
- International Fixed Income (10.5%)
- Capital Preservation (36%)

COLLEGE PORTFOLIO	
iShares Total U.S. Stock Market Index Fund	5.40%
Schwab U.S. REIT ETF	0.60%
Vanguard Developed Markets Index Fund	3.00%
Vanguard Emerging Markets Stock Index Fund	1.00%
Vanguard Total Bond Market II Index Fund	15.00%
Vanguard Short-Term Inflation-Protected Securities Fund	4.50%
iShares Core International Aggregate Bond ETF	3.75%
DFA Two-Year Global Fixed Income Portfolio	3.75%
Vanguard High Yield Corporate Fund	3.00%
New York Life Guaranteed Interest Account	60.00%



- U.S. Equity (6%)
- International Equity (4%)
- U.S. Fixed Income (22.5%)
- International Fixed Income (7.5%)
- Capital Preservation (60%)

## ASSET ALLOCATION PORTFOLIOS

These Portfolios give you the opportunity to invest based on your risk tolerance and investment goals. You can select a Portfolio that reflects a level of investment risk (income, conservative, moderate, growth, aggressive) with which you are comfortable. In the Asset Allocation Portfolios, the risk profile is set and does not evolve as the Beneficiary ages as in the Year of Enrollment Portfolios. Because the Asset Allocation Portfolio's risk profile is fixed throughout the life of your investment, your asset allocation should not shift unless you direct us to move your assets to another Portfolio. Your asset allocations may also shift as a result of changes in the Underlying Funds.

The Asset Allocation Portfolios consist of the following five (5) Portfolios, each of which invest in multiple Underlying Funds as shown in the table below.

UNDERLYING FUNDS	AGGRESSIVE PORTFOLIO	GROWTH PORTFOLIO	MODERATE PORTFOLIO	CONSERVATIVE PORTFOLIO	INCOME PORTFOLIO
iShares Total U.S. Stock Market Index Fund	48.60%	37.80%	27.00%	16.20%	5.40%
Schwab U.S. REIT ETF	5.40%	4.20%	3.00%	1.80%	0.60%
Vanguard Developed Markets Index Fund	27.00%	21.00%	15.00%	9.00%	3.00%
Vanguard Emerging Markets Stock Index Fund	9.00%	7.00%	5.00%	3.00%	1.00%
Vanguard Total Bond Market II Index Fund	5.00%	10.00%	16.25%	21.25%	15.00%
Vanguard Short-Term Inflation-Protected Securities Fund	1.50%	3.00%	4.875%	6.375%	4.50%
iShares Core International Aggregate Bond ETF	1.25%	2.50%	4.0625%	5.3125%	3.75%
DFA Two-Year Global Fixed Income Portfolio	1.25%	2.50%	4.0625%	5.3125%	3.75%
Vanguard High-Yield Corporate Fund	1.00%	2.00%	3.25%	4.25%	3.00%
New York Life Guaranteed Interest Account	0.00%	10.00%	17.50%	27.50%	60.00%

If you choose to invest in Portfolios that invest in Underlying Funds with a significant weighting in stocks, you should consider moving your assets to the more conservative Portfolios that invest in either a bond or short-term fixed income Underlying Fund as your Beneficiary approaches college age. Please note that there are limitations on your ability to move assets from one Portfolio to another. Please see *Maintaining My Account* beginning on page 16.

## INDIVIDUAL PORTFOLIOS

You may also choose to invest in one or more Individual Portfolios for exposure to a single type of asset class. Similar to the Asset Allocation Portfolios, your assets are not automatically moved to more conservative Underlying Funds as the Beneficiary ages. Should you choose Individual Portfolios that invest in Underlying Funds with a significant weighting in stocks, such as the Equity Index Portfolio, you should consider moving your assets to the more conservative Individual Portfolios, Asset Allocation Portfolios, or Year of Enrollment Option as your Beneficiary approaches college age.

The table below illustrates the asset class of the Underlying Fund within each Individual Portfolio.

INDIVIDUAL PORTFOLIOS	UNDERLYING FUND	ASSET CLASS
Equity Index Portfolio	iShares Total U.S. Stock Market Index Fund	Domestic Equity
Bond Index Portfolio	Vanguard Total Bond Market Index ETF	Core Bond
Capital Preservation Portfolio	New York Life Guaranteed Interest Account	Capital Preservation

## PORTFOLIO PROFILES

The following profiles highlight the investment objective, strategy, and a summary of the main risks of each Portfolio. The Portfolios in Achieve Montana are more likely to meet their goals if each Underlying Fund in which each Portfolio invests achieves its stated investment objectives. A small portion of all of the assets of each Portfolio is allocated to cash to provide liquidity on intraday trading. The cash balance in a Portfolio is generally 1% – 3% of the total assets of the Portfolio.

As with any investment, your investment in the Portfolios could lose money or the Portfolios' performance could trail that of other investments. Each Portfolio has a different level of risk. The information provided below only includes a summary of the main risks of the Portfolios. Each Underlying Fund's current prospectus and statement of additional information contains information not summarized here and identifies additional risks that are not discussed below. You may wish to speak to an investment professional to understand the specific risks associated with each Portfolio. A discussion of the risk factors relating to each Portfolio and Underlying Funds can be found beginning on page 50.

## YEAR OF ENROLLMENT PORTFOLIO PROFILES

**2038 Enrollment Portfolio, 2035 Enrollment Portfolio, 2032 Enrollment Portfolio, 2029 Enrollment Portfolio, 2026 Enrollment Portfolio, 2023 Enrollment Portfolio, College Portfolio**

**Objective:** The Year of Enrollment Portfolios seek to achieve capital appreciation, income, and preservation of capital as appropriate for proximity to its applicable target date. The target date, included in the name of the Portfolio, is the year which corresponds to the potential enrollment year of the Beneficiary. The objectives of the Portfolios become more focused on capital preservation and income as it approaches its target date.

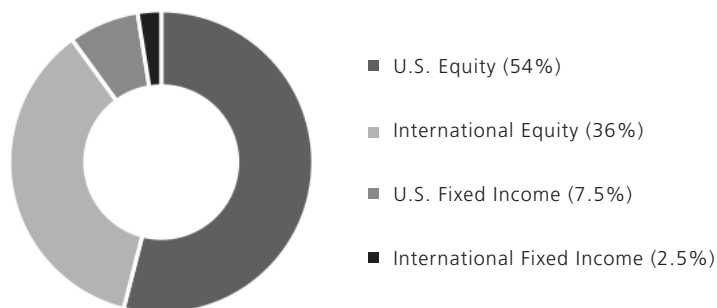
**Strategy:** The Portfolios allocate their assets to Underlying Funds consisting of Mutual Funds, ETFs, and a cash equivalent component. The cash equivalent component consists of a funding agreement issued by New York Life. The Portfolios seek to provide a diversified allocation to broad asset classes, including domestic and international stocks and bonds, real estate, and capital preservation. The Underlying Funds represent different investment objectives and strategies.

Except for the College Portfolio, the allocations to the asset classes and the Underlying Funds are expected to change, reducing exposure to stocks, and increasing exposure to fixed income and cash equivalents, until the Beneficiaries' enrollment year. For the College Portfolio, these are expected to remain fixed.

The Underlying Funds in these Portfolios will rebalance on an ongoing basis if they drift from their target allocations. The Portfolios will de-risk the asset class allocations on a semi-annual basis, until reaching the College Portfolio, which will retain a static allocation unless otherwise indicated.

## ASSET ALLOCATION PORTFOLIO PROFILES

### AGGRESSIVE PORTFOLIO

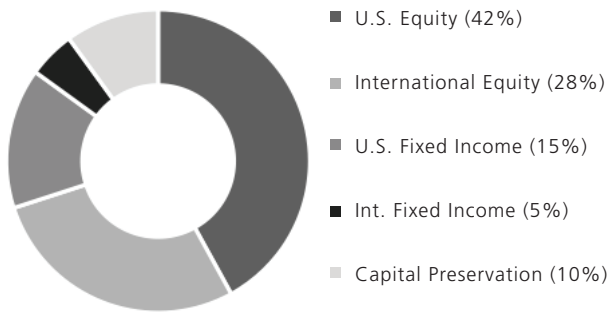


**Objective:** The Aggressive Portfolio seeks to achieve long-term growth of capital and income.

**Strategy:** The Portfolio allocates its assets to underlying mutual funds and ETFs, seeking to provide a diversified allocation to broad asset classes, including 90% allocation to domestic stocks, international stocks, and real estate, and a 10% allocation to US Intermediate Term Bonds, US Short-Term Inflation Protected Bonds, High Yield Bonds, and International Bonds. The Underlying Funds represent different investment objectives and strategies and are each managed to track their prospective benchmark index. The Underlying Funds in this Portfolio will rebalance on an ongoing basis if they drift from their target allocations.



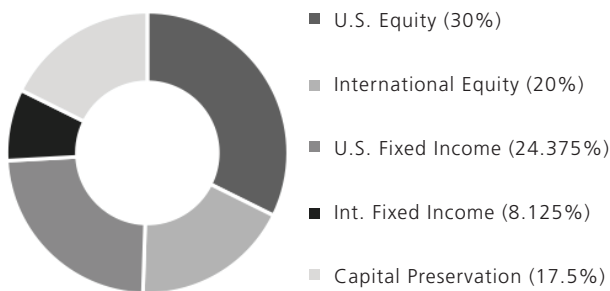
### GROWTH PORTFOLIO



**Objective:** The Growth Portfolio seeks to achieve long-term growth of capital and income.

**Strategy:** The Portfolio allocates its assets to underlying mutual funds and ETFs, seeking to provide a diversified allocation to broad asset classes, including 70% allocation to domestic stocks, international stocks and real estate, and a 20% allocation to US Intermediate Term Bonds, US Short-Term Inflation Protected Bonds, High Yield Bonds, and International Bonds, and a 10% allocation to a capital preservation funding agreement. The Underlying Funds represent different investment objectives and strategies and are each managed to track their prospective benchmark index. The Underlying Funds in this Portfolio will rebalance on an ongoing basis if they drift from their target allocations.

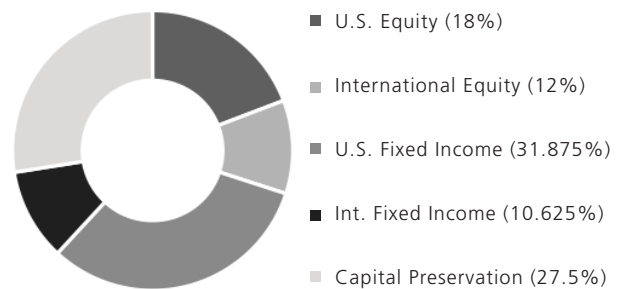
### MODERATE PORTFOLIO



**Objective:** The Moderate Portfolio seeks to achieve long-term growth of capital and income.

**Strategy:** The Portfolio allocates its assets to underlying mutual funds and ETFs, seeking to provide a diversified allocation to broad asset classes, including a 50% allocation to domestic stocks, international stocks and real estate, and a 32.5% allocation to US Intermediate Term Bonds, US Short-Term Inflation Protected Bonds, High Yield Bonds, and International Bonds, and a 17.5% allocation to a capital preservation funding agreement. The Underlying Funds represent different investment objectives and strategies and are each managed to track their prospective benchmark index. The Underlying Funds in this Portfolio will rebalance on an ongoing basis if they drift from their target allocations.

