

PREPAID529 NEWS:
THIS PROGRAM IS PERMANENTLY CLOSED FOR NEW
ENROLLMENT. VISIT VIRGINI529.COM AND SUBSCRIBE TO RECEIVE UPDATES
ON A SIMILAR PROGRAM VIRGINIA529 IS DEVELOPING

Prepaid529SM

Program Description, Master Agreement,
Privacy Policy & Pricing and Coverage Chart



Virginia529SM

March 1, 2019 – April 30, 2019
Enrollment Period
(Updated as of November 19, 2019)

RECENT FEDERAL TAX LAW CHANGES

This Program Description contains information about federal tax law changes signed into law on December 22, 2017. The new law permits federal income tax-free rollovers made before January 1, 2026, from an account in a prepaid tuition program to an account in a qualified ABLE program under Section 529A of the Internal Revenue Code provided certain conditions are met. This new provision applies to 529 to ABLE transfers made after December 22, 2017.

The information presented is based on a good faith interpretation of the statutory language. As of the date of this Program Description, the IRS has not issued regulations on the recent federal tax law changes. If, and when, material updates become available we will update the website at www.virginia529.com and this Program Description. Please consult with your tax advisor for more information.

IMPORTANT NOTICE

This Program Description, Master Agreement, Privacy Policy & Pricing, Coverage & Conversion Rates chart (collectively, the “Program Description”) does not constitute an offer to sell or the solicitation of an offer to buy any security other than an investment in the Prepaid529 program offered hereby, nor does it constitute an offer to sell or the solicitation to any person in any jurisdiction or under any circumstances in which it would be unlawful.

No security issued by the Virginia College Savings Plan has been registered with or approved by the United States Securities and Exchange Commission or any state securities commission. Further, neither the accounts nor this Program Description are subject to oversight by the Financial Industry Regulatory Authority or the Municipal Securities Rulemaking Board.

Investing is an important decision. Customers should obtain all enrollment materials, including this Program Description, by visiting Virginia529.com or by calling 1-888-567-0540, and read them carefully and in their entirety before investing, and should keep the documents for future reference. Prospective participants should seek the advice of a professional concerning any financial, tax, or legal implications related to opening an account. **For residents of states other than Virginia: you should consider whether your or the Beneficiary’s home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protections from creditors that are only available through another state’s Qualified Tuition Program.**

The information contained in the Program Description is believed to be accurate as of the date of the Program Description and is subject to change without prior notice. Account Owners should rely only on the information contained in the Program Description. No one is authorized to provide information about the Prepaid529 program that is different from the information contained in the Program Description. Please visit our website, Virginia529.com, for the most current Program Description.

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

IRC Section 529 Qualified Tuition Programs (QTP) are intended to be used only to save for Qualified Higher Education Expenses. These programs are not intended to be used, nor should they be used by any taxpayer for the purpose of evading federal or state taxes or tax penalties. Taxpayers may wish to seek tax advice from an independent tax adviser based on their own particular circumstances.

November 19, 2019 Update – This Program Description was updated in order to reflect the deletion of Invesco Advisors, Inc. from the list of investment managers for the Prepaid529 program (p.7).

Summary of Plan Features

The following summary directs you to more complete information in this Program Description. **The Summary of Plan Features is not intended to provide full disclosure of the material terms and conditions of Prepaid529SM and you should read the entire Program Description before you invest in Prepaid529SM** (formerly known as Virginia529 prePAID). Please see Article II of the Master Agreement for the definition of capitalized terms.

Program Administrator:

See page 15 / *Virginia529 Administration and Management*

- Virginia College Savings Plan (Virginia529) is the Administrator and sponsor of Prepaid529. Virginia529 is an independent agency of the Commonwealth of Virginia, authorized by Chapter 7 of title 23.1 of the Code of Virginia (1950), as amended (Section 23.1-700 through 23.1-713).

Virginia529SM Contact Information:

- Mailing address: 9001 Arboretum Parkway, North Chesterfield, VA 23236
- Toll-free telephone: 1-888-567-0540
- Fax number: 1-866-757-1295
- Email: customerservice@virginia529.com
- Website: **Virginia529.com**
- Hours of operation: 8:30 a.m. – 5:00 p.m., EST Monday–Friday (closed federal and most state holidays; please visit our website for specific closing information).

Buying A Contract:

See page 7 / *Buying a Contract & page 19 / Article III – Participation in Prepaid529*

Application and Contract Information

Read the Program Guide and Program Description/Master Agreement.

Purchase a Contract online at **Virginia529.com** or by filling out a paper Application.

Account Owner/Agent

Any U.S. citizen or legal U.S. resident may purchase a Contract. Either the Account Owner or Beneficiary must be a Virginia Resident at the time the Contract is purchased.

An Account Owner must be at least age 18 and have a valid U.S. Social Security or Taxpayer Identification Number.

Certain personal information will be verified using a verification company. Verification may also require you provide copies of your Social Security card and a valid driver's license.

Trusts, partnerships, and corporations can be Account Owners with an appropriate contact or documentation. Please see "Owning a Contract" for required documentation.

No joint ownership. Only one person may be listed as the Account Owner.

Contracts may be held in the name of a custodian for a minor under the Uniform Gifts/Uniform Transfer to Minors Act. Opening a custodial Contract does not by itself establish an UGMA/UTMA account. There may be tax consequences.

Getting Information On/Managing Your Contract

Only the Account Owner retains control over how, when and whether the money in a Contract is used.

View Contract information online through My Account at **Virginia529.com**. Account Owners create their own login and password when they purchase the Contract online.

Withdraw (distribute) money anytime from the Contract however, non-qualified distributions are subject to applicable taxes and penalties.

Beneficiary

A Beneficiary cannot have completed ninth grade at the time the Contract is purchased and must be a U.S. citizen or legal U.S. resident with a valid U.S. Social Security or Taxpayer Identification Number. Either the Account Owner or Beneficiary must be a Virginia Resident at the time the Contract is purchased.

The Account Owner can change the Beneficiary as long as the new Beneficiary is a Member of the Family of the prior Beneficiary and had not completed ninth grade at the time the Contract was originally opened.

Pricing:

See page 8 / *Payments on a Contract & page 19 / Article IV – Prepaid529 Tuition Benefits & page 26/ Prepaid529 Pricing, Coverage, & Conversion Rates Chart*

Contracts may be purchased in semester increments.

Prepaid529 Contracts may be used at any Eligible Educational Institution.

A one semester Contract will cover one semester of Tuition at a Virginia public four-year college and that same semester Contract applied at a Virginia public two-year or community college will cover MORE than a semester of Tuition.

A maximum of 10 semesters may be purchased for a Beneficiary, subject to certain maximum levels including the Maximum Account Balance.

Payments and Contract Balances:

See page 8 / Payments on a Contract & page 20 / Article V – Payments

Payments can be made by anyone. Payments from non-Account Owners will be deemed to have been made by the Account Owner for Virginia529 record-keeping purposes and for the Virginia state income tax deduction.

Payments can be made online to be automatically withdrawn from a checking or savings account; or made by check, wire transfer, payroll contribution, electronic bill pay, or rollover.

Virginia529 will accept Payments to a Contract until the Contract has been paid in full or until the value of all accounts with Virginia529 for the same Beneficiary total \$500,000.

Rollover Payments and Transfers

Funds can be rolled over from Invest529, CollegeAmerica, CollegeWealth, or another state's 529 plan to Prepaid529 once every rolling 12 months for the same Beneficiary. Certain documentation is required for rollover Payments.

Liquidated Coverdell Education Savings Accounts (Coverdell ESAs), UGMA/UTMA assets, and redeemed U.S. Savings Bonds can be transferred to a Virginia529 account at any time. Certain documentation is required for Coverdell ESAs and eligible redeemed U.S. Savings Bonds.

Benefits:

See page 11 / Contract Benefits & page 20 / Article VI – Use of Prepaid529 Tuition Benefits

The Contract can be used to pay for Tuition, as defined in the Master Agreement, at any Virginia Public Institution, or toward tuition and mandatory fees at any other Eligible Educational Institution in the United States and abroad.

If your Beneficiary is attending a school outside Virginia, Virginia529 will automatically create an Invest529 account and transfer Prepaid529 Benefits to that account each semester until Prepaid529 Benefits are depleted or the student transfers to a Virginia school.

Cancellations and Rollover Distributions:

See page 21 / Article VII – Termination and Refund

Cancellations

Should you cancel your Contract, earnings will be subject to federal and state income tax and a federal penalty of 10% of the earnings unless an exception applies. You will also need to recapture any Virginia state tax deduction previously taken for the amount of the refund.

Rollover Distributions

Funds can be rolled over from Prepaid529 to Invest529, CollegeWealth, CollegeAmerica or another state's 529 plan, or before January 1, 2026, to a Qualified ABLE Program (including ABLEnow, Virginia's Qualified ABLE Program) once every rolling 12 months for the same Beneficiary.

Virginia taxpayers must recapture any previously claimed state income tax deduction for funds rolled to another state's 529 plan or another state's Qualified ABLE Program.

Investment Managers:

See page 6 / Prepaid529 General Information

Virginia529's Board is responsible for long-term asset allocation guidelines, asset allocation strategy, and the selection of investment managers and mutual funds. Upon the Board's direction or at the direction of Virginia529's Chief Executive Officer, the Board's Investment Advisory Committee is responsible for, among other things, interviewing, selecting and/or terminating investments and investment managers that professionally manage the moneys within Prepaid529. In carrying out these duties, the Board and the Investment Advisory Committee consult with the Board's investment consultant, Mercer Investment Consulting, Inc., a registered investment adviser.

Fees:

See page 23 / Article IX – Fees

Virginia529 does not charge fees for annual maintenance, investment changes, distributions, or transfers.

Other Fees

Virginia529 may charge fees for Application, wire transfers, nonsufficient funds for Payments, changing the Account Owner or Beneficiary (waived in the event of death of the Account Owner or Beneficiary), and other fees as shown in the Fee Schedule.

Tax Advantages:

See page 12 / Virginia and Federal Tax Considerations

Federal Tax Benefits

Earnings grow federal income tax-deferred while in a Prepaid529 Contract and remain tax-free when used for Qualified Higher Education Expenses.

No gift tax on contributions and other gifts up to \$15,000 per person (\$30,000 for married couples making a joint gift), or \$75,000 (\$150,000 for married couples making a joint gift) with a five-year averaging election.

Other education tax incentives may be affected by a distribution.

Virginia State Income Tax Benefits

Earnings grow Virginia state income tax-deferred while in a Prepaid529 Contract and remain tax-free when used for Qualified Higher Education Expenses.

Virginia taxpayers filing an individual income tax return may deduct their contributions to each Virginia529 account they own, up to \$4,000 per account each year with unlimited carryforward.

Account Owners who are at least 70 years of age may deduct their entire contribution each year.

Other states may offer residents and taxpayers additional tax or other benefits, such as financial aid, scholarship funds, and protection from creditors, if they invest in their own state plan.

Penalties for Non-Qualified Distributions

Account Owners who take a non-qualified distribution must report the earnings as income on their federal tax return in the year they receive the distribution. Subject to certain exceptions, they must also report a 10% federal penalty on those earnings. Virginia taxpayers will need to recapture any deductions they have previously taken on the amount of the non-qualified distribution.

Certain non-qualified distributions are exempt from penalties.

Risk Factors:

See page 5 / Risk Factors

For a complete discussion of risk factors associated with Prepaid529, please see "Risk Factors" in this Program Description.

Privacy Policy:

See page 25 / Prepaid529 Privacy Policy

Virginia529 respects your right to privacy and recognizes its obligation to keep your information secure and confidential. Please see "Prepaid529 Privacy Policy."

Sources of Additional Information:

Listed below are organizations that provide informational resources about IRC Section 529 plans and specific details on items related to IRC Section 529 plans. Virginia529 is not responsible for the content provided by these third party organizations.

Internal Revenue Service ("IRS") at irs.gov or 1-800-829-1040. Contact the IRS for Publication 970 and other publications.

Department of Education ("DOE") at ed.gov. DOE Office of Federal Student Aid at fafsa.ed.gov or 1-800-433-3243. Contact the Department of Education for information on completing the Free Application for Federal Student Aid (FAFSA) or finding a Federal School Code for an Eligible Educational Institution.

Department of Public Debt at treasurydirect.gov. Contact the Department of Public Debt for information on the U.S. Savings Bond education program at 844-284-2676.

Virginia Department of Taxation at tax.virginia.gov or 804-367-8031. Contact the Department of Taxation for information on the Virginia state tax deduction, exemption, or recapture.



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Prepaid529

PROGRAM DESCRIPTION

As of March 1, 2019

This Program Description and Master Agreement and the other documents included in the Program Guide contain important information you should review before participating in the Prepaid529 ProgramSM (formerly known as Virginia529 prePAID) sponsored by the Virginia College Savings PlanSM (Virginia529SM). Please read it carefully and save it for future reference. Prospective Account Owners should rely only on the information contained in this Program Description, the Master Agreement and other documents contained in the Program Guide. No one is authorized to provide information that is different from the information contained in these documents. If you speak with an interpreter provided by Virginia529, please be advised that Virginia529 is not responsible for any miscommunication of facts concerning Prepaid529 during such conversations. The information in this Program Description is believed to be accurate as of March 1, 2019 and is subject to change without notice.

Virginia529 cannot provide legal, financial or tax advice concerning individual investment decisions.

Prepaid529 is designed and is administered to comply with all requirements for treatment as a Qualified Tuition Program under Section 529 of the Internal Revenue Code, as amended (IRC Section 529). As of the date of this printing, the Internal Revenue Service has not issued final regulations concerning the application of Internal Revenue Code Section 529 to Qualified Tuition Programs. Final regulations, changes to the Internal Revenue Code ("IRC") or to the Code of Virginia or state or federal court decisions could affect the tax consequences of participation in a Qualified Tuition Program like Prepaid529. Such changes could be retroactive. Virginia529 may modify Prepaid529 as necessary in the future to comply with any such changes in order to preserve, if possible, favorable tax treatment.

