PA ABLE

PA ABLE SAVINGS PROGRAM DISCLOSURE STATEMENT

2017

SUPPLEMENT DATED NOVEMBER 2019 TO THE PA ABLE Savings Program Disclosure Statement dated 2017

This Supplement describes important changes and amends the PA ABLE Savings Program Disclosure Statement dated 2017. You should read this Supplement in conjunction with the Program Disclosure Statement. Capitalized terms not otherwise defined have the same meaning as those terms used in the Program Disclosure Statement. Please keep this supplement with your plan documents.

Updated Investment Performance

The following replaces Part 2.C.5.d. on page 35:

d. Individual Investment Option Performance

The following table shows the investment performance of the Individual Investment Options over various time periods, as indicated. The performance data is net of fees; that is, the returns have already been reduced by the amount of the annual asset-based fee for each Investment Option. The performance data shown represents past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' Investment Option Units, when sold, may be worth more or less than their original cost. For performance data current to the most recent month-end, which may be higher or lower than that cited, visit us at paable.gov.

The performance of the Individual Investment Options will differ from the performance of the Underlying Funds. Because the Investment Options have higher expenses than the Underlying Funds, over comparable periods of time, all other things being equal, an Investment Option would have lower performance than its comparable Underlying Fund. (Of course, the Underlying Funds do not offer the same tax advantages as the Investment Options.) Performance differences also are caused by differences in the trade dates of Investment Option purchases. When you invest money in an Investment Option, you will receive Investment Option Units as of the trade date noted in **Part 2.C.5.a.** The Investment Option will use your money to purchase shares of an Underlying Fund. However, the trade date for the Investment Option purchase of the Underlying Fund shares typically will be one business day after the trade date for your purchase of Investment Option Units. Depending on the amount of cash flow into or out of the Investment Option and whether the Underlying Fund is going up or down in value, this timing difference will cause the Investment Option's performance either to trail or exceed the Underlying Fund's performance.

Investment Performance as of October 31, 2019

Annualized Returns as of 10/31/19					
INVESTMENT OPTION	**1 YEAR**	**3 YEAR**	**5 YEAR**	**SINCE INCEPTION**	**INCEPTION DATE**
Aggressive Option	11.96%			9.32%	12/15/16
Moderately Aggressive Option	11.23%			8.31%	12/15/16
Growth Option	10.57%			7.28%	12/15/16
Moderate Option	9.77%			6.27%	12/15/16
Moderately Conservative Option	7.53%			4.76%	12/15/16
Conservative Option	4.55%			2.74%	12/15/16

FIFTH THIRD BANK CHANGING TO FIFTH THIRD BANK, National Association

On November 14, 2019, Fifth Third Bank is changing its name to Fifth Third Bank, National Association

1. *Effective on November 14, 2019, all references in the Program Disclosure Statement to Fifth Third Bank are hereby changed to Fifth Third Bank, National Association*

FIFTH THIRD BANK CHANGE TO OVERDRAFT CALCULATION

On November 14, 2019, Fifth Third Bank is changing its method of calculating overdrafts. Pending debit (-) activity will be included as part of the overdraft calculations at the end of each Business Day. Pending status indicates the debit (-) has been authorized but has not posted to your account.

2. *Effective on November 14, 2019, the section entitled "Overdraft Calculation Order" on page 61 of the Program Disclosure Statement is replaced with the following:*

Overdraft Calculation Order

If there is not enough money in your checking account at the end of the day to cover all of your posted debits (-), then we consider transactions in the following order:

START with your ending Daily Balance from the prior Business Day. This can be found Online Banking at 53.com, by reviewing your periodic statement, or by contacting us.		
FIRST **Add in Credits (+)**	**Examples of credits (+) may include:** • Contributions • Refunds • Returned Items	
SECOND **Deduct Pending Debits (-)**	**Examples of pending debits may include:** • Transactions initiated at a merchant or online which have not been presented to us for payment • Debit Card authorizations, such as those by car rental agencies or hotels	
THIRD **Deduct Posted Time-Stamped Debits (-)**	**Examples of Posted Time-Stamped Debits may include:** • Posted ATM withdrawals • Posted Debit Card purchases • Posted online/telephone/Mobile Banking transfer to another Fifth Third Account	*In this order:* Oldest to Most Recent
FOURTH **Deduct Posted Batch Debits (-)**	**Examples of Posted Batch Debits may include:** • Posted Checks written • Posted outgoing ACH transfers (automatic bill payments) • Posted outgoing wire transfers	*In this order:* Largest Amount to Smallest Amount
FIFTH **Deduct Fees and Service Charges**	Fifth Third fees and service charges on your checking account	*In this order:* Largest Amount to Smallest Amount

FIFTH THIRD BANK CHANGE TO PRIVACY POLICY

On November 14, 2019, Fifth Third Bank is changing its privacy notice.

3. *Effective on November 14, 2019, the section entitled "Consumer Privacy Policy" on page 77 of the Program Disclosure Statement is replaced with the following:-*

Fifth Third Privacy Notice

Facts	WHAT DOES FIFTH THIRD DO WITH YOUR PERSONAL INFORMATION?
WHY?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some, but not all, sharing. Federal law requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
WHAT?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: • Social Security number and income • Payment history and account balance • Credit history and credit scores
HOW?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reason Fifth Third chooses to share; and whether you can limit this sharing.

REASONS WE CAN SHARE YOUR PERSONAL INFORMATION	DOES FIFTH THIRD SHARE?	CAN YOU LIMIT THIS SHARING?
For our everyday business purposes – such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes – to offer our products and services to you	Yes	No
For joint marketing with other financial companies	Yes	No
For our affiliates' everyday business purposes – information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes – information about your creditworthiness	Yes	Yes
For our affiliates to market to you	Yes	Yes
For non- affiliates to market to you	No	N/A

TO LIMIT OUR SHARING	• Call 800-889-5269– our menu will prompt you through your choice(s); or • Visit any Fifth Third Banking Center **Please note:** If you are a *new* customer, we can begin sharing your information 30 days from the date we sent this notice. When you are *no longer* our customer, we continue to share your information as described in this notice. However, you can contact us at any time to limit our sharing.
QUESTIONS?	Call 800-889-5269 or go to 53.com/privacy-security

WHO WE ARE	
Who is providing this notice?	Fifth Third companies that are financial service providers, such as banks, mortgage companies, securities brokers, and insurance agencies.
WHAT WE DO	
How does Fifth Third protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does Fifth Third collect my personal information?	We collect your personal information, for example, when you: • Open an account or apply for a loan. • Pay your bills or make a deposit. • Use your credit card. We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only: • Sharing for affiliates' everyday business purposes – information about your creditworthiness. • Affiliates from using your information to market to you. • Sharing for non-affiliatesto market to you. State laws and other individual companies may give you additional rights to limit sharing. See "Other Important Information" below for more on your rights under state law.
What happens when I limit sharing for an account I hold jointly with someone else?	Your choices apply to everyone on your account.

DEFINITIONS	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies • Our affiliates include companies with a Fifth Third name and financial companies such as banks, mortgages companies, insurance agencies, securities brokers, and investment advisors.
Non- Affiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. • Non-affiliates we share with can include government agencies, credit bureaus, auto dealers, companies that perform marketing services on our behalf, and companies that assist in servicing your account with us. • Fifth Third does not share information with non-affiliates so they can market to you.
Joint marketing	A formal agreement between non-affiliated financial companies that together market financial products or services to you. • Our joint marketing partners include categories of companies such as insurance companies.

OTHER IMPORTANT INFORMATION

You may have other privacy protections under state law. We will comply with applicable state laws with respect to our information practices.

For accounts with California and Vermont mailing addresses, we will not share your credit or financial information that we collect except as permitted by law, including for example, with your consent or to service your account. We will also not use your information for joint marketing purposes.

For Nevada residents: If you prefer not to receive marketing calls from us, you may be placed on our internal Do No Call List by calling us toll-freeat 800-889-5269. Nevada law requires us to provide you with the following contact information:

Fifth Third, Customer Services
Privacy Administration
P.O. Box 4444
Cincinnati, OH 45263-4444

Bureau of Consumer Protection, Office of the Nevada Attorney General
555 East Washington Street, Suite 3900
Las Vegas, NV 89101
Phone 702-486-3132, Email: BCFINFO@ag.state.nv.us

AFFILIATES PROVIDING THIS NOTICE

Fifth Third Bank, N.A.
Fifth Third Insurance Agency, Inc.
Fifth Third Securities, Inc. Member FINRA/SIPC

Important Information about Credit Reporting:
We may report information about your accounts to credit bureaus. Late payments, missed payments, or other defaults on your account may be reflected in your credit report.

Important Information about Procedures for Opening a New Account:
To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

What this means for you:
When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

Deposits and credit products provided by Fifth Third Bank National Association, Member FDIC. Equal Housing Lender

SUPPLEMENT DATED MARCH 2018 TO THE PENNSYLVANIA ABLE SAVINGS PROGRAM DISCLOSURE STATEMENT DATED 2017

The following information describes important changes and is supplemental to the PA ABLE Disclosure Statement dated 2017. Please keep this supplement with your plan documents.

SPECIFIC CHANGES

The following replaces Part 2.B.2. on page 13:

2. Contribution Amounts and Limitations

An initial contribution of a minimum of $25 is required at the time the account is opened unless one of several funding options is chosen. (See Part 2.B.6.) Additional contributions of $25 or more may be made at any time. You are not required to make a minimum number of contributions. How often you contribute is up to you.

Generally, contributions from all sources may not exceed the annual exclusion for federal gift tax (currently $15,000 per year) per Account (the Annual Contribution Limit). The current maximum Account Balance Limit is $511,758. Accounts that have reached the Annual Contribution or Account Balance Limit may continue to grow and accrue earnings.

There is an exception to this limitation for contributions made by Account Owners who are employed. Such Account Owners may be able to contribute more than the annual contribution limit to their Accounts. Account Owners who have not made contributions to a defined contribution plan, annuity contract, or deferred compensation plan during a tax year may contribute an amount above the annual ABLE contribution limit up to the lesser of the amount of their compensation or the federal poverty level for the prior year (currently $12,060) during that tax year. Any contribution above the annual contribution limit may only be made by an Account Owner.

The Program will notify you if you or another contributor attempt to make a contribution to an Account that would exceed the Annual Contribution Limit or the Account Balance Limit ("Contribution Limits"). The Program will not knowingly accept and will reject contributions in excess of the Contribution Limits. If the Program determines that a contribution in excess of a Contribution Limit has been accepted ("Excess Contribution"), the Excess Contribution and any earnings thereon will be promptly refunded less any amounts attributable to market losses suffered between the date of the contribution and the date of the refund. If a contribution is applied to an Account and it is later determined that the contribution resulted in exceeding a Contribution Limit, the Excess Contribution will be refunded to the contributor, or to the Account Owner if the contributor is unknown. Any refund of an Excess Contribution returned before the due date of the Account Owner's deadline for filing federal tax returns will be treated as an amount not contributed.

Excess Contributions inadvertently applied to an Account and not returned to the contributor on or before the due date (including extensions) of the Account Owner's income tax return for the year in which the Excess Contributions were made will result in the imposition on the Account Owner of a 6% excise tax on the amount of Excess Contributions. None of the Commonwealth, the Program, Ascensus College Recordkeeping, Ascensus Investment Advisors, or the Management Firms will be

responsible for any loss, damage, or expense incurred in connection with a rejected or returned contribution.

The following is added as Part 2.B.6.g. on page 19 and all subsequent sections are renumbered accordingly:

g. <u>Rollovers from 529 Accounts to ABLE Accounts</u>

You can contribute to your Account by moving funds you have or a member of your family (as defined by Section 529 of the Tax Code) has in a PA 529 or other state's 529 account. Funds transferred in this manner, in combination with any contributions made to your PA ABLE account in the then current calendar year, may not exceed the annual contribution limit (See Part 2.B.2.)

To initiate a Rollover from a 529 account into the Program you must already have or open a PA ABLE Account and complete the Incoming Rollover Form. Additionally, the Program must receive an accurate statement issued by the distributing qualified ABLE program that reflects both the principal and earnings attributable to the Rollover amount. Until this documentation is received, the entire amount of the Rollover contribution will be treated as earnings, which is subject to taxation if you take a Non-qualified Withdrawal.

Movement of funds that do not meet the conditions stated above for Rollovers may constitute a Non-qualified Withdrawal from the sending 529 account. That account owner's earnings may be subject to federal and state taxation and a federal penalty. In addition, you might be subject to adverse government benefit consequences. Account Owners who are taxpayers in states other than Pennsylvania should note that those states may not consider such a Rollover from a 529 account to an ABLE account as qualified for state tax purposes. Please consult with the individual state to learn more.

Please note that the ability to make a Rollover from a 529 account to an ABLE Account is set to lapse on December 31, 2025.

The following replaces the first paragraph of Part 3.B.1. on page 47:

Contributions made directly to an Account from anyone other than the Account Owner are excluded from the income of the Account Owner for purposes of determining entitlement to SSI benefits. This includes Rollovers between states' ABLE programs for the same Account Owner, Rollovers from a Sibling's ABLE account, and Rollovers from a 529 account as described in Part 2.B.6.g., above. It is important to note that the contributions must be made directly into the Account and not be given to the Account Owner with the direction to deposit them into the ABLE account. If given to the Account Owner rather than directly contributed to the Account, the contribution will be considered income to the Account Owner and may impact his or her entitlement to SSI benefits.

The following replaces the first paragraph of Part 4.A.1. on page 50:

Generally, for federal tax purposes, contributions to an Account are made on an after-tax basis. That is, in the year the contribution is made, a contributor may not deduct the contribution from income

for purposes of determining federal income taxes. However, contributions made by the beneficiary to his or her Account before January 1, 2026 may be eligible for a federal tax credit. To learn more about this tax credit and its requirements, please see Section 25B of the Internal Revenue Code or consult with a qualified tax advisor.

Contributions to an Account are not taxable income to the Account Owner. However, they may be considered gifts to the Account Owner subject to the federal gift and generation-skipping transfer taxes discussed below.

The following replaces Appendix A.6.b. on page 58:

b. Any contribution, or portion of such contribution, that causes total contributions to my Account to exceed the annual contribution limit, currently $15,000 but subject to change (see Part 2.B.2. for an important exception to the annual contribution limit), will be rejected and returned.

SUPPLEMENT DATED NOVEMBER 2017 TO THE PENNSYLVANIA ABLE SAVINGS PROGRAM DISCLOSURE STATEMENT DATED 2017

The following information describes important changes and is supplemental to the PA ABLE Disclosure Statement dated 2017. Please keep this supplement with your plan documents.

GENERAL CHANGE

Effective JANUARY 1, 2018, all references to the annual account contribution limit are changed from $14,000 to $15,000.

Effective JANUARY 1, 2018, all references to the gift tax annual exclusion are changed from $14,000 to $15,000 for an individual and from $28,000 to $30,000 for married couples that elect to split gifts.