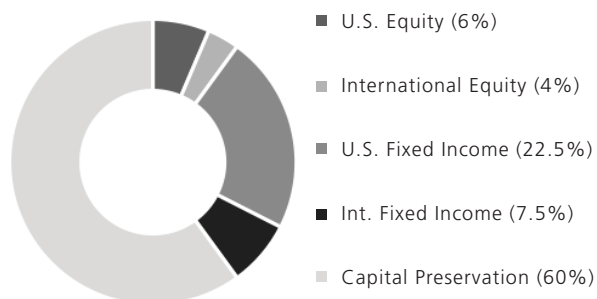
### CONSERVATIVE PORTFOLIO



**Objective:** The Moderate Portfolio seeks to achieve long-term growth of capital and income.

**Strategy:** The Portfolio allocates its assets to underlying mutual funds and ETFs, seeking to provide a diversified allocation to broad asset classes, including 30% allocation to domestic stocks, international stocks and real estate, and a 42.5% allocation to US Intermediate Term Bonds, US Short-Term Inflation Protected Bonds, High Yield Bonds, and International Bonds, and a 27.5% allocation to a capital preservation funding agreement. The Underlying Funds represent different investment objectives and strategies and are each managed to track their prospective benchmark index. The Underlying Funds in this Portfolio will rebalance on an ongoing basis if they drift from their target allocations.

## INCOME PORTFOLIO



**Objective:** The Income Portfolio seeks to achieve long-term growth of capital and income.

**Strategy:** The Portfolio allocates its assets to underlying mutual funds and ETFs, seeking to provide a diversified allocation to broad asset classes, including 10% allocation to domestic stocks, international stocks and real estate, and a 30% allocation to US Intermediate Term Bonds, US Short-Term Inflation Protected Bonds, High Yield Bonds, and International Bonds, and a 60% allocation to a capital preservation funding agreement. The Underlying Funds represent different investment objectives and strategies and are each managed to track their prospective benchmark index. The Underlying Funds in this Portfolio will rebalance on an ongoing basis if they drift from their target allocations.

## YEAR OF ENROLLMENT AND ASSET ALLOCATION PORTFOLIOS RISK PROFILES

The Year of Enrollment and Asset Allocation Portfolios have a number of investment-related risks.

Through their investment in the iShares Total U.S. Stock Market Index Fund and the iShares Core International Aggregate Bond ETF, they are subject to **asset class risk, authorized participant concentration risk, call risk, concentration risk, consumer discretionary sector risk, credit risk, currency hedging risk, currency risk, cyber security risk, derivatives risk, equity securities risk, extension risk, financial sector risk, geographic risk, illiquid investments risk, income risk, index fund risk, index-related risk, infectious illness risk, interest rate risk, issuer risk, management risk, market risk, market**

**risk and selection risk, market trading risk, non-diversification risk, non-U.S. issuers risk, operational risk, passive investment risk, privately-issued securities risk, reliance on trading partners risk, risk of investing in developed countries, risk of investing in Russia, small and mid-capitalization company risk, sovereign and quasi-sovereign obligations risk, structural risk, tax risk, technology sector risk, tracking error risk, and valuation risk.** These principal risks are discussed under *Investment Risks – BlackRock Underlying Funds* beginning on page 50.

Through the Portfolios' investment in the DFA Two-Year Global Fixed Income Portfolio, they are subject to **credit risk, cyber security risk, derivatives risk, foreign government debt risk, foreign securities and currencies risk, income risk, interest rate risk, liquidity risk, market risk, operational risk, and securities lending risk.** These risks are discussed under *Investment Risks – DFA Underlying Funds* beginning on page 57.

Through the Portfolios' investment in the Schwab U.S. REIT ETF, they are subject to **concentration risk, derivatives risk, equity risk, investment style risk, large-cap company risk, liquidity risk, market risk, market capitalization risk, market trading risk, mid-cap company risk, real estate investment risk, REITs risk, securities lending risk, shares of the fund may trade at prices other than NAV, small-cap company risk, and tracking error risk.** These risks are discussed under *Investment Risks - Schwab Underlying Funds* beginning on page 58.

Through the Portfolios' investment in Vanguard Developed Markets Fund, Vanguard Emerging Markets Stock Index Fund, Vanguard Total Bond Market II Index Fund, Vanguard Total Bond Market Index ETF, Vanguard Short-Term Inflation-Protected Securities Fund, and Vanguard High-Yield Corporate Fund, they are subject to **call risk, China A-shares risk, country/regional risk, credit risk, currency risk, emerging markets risk, extension risk, income fluctuations risk, income risk, index-sampling risk, interest rate risk, investment style risk, liquidity risk, manager risk, prepayment risk, real interest rate risk, and stock market risk.** These risks are discussed under *Investment Risks – Vanguard Underlying Funds* beginning on page 60.

Through the Portfolios investment in the GIA, they are exposed to **default risk, and termination risk**. These risks are discussed under *Investment Risks – New York Life Underlying Funds* beginning on page 58.

## INDIVIDUAL PORTFOLIO PROFILES

Given that each Individual Portfolio invests substantially all of its assets in a single Underlying Fund, each individual Portfolio has the same investment objective, strategy, and risks as its Underlying Fund. Please see the **Underlying Fund Profiles** section below for the profiles for the Underlying Fund in each Individual Portfolio.

## UNDERLYING FUND DESCRIPTIONS

### *DFA TWO-YEAR GLOBAL FIXED INCOME PORTFOLIO*

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

**Strategy:** The Fund seeks to maximize risk-adjusted total returns from a universe of U.S. and foreign debt securities maturing in three years or less from the date of settlement. The Fund invests in obligations issued or guaranteed by the U.S. and foreign governments, their agencies and instrumentalities, corporate debt obligations, bank obligations, commercial paper, repurchase agreements, obligations of other domestic and foreign issuers, securities of domestic or foreign issuers denominated in U.S. dollars but not trading in the United States, and obligations of supranational organizations. At the present time, DFA expects that most investments will be made in the obligations of issuers which are in developed countries. However, in the future, DFA anticipates investing in issuers located in other countries as well. The fixed income securities in which the Fund invests are considered investment grade at the time of purchase. Under normal market conditions, the Fund intends to invest its assets to gain exposure to issuers of at least three different countries, one of which may be the United States. An issuer may be considered to be of a country if it is organized under the laws of, maintains its principal place of business in, has at least 50% of its assets or derives at least 50% of its operating income in, or is a government, government agency, instrumentality, or central bank of,

that country. As a non-fundamental policy, under normal circumstances, the Fund will invest at least 80% of its net assets in fixed income securities that mature within two years from the date of settlement.

It is the policy of the Fund that the weighted average length of maturity of investments will not exceed two years. In making purchase decisions, if the expected term premium is greater for longer-term securities in the eligible maturity range, DFA will focus investment in the longer-term area, otherwise, the Fund will focus investment in the shorter-term area of the eligible maturity range. In addition, the Fund is authorized to invest more than 25% of its total assets in U.S. Treasury bonds, bills and notes, and obligations of federal agencies and instrumentalities.

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

**Risks:** The Fund is subject to credit risk, cyber security risk, derivatives risk, foreign government debt risk, foreign securities and currencies risk, income risk, interest rate risk, liquidity risk, market risk, operational risk, and securities lending risk. These risks are discussed under *Investment Risks – DFA Underlying Funds* beginning on page 57.

#### *ISHARES TOTAL U.S. STOCK MARKET INDEX FUND*

**Objective:** The investment objective of iShares Total U.S. Stock Market Index Fund is to seek to track the investment results of a broad-based index composed of U.S. equities.

**Principal Investment Strategies:** The Fund seeks to track the investment results of the Russell 3000® Index, which measures the performance of the broad U.S. equity market. As of October 31, 2019, the index included issuers representing approximately 98% of the total market capitalization of all publicly-traded U.S.-domiciled equity securities. The index is a float-adjusted capitalization-weighted index of the largest public issuers domiciled in the United States and its territories. Total market capitalization reflects all equity shares outstanding, while total market value reflects float-adjusted capitalizations based on equity shares available for general investment. The index may include large-, mid- or small-capitalization companies, and components primarily include technology, financial services, and consumer discretionary companies. The components of the index, and the degree to which these components represent certain industries, may change over time.

BlackRock uses a representative sampling indexing strategy to manage the Fund. "Representative sampling" is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to that of the index. The securities selected are expected to have, in the aggregate, investment characteristics (based on factors such as market capitalization and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the index. The Fund may or may not hold all of the securities in the index.

The Fund generally invests at least 90% of its assets, plus the amount of any borrowing for investment purposes, in securities of the underlying index.

**Principal Risks:** The iShares Total U.S. Stock Market Index Fund is subject to **asset class risk, concentration risk, consumer discretionary sector risk, equity securities**

**risk, financials sector risk, index fund risk, index-related risk, issuer risk, management risk, market risk and selection risk, passive investment risk, small and mid-capitalization company risk, technology sector risk.**

These principal risks are discussed under *Investment Risks – BlackRock Underlying Funds* beginning on page 50.

#### *ISHARES CORE INTERNATIONAL AGGREGATE BOND ETF*

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

**Principal Investment Strategies:** The Fund seeks to track the investment results of the Bloomberg Barclays Global Aggregate ex USD 10% Issuer Capped (Hedged) Index, which measures the performance of the global investment grade (as determined by Bloomberg Index Services Limited (Bloomberg)) bond market. As of October 31, 2019, there were 10,978 issues in the index. The index includes investment-grade fixed-rate sovereign and government-related debt, corporate and securitized bonds from both developed and emerging market issuers. Securities included in the index are issued in currencies other than the U.S. dollar, must have maturities of at least one year and are required to meet minimum outstanding issue size criteria. The index is market capitalization-weighted with a cap on each issuer of 10%. Debt that is publicly issued in the global and regional markets is included in the index. Certain types of securities, such as USD-denominated bonds, contingent capital securities, inflation-linked bonds, floating-rate issues, fixed-rate perpetuals, retail bonds, structured notes, pass-through certificates, private placements (other than those offered pursuant to Rule 144A or Regulation S promulgated under the Securities Act of 1933, as amended), sinkable Russian OFZ bonds issued prior to 2009 and securities where reliable pricing is unavailable are excluded from the index. The securities in the index are updated on the last business day of each month, and the currency risk of the securities in

the index are hedged to the U.S. dollar on a monthly basis. As of October 31, 2019, a significant portion of the index is represented by non U.S. government-related bonds and non-U.S. corporate bonds. The components of the index are likely to change over time. The index was comprised of securities issued by governments in 59 countries or regions as well as securities issued or guaranteed by supranational entities as of October 31, 2019.

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

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

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

The Fund generally will invest at least 90% of its assets in the component securities and other instruments of the index and may invest up to 10% of its assets in certain futures, options and swap contracts, cash and cash equivalents, including shares of money market funds advised by BlackRock or its affiliates (BlackRock Cash Funds), as well as in securities not included in the index, but which BlackRock believes

will help the Fund track the index. From time to time when conditions warrant, however, the Fund may invest at least 80% of its assets in the component securities and other instruments of the index and may invest up to 20% of its assets in certain futures, options and swap contracts, cash and cash equivalents, including shares of BlackRock Cash Funds, as well as in securities not included in the index, but which BlackRock believes will help the Fund track the index. Components of the index include fixed-income securities and foreign currency forward contracts (both deliverable and non-deliverable) designed to hedge non-U.S. currency fluctuations against the U.S. dollar. The notional exposure to foreign currency forward contracts (both deliverable and non-deliverable) generally will be a short position that hedges the currency risk of the fixed-income portfolio. The Fund seeks to track the investment results of the index before fees and expenses of the Fund.