In addition to Prepaid529, Virginia529 administers the Invest529SM program, a college savings program offered directly through Virginia529, CollegeAmerica[®], a college savings program featuring the American Funds[®] mutual fund portfolios, offered exclusively through authorized brokers and financial advisers, and CollegeWealth[®], a college savings program featuring FDIC-insured deposit accounts offered in partnership with BB&T. Invest529, CollegeAmerica and CollegeWealth are not described in this Program Description. For more information about Invest529, please call toll free at 1-888-567-0540, or visit Virginia529's website at Virginia529.com. For information on CollegeAmerica, please contact your financial adviser or the American Funds at 1-800-421-0180, ext. 529, or visit AmericanFunds.com. While Virginia529 continues to administer the CollegeWealth program for existing customers who opened their accounts through BB&T, the program itself was closed to new customers as of the second calendar quarter of 2017.

The Virginia individual income tax deduction for Payments to Prepaid529 is available only to Virginia taxpayers who are Account Owners. For residents of states other than Virginia: if your state or the Beneficiary's state of residence (if different) sponsors a 529 plan, that plan may offer state income tax or other benefits such as financial aid, scholarship funds, and protection from creditors not available to you through Prepaid529. Please consult your financial or tax adviser for further information.

On January 18, 2008, the IRS and the Treasury Department issued an Advance Notice of Proposed Rulemaking, which described what re-proposed regulations may contain. When issued, such regulations or any published ruling may alter the tax consequences summarized in this Program Description, may require that changes be made to Prepaid529 to achieve the tax benefits described or may have a significant effect on Prepaid529 and your Contract. Possible legislative action could diminish or even terminate Prepaid529's tax advantages. Virginia529 is not obligated to continue to offer Prepaid529 in the event that a change in the tax or other federal or state law makes continued operation not in the best interests of Account Owners or Beneficiaries. There can be no assurance that a change will not adversely affect Prepaid529 and/or the value of your investment in a Contract.

Risk Factors: Your Prepaid529 Benefits are funded by Payments to Prepaid529 and earnings on those Payments. Virginia law provides that a Sum Sufficient Appropriation must be included by the Governor in his annual proposed state budget bill to cover Prepaid529's contractual obligations in the event of a funding shortfall. This provision can only be changed through the annual appropriations process, which would require action by the Virginia General Assembly.

It is possible that Congress, the Treasury Department, the IRS, the Commonwealth of Virginia and other taxing authorities or the courts may take actions that will adversely affect Prepaid529 and that such adverse effects may be retroactive. For federal financial aid purposes, the definition of assets states that a qualified education benefit, including a Prepaid529 Contract, is considered an asset of the parent if the student is a dependent student (regardless of whether the owner of the account is the student or the parent) or of the student if the student is independent. A Contract owned by the parent, student or someone other than the student or parent may impact financial aid. Prepaid529 Contracts should not affect a Beneficiary's eligibility for either a merit-based scholarship or for a Virginia Tuition Assistance Grant for Virginia students who attend eligible private, nonprofit institutions of higher education in Virginia.

An investment in Prepaid529 – or any Qualified Tuition Program – may not be the appropriate investment vehicle for everyone. You should evaluate other college savings or investment vehicles and consult with your tax or financial adviser.

Virginia529 may modify Prepaid529 as necessary in the future without prior notice. Such modifications could include, but are not limited to, changes in investment managers and/or changes in the Fee Schedule.

Prepaid529 General Information

This Program Description provides details concerning the Prepaid529 Qualified Tuition Program offered by Virginia529, a body politic and corporate and an independent agency of the Commonwealth of Virginia, authorized by Chapter 7 of Title 23.1 of the Code of Virginia (1950), as amended (Sections 23.1-700 through 23.1-713). In order to purchase a Prepaid529 Contract you must enroll during an open enrollment period. This Program Description relates to the 2019 enrollment period, from March 1, 2019 – April 30, 2019, unless extended by Virginia529. Please check Virginia529.com for information on future enrollment periods. Virginia529 may, in its sole discretion, accept Applications at other times or during special promotions. Applications for the purchase of a Prepaid529 Contract are available by enrolling online at Virginia529.com, by calling toll free, 1-888-567-0540, or by visiting Virginia529's office at 9001 Arboretum Parkway, North Chesterfield, Virginia, 23236. The Application for, purchase, and ownership of a Prepaid529 Contract are governed by the terms of the Contract, Virginia529's enabling legislation, IRC Section 529, and any applicable rules and regulations. The purchase of a Prepaid529 Contract should be viewed as a long-term financial commitment because no qualified distributions are made until a Beneficiary enrolls in an institution of higher education. Contracts are for the specific purpose of prepaying Tuition at two- and four-year public institutions of higher education in Virginia (Virginia Public Institutions), and for application toward payment of tuition and fees at other public or accredited, nonprofit, independent institutions of higher education and certain private career schools (Eligible Educational Institutions, as defined in IRC Section 529), and should not be regarded as an investment to be used for any other purpose. The amount of Prepaid529 Benefits to be applied to an Eligible Educational Institution other than a Virginia Public Institution is most likely to be less than the tuition and fees of such institution. See "Contract Benefits" in this Program Description and Article VI of the Master Agreement for more information.

The terms and features of the Prepaid529 program in subsequent enrollment periods may differ from the terms and features described in this Program Description. No representation is made or assurance given that there will be additional enrollment periods, or that enrollment periods will take place annually. Virginia529 may limit the total number of Contracts that may be sold by Virginia529 in any given enrollment period.

Prepaid529 provides no assistance to a Beneficiary with respect to admission to, continuation at, or graduation from a college or university other than the payment of Tuition as described in the Contract. The purchase of a Contract does not guarantee that a student will qualify for acceptance or for in-state tuition at any Virginia Public Institution or any other institution of higher education.

For need-based financial aid, the receipt of Prepaid529 Benefits may preclude a Beneficiary from qualifying for some amount of need-based federal financial aid as the refund value of the Contract is included as an asset of the Account Owner. For federal financial aid purposes, the definition of assets states that a qualified education benefit, including a Prepaid529 Contract, is an asset of the parent if the student is a dependent student (regardless of whether the owner of the Contract is the student or the parent) or of the student if the student is independent. Account Owners should check with the financial aid department at their local college or university to determine the financial aid treatment of Contracts owned by someone other than the student or parent. The receipt of Benefits should not affect the Beneficiary's receipt of merit-based financial aid (academic or athletic scholarships, for example). If a student receives a full or partial athletic scholarship that is governed by National Collegiate Athletic Association (NCAA) regulations, a payment from Prepaid529 may affect that scholarship. Ownership of a Prepaid529 Contract will not be taken into account when determining a student's eligibility for Virginia financial aid. Prepaid529 Benefits do not affect a student's eligibility for a Virginia Tuition Assistance Grant for Virginia Residents who attend an eligible, independent, nonprofit institution of higher education in Virginia. The best resource for more detailed information is the financial aid office of your local community college or university.

Prepaid529 Contracts may also affect the Beneficiary's or Account Owner's qualification for certain federal or state need-based benefit programs, such as Medicaid. Federal law excludes tax-qualified education savings, including IRC Section 529 college savings accounts such as Prepaid529, from allowable financial resources for purposes of qualifying for the federal Supplemental Nutrition Assistance Program (formerly the Food Stamp Program).

The pricing for Contracts available in a particular enrollment period are determined actuarially. The Board has retained Milliman, Inc. to provide actuarial services. Based upon the annual actuarial valuation and changes in tuition and mandatory fees at Virginia Public Institutions, the Board may adjust the pricing of Contracts for subsequent enrollment periods.

No Account Owner or Beneficiary may direct the investment of any Payments to a Prepaid529 Contract or any earnings thereon either directly or indirectly. Virginia529's Board is responsible for long-term asset allocation guidelines, asset allocation strategy and the manager selection policy. Upon the Board's direction or at the direction of Virginia529's Chief Executive Officer, the Board's Investment Advisory Committee is responsible for, among other things, interviewing, selecting and/or terminating investment managers, including mutual funds, that professionally manage the moneys within Prepaid529. In carrying out these duties, the Board and the Investment Advisory Committee consult with the Board's investment consultant, Mercer Investment Consulting, Inc., a registered investment adviser. As of this writing, the following are the investment managers for the Prepaid529 program: PGIM Fixed Income, Wellington Management Company, LLP, Stone Harbor Investment Partners LP, Advent Capital Management, LLC and Ferox Capital,

LLP (non-core fixed-income); State Street Global Advisors and BlackRock, Inc. (indexed fixed-income); Dreyfus (cash); Westfield Capital Management Co., LP, Donald Smith & Co., and Thompson, Siegel & Walmsley LLC (small- and mid-cap equity); Vanguard (indexed equity); Aurora Investment Management L.L.C.® (market neutral fund of hedge funds); Private Advisors, LLC, Commonfund Capital, Inc., Aether Investment Partners, LLC and Adams Street Partners (private equity); UBS Realty Investors LLC (private real estate); Franklin Templeton Investments®, American Funds®, and Aberdeen Asset Management, Inc. (non-U.S. equity); Shenkman Capital Management, Inc. (bank loans); Schroders Investment Management, (mortgage backed securities); DFA Investment Dimensions Group, Inc. (emerging market equity), Blackstone Partners (fund of hedge funds), LGT Capital Partners, Ltd. (private equity); Neuberger Berman Group (private equity); Horsley Bridge Partners LLC (private equity); and Golub Capital Advisors LLC (private debt). Vanguard is a trademark of The Vanguard Group, Inc. Investments and investment managers are subject to change without notice. For the most current information, please visit Virginia529.com.

Buying a Contract

To purchase a Contract, you must complete an Application during an enrollment period and submit it to Virginia529. In order to avoid Application processing fees, you can choose to enroll online at Virginia529.com. If you wish to submit a paper Application, you may print and complete the Application found on our website, Virginia529.com. Paper Applications must be accompanied by a non-refundable Application processing fee of \$50.

Owning a Contract. Any individual who is a U.S. citizen or legal U.S. resident and who is at least 18 years old may purchase a Prepaid529 Contract. Either the Account Owner or the Beneficiary must be a Resident of Virginia at the time the Contract is purchased. The Account Owner does not have to be related to the Beneficiary. Prepaid529 Contracts cannot have joint ownership, and only the Account Owner may make changes to or authorize Benefits to be paid from the Contract.

In addition, under current regulations, U.S. trusts, corporations, partnerships and other persons described in Section 7701(a) (1) of the Internal Revenue Code of 1986, as amended (26 U.S.C. Section 7701(a)(1)), may purchase Contracts. Trustees and other fiduciaries are responsible for determining whether the terms of a trust are consistent with the requirements of IRC Section 529 and thus allow ownership of a Prepaid529 Contract. Virginia529 will not review trust or other legal documents. The trustee or other fiduciary bears all liability for a determination that a Prepaid529 Contract is an appropriate vehicle to pay for college. They are also responsible for administering a Contract in a manner consistent with the requirements of IRC Section 529 and any market losses, charges, or tax consequences in connection with any Contract distributions.

Identity Verification. We will send certain personal information you have provided to an identity verification company to prevent fraud. We may also ask additional questions or ask you to provide copies of your Social Security card and a valid driver's license to verify your identity.

Designating a Beneficiary. When you purchase a Contract, you must designate a Beneficiary, who may be anyone who is a U.S. citizen or legal U.S. resident and was born prior to the purchase of the Contract. Either the Account Owner or the Beneficiary must be a Resident of Virginia at the time the Contract is purchased. The Beneficiary must not have completed the ninth grade at the time the Contract is purchased. You will need to provide Virginia529 with the Beneficiary's full name, Social Security/Taxpayer Identification Number, and date of birth when you purchase the Contract. Trusts, corporations, partnerships, nonprofit organizations and other persons described in IRC Section 7701(a)(1) may open Prepaid529 Contracts for designated Beneficiaries or for undesignated Beneficiaries as scholarships (if the Account Owner has 501(c)(3) status).

Designating a Survivor. When you purchase a Contract, you must name a Designated Survivor, who is an individual or entity who becomes the Account Owner in the event of your death. Individuals designated must be at least 18 years old at the time of designation. Account Owners may change this designation at any time by written request. Custodial Contracts under Uniform Gifts to Minors/Uniform Transfers to Minors statutes shall name the Beneficiary's estate as the Designated Survivor. Contracts owned by trusts, corporations or other entities do not need a Designated Survivor but should provide a successor trustee or other contact.

If a Contract does not have a valid Designated Survivor at the time of the Account Owner's death, Virginia529 reserves the right to designate the current Beneficiary of the Contract as the new Owner. If the current Beneficiary is under the age of 18, Virginia529 may designate the deceased Account Owner's executor or administrator, if any, as the custodian under the appropriate Uniform Gifts to Minors/Uniform Transfers to Minors statute for the current Beneficiary until the current Beneficiary reaches the age of 18. If no executor or administrator was named or appointed, Virginia529, in its sole discretion, may designate a parent of the current Beneficiary or other third party as the custodian.

Designating an Authorized Individual. When you purchase a Contract, you may name an authorized individual. This authorized individual may not act on the Contract but may call Virginia529 and receive information regarding the Contract. The authorized individual may receive single or recurring duplicate online or paper Contract statements upon request. No other emails or mailings regarding the Contract will be sent to the authorized individual, such as

Purchasing a Contract

- 1) Read the Program Description
- 2) Gather the information you need
 - a. Name, address, SSN for the Account Owner, Beneficiary, Designated Survivor, and authorized individual
 - b. Date of birth (for the Beneficiary)
 - c. Bank information
- 3) Go online to create a login/user profile if you don't have a login/user profile already or don't know your login
- 4) Select the Payment option - lump sum, monthly payments, or monthly payments with a down payment. See the Payment section for more details.