SPECIFIC CHANGES

The following replaces the fifth row of the chart on page 2:

Tax Advantages	• **Earnings accrue free from Pennsylvania and federal income tax and there is no federal income tax on Qualified Withdrawals.** • **Contributions up to $14,000 per year may be deducted from taxable income on Pennsylvania state income tax. This benefit applies only to contributions made to PA ABLE accounts.** • **PA ABLE assets are not subject to Pennsylvania Inheritance Tax.**

The following replaces the last question in Part 1.A. on page 4:

What are the tax advantages? There are numerous federal and state tax advantages, which are described in more detail later in this Disclosure Statement. Briefly, the federal and Pennsylvania income tax advantages are that the earnings, if any, on contributions are not taxed while the funds are in the account (tax-deferred) and, if used for Qualified Expenses, are not taxed at all (tax exempt). Additionally, contributions to a PA ABLE account may be deducted from taxable income on Pennsylvania state income taxes, within limits.

The following is added between the first and second bullets in Part 1.A. on page 5:

- **Pennsylvania Income Tax Deduction.** Contributions up to $14,000 per year may be deducted from taxable income on Pennsylvania state income taxes.

The section titled "Successor Authorized Individual" in Part 2.A.2.c.ii. on page 12 is deleted in its entirety.

The following is added as Part 2.B.3 on page 14 and all subsequent sections are renumbered accordingly:

3. Pennsylvania Tax Deductibility of Contributions

Contributions made to a PA ABLE account are deductible from the contributor's Pennsylvania taxable income, within limits. Currently, each taxpayer may deduct up to $14,000 each year. The deductible amount will increase with any changes in the amount excludable for federal gift tax purposes under the Tax Code. There is no limit on the number of Beneficiaries for which one taxpayer may contribute. However, the total deductions taken by one taxpayer cannot exceed $14,000 per year, nor can it reduce the contributor's taxable income to less than zero.

The deduction may be taken by the contributor regardless of who owns the Account. Deductions can be taken for contributions made by any method listed below (see Part 2.B.6.).

The contribution must be made within the tax year or by check dated by December 31 of the tax year in which the deduction is taken. The deduction is claimed on the contributor's Pennsylvania income tax return (PA-40).

If you are not a Pennsylvania resident, you may want to investigate whether your state offers an ABLE plan with tax advantages and other benefits to its residents.

The following replaces the fifth paragraph in Part 2.B.6.d. on page 17:

If the Account Owner or Authorized Individual is not the owner or a joint-owner of the bank account from which the Recurring Contribution will be taken, you must first provide a signature of an individual who is the bank account owner.

The following replaces the section titled "Investment Strategy" in Part 2.C.3.g. on page 28:

The Investment Option invests all of its assets in a checking account held at Fifth Third Bank.

The Checking Account Option balances are insured up to the maximum amount permitted by law. The standard insurance amount is $250,000 per depositor, for each deposit insurance ownership category. Please visit www.fdic.gov for more information about FDIC insurance coverage. The checking account is opened through and under the restrictions and oversight of PA ABLE, and shall be subject to all of the requirements and limitations set forth in this Disclosure Statement, as amended. All assets invested through the Checking Account Option are, and at all times will remain, assets of PA ABLE until withdrawn.

Investments in the Checking Account Option will earn varying rates of interest. Contributions will not earn interest until the hold period expires (see Part 2.B.3.) and funds are deposited to the account at Fifth Third Bank. The interest rate generally will be equivalent to short-term deposit rates. Interest will be compounded daily based on the actual number of days in a year (typically 365 days, except for 366 days in leap years) and will be credited to the Checking Account Option on a monthly basis. The interest on the Checking Account Option is expressed as an Annual Percentage

Yield ("APY"). The APY on the Checking Account Option will be reviewed by Fifth Third Bank on a periodic basis and may be recalculated as needed at any time. To see the current Checking Account Option APY please go to www.53.com or call toll-free 1-888-516-2375. The Checking Account Option may not be established if it is determined that distributions from such Account are subject to restrictions by court order or otherwise.

The following replaces Part 4.B.1. on page 52:

Pennsylvania law provides that, for individuals subject to Pennsylvania income tax, contributions made to an Account may be deducted from taxable income on the contributor's annual personal income tax return for the year in which the contribution was made. The maximum annual amount that may be deducted is limited to the amount of the federal gift tax annual exclusion, which is currently $14,000 per taxpayer. The deductible amount will increase with any changes in the federal gift tax annual exclusion. The deduction cannot result in the taxable income being less than zero.

SUPPLEMENT DATED JUNE 2017 TO THE PENNSYLVANIA ABLE SAVINGS PROGRAM DISCLOSURE STATEMENT DATED 2017

The following information describes important changes and is supplemental to the PA ABLE Disclosure Statement dated 2017. Please keep this supplement with your plan documents.

The following replaces the first and second paragraphs in Part 2.A.2.a.(i) on page 9:

a. <u>The Enrollment Process</u>

(i) Who may open an Account. Eligible Individuals who are adults and have the legal capacity to contract, must open the Account for themselves. In addition to being an Eligible Individual, to open an Account, you must (1) be a U.S. citizen or resident alien, (2) be 18 years of age or older, (3) have a Social Security Number or other taxpayer identification number, and (4) have a U.S. permanent address that is not a Post Office Box. Additionally, to choose the Checking Account Option you must have a state-issued driver's license, other government-issued identification, or insurance card.

If the Eligible Individual is a minor or an adult who lacks the capacity to contract, a parent, guardian, or power of attorney of the Eligible Individual may open an Account on behalf of the Eligible Individual and is the "Authorized Individual." The Authorized Individual must (1) be a U.S. citizen or resident alien, (2) be 18 years of age or older, (3) have a Social Security Number or other taxpayer identification number, and (4) have a U.S. permanent address that is not a Post Office Box. Please note that an Authorized Individual may not choose the Checking Account Option if the Eligible Individual is an adult who does not have a state-issued driver's license, other government-issued identification, or insurance card. If an Authorized Individual is opening an Account for an adult who lacks the capacity to contract, he or she will be required to provide documentation proving that he or she is a parent, guardian, or power of attorney for the Eligible Individual. Such documentation includes, but is not limited to a birth certificate, power of attorney, guardianship, conservatorship, or similar legal documentation including a court order, which provide that the Authorized Individual, in fact, has authority to open a PA ABLE Account for the Eligible Individual.

<u>The following section is added to Part 2.B.6. on page 19:</u>

h. <u>Ugift</u>®

You may invite family and friends to contribute to your Account through Ugift. You provide a unique contribution code to selected family and friends and gift givers can either contribute online through an EFT or by mailing in a gift contribution coupon with a check.

Gift contributions will be processed and transferred to your Account within approximately five (5) business days. There may be potential tax consequences of gift contributions invested in your Account. You and the gift giver should consult a tax advisor for more information.

Ugift is an optional service, is separate from the Program, and is not affiliated with the Commonwealth of Pennsylvania or the Pennsylvania Treasury Department. For more information, please visit www.PAABLE.gov or call 855-529-ABLE (2253).

The following replaces the second paragraph Part 2.C.2.c. on page 22:

To invest in the Checking Account Option, the Account Owner must have a government-issued identification, such as a driver's license or an insurance card.

PENNSYLVANIA ABLE SAVINGS PROGRAM DISCLOSURE STATEMENT

THIS DISCLOSURE STATEMENT CONTAINS IMPORTANT INFORMATION TO BE CONSIDERED BEFORE MAKING A DECISION TO CONTRIBUTE TO THE PENNSYLVANIA ABLE SAVINGS PROGRAM ("PROGRAM") INCLUDING INFORMATION ABOUT RISKS, FEES, AND EXPENSES. IT SHOULD BE READ THOROUGHLY AND RETAINED FOR FUTURE REFERENCE. NO ONE IS AUTHORIZED TO PROVIDE INFORMATION THAT IS DIFFERENT FROM THE INFORMATION IN THIS DISCLOSURE STATEMENT.

ACCOUNTS NOT INSURED OR GUARANTEED

ACCOUNTS ESTABLISHED UNDER THE PROGRAM, INCLUDING BOTH CONTRIBUTIONS AND INVESTMENT RETURNS ON THOSE CONTRIBUTIONS, IF ANY, ARE NOT INSURED OR GUARANTEED BY THE COMMONWEALTH OF PENNSYLVANIA, THE PENNSYLVANIA TREASURY DEPARTMENT, THE PROGRAM, OR ANY CONSULTANT, CONTRACTOR, OR ADVISOR RETAINED BY THE COMMONWEALTH, THE TREASURY DEPARTMENT, OR THE PROGRAM. ACCOUNT OWNERS IN THE PROGRAM ASSUME ALL INVESTMENT RISK, INCLUDING THE POTENTIAL LOSS OF CONTRIBUTIONS AND LIABILITY FOR ADDITIONAL INCOME TAXES OR PENALTIES SUCH AS THOSE LEVIED FOR NON-QUALIFIED WITHDRAWALS. NOTWITHSTANDING THE ABOVE, THE CHECKING ACCOUNT OPTION IS FDIC INSURED UP TO $250,000 SUBJECT TO CERTAIN RESTRICTIONS.

SECURITIES NOT REGISTERED

THESE INVESTMENT PRODUCTS HAVE NOT BEEN REGISTERED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION OR WITH ANY STATE SECURITIES COMMISSION. NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED INTERESTS IN THE PROGRAM OR PASSED ON THE ADEQUACY OF THIS DISCLOSURE STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

TAX AND OTHER ADVANTAGES OF HOME STATE PROGRAMS

FOR RESIDENTS OF STATES OTHER THAN PENNSYLVANIA, IF YOUR STATE OR THE ACCOUNT OWNER'S/BENEFICIARY'S STATE OF RESIDENCY (IF DIFFERENT) SPONSORS AN ABLE PROGRAM, THAT PROGRAM MAY OFFER STATE INCOME TAX AND OTHER BENEFITS NOT AVAILABLE TO YOU THROUGH THE PENNSYLVANIA ABLE SAVINGS PROGRAM. IF YOU ARE NOT A PENNSYLVANIA TAXPAYER OR RESIDENT, PLEASE CONSULT YOUR FINANCIAL ADVISOR, TAX ADVISOR, OTHER ADVISOR, OR YOUR HOME STATE'S ABLE PROGRAM TO LEARN MORE ABOUT HOW STATE-BASED BENEFITS (OR ANY LIMITATIONS) WOULD APPLY TO YOUR SPECIFIC CIRCUMSTANCES.

Information in this disclosure statement is believed to be accurate as of the date of this disclosure statement and is subject to change without notice.

Pennsylvania ABLE Savings Program

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APPENDIX A: Pennsylvania ABLE Savings Program Participation Agreement

APPENDIX B: Fifth Third Bank Terms & Conditions

APPENDIX C: Explanation of Investment Risk Factors

APPENDIX D: Key Terms

ABLE - AT A GLANCE

Nature of the Pennsylvania ABLE Savings Program	The Pennsylvania ABLE Savings Program is a tax-advantaged savings program offered by the Commonwealth of Pennsylvania to assist individuals with disabilities and their families in saving for disability-related expenses without jeopardizing their government benefits.
Role of the PA Treasury	The Pennsylvania ABLE Savings Program is administered by the Pennsylvania Treasury Department. In conjunction with a multi-state consortium organized to provide ABLE programs at low cost (the National ABLE Alliance), the Department chooses the underlying funds and the allocations within the Asset-allocation Investment Options, monitors investment performance, and oversees the Checking Account Option. The Department also provides marketing and customer service for the Program. Pursuant to a contract expiring on December 7, 2021, unless earlier terminated, Ascensus College Savings Recordkeeping Services, LLC provides recordkeeping and Ascensus Investment Advisors provides investment management services. The investments are made in products offered by The Vanguard Group, Inc., Charles Schwab Investment Management, Inc., iShares by Blackrock Inc., Sallie Mae Bank (Investment Firms) and a Checking Account Option offered by Fifth Third Bank. See Part 2.C.
Account Owner /Beneficiary	The Account Owner is the person whose disability-related expenses may be paid from the PA ABLE Account. By federal law, the Account Owner and beneficiary of the Account must be the same person and the two terms may be used interchangeably. The Account Owner must be an "Eligible Individual" as defined in Section 529A of the Internal Revenue Code: that is, he or she must be entitled to benefits based on blindness or disability under Title II or Title XVI of the Social Security Act or certify under penalty of perjury that he or she meets other specified eligibility criteria. Additionally, the blindness or disability must have occurred before the Beneficiary's 26th birthday. See Part 2.A.
Authorized Individual	If the Eligible Individual is a minor or lacks the capacity to contract, another individual may open and control an ABLE account as a fiduciary for the Eligible Individual. The Authorized Individual must be a parent, guardian or power of attorney of the Account Owner. Any reference in this Disclosure Statement to actions that must or may be taken by an Account Owner also apply to an Account Owner's Authorized Individual – unless the content clearly indicates otherwise.

Contributions	Initial and Additional Contribution: Minimum of $25 Current Annual Contribution Limit: $14,000 Current Account Balance Limit: $511,758
Investment Options	Investment Options include six Asset-allocation Investment Options ranging from aggressive to conservative as well as a Checking Account Option.
Risk Factors of the Pennsylvania ABLE Savings Program	Investing in the Pennsylvania ABLE Savings Program involves certain risks, including, but not limited to: (1) the possibility that you may lose money, (2) the risk of federal and/or state law changes, (3) the risk of any Pennsylvania ABLE Savings Program changes, including changes in fees, and (4) the risk that contributions to an Account may adversely affect the Account Owner's eligibility for federal or state needs-based benefits. See Appendix C.
Fees and Expenses	There is an annual account maintenance fee. That fee is $60 which is discounted to $45 for those Account Owners who receive specified Account information electronically. The fee is taken quarterly ($15 or $11.25). The Asset-allocation Investment Options have annual asset-based fees ranging from 0.34% to 0.38%. The Checking Account Option has a monthly fee of $2.00, which is waived if bank statements are received electronically or the average monthly account balance is $250. See Part 2.D.
Tax Advantages	• Earnings accrue free from Pennsylvania and federal income tax and there is no federal income tax on Qualified Withdrawals. • PA ABLE assets are not subject to Pennsylvania Inheritance Tax.
Other Advantages	ABLE savings are excluded from eligibility determinations for all federal means-tested benefits, including Supplemental Security Income (SSI) benefits (savings up to $100,000), Medicaid (called Medical Assistance in Pennsylvania), and state needs-based disability and health benefits as well as state student financial aid. See Part 1.
Qualified Withdrawals	A PA ABLE Account can be used to pay for qualified expenses. Such expenses include, but are not limited to: education, housing, transportation, and assistive technology. See Part 2.E.4.a.

Account Control	While the federal ABLE Act requires that the Eligible Individual be the Account Owner of a PA ABLE Account, in the event he or she is a minor or lacks the capacity to contract, a parent, guardian, or power of attorney may open and control the Account on the Eligible Individual's behalf as an Authorized Individual. The Account Owner or Authorized Individual may also designate a person to be an "Authorized Agent" and grant a specified level of access over an Account, up to and including full control.
Online Applications and Account Information	• Eligible Individuals may enroll online at PAABLE.gov, or print or call for an Enrollment Form and mail the completed form to: PA ABLE P.O. Box 219414 Kansas City, MO 64121 • Account Owners may choose to receive some or all Account correspondence electronically, rather than in a paper format, which will lower the annual account maintenance fee. • Most Account activities can be completed online, including Account maintenance. See Part 2.A.2.
Privacy Policy	All information you provide to PA ABLE is treated confidentially. Ascensus College Savings is obligated to treat the information you provide to PA ABLE confidentially. Our Privacy Policy may be found at PAABLE.gov or by calling 1-855-529-ABLE (2253).
Contact Information	Website: PAABLE.gov Email: info@PAABLE.gov Phone: 1-855-529-ABLE (2253) **PA ABLE Savings Program**: Pennsylvania Treasury Bureau of Savings Programs 613 North Drive Room G-06 Harrisburg, PA 17120 **Processing Center:** PA ABLE P.O. Box 219414 Kansas City, MO 64121

Part 1. General Description of the Pennsylvania ABLE Savings Program

A. Program Summary

This Program Summary provides a general overview of the Pennsylvania ABLE Savings Program (the "Program"). The topics discussed in this Program Summary are discussed in more detail later in this Disclosure Statement. Before investing, please read the entire Disclosure Statement carefully to ensure that you fully understand the Program.