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

In order to track the “hedging” component of the index, the Fund enters into foreign currency forward contracts designed to offset the Fund’s exposure to the non-U.S. dollar component currencies. A foreign currency forward contract is a contract between two parties to buy or sell a specified amount of a specific currency in the future at an agreed-upon exchange rate. The Fund’s exposure to foreign currency forward contracts is based on the aggregate exposure of the Fund to the non-U.S. dollar component currencies. While

this approach is designed to minimize the impact of currency fluctuations on Fund returns, it does not necessarily eliminate the Fund's exposure to the non-U.S. dollar component currencies. The return of the foreign currency forward contracts may not perfectly offset the actual fluctuations in value between the non-U.S. dollar component currencies and the U.S. dollar.

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

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

**Principle Risks:** The iShares Core International Aggregate Bond ETF is subject to **asset class risk, authorized participant concentration risk, call risk, concentration risk, credit risk, currency hedging risk, currency risk, cyber security risk, derivatives risk, extension risk, geographic risk, illiquid investments risk, income risk, index-related risk, infectious illness risk, interest rate risk, issuer risk, management risk, market risk, market trading risk, non-diversification risk, non-US issuers risk, operational risk, passive investment risk, privately-issued securities risk, reliance on trading partners risk, risk of investing in developed countries, risk of investing in Russia, sovereign and quasi-sovereign obligations risk, structural risk, tax risk, tracking error risk, and valuation risk.** These principal risks are discussed under *Investment Risks – BlackRock Underlying Funds* beginning on page 50.

#### NEW YORK LIFE GUARANTEED INTEREST ACCOUNT

**Objective:** The New York Life Guaranteed Interest Account (GIA) seeks to provide competitive yields and limited volatility with a guarantee of principal and accumulated interest.

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

Subject to the investment risks described in *Investment Risks – New York Life Underlying Funds* beginning on page 58 of this Program Description, the Funding Agreement provides a guarantee of principal and accumulated interest to the Board. These guarantees are made to the Board in its capacity as Trustee through the Funding Agreement and are backed by the full faith and credit of New York Life. The GIA is not a registered mutual fund or collective investment trust.

The GIA is not guaranteed by the State, the Board, the Program Manager, the FDIC, the Federal government, or any other party except to the extent of the New York Life guarantee described above.

**Crediting Rate:** Crediting rates are subject to change on January 1 and July 1 of each year and will be fixed for each semi annual period unless the Funding Agreement is terminated. Subsequent crediting rates will never be below 1%. Interest applied to your Account will depend on the semi annual crediting rates provided by the GIA and any applicable Fees charged by Achieve Montana. For example, although the crediting rate will not be below 1%, because we charge Fees, the interest posted to your account may be lower than 1%.



**Risks:** While the GIA carries relatively low risk, there are some risks associated with the Funding Agreement, including, but not limited to default risk, equity wash risk, and termination risk. These risks are discussed under *Investment Risks – New York Life Underlying Funds* beginning on page 58.

*SCHWAB U.S. REIT ETF*

**Objective:** The Schwab U.S. REIT ETF's goal is to track as closely as possible, before fees and expenses, the total return of an index composed of U.S. real estate investment trusts classified as equities.

**Principal Investment Strategies:** To pursue its goal, the Fund generally invests in securities that are included in the Dow Jones Equity All REIT Capped Index. The index is a float-adjusted market capitalization weighted index that is subject to capping constraints at each quarterly rebalancing. The index generally includes all publicly traded equity real estate investment trusts (REITs) with a minimum float-adjusted market capitalization of \$200 million and a three-month median daily value traded of at least \$5 million. A security becomes ineligible if its float-adjusted market capitalization falls below \$100 million for two consecutive quarters. The index excludes mortgage REITs, defined as REITs that lend money directly to real estate owners and/or operators or indirectly through the purchase of mortgages or mortgage-backed securities, and hybrid REITs, defined as REITs that participate both in equity and mortgage investing. As of May 29, 2020, the index was composed of 138 REITs.

The index uses a capping methodology to limit the weight of the securities of any single issuer (as determined by the index provider) to a maximum of 10% of the index. Additionally, the capping methodology limits the sum of the weights of the securities of all issuers that individually constitute more than 4.5% of the weight of the index to a maximum of 22.5% of the weight of the index in the aggregate. In order to implement this capping methodology, the index constrains at quarterly rebalance: (i) the weight of any single issuer to a maximum of 10%, and (ii) the aggregate weight of all

issuers that individually exceed 4.5% of the index weight to a maximum of 22.5%. Between scheduled quarterly index reviews, the index is reviewed daily to assess whether the sum of all individual constituents with more than 5% of the weight of the index exceeds more than 25% of the weight of the index in the aggregate. When daily capping is necessary, the changes are announced after the close of the business day on which the daily weight caps are exceeded, with the reference date after the close of that same business day, and changes are effective after the close of the next trading day.

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

Under normal circumstances, the Fund may invest up to 10% of its net assets in securities not included in its index. The principal types of these investments include those that the investment adviser believes will help the Fund track the index, such as investments in (a) securities that are not represented in the index but the investment adviser anticipates will be added to the index; (b) investment companies; and (c) derivatives, principally futures contracts. The Fund may use futures contracts and other derivatives primarily to seek returns on the Fund's otherwise uninvested

cash assets to help it better track the Index. The Fund may also invest in cash, cash equivalents and money market funds, and may lend its securities to minimize the difference in performance that naturally exists between an index fund and its corresponding index.

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

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

**Risks:** The Schwab U.S. REIT ETF is subject to **concentration risk, derivatives risk, equity risk, investment style risk, large-cap company risk, liquidity risk, market risk, market capitalization risk, market trading risk, mid-cap company risk, real estate investment risk, REITs risk, securities lending risk, shares of the fund may trade at prices other than NAV, small-cap company risk, and tracking error risk.** These risks are discussed under *Investment Risks – Schwab Underlying Funds* beginning on page 58.

#### VANGUARD DEVELOPED MARKETS INDEX FUND

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

**Strategy:** The Fund employs an indexing investment approach designed to track the performance of the FTSE Developed All Cap ex US Index, a market-capitalization-weighted index that is made up of approximately 3,885 common stocks of large-, mid-, and small-cap companies located in Canada and the major markets of Europe and the Pacific region. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

**Risks:** The Vanguard Developed Markets Index Fund is subject to **country/regional risk, currency risk, investment style risk, and stock market risk.** These risks are discussed under *Investment Risks – Vanguard Underlying Funds* beginning on page 60.

#### VANGUARD EMERGING MARKETS STOCK INDEX FUND

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

**Strategy:** The Fund employs an indexing investment approach designed to track the performance of the FTSE Emerging Markets All Cap China A Inclusion Index, a market-capitalization-weighted index that is made up of approximately 4,027 common stocks of large-, mid-, and small-cap companies located in emerging markets around the world. The Fund invests by sampling the index, meaning that it holds a broadly diversified collection of securities that, in the aggregate, approximates the index in terms of



key characteristics. These key characteristics include industry weightings and market capitalization, as well as certain financial measures, such as price/earnings ratio and dividend yield.

**Risks:** The Vanguard Emerging Markets Stock Index Fund is subject to China A-shares risk, country/regional risk, currency risk, emerging markets risk, index sampling risk, and stock market risk. These risks are discussed under *Investment Risks – Vanguard Underlying Funds* beginning on page 60.

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

**Objective:** The Vanguard Short-Term Inflation-Protected Securities Index Fund seeks to track the performance of a benchmark index that measures the investment return of inflation-protected public obligations of the U.S. Treasury with remaining maturities of less than 5 years.

**Strategy:** The Fund employs an indexing investment approach designed to track the performance of the Bloomberg Barclays U.S. Treasury Inflation-Protected Securities (TIPS) 0-5 Year Index. The index is a market-capitalization-weighted index that includes all inflation-protected public obligations issued by the U.S. Treasury with remaining maturities of less than 5 years. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the securities that make up the index, holding each security in approximately the same proportion as its weighting in the index. The Fund maintains a dollar-weighted average maturity consistent with that of the Index. As of September 30, 2019, the dollar-weighted average maturity of the Index was 2.6 years.

**Risks:** The Vanguard Short-Term Inflation-Protected Securities Index is subject to income fluctuation risk and real interest rate risk. These risks are discussed under *Investment Risks – Vanguard Underlying Funds* beginning on page 60.

#### VANGUARD HIGH-YIELD CORPORATE FUND

**Objective:** The Vanguard High-Yield Corporate Fund seeks to provide a high level of current income.

**Strategy:** The Fund invests primarily in a diversified group of high-yielding, higher-risk corporate bonds—commonly known as “junk bonds”—with medium- and lower-range credit quality ratings. The Fund invests at least 80% of its assets in corporate bonds that are rated below Baa by Moody's Investors Service, Inc. (Moody's); have an equivalent rating by any other independent bond rating agency; or, if unrated, are determined to be of comparable quality by the Fund's advisor. The Fund may not invest more than 20% of its assets in any of the following, in the aggregate: bonds with credit ratings lower than B or the equivalent, convertible securities, preferred stocks, and fixed and floating rate loans of medium- to lower-range credit quality. The loans in which the Fund may invest will be rated Baa or below by Moody's; have an equivalent rating by any other independent bond rating agency; or, if unrated, are determined to be of comparable quality by the Fund's advisor. The Fund's high-yield bonds and loans mostly have short- and intermediate-term maturities.

**Risks:** The Vanguard High-Yield Corporate Fund is subject to **call risk, credit risk, extension risk, income risk, interest rate risk, liquidity risk, and manager risk.** These risks are discussed under *Investment Risks – Vanguard Underlying Funds* beginning on page 60.

#### VANGUARD TOTAL BOND MARKET ETF

**Objective:** The Vanguard Total Bond Market ETF seeks to track the performance of a broad, market-weighted bond index.

**Strategy:** The Fund employs an indexing investment approach designed to track the performance of the Bloomberg Barclays U.S. Aggregate Float Adjusted Index. This Index represents a wide spectrum of public, investment-grade, taxable, fixed income securities in the United

States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities—all with maturities of more than 1 year.

The Fund invests by sampling the Index, meaning that it holds a broadly diversified collection of securities that, in the aggregate, approximates the full Index in terms of key risk factors and other characteristics. All of the Fund's investments will be selected through the sampling process, and at least 80% of the Fund's assets will be invested in bonds held in the Index. The Fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years. As of December 31, 2018, the dollar-weighted average maturity of the Index was 8.3 years.

**Risks:** The Vanguard Total Bond Market ETF is subject to **call risk, credit risk, extension risk, income risk, index sampling risk, interest rate risk, liquidity risk, and prepayment risk.** These risks are discussed under *Investment Risks – Vanguard Underlying Funds* beginning on page 60.