Forms 1099-Q, Benefits Guides, or other information. The authorized individual does not have any control or authority over the Contract in any situation. The Account Owner may designate on the Application (or at any time in the future by written authorization) other individuals who may have access to Contract information and may revoke such authorization at any time.

Designating a Legal Representative. When you purchase a Contract, or at any time during the life of the Contract, you may provide proof of a legal representative to Virginia529 who may act on your behalf as Account Owner. Virginia529 will need to receive adequate documentation to confirm the identity and capacity of a legal representative prior to the legal representative being authorized to act on the Account Owner's behalf. Virginia529 is authorized to act upon this designation unless informed otherwise by the Account Owner.

UGMA/UTMA Funds. Depending on the applicable state law, you may be able to open a Prepaid529 Contract with existing Uniform Gifts to Minors Act ("UGMA") or Uniform Transfers to Minors Act ("UTMA") funds, although these types of Contracts involve additional restrictions that do not apply to non-custodial Prepaid529 Contracts. If you are using UGMA or UTMA funds to establish a Contract, you must indicate that the Contract is custodial by checking the appropriate box on your Application. Simply checking the appropriate box on the Application does not create an UGMA/UTMA account. Virginia529 is not liable for any consequences related to a custodian's improper use, transfer or characterization of custodial funds. UGMA or UTMA custodians must establish Prepaid529 Contracts in their custodial capacity separate from any Contracts they may hold in their individual capacity in order to contribute UGMA/UTMA assets. Virginia529 must be notified when the custodianship terminates. Virginia529 will need to receive adequate documentation to confirm the termination of the custodianship. Please contact a legal or tax professional to determine how to transfer existing UGMA or UTMA funds, and what the implications of such a transfer may be for your specific situation. See "Virginia and Federal Tax Considerations" for information regarding potential tax consequences. Please consult your legal, financial or tax adviser for more information.

Custodial account restrictions include but are not limited to the following:

- tax consequences and benefits belong to the Beneficiary
- inability to change the Beneficiary
- non-custodial funds contributed to the custodial account are irrevocable gifts to the minor and become custodial funds

Remember when opening the account online you must create a login/user profile as a custodian for custodial accounts, separate from any login/user profile you have as an individual for non-custodial funds.

Payments on a Contract

Any individual or entity can make Payments on a Contract at any time until the Contract is paid in full. Only the Account Owner will have control over the Payments. All Payments on a Contract are deemed to come from the Account Owner for record-keeping purposes and for the Virginia state income tax deduction. Non-Account Owners have not established a customer relationship with Virginia529 and Virginia529 has no obligation to provide non-Account Owners with any continuing disclosures, Contract statements or required notices.

Maximum Account Balances. The maximum account balance, which is the combined total balance of all accounts for a single Beneficiary in all Virginia529 programs (which includes Invest529, Prepaid529, CollegeAmerica, and CollegeWealth), is limited to \$500,000 ("Maximum Account Balance"). Multiple accounts for the same Beneficiary will be combined for purposes of determining whether the Maximum Account Balance has been reached. Once the aggregate balance on all Virginia529 accounts for the same Beneficiary reaches \$500,000 (including any earnings), earnings will continue to accrue but Virginia529 will not accept additional contributions or rollovers unless the aggregate value drops below the Maximum Account Balance. At the sole discretion of Virginia529, this Maximum Account Balance may be recalculated from time to time based on the estimated cost of seven years of Qualified Higher Education Expenses at the most expensive Eligible Educational Institution in the United States. Contribution of the Maximum Account Balance does not guarantee that the account balance will be adequate to cover the Qualified Higher Education Expenses of a particular Beneficiary. A maximum of ten semesters may be purchased, subject to the Maximum Account Balance.

Payment Options. Please visit Virginia529.com to review Payment options with the Prepaid529 calculator. Payment amounts are determined by the grade or age of the Beneficiary and the number of semesters you wish to purchase.

Lump Sum Payments. You may purchase a Contract by making a single Payment. This Payment is typically due by May 1, 2019.

Payments Over Time. You may choose to make Payments over time. Customized Payment options are available. Please explore the Prepaid529 calculator at Virginia529.com for details. Contracts must be paid in full prior to using Benefits and, accordingly, the maximum number of years available for those Account Owners electing to pay over time is approximately equal to the number of years between the Beneficiary's current age and their expected high school graduation date. Any Payments made on your account that exceed your monthly Payment amount will be applied to principal at the end of the month. Once these funds have been applied to principal they cannot be refunded.

You may opt to make a down payment if you choose a monthly Payment plan. You must indicate on your Application that you wish to make a down payment. The online Application requires you to set up the down payment before submitting the Application. Down payments must be received before or on May 1, 2019 by Virginia529. If you submit a paper Application you must include the down payment with your Application prior to the end of the enrollment period. Failure to timely remit the down payment with your Application will result in a \$25 refinance fee to change your monthly Payments. Please see "Changes to a Contract" for more information.

Form of Payments. All Payments must be in cash, check, money order, electronic transfer, or similar instrument in U.S. dollar denominations. Virginia529 cannot accept securities or other property. Payments may be made by check, one time or recurring automatic bank debit, or payroll deduction if your employer offers this option. Credit or debit cards cannot be used to make Payments on a Contract. Please have your payroll office contact us if your employer is interested in offering payroll deduction. If you wish to contribute UGMA or UTMA assets that are currently invested in securities, these investments must first be liquidated before the cash can be contributed to a Contract. Any tax liability related to the liquidation will have to be reported.

Automatic Bank (ACH) Contributions. You may set up one-time or recurring Payments from your bank account online at Virginia529.com. Instructions will be included in the Welcome Kit you receive by mail after you submit your Application. Account Owners may terminate automatic withdrawals at any time. An authorization to make automatic withdrawals from your bank will remain in effect until Virginia529 has received notification of its termination and has had a reasonable amount of time to implement the change. Please contact Virginia529 to determine when the termination will be effective. Virginia529, in its sole discretion, may terminate automatic withdrawals if such withdrawals have been returned by the bank three consecutive times. Virginia529 will notify the Account Owner by mail each time an ACH is returned, and on the third notification will advise that the ACH has been terminated. Please note that terminating an ACH means that you must make other arrangements to continue your Payments.

Rollover Payments. Virginia529 will accept rollovers from other Qualified Tuition Programs. If you are funding your Contract with funds from another Qualified Tuition Program, you must provide the breakdown of the amount you contributed (basis) and the amount of earnings (gains). For Virginia529 to initiate the rollover, you will need to complete the Rollover & Investment Direction Form and a Contract Application. If you have already received the rollover, you will need to complete the Contract Application and provide appropriate documentation from the other Qualified Tuition Program that shows the earnings portion of the rollover, such as an account statement showing basis and earnings (or losses) in the account. **If such documentation is not provided to Virginia529 within 60 days of receiving the rollover, the entire rollover will be treated as earnings, which may have tax consequences.** Please note that if the Account Owner withdraws funds from a Qualified Tuition Program with the intention of contributing these funds to a Prepaid529 Contract, it must be done within 60 days of the initial withdrawal. Please see Articles VI (Use of Prepaid529 Tuition Benefits) and VIII (Substitution, Assignment, Downgrade, Transfer and Rollover) of the Master Agreement for more detailed information.

Coverdell Education Savings Accounts. Virginia529 will accept funds from a Coverdell Education Savings Account (Coverdell ESA). If you are making a Payment with funds from a Coverdell ESA, you must provide the breakdown of the amount you contributed (basis) and the amount of earnings (gains). The transfer is considered a nontaxable withdrawal from the Coverdell ESA. You will need to complete a Coverdell/U.S. Savings Bond Transfer Form and a Contract Application and provide appropriate documentation from the trustee or custodian of the Coverdell ESA that shows the earnings portion of the transfer, such as an account statement showing basis and earnings (or losses) in the account. **If such documentation is not provided to Virginia529 within 60 days of receiving the Payment, the entire transfer will be treated as earnings, which may have tax consequences.** IRS Publication 970, "Tax Benefits for Education" is one publication that provides information on Coverdell ESAs and other tax-advantaged higher education accounts. It is available at irs.gov or by calling 1-800-829-1040. Please consult your legal, financial or tax adviser for more information.

Qualified U.S. Savings Bonds. Virginia529 will accept funds from qualified U.S. Savings Bonds. If you are making a Payment with funds from certain Series EE or I U.S. Savings Bonds you must provide the breakdown of the amount you contributed (basis) and the amount of interest earnings (gains). You will need to complete a Coverdell/U.S. Savings Bond Transfer Form and a Contract Application, and provide appropriate documentation issued by the financial institution that redeemed the bonds showing basis and earnings of the bond(s), such as a statement, a Form 1099-INT, or an IRS Form 8815. **If such documentation is not provided within 60 days of receiving the Payment, the entire transfer will be treated as earnings, which may have tax consequences.** Please ensure that you redeem the bonds in the same calendar year that you fund the Prepaid529 Contract. Please contact the Bureau of Public Debt at treasurydirect.gov for eligibility criteria and income phaseouts for the Savings Bond Education Tax Exclusion, or the IRS at 1-800-829-1040. IRS Publication 970, "Tax Benefits for Education" is one publication that provides information on Education Savings Bonds and other tax-advantaged higher education accounts and is available at irs.gov. Please see "Sources of Additional Information" in the Summary of Plan Features for contact information. Please consult your legal, financial or tax adviser for more information.

Qualified U.S. Savings Bonds

Not all bond owners may be eligible to transfer their bonds to an IRC Section 529 account. There are specific qualifications for the types of bonds that are eligible and which bond owners may participate without tax consequences. Please visit treasurydirect.gov for specific guidelines.

Changes to a Contract

Virginia529 may accept and rely conclusively on any instructions or other communications reasonably believed to have been given by an Account Owner or an authorized legal representative and may assume that the authority of any other authorized person continues in effect until receipt of written notice to the contrary.

Changing the Beneficiary. The Account Owner may change the Beneficiary of a Contract at any time. The new Beneficiary must not have completed ninth grade at the time the Contract was initially purchased. To change the Beneficiary, the Account Owner must complete a Beneficiary Change Form indicating the relationship of the new Beneficiary to the prior Beneficiary. Virginia529 may deny or limit a Beneficiary change if it causes the cumulative value of all the accounts administered by Virginia529 (including Invest529, Prepaid529, CollegeAmerica and CollegeWealth accounts) for the new Beneficiary to exceed the Maximum Account Balance limit, or if it causes the new Beneficiary to have more than the allowable number of semesters. A change of Beneficiary may take up to 30 days to process. Once completed, Virginia529 will send a confirmation of the change of Beneficiary to the Account Owner.

A change of Beneficiary is generally a non-taxable event for federal income tax purposes if the new Beneficiary is a Member of the Family of the prior Beneficiary. If the new Beneficiary is a Member of the Family of the prior Beneficiary and is in the same generation as the prior Beneficiary, the change is not subject to federal gift tax or generation-skipping transfer tax. If the new Beneficiary is in a lower generation than the prior Beneficiary, the transfer will be subject to federal gift tax rules and may be subject to generation-skipping transfer taxation even if the new Beneficiary is a Member of the Family of the prior Beneficiary. Please see Article VIII (Substitution, Assignment, Downgrade, Transfer and Rollover) of the Master Agreement for more detailed information. Please contact a tax professional for specific information on these provisions and how they may affect your individual situation.

Changing the Account Owner. The Account Owner may transfer the ownership of a Contract to another individual or entity, provided that no consideration is given or accepted for the transfer. To transfer a Contract to another individual or entity, the Account Owner must submit an Account Owner Change Form. A change of Account Owner may take up to 30 days to process. Once completed, Virginia529 will send a confirmation of the change of Account Owner to the new Account Owner. Once ownership is transferred, the previous Account Owner loses all control over the Contract, which includes but is not limited to, the power to change the designated Beneficiary, authorize Benefits to be paid to an Eligible Educational Institution, and to cancel the Contract. All transfers shall be construed and administered to comply in all respects with any applicable state or federal statutes or regulations, including, but not limited to, IRC Section 529 and any regulations promulgated thereunder. If there has been a distribution on the Contract, Virginia529 will open a new Contract to accomplish an Account Owner change in order to comply with IRS aggregation rules. The transfer of Contract ownership to another individual may have tax consequences. For purposes of Virginia law, in the case of a transfer of ownership of a Contract, the transferee shall succeed to the transferor's tax attributes associated with the Contract including, but not limited to, carryover and recapture of deductions. Please contact a tax professional to determine the effect of any such transfer on your individual situation. Please see Virginia and Federal Tax Considerations below and Article VIII (Substitution, Assignment, Downgrade, Transfer and Rollover) of the Master Agreement for more detailed information.

Changing the Number of Semesters. The Account Owner may reduce the number of semesters at any time. In order to reduce the number of semesters, the Account Owner must complete and submit a Refinance/Downgrade Request Form, along with a \$25 refinance fee. In order to increase Benefits, you may purchase additional semesters during an enrollment period, as long as the Beneficiary is still eligible for a new Contract. Please see Articles VI (Use of Prepaid529 Tuition Benefits) and VIII (Substitution, Assignment, Downgrade, Transfer and Rollover) of the Master Agreement for more detailed information.

Changing the Payment Plans. The Account Owner may change the Payment plan at any time. In order to change the Payment plan, the Account Owner must complete and submit a Refinance/Downgrade Request Form, along with a \$25 refinance fee. Please see Article VIII (Substitution, Assignment, Downgrade, Transfer and Rollover) of the Master Agreement for more detailed information.

Changing the Payment Amount. The Account Owner may change the Payment amount at any time with a \$1,000 minimum prepayment. In order to change the Payment amount, the Account Owner must complete and submit a Refinance/Downgrade Request Form, along with a \$25 refinance fee and the prepayment amount. Please see Article VIII (Substitution, Assignment, Downgrade, Transfer and Rollover) of the Master Agreement for more detailed information.

Changing an Address. Account Owners can change their address, the Beneficiary, Designated Survivor, or authorized individual's address by completing and submitting the Change of Address Form available at Virginia529.com, by logging in to their online account, or by calling Virginia529 at 1-888-567-0540.