What is the PA ABLE Program? The Program is a tax-advantaged savings program authorized by the laws of the Commonwealth of Pennsylvania, Act 17 of 2016, ("Enabling Law") that is designed to help Eligible Individuals and their families save for disability-related expenses without jeopardizing their federal and state benefits. In accordance with the Enabling Law, the Pennsylvania Treasury Department (the "Department") administers the Program.

The Program offers investment vehicles that are similar to mutual funds and other investment products. You can choose from among six Asset-allocation Investment Options in which the funds (assets) are in different combinations (allocations) of stock funds, bond funds, and cash. The combinations range from aggressive investments (mostly stocks) to conservative investments (mostly bonds and cash). The asset allocations (combination of stocks, bonds, and cash) are static; that is, they do not change over time. Each of the Asset-allocation Investment Options invests in products from The Vanguard Group, Inc., Charles Schwab Investment Management, Inc., iShares by Blackrock Inc., and/or Sallie Mae Bank, (collectively, "Investment Firms"). The products include mutual funds, Exchange-traded Funds (ETFs), and/or a high yield savings account ("Underlying Funds").

Although money contributed to the Program that is invested in Asset-allocation Investment Options hold these products, including mutual funds, neither the Program, nor any of the PA 529 ABLE Program's Asset-allocation Investment Options, are mutual funds. An investment in the Asset-allocation Investment Options is an investment in municipal fund securities that are issued and offered by the Program. You will own units of the Asset-allocation Investment Options, not shares in the Underlying Funds.

The Program also offers an interest bearing Checking Account Option managed by Fifth Third Bancorp. Both checks and a debit card can be used to make withdrawals from this Option.

What are the tax advantages? There are numerous federal and state tax advantages, which are described in more detail later in this Disclosure Statement. Briefly, the federal and Pennsylvania income tax advantages are that the earnings, if any, on contributions is not taxed while the funds are in the account (tax-deferred) and, if used for Qualified Expenses, are not taxed at all (tax exempt).

What are the means-tested benefits advantages? The federal ABLE Act specifies that assets in and Qualified Withdrawals from an ABLE program are not counted against an individual for determining eligibility for ANY federal means-tested programs – with a limited exception for Supplemental Security Income (SSI) benefits. See Part 3.B. The Pennsylvania ABLE Act specifies that assets in and Qualified Withdrawals from the PA ABLE program shall not be included in the personal assets of the Account Owner when determining eligibility for disability, Medical Assistance (Medicaid) or other health benefits provided by the Commonwealth or for state student financial aid.

What benefits are exclusive to the PA ABLE Program? Several benefits are available only through the PA ABLE Program. In addition to the protection of state means-tested benefits, mentioned above, the Pennsylvania ABLE Program's exclusive benefits include:

- **Pennsylvania Income Tax Exclusion.** For Pennsylvania taxpayers, the earnings in an Account are tax deferred for state income tax purposes and, if used for Qualified Expenses, tax exempt.
- **Pennsylvania Inheritance Tax Exclusion.** Assets held in an Account are not included in a deceased's assets. Assets held in any other state's ABLE plan are fully counted – regardless of the size of the deceased's assets. The inheritance tax rate varies depending on the relationship between the deceased and the heir; for parents, children or grandchildren, it is currently 4.5%, siblings 12%, and others 15% of the entire value of the asset – not just the earnings.
- **Protection from Creditors.** In Pennsylvania state proceedings, assets held in an Account are protected from creditors of the Account Owner or contributor. Assets in an out-of-state ABLE plan have no such protection.
- **PA ABLE Account Control.** Parents or guardians who opened an Account as an Authorized Individual for their minor child may retain control of the Account until the Account Owner can independently manage his or her own finances. The Account Owner does not automatically assume control of the Account at age 18.

Who can own a PA ABLE Account? In order to own an Account, an Account Owner must be an Eligible Individual as defined in Section 529A of the Internal Revenue Code (IRC). To be an Eligible Individual, the individual must be entitled to benefits based on blindness or disability under Title II (Social Security Disability Insurance) or XVI (Supplemental Security Income) of the Social Security Act or make a disability certification meeting specified requirements under penalty of perjury. In all cases, the blindness or disability must have occurred before the individual's 26th birthday.

Federal law limits the number of accounts an Account Owner may have to just one. Separate accounts cannot be opened in different states or by different people on behalf of the Account Owner.

If the Eligible Individual is a minor or does not have the legal capacity to enter a contractual relationship, his or her parent or guardian or someone with his or her power of attorney may open an Account on the Account Owner's behalf. This person is referred to as the "Authorized Individual." The Authorized Individual acts as a fiduciary, must control the account for the benefit of the Eligible Individual, and may not have a beneficial interest in the account.

What expenses can an Account be used for? An Account can be used to pay for the Account Owner's "Qualified Disability Expenses" which are any expenses that:

- Are incurred at a time when the Account Owner is an Eligible Individual,
- Relate to the blindness or disability of the Account Owner.

Such expenses include expenses related to the Account Owner's education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, funeral and burial expenses, and other expenses that may be identified from time to time by the Internal Revenue Service ("IRS"). Proposed Tax Regulations state that Qualified Disability Expenses include "basic living expenses," are not limited to items that are "medically necessary" or for the sole benefit of the Beneficiary, and include expenses for maintaining or improving health, independence or quality of life.

Can a PA ABLE Account be used for other purposes? Yes. You can access your Account at any time for any reason; however there may be federal and state tax and state benefit consequences for any use other than Qualified Disability Expenses – called "Non-qualified Withdrawals." (See Part 2.E.4.e.)

ABLE plans are intended to be used only to save for Qualified Disability Expenses. ABLE plans 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 advisor based on their own particular circumstances.

What are the fees? There is an annual Account Maintenance Fee of $60, which will be taken quarterly ($15 per quarter). This Fee is reduced to $45 for accounts that elect to receive most account communications electronically. (See Part 2.D.3.) There are additional fees that depend on which Investment Options are chosen. For the Asset-allocation Options there is an annual asset-based fee of 0.34% to 0.38%, depending on the Asset-allocation Option you choose. (See Part 2.D.1.) For the Checking Account Option there is a monthly service charge of $2.00, which is waived if an Account Owner either establishes electronic delivery of statements or maintains an average monthly balance of at least $250.00. The Program does not charge an enrollment fee.

B. Role of Department

The Pennsylvania ABLE Savings Program is administered by the Pennsylvania Treasury Department. In conjunction with a multi-state consortium organized to provide ABLE programs at low cost (the National ABLE Alliance), the Department chooses the underlying mutual funds and the allocations within the Asset-allocation Investment Options, monitors investment performance, and oversees the Checking Account Option. The Department also provides marketing and customer service for the Program. Pursuant to a contract expiring on December 7, 2021, unless earlier terminated, Ascensus College Savings Recordkeeping Services, LLC provides recordkeeping and Ascensus Investment Advisors provides investment management services. The Asset-allocation Investment Options invest in products offered by The Vanguard Group, Inc., Charles Schwab Investment Management, Inc., iShares by Blackrock Inc., and Sallie Mae Bank. The Checking Account Option uses a bank product from Fifth Third Bank. (See Part 2.C.2.)

Part 2. How the Program Works

A. Eligibility for, Opening, and Maintaining Your Account

1. Eligibility

In order to own an Account, you must be an Eligible Individual under Section 529A. An individual is an Eligible Individual if the individual is entitled to benefits based on blindness or disability under Title II or XVI of the Social Security Act ("Social Security Disability Eligibility") or if the individual self-certifies, under penalty of perjury, to the Program that he or she meets specified eligibility requirements. ("Self-certification Eligibility"). In all cases, the blindness or disability must have occurred before the date on which the individual attained age 26.

You can find an Eligibility Quiz at PAABLE.gov to assist in deciding if an individual is eligible to open an Account. This Quiz is for informational purposes only and should not be considered to be an official determination of eligibility.

a. Social Security Disability Eligibility Requirements

The Program requires an individual who is claiming eligibility based on entitlement to Social Security Disability to certify in the enrollment process, subject to the penalties of 18 PA. C.S. Section 4904, relating to unsworn falsification to authorities, that he or she has received a benefit verification letter from the Social Security Administration and agrees to retain and provide the letter (or a genuine copy of the letter) to the Program, the IRS, or the U.S. Treasury Department upon request. If the Account Owner fails to provide the benefit verification letter within 30 days of any request, the Program reserves the right to suspend account activity until the requested information is provided or to Involuntarily Terminate the Account. (See Part 2.E.5.). For information about entitlement to benefits under Title II or XVI of the Social Security Act based on blindness or disability please see https://www.ssa.gov/disability/professionals/bluebook/general-info.htm or contact your local Social Security Field Office.

The individual must also certify that the blindness or disability occurred before the individual attained age 26.

b. Self-certification Eligibility Requirements

The Program requires an individual who is claiming eligibility based on self-certification to certify, in the enrollment process, subject to the penalties of 18 PA. C.S. Section 4904, relating to unsworn falsification to authorities:

(1) that he or she has a medically determinable physical or mental impairment which results in marked or severe functional limitations and which (i) can be expected to result in death or (ii) has lasted or can be expected to last for a continuous period of not less than 12 months. [Note: having a condition listed in the ''List of Compassionate Allowances Conditions'' maintained by the Social Security Administration (at https://www.ssa.gov/compassionateallowances/conditions.htm) satisfies this requirement.]

(2) is blind (within the meaning of the Social Security Act).

The individual must also certify that the disability or blindness occurred before the individual attained age 26. Unless you have a condition listed in the "List of Compassionate Allowances Conditions," the Program requires that you also certify under penalty of perjury that you have received a written diagnosis relating to the disability from a "licensed physician" (as defined in Section 1861(r) of the Social Security Act, 42 U.S.C. 1395x(r)). You must also agree to retain and provide a copy of the written diagnosis to the Program upon request. If you fail to provide the requested information within 30 days of any request, the Program reserves the right to suspend account activity until the requested information is provided or to Involuntarily Terminate the Account. (See Part 2.E.5.)

c. Changes in the Eligible Individual's Condition

Federal law requires that the person be an Eligible Individual in each taxable year in which the ABLE account is active. Accordingly, the Program requires you to notify the Program if a change in your condition results in your no longer qualifying as an Eligible Individual. You must notify the Program within thirty (30) business days of learning of the change. Failure to do so may result in an Involuntary Termination of your Account. (See Part 2.E.5.)

If a change in your condition results in your no longer qualifying as an Eligible Individual, your Account may remain active until the end of the tax year in which the change occurs. In subsequent years, your Account can remain open but will be in suspension. During the period of suspension no additional contributions will be accepted and any withdrawals made will be Non-qualified Withdrawals. The suspension will be lifted if your condition changes so that you once again qualify as an Eligible Individual.

2. Opening and Maintaining Your PA ABLE Account

a. The Enrollment Process

(i) Who may open an Account. Eligible Individuals who are adults and have the legal capacity to contract, must open the Account for themselves. In addition to being an Eligible Individual, to open an Account, you must (1) be a U.S. citizen or resident alien, (2) be 18 years of age or older, (3) have a Social Security Number or other taxpayer identification number, and (4) have a U.S. permanent address that is not a Post Office Box. Additionally, to choose the Checking Account Option you must have a state-issued driver's license or other state issued identification.

If the Eligible Individual is a minor or an adult who lacks the capacity to contract, a parent, guardian or power of attorney of the Eligible Individual may open an Account on behalf of the Eligible Individual and is the "Authorized Individual." The Authorized Individual must (1) be a U.S. citizen or resident alien, (2) be 18 years of age or older, (3) have a Social Security Number or other taxpayer identification number, and (4) have a U.S. permanent address that is not a Post Office Box. Additionally, to choose the Checking Account Option the Authorized Individual must have a state-issued driver's license or other state issued identification. If an Authorized Individual is opening an Account for an adult who lacks the capacity to contract, he or she will be required to provide documentation proving that he or she is a parent, guardian, or power of attorney for the Eligible Individual. Such documentation includes, but is not limited to a birth certificate, power of attorney, guardianship, conservatorship, or similar legal documentation including a court order, which provide that the Authorized Individual, in fact, has authority to open a PA ABLE Account for the Eligible Individual.

The Authorized Individual can exercise the same control over the Account as would the Account Owner if they were an adult with the capacity to contract. Any references in this Disclosure Statement to actions that must or may be taken by an Account Owner apply as well to an Account Owner's Authorized Individual – unless the content indicates otherwise. Under Pennsylvania's ABLE Act, an Authorized Individual who opens an account on behalf of a minor retains control of the Account even after the minor becomes an adult and maintains that control until he or she voluntarily relinquishes it. Additionally, an Account Owner who has reached the age of 21 and has the capacity to contract may request a termination of the account without the consent of the Authorized Individual (see Part 2.E.5.C.).

Please note that Proposed Tax Regulations require that an Authorized Individual neither have nor acquire any beneficial interest in the Account during the lifetime of the Account Owner and that he or she administer the Account for the benefit of the Beneficiary.

(ii) Enrollment Form and initial contribution. You may complete an Enrollment Form online at PAABLE.gov or by obtaining and mailing a paper form. A paper Enrollment Form can be obtained by downloading it from the website or by calling 1-855-529-ABLE (2253). An initial contribution of at least $25.00 must be made at the time of enrollment unless you establish automatic transfers from your checking or savings account (Recurring Contribution),

initiate payroll deduction, or indicate you will be making a Rollover from another ABLE account and initiate the Rollover process. (See Part 2.B.6.f.) If making an initial contribution, it will be credited to your Account when the Enrollment Form is received and all required information, including legal documentation that an Authorized Individual, if any, has authority to act on behalf of an Eligible Individual who is an adult who lacks the capacity to contract, has been provided in good order.

By signing and submitting the Enrollment Form, you certify under penalty of perjury that you meet all the requirements to be an Eligible Individual and you agree that your Account is subject to the terms and conditions of the PA ABLE Contract, of which this Disclosure Statement, the PA ABLE Savings Program Participation Agreement (Appendix A), and the Enrollment Form are a part.

The information you must provide on the Enrollment Form includes, but is not limited to, the name, address, date of birth, Social Security Number, and the Internal Revenue disability classification code of the Account Owner as well as the name, address, date of birth, and Social Security Number of the Authorized Individual, if any. You must provide a permanent U.S. address, which may not be a Post Office Box. You must also provide a mailing address, which may be different than your permanent address. You must also provide the Account Owner's or Authorized Individual's state-issued identification number such as a driver's license number. If neither person has a state-issued identification, the Checking Account Option may not be used. You will also be required to list your selection of Investment Options. Your selections can be changed, subject to some limitations. (See Part 2.B.4.)

b. <u>Updating Account Information</u>

You can update your account information and investment selections by calling 1-855-529-ABLE (2253), submitting a paper form, or online. To access your Account online, go to PAABLE.gov and click on "My Account." There you simply register your Account by setting up a user name and password. Once you have registered, you can obtain Account information at any time and make changes to your Account.