#### VANGUARD TOTAL BOND MARKET II INDEX FUND

**Objective:** The Vanguard Total Bond Market II Index Fund seeks to track the performance of a broad, market-weighted bond index.

**Strategy:** The Fund employs an indexing investment approach designed to track the performance of the Bloomberg Barclays U.S. Aggregate Float Adjusted Index. This index represents a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities—all with maturities of more than 1 year. The Fund invests by sampling the index, meaning that it holds a broadly diversified collection of securities that, in the aggregate, approximates the full index in terms of key risk factors and other characteristics. All of the Fund's

investments will be selected through the sampling process, and at least 80% of the Fund's assets will be invested in bonds held in the index. The Fund maintains a dollar-weighted average maturity consistent with that of the index, which generally ranges between 5 and 10 years. As of December 31, 2018, the dollar-weighted average maturity of the Index was 8.3 years.

**Risks:** The Vanguard Total Bond Market II Index Fund is subject to call risk, credit risk, extension risk, income risk, index sampling risk, interest rate risk, and prepayment risk. These risks are discussed under *Investment Risks – Vanguard Underlying Funds* beginning on page 60.

## INVESTMENT RISKS

### BLACKROCK UNDERLYING FUNDS

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

**Authorized Participant Concentration Risk:** Only an authorized participant (such as a market maker, large investor, or an institution) may engage in creation or redemption transactions directly with the Fund, and none of those authorized participants is obligated to engage in creation and/or redemption transactions. The Fund has a limited number of institutions that may act as authorized participants on an agency basis (i.e., on behalf of other market participants). To the extent that authorized participants exit the business or are unable to proceed with creation or redemption orders with respect to the Fund and no other authorized participant is able to step forward to create or redeem Creation Units Fund shares may be more likely to trade at a premium or discount to the Net Asset Value (NAV) and possibly face trading halts or delisting. Authorized participant concentration risk may be heightened for ETFs, such as the Fund, that invest in securities issued by non-U.S. issuers or other securities or instruments that have lower trading volumes.

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

**Concentration Risk (iShares Core International Aggregate Bond ETF):** The Fund may be susceptible to an increased risk of loss, including losses due to adverse events that affect the Fund’s investments more than the market as a whole, to the extent that the Fund’s investments are concentrated in the securities and/or other assets of a particular issuer or issuers, country, group of countries, region, market, industry, group of industries, project types, group of project types, sector or asset class.

**Concentration Risk (iShares Total U.S. Stock Market Index Fund):** The Fund reserves the right to concentrate its investments (i.e., invest 25% or more of its total assets in securities of issuers in a particular industry) to approximately the same extent that the index concentrates in a particular industry. To the extent the Fund concentrates in a particular industry, it may be more susceptible to economic conditions and risks affecting that industry.

**Consumer Discretionary Sector Risk:** The consumer discretionary sector may be affected by changes in domestic and international economies, exchange and interest rates, competition, consumers’ disposable income, consumer preferences, social trends, and marketing campaigns.

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

**Currency Hedging Risk:** In seeking to track the “hedging” component of its index, the Fund invests in currency forward contracts (which may include both physically-settled forward contracts and NDFs) designed to hedge the currency exposure of non-U.S. dollar denominated securities held in its portfolio. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains. Hedges are sometimes subject to imperfect matching between the derivative and its reference asset, and there can be no assurance that the Fund’s hedging transactions will be effective. Exchange rates may be volatile and may change quickly and unpredictably in response to both global economic developments and economic conditions in a geographic region in which the Fund invests. In addition, in order to minimize transaction costs, or for other reasons, the Fund’s exposure to the non-U.S. dollar component currencies may not be fully hedged at all times. At certain times, the Fund may use an optimized hedging strategy and will hedge a smaller number of non-U.S. dollar component currencies to reduce hedging costs. Because currency forwards are over-the-counter instruments, the Fund is subject to counterparty risk as well as market or liquidity risk with respect to the hedging transactions the Fund enters into. The effectiveness of the Fund’s currency hedging strategy will in general be affected by the volatility of both its index and the volatility of the U.S. dollar relative to the currencies to be hedged, measured on an aggregate basis. Increased volatility in either or both of the index and the U.S. dollar relative to the currencies to be hedged will generally reduce the effectiveness of the Fund’s currency hedging strategy. In addition, volatility in one or more of the currencies may offset stability in another currency and reduce the overall effectiveness of the hedges. The effectiveness of the Fund’s currency hedging strategy may also in general be affected by interest rates. Significant differences between U.S. dollar interest rates and some or all of the applicable foreign currency interest rates may impact the effectiveness of the Fund’s currency hedging strategy.

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

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

**Derivatives Risk:** The Fund will use currency forwards and NDFs to hedge the currency exposure resulting from investments in the foreign currency-denominated securities held by the Fund. The Fund's use of these instruments, like

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

**Equity Securities Risk:** Stock markets are volatile. The price of equity securities fluctuates based on changes in a company's financial condition and overall market and economic conditions.

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

**Financials Sector Risk:** Performance of companies in the financials sector may be adversely impacted by many factors, including, among others, changes in government regulations, economic conditions, and interest rates, credit rating downgrades, and decreased liquidity in credit markets. The extent to which the Fund may invest in a company that engages in securities-related activities or banking is limited by applicable law. The impact of changes in capital requirements and recent or future regulation of any individual financial company, or of the financials sector as a whole, cannot be predicted. In recent years, cyber-attacks and technology malfunctions and failures have become increasingly frequent in this sector and have caused significant losses to companies in this sector, which may negatively impact the Fund.

**Geographic Risk:** A natural disaster could occur in a geographic region in which the Fund invests, which could adversely affect the economy or the business operations of companies in the specific geographic region, causing an adverse impact on the Fund's investments in, or which are exposed to, the affected region.

**Illiquid Investments Risk:** The Fund may invest up to an aggregate amount of 15% of its net assets in illiquid investments. An illiquid investment is any investment that the Fund reasonably expects cannot be sold or disposed of in current market conditions in seven calendar days or less without significantly changing the market value of the investment. To the extent the Fund holds illiquid investments, the illiquid investments may reduce the returns of the Fund because the Fund may be unable to transact at advantageous times or prices. During periods of market volatility, liquidity in the market for the Fund's shares may be impacted by the liquidity in the market for the underlying securities or instruments held by the Fund, which could lead to the Fund's shares trading at a premium or discount to the Fund's NAV.

**Income Risk:** The Fund's income may decline if interest rates fall. This decline in income can occur because the Fund may subsequently invest in lower-yielding bonds as bonds in its

portfolio mature, are near maturity or are called, bonds in the index are substituted, or the Fund otherwise needs to purchase additional bonds.

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

**Index Fund Risk:** An index fund has operating and other expenses while an index does not. As a result, while the Fund will attempt to track the index as closely as possible, it will tend to underperform the index to some degree over time. If an index fund is properly correlated to its stated index, the Fund will perform poorly when the index performs poorly.

**Infectious Illness Risk:** An outbreak of an infectious respiratory illness, COVID-19, caused by a novel coronavirus has resulted in travel restrictions, disruption of healthcare systems, prolonged quarantines, cancellations, supply chain disruptions, lower consumer demand, layoffs, defaults and other significant economic impacts. Certain markets have experienced temporary closures, reduced liquidity and increased trading costs. These events will have an impact on the Fund and its investments and could impact the Fund's ability to purchase or sell securities or cause elevated tracking error and increased premiums or discounts to the Fund's net asset value. Other infectious illness outbreaks in the future may result in similar impacts.

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

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

**Management Risk:** As the Fund may not fully replicate the index, it is subject to the risk that BlackRock's investment strategy may not produce the intended results.

**Market Risk:** The Fund could lose money over short periods due to short-term market movements and over longer periods during more prolonged market downturns. Local, regional, or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, or other events could have a significant impact on the Fund and its investments.

**Market Risk and Selection Risk:** Market risk is the risk that one or more markets in which the Fund invests will go down in value, including the possibility that the markets will go down sharply and unpredictably. The value of a security or other asset may decline due to changes in general market conditions, economic trends or events that are not specifically related to the issuer of the security or other asset, or factors that affect a particular issuer or issuers, exchange, country, group of countries, region, market, industry, group of industries, sector or asset class. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issue, recessions, or other events could have a significant impact on the Fund and its investments. Selection risk is the risk that the

securities selected by Fund management will underperform the markets, the relevant indices or the securities selected by other funds with similar investment objectives and investment strategies. This means you may lose money.

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

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

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

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

**Passive Investment Risks:** Because BlackRock does not select individual companies in the index that the Fund tracks, the Fund may hold securities of companies that present risks that an investment adviser researching individual securities might seek to avoid.

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

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

**Risk of Investing in Developed Countries:** The Fund's investment in developed country issuers may subject the Fund to regulatory, political, currency, security, economic and other risks associated with developed countries. Developed countries tend to represent a significant portion of the global economy and have generally experienced slower economic growth than some less developed countries. Certain developed countries have experienced security concerns, such as terrorism and strained international relations. Incidents involving a country's or region's security may cause uncertainty in its markets and may adversely affect its economy and the Fund's investments. In addition,

developed countries may be adversely impacted by changes to the economic conditions of certain key trading partners, regulatory burdens, debt burdens and the price or availability of certain commodities.

**Risk of Investing in Russia:** Investing in Russian securities involves significant risks, including legal, regulatory, and economic risks that are specific to Russia. In addition, investing in Russian securities involves risks associated with the settlement of portfolio transactions and loss of the Fund's ownership rights in its portfolio securities as a result of the system of share registration and custody in Russia. A number of jurisdictions, including the U.S., Canada, and the European Union (the "EU"), have imposed economic sanctions on certain Russian individuals and Russian corporate entities. Additionally, Russia is alleged to have participated in state-sponsored cyberattacks against foreign companies and foreign governments. Actual and threatened responses to such activity, including purchasing restrictions, sanctions, tariffs or cyberattacks on the Russian government or Russian companies, may impact Russia's economy and Russian issuers of securities in which the Fund invests.

**Small and Mid-Capitalization Company Risk:** Companies with small or mid-size market capitalizations will normally have more limited product lines, markets and financial resources and will be dependent upon a more limited management group than larger capitalized companies. In addition, it is more difficult to get information on smaller companies, which tend to be less well known, have shorter operating histories, do not have significant ownership by large investors and are followed by relatively few securities analysts.

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



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

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

**Technology Sector Risk:** Technology companies, including information technology companies, may have limited product lines, markets, financial resources, or personnel. Technology companies typically face intense competition and potentially rapid product obsolescence. They are also heavily dependent on intellectual property rights and may be adversely affected by the loss or impairment of those rights.

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

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



methodology. The Fund's ability to value investments may be impacted by technological issues or errors by pricing services or other third-party service providers.

#### *DFA UNDERLYING FUNDS*

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

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

**Derivatives Risk:** Derivatives are instruments, such as futures, and options thereon, and foreign currency forward contracts, whose value is derived from that of other assets, rates, or indices. Derivatives can be used for hedging (attempting to reduce risk by offsetting one investment

position with another) or non-hedging purposes. Hedging with derivatives may increase expenses, and there is no guarantee that a hedging strategy will work. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains or cause losses if the market moves in a manner different from that anticipated by the Fund or if the cost of the derivative outweighs the benefit of the hedge. The use of derivatives for non-hedging purposes may be considered to carry more risk than other types of investments. When the Fund uses derivatives, the Fund will be directly exposed to the risks of those derivatives. Derivative instruments are subject to a number of risks including counterparty, settlement, liquidity, interest rate, market, credit, and management risks, as well as the risk of improper valuation. Changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index, and the Fund could lose more than the principal amount invested.