Did you know?

If the Beneficiary doesn't use all the semesters in an account you can

- hold the account for up to 10 years from projected high school graduation
- roll the funds into an Invest529 account for use towards other **Qualified Higher Education Expenses**
- change the Beneficiary on the account (as long as the new Beneficiary had not completed ninth grade at the time the Contract was initially purchased)
- cancel the account and receive a refund

Please see specific details in this Program Description.

Changing a Name. Account Owners can change the Account Owner, Beneficiary or Designated Survivor's name on the Contract in the event of marriage, divorce, or other legitimate legal reasons. Please send a signed request and adequate legal documentation to initiate the change.

Contract Benefits

General. Please see Article IV (Prepaid529 Tuition Benefits) and Article VI (Use of Prepaid529 Tuition Benefits) of the Master Agreement for a complete description of Prepaid529 Benefits. The Contracts create an obligation to pay a Beneficiary's undergraduate in-state semester or term charges for Tuition, required and imposed as a condition of enrollment of all students by any two-year or four-year Virginia Public Institution for the specified number of semesters purchased. A semester of Tuition at any Virginia Public Institution only includes the normal full-time course load for students enrolled in a general course of study. Tuition does not include charges for a particular major, class or course of study, including lab fees or differential tuition, nor does it include other items including, but not limited to, room and board, individual fees related to participation in a particular sport or activity, textbooks, computers, orientation fees, matriculation fees, graduation fees, or new student fees. If the Virginia Public Institution imposes additional charges or a differential tuition for a specific major or course of study, such as nursing or engineering, or for credits above the normal full-time course load, these additional costs are not Tuition within the meaning of this definition or for determining Benefits. Prepaid529 Benefits consider a normal full-time course load to be (i) 12-18 credit hours per semester for a four-year Virginia Public Institution and (ii) 16 credit hours per semester for a two-year Virginia Public Institution. Mandatory fees are those fees required as a condition of enrollment for all students. Prepaid529 does not cover any other fees or costs that a Beneficiary is obligated to pay, including, but not limited to, room and board, individual fees related to participation in a particular sport or activity, individual course fees such as lab fees, textbooks, computers or any fees not listed on the school's invoice. If a student attends summer school or an inter-session, Prepaid529 Benefits may be used, but this will result in early depletion of the Contract. Benefits may also be applied at any Eligible Educational Institution as defined in IRC Section 529 of the Internal Revenue Code. Generally, these are accredited institutions of higher education that are eligible to participate in federal student financial aid programs. Eligible Educational Institutions include independent, nonprofit, accredited institutions of higher education in Virginia and certain accredited for-profit vocational, private career or technical schools or colleges in Virginia (Virginia Private Institutions), and accredited out-of-state or foreign public or independent, nonprofit institutions of higher education and certain out-of-state accredited for-profit vocational, private career or technical schools or colleges (Out-of-State Institutions), that are eligible to participate in federal student financial aid programs. Since some Out-of-State Institutions will not accept payments directly from a third party such as Prepaid529, Virginia529 will automatically create an Invest529 account and transfer Prepaid529 Benefits to that account each semester until Prepaid529 Benefits are depleted or the student transfers to a Virginia school. Virginia529 will NOT communicate with the Out-of-State Institution and the Account Owner will control the timing and amount of disbursements to these Out-of-State Institutions. Please see the terms of the Master Agreement and the Prepaid529 Benefits Guide for more information.

Virginia Private Institutions. By statute, if a Beneficiary attends a Virginia Private Institution, Prepaid529 will pay to the Virginia Private Institution **the lesser of:**

- 1) the Payments made on the Contract plus the Actual Rate of Return earned by Prepaid529 on the invested funds, compounded annually, **or**
- 2) the highest in-state undergraduate Tuition at a Virginia Public Institution in the same semester the Benefits are used.

The Actual Rate of Return may be negative. The amount of Prepaid529 Benefits for Virginia Private Institutions is most likely to be less than the highest or even the average Virginia Public Institution tuition and mandatory fees.

Out-of-State Institutions. By statute, if a Beneficiary attends an Out-of-State Institution, Prepaid529 will pay to the institution **the lesser of:**

- 1) the Payments made on the Contract plus interest at the composite Reasonable Rate of Return, compounded annually, **or**
- 2) the average in-state undergraduate Tuition at Virginia Public Institutions for the same academic semester the Benefits are used.

The amount of the Prepaid529 Benefit for Out-of-State Institutions is most likely to be less than the average Virginia Public Institution Tuition.

Use of Contracts at Two-Year Virginia Public Institutions. Prepaid529 Contracts, and the cost thereof, are based on the underlying number of semesters purchased during a particular enrollment period. Pricing of semesters is an actuarial calculation based on Tuition at four-year Virginia Public Institutions. Each year Virginia529 establishes a Conversion Ratio to calculate the Benefit payable when a purchased semester benefit is used at a two-year Virginia Public Institution. The Conversion Ratio for the 2019 enrollment period is 2.6017, meaning that a semester purchased during the 2019 enrollment will cover 2.6017 semesters of Tuition at a two-year Virginia Public Institution. Note that each year Virginia529 may calculate a different Conversion Ratio to be applied to new Contracts. **The Conversion Ratio for Contracts purchased during the 2019 enrollment period will not change.**

Any unused Benefits may be refunded to the Account Owner upon request, may remain in Prepaid529 for up to 10 years after the Beneficiary's projected high school graduation date to be applied toward future higher education costs, may be applied toward graduate or professional school tuition in the same amount the Beneficiary would have received if enrolled as an undergraduate at the same institution in the same semester, or, in some cases, may be transferred to another Beneficiary. Any time spent by a Beneficiary as an active-duty member of any branch of the United States Armed Forces will not be counted toward the 10-year period. Written notification should be submitted to Virginia529 showing the complete length of time the Beneficiary was on active duty.

A Beneficiary is responsible for any costs in excess of the amount payable under the Contract. A Beneficiary who attends a Virginia Public Institution but who does not qualify for the in-state tuition rate at the time of enrollment is responsible for paying the amount by which the tuition exceeds the Benefits payable under the Contract for that Beneficiary. Prepaid529 Benefits are generally paid directly to the institution each academic term.

Title 10 United States Code §101(a) defines the United States Armed Forces as Army, Navy, Air Force, Marine Corps, and Coast Guard.

Funding and Actuarial Assumptions

Prepaid529's funding is derived from Payments received from Contracts and the investment income earned thereon. State law requires that the Governor include in his annual proposed state budget bill a Sum Sufficient Appropriation to cover Virginia529's contractual obligations, including Prepaid529, in the event of a funding shortfall. This provision can only be changed through the annual appropriations process, which would require action by the Virginia General Assembly. Virginia529 is authorized to obtain actuarial assistance in order to determine the actuarial soundness of Prepaid529 each year, as well as to establish Contract pricing. Based on information and data provided by its actuarial and investment consultants, Virginia529's Board determines the Contract purchase prices for each enrollment period. Investment return and the projected rate of increase in college tuition and fees are significant factors in determining the actuarial soundness and pricing. A Beneficiary's age or grade is also a factor in determining pricing. Under state law, any moneys remaining in Prepaid529, including interest and income earned from investments, at the end of each biennium shall not revert to the general fund but shall remain in a special, nonreverting fund. State law further provides that Prepaid529's assets are to be preserved, invested, and expended solely pursuant to and for the purposes of the program and may not be loaned or otherwise transferred or used by the Commonwealth for any other purpose.

Securities Law Considerations

Prepaid529 Contracts are not registered under the Securities Act of 1933, based in part on assurances received from the staff of the U.S. Securities and Exchange Commission in a November 5, 1996 No Action Letter to the effect that it would not recommend enforcement action if the Contracts are not registered based on the representations in the letter. The Virginia State Corporation Commission has issued an order stating that the Contracts are exempt from Virginia state registration. Prepaid529 Contracts have not been registered with the securities regulatory authorities of any state. The Contracts have not been registered as investment companies under the Investment Company Act of 1940 ("1940 Act") pursuant to Section 2(b) thereof, which provides that no provision of the 1940 Act applies to any instrumentality of a state. Prepaid529 Contracts are not subject to oversight by the Financial Industry Regulatory Authority (FINRA) or the Municipal Securities Rulemaking Board (MSRB).

Virginia and Federal Tax Considerations

Tax provisions related to IRC Section 529 plans are complex and each taxpayer's situation is unique. Please contact a tax professional or the IRS at 1-800-829-1040 or irs.gov, and/or the Virginia Department of Taxation at 804-367-8031 or tax.virginia.gov for specific information on these provisions and how they may affect you. Other states may offer residents and taxpayers additional tax or other benefits such as financial aid, scholarship funds, and protection for creditors, if they invest in their own state plan. Consult your tax adviser for more information.

Recent Federal Tax Law Changes. This Program Description contains information about federal tax law changes signed into law on December 22, 2017. IRC Section 529 now permits federal income tax-free rollovers made before January 1, 2026, from an account in a prepaid tuition program to an account in a qualified ABLE program under Section 529A of the Internal Revenue Code (referred to here as a "Qualified ABLE Program"), provided certain conditions described below are met. This new provision applies to 529 to ABLE transfers made after December 22, 2017. The information presented is based on a good faith interpretation of the statutory language. As of the date of this Program Description, the IRS has not issued regulations on the recent federal tax law changes. If, and when, material updates become available we will update the website at www.virginia529.com and this Program Description. Please consult with your tax advisor for more information.

Federal Tax Treatment in General. IRC Section 529 governs the federal tax treatment of Qualified Tuition Programs such as Prepaid529 and the tax consequences for Account Owners and Beneficiaries of such plans. As of the date of this Program Description, the IRS had not issued final regulations governing the application of IRC Section 529 to college savings plans. On January 18, 2008, the IRS issued an Advance Notice of Proposed Rulemaking on proposed regulations for IRC Section 529 plans. There is no specific timetable for the release of new or re-proposed IRC Section 529 regulations. Any changes will likely be applicable to existing accounts. The IRS highlighted its intention to impose a broad anti-abuse rule that would apply to the use of IRC Section 529 accounts for tax avoidance or other improper uses. Prepaid529 has been structured to meet all current federal requirements, and, therefore, Virginia529 itself is exempt from certain types of income tax. **Please check with a tax professional for specific information on these provisions and how**

they may affect you. Final regulations, changes to the Internal Revenue Code or to the Code of Virginia, or court decisions could affect the tax consequences of participation in a Qualified Tuition Program, including, but not limited to, additional restrictions or loss of tax advantages. Virginia529 may modify Prepaid529 as necessary in the future without prior notice to comply with any such changes and to preserve, if possible, favorable tax treatment.

The increase in the value of a Prepaid529 Contract (the earnings) is tax deferred and may not be taxable at the federal level if the distribution is used for Qualified Higher Education Expenses. If you cancel your Prepaid529 Contract, the earnings portion will be taxed as ordinary income in the year of the refund and must be reported on the taxpayer's federal tax return. Cancellation refunds will be subject to an additional federal penalty of 10% of the earnings unless an exception applies and must be reported on the taxpayer's federal tax return. Exceptions to the penalty tax include distributions attributable to the Beneficiary's death, disability or receipt of a scholarship (including attendance at a U.S. military academy). Any refund of Qualified Higher Education Expenses from Eligible Educational Institutions may not be taxable at the federal level if the refunded amount is recontributed to a Qualified Tuition Program which has the same Beneficiary and is not made after 60 days of the refund. Non-qualified distributions may also require the recapture in Virginia taxable income of some or all amounts, if any, that the Account Owner deducted from his or her Virginia taxable income due to Payments to a Prepaid529 Contract. There is no Virginia state income tax liability for the federally taxable portion of a refund made in the event of the Beneficiary's death, disability, or receipt of a scholarship (including attendance at a U.S. military academy).

Virginia529 will apply a formula to determine the potentially taxable earnings/gains and non-taxable Payments/basis portions of each distribution made from a Contract. The taxable portion is ordinary income, not capital gains. The taxable portion of a cancellation or other non-qualified distribution will be taxed as ordinary income in the year of the refund. The taxable (earnings/gains) portion of non-qualified distributions is subject to a 10% federal penalty unless one of the exceptions to the penalty tax applies. If you deplete or cancel a Prepaid529 Contract that has lost principal, those losses may be taken as a deduction in certain circumstances, and if all Prepaid529, Invest529, CollegeAmerica or CollegeWealth accounts you own for the same Beneficiary have also been depleted.

Prepaid529 Payments are NOT deductible from federal taxable income at the time of contribution. The increase in the Contract's value is tax-deferred at the federal level, and distributions used for Qualified Higher Education Expenses are not taxed at the federal level. **See IRS Publication 970, "Tax Benefits for Education" and Publication 950, "Introduction to Estate and Gift Taxes," available at irs.gov.**

Changes to Federal Estate and Gift Tax Provisions. The 2017 Tax Cut and Jobs Act made significant changes to the federal estate, gift, and generation-skipping transfer (GST) taxes. The Act increased the basic exclusion amount for an estate tax return. The exclusion amount is indexed and is \$11,400,000 for 2019. Please consult your tax adviser or the Internal Revenue Service regarding potential and actual changes to the rules and the specific application of these rules to your particular circumstances.