On a periodic basis, the Program may utilize the National Change of Address (NCOA) database maintained by the U.S. Postal Service to verify the accuracy of Account addresses. The Program may contact the Account Owner or Authorized Individual in order to verify the correct address and reserves the right to conform the Account record to the NCOA database information.

Whenever a mailing address is changed, a confirmation of the change will be mailed to both the old and new addresses unless the change has been made utilizing NCOA. When NCOA is used, notification of the change will be included with the next quarterly statement. Whenever a permanent address is changed, a confirmation of the change will be mailed to the mailing address of record.

If a mailing to the Account Owner's or Authorized Individual's mailing address of record is returned as undeliverable, the Program will send a letter to that address in an attempt to confirm the mailing address. If the second mailing is returned as undeliverable, an outcall will be made to the telephone number of record. If this outcall is unsuccessful, the Program will place a "stop mail hold" on the Account. An Account on stop mail hold will receive no mailings from the Program until the mailing address of record is corrected.

In the event that the Account Owner's or Authorized Individual's mailing address of record becomes invalid, the Program reserves the right to use reasonable methods to find the correct mailing address including, but not limited to, utilizing internet-based informational databases and contacting other individuals whose information has been provided to the Program including the Account Owner, the Authorized Individual, or Authorized Agents. If the current mailing address is found through any of these means, the Program reserves the right to change the Account Owner's or Authorized Individual's mailing address of record to the current mailing address.

c. <u>Designating or Changing Individuals with Control of or Access to the Account</u>

(i) Change of Account Owner

The Account Owner may be changed if the new Account Owner is an Eligible Individual and is a Sibling of the current Account Owner. If the new Account Owner is not a Sibling of the current Account Owner, the change will be considered a Non-qualified Withdrawal (see Part 2.E.4.e.), any Account earnings may be subject to federal and state taxes and a federal penalty and the contribution into the new Account will be subject to the annual account contribution limit (currently $14,000). Additionally the amount in the Account might be considered an asset of the old Account Owner and could impact that individuals means-tested benefits. The IRS defines a Sibling as a brother, sister, stepbrother, stepsister, half-brother, and half-sister, whether by blood or adoption.

(ii) Authorized Individuals

- **Control and relinquishing control.** If an Authorized Individual has opened an account for a minor or adult who lacks the legal capacity to enter into a contract (see Part 2.A.2.a (i)), he or she may exercise the same control over the Account as the Account Owner. However, the Authorized Individual must act as a fiduciary for the Account Owner and may not have or acquire any beneficial interest in the Account during the lifetime of the Account Owner and must administer the Account for the benefit of the Account Owner.

  An Authorized Individual who has opened an account for a minor may relinquish control of the account to the Account Owner at any time after the Account Owner reaches the age of 18 and has the capacity to contract. Additionally, an Account Owner who has reached the age of 21 and has the capacity to contract may request a termination of the account without the consent of the Authorized Individual. Any person aggrieved by the decision to Involuntarily Terminate the Account may file an appeal.

An Authorized Individual may also relinquish control of the account to a replacement Authorized Individual as long as the replacement meets all the requirements to be an Authorized Individual (see Part 2.A.2.a.(i)) for the specific Account Owner and signs an Enrollment Form.

- **Co-Authorized Individuals.** Co-Authorized Individuals are permitted only if the legal document bestowing the authority to act on behalf of the Account Owner requires two or more individuals to act jointly. In such a case, the signature and authorization of all Co-Authorized Individuals will be required before the Program will implement any direction on the account. Additionally, the Checking Account Option is not available to any account with Co-Authorized Individuals.

- **Successor Authorized Individual.** An Account Owner or Authorized Individual may designate another individual who is the Account Owner's parent, guardian, or power of attorney to be a Successor Authorized Individual in the event that the current Account Owner or Authorized Individual dies or becomes unable to continue to serve in the role. The Successor Authorized Individual will be required to provide documentation as discussed in Part 2.A.2.a.(i), above.

- **Responsibility of Authorized Individual.** The Authorized Individual is responsible for controlling the account for the benefit of the Account Owner. None of the Program, the Pennsylvania Treasury Department, Ascensus College Savings, Ascensus Investment Advisors, the Investment Firms, or any federal or state entity or person will assume responsibility to ensure, or will incur any liability for failing to ensure, that any Authorized Individual (i) acts within the scope of his or her authority, or (ii) applies assets held on behalf of an Account Owner for proper purposes.

(iii) Authorized Agent

While joint ownership of an Account is not permitted, the Account Owner or Authorized Individual, unless prohibited by law or the legal document granting authority, can grant others permission, which is revocable, to access information about the Account and/or to take specified actions on the Account. If you wish, you may allow an individual(s) to have any one of four levels of access to or control of the Account:

- Level 1: The ability to obtain information about the Account and receive duplicate account statements from PA ABLE.
- Level 2: The ability to obtain information about the Account and receive duplicate account statements from PA ABLE. To contribute money to the Account and to move money among Investment Options within the Account.

- Level 3: The ability to obtain information about the Account and receive duplicate account statements from PA ABLE. To contribute money to the Account and to move money among Investment Options within the Account. To withdraw, now or in the future, money from the Account in accordance with procedures established by PA ABLE.
- Level 4: Full control over the Account.

Before the appointment of an Authorized Agent becomes effective, the Account Owner or Authorized Individual must complete and submit a Limited Power of Attorney/Authorized Agent Form for Level 1, 2, or 3 access and a Power of Attorney Form for Level 4 access. These forms are available at PAABLE.gov or by calling 1-855-529-ABLE (2253).

B. Making Contributions

1. Who Can Contribute

Any person (including your friends and family), corporation, trust, or other legal entity may make a contribution to your Account. Contributions made by anyone other than the Account Owner (third party contributions) are completed gifts to the Account Owner and become the property of the Account Owner. Accordingly, such third party contributions may have federal gift and estate tax consequences.

2. Contribution Amounts and Limitations

An initial contribution of a minimum of $25 is required at the time the account is opened unless one of several funding options is chosen. (See Part 2.B.6.) Additional contributions of $25 or more may be made at any time. You are not required to make a minimum number of contributions. How often you contribute is up to you.

Contributions from all sources may not exceed the annual exclusion for federal gift tax (currently $14,000 per year) per Account (the Annual Contribution Limit). The current maximum Account Balance Limit is $511,758. Accounts that have reached the Annual Contribution or Account Balance Limit may continue to grow and accrue earnings.

The Program will notify you if you or another contributor attempt to make a contribution to an Account that would exceed the Annual Contribution Limit or the Account Balance Limit ("Contribution Limits"). The Program will not knowingly accept and will reject contributions in excess of the Contribution Limits. If the Program determines that a contribution in excess of a Contribution Limit has been accepted ("Excess Contribution"), the Excess Contribution and any earnings thereon will be promptly refunded less any amounts attributable to market losses suffered between the date of the contribution and the date of the refund. If a contribution is applied to an Account and it is later determined that the contribution resulted in exceeding a Contribution Limit, the Excess Contribution adjusted by any earnings or losses will be refunded to the contributor. Any refund of an Excess Contribution returned before the due date of the Account Owner's deadline for filing federal tax returns will be treated as amount not contributed.

Excess Contributions inadvertently applied to an Account and not returned to the contributor on or before the due date (including extensions) of the Account Owner's income tax return for the year in which the Excess Contributions were made will result in the imposition on the Account Owner of a 6% excise tax on the amount of Excess Contributions. None of the Commonwealth, the Program, Ascensus College Recordkeeping, Ascensus Investment Advisors, or the Management Firms will be responsible for any loss, damage, or expense incurred in connection with a rejected or returned contribution.

3. Contribution Date

The Program will credit a contribution to your Account on the business day it is received if received prior to the close of the NYSE and the contribution is in good order. If received in good order after the close of the NYSE, a contribution will be credited on the next succeeding business day on which the NYSE is open. For contributions into the Checking Account Option, funds will be held for six business days before they begin accruing interest and become available for withdrawal.

For Annual Contribution Limits and other tax purposes, mailed contributions will generally be treated as having been made in the year the checks are received if received by December 31 and subsequently paid. Electronic Fund Transfer (EFT) contributions will be treated as having been made in the year you initiate the transfer provided the funds are successfully deducted from your bank account. A Recurring Contribution will generally be considered received in the year the debit has been deducted from your account.

4. Directing Contributions to Investment Options

In the enrollment process you must specify how your contributions are to be distributed among the Investment Options you choose. For example, you could choose three investment options and allocate your contribution 60%, 35%, and 5%. Your designated distribution will apply to each subsequent contribution until you direct otherwise. You may direct otherwise each time you make a contribution to your Account. You can direct that the change in distribution apply only to the contribution you are making, but you can also direct that the change apply to future contributions as well.

You may change the Investment Options in which previous contributions are already invested (including between Asset-allocation Investment Options and the Checking Account Option, if applicable) twice per calendar year (Investment Exchange Limit) or at the same time that you change the Account Owner.

Please note that a decision to change the allocation of future contributions will not affect the allocation of assets already in your Account, and vice versa.

5. Contributing through the Systematic Exchange Program

The Systematic Exchange Program is a way to make contributions on a regular basis from one Investment Option in your Account to one or more other Investment Options in your Account. The goal of the Systematic Exchange Program is to allocate contributions across Investment Options over a certain time period instead of making lump sum contributions. You may elect to apply the Systematic Exchange Program to new contributions or contributions already invested in your current Investment Options.

***Here's how it works*:** You contribute a large fixed amount to one Investment Option (Source Investment Option) and direct the Program to reallocate portions of that original contribution at regular intervals to other Investment Option(s) (Target Investment Option(s)). Because the amount you allocate is constant, more units in the Target Investment Options will be bought when the price is low and fewer units when the price is high. As a result, the average cost of your units may be lower than the average market price per unit during the time you are contributing. Any Investment Option except the Checking Account Option can serve as the Source Investment Option, and any Investment Option, including the Checking Account Option, can be the Target Investment Option.

To participate in the Systematic Exchange Program, you must have at least $500 in the Source Investment Option. In addition, contributions to the selected Target Investment Option(s) must be made in increments of no less than $50 on a monthly or quarterly basis.

The Systematic Exchange Program does not eliminate the risks of investing in financial markets and may not be appropriate for everyone. It does not ensure a profit or protect you against a loss.

If you establish a Systematic Exchange Program with respect to a new contribution into your Account, the movement from the Source Investment Option to the Target Investment Option will not count towards your twice per calendar year Investment Exchange Limit. However, if you establish a Systematic Exchange Program with respect to money already in your account, that direction will count as one of your two Investment Exchange Limits, but subsequent movement from the Source Investment Option to the Target Investment Option will not. Changes you make to a Systematic Exchange Program already in place (for example, you change the dollar amount transferred each month) will count as one of your twice per calendar year Investment Exchange Limits.

6. Methods of Contributing

Contributions can be made to your Account through any of the methods listed below. They may not be made with cash, stocks, securities, or other nonbank account assets.

a. <u>Checks and Money Orders</u>

Personal checks, cashier's checks, certified checks, and money orders may be used. Third-party checks up to $10,000 payable to the Account Owner or Authorized Individual and properly endorsed to PA ABLE will be accepted. Checks should be payable to "PA ABLE" and accompanied by a Contribution by Mail Coupon, which will be mailed to you and are available online. As an alternative to including a Contribution by Mail Coupon, you may include the name of the Account Owner and Account number on the check or provide separate written instructions. PA ABLE will not accept the following: starter checks, bank courtesy checks, instant loan checks,

credit card checks, traveler's checks, foreign checks not in U.S. dollars, checks dated more than 180 days before receipt, postdated checks, checks with unclear instructions, or any other check the PA ABLE deems unacceptable.

If your check or money order is received at the physical location of our Processing Center (not just at its Post Office Box) in good order on a business day prior to the close of the New York Stock Exchange (NYSE), your contribution will be processed as of that day; if it is received after the close of the NYSE or on a non-business day, it will be processed on the next succeeding business day on which the NYSE is open.

If you make a contribution by check that is returned unpaid by the bank upon which it is drawn, you will be responsible for any losses or expenses incurred by the Investment Options or the Program and the Program may charge your Account a reasonable fee. PA ABLE reserves the right to reject or cancel any contribution due to nonpayment.

b. Wire Transfer

Wire transfers are initiated from the contributor's financial institution. Please call the Customer Service Center at 1-855-529-ABLE (2253) to obtain information regarding wire transfers.

c. Electronic Funds Transfer (EFT)

You may contribute to your Account by making a one-time Electronic Fund Transfer from your bank checking or savings account when you enroll online or any time after that by accessing "My Account" at PAABLE.gov or, if the bank account information has already been established on your Account, by calling our Customer Service Center at 1-855-529-ABLE (2253). Before making an initial EFT, you must provide certain information about the bank account from which money will be withdrawn.

If the Account Owner or Authorized Individual is not the owner or a joint-owner of the bank account, you must first provide a signature of an individual who is the bank account owner.

Please note that if the Account Owner or Authorized Individual is not the owner or joint-owner of the bank account from which an EFT contribution has been made, the Program reserves the right to provide to the bank account owner(s), information related to contributions from that bank account and/or to remove the bank account information from the Account records upon receiving a request accompanied by a signature guarantee from any owner of the bank account.

If an EFT contribution is returned unpaid by the bank upon which it is drawn, you will be responsible for any losses or expenses incurred by the Investment Options or the Program, and the Program may charge your Account a reasonable fee. We reserve the right to reject or cancel any contribution due to nonpayment. If the EFT contribution cannot be processed because the bank account on which it is drawn contains insufficient funds or because of incomplete or inaccurate information, the Program reserves the right to suspend processing future EFT contributions.

d. Recurring Contributions

You may contribute to your Account through periodic automated debits from a bank checking or savings account, if the bank is a member of the Automated Clearing House (ACH), subject to certain processing restrictions. You can initiate a Recurring Contribution during enrollment by completing the appropriate section of the online or paper enrollment. Or, you may set up a Recurring Contribution after enrolling by accessing "My Account" at PAABLE.gov or by submitting an Account Financial Features Form. Your Recurring Contribution can be made on a monthly, quarterly, or custom frequency basis.

Your Recurring Contribution authorization will remain in effect until the Program has received notification from you of its termination and has had a reasonable amount of time to act on it. You may also elect to authorize an annual increase to your Recurring Contribution. You may terminate your Recurring Contribution at any time. For the termination to take effect, the request must be received at least five business days before the next scheduled Recurring Contribution. Recurring contribution changes are not effective until received and processed by the Program.

Recurring Contribution debits from your bank account will occur on the day you indicate, provided the day is a regular business day. If the day you indicate falls on a weekend or a holiday, the Recurring Contribution debit will occur on the next business day. Quarterly Recurring Contribution debits will be made on the day you indicate (or the next business day, if applicable) every three months, not on a calendar quarter basis. If you do not designate a date, your bank account will be debited on the 15th day of the applicable month. You will receive a trade date of one business day prior to the day the bank debit occurs. If you indicate a start date that is within the first four days of the month, there is a chance that your investment will be credited on the last business day of the previous month.