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

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

changing its value against the U.S. dollar). The Fund hedges foreign currency risk.

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

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

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

**Market Risks:** Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities, and the Fund that owns them, to rise or fall.

**Operational Risk:** Operational risks include human error, changes in personnel, system changes, faults in communication, and failures in systems, technology, or

processes. Various operational events or circumstances are outside DFA's control, including instances at third parties. The Fund and DFA seek to reduce these operational risks through controls and procedures. However, these measures do not address every possible risk and may be inadequate to address these risks.

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

#### *NEW YORK LIFE UNDERLYING FUND*

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

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

**Termination Risk:** The risk that the funding agreement is terminated and, as a result, payments from the funding agreement are subject to a reduced crediting rate during the installment payment period or are paid over an extended period of time.

#### *SCHWAB UNDERLYING FUND*

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

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

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

**Investment Style Risk:** The Fund is an index Fund. Therefore, the Fund follows the securities included in the index during upturns as well as downturns. Because of its indexing strategy, the Fund does not take steps to reduce market exposure or to lessen the effects of a declining market. In addition, because of the Fund's expenses, the Fund's performance may be below that of the index. Market disruptions could cause delays in the index's rebalancing schedule which may result in the index and, in turn, the fund experiencing returns different than those that would have been achieved under a normal rebalancing schedule.

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

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

**Market Capitalization Risk:** Financial markets rise and fall in response to a variety of factors, sometimes rapidly and unpredictably. Markets may be impacted by economic, political, regulatory and other conditions, including economic sanctions and other government actions. In addition, the occurrence of global events, such as war, terrorism, environmental disasters, natural disasters and epidemics, may also negatively affect the financial markets. As with any investment whose performance is tied to these markets, the value of an investment in the Fund will fluctuate, which means that an investor could lose money over short or long periods.

**Market Risk:** Financial markets rise and fall in response to a variety of factors, sometimes rapidly and unpredictably. Markets may be impacted by economic, political, regulatory and other conditions, including economic sanctions and other government actions. In addition, the occurrence of global events, such as war, terrorism, environmental disasters, natural disasters and epidemics, may also negatively affect the financial markets. As with any investment whose performance is tied to these markets, the value of an investment in the Fund will fluctuate, which means that an investor could lose money over short or long periods.

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

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

**Real Estate Investment Risk:** Due to the composition of the index, the Fund concentrates its investments in real estate companies and companies related to the real estate industry. As such, the Fund is subject to risks associated with the direct ownership of real estate securities and an investment in the Fund will be closely linked to the performance of the real

estate markets. These risks include, among others: declines in the value of real estate; risks related to general and local economic conditions; possible lack of availability of mortgage funds or other limits to accessing the credit or capital markets; defaults by borrowers or tenants, particularly during an economic downturn; and changes in interest rates.

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

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

#### **Shares of the Fund May Trade at Prices Other**

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

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

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

#### *VANGUARD UNDERLYING FUNDS*

**Call risk:** Which is the chance that during periods of falling interest rates, issuers of callable bonds may call (redeem) securities with higher coupon rates or interest rates before their maturity dates. The Fund would then lose any price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the Fund's income. Such redemptions and subsequent reinvestments would also increase the Fund's portfolio turnover rate. Call risk should be low for the Fund because it invests only a small portion of its assets in callable bonds.

**China A-shares Risk:** Which is the chance that the Fund may not be able to access a sufficient amount of China A-shares to track its target index. China A-shares are only available to foreign investors through a quota license or the China Stock Connect program.

**Country/regional Risk:** Which is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries or regions. Because the Fund may invest a large portion of its assets in securities of companies located in any one country or region, the Fund's performance may be hurt disproportionately by the poor performance of its investments in that area.

**Credit Risk:** Which is the chance that a bond issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline. Credit risk should be low for the Fund because it purchases only bonds that are of investment-grade quality.

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

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

**Extension Risk:** Which is the chance that during periods of rising interest rates, certain debt securities will be paid off substantially more slowly than originally anticipated, and the value of those securities may fall. This will lengthen the duration or average life of those securities and delay a Fund's ability to reinvest proceeds at higher interest rates, making a Fund more sensitive to changes in interest rates. For funds that invest in mortgage-backed securities, extension risk is the chance that during periods of rising interest rates, homeowners will repay their mortgages at slower rates. Extension risk should be moderate for the Fund.

**Income Fluctuations:** The Fund's quarterly income distributions are likely to fluctuate considerably more than the income distributions of a typical bond fund. In fact, under certain conditions, the Fund may not have any income to distribute. Income fluctuations associated with changes in interest rates are expected to be low; however, income

fluctuations associated with changes in inflation are expected to be high. Overall, investors can expect income fluctuations to be high for the Fund.

**Income Risk:** Which is the chance that the Fund's income will decline because of falling interest rates. Income risk is generally high for short-term bond funds and moderate for intermediate-term bond funds, so investors should expect the Fund's monthly income to fluctuate accordingly.

**Index Sampling Risk:** Which is the chance that the securities selected for the Fund, in the aggregate, will not provide investment performance matching that of the Fund's target index.

**Interest Rate Risk:** Which is the chance that bond prices will decline because of rising interest rates. Interest rate risk should be moderate for the Fund because it invests primarily in short- and intermediate-term bonds, whose prices are less sensitive to interest rate changes than are the prices of long-term bonds.

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

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

**Manager Risk:** Which is the chance that poor security selection will cause the Fund to underperform relevant benchmarks or other funds with a similar investment objective. In addition, significant investment in the communication sector subjects the Fund to proportionately higher exposure to the risks of this sector.

**Prepayment Risk:** Which is the chance that during periods of falling interest rates, homeowners will refinance their mortgages before their maturity dates, resulting in prepayment of mortgage-backed securities held by the Fund. The Fund would then lose any price appreciation above the mortgage's principal and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the Fund's income. Such prepayments and subsequent reinvestments would also increase the Fund's portfolio turnover rate. Prepayment risk should be moderate for the Fund.

**Real Interest Rate Risk:** Which is the chance that the value of a bond will fluctuate because of a change in the level of real, or after inflation, interest rates. Although inflation-indexed bonds seek to provide inflation protection, their prices may decline when real interest rates rise and vice versa. Because the index is a market-capitalization-weighted index that includes all inflation-protected public obligations issued by the U.S. Treasury with remaining maturities of less than 5 years, real interest rate risk is expected to be low for the Fund.

**Stock Market Risk:** Which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The Fund's investments in foreign stocks can be riskier than U.S. stock investments. Foreign stocks may be more volatile and less liquid than U.S. stocks. The prices of foreign stocks and the prices of U.S. stocks may move in opposite directions. In addition, the Fund's target index may, at times, become focused in stocks of a particular market sector, which would subject the Fund to proportionately higher exposure to the risks of that sector.

## ADDITIONAL INVESTMENT INFORMATION

### Assets Held in Trust.

Your Account assets are held in the Trust, a public instrumentality of the State of Montana. Your Account is held for your exclusive benefit and may not be transferred

or used by the Plan Administrators for any purpose other than those of the Trust. Please keep in mind that you will not own shares of the Underlying Funds. You are purchasing Units in the Trust comprised of Portfolios, which invests your contributions in one or more of the Underlying Funds.

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

### Treatment of Dividends and Capital Gains.

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

### The Target Indexes of Certain of the Underlying Funds May Change.

Certain products of the Underlying Funds are index funds or are funds that invest in index funds. Each index fund reserves the right to substitute a different index for the index it currently tracks. This could happen if the current index is discontinued, if the index fund's agreement with the sponsor of its current index is terminated, or for any other reason determined in good faith by the index fund's board

of trustees. In any such instance, a substitute index would measure substantially the same market segment (e.g., large-, mid-, or small-capitalization) as the current index.

**Portfolio Changes.**

We may (i) change the asset allocations, policies, objectives, and guidelines of the Portfolios, (ii) change the selection of Underlying Funds in which each Portfolio invests, and (iii) modify, add, and close Portfolios, each at any time and without prior notice. If we make changes to the Portfolios, your contributions may be reinvested in a Portfolio that is different from your original Portfolio. Neither you, your Beneficiary, nor any contributor to your Account may direct the investments of the Underlying Funds of a Portfolio.

**Requesting additional information about the Underlying Funds.**

Your contributions to the Portfolios will be invested by Achieve Montana in one or more of the Underlying Funds. Please keep in mind that you will not own shares of the Underlying Funds. Instead, you will own interests in the Trust. Except for the Capital Preservation Portfolio, additional information about the investment strategies and risks of each Underlying Fund is available in its current prospectus and Statement of Additional Information. You can request a copy of the current prospectus, the Statement of Additional Information, the most recent semi-annual or annual report and other information about any Underlying Fund by contacting the following:

<b>Blackrock iShares</b>	blackrock.com ishares.com	800.537.4942 800.474.2737
<b>DFA</b>	us.dimensional.com	512.306.7400
<b>New York Life</b>	stablevalueinvestments.com	973.685.6378
<b>Schwab</b>	schwabfunds.com	877.824.5615
<b>Vanguard</b>	vanguard.com	866.734.4533

**INVESTMENT DIRECTION AND CONTROL BY ACCOUNT OWNER**

**Investment Selection.**

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

**Changing Portfolios.**

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



## INVESTMENT PERFORMANCE

---

### AT A GLANCE

IN THIS SECTION, YOU WILL LEARN MORE ABOUT:

#### PORTFOLIO PERFORMANCE

The table below shows how the performance of the Portfolios has varied over the periods listed. The performance data includes each Portfolio's total annual asset based fee, but do not include other charges associated with an investment in Achieve Montana. See *Fees* beginning on page 25.

If you are invested in a Year of Enrollment Portfolio (except for the College Portfolio), the assets in the Portfolio in which you are currently invested (Current Portfolio) will automatically transfer to other Portfolios as the Beneficiary ages. Therefore, the assets in your Current Portfolio may not have been invested in the Current Portfolio for all or a portion of the period reported in the table shown below. The performance of the Portfolios will differ from the performance of the Underlying Funds. Because the Portfolios have higher expense ratios than those of the Underlying Funds, over comparable periods of time, all other things being equal, a Portfolio would have lower performance than its comparable Underlying Fund. (Of course, the Underlying Funds do not offer the same tax advantages as the Portfolios.)

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

This performance data shown below represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so your Units, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. Current performance information is available online at [achievemontana.com](http://achievemontana.com). From the home page select "Investments" then select "Portfolio prices & performance."