Federal Gift Tax. IRC Section 529 provides that Prepaid529 Payments are a completed gift of a present interest for federal gift tax purposes. Payments to Qualified Tuition Programs like Prepaid529 are not excluded from taxable gifts as tuition payments under IRC Section 2503(e). IRC Section 529 provides a five-year averaging provision for any Payments in one taxable year that are greater than the current \$15,000 (\$30,000 for married couples making a joint gift) annual exclusion from federal gift and GST tax. This means that if total Payments and other gifts by any one Account Owner or other individual to a single Beneficiary in 2018 is greater than \$15,000 (\$30,000 for married couples making a joint gift), the Account Owner or other individual contributing the funds may elect to average the total amount of the Payments over a five-year period. This would allow maximum Payments in 2018 of up to \$75,000 (\$150,000 for married couples making a joint gift) in one tax year without federal gift tax consequences. An Account Owner or other individual who makes a Payment or other gift of \$75,000 (\$150,000 for married couples making a joint gift), may not make additional gifts to the same Beneficiary until the end of the five-year averaging period without incurring federal gift tax consequences. IRC Section 529, as amended, also provides that distributions from a Qualified Tuition Program will not be treated as a taxable gift, except if it is transferred or rolled over in certain circumstances. For example, if a Prepaid529 Contract is rolled over to a new Beneficiary who is a Member of the Family of the previous Beneficiary and who is in the same generation as the previous Beneficiary, no federal gift or generation-skipping transfer tax will apply. If, however, the new Beneficiary is in a lower generation than the previous designated Beneficiary, federal gift tax or generation-skipping transfer tax may apply to the amount transferred. The five-year averaging rule may be applied to changes of Beneficiary that are subject to federal gift tax. In 2018, if an Account Owner later transfers ownership of a Contract to another individual or entity, that transfer may be deemed a gift which could trigger federal gift tax on any amount greater than \$15,000 (\$30,000 for married couples). Please see IRS Publication 970, available at irs.gov/publications/, for specific information. Please consult a tax adviser for further information.

Federal Estate Tax. Generally, no amount is includible in the Account Owner's gross estate as a result of Payments to a Qualified Tuition Program. If, however, the Account Owner has elected five-year averaging and dies before the end of the five-year averaging period discussed above, the Account Owner's gross estate will include the portion of the Payments allocable to periods following the Account Owner's death. IRC Section 529 also provides that the gross estate of a designated Beneficiary of a Qualified Tuition Program such as Prepaid529 includes amounts distributed from a Qualified Tuition Program on account of the Beneficiary's death. Please contact a tax professional or the Internal Revenue Service to determine the effect of federal gift and estate tax provisions on your individual situation.

Federal Generation-Skipping Transfer Tax. In addition to possible federal gift and estate tax consequences, the federal generation-skipping transfer tax may apply to Payments made to a Contract if the Beneficiary is deemed to be a member of a generation that is more than one generation younger than the generation of the Account Owner or other individual contributing to the Contract, or if the new Beneficiary is more than one generation below that of

the previous Beneficiary. Payments that qualify for the annual gift tax exclusion are not subject to generation-skipping transfer tax. For 2019, the generation-skipping transfer tax lifetime exemption is \$11,400,000. Consult your tax adviser or the Internal Revenue Service regarding the specific application of these rules to your particular circumstances.

Virginia Tax Exemption. The Virginia General Assembly enacted a tax exemption at its 1999 session for income attributable to certain distributions or refunds from a Prepaid529 Contract. The Virginia state income tax exemption applies to income attributable to Prepaid529 distributions used for Qualified Higher Education Expenses of a Beneficiary or refunds in the event of a Beneficiary's death, disability, or receipt of a scholarship (limited to the amount of the scholarship). Because earnings on IRC Section 529 account qualified distributions are excluded from federal adjusted gross income, these earnings are also automatically excluded from Virginia taxable income. The Virginia state income tax exemption is still applicable to distributions made due to the Beneficiary's death, disability or receipt of a scholarship (limited to the amount of the scholarship). The earnings portion of any amount refunded in one of these cases is subject to federal income tax in the tax year in which the refund is received but is exempt from Virginia state income tax.

Virginia Tax Deduction. Prepaid529 Account Owners who file a Virginia state individual income tax return can deduct Prepaid529 Payments from their Virginia taxable income. The deduction is limited to \$4,000 per taxable year per Virginia529 account (i.e., each separate account held within Prepaid529, Invest529, CollegeAmerica and CollegeWealth), or the amount contributed to each Virginia529 account during the year, whichever is less, with unlimited carryforward until the full amount of the Payments has been deducted. The \$4,000 per taxable year limit does not apply to Account Owners who are age 70 or above, who may deduct the entire amount of their Payments in a single tax year. If a Contract is cancelled for a reason other than the student's death, disability, receipt of a scholarship (including attendance at a U.S. military academy), or rollover to another Virginia529 account or an ABLEnow account, any amount of the refund previously deducted from the Account Owner's Virginia taxable income as a result of Payments to the cancelled Prepaid529 Contract must be added back to the Account Owner's Virginia taxable income in the year the refund is received, in addition to any federal tax consequences. Only the Account Owner of record of a Prepaid529 Contract as of December 31 of the taxable year is eligible to take the Virginia state tax deduction for Payments made to that Contract. **Individuals who choose to make Payments to a Prepaid529 Contract owned by another individual or entity are not eligible for the Virginia state tax deduction.** The Virginia state tax deduction for UTMA/UGMA Prepaid529 Contracts belongs to the Beneficiary and is reported under the Beneficiary's Social Security number. UTMA/UGMA custodians are not eligible for the Virginia state tax deduction for Payments made to an UTMA/UGMA Prepaid529 Contract.

The Virginia state income tax deduction and exemption are available only to Account Owners in a Virginia529 program who file Virginia personal income tax returns. If an Account Owner or individual contributing to a Prepaid529 Contract lives in a state other than Virginia, the state tax consequences may differ from those described here. Payments to other states' Qualified Tuition Programs are not eligible for the Virginia state tax deduction. Before investing in Prepaid529, potential Account Owners and other individuals contributing to a Prepaid529 Contract who do not live or pay taxes in Virginia should determine whether the state in which they live or pay taxes offers a Qualified Tuition Program with benefits, such as financial aid, scholarship funds, and protection from creditors, not available through Prepaid529.

Other Considerations

Is a Prepaid529 Account Right for You? Opening an account in Prepaid529 – or any Qualified Tuition Program – may not be the appropriate college savings vehicle for everyone. You should evaluate other college savings vehicles and consult with your tax or financial adviser.

Penalties for using Prepaid529 Funds for Non-Qualified Higher Educational Expenses. Once the funds have been contributed to your Prepaid529 Contract, there are limited circumstances in which they can be withdrawn without federal and state tax consequences. Please see "Virginia and Federal Tax Considerations" for specific information on potential adverse tax consequences and penalties.

Claims Against Accounts

Under Virginia law and depending on the specific circumstances, Prepaid529 Contracts are protected from creditors of either the Account Owner or the Beneficiary. Additionally, the United States Bankruptcy Code provides certain protections in federal bankruptcy proceedings for IRC Section 529 accounts, including Prepaid529 Contracts. Presently, under the Bankruptcy Code, Prepaid529 Contracts should be protected in federal bankruptcy proceedings if the designated Beneficiary is the bankruptcy debtor's child, stepchild, grandchild, or step-grandchild subject to the following limits:

Payments made to a Prepaid529 Contract for the same designated Beneficiary at least 720 days before a federal bankruptcy filing are protected;

Payments made to a Prepaid529 Contract for the same designated Beneficiary more than 365 days but less than 720 days before a federal bankruptcy filing are protected up to an amount set, typically every 3 years, by the Judicial Conference of the United States; and

Payments made to a Prepaid529 Contract for the same designated Beneficiary less than 365 days before a federal bankruptcy filing are typically not protected against creditor claims in federal bankruptcy proceedings.

You should consult a legal adviser about the application of these laws to your particular situation.

Your Prepaid529 Contract cannot be used as collateral for a loan.

Contract Reporting

Confirmations and Account Statements. Account Owners will receive an initial Payment and Participation Schedule as part of their Welcome Kit. Account Owners will receive confirmation of any change in Payment plan, or downgrade as part of the next scheduled statement. Account Owners may confirm Payments or changes at any time by accessing Contract information online at Virginia529.com. All Account Owners shall obtain quarterly statements by logging onto their account online unless they notify Virginia529 that they would prefer a paper statement mailed to them. Statements will not be sent to individuals who contribute to a Prepaid529 Contract owned by another individual or entity. Account Owners have ten business days from the date a statement or confirmation is available online or sent to their last known mailing address to contest any information or transactions reported. After this period, the Account Owner will be deemed to have approved the transactions reflected on the statement or confirmation and to have released Virginia529 from all associated liability. Account Owners may also access Contract information online at Virginia529.com once they have completed the online registration process.

Tax Reporting. Federal tax law requires Virginia529 to issue IRS Form 1099-Q for the taxable year when money is withdrawn from an account for any purpose, including rollovers. The Account Owner or Beneficiary who receives this form is responsible for tax reporting to the IRS. If a Benefit is paid directly to an Eligible Educational Institution, as is the case with most Prepaid529 distributions, Virginia529 is required to send a Form 1099-Q to the Beneficiary. In all other cases, the Form 1099-Q is sent to the Account Owner. Virginia529 will send the 1099-Q for distributions from Invest529, Prepaid529, or CollegeWealth. For distributions made from a CollegeAmerica account, the 1099-Q will be provided by American Funds or the brokerage which houses the account. Account Owners will be responsible for reporting all Forms 1099-Q that are received. If the distribution was for the designated Beneficiary's Qualified Higher Education Expense, and the total amount of all distributions from 529 accounts for that Beneficiary during a calendar year does not exceed the Beneficiary's adjusted Qualified Higher Education expenses, then no federal or Virginia income tax related to that distribution will normally be due. If you live in a state other than Virginia, please check to determine your state's treatment of income from another state's Qualified Tuition Program that is tax exempt at the federal level. **Virginia529 will not determine whether an expense is a qualified distribution or non-qualified distribution.** Account Owners will be required to maintain records adequate to prove qualified expenses, such as invoices and textbook receipts. The taxpayer must report the 10% of earnings federal penalty and federal income tax on the earnings for non-qualified distributions on the taxpayer's income tax returns. These amounts will not be withheld by Virginia529. Please contact a tax professional or the IRS for assistance. IRS Publication 970, "Tax Benefits for Education," is one publication that provides more information and is available from irs.gov, or by calling 1-800-829-1040. Under the Protecting Americans from Tax Hikes Act of 2015, it is no longer necessary to aggregate multiple Virginia529 Savings accounts (Invest529, CollegeAmerica, or CollegeWealth) or Prepaid529 accounts for purposes of computing the earnings portion of a distribution when the accounts have the same owner and Beneficiary. If an Account Owner has more than one Virginia529 account for the same Beneficiary, the earnings will be calculated per account for each distribution for reporting purposes of your Form 1099-Q. You will receive one Form 1099-Q that reflects the net earnings overall for Invest529, CollegeWealth and Prepaid529. You will receive a separate Form 1099-Q from the American Funds or the brokerage which houses the account that reflects the net earnings overall for CollegeAmerica.

Coordination with Other Education Tax Incentives

Distributions from a Contract may affect other education tax incentives available to an Account Owner, including but not limited to Coverdell Education Savings Accounts, the American Opportunity Tax and Lifetime Learning Credits, and the above-the-line deduction for Qualified Tuition and Related Expenses. The coordination between these tax-incentives is complex. Please consult your tax or financial adviser before investing. In addition, IRS Publication 970, "Tax Benefits for Education," is one publication that provides information on these other tax-advantaged higher education accounts and is available at irs.gov or by calling 1-800-829-1040.

Virginia529 Administration and Management

The Virginia General Assembly created Virginia529, a body politic and corporate and an independent agency of the Commonwealth, during its 1994 session. Virginia529's enabling legislation is codified at Sections 23.1-700 through 23.1-713 of the Code of Virginia (1950), as amended. The General Assembly may amend the legislation during any regular or special session of the legislature, subject to the Governor's approval and the General Assembly's ability to override a veto. The Contracts create an obligation to pay a Contract Beneficiary's Tuition at any Virginia Public Institution for the number of semesters purchased. Benefits may also be applied toward the cost of tuition and fees at other Eligible Educational Institutions, as well as toward the cost of graduate-level tuition, but does not guarantee payment in full of tuition and mandatory fees in those instances.

Prepaid529 Contract Benefits are funded by Payments to Prepaid529 and earnings on those Payments. In addition, state law provides that a Sum Sufficient Appropriation must be included by the Governor in his annual proposed state budget bill to cover Virginia529's contractual obligations, including Prepaid529, in the event of a funding shortfall. This provision can only be changed through the annual appropriations process, which would require action by the Virginia General Assembly.

Virginia529 is administered by an 11-member Board, consisting of the Director of the State Council of Higher Education for Virginia or designee; the Chancellor of the Virginia Community College System or designee; the State Treasurer or designee; the State Comptroller or designee; and seven citizen members: four to be appointed by the Governor, one to be appointed by the Senate Committee on Rules and two to be appointed by the Speaker of the House of Delegates. State law mandates that the seven citizen members have significant experience in finance, accounting, law, or investment management. Members of the Board receive no compensation but are reimbursed for actual expenses incurred in the performance of their duties. Virginia529's Chief Executive Officer is Mary G. Morris. Ms. Morris, a former tax, securities and bond attorney, as well as a former Treasurer of Virginia and Senior Assistant Attorney General for Virginia, oversees the daily administration and operations of Virginia529.

Virginia529 is required to submit an annual statement of Prepaid529's receipts, disbursements, and current investments for the preceding year to the Governor of the Commonwealth of Virginia, the Senate Committee on Finance, and the House Committees on Appropriations and Finance. The report includes a complete operating and financial statement covering the operation of Virginia529 during the year, including a statement of projected receipts, disbursements, investments, and costs for the further operation of Virginia529. The Auditor of Public Accounts, or his legally authorized representatives, audits Virginia529's accounts annually. Virginia529 is also subject to oversight from the Joint Legislative Audit and Review Commission (JLARC).

Individual tax situations vary greatly. Please consult a tax adviser concerning any legal or tax implications arising from opening a Prepaid529 Contract. Virginia529 cannot provide legal, financial or tax advice, and the foregoing summary should not be construed as legal, financial or tax advice with respect to the consequences for any particular individual as a result of Payments to, investment of, or distributions from a Prepaid529 Contract. Account Owners, other individuals contributing to a Prepaid529 Contract, and Beneficiaries are encouraged to consult their tax or legal adviser to determine the effect of federal and state tax laws on their specific situation.