Please note that recurring contributions with a debit date of January 1st, 2nd, 3rd, or 4th will be credited in the same year as the debit date, which might be the previous year.

If the Account Owner or Authorized Individual is not the owner or a joint-owner of the bank account from which the Recurring Contribution will be taken, you must first provide a signature of an individual who is the bank account owner with a signature guarantee from the bank before the Recurring Contribution can be established. The signature guarantee box is provided on the appropriate PA ABLE form.

Please note that if the Account Owner or Authorized Individual is not the owner or joint-owner of the bank account from which a Recurring Contribution has been made, the Program reserves the right to provide to the bank account owner(s), information related to contributions from that bank account and/or to remove the bank account information from the Account records and discontinue the Recurring Contribution upon receiving a request accompanied by a signature guarantee from any owner of the bank account.

If a Recurring Contribution is returned unpaid by the bank upon which it is drawn, you will be responsible for any losses or expenses incurred by the Investment Options or the Program and the Program may charge your Account a reasonable fee. We reserve the right to reject or cancel any contribution due to nonpayment. If the Recurring Contribution cannot be processed because the bank account on which it is drawn contains insufficient funds or because of incomplete or inaccurate information, the Program reserves the right to suspend processing future Recurring Contributions. The Program reserves the right to refuse to allow an Account Owner to establish a Recurring Contribution.

e. Payroll Deduction

Depending on your employer, you may be able to have contributions made automatically from your paycheck. To do so, your employer must agree and be able to meet PA ABLE operational and administrative requirements. Most employers agree to process automatic paycheck contributions in the same manner that direct deposit of paychecks to employees' bank accounts are made. If your employer permits this, you may obtain forms for setting up your payroll deduction at PAABLE.gov or by calling our Customer Service Center at 1-855-529-ABLE (2253). If your employer does not permit direct deposits from your paycheck to the PA ABLE, there may be alternative methods for making payroll deductions; please call Customer Service at 1-855-529-ABLE (2253) for assistance. Payroll deductions will be credited on the day they are received and in good order if received before the close of the NYSE. If received after the close of the NYSE or on a non-business day, payroll deductions will be credited on the next succeeding business day on which the NYSE is open.

Please note that even when contributions are made by payroll deduction, they are made from your after-tax earnings.

f. Rollover from another qualified ABLE program

You can contribute to your Account by moving funds you have in another state's ABLE plan or funds in another Account Owner's ABLE Account as long as he or she is an Eligible Individual and your Sibling. If the Rollover is from another state's program for the same Account Owner, the entire amount must be transferred and the non-PA ABLE account must be closed within 60 days of the transfer. This type of Rollover may be done only once in a 12-month period without incurring tax consequences. If the Rollover is from a Sibling's ABLE account, less than the full amount may be transferred and there is no limit on the number of Rollovers.

To initiate a Rollover from another qualified ABLE program into the Program you must open a PA ABLE Account and complete the Incoming Rollover Form. Additionally, the Program must receive an accurate statement issued by the distributing qualified ABLE program that reflects both the principal and earnings attributable to the Rollover amount. Until this documentation is received, the entire amount of the Rollover contribution will be treated as earnings, which is subject to taxation if you take a Non-qualified Withdrawal.

Movement of funds that do not meet the conditions stated above for Rollovers may constitute a Non-qualified Withdrawal from the sending ABLE program account. That account owner's earnings may be subject to federal and state taxation and a federal penalty. In addition, one or both account owners might be subject to adverse government benefit consequences.

g. Transfers between PA ABLE Accounts

You may transfer all or a portion of an Account Owner's Account balance to another PA ABLE Account. At the time of the transfer, the transferee must be the same Account Owner or an Eligible Individual and a Sibling of the transferor-Account Owner.

To initiate a transfer between PA ABLE Accounts, you must complete and submit the appropriate form or call the Customer Service Center at 1-855-529-ABLE (2253). The total Account assets held on behalf of the transferee cannot exceed the Account Balance Limit. If the Account Owners are not the same or the transferee-Account Owner is not a Sibling of the transferor-Account Owner, the transfer is considered a Non-qualified Withdrawal.

Transfers into the Checking Account Option require two business days to process. These funds will be available for withdrawal on the second business day.

C. Choosing your Investment Options

1. Investment Options Summary

The Program offers investment vehicles that are similar to mutual funds and other investment products. You can choose from among six Asset-allocation Investment Options in which the funds (assets) are in different combinations (allocations) of stock funds, bond funds, and cash. The combinations range from aggressive investments (mostly stocks) to conservative investments (mostly bonds and cash). The asset allocations (combination of stocks, bonds, and cash) are static; that is, they do not change over time. Each of the Asset-allocation Investment Options invests in products from The Vanguard Group, Inc., Charles Schwab Investment Management, Inc., iShares by Blackrock Inc., and/or Sallie Mae Bank, (collectively, "Investment Firms"). The products include mutual funds, Exchange Traded Funds (ETFs), and/or a high yield savings account (the "Underlying Funds").

Although money contributed to the Program will be invested in the Asset-allocation Investment Options that hold these products, including mutual funds, neither the Program, nor any of the PA ABLE Program's Asset-allocation Investment Options are mutual funds. An investment in the Program is an investment in municipal fund securities that are issued and offered by the Program. You will own Units of the Investment Options, not shares in the Underlying Funds.

The Program also offers an interest bearing Checking Account Option managed by Fifth Third Bancorp. See Appendix B for a full description of the Checking Account Option.

There is no limit on the number of the Investment Options you can choose. However, the minimum amount you can contribute per selected Investment Option is 1% of the amount of your contribution. If you make a contribution through the PA ABLE website, it will be distributed according to the allocation on file. If you make a contribution by mail, you may designate a different allocation for that specific contribution.

2. Overview of Investment Options and Underlying Funds

a. Overview of Asset-allocation Investment Option Choices

The Asset-allocation Investment Options maintain a steady distribution (allocation) of funds (assets) among stocks, bonds, and cash. (See the chart below.) The percentage of assets in each of these three types of investments determines how aggressive or conservative the investment option is considered to be. In general, the greater the percentage of assets allocated to stocks, the more aggressive the investment option is. On the other hand, the greater the percentage of assets allocated to bonds and cash, the more conservative the investment option is. While, in general, aggressive options are considered to have higher risks, they also have the potential for greater investment earnings. Conservative options are considered to have lower risk, but also less potential for investment earnings. The six Asset-allocation Investment Options are named the Aggressive Option, the Moderately Aggressive Option, the Growth Option, the Moderate Option, the Moderately Conservative Option, and the Conservative Option – reflecting their degree of investment risk. Choosing whether and which Asset-allocation Investment Option to use, is a personal decision for each Account Owner. You may wish to consult a financial advisor for guidance. For a full description of the Asset-allocation Investment Options, see Part 2.C.3..

b. Overview of Underlying Funds and Share Classes

Each Asset-allocation Investment Option invests its assets in one or more Underlying Fund(s). Currently these funds and the share class for each are:

- Vanguard Institutional Index Fund (VIIIX)
- Vanguard Extended Market Index Fund (VEMPX)
- Vanguard Total Bond Market Index Fund (VBMPX)
- Vanguard Short-Term Bond Index Fund (VBIPX)
- Vanguard Short-Term Inflation-Protected Securities Index Fund (VTAPX)
- Blackrock iShares Core MSCI EAFE ETF (IEFA)
- Blackrock iShares Core International Aggregate Bond ETF (IAGG)
- Schwab Emerging Markets Equity ETF (SCHE)
- Schwab US REIT ETF (SCHH)
- Sallie Mae High Yield Savings Account

Most of the Underlying Funds are index funds or index ETFs. An index fund or index ETF is composed of a combination of different stocks or bonds chosen to match or track the components of a chosen index, such as the Standard & Poor's 500 Index. These funds adhere to specific rules or standards (e.g. efficient tax management or reducing tracking errors) that stay in place no matter the state of the financial markets.

Each Underlying Fund that is an index fund or index ETF reserves the right to substitute a different index for the index it currently tracks. This could happen if the current index is discontinued, if the index fund's or index ETF's agreement with the sponsor of its chosen index is terminated, or for any other reason determined in good faith by the Underlying Fund's board of trustees. In any such instance, the substitute index would measure the same market segment as the current index.

Other than the Sallie Mae High Yield Savings Account, additional information about the investment strategies and risks of each Underlying Fund is available in its current prospectus and statement of additional information. You can obtain a copy of the current prospectus, the statement of additional information, or the most recent semiannual or annual report of any Underlying Fund by visiting the appropriate Investment Manager's website or phone number:

- Blackrock www.ishares.com 1-800-474-2737
- Schwab www.schwab.com 1-866-414-6349
- Vanguard www.vanguard.com 1-866-734-4533
- Fifth Third Bank www.53.com 1-888-516-2375

Please keep in mind that you will not own shares of the Underlying Funds. You are purchasing Units in the Program, which invests your money in the Underlying Funds. The Program reserves the right to change, at any time, the Asset-allocation Investment Options, the asset allocations within the Options, or the Underlying Funds in which the Asset-allocation Investment Options are invested.

The following table represents the asset allocation targets and asset classes for each of the Asset-allocation Investment Options as of the date of this Disclosure Statement.

Underlying Investment (Ticker)	Aggressive	Moderately Aggressive	Growth	Moderate	Moderately Conservative	Conservative
Vanguard Institutional Index Fund (VIIIX)	31.50%	26.25%	21.00%	15.75%	10.50%	3.50%
Vanguard Extended Market Index Fund (VEMPX)	27.00%	22.50%	18.00%	13.50%	9.00%	3.00%
iShares Core MSCI EAFE ETF (IEFA)	16.20%	13.50%	10.80%	8.10%	5.40%	1.80%
Schwab Emerging Markets Equity ETF (SCHE)	6.30%	5.25%	4.20%	3.15%	2.10%	0.70%
Schwab US REIT ETF (SCHH)	9.00%	7.50%	6.00%	4.50%	3.00%	1.00%
Total Stocks	**90.00%**	**75.00%**	**60.00%**	**45.00%**	**30.00%**	**10.00%**
Vanguard Total Bond Market Index Fund (VBMPX)	3.00%	7.50%	12.00%	16.50%	13.50%	9.00%
Vanguard Short-Term Bond Index Fund (VBIPX)	2.50%	6.25%	10.00%	13.75%	11.25%	7.50%
Vanguard Short-Term Inflation-Protected Securities Index Fund (VTAPX)	3.50%	8.75%	14.00%	19.25%	15.75%	10.50%
iShares Core International Aggregate Bond ETF (IAGG)	1.00%	2.50%	4.00%	5.50%	4.50%	3.00%
Total Bonds	**10.00%**	**25.00%**	**40.00%**	**55.00%**	**45.00%**	**30.00%**
Sallie Mae High Yield Savings Account	0.00%	0.00%	0.00%	0.00%	25.00%	60.00%
Total Cash	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**25.00%**	**60.00%**
Total Allocation	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

c. <u>Overview of Checking Account Option</u>

The Checking Account Option invests 100% of its assets in FDIC-insured checking accounts held at Fifth Third Bank. For each Account Owner invested in the Checking Account Option, the guarantee is up to $250,000. Account Owners who invest in the Checking Account Option are able to write checks or use a debit card to pay for Qualified Expenses. Account Owners should retain documentation (for example, receipts) of all distributions for Qualified Expenses for their records.

To invest in the Checking Account Option, either the Account Owner or Authorized Individual must have a government issued identification, such as a driver's license.

You will receive a free debit card within 10 days after the Checking Account Option is funded and you have the option to order checks for a fee. As of the date of this Disclosure Statement, there is a daily withdrawal limit of $5,000 for purchases and $800 for ATM withdrawals. Please note that you may lower these limits by contacting Fifth Third Bank at 1-888-516-2375.

Included with our debit card will be additional disclosure specific to the Fifth Third Bank debit card, including the MasterCard Zero Liability Protection Program. Please read it carefully.

For Information on the fees associated with this Checking Option, see Appendix B. Please note that contributions may NOT be made directly into the checking account. All contributions intended for the Checking Account Option must be sent to the Program.

3. Investment Option Descriptions

The following are descriptions of each of the Investment Options. A description of each of the Underlying Funds in which the Asset-allocation Investment Options invest is in Part 2.C.4. below:

a. Aggressive Option

Investment Objective:

The Investment Option seeks to provide long-term capital appreciation with very low income potential.

Investment Strategy:

The Investment Option invests in two Vanguard stock index funds, two Schwab index ETFs, one BlackRock (iShares) stock index fund, three Vanguard bond index funds and one BlackRock (iShares) bond index fund. Through its investment in these Underlying Investments, the Investment Option allocates approximately 90% of its assets to stocks and 10% of its assets to investment-grand bonds. The approximate percentages of the Investment Option's assets allocated to each Underlying Investment are:

Aggressive Option	
Vanguard Institutional Index Fund (VIIIX)	31.50%
Vanguard Extended Market Index Fund (VEMPX)	27.00%
iShares Core MSCI EAFE ETF (IEFA)	16.20%
Schwab Emerging Markets Equity ETF (SCHE)	6.30%
Schwab US REIT ETF (SCHH)	9.00%
Vanguard Total Bond Market Index Fund (VBMPX)	3.00%
Vanguard Short-Term Bond Index Fund (VBIPX)	2.50%
Vanguard Short-Term Inflation-Protected Securities Index Fund (VTAPX)	3.50%
iShares Core International Aggregate Bond ETF (IAGG)	1.00%
Sallie Mae High Yield Savings Account	0.00%

Investment Risks:
The Investment Option has a number of investment related risks. For a list and descriptions of the risks associated with the Vanguard funds, Blackrock funds and Schwab ETFs, see *Explanation of Investment Risk Factors* in Appendix C.

b. <u>Moderately Aggressive Option</u>

Investment Objective:
The Investment Option seeks to provide long-term capital appreciation with low income potential.

Investment Strategy:
The Investment Option invests in two Vanguard stock index funds, two Schwab index ETFs, one BlackRock (iShares) stock index fund, three Vanguard bond index funds and one BlackRock (iShares) bond index fund. Through its investment in these Underlying Investments, the Investment Option allocates approximately 75% of its assets to stocks and 25% of its assets to investment-grade bonds. The approximate percentages of the Investment Option's assets allocated to each Underlying Investment are:

Moderately Aggressive Option	
Vanguard Institutional Index Fund (VIIIX)	26.25%
Vanguard Extended Market Index Fund (VEMPX)	22.50%
iShares Core MSCI EAFE ETF (IEFA)	13.50%
Schwab Emerging Markets Equity ETF (SCHE)	5.25%
Schwab US REIT ETF (SCHH)	7.50%
Vanguard Total Bond Market Index Fund (VBMPX)	7.50%
Vanguard Short-Term Bond Index Fund (VBIPX)	6.25%
Vanguard Short-Term Inflation-Protected Securities Index Fund (VTAPX)	8.75%
iShares Core International Aggregate Bond ETF (IAGG)	2.50%
Sallie Mae High Yield Savings Account	0.00%

Investment Risks:
The Investment Option has a number of investment related risks. For a list and descriptions of the risks associated with the Vanguard funds, BlackRock funds and Schwab ETFs, see *Explanation of Investment Risk Factors* in Appendix C.

c. <u>Growth Option</u>

Investment Objective:.
The Investment Option seeks to provide capital appreciation and low current income.