AVERAGE ANNUAL TOTAL RETURNS as of June 30, 2020

PORTFOLIO NAME	ONE YEAR	THREE YEARS	FIVE YEARS	TEN YEARS	SINCE INCEPTION	INCEPTION DATE
<b>Year of Enrollment Option</b>						
2038 Enrollment Portfolio	-	-	-	-	8.46%	4/27/2020
2035 Enrollment Portfolio	-	-	-	-	7.59%	4/27/2020
2032 Enrollment Portfolio	-	-	-	-	6.71%	4/27/2020
2029 Enrollment Portfolio	-	-	-	-	5.83%	4/27/2020
2026 Enrollment Portfolio	-	-	-	-	4.66%	4/27/2020
2023 Enrollment Portfolio	-	-	-	-	2.88%	4/27/2020
College Portfolio	-	-	-	-	1.39%	4/27/2020
<b>Asset Allocation Option</b>						
Aggressive Portfolio	-5.03%	2.93%	-	-	5.75%	10/19/2015
Growth Portfolio	-4.44%	2.77%	-	-	5.21%	10/19/2015
Moderate Portfolio	-1.84%	2.93%	-	-	4.48%	10/19/2015
Conservative Portfolio	1.94%	2.87%	-	-	3.1%	10/19/2015
Income Portfolio	3.51%	1.99%	-	-	1.31%	10/19/2015
<b>Individual Portfolios Option</b>						
Equity Index Portfolio	-	-	-	-	9.04%	4/27/2020
Bond Index Portfolio	-	-	-	-	1.3%	4/27/2020
Capital Preservation Portfolio	2.47%	-	-	-	2.14%	12/7/2018

## IMPORTANT TAX INFORMATION

---

### AT A GLANCE

IN THIS SECTION, YOU WILL LEARN MORE ABOUT:

FEDERAL TAX INFORMATION

STATE TAX INFORMATION

### FEDERAL TAX INFORMATION

#### General.

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

Achieve Montana should not be used for the purpose of avoiding federal tax or tax penalties. Before you invest, you may wish to consult an independent tax advisor regarding the application of tax laws to your particular circumstances.

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

#### Risk of Tax Law Changes.

The IRS has issued only proposed regulations and certain other guidance under Section 529. Final regulations could affect the tax considerations or require changes in the terms of Achieve Montana.

#### Federal Tax-Deferred Earnings.

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

#### Federal Gift/Estate Tax.

If your contributions, together with any other gifts to the Beneficiary (over and above those made to your Account), do not exceed \$15,000 per year (\$30,000 for married couples making a proper election), no gift tax will be imposed for that year. Gifts of up to \$75,000 can be made in a single year (\$150,000 for married couples making a proper election) for a Beneficiary and you may elect to apply the contribution against the annual exclusion equally over a five-year period. This allows you to move assets into tax-deferred investments and out of your estate more quickly.

If you die with assets still remaining in your Account, the Account's value will generally not be included in your estate for federal estate tax purposes, unless you elect the five-year averaging and die before the end of the fifth year. If your Beneficiary dies and assets remain in your Account, the value of your Account may be included in the Beneficiary's estate for federal tax purposes. Further rules regarding gifts and the generation-skipping transfer tax may apply in the case of distributions, changes of Beneficiaries, and other situations. The state law treatment of gift and estate taxes varies so you should check with your tax advisor for the specific effect of federal and state (if any) gift tax and generation skipping transfer tax on your situation.

#### Transfers and Rollovers.

Rollovers can be direct or indirect. A direct rollover is the transfer of money from one Qualified Tuition Program directly to another. An indirect rollover is the transfer of money to you from an account in another state's Qualified Tuition Program; you then contribute the money to your Account. To avoid federal income tax consequences and the Distribution Tax, you must contribute an indirect rollover within 60 days of the distribution. In addition, the recipient account must be for a beneficiary who is:

- A person who is a Member of the Family of the original Beneficiary; or
- The same Beneficiary, but only if the Rollover does not occur within 12 months from the date of a previous Rollover to any Qualified Tuition Program for the benefit of that Beneficiary

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

**Transfers from the Bank Plan for the Same Beneficiary.**

Under Section 529, you can transfer assets directly from the Bank Plan to Achieve Montana up to two times per calendar year for the same Beneficiary. This would be considered an investment exchange for federal and state tax purposes and is therefore subject to the restrictions described in *Maintaining My Account—Changing Investment Direction* on page 17.

An indirect transfer, where money is distributed from the Bank Plan to the Account Owner and then contributed by the Account Owner to an Account in Achieve Montana is treated as a Non-Qualified Distribution (and not as an investment exchange), even though it is subsequently contributed to the new Account for the same Beneficiary. The earnings portion of an indirect transfer from the Bank Plan would be subject to federal and state income tax and the Distribution Tax on the earnings portion of the distribution.

**ABLE Rollover Distributions.**

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

**Refunded Distributions.**

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

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

**Coverdell Education Savings Accounts (Coverdell ESA).**

Generally, contributions may be made to both a Coverdell ESA (defined in Section 530 of the Code) and a Qualified Tuition Program in the same year on behalf of the same Beneficiary. However, the same educational expenses cannot be claimed for a tax-exempt distribution from both the Coverdell ESA and the Qualified Tuition Program.

**Education Tax Credits.**

You and your Beneficiary, if eligible, can take advantage of American Opportunity and Lifetime Learning Tax Credits without affecting your participation in Achieve Montana or its benefits. American Opportunity and Lifetime Learning Credits can be claimed in the same year that a tax-exempt distribution is taken from a Qualified Tuition Program provided the distribution is not used for the same educational expenses.

**All Distributions.**

Distributions may be comprised of: (1) principal, which is not taxable when distributed, and (2) earnings, if any, which may be subject to federal income tax. We determine the earnings portion based on IRS rules and report to the IRS and the recipient. However, we do not report whether the distribution is a Qualified Distribution (including an Education Loan Repayment) or a Non-Qualified Distribution. You are responsible for preparing and filing the appropriate forms when completing your federal income tax return and for paying any applicable tax directly to the IRS.

**Qualified Expense Distributions.**

If you take a distribution from your Account to pay for Qualified Expenses, your Beneficiary generally does not have to include as income any earnings distributed for the applicable taxable year if the total distributions for that year are less than or equal to the total distributions for Qualified Expenses for that year minus any tax free educational assistance and expenses considered in determining any American Opportunity or Lifetime Learning Credits claimed for that taxable year.

You, or your Beneficiary, as applicable, are responsible for determining the amount of the earnings portion of any distribution from your Account that may be taxable and are responsible for reporting any earnings that must be included in taxable income. You should consult with your tax advisor.

**Other Distributions.**

For federal income tax purposes, you, or the Beneficiary, may be subject to federal and state income tax on the earnings portion of a distribution in the event of a distribution on account of the death or Disability of a Beneficiary, the receipt by the Beneficiary of a scholarship, grant, or other tax-free Educational Assistance, attendance at certain specified military academies, or use of American Opportunity or Lifetime Learning Credits. The distributions discussed in this paragraph are not subject to the Distribution Tax.

**Education Loan Repayments.**

You may take a distribution from your Account to make an Education Loan Repayment for your Beneficiary or a sibling (defined in Section 152(d)(2)(B) of the Code) of your Beneficiary, up to a lifetime limit of \$10,000 per individual. However, if you make an Education Loan Repayment from your Account, Section 221(e)(1) of the Code provides that you may not also take a federal income tax deduction for any interest included in that Education Loan Repayment.

It is important that you keep all records of your distributions. We do not separately report distributions made from your

Account to make an Education Loan Repayment for a sibling of your Beneficiary.

**Non-Qualified Distributions.**

You, or the Beneficiary, as applicable, are subject to federal and state income tax and the Distribution Tax on the earnings portion of any distribution that is not exempt from tax as described above. You will also be subject to a recapture of the Montana state income tax deduction with respect to any Non-Qualified Montana Distribution as discussed in *State Tax Information - Recapture of Income Tax Deduction and Treatment of K-12 Tuition, Apprenticeship Program Expense and Education Loan Repayment Distributions* on pages 69 and 70.

**Determination of Taxable Earnings.**

The principal and earnings portions of a distribution for federal tax purposes are determined by a formula reflecting the proportion of contributions to the overall market value of your accounts in all Qualified Tuition Programs sponsored by the State for the same Beneficiary. If the distribution is subject to a Distribution Tax, the Distribution Tax is applied to the earnings portion. Due to the IRS rules regarding aggregation of Accounts, the taxable earnings may be more or less than the actual earnings on any particular Account or Accounts.

*STATE TAX INFORMATION***General.**

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

**Income Tax benefit for Montana Taxpayers.**

If you are a Montana taxpayer and you contribute to one or more accounts in a 529 Plan sponsored by the State of Montana in a tax year, you are entitled to reduce your

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

#### **Refunded Distributions.**

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

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

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

#### **Recapture of Income Tax Deduction.**

Montana imposes a recapture tax on Non-Qualified Montana Distributions and distributions from an Account that was opened less than three years before the date of the distribution. The recapture tax is calculated at a rate equal to the highest rate of tax provided in the Montana Code Annotated, Section 15-30-2103. The recapture tax is payable by you, as the Account Owner. You are liable for

the recapture tax if you owned the Account as a Montana resident even if you are not a Montana resident at the time of the withdrawal.

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

#### **Montana Tax-Free Distributions for Qualified Montana Expenses.**

If you are a Montana taxpayer, you or the Beneficiary are generally not subject to Montana state income tax on the earnings portion of any distributions for Qualified Montana Expenses. Since different states have different tax provisions, if you or your Beneficiary, as applicable, are not a Montana taxpayer, you should consult your own state's laws or your tax advisor for more information on your state's taxation of distributions for Qualified Expenses.

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

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

**Treatment of K-12 Tuition Distributions, Apprenticeship Program Expenses and Education Loan Repayments.**

The Montana Department of Revenue has stated that despite changes made to Section 529, a withdrawal for K-12 Tuition, Apprenticeship Program Expenses and/or Education Loan Repayments is considered a Non-Qualified Montana Distribution. Funds used for K-12 Tuition, Apprenticeship Program Expenses and/or Education Loan Repayments may subject you to the Montana state recapture tax on contributions previously deducted and require your Beneficiary to include the earnings in their gross income.

Montana taxpayers should consult their tax advisors before making a contribution or withdrawal for K-12 Tuition, Apprenticeship Program Expenses and/or Education Loan Repayments. Achieve Montana account owners in other states should seek guidance from the state in which they pay taxes.

**Treatment of ABLE Rollover Distributions.**

The Montana Department of Revenue has not issued guidance on whether an ABLE Rollover Distribution would be considered a Non-Qualified Montana Distribution and therefore, subject to the Montana recapture tax or Montana income tax. Accordingly, ABLE Rollover Distributions may also be subject to a Montana recapture tax if contributions made to your Account were deducted from the contributor's State income tax.

We will provide additional supplements to this Program Description as details about the Montana state tax effects of ABLE Rollover Distributions become clear. Please consult your tax advisor about your personal circumstances before initiating an ABLE Rollover Distribution.

## GENERAL INFORMATION

---

### AT A GLANCE

IN THIS SECTION, YOU WILL LEARN MORE ABOUT:

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

#### **Your Account.**

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

#### **Customer Identification Verification.**

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

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

#### **Suspension of Services.**

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

#### **Changes to an Account.**

The Plan Administrators are not responsible for the accuracy of the documentation you submit to us to make changes to your Account, whether submitted online or in paper form. If acceptable to the Plan Administrators, notices, changes, options, and elections relating to your Account will take effect within a reasonable amount of time after we have received the appropriate documentation in good order, unless the Plan Administrators agree otherwise.