Section 529 Qualified Tuition Programs are intended to be used only to save for Qualified Higher Education Expenses. These programs are not intended to be used, nor should they be used, by any taxpayer for the purpose of evading federal or state taxes or tax penalties. Taxpayers may wish to seek tax advice from an independent tax adviser based on their own particular circumstances.

Prepaid529 MASTER AGREEMENT

As of March 1, 2019

Article I – Introduction

This Master Agreement describes the basic terms and conditions of the Prepaid529 (Prepaid529) program as authorized by Title 23.1, Chapter 7 of the Code of Virginia (1950), as amended. Please see Article II - Definitions for the definition of capitalized terms. Once an Application for a Prepaid529 Tuition Contract (Application) is completed by the Account Owner and accepted by the Virginia College Savings Plan (Virginia529), a Participation and Payment Schedule will be issued to the Account Owner. The Application, the Participation and Payment Schedule, and this Master Agreement constitute the Prepaid529 Tuition Contract between the Account Owner and Virginia529. Modifications may be made to this Master Agreement by Virginia529 and will be incorporated into the Contract. Virginia529 will not retroactively modify existing Contracts in a manner adverse to the Account Owner or the Beneficiary of a Contract except to the extent necessary to assure compliance with applicable state or federal laws or regulations or to preserve the favorable tax treatment of Prepaid529 Contracts or the favorable tax treatment of interests of Account Owners or Beneficiaries therein. Nothing in a Contract shall be interpreted as a promise or guarantee that: (1) a Beneficiary will be admitted to any institution of higher education; (2) a Beneficiary will be allowed to continue enrollment at any institution of higher education after admission; (3) a Beneficiary will be graduated from any institution of higher education; (4) a Beneficiary's tuition and mandatory fees at any institution of higher education other than a Beneficiary's Tuition at a Virginia Public Institution will be covered in full according to the terms of the Contract; or (5) a Beneficiary will be classified as an in-state student by any Virginia Public Institution.

Article II – Definitions

The definitions of terms included in the provisions of Title 23.1, Chapter 7 of the Code of Virginia (1950), as amended, will apply to Contracts and are incorporated herein by reference. In addition, the following definitions shall apply to Contracts:

“Account Owner,” defined as “Purchaser” in Section 23.1-700 of the Code of Virginia (1950), as amended, means a person who is at least 18 years of age, and is either a U.S. citizen or legal U.S. resident, or a corporation, partnership, trust, charitable organization, or any other person described in Section 7701(a)(1) of the Internal Revenue Code of 1986, as amended (26 U.S.C. Section 7701(a)(1)), and who is or was obligated to make Payments under a Contract. There may only be one Account Owner per account. Trustees are responsible for determining whether the terms of a trust allow ownership of a Contract. Virginia529 will not interpret trust documents and the trustee bears all liability for such determination. Any person or entity may make Payments on a Prepaid529 Contract, but only the Account Owner may execute Contract changes, conversions, downgrades, transfers, rollovers, terminations and refund requests. All Payments are deemed to have come from the Account Owner for all state tax reporting and other administrative purposes. Individuals who are not Account Owners have not established a customer relationship with Prepaid529 and have no legal rights with regard to a Prepaid529 Contract. Any requests to change the Account Owner must be signed by both the current Account Owner (or the current Account Owner's legally-authorized personal representative) and the new designated Account Owner. In order to purchase a Contract, either the Account Owner or the Beneficiary must be a Resident. Contracts may also be purchased by non-Resident Account Owners for non-Resident children who have a parent who is a Resident.

“Actual Rate of Return” is a composite rate that incorporates the performance results achieved on the investment of the assets under management in Prepaid529, as recorded by the master custodian. The master custodian is the bank that retains physical custody of Prepaid529 investment securities and provides other services related to Prepaid529 investments such as settling trades, receiving income, maintaining accounting records and providing market values (where applicable).

“Application” means the application form completed by the Account Owner and submitted to Virginia529 to solicit enrollment of the Beneficiary in Prepaid529.

“Beneficiary” means an individual who is a U.S. citizen or legal U.S. resident and who is entitled to receive Benefits under a Contract and who, at the time the Account Owner submits an Application, has not completed the ninth grade. A Beneficiary must have been born at the time the Beneficiary is named. Either the Beneficiary or the Account Owner must be a Resident. Contracts may also be purchased by non-Resident Account Owners for non-Resident children who have a parent who is a Resident. An Account Owner may change the Beneficiary as provided for in this Master Agreement by completing a Beneficiary Change Form.

“Benefits” means the payments to an Eligible Educational Institution provided for under a Contract, which are described in detail in Article IV of this Master Agreement.

“Board” means the Board of the Virginia College Savings Plan.

“Contract”, “Prepaid529 Contract” or “Prepaid529 Tuition Contract” means “Prepaid tuition contract” as defined in Section 23.1-700 of the Code of

Virginia, as amended, and is comprised of the Master Agreement, the Application, and the Participation and Payment Schedule which sets forth the number of semesters of Benefits purchased.

“Conversion Ratio” Virginia529 establishes a Conversion Ratio to calculate the Benefits payable when a semester is used at a two-year Virginia Public Institution. The Conversion Ratio for the 2019 enrollment period is 2.6017, meaning that one semester will cover 2.6017 semesters of Tuition at a two-year Virginia Public Institution. Note that each year Virginia529 may establish a different Conversion Ratio to be applied to new Contracts. **The Conversion Ratio for Contracts purchased during the 2019 enrollment period will not change. See the Pricing, Coverage & Conversion Rates chart which is a part of this Master Agreement for more information.**

“Designated Survivor” means the person who will assume Contract ownership in the event of the Account Owner’s death. The Designated Survivor may be named by the Account Owner on the Application or by the Account Owner sending Virginia529 a written and signed notification. At the time they are named as such, Designated Survivors must be eligible to become Account Owners pursuant to the terms of this Contract. The Designated Survivor does not have any control over or access to information about the Prepaid529 Contract until and unless they become the Account Owner.

“Disabled” means that the Beneficiary is unable to engage in any substantial gainful activity by reason 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. An individual shall not be considered to be Disabled unless proof of the existence thereof in such form and manner as may be required by applicable regulations is furnished.

“Eligible Educational Institution” (EEI) means the definition of that term in IRC Section 529. Generally, the term includes accredited post-secondary educational institutions offering credit toward a bachelor’s degree, an associate’s degree, a graduate level or professional degree, or another recognized post-secondary credential. Certain proprietary institutions and post-secondary vocational institutions are also Eligible Educational Institutions. The institution must be eligible to participate in a student financial aid program under Title IV of the Higher Education Act of 1965 (20 U.S.C. Section 1088). More detail on Eligible Educational Institutions is available at fafsa.ed.gov, “School Code Search.”

“Member of the Family” means the definition of that term in IRC Section 529. Generally, this definition includes a Beneficiary’s immediate family members. Member of the Family means an individual who is related to the Beneficiary as follows: a son or daughter, or a descendant of either; a stepson or stepdaughter; 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 designated 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 of an individual shall be treated as the child of such individual by blood. The terms “brother” and “sister” include half-brothers and half-sisters.

“Out-of-State Institution” means certain accredited out-of-state or foreign public or independent, nonprofit institutions of higher education and certain out-of-state accredited for-profit vocational, private career or technical schools or colleges that are eligible to participate in federal student financial aid programs under Title IV of the Higher Education Act of 1965 (20 U.S.C. Section 1088). Any institution must be an Eligible Educational Institution to receive Benefits.

“Participation and Payment Schedule” means the document furnished to the Account Owner that includes Account Owner/Beneficiary information, Contract account number, number of semesters, Payment plan, number of Payments and amount of Payments required of the Account Owner under the selected options.

“Payment(s)” means the sum(s) of money required to be paid to Virginia529 under the Contract, as provided for in Article V of the Master Agreement and the Pricing, Coverage & Conversion Rates chart found in this document.

“Qualified Higher Education Expenses” means the definition of that term in IRC Section 529. Generally, these expenses include, but are not limited to, tuition, fees, books, supplies, equipment required for the enrollment or attendance of a designated Beneficiary at an eligible education institution; expenses for special needs services in the case of a special needs Beneficiary, which are incurred in connection with such enrollment or attendance; and certain expenses for the purchase of computer or peripheral equipment, computer software, or Internet access and related services. Notwithstanding IRC Section 529, for purposes of the Prepaid529 program “Qualified Higher Education Expenses” will not be treated as including K-12 tuition expenses.

“Qualified Tuition Program” means the definition of that term in IRC Section 529.

“Reasonable Rate of Return” tracks the quarterly performance of the Institutional Money Funds Index as reported in the Money Fund Monitor™ by iMoneyNet. The Reasonable Rate of Return provides, in part, the basis for calculating the Benefits payable when a Contract is applied to an Out-of-State Institution or the Contract is cancelled. The measure of the Reasonable Rate of Return is subject to change without notice. Please visit Virginia529.com for the most current information.

“Resident” means a person who is a resident of the Commonwealth of Virginia at the time an Application is submitted, and who is a U.S. citizen or legal U.S. resident. The term Resident also includes (i) military personnel and their dependents who are stationed in Virginia at the time the Contract is purchased or who claim Virginia as their domicile and who have authorized the withholding of Virginia income tax, and (ii) a corporation, partnership, trust, charitable organization, or any other person described in Section 7701(a)(1) of the Internal Revenue Code (26 U.S.C. Section 7701(a)(1)) having

significant contact with the Commonwealth of Virginia, as determined by Virginia529.

“Sum Sufficient Appropriation,” is defined at Section 23.1-705 of the Code of Virginia which states: Notwithstanding the provisions of subsection B, in order to ensure that Virginia529 is able to meet its current obligations, the Governor shall include in the budget bills submitted pursuant to § 2.2-1509 a sum sufficient appropriation for the purpose of ensuring that Virginia529 can meet the current obligations of Virginia529. Any sums appropriated by the General Assembly for such purpose shall be deposited into a special nonreverting fund. All amounts paid into the fund pursuant to this subsection shall constitute and be accounted for as advances by the Commonwealth to Virginia529 and, subject to the rights of Virginia529’s Contract holders, shall be repaid to the Commonwealth without interest from available operating revenue of Virginia529 in excess of amounts required for the payment of current obligations of Virginia529. As used in Section 23.1-705, “current obligations of Virginia529” means amounts required for the payment of Contract Benefits or other obligations of Virginia529, the maintenance of Virginia529, and operating expenses for the current biennium.

“Tuition” means the undergraduate in-state semester or term charges for tuition and mandatory fees required and imposed as a condition of enrollment of all students by any two-year or four-year Virginia Public Institution. A semester of Tuition at any Virginia Public Institution only includes the normal full-time course load for students enrolled in a general course of study. Tuition does not include charges for a particular major, class or course of study, including lab fees or differential tuition, nor does it include other items including, but not limited to, room and board, individual fees related to participation in a particular sport or activity, textbooks, computers, orientation fees, matriculation fees, graduation fees, or new student fees. If the Virginia Public Institution imposes additional charges or a differential tuition for a specific major or course of study, such as nursing or engineering, or for credits above the normal full-time course load, these additional costs are not Tuition within the meaning of this definition or for determining Benefits.

“Virginia Private Institution” means independent, nonprofit, accredited institutions of higher education in Virginia and certain accredited for-profit vocational, private career or technical schools or colleges in Virginia that are eligible to participate in federal student financial aid programs. Any institution must be an Eligible Educational Institution to receive Benefits.

“Virginia Public Institution” means any Virginia state-supported public institution of higher education in the Commonwealth of Virginia and recognized as such by the State Council of Higher Education of Virginia (SCHEV) and eligible to participate in federal student aid programs. Any institution must be an Eligible Educational Institution to receive Benefits.

Article III – Participation in Prepaid529

1. In order to participate in Prepaid529, an Account Owner must designate on the Application the Social Security number (SSN), the age and, if applicable, the grade level of the Beneficiary. For newborns, the SSN should be provided to Virginia529 within 60 days following the date the Application is submitted. The Account Owner must also (i) designate the Account Owner’s SSN or Taxpayer Identification Number (TIN) and (ii) indicate the number of semesters that will be purchased under the Contract.
2. An Account Owner may purchase Benefits in semester increments at the named Beneficiary’s age/grade price, for up to ten semesters, subject to the overall maximum account balance per Beneficiary.
3. An Account Owner may downgrade a Contract, in accordance with the provisions of Article VIII section 4 of the Master Agreement.

Article IV – Prepaid529 Tuition Benefits

1. Prepaid529 will pay Tuition for the number of semesters of coverage selected and paid for under a specific Contract. A semester of Tuition includes the normal course load for a full-time student, defined as (i) 12-18 credit hours per semester for a four-year Virginia Public Institution and (ii) 16 credit hours per semester for a two-year Virginia Public Institution. Any Beneficiary using Benefits but not enrolled as a full-time student will use a portion of a semester of Benefits, determined by Virginia529, which may result in early depletion of Benefits. Benefits for a semester applied at a two-year Virginia Public Institution shall be paid pursuant to the applicable Conversion Ratio. Unused Benefits may be applied toward graduate-level tuition, although full coverage of graduate-level tuition at any Virginia Public Institution is not guaranteed as Benefits are paid at the undergraduate Tuition levels.
2. Under no circumstances will the mandatory fees component of a Beneficiary’s Tuition be paid for more than one registration (or the equivalent) for each semester of Benefits purchased.
3. Prepaid529 Benefits may be utilized in fractions of a semester, subject to the restriction on payment of the mandatory fees in Article IV section 2 above, and the time limit specified in Article VI section 1. The fraction of a semester utilized for any part-time enrollment or additional credits will be determined based on the cost for part-time or additional credits taken as a percentage of Tuition as defined herein.
4. The Conversion Ratio will remain constant for Contracts opened under this 2019 Master Agreement until Benefits are depleted. The Conversion Ratio in future enrollment periods may be different from the Conversion Ratio for the 2019 enrollment period. Please see the Prepaid529 Pricing, Coverage & Conversion Rates chart included within this document for examples of application of the Conversion Ratio.
5. Virginia529 may develop other methods for the calculation of Benefits payable under Contracts that it determines necessary to provide consistent Benefits. This specifically allows Virginia529 to adapt the calculation of Benefits to the methods for calculating credits and tuition that may be adopted by

any Virginia Public Institution in the future. This includes varying the Benefit payouts to accommodate different pricing structures implemented by Virginia Public Institutions.