Investment Strategy:
The Investment Option invests in two Vanguard stock index funds, two Schwab index ETFs, one BlackRock (iShares) stock index fund, three Vanguard bond index funds and one

BlackRock (iShares) bond index fund. Through its investment in these Underlying Investments, the Investment Option allocates approximately 60% of its assets to stocks and 40% of its assets to investment-grade bonds. The approximate percentages of the Investment Option's assets allocated to each Underlying Investment are:

Growth Option	
Vanguard Institutional Index Fund (VIIIX)	21.00%
Vanguard Extended Market Index Fund (VEMPX)	18.00%
iShares Core MSCI EAFE ETF (IEFA)	10.80%
Schwab Emerging Markets Equity ETF (SCHE)	4.20%
Schwab US REIT ETF (SCHH)	6.00%
Vanguard Total Bond Market Index Fund (VBMPX)	12.00%
Vanguard Short-Term Bond Index Fund (VBIPX)	10.00%
Vanguard Short-Term Inflation-Protected Securities Index Fund (VTAPX)	14.00%
iShares Core International Aggregate Bond ETF (IAGG)	4.00%
Sallie Mae High Yield Savings Account	0.00%

Investment Risks:
The Investment Option has a number of investment related risks. For a list and descriptions of the risks associated with the Vanguard funds, BlackRock funds and Schwab ETFs, see *Explanation of Investment Risk Factors* in Appendix C.

d. <u>Moderate Option</u>

Investment Objective:
The Investment Option primarily seeks to provide capital appreciation and secondarily provide moderate current income.

Investment Strategy:
The Investment Option invests in two Vanguard stock index funds, two Schwab index ETFs, one BlackRock (iShares) stock index fund, three Vanguard bond index funds and one BlackRock (iShares) bond index fund. Through its investment in these Underlying Investments, the Investment Option allocates approximately 45% of its assets to stocks and 55% of its assets to investment investment-grade bonds. The approximate percentages of the Investment Option's assets allocated to each Underlying Investment are:

Vanguard Institutional Index Fund (VIIIX)	15.75%
Vanguard Extended Market Index Fund (VEMPX)	13.50%
iShares Core MSCI EAFE ETF (IEFA)	8.10%
Schwab Emerging Markets Equity ETF (SCHE)	3.15%
Schwab US REIT ETF (SCHH)	4.50%
Vanguard Total Bond Market Index Fund (VBMPX)	16.50%
Vanguard Short-Term Bond Index Fund (VBIPX)	13.75%
Vanguard Short-Term Inflation-Protected Securities Index Fund (VTAPX)	19.25%
iShares Core International Aggregate Bond ETF (IAGG)	5.50%
Sallie Mae High Yield Savings Account	0.00%

Investment Risks:
The Investment Option has a number of investment related risks. For a list and descriptions of the risks associated with the Vanguard funds, BlackRock funds and Schwab ETFs, see *Explanation of Investment Risk Factors* in Appendix C.

e. <u>Moderately Conservative Option</u>

Investment Objective:
The Investment Option seeks to provide moderate current income and low capital appreciation and moderate capital preservation.

Investment Strategy:
The Investment Option invests in two Vanguard stock index funds, two Schwab index ETFs, one BlackRock (iShares) stock index fund, three Vanguard bond index funds, one BlackRock (iShares) bond index fund and a Sallie Mae High Yield Savings Account. Through its investment in these Underlying Investments, the Investment Option allocates approximately 30% of its assets to stocks, 45% of its assets to investment-grade bonds and 25% to cash. The approximate percentages of the Investment Option's assets allocated to each Underlying Investment are:

Moderately Conservative Option	
Vanguard Institutional Index Fund (VIIIX)	10.50%
Vanguard Extended Market Index Fund (VEMPX)	9.00%
iShares Core MSCI EAFE ETF (IEFA)	5.40%
Schwab Emerging Markets Equity ETF (SCHE)	2.10%
Schwab US REIT ETF (SCHH)	3.00%
Vanguard Total Bond Market Index Fund (VBMPX)	13.50%
Vanguard Short-Term Bond Index Fund (VBIPX)	11.25%
Vanguard Short-Term Inflation-Protected Securities Index Fund (VTAPX)	15.75%
iShares Core International Aggregate Bond ETF (IAGG)	4.50%
Sallie Mae High Yield Savings Account	25.00%

Investment Risks:
The Investment Option has a number of investment related risks. For a list and descriptions of the risks associated with the Vanguard funds, BlackRock funds and Schwab funds, see *Explanation of Investment Risk Factors* in Appendix C and for a list and descriptions of the risk associated with *Sallie Mae High Yield Savings Account – Investment Risks*, Part 2.C.4.j..

f. <u>Conservative Option</u>

Investment Objective:
The Investment Option seeks to provide substantial capital preservation, limited current income and very low capital appreciation.

Investment Strategy:
The Investment Option invests in two Vanguard stock index funds, two Schwab index ETFs, one BlackRock (iShares) stock index fund, three Vanguard bond index funds, one BlackRock (iShares) bond index fund and a Sallie Mae High Yield Savings Account. Through its investment in these Underlying Investments, the Investment Option allocates approximately 10% of its assets to stocks, 30% of its assets to investment-grade bonds and 60% to cash. The approximate percentages of the Investment Option's assets allocated to each Underlying Investment are:

Conservative Option	
Vanguard Institutional Index Fund (VIIIX)	3.50%
Vanguard Extended Market Index Fund (VEMPX)	3.00%
iShares Core MSCI EAFE ETF (IEFA)	1.80%
Schwab Emerging Markets Equity ETF (SCHE)	0.70%
Schwab US REIT ETF (SCHH)	1.00%
Vanguard Total Bond Market Index Fund (VBMPX)	9.00%
Vanguard Short-Term Bond Index Fund (VBIPX)	7.50%
Vanguard Short-Term Inflation-Protected Securities Index Fund (VTAPX)	10.50%
iShares Core International Aggregate Bond ETF (IAGG)	3.00%
Sallie Mae High Yield Savings Account	60.00%

Investment Risks:
The Investment Option has a number of investment related risks. For a list and descriptions of the risks associated with the Vanguard funds, BlackRock funds and Schwab funds, see *Explanation of Investment Risk Factors* in Appendix C and for a list and descriptions of the risk associated with *Sallie Mae High Yield Savings Account – Investment Risks*, Part 2.C.4.j..

g. <u>Checking Account Option Description</u>

Investment Objective:
The Investment Option seeks to provide preservation of principal.

Investment Strategy:
The Investment Option invests all of its assets in a checking account held at Fifth Third Bank.

The Checking Account Option balances are insured up to the maximum amount permitted by law. The standard insurance amount is $250,000 per depositor, for each deposit insurance ownership category. Please visit www.fdic.gov for more information about FDIC insurance coverage. The checking account is opened through and under the restrictions and oversight of the Member Plan, and shall be subject to all of the requirements and limitations set forth in the Plan Disclosure Statement, as amended. All assets invested through the Checking Account Option are, and at all times will remain, assets of the Member Plan until withdrawn.

Investments in the Checking Account Option will earn varying rates of interest. Contributions will not earn interest until the hold period expires (see Part 2.B.3.) and funds are deposited to the account at Fifth Third Bank. The interest rate generally will be equivalent to short-term deposit rates. Interest will be compounded daily based on the actual number of days in a year (typically 365 days, except for 366 days in leap years) and will be credited to the Checking Option on a monthly basis. The interest on the Checking Option is expressed as an Annual Percentage Yield ("APY"). The APY on the Checking Option will be reviewed by Fifth Third Bank on a periodic basis and may be recalculated as needed at any time. To see the current Checking Option APY please go to www.53.com or call toll-free 1-888-516-2375. The Member Plan may not permit the Checking Option to be established in an Account if the Member Plan determines that distributions from such Account are subject to restrictions by court order or otherwise.

Investment Risks:
To the extent that FDIC insurance applies, the Checking Account Option is primarily subject to the risk that the return on the underlying Checking Account will vary because of changing interest rates and that the return on the Checking Account will decline because of falling interest rates. See, ***Appendix B – Fifth Third Terms and Conditions***, for additional terms and conditions applicable to the Checking Option.

FDIC Insurance:
Subject to the application of Fifth Third Bank (for the Checking Option) and FDIC rules and regulations to each Account Owner, funds in the Checking Option will retain their value as a result of FDIC insurance.

FDIC insurance is provided for the Checking Option which invests in a checking account within the Trust. Contributions to and earnings on the investments in the Checking Option are insured by the FDIC up to the maximum limit established by federal law, which currently is $250,000 per depositor.

The amount of FDIC insurance provided to an Account Owner investing in the Checking Account Option is based on the total of: (1) the value of an Account Owner's investment in

the Checking Option, and (2) the value of all other deposits held by the Account Owner at Fifth Third Bank, as determined in accordance with Fifth Third Bank and FDIC rules and regulations. Each Account Owner should determine whether the amount of FDIC insurance available to the Account Owner is sufficient to cover the total of the Account Owner's investment in the Checking Account Option plus the Account Owner's other deposits at Fifth Third Bank.

4. Underlying Funds Descriptions

The following are descriptions of each of the Investment Options. A description of each of the Underlying Funds in which the Asset-allocation Investment Options invest is in Part 2.C.4. below:

a. Vanguard Institutional Index Fund

Investment Objective:

The Fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks.

Investment Strategy:

The Fund employs an indexing investment approach designed to track the performance of the Standard & Poor's 500 Index, a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weighting in the Index.

Investment Risks:

The Fund is subject to Stock Market Risk and Investment Style Risk. These risks are discussed under ***Vanguard Investment Risks*** in Appendix C.

b. Vanguard Extended Market Index Fund

Investment Objective:

The Fund seeks to track the performance of a benchmark index that measures the investment return of small- and mid-capitalization stocks.

Investment Strategy:

The Fund employs an indexing investment approach designed to track the performance of the Standard & Poor's Completion Index, a broadly diversified index of stocks of small and midsize U.S. companies. The S&P Completion Index contains all of the U.S. common stocks regularly traded on the NYSE and the Nasdaq over-the- counter market, except those stocks included in the S&P 500 Index. The Fund invests by sampling the Index, meaning that it holds a broadly diversified collection of securities that, in the aggregate, approximates the full Index in terms of key characteristics. These characteristics include industry weightings and market capitalization, as well as certain financial measures, such as price/earnings ratio and dividend yield.

Investment Risks:
The Fund is subject to Stock Market Risk and Investment Style Risk. The Fund is also subject to a low level of Index Sampling Risk. These risks are discussed under ***Vanguard Investment Risks*** in Appendix C.

c. <u>Vanguard Total Bond Market Index Fund</u>

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

Investment Strategy:
The Fund employs an indexing investment approach designed to track the performance of the Bloomberg Barclays U.S. Aggregate Float Adjusted Index. This Index represents a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities—all with maturities of more than 1 year.

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

Investment Risks:
The Fund is subject to moderate levels of Interest Rate Risk, Call Risk, Prepayment Risk, Extension Risk and low levels of Index Sampling Risk and Credit Risk. The Fund is also subject to Income Risk. These risks are discussed under ***Vanguard Investment Risks*** in Appendix C.

d. <u>Vanguard Short-Term Bond Index Fund</u>

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

Investment Strategy:
The Fund employs an indexing investment approach designed to track the performance of the Bloomberg Barclays U.S. 1–5 Year Government/Credit Float Adjusted Index. This Index includes all medium and larger issues of U.S. government, investment-grade corporate, and investment-grade international dollar-denominated bonds that have maturities between 1 and 5 years and are publicly issued.

The Fund invests by sampling the Index, meaning that it holds a range of securities that, in the aggregate, approximates the full Index in terms of key risk factors and other

characteristics. All of the Fund's investments will be selected through the sampling process, and at least 80% of the Fund's assets will be invested in bonds held in the Index. The Fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally does not exceed 3 years.

Investment Risks:
The Fund is subject to a high level of Income Risk and low levels of Interest Rate Risk, Credit Risk and Index Sampling Risk. These risks are discussed under ***Vanguard Investment Risks*** in Appendix C.

e. <u>Vanguard Short-Term Inflation-Protected Securities Index Fund</u>

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

Investment Strategy:
The Fund employs an indexing investment approach designed to track the performance of the Bloomberg Barclays U.S. Treasury Inflation-Protected Securities (TIPS) 0-5 Year Index. The Index is a market-capitalization-weighted index that includes all inflation-protected public obligations issued by the U.S. Treasury with remaining maturities of less than 5 years.

The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the securities that make up the Index, holding each security in approximately the same proportion as its weighting in the Index. The Fund maintains a dollar-weighted average maturity consistent with that of the target index, which generally does not exceed 3 years.

Investment Risks:
The Fund is subject to a high level of Income Fluctuation Risk and low levels of Interest Rate Risk. These risks are discussed under ***Vanguard Investment Risks*** in Appendix C.

f. <u>Schwab Emerging Markets Equity ETF</u>

Investment Objective:
The Fund's goal is to track as closely as possible, before fees and expenses, the total return of the FTSE Emerging Index.

Investment Strategy:
To pursue its goal, the Fund generally invests in stocks that are included in the FTSE Emerging Index. The index is comprised of large and mid capitalization companies in emerging market countries, as defined by the index provider. The index defines the large and mid capitalization universe as approximately the top 90% of the eligible universe.

Investment Risks:
The Fund is subject to Market Risk, Investment Style Risk, Equity Risk, Large- and Mid-Cap Risk, Foreign Investment Risk, Emerging Markets Risk, Sampling Index Tracking Risk, Tracking Error Risk, Derivatives Risk, Liquidity Risk, Securities Lending Risk, Concentration Risk, Market Trading Risk and Shares of the Fund May Trade at Prices Other Than NAV. These risks are discussed under ***Schwab Investment Risks*** in Appendix C.
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g. <u>Schwab US REIT ETF</u>

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

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

Investment Risks:
The Fund is subject to Market Risk, Investment Style Risk, Equity Risk, Tracking Error Risk, Derivatives Risk, Liquidity Risk, Securities Lending Risk, Concentration Risk, Market Trading Risk, Large-Cap Risk, Small- and Mid-Cap Risk, REITs Risk, Real Estate Investment Risk and Shares of the Fund May Trade at Prices Other Than NAV. These risks are discussed under ***Schwab Investment Risks*** in Appendix C.

h. <u>iShares Core MSCI EAFE ETF</u>

Investment Objective:
The Fund seeks to track the investment results of an index composed of large-, mid- and small-capitalization developed market equities, excluding the U.S. and Canada.

Investment Strategy:
The Fund seeks to track the investment results of the MSCI EAFE IMI (the "Underlying Index"), which has been developed by MSCI, Inc. as an equity benchmark for international stock performance. The Underlying Index is designed to measure large-, mid- and small-capitalization equity market performance and includes stocks from Europe, Australasia and the Far East. Components of the Underlying Index primarily

include consumer discretionary, consumer staples, financials and industrials companies. The components of the Underlying Index, and the degree to which these components represent certain industries, are likely to change over time. BlackRock uses a representative sampling indexing strategy to manage the Fund.