#### **Keep Legal Documents for Your Records.**

You should retain the Program Description for your records. If material modifications are made to Achieve Montana, a revised Program Description or supplement may be sent to

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

### **Changes to the Program Description.**

The Board may amend the terms of the Program Description from time to time to comply with changes in Achieve Montana, the law, or regulations or if the Board determines it is in Achieve Montana's best interest to do so. However, the Board will not retroactively modify existing terms and conditions applicable to an Account in a manner adverse to you or your Beneficiary except to the extent necessary to ensure compliance with applicable state and federal laws or regulations or to preserve the favorable tax treatment to you, your Beneficiary, the Board, Achieve Montana or the Trust.

### **Changes to State Statutes; Adoption of Rules.**

The Montana Legislature may, from time to time, pass legislation which may directly or indirectly affect the terms and conditions of Achieve Montana and the Program Description. Also, the Board may adopt Rules and/or Policies pursuant to the provisions of the Enabling Legislation, which may directly or indirectly affect the terms and conditions of Achieve Montana and the Program Description.

### **Determination of Maximum Contribution Limits.**

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

### **Guide to Interpretation.**

Achieve Montana is intended to qualify for the tax benefits of Section 529 of the Code. Notwithstanding anything in the Program Description to the contrary, the terms and conditions

applicable to your Account will be interpreted and/or amended to comply with the requirements of that section and applicable regulations.

### **Continuing Disclosure.**

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

### **Custodial Arrangements.**

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

### **Creditor Protections under U.S. Law.**

Federal bankruptcy law excludes from property of the debtor's bankruptcy estate certain assets that have been contributed to an account in a Qualified Tuition Program. However, bankruptcy protection in this respect is limited and has certain conditions. For the Qualified Tuition Program account to be excluded from the debtor's estate, the Beneficiary must be a child, stepchild, grandchild, or step-grandchild (including a legally adopted child or a foster child) of the individual who files for bankruptcy protection. In addition, contributions made to all Qualified Tuition Program accounts for the same Beneficiary are protected from becoming property of the debtor's estate as follows:

- contributions made to all Qualified Tuition Program accounts for the same beneficiary more than seven-hundred twenty (720) days before a federal bankruptcy filing are completely protected;
- contributions made to all Qualified Tuition Program accounts for the same beneficiary more than three hundred and sixty-five (365) days but less than seven hundred and twenty (720) days before a federal bankruptcy filing are protected up to six-thousand eight-hundred twenty-five dollars (\$6,825.00), an amount currently revised every three (3) years by the Judicial Conference of the United States; and contributions made to all Qualified Tuition Program accounts for the same beneficiary less than three hundred



sixty-five (365) days before a federal bankruptcy filing are not protected against creditor claims in federal bankruptcy proceedings.

Federal bankruptcy law permits a debtor to exempt certain specified assets from liability even though the assets are property of the debtor's estate. Under federal bankruptcy law, assets held in a 529 Plan account that are property of the debtor's estate are not exempt from debt for domestic support obligations.

*This information is not meant to constitute individual advice or bankruptcy advice. You should consult a legal advisor regarding the application of this specific law to your particular circumstances and for a determination of whether Montana or federal law applies to your situation.*

#### **Representation.**

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

#### **Severability.**

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

#### **Precedence.**

In the event of inconsistencies between the Program Description, the Management Agreement, Policies, or the Rules, and the Code or Montana statutes, the provisions of the Montana statutes or the Code, as applicable, shall

govern. To the extent permitted by Montana law, the Code shall govern in the event of any inconsistencies between Montana statutes and the Code.

#### **Montana Law.**

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

#### **Claims; Disputes.**

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

**Lawsuits Involving Your Account.**

By opening an Account, you are submitting (on behalf of yourself and your Beneficiary) to the exclusive jurisdiction of courts in Montana for all legal proceedings arising out of or relating to your Account. The Board or the Program Manager or other service provider to Achieve Montana may apply to a court at any time for judicial settlement of any matter involving your Account. If the Board or the Program Manager or other service provider to Achieve Montana does so, they must give you or your Beneficiary the opportunity to participate in the court proceeding, but they also can involve other persons. Any expense incurred by the Plan Administrators in legal proceedings involving your Account, including attorney's fees and expenses, are chargeable to your Account and payable by you or your Beneficiary if not paid from your Account.

**Binding Nature.**

The Program Description and your agreement to participate in Achieve Montana are binding upon the parties and their respective heirs, successors, beneficiaries and permitted assigns.

By signing the Enrollment Form, you agree that all of your representations and obligations are for the benefit of the Plan Administrators, all of whom can rely upon and enforce your representations and obligations contained in the Program Description and the Enrollment Form.

**Privacy Policy.**

We are required to treat all Account Owner and Beneficiary information confidentially. We are prohibited from using or disclosing this information, except as may be necessary to perform our obligations to Achieve Montana, or if required by applicable law, by court or other order. You can access a copy of the most recent privacy policy on the Achieve Montana website at [achievemontana.com](http://achievemontana.com).

# ADMINISTRATION

---

## AT A GLANCE

IN THIS SECTION, YOU WILL LEARN MORE ABOUT:

THE BOARD

THE TRUST

THE PROGRAM MANAGER

### **Achieve Montana.**

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

### **Other Qualified Tuition Programs Administered by the Board.**

The Board also administers the Bank Plan, which is currently closed to new investments. This Program Description relates only to Achieve Montana. Go to [collegesavings.com/montana](http://collegesavings.com/montana) for information and materials about the Bank Plan.

### **The Board.**

As required by the Enabling Legislation, Achieve Montana is directed and administered by the Board. The Board consists of seven (7) members appointed by the Governor and confirmed by the legislature. The Governor, Superintendent

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

### **The Trust.**

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

### **Program Manager.**

Ascensus College Savings serves as the Program Manager of Achieve Montana. Ascensus College Savings and its affiliates, have overall responsibility for the day-to-day operations, including investment advisory, recordkeeping, customer service and administrative services. The Management Agreement between the Board and Ascensus College Savings expires in 2022.

## GLOSSARY

---

Terms used in this Program Description have the following meanings:

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

**ABLE Rollover Distribution:**

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

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

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

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

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

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

**Apprenticeship Program Expenses:**

Expenses for fees, books, supplies, and equipment required for the participation of a Beneficiary in an apprenticeship program registered and certified with the Secretary of Labor under section 1 of the National Apprenticeship Act (29 U.S.C. 50).

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

**Ascensus College Savings:** Ascensus College Savings Recordkeeping Services, LLC.

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

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

**BlackRock:** BlackRock Advisors, LLC, or BlackRock Fund Advisors, as applicable.

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

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

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

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

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

**DFA:** Dimensional Fund Advisors LP.

**Disabled or Disability:** Condition of a Beneficiary who is unable to do any substantial gainful activity because of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. Please see IRS Publication 970 available at [irs.gov/publications/p970/](https://www.irs.gov/publications/p970/) for further details.

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

**Educational Assistance:** Educational Assistance generally refers to the tax-free portion of any scholarships or fellowships, Pell Grants, employer provided educational assistance, veterans education assistance, and other tax-free educational assistance. See IRS Publication 970 online at <https://www.irs.gov/publications/p970/> for more information.

**Education Credits:** American Opportunity or Lifetime Learning Credits.

**Education Loan Repayment:** Amounts paid as principal or interest on a loan to pay certain higher education expenses as defined in Section 221(d) of the Code, of a Beneficiary or a sibling of a Beneficiary (up to a lifetime \$10,000 limit per individual). For this specific purpose, a sibling is defined as a brother, sister, stepbrother, or stepsister, as described in section 152(d)(2)(B) of the Code and includes half-brothers and half-sisters, a legally adopted child or child placed for legal adoption. You cannot claim a federal income tax deduction for interest paid on a qualified education loan if you treat it as an Education Loan Repayment.

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

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

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

**Enrollment Form:** A participation agreement between an Account Owner and the Trust, establishing the obligations of each and prepared in accordance with the provisions of Achieve Montana. An Enrollment Form may be completed online or in paper format.

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

**Force Majeure:** Circumstances beyond the reasonable control of the Plan Administrators including but not limited to regulatory or legislative changes, worldwide political uncertainties, and general economic conditions (such as including inflation and unemployment rates), acts of God, acts of civil or military authority, acts of government, accidents, environmental disasters, natural disasters or events, fires, floods, earthquakes, hurricanes, explosions, lightning, suspensions of trading, epidemics, pandemics, public health crises, quarantines, wars, acts of war (whether war is declared or not), terrorism, threats of terrorism, insurrections, embargoes, cyber-attacks, riots, strikes, lockouts or other labor disturbances, disruptions of supply chains, civil unrest, revolutions, power or other mechanical failures, loss or malfunction of utilities or communications services, delays or stoppage of postal or courier services, delays in or stoppages of transportation, and any other events or circumstances beyond our reasonable control whether similar or dissimilar to any of the foregoing.

**GIA:** New York Life Guaranteed Interest Account.

**Investment Manager:** Ascensus has contracted with BlackRock, DFA, New York Life, Schwab, and Vanguard to provide investment management services for the Underlying Funds that make up the Portfolios.

**Investment Option:** One of seven (7) options for investment in Achieve Montana – the Year of Enrollment Option, five (5) Asset Allocation Portfolios and three (3) Individual Portfolios.

**IRS:** Internal Revenue Service.

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

**K-12 Tuition:** Qualified elementary and secondary tuition expenses as defined in the Code and as may be further limited by Achieve Montana. These expenses are defined as expenses for tuition in connection with enrollment or attendance at an elementary or secondary public, private, or religious school.

**Management Agreement:** An agreement between the Board and Ascensus College Savings, as the Program Manager, to provide Achieve Montana with recordkeeping and administrative services, Account servicing, and certain investment advisory services. The agreement between the Board and the Program Manager is now effective and will terminate in 2022.

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

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

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

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

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

**New York Life:** New York Life Insurance Company.

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

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

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

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

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

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

**Portfolio:** One of the investment Portfolios available to Account Owners in Achieve Montana.

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

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

**Qualified ABLE Program:** A program designed to allow individuals with disabilities to save for qualified disability expenses. Qualified ABLE Programs are sponsored by states or state agencies and are authorized by Section 529A of the Code.

**Qualified Distribution:** A distribution from an Account that is used to pay Qualified Expenses of the Beneficiary.

**Qualified Expenses:** Qualified higher education expenses as defined in the Code and as may be further limited by Achieve Montana. Generally, these include the following:

- Tuition, fees, and the costs of textbooks, supplies, and equipment required for the enrollment or attendance of a Beneficiary at an Eligible Educational Institution;
- Certain costs of room and board of a Beneficiary for any



academic period during which the Beneficiary is enrolled at least half time at an Eligible Educational Institution;

- Expenses for "special needs" services needed by a special needs Beneficiary which must be incurred in connection with the Beneficiary's enrollment or attendance at an Eligible Educational Institution;
- Expenses for the purchase of computer or peripheral equipment (as defined in section 168(i)(2)(B) of the Code), computer software (as defined in section 197(e)(3)(B) of the Code), or Internet access and related services, if the equipment, software, or services are to be used primarily by the Beneficiary during any of the years the Beneficiary is enrolled at an Eligible Educational Institution;
- K-12 Tuition;
- Apprenticeship Program Expenses; and
- Education Loan Repayments.