Article V – Payments

1. No Payments will be allowed on behalf of a Beneficiary in excess of Payments required to provide the Benefits under a Contract. Payments are due in the amounts and on the dates specified in the Participation and Payment Schedule unless modified by mutual agreement, in writing.
2. An Account Owner may pay for a Contract by:
 - (i) a lump sum payment for the full amount of the Contract as specified in the Participation and Payment Schedule;
 - (ii) an initial down payment of less than the full amount of the Contract and installment Payments of the balance due in the amounts and for the term provided in the Participation and Payment Schedule; or
 - (iii) installment Payments in the amounts and for the term provided in the Participation and Payment Schedule.

Please visit Virginia529.com or call 1-888-567-0540 for Payment information.

3. All installment Payments include a fixed-rate interest component of SIX PERCENT (6.0%) per annum.
4. The Account Owner may modify Payment schedules and terms (including annual or quarterly Payments) at any time upon written request to and approval by Virginia529, subject to any administrative fees, with any such modification incorporated into a modified Participation and Payment Schedule.
5. All Payments must be in cash or cash equivalents in U.S. dollar denominations and received by Virginia529 as provided in the Participation and Payment Agreement.
6. There is no prepayment penalty. Amounts received in excess of any installment Payment will be applied to principal unless otherwise agreed in writing.
7. (i) Following Virginia529's acceptance of the Contract, if all Payments then due are not received within 60 days of the first Payment due date, the Contract shall be deemed to be in default, subject to reinstatement upon the payment of all delinquent amounts and late fees within 30 days following the date of default. (ii) For subsequent Payments due, failure to make full payment within 30 days of the due date shall result in default by the Account Owner. If within 180 days following the date of default all delinquent amounts and late fees are paid, the Contract will be reinstated. If reinstatement is not made within the time provided in this section, subsection ii, the Contract will be deemed terminated and a refund or downgrade, if possible, shall be made pursuant to the provisions of Article VII section 5 or Article VIII section 4 at the Account Owner's option. (iii) Monthly Payments are due in full by the 1st of the month. For any Payment not received within 15 days thereafter, there will be a late fee of 5% of the monthly Payment not to exceed \$15.00. Lump-sum Payments will be charged a late fee of 1% of the Payment due if it is not received within 15 days of Payment due date. Payments remitted on a schedule other than monthly or lump sum will be charged a late fee of 5% of the Payment due if it is not received within 15 days of the Payment due date. No disbursement of Benefits shall be permitted until all late fees are paid in full.

Article VI – Use of Prepaid529 Tuition Benefits

1. In accordance with Article VII section 2, the Beneficiary must use all Benefits within a ten-year period beginning on the date the Beneficiary is projected to graduate from high school based on information provided in the Application or any transfer-related information with regard to a substitute Beneficiary. Absent an extension from Virginia529, failure of the Beneficiary to use all Benefits within the specified ten-year period will be deemed a decision by the Beneficiary not to attend an institution of higher education and will result in termination of the Contract pursuant to the provisions of Article VII section 2. Any time spent by a Beneficiary as an active-duty member of the United States Armed Forces will be added to the ten-year period specified in this paragraph. Written notification should be submitted to Virginia529 showing the complete length of time the Beneficiary was on active duty. Requests for extension will be considered beginning in the tenth year after high school graduation.
2. To begin using a Beneficiary's Benefits at a Virginia Public Institution or a Virginia Private Institution, Virginia529 must first be notified in advance of the Eligible Educational Institution the Beneficiary will attend. Virginia529 shall then notify the selected Eligible Educational Institution of the Beneficiary's participation in Prepaid529 and make payment arrangements with the selected Eligible Educational Institution.
3. To begin using a Beneficiary's Benefits at an Out-of-State Institution, the Account Owner must submit a completed Intent to Enroll Form to Virginia529 informing Virginia529 that the Beneficiary will be attending an Out-of-State Institution. After this notification has been received, Virginia529 will automatically create an Invest529 account and twice per calendar year transfer Prepaid529 Benefits to that Invest529 account until Prepaid529 Benefits are depleted. Such transfers shall occur each July and November so long as Benefits are available. Virginia529 will NOT communicate with the Out-of-State Institution or automatically pay any amounts from the Invest529 account to the Out-of-State Institution. Instead, the Account Owner shall control and will be solely responsible for the timing and the amount of the disbursements from the Invest529 account to the Out-of-State Institution by submitting a separate Distribution Request form to Virginia529 for each distribution. The Account Owner shall be responsible for immediately notifying Virginia529 in writing if their Beneficiary transfers from or otherwise stops attending the Out-of-State Institution. While transferred Benefits are held in the Invest529 account, they will automatically be invested in the Stable Value portfolio. If the Account Owner already has an existing Invest529 account that invests in the Stable Value portfolio, Virginia529 will use that existing Invest529 account for the transfers instead of creating a new one for the

Account Owner. Should they so desire, Account Owners may choose another investment portfolio for some or all of the amounts held in the Invest529 account by executing an investment direction change with Virginia529. Invest529 accounts opened under this section are governed exclusively by the Invest529 Account Agreement in force at the time of their opening.

4. Upon receipt of all required documentation, Virginia529 will pay the following Benefits directly to the specified Eligible Educational Institution: for a Beneficiary who enrolls in (i) any Virginia Public Institution, the Tuition of such institution if sufficient Benefits are available and subject to the Conversion Ratio if applicable; (ii) any Virginia Private Institution, the Payments made, including actual interest and income earned on such Payments, not to exceed the highest Tuition at a Virginia Public Institution in the same academic term. Upon the receipt of all required documentation for a Beneficiary attending an Out-of-State Institution, Virginia529 will transfer to the Invest529 account created pursuant to the provisions of this Article an amount equal to the Payments made, including the applicable Reasonable Rate of Return on such Payments, not to exceed the average Tuition at all Virginia Public Institutions in the same academic term.

5. A Beneficiary who attends either a Virginia Private Institution or an Out-of-State Institution is responsible for paying to that institution the amount by which the charges of that institution exceed the Benefits payable under the Contract. A Beneficiary who attends a Virginia Public Institution but who does not qualify for the in-state tuition rate and has charges not included in Tuition as defined herein, is responsible for paying to that institution the amount by which the charges exceed the Benefits payable under the Contract.

6. Unused Benefits may be applied toward graduate-level tuition and mandatory fees, although full coverage of graduate-level tuition at any Virginia Public Institution is not guaranteed as Benefits are paid at the undergraduate Tuition levels. Virginia529 will pay directly to the institution the same amount the Beneficiary would have received under the Contract if enrolled as an undergraduate at the same Eligible Educational Institution.

Article VII – Termination and Refund

1. Except as otherwise specifically provided herein, only the Account Owner may terminate a Contract. Only the Account Owner may receive a refund of Payments made under a Contract. Virginia529 shall determine the amount of any refund pursuant to the terms of the Contract. An Account Owner may modify or terminate a Contract or request a refund without the consent or authorization of the designee of survivorship rights or the Beneficiary.

2. Absent an extension granted by Virginia529, a Contract must be depleted by the tenth anniversary of the date the Beneficiary is projected to graduate from high school, not counting time spent by the Beneficiary as an active duty member of the United States Armed Services if Virginia529 has been notified of such military service. Written requests for extension will be considered beginning in the tenth year after high school graduation. If, after the ten-year period specified above, a Contract has not been depleted and there are unused Benefits, unless the Account Owner has requested and received an extension of time to use Benefits, Virginia529 shall attempt to locate the Account Owner. If the Account Owner, the Beneficiary, or any designee provided for under Article VII section 6 cannot be located after reasonable efforts, then Virginia529 shall comply with the requirements of the Virginia Uniform Disposition of Unclaimed Property Act. The value of any such amounts reported as unclaimed property shall be the amount of Payments made less (i) any Benefits used; (ii) any refunds paid; and (iii) any administrative fees.

3. If the Beneficiary dies or becomes Disabled prior to receiving all Benefits under a Contract, any unused Benefits under the Contract may be transferred to a Member of the Family pursuant to the provisions of Article VIII. If a change of Beneficiary is not requested, a lump sum refund, reflecting all Payments made, less the amount of any Benefits already used, plus the applicable Reasonable Rate of Return, shall be made to the Account Owner or other individual or entity designated within 90 days of the date Virginia529 receives a request for refund and is notified of the death or disability, provided proof of death or disability is submitted in a form acceptable to Virginia529. Virginia529 will consider written requests for expedited refunds.

4. If the Beneficiary accepts a full or partial tuition scholarship prior to using all Benefits under a Contract, any unused Benefits under the Contract may be transferred to a Member of the Family pursuant to the provisions of Article VIII. If a change of Beneficiary is not requested, the Account Owner may, upon written request, receive a refund of Payments made, less the amount of any Benefits already used and less the amount of any Tuition not covered by the scholarship, plus the applicable Reasonable Rate of Return. In no event shall the amount of any refund exceed the amount of the scholarship. Refund payments shall be issued to the Account Owner each academic term as long as the scholarship is effective. Proof of scholarship must be submitted in a form acceptable to Virginia529 each academic term.

5. If the Account Owner determines at any time to terminate a Contract for a reason other than one specifically provided for in this Article, Virginia529 shall refund to the Account Owner the following amounts:

(i) In the event of a termination request prior to the third anniversary of the original Contract purchase date, an amount equal to all Payments made less the amount of any Benefits already used, less any applicable fees as determined by Virginia529. (ii) In the event of a termination request following the third anniversary of the original Contract purchase date, an amount equal to all Payments made, plus the applicable Reasonable Rate of Return as determined by the Board, less the amount of any Benefits already used and less any applicable fees. Any refund under Article VII, section 5 shall be construed and administered to comply in all respects with any applicable state or federal statutes or regulations, including, but not limited to, IRC Section 529, and any regulations promulgated pursuant thereto. Any such refund shall be issued in a lump sum within 90 days from the date of the termination request. Virginia529 will consider written requests for expedited refunds in cases constituting hardship, as determined by Virginia529. Notwithstanding the foregoing, no refund shall be made of Payments for the remainder of any semester (or equivalent academic term) during which the Beneficiary was enrolled at the time of withdrawal or termination and for which Benefits were paid.

6. If the Account Owner dies and Payments cease before a Contract is paid in full, a lump-sum refund equal to Payments made less any applicable fees may be made, upon written request and submission of required documentation, within 90 days to the person properly designated as having a right of survivorship with respect to the Account Owner's rights and obligations under the Contract or, if there is no valid designee of survivorship rights, to the legal representative of the Account Owner's estate upon the legal representative's written request for such a refund. If the Contract has been held longer than three years, the provisions of section 5(ii) of this Article VII will apply. In the alternative, the designee may request that the Contract be downgraded to a Contract offering reduced Benefits under the provisions of Article VIII section 4. Virginia529 will consider all written requests for expedited refunds.

7. In order to terminate a Contract and receive a refund under this Article, Virginia529 must be provided with a written request specifying the Account Owner's name, the Beneficiary's name, the Contract account number, the reason for termination, supporting documentation as may be required by Virginia529, and payment of any fees specified by Virginia529.

8. If Virginia529 determines that either the Account Owner or the Beneficiary has made any material misrepresentation related to the Contract, the Contract may be terminated. If the Contract is so terminated, the Account Owner will be entitled to a refund of Payments made less the amount of any Benefits already used, less any applicable fees.

Article VIII – Substitution, Assignment, Downgrade, Transfer and Rollover

1. At any time, the Account Owner may, upon payment of any additional amounts determined by Virginia529 to be due, transfer any unused Benefits to a substitute Beneficiary. The substitute Beneficiary must be a Member of the Family who had not completed the ninth grade at the time the original Contract was purchased. All requests for transfers of Benefits must be in writing and include (i) the Contract account number, (ii) the name, address, Social Security number (SSN) or Taxpayer Identification Number, telephone number, date of birth and the projected year of college enrollment of the substitute Beneficiary, (iii) relationship to the current Beneficiary, and (iv) such other information as Virginia529 may require.

2. The Account Owner may transfer ownership of a Contract to another individual or entity provided no consideration is given for the transfer. All requests for substitution of an Account Owner must include: (i) the Contract account number, (ii) the name, address, SSN, and telephone number of the substitute Account Owner, (iii) the signature of the Account Owner and of the substitute Account Owner, and (iv) such other information as Virginia529 may require.

3. An Account Owner designates on the Application a person or entity with a right of survivorship, known as the "Designated Survivor," in the event of the Account Owner's death. The Designated Survivor shall have all the rights and obligations of the former Account Owner upon the former Account Owner's death. If a Contract does not have a valid survivorship designation at the time of the Account Owner's death, Virginia529 may, in its sole discretion, designate the current Beneficiary of the Contract as the new Account Owner, if the current Beneficiary is 18 or older. If the current Beneficiary is under the age of 18, Virginia529 may designate the deceased Account Owner's executor or administrator as the custodian under the appropriate Uniform Gifts to Minors/Uniform Transfers to Minors statute for the current Beneficiary until the current Beneficiary reaches the age of 18. If no executor or administrator was named or appointed, Virginia529, in its sole discretion, may designate a parent or other close relative of the current Beneficiary as the custodian.