Investment Risks:
The Fund is subject to Asset Class Risk, Asset Under Management (AUM) Risk, Authorized Participant Concentration Risk, Concentration Risk, Consumer Discretionary Sector Risk, Consumer Staples Sector Risk, Currency Risk, Cyber Security Risk, Equity Securities Risk, Financials Sector Risk, Geographic Risk, Index-Related Risk, Industrials Sector Risk, Issuer Risk, Large-Capitalization Companies Risk, Management Risk, Market Risk, Market Trading Risk, National Closed Market Trading Risk, Non- U.S. Securities Risk, Operational Risk, Passive Investment Risk, Privatization Risk, Reliance on Trading Partners Risk, Risk of Investing in Developed Countries, Risk of Investing in Japan, Securities Lending Risk, Security Risk, Tracking Error Risk and Valuation Risk. These risks are discussed under ***BlackRock Investment Risks*** in Appendix C.

i. <u>iShares Core International Aggregate Bond ETF</u>

Investment Objective:
The Fund seeks to track the investment results of an index composed of global non-U.S. dollar-denominated investment-grade bonds that mitigates exposure to fluctuations between the value of the component currencies and the U.S. dollar.

Investment Strategy:
The Fund seeks to track the investment results of the Bloomberg Barclays Global Aggregate ex USD 10% Issuer Capped (Hedged) Index (the "Underlying Index"), which measures the performance of the global investment grade bond market. The Underlying Index includes investment-grade fixed-rate sovereign and government-related debt, corporate and securitized bonds from both developed and emerging market issuers. Securities included in the Underlying Index are issued in currencies other than the U.S. dollar, must have maturities of at least one year and are required to meet minimum outstanding issue size criteria. The Underlying Index is market capitalization-weighted with a cap on each issuer of 10%. Debt that is publicly issued in the global and regional markets is included in the Underlying Index. Certain types of securities, such as USD-denominated bonds, contingent capital securities, inflation-linked bonds, floating-rate issues, fixed-rate perpetuals, retail bonds, structured notes, pass-through certificates, private placements, sinkable Russian OFZ bonds issued prior to 2009 and securities where reliable pricing is unavailable are excluded from the Underlying Index. The securities in the Underlying Index are updated on the last business day of each month, and the currency risk of the securities in the Underlying Index are hedged to the U.S. dollar on a monthly basis. Components of the Underlying Index primarily include fixed-rate foreign sovereign and government debt, non-U.S. government-related bonds and corporate bonds. The components of the Underlying Index, and the degree to which these components represent certain industries, are likely to change over time.

BlackRock uses a representative sampling indexing strategy to manage the fund.

Investment Risks:
The Fund is subject to Agency Debt Risk, Asset Class Risk, Assets Under Management (AUM) Risk, Authorized Participant Concentration Risk, Call Risk, Cash Transactions Risk, Concentration Risk, Credit Risk, Currency Hedging Risk, Currency Risk, Cyber Security Risk, Derivatives Risk, Extension Risk, Financials Sector Risk, Geographic Risk, High Portfolio Turnover Risk, Income Risk, Index- Related Risk, Industrials Sector Risk, Interest Rate Risk, Issuer Risk, Liquidity Risk, Management Risk, Market Risk, Market Trading Risk, Non-Diversification Risk, Non-U.S. Issuers Risk, Operational Risk, Passive Investment Risk, Reliance on Trading Partners Risk, Risk of Investing in Developed Countries, Securities Lending Risk, Security Risk, Sovereign and Quasi-Sovereign Obligations Risk, Structural Risk, Tax Risk, Tracking Error Risk, Treasury Obligations Risk and Valuation Risk. These risks are discussed under ***BlackRock Investment Risks*** in Appendix C.

j. <u>Sallie Mae High Yield Savings Account</u>

Investment Objective:
The Underlying Investment seeks income consistent with the preservation of principal.

Investment Strategy:
The assets in the Underlying Investment are held in an omnibus savings account, which is held in trust by the Program at Sallie Mae Bank. Investments in the savings account earn a variable rate of interest. Interest will be compounded daily on a 365/365 basis (366/366 in leap years) and will be credited on a monthly basis. The total amount of interest paid on the account is expressed as an Annual Percentage Yield ("APY"). The interest rate and APY rate are established at the discretion of Sallie Mae Bank and are subject to change at any time without notice. The APY rates assume that interest earned in the account remains on deposit. A withdrawal from the account will reduce earnings. To see the current APY, please visit the Member Plan's website.

No Guarantees:
There are no guarantees for the Underlying Investment. Neither the Investment Option's investment into the savings account nor any investment return earned on such investment is guaranteed by the Plan Administrators. In addition, the Underlying Investment does not provide a guarantee of any level of performance or return.

Investment Risks:
The Underlying Investment is primarily subject to the risk that the return on the savings account will vary because of changing interest rates and that the return on the savings account will decline because of falling interest rates.

5. Additional Investment Information

a. How Your Units Are Valued

The Unit Value of each Asset-allocation Investment Option is normally calculated as of the close of the NYSE each day. If securities held by an Underlying Fund in your Asset–allocation Investment Option are traded in other markets on days when the NYSE is closed, that Asset-allocation Investment Option's value may fluctuate on days when you do not have access to purchase or redeem Units. If events that are expected to materially affect the value of securities traded in other markets occur between the close of those markets and the close of business on the NYSE, those securities may be valued at their fair value. The Unit Value of an Asset-allocation Investment Option is determined by dividing the dollar value of that Asset-allocation Investment Option's net assets (i.e., total Asset-allocation Investment Option assets minus total Asset-allocation Investment Option liabilities) by the number of Units of the Asset-allocation Investment Option outstanding.

When you purchase, redeem, or exchange Units of an Asset-allocation Investment Option, you will do so at the Unit Value on the trade date. Your trade date will be determined as follows:

- If the Program receives your transaction request (whether to contribute money, withdraw money, or exchange money between Asset-allocation Investment Options) in good order on a business day prior to the close of trading on the NYSE, your transaction will receive that day's trade date.
- If the Program receives your transaction request in good order on a business day after the close of trading on the NYSE or at any time on a non-business day, your transaction will receive the next succeeding business day's trade date on which the NYSE is open.

b. Treatment of Dividends and Capital Gains

Some Underlying Investments may distribute dividends and capital gains. Any dividends and capital gains will be reinvested into the Asset-allocation Investment Options containing the Underlying Funds and will be reflected as increases or decreases in the Asset-allocation Investment Option's Unit Value.

c. Requesting Additional Information about certain Underlying Investments

Additional information about the investment strategies and risks of each Underlying Investment is available in its current prospectus and Statement of Additional Information (SAI). You can request a copy of the current prospectus, the SAI, or the most recent semiannual or annual report of any Fund by visiting the Investment Firms' websites or calling the numbers referenced above (see Part 2.C.2.a.)

d. Asset-allocation Investment Option Performance

Asset-allocation Investment Option price and performance information are available at https://pa.savewithable.com/paabletpl/fund/pricePerformance.cs or call our Customer Service Center at 1-855-529-ABLE (2253). The performance of the Asset-allocation Investment Options will differ from the performance of the Underlying Funds. The Asset-allocation Investment Options may have higher expense ratios than the Underlying Funds. Asset-allocation Investment Option performance may also be affected by cash flows into and out of the Asset-allocation Investment Options; typically, the Asset-allocation Investment Option purchases Underlying

Investment shares one business day after the date funds are contributed. Depending on market conditions, the collective impact of these differences may cause the Asset-allocation Investment Option's performance to trail or exceed the Underlying Investments' returns. However, your investment in the Asset-allocation Investment Options through your account may receive advantageous tax treatment.

Asset-allocation Investment Option performance information represents past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so your Units, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, please visit https://pa.savewithable.com/paabletpl/fund/pricePerformance.cs**.**

D. Fees and Expenses

The Department, in its sole discretion, will establish, and may change at any time, the fees and expenses it deems appropriate for the Program. In the future, the Program's fees and expenses could be higher or lower than those discussed in this Disclosure Statement.

1. Asset-allocation Investment Options Asset-based Fees

The Program charges a total annual asset-based fee for each Asset-allocation Investment Option, which ranges from 0.34% to 0.38%, which varies because of the different expenses of the Underlying Funds (the "Underlying Fund Expenses"). The Underlying Fund Expenses are received by the Investment Firms and include the expense ratio of the mutual funds used in each Asset-allocation Investment Option. Expenses for multiple-fund Asset-allocation Investment Options represent a weighted average of the expenses of the Underlying Fund Expenses. The Underlying Fund Expenses included in the chart below reflect expenses as of the date of this Disclosure Statement, but may change in the future. If a change in an Underlying Fund Expense occurs, a change in the expense ratio of the Asset-allocation Investment Option might also change, depending on factors that include, but are not limited to, the amount of the change and the portion of the Underlying Fund contained in the Asset-allocation Investment Options. In addition to the Underlying Fund Expenses, the total annual asset-based fees of an Asset-allocation Investment Option includes an Operational Support Fee. The Operational Support Fee of 0.32% is allocated between Ascensus College Savings and the Investment Firms, and covers additional administrative and operational costs. The Operational Support Fee may be lowered without prior notification. The total annual asset-based fee is charged daily against the assets of each Option at an annualized rate approximately equal to the total annual asset-based fee.

The chart below provides the total annual asset-based fee for each Asset-allocation Investment Option. The chart also provide you a way to compare the cost of investing in the Asset-allocation Investment Options over different time periods. It illustrates the hypothetical expenses that you would incur over various periods if you invest $10,000 in an Option, including the total annual asset-based fee and the Annual Account Maintenance Fee. This example assumes that each Option provides a return of 5% a year and that the Option's total annual asset-based fee remains the same.

The results apply whether or not the investment is redeemed at the end of the period, but they do not take into consideration any withdrawals that are Non-qualified or otherwise subject to state or federal income taxes, or any penalties.

HYPOTHETICAL $10,000 INVESTMENT COST CHART (includes Annual Account Maintenance Fee)								
Investment Option	**Annual Asset-Based Fees**			**Additional Expenses**	**1 Year**	**3 Year**	**5 Year**	**10 Year**
	Underlying Fund Expense	**Operational Support Fee**	**Total Annual Asset-Based Fee**	**Quarterly Account Maintenance Fee**				
Aggressive Option	0.05%	0.32%	0.37%	$15	$98	$298	$505	$1,056
Moderately Aggressive Option	0.05%	0.32%	0.37%	$15	$98	$298	$505	$1,056
Growth Option	0.05%	0.32%	0.37%	$15	$98	$298	$505	$1,056
Moderate Option	0.06%	0.32%	0.38%	$15	$99	$301	$511	$1,069
Moderately Conservative Option	0.04%	0.32%	0.36%	$15	$97	$295	$500	$1,044
Conservative Option	0.02%	0.32%	0.34%	$15	$95	$289	$489	$1,020

2. Checking Account Option Fees

There is a $2.00 per month fee for the Checking Account Option. However, the fee is waived if you agree to receive checking account statements electronically by logging into your checking account at 53.com or if you have an average monthly balance of $250 or more. Please note that even if you have selected electronic delivery for your Asset-allocation Investment Options, you will not receive the fee waiver for the Checking Account Option if you do not separately choose electronic delivery on the Fifth Third website (or have an average monthly balance of $250 or more). Additionally, there are customary banking fees such as non-network ATM fees, check purchase fees, and fees for receiving copies of canceled checks. For details of all the fees see Appendix B.

3. Account Maintenance Fee

The Program charges an annual Account Maintenance Fee of $60.00 ($15 taken quarterly) to all funded Accounts that do not have a stop mail hold (see Part 2.A.2.b.) of which $55.00 will go to Ascensus College Savings and $5.00 will go to the Program. This fee will be reduced to $45 ($11.25 taken quarterly), with $40 going to Ascensus College Savings and $5.00 to the Department, for those Accounts that have elected electronic delivery for all categories of items listed on the "Delivery Preferences" page of the account access section of PAABLE.gov except the "Tax Forms" category (these include quarterly statements and, PA ABLE Disclosure Statement updates, and transaction and profile change confirmations). The Account Maintenance Fee will be deducted from the account quarterly on the 20th day (if the 20th day is not a business day, the next business day) of the first month of each calendar quarter (January 20, April 20, July 20, October 20) and will be taken proportionally from each portfolio in the Account. The fee will not be deducted from those accounts that have a zero balance as of the 20th day of the quarter. If the amount remaining in an Account is less than the fee amount, the fee will be assessed against the remaining funds.

4. Other Charges

The Program reserves the right to assess the following charges on Asset-allocation Investment Option transactions:

Contribution checks returned for insufficient funds	$25
Contributions made by ACH which fail	$25
Outgoing Wire	$25
Overnight Delivery	$25

E. Making Withdrawals

1. In General

Only you, as the Account Owner (if you are an adult with the capacity to contract), your Authorized Individual, or Authorized Agent with appropriate authority may direct withdrawals from your Account. Withdrawals may be made at any time for any reason, but there may be tax and benefit consequences for withdrawals not used for Qualified Disability Expenses.

Withdrawal requests that do not specify the Investment Options from which the Withdrawal should be taken and are received in good order before the close of the NYSE on any day the NYSE is open for business are processed that day based on the Unit Values of your Asset-allocation Investment Options in your Account for that day and the cash value of your Checking Account Option. Requests received after the close of the NYSE are processed the next business day using the Unit Values on that day. Withdrawal requests from specific Investment Options received in good order before the close of the NYSE on any day the NYSE is open for business are processed that day based on the Unit Values of the selected Asset-allocation Investment Option(s) in your Account for that day and/or the cash value of your Checking Account Option, if applicable. Requests received after the close of the NYSE are processed the next business day using the Unit Values on that day.

Please generally allow up to 10 business days for the proceeds to reach the payee. The Program generally processes withdrawals within three business days of accepting the request. During periods of market volatility and at year-end, withdrawal requests may take up to five business days to process. Withdrawals of contributions made by check, Recurring Contribution, or Electronic Fund Transfers (EFTs) will not be available for withdrawal for seven business days. New contributions into the Checking Account Option will not be available for withdrawal for six business days. There will be a hold of 10 business days on withdrawal requests when there is a change to your address and a hold of 15 calendar days on withdrawal requests following a change to your banking information. Hold periods for address changes and changes to banking information do not apply to withdrawal requests of funds in the Checking Account Option.

Please note that the Program has not established a minimum withdrawal amount, but reserves the right to do so.

Once a request for a withdrawal has been received and entered into the processing system, the withdrawal or any portion of the withdrawal may not be rescinded or voided unless the request for

or amount of the withdrawal was a result of a mistake on the part of the Department or any of its vendors or was due to circumstances beyond the control of the Account Owner or Authorized Individual including, but not limited to, incorrect bills or overcharges issued by third-party payees. The Department, in its sole discretion, will determine if an entered withdrawal request or amount of the withdrawal is due to a mistake by the Department or its vendors or to circumstances beyond the control of the Account Owner or Authorized Individual and may require documentation from the Account Owner or Authorized Individual in support of a request to rescind or void a withdrawal or portion of a withdrawal. An Account Owner or Authorized Individual may re-contribute a withdrawal or portion of a withdrawal that cannot be rescinded or voided; however, it will be treated as a new contribution as of the date the request to recontribute is received. For tax purposes, any withdrawal that is recontributed, including a withdrawal that was rescinded or voided, might be considered a Non-qualified Withdrawal subject to income tax and an additional federal tax of 10% (see Part 2.E.4.e.) unless the re-contribution qualifies as a Rollover from the Account (see Part 2.E.4.c.).