**Qualified Montana Expenses:** Qualified higher education expenses as defined in the Code and as may be further limited by Achieve Montana. Generally, these include the following:

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

Qualified Montana Expenses do not include distributions for K-12 Tuition, Apprenticeship Program Expenses and Education Loan Repayments.

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

- The recontribution must not exceed the amount of the refund from the Eligible Educational Institution;
- The recontribution must not exceed the amount of distributions previously taken to pay the Qualified Higher Education Expenses of the beneficiary;
- The recontribution must be made to an account in a Qualified Tuition Program of the same beneficiary to whom the refund was made; and
- The funds must be recontributed to a Qualified Tuition Program within 60 days of the date of the refund from the Eligible Educational Institution.

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

**Rollover Distribution:** A distribution resulting from a change of Beneficiary to another Beneficiary who is a Member of the Family, either within Achieve Montana or between Qualified Tuition Programs, or a rollover or transfer of assets between Qualified Tuition Programs for the same Beneficiary, provided another rollover or transfer for the same Beneficiary has not occurred in the previous twelve (12) months.

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

**Schwab:** Charles Schwab Investment Management, Inc.

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

**State:** The State of Montana.

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



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

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

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

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

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

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

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

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

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

## AGREEMENT

---

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

### INDEMNITY

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

1. I am opening an Account in the Trust based upon my statements, agreements, representations, warranties, and covenants as set forth in the Program Description and the Enrollment Form
2. I, through the Enrollment Form and the Program Description, indemnify and hold harmless the Plan Administrators from and against any and all loss, damage, liability, penalty, tax, or expense, including costs of reasonable attorneys' fees, which they incur by reason of, or in connection with, any misstatement or misrepresentation that is made by me or my Beneficiary, any breach by me of the acknowledgements, representations, or warranties in the Program Description or the Enrollment Form, or any failure by me to fulfill any covenants or agreements in the Program Description, or the Enrollment Form.

### REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGEMENTS

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

1. I have received, read, and understand the terms and conditions of the Program Description and Enrollment

Form and any additional information provided to me by the Plan Administrators with respect to Achieve Montana.

2. I certify that I am a natural person, at least 18 years of age and a citizen or a resident of the United States of America, who resides in the United States of America or, that I have the requisite authority to enter into this agreement and to open an Account on behalf of the Beneficiary. I also certify that the person named as Beneficiary of the Account is a citizen or a resident of the United States of America.
3. I certify that all of the information that I provided to Achieve Montana on my Enrollment Form or otherwise is accurate and complete and that I am bound by the terms, rights, and responsibilities stated in this Agreement and by any and all statutory, administrative, and operating procedures that govern Achieve Montana.
4. I understand that the Program Description and Enrollment Form constitute the entire agreement between myself and the Trust and that no person is authorized to make an oral modification to this agreement.
5. I understand that Achieve Montana is intended to be used only to save for Qualified Expenses of the Beneficiary.
6. I understand that any contributions credited to my Account will be deemed by the Plan Administrators to have been received from me and that contributions by third parties may result in adverse tax or other consequences to me or those third parties.

7. If I am establishing an Account as a custodian for a minor under UGMA/UTMA, I understand and agree that I assume responsibility for any adverse consequences resulting from the establishment, maintenance, or termination of the Account. I further certify that I am of legal age in my state of residence, I am the parent/guardian/custodian of the Account, I am authorized to open the Account, I am not aware of any adverse claim of ownership or court order relating to this Account, and I agree to hold harmless the Plan Administrators from any third party claims relating to my actions.
8. If I am establishing an Account as a trustee for a trust, I represent that (i) I, in my capacity as trustee, am the Account Owner; (ii) I am duly authorized to open an Account and act as trustee for the trust; (iii) I understand that the Program Description may not discuss tax consequences and other aspects of Achieve Montana of particular relevance to the trust and individuals having an interest in the trust; and (iv) I, as trustee, for the benefit of the trust, have consulted with and relied on a professional advisor, as deemed appropriate by the trustee, before becoming an Account Owner. I agree to promptly inform Achieve Montana in the event that any of the foregoing certifications becomes untrue. I understand and acknowledge that the Plan has the right to terminate the entity's participation in Achieve Montana if it has reasonable grounds to believe that any of the foregoing certifications are untrue.
9. I have been given an opportunity to ask questions and receive answers concerning the terms and conditions of Achieve Montana and the Program Description.
10. I understand that Achieve Montana assets may be allocated among equity Funds, fixed-income Funds, cash management Funds, funding agreements, and other investments.
11. In making my decision to open an Account and completing my Enrollment Form, I have not relied upon any representations or other information, whether written or oral, other than as set forth in the Program Description, and I have considered the availability of alternative education savings and investment programs, including other Qualified Tuition Programs.
12. I understand that I am solely responsible for determining which Qualified Tuition Program is best suited to my needs and objectives. I understand that each of the Investment Options within Achieve Montana may not be suitable, and that Achieve Montana may not be suitable, for all investors as a means of saving and investing for higher education costs. I have determined that an investment in Achieve Montana is a suitable investment for me as a means of saving for the Qualified Expenses of the Beneficiary.
13. I have been given an opportunity to obtain any additional information needed to complete my Enrollment Form and/or verify the accuracy of any information I have furnished. I certify that all of the information that I provided in the Enrollment Form and any other documentation subsequently furnished in connection with the opening or maintenance of, or any withdrawals from, my Account is and shall be accurate and complete, and I agree to notify the Board or Achieve Montana promptly of any material changes in such information.
14. The value of my Account depends upon the performance of the Portfolios. I understand that at any time the value of my Account may be more or less than the amounts contributed to the Account. I understand that all contributions to my Account are subject to investment risks, including the risk of loss of all or part of the contributions and any return or interest earned. I understand that the value of the Account may not be adequate to fund actual Qualified Expenses.
15. I understand that although I own Trust interests in a Portfolio, I do not have a direct beneficial interest in the Funds and other investment products approved by the Board from time to time, and therefore, I do not have the rights of an owner or shareholder of those Funds or

other investments. I further acknowledge that I received no advice or investment recommendation from, or on behalf of, the Plan Administrators.

16. After I make my initial contribution to a specific Investment Option, I will be allowed to direct the further investment of that contribution no more than two times per calendar year.
17. I cannot use my Account as collateral for any loan. I understand that any attempt to use my Account as collateral for a loan would be void. I also understand that Achieve Montana will not lend any assets to my Beneficiary or to me.
18. I understand that the Program Manager has the right to provide a financial professional identified by me to Achieve Montana with access to financial and other information regarding my Account. I acknowledge the Program Manager may terminate my financial advisor's authority to access my Account at Achieve Montana's discretion.
19. I understand that, unless otherwise provided in a written agreement between me and a financial professional, or between me and the Board or the Program Manager, Ascensus Investment Advisors, LLC, or an Investment Manager, no part of my participation in Achieve Montana will be considered the provision of an investment advisory service.
20. Except as described in this Program Description, I will not assign or transfer any interest in my Account. I understand that, except as provided under Montana law, any attempt to assign or transfer that interest is void.
21. I acknowledge that Achieve Montana intends to qualify for favorable federal tax treatment under the Code. Because this qualification is vital to Achieve Montana, the Board may modify Achieve Montana or amend this Program Description at any time if the Board decides that the change is needed to meet the requirements of the Code or the regulations administered by the IRS pursuant to the Code, State law, or the Rules, or to ensure the proper administration of Achieve Montana.
22. I understand that my Account(s), including assets and records, may be transferred to a different program manager, and/or investment manager at the Board's direction in the event of a change in Program Manager or Investment Manager.
23. The Plan Administrators, individually and collectively, do not guarantee that my Beneficiary: will be accepted as a student by a particular elementary or secondary school, any institution of higher education or other institution of post-secondary education, or apprenticeship program; if accepted, will be permitted to continue as a student or apprentice; will be treated as a state resident of any state for Tuition purposes; will graduate from any elementary or secondary school, institution of higher education or other institution of post-secondary education, or complete an apprenticeship program; or will achieve any particular treatment under any applicable state or federal financial aid programs
24. The Plan Administrators, individually and collectively, do not guarantee any rate of return or benefit for contributions made to my Account or guarantee the amount of Tuition and fees that may be charged by an Eligible Educational Institution.
25. The Plan Administrators, individually and collectively, are not liable for:
  - a. failure of Achieve Montana to qualify or to remain a Qualified Tuition Program under the Code including any subsequent loss of favorable tax treatment under state or federal law;
  - b. any loss of funds contributed to my Account or for the denial to me of a perceived tax or other benefit under Achieve Montana, the Program Description, or the Enrollment Form; or

- c. any loss, failure or delay in performance of each of their obligations related to my Account or any diminution in the value of my Account arising out of or caused, directly or indirectly, by a Force Majeure event.
- 26. I understand that under Montana law, Montana residency is not established for the Beneficiary merely because I have designated him or her as the Beneficiary of the Account.
- 27. If I have chosen to contribution by AIP, I authorize Achieve Montana, upon telephone or online request, to pay amounts representing redemptions made by me or to secure payment of amounts invested by me, by initiating credit or debit entries to my bank account. I authorize my bank to accept any such credits or debits to my Account without responsibility for their accuracy.

I acknowledge that the origination of ACH transactions involving my bank account must comply with U.S. law. I further agree that the Plan Administrators will not incur any loss, liability, cost, or expense for acting upon my telephone or online request. I understand that any authorization by me to make contributions by AIP may be terminated by me at any time by notifying Achieve Montana and the bank and that the termination request will be effective as soon as Achieve Montana and the bank have had a reasonable amount of time to act upon it. I certify that I have authority to transact on the bank account I utilize for AIP and ETF contributions.

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

## CONTACT INFORMATION

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

**Online:** [achievemontana.com](http://achievemontana.com)

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

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

Achieve Montana is sponsored by the State of Montana and administered by the Montana Board of Regents of Higher Education, as sole trustee of the Montana Family Education Savings Trust (Trust). Ascensus College Savings Recordkeeping Services, LLC provides program management, recordkeeping and administrative support services for Achieve Montana. BlackRock Advisors, LLC, BlackRock Fund Advisors, Dimensional Fund Advisors, LP, Charles Schwab Investment Management, Inc., and The Vanguard Group, Inc. each serve as Investment Managers for the underlying mutual funds and exchange-traded funds comprising Achieve Montana's Portfolios. Achieve Montana's Capital Preservation Portfolio invests 100% of its assets in the New York Life GIA. The Portfolios are not mutual funds, although they (except for the Capital Preservation Portfolio) invest in mutual funds and exchange-traded funds. When you invest in Achieve Montana, you are purchasing Units issued by the Trust. Investment returns will vary depending upon the performance of the Portfolios you choose. You could lose money by investing in Achieve Montana. Account owners assume all investment risks as well as responsibility for any federal and state tax consequences.

Upromise is a registered service mark of Upromise, Inc. Ugift is a registered service mark of Ascensus Broker Dealer Services, Inc., an affiliate of Ascensus College Savings Recordkeeping Services, LLC. Vanguard is a registered trademark of The Vanguard Group, Inc. All other trademarks, service marks, or registered trademarks are the property of their respective owners. Used with permission.

© 2020 Achieve Montana. All rights reserved.





**ACHIEVE  
MONTANA**

---

COLLEGE SAVINGS  
FOR THEIR FUTURE