4. An Account Owner may downgrade a Contract to another, less expensive Contract, i.e. one for a fewer number of semesters, upon written request to Virginia529 and upon payment of any required fees. Payments made before the Contract is downgraded shall be credited against the Payments due under the modified Contract. If the Payments made prior to the downgrade exceed the Payments due at the time of downgrade, excess Payments shall be refunded to the Account Owner less any applicable fees. No Contract will be modified to increase Benefits outside of the enrollment period in which an Application is received. Additional Benefits may only be purchased during an enrollment period.

5. IRC Section 529 provides that all or a portion of an account with a Qualified Tuition Program such as Prepaid529 may be rolled over to an account with another Qualified Tuition Program, or before January 1, 2026, to an account with a Qualified ABLE Program either within the same state or in a different state. In order for the transfer of funds to be a qualified rollover so as not to incur a penalty, the funds from the originating account must be deposited into the receiving account within 60 days from the distribution from the originating account. The Program allows one rollover per rolling 12-month period for the same Beneficiary. Additional rollovers may be made within the 12-month period, but there must be a change of Beneficiary to a Member of the Family of the former Beneficiary so as not to incur a penalty. In order to roll over a Prepaid529 Contract to another Qualified Tuition Program, or before January 1, 2026, to a Qualified ABLE Program, including ABLEnow, Virginia's Qualified ABLE Program, the Account Owner must complete and submit a Rollover & Investment Direction Form. If the funds are not paid directly to a Qualified Tuition Program or a Qualified ABLE Program, the Account Owner may incur a federal penalty of 10% of any earnings if the rollover is not completed within the 60 day window. In the event of a rollover request prior to the third anniversary of the original Contract purchase date, the amount to be rolled over will be all Payments made less the amount of any Benefits already used, less any applicable fees. In the event of a rollover request following the third anniversary of the original Contract purchase date, the amount to be rolled over will be all Payments made, plus the applicable Reasonable Rate of Return, less the amount of any Benefits already used and less any applicable fees. Notwithstanding the foregoing, in the event of a rollover from Prepaid529 to Invest529, CollegeAmerica, CollegeWealth, or ABLEnow, the amount to be rolled over will be all Payments made, plus the applicable Reasonable Rate of Return, less the amount of any Benefits already used and less any applicable fees. ABLE accounts are subject to an annual contribution limit (currently \$15,000). Any rollover shall be construed and administered to comply in all respects with any applicable state or federal statutes or regulations, including, but not limited to, IRC Section 529 and any regulations promulgated pursuant thereto.

6. Except as specifically provided in this Master Agreement, the Account Owner may not sell, assign, transfer or roll over a Contract, nor any interest, rights or benefits in it. No interest in all or any portion of a Contract may be used as security for any loan.

7. Virginia529 may require that requests for a change of Beneficiary, downgrade, rollover of a Contract to another plan, termination of a Contract, and any other actions Virginia529 may designate from time to time, be verified under oath or be supported by certified documents prior to processing.

Article IX – Fees

An Account Owner may be charged fees in amounts to be determined by Virginia529, including a nonrefundable Application fee, fees for late Payments, changes, substitutions, cancellations, rollovers and other administrative fees established by Virginia529. All such fees shall be set out in a Fee Schedule, which is incorporated by reference herein in its entirety. The Fee Schedule as of March 1, 2019 is set forth below and may be amended from time to time without notice. The most current Fee Schedule is available on the web at Virginia529.com or by calling 1-888-567-0540. Virginia529 reserves the right to waive certain fees in circumstances where it deems a waiver appropriate.

Fee Schedule as of 3/1/2019*

Type of Fee	Amount
Application Fee	No fee if account opened online; \$50 fee if paper application used
Cancellation Fee ¹	\$25
Cancellation for misrepresentation	Lesser of \$500.00 or 100% of payments to date
Late fee on installment payment received more than 15 days past the due date	Lesser of \$15.00 or 5% of installment payment
Late fee for lump sum payment	1% of outstanding balance
Non-sufficient funds	\$25
Change in installment payment amount ²	\$25
Change in payment plan option	\$25
Rollover/Transfer to different plan ³	\$25
Change of Account Owner ⁴	\$10
Document replacement (e.g. duplicate coupon book)	\$5
Expedited Distribution Request	\$50
Other administrative fees	Set by Virginia529

* Subject to change at any time in the future in the sole discretion of Virginia529.

¹ Waived in case of the Beneficiary's death, disability or receipt of scholarship. Refunds may also be subject to tax consequences. Please see "Virginia and Federal Tax Considerations" for more information.

² Prepayment minimum is \$1,000 to change Payment amount.

³ Waived for rollover to Invest529 or CollegeAmerica.

⁴ Waived in event of Account Owner's death or disability.

Article X – General Provisions

1. All notices, changes, options and elections requested by an Account Owner under the Contract must be in writing, signed by the Account Owner, and received by Virginia529. Virginia529 is not responsible for the accuracy of such documentation. If acceptable to Virginia529, notices, changes, options and elections relating to the Beneficiary will take effect as of the date the notice is processed by Virginia529, unless Virginia529 agrees otherwise. The Account Owner understands and acknowledges that Prepaid529 provisions may be amended from time to time if Virginia529 determines it is in Prepaid529's best interests to do so. Virginia529 will not retroactively modify existing Contracts in a manner adverse to the Account Owner or the

Beneficiary except to the extent necessary to assure compliance with applicable state or federal laws or regulations or to preserve the favorable tax treatment of Prepaid529 or the favorable tax treatment of interests of Account Owners or Beneficiaries therein. Virginia529 shall promptly notify the Account Owner of such amendments, and the Account Owner agrees to be bound thereby unless the Account Owner promptly notifies Virginia529 of the Account Owner's intent to terminate the Contract.

2. No Account Owner or Beneficiary may direct the investment of any Payments made to Prepaid529 or any earnings thereon, directly or indirectly. Prepaid529 shall provide a separate accounting for each Beneficiary.

3. All factual determinations regarding an Account Owner's or Beneficiary's residency, disability, the existence of hardship, and any other factual determinations regarding Contracts will be made by Virginia529 based on the facts and circumstances of each case.

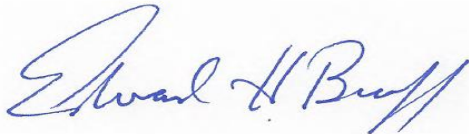
4. Contracts shall be construed in accordance with the laws of the Commonwealth of Virginia and applicable federal law, including IRC Section 529 and any regulations promulgated thereunder. Venue for any action arising from or relating to Contracts purchased hereunder shall be in state court located in Chesterfield, Virginia.

5. In the event any clause or portion of the Contract is found to be invalid or unenforceable by a court of competent jurisdiction, that clause or portion shall be severed from the Contract and the remainder of the Contract shall continue in full force and effect as if such clause or portion had never been included.

6. The Contract, as defined in Article II, is the complete and exclusive statement of the agreement between the parties hereto, which supersedes any prior agreement, oral or written, and any other communications between the parties hereto relating to the subject matter of the Contract.

7. Virginia529 shall not be liable for any losses or failure to perform its obligations under this Contract caused, directly or indirectly, by government restrictions, exchange or market rulings, suspension of trading, acts of war, epidemics, terrorism, strikes, power outages or any other conditions or occurrences beyond its control.

8. The Account Owner understands and acknowledges that Prepaid529's obligations under each Contract are payable only from moneys received from Account Owners and earnings from investments, and no recourse shall be had by the Account Owner or Beneficiary against the Board's members or Virginia529's employees individually, or against the Commonwealth of Virginia in connection with any right or obligation arising out of any Contract. Neither the credit nor the taxing power of the Commonwealth can be pledged to the payment of Benefits hereunder. Section 23.1-705 of the Code of Virginia, as amended, provides for the Governor to include a Sum Sufficient Appropriation in each year's proposed state budget bill to meet Prepaid529's contractual obligations in the event of a funding shortfall. This appropriation can only be changed through the annual appropriations process, which would require action by the Virginia General Assembly.



Chairman, Board of the Virginia College Savings Plan

Prepaid529 PRIVACY POLICY

As of March 1, 2019

Protecting the privacy of your nonpublic personal information is important to us at the Virginia College Savings Plan (Virginia529). We respect your right to privacy and recognize your trust in us to keep information about you secure and confidential.

1. We collect nonpublic personal information about you from the following sources:

- Information we receive from you on applications, correspondence, forms and through other forms of communication
- Information about your transactions with respect to your account(s)

2. We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law. We may disclose all of the information we collect, as described above, to companies that perform marketing and mailing services on our behalf and to other financial institutions with whom we have joint marketing agreements. These companies are required to adhere to our privacy and security standards and to use the information for the limited purpose for which it was shared.

3. We restrict access to nonpublic personal information about you to those employees and persons who need to know the information in order to provide service to you. We maintain physical, electronic, and procedural safeguards in compliance with federal regulations to safeguard your nonpublic personal information.

4. We reserve the right to modify or supplement this Privacy Policy at any time. If we ever decide to share your nonpublic personal information other than as described above, we will provide you with a notice informing you of the change and, when required by applicable law, we will allow time for you to choose whether you want the information shared.

2019 Prepaid529 Pricing, Coverage & Conversion Rates

Beneficiary Age/Grade	Price ¹	VA Public Four-Year University/College Coverage ²	VA Public Two-Year/Community College Coverage ²	Maximum Semesters
1 Semester (Newborn - Age 4/5)	\$9,720	1 semester	2.6017 semesters	10
1 Semester (K - 4th Grade)	\$9,345			
1 Semester (5th - 9th Grade ³)	\$8,970			

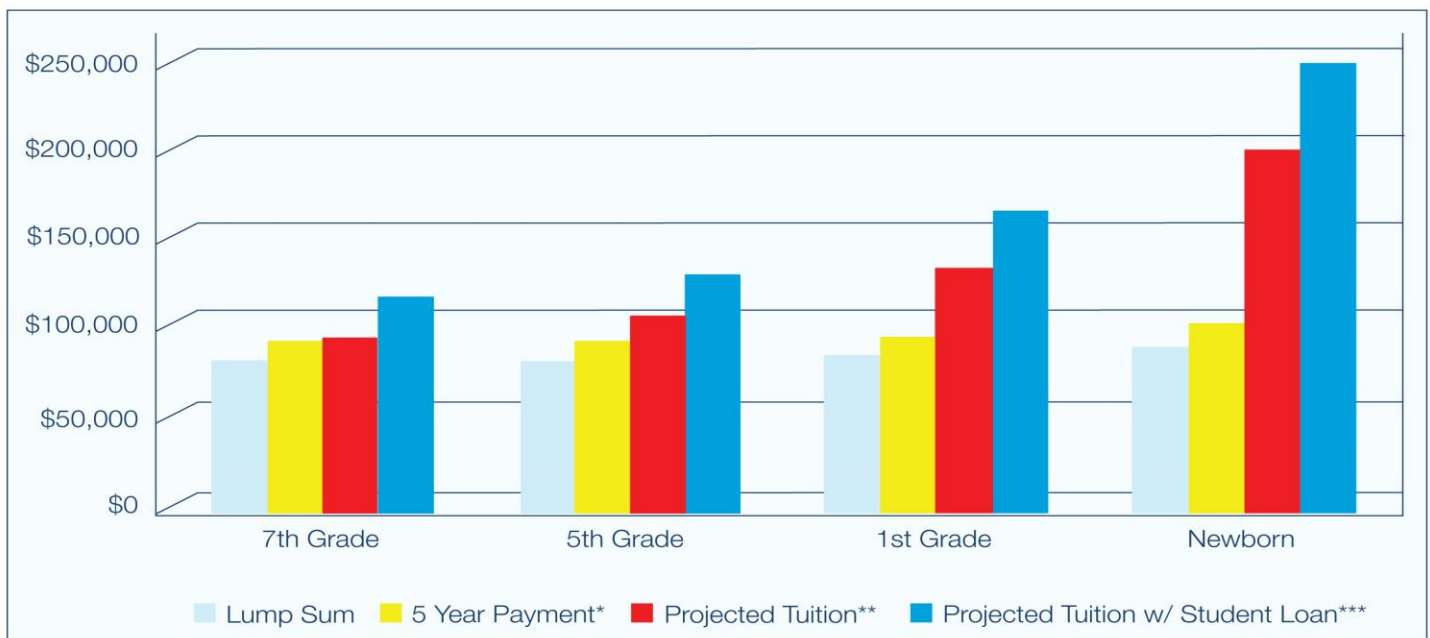
¹ The prices listed here are for a one-time, lump sum Payment. For installment Payment options please access the Prepaid529 calculator at Virginia529.com or contact us toll-free at 1-888-567-0540. Keep in mind that installment Payment options contain a per annum interest rate component (6.0 percent for the 2019 enrollment period) that becomes a part of your Benefit and is not a finance charge.

² The Conversion Ratio applies to all Prepaid529 Contracts purchased during the 2019 enrollment period only.

³ Account must be opened by the end of the Prepaid529 enrollment period during the beneficiary's 9th grade year.

Cost of Waiting Comparison Chart*

The chart below demonstrates the cost of waiting by comparing the cost of 8 semesters of Prepaid529 to the projected cost of 8 semesters of tuition when the Beneficiary reaches college age considering multiple age and Payment scenarios.



*This chart presents hypothetical examples and the stated projected tuition costs are estimates only. Actual tuition costs at the time of distribution could be greater or lesser than the projected tuition amounts. The five-year payment plan includes a fixed rate interest charge of 6 percent per annum, which is assessed on those contracts purchased during the 2019 enrollment period that elect to pay over time. This hypothetical example also assumes that all the five-year payment plan's monthly payments are made on a timely basis..

**Projected tuition calculated by applying actuarial tuition growth assumptions to 2019 enrollment-weighted average tuition and fees per the June 30, 2018 actuarial valuation. The tuition growth assumptions are 6.5 percent per year.

***Calculated as the sum of the total monthly student loan payments assuming the entire projected tuition amount was financed through student loans. Payments calculated using current unsubsidized undergraduate Stafford loan terms of 5.05 percent interest for a 10-year term.

Virginia College Savings Plan
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