2. Withdrawal Payment Methods

You may designate one of several payment methods. Withdrawals may be sent electronically (by ACH) using the Account Owner's bank information on the Account record, by check to the Account Owner or Authorized Individual at the mailing address on the Account record, or by check to a third party designated by the Account Owner or Authorized Individual. Please note that electronic (ACH) withdrawals will be held for 15 calendar days after any addition to or change of banking information, and checks to the Account Owner or Authorized Individual will be held for 10 business days after any change in the mailing address of record.

Withdrawals from the Checking Account Option may also be made by using your debit card, taking a withdrawal at an ATM or by writing a check. To order checks, your Checking Account Option balance must be at least $25. However, once you have checks, if your Checking Account Option balance falls below $25, the Program will still process checks that you have written as long as a sufficient balance is available to cover the amount of the check when presented.

3. Systematic Withdrawal Program

You may also establish a Systematic Withdrawal Program, which are periodic, pre-scheduled Withdrawals from any of your Asset-allocation or Checking Account Options. You can have up to two Systematic Withdrawal Programs on your Account. If the balance in your Investment Option is less than the amount specified on your Systematic Withdrawal Program, the Systematic Withdrawal Program instructions will be stopped. Systematic Withdrawal Programs are subject to the processing times and hold periods specified above. (See Part 2.E.1.)

4. Types of Withdrawals

There are several different types of withdrawals, which are determined by the purpose of the withdrawal, each may have different tax and benefit consequences. These are as follows:

- **Qualified Withdrawals**: Withdrawals taken to pay for Qualified Disability Expenses.

- **Rollovers**: Withdrawals that are deposited into:
    - An account in another qualified ABLE program of which you are the Account Owner (provided that you have not made a similar Rollover to a qualified ABLE program within the previous 12 months), or
    - An account in another qualified ABLE program of which your Sibling who is an Eligible Individual is the Account Owner.

There are two types of Rollovers. **Direct Rollovers** are ones in which you request the Program to transfer your funds directly to the other ABLE program. **Indirect Rollovers** are ones in which you request the Program to pay the funds to you and you contribute the withdrawn amount in the other state's ABLE program.

Please note that if the Rollover (whether Direct or Indirect) is to an account of which you are the Account Owner, you must roll over the entire amount and close your PA ABLE Account within 60 days of the transfer of funds.

- **Transfers between PA ABLE Accounts**: Withdrawals taken from one PA ABLE Account and deposited into another PA ABLE Account for a Sibling, who is also an Eligible Individual of the Account Owner of the transferring Account, or withdrawals made as a result of an Involuntary Termination and transferred to a new PA ABLE Account for the same Account Owner, if permitted.

- **Non-qualified Withdrawals**: Withdrawals taken for any purpose or reason that are not Qualified Withdrawals, Rollovers, or Transfers between PA ABLE Accounts, as described above.

The necessary forms, needed documentation, permissible payees, limitations, the federal and Pennsylvania state tax consequences, and the impact on government benefits may depend on which type of withdrawal is being taken.

a. Qualified Withdrawals

i. How to Request

A Qualified Withdrawal may be requested by phone, online, or by obtaining and submitting a Withdrawal Form. To make the request by phone, call the Customer Service Center at 1-855-529-ABLE (2253). To make the request online, log into your account from PAABLE.gov, by clicking on "My Account," then "Make a Withdrawal." To use the paper Withdrawal Form, download it from the website or request it by calling the Customer Service Center. Additionally, Qualified Withdrawals from the Checking Account Option may be made by check, ATM withdrawals or your debit card.

Your Qualified Withdrawal may be paid directly to you or to a third party you designate, such as a medical services provider. While the PA ABLE Program will not routinely require documentation that shows the withdrawal is for Qualified Disability Expenses, the Program reserves the right to do so.

ii. Tax Consequences

When withdrawn and used for Qualified Disability Expenses, the earnings on contributions to your Account are exempt from both federal and Pennsylvania state income tax. Nevertheless, the Program is required by federal law to issue an IRS Form 1099-QA for the withdrawal. The 1099-QA specifies the principal and earnings breakdown of the withdrawal amount. The 1099-QA will be issued to the Account Owner. You should keep appropriate records to substantiate to the Internal Revenue Service and/or the Pennsylvania Department of Revenue that the withdrawal was used for Qualified Disability Expenses.

iii. Government Benefit Consequences

A Qualified Withdrawal will not have any impact on your federal needs-based benefits, with the possible exception that Qualified Withdrawals for housing expenses might affect your SSI benefits if not used in the same month the withdrawal is taken. For SSI purposes, withdrawals taken with the intent of using them for non-housing Qualified Disability Expenses may be used at any time. However, if they are subsequently used for non-qualified purposes, your benefits may be affected. For further information see Part 3.B.. For IRS income tax purposes, however, Qualified Withdrawals might need to be used in the same tax year that they are taken in order to be tax exempt. A Qualified Withdrawal will not have any impact on your Pennsylvania needs-based benefits related to health (including Medical Assistance), disability, or student financial aid.

b. Direct Rollovers

i. How to Request

You may directly roll over the funds in your PA ABLE Account to another state's ABLE program by obtaining a form from the ABLE plan that will receive the funds. This form should indicate that you (or the new Account Owner) have an account in the other state's ABLE program and wish the PA ABLE Program to transmit your funds to that account. The non-Pennsylvania ABLE program will send that form to the PA ABLE Program and, once the form is received, the Program will send the funds directly to the non-Pennsylvania

ABLE program. When the PA ABLE Program sends your funds to the receiving plan, it will include notification of the principal and earnings portions of the total amount. The payee will be the receiving plan "for the benefit of" you.

ii. Tax Consequences

If a Direct Rollover for the same Account Owner is made only once in a 12-month period or when the Account Owner is changed, it is not a taxable event for federal or Pennsylvania income tax purposes. Nevertheless, the Program is required by federal law to issue you an IRS Form 1099-QA for the withdrawal. The 1099-QA specifies the principal and earnings breakdown of the withdrawal amount. You should keep appropriate records to substantiate to the Internal Revenue Service and/or the Pennsylvania Department of Revenue that the above requirements were met. If the Rollover is to an account for a new Account Owner, it may be considered a gift from the old Account Owner to the new Account Owner for federal gift and generation-skipping transfer tax purposes. Before making such a Direct Rollover, you may wish to consult a tax advisor.

iii. Government Benefit Consequences

A Direct Rollover for the same Account Owner will not have any impact on your federal needs-based benefits or your Pennsylvania benefits related to health (including Medical Assistance), disability, or student financial need. It is not clear whether or how a Direct Rollover to a new Account Owner will impact your government benefits. You may wish to consult your benefits counselor before making such a Rollover.

c. <u>Indirect Rollovers</u>

i. How to Request

You may make an Indirect Rollover from your PA ABLE Account to another state's ABLE program by making a withdrawal payable to yourself. To request the withdrawal by phone call the Customer Service Center at 1-855-529-ABLE (2253). To make the request online, go to PAABLE.gov, click on "My Account," then "Asset Manager," and then "Make a Withdrawal." To use the paper Withdrawal Form, download it from the website or request it by calling the Customer Service Center. Once you receive the funds, contribute them to the non-Pennsylvania ABLE program.

You must contribute the funds to the non-Pennsylvania ABLE program within 60 days of the withdrawal. Unless you provide the receiving program with documentation of the principal and earnings breakdown, that program will treat the entire Indirect Rollover amount as earnings. This means that if you subsequently take a Non-qualified Withdrawal you may owe taxes on the entire amount rolled over. When making an Indirect Rollover from PA ABLE be sure to contact the Customer Service Center 1-855-529-ABLE (2253) to obtain documentation of the contributions and earnings.

ii. Tax Consequences

The tax consequences for an Indirect Rollover are the same as for a Direct Rollover. See Part 2.E.4.b (ii).

iii. Government Benefit Consequences

The government benefit consequences for an Indirect Rollover are the same as a Direct Rollover. See Part 2.E.4.b (iii).

d. Transfers between PA ABLE Accounts

i. How to Request

You may withdraw assets from your PA ABLE Account and transfer them to another PA ABLE Account for a different Account Owner ("Transfer"). However, the Account Owner of the Account to which the assets are going must be an Eligible Individual and be a sibling of the Account Owner of the Account from which they are transferred. An Account Information Change Form must be completed and the new Account Owner must complete an Enrollment Form. Both forms are available at PAABLE.gov or by calling 1-855-529-ABLE (2253).

ii. Tax Consequences

The tax consequences for a Transfer between PA ABLE Accounts are the same as a Direct Rollover. See Part 2.E.4.b (ii).

iii. Government Benefit Consequences

The government benefit consequences for a Transfer between PA ABLE Accounts are the same as a Direct Rollover. See Part 2.E.4.b (iii).

e. Non-qualified Withdrawals

i. How to Request

A request for a withdrawal other than for the purposes or reasons discussed above (a Non-qualified Withdrawal) from your Account may be requested by phone, or online, or by obtaining and submitting a Withdrawal Form. To request by phone, call the Customer Service Center at 1-855-529-ABLE (2253). To make the request online, go to PAABLE.gov, click on "My Account," then "Asset Manager," and then "Make a Withdrawal." To use the paper Withdrawal Form, download it from the website or request it by calling the Customer Service Center.

Additionally, to make a Non-qualified Withdrawal from your Checking Account Option, you may write a check, use an ATM, or use your debit card.

ii. Tax Consequences

Generally the earnings portion of a Non-qualified Withdrawal will be subject to federal income taxes at the ordinary income tax rate of the Account Owner and an additional federal tax of 10%. Additionally, Account Owners who are Pennsylvania taxpayers will be subject to state income taxes. The Program will issue to the Account Owner a Form 1099-QA for the withdrawal that will specify the principal and earnings portions of the total withdrawal. In the event of a return of Excess Contributions (see Part 2.B.2.), the Form 1099-QA will be issued to the contributor.

There are a number of exceptions to the federal 10% penalty. They are:

- Withdrawals paid to the estate of an Account Owner on or after the Account Owner's death;
- Withdrawals paid to an heir or legatee of the Account Owner on or after the Account Owner's death;
- Withdrawals paid as any part of a claim filed against the Account Owner or the Account by a state under a state Medicaid (Medical Assistance) plan;
- Earnings on contributions returned because they would have exceeded the Annual Contributions Limit;
- Earnings on contributions returned because they would have exceeded the total Account Balance Limit; or
- Earnings on contributions to additional purported ABLE accounts withdrawn by the due date (including extensions) of the Account Owner's tax return for the year in which the relevant contributions were made.

5. Withdrawal upon Termination

a. General

The Pennsylvania Enabling law specifies that the Department may close an account without being directed to do so by the Account Owner or Authorized Individual if necessary to comply with federal law or, if the Department determines in its sole discretion that closing the account is in the best interest of the Program or the Account Owner. Anyone aggrieved by the Department's decision to close an account may file an administrative appeal.

b. Causes for Termination

Examples of circumstances that might cause the Department to terminate an Account include but are not limited to (1) the Account must be closed in order to comply with Federal or Pennsylvania law, (2) the Program finds that the Account Owner or Authorized Individual has provided false or misleading information, (3) the Account Owner or Authorized Individual has violated the terms of the PA ABLE Contract — for example, by failing to advise the Program of a change in the Account Owner's disability that would make him or her no longer an "Eligible Individual" or by failing to produce documentation when requested to, (4) the Account does not contain any funds and maintains a "zero balance" for a period of six continuous months or (5) the Program may be required to close an Account deemed by the laws of the state of the Account Owner's residence to be abandoned or unclaimed and relinquish the assets to that state. (See Part 6.G. for more information.)

An Account Owner or Authorized Individual whose Account has been terminated may appeal that action to the State Treasurer by filing a Petition for Review within 30 days of the mailing date of the notice of termination. Petitions shall be filed with the Prothonotary, Office of Chief Counsel, Room 127, Finance Building, Harrisburg, Pennsylvania 17120. Petitions must be in writing, be signed by the petitioner and contain the following:

(1) The petitioner's name, address and telephone number;
(2) The name, address and telephone number of the authorized representative, if any;
(3) A detailed statement in separate numbered paragraphs of the facts and grounds relied upon. If based upon a written document, a copy of the document, or the material part of the document, shall be attached;
(4) A statement specifying the relief to which the petitioner deems itself entitled, which cites the legal authority relied upon;
(5) A statement that either a hearing is requested or the right to a hearing is waived and the petitioner is resting the case on the petition and record, with or without a brief;
(6) A signed statement certifying that the facts contained in the petition are true and correct to the petitioner's knowledge and belief, and that the petition is not made for the purposes of delay.

Upon receipt of a timely filed appeal, the Department will designate a presiding officer to exercise the powers and duties of the State Treasurer with respect to all matters concerning the Petition for Review. A final determination of the presiding officer will be considered the final decision of the State Treasurer and may be appealed to the Pennsylvania Commonwealth Court. An appeal to Commonwealth Court must be filed within 30 days of the mailing date of the final decision of the State Treasurer.

c. <u>Written Request for Termination</u>

The Department may terminate an account upon receipt of a written request for termination by the Account Owner of an Account for which there is an Authorized Individual, if, in its sole discretion, the Department deems the termination to be in the best interest of the Account Owner and if:

> The Account Owner has reached age 21 and is not subject to a valid judicial guardianship order or other court order granting to another person or entity authority over the finances of the Account Owner, and no written objection has been timely filed by the Authorized Individual after having received notice of the petition for termination.

The Department will not terminate an account upon the petition of an Account Owner that is the subject of a valid guardianship order or other court order granting to another person or entity authority over the finances of the Account Owner unless the guardian has provided his or her written consent.

Copies of the request for termination shall be provided to the Authorized Individual and to the guardian of the Account Owner if applicable. Objections to any termination petition shall be filed with the Program no less than sixty (60) days after the filing of the termination petition. All objections to terminations must include a verified copy of a petition that has been filed with a court

of competent jurisdiction seeking authority over the finances of the Account Owner. Failure to provide timely proof that such petition has been filed with a court of competent jurisdiction will be deemed a waiver of the objection.

If the Department receives a timely written objection to the termination request, the Department will refrain from acting on the request to terminate until the court issues its decision. From the time a request to terminate is presented to the Department until the Department grants or denies the petition, no withdrawals may be made from the Account.

d. Request to change or substitute an Authorized Individual

The Department will not change or substitute an Authorized Individual unless (1) presented with an order from a court of competent jurisdiction authorizing the Department to do so or (2) the Authorized Individual voluntarily relinquishes control of the account.

e. Value of Account Upon Termination

In the case of a termination because the Account Owner or Authorized Individual has provided false or misleading information or has violated the terms of the PA ABLE Contract, the market value of the Account on the date of the termination will be paid to the Account Owner as a Non-qualified Withdrawal except that the Program may, in its discretion, withhold, and the Account Owner shall forfeit, all earnings on contributions, if any, accumulated in the Account, or such lesser amount as the Program deems necessary in the Program's discretion in light of such false or misleading information or violation of the terms of the PA ABLE Contract. In addition to any withholding, any fees paid on the Account will not be refunded and will be forfeited by the Account Owner.

In all other terminations, the Account will be paid to the Account Owner in the amount of its market value on the date of the termination. Such terminations shall not preclude the Account Owner or an Authorized Individual from contributing the amount paid to the Account Owner as a Transfer to a different PA ABLE Account or an Indirect Rollover to another state's ABLE account.

Part 3. Your Account's Effect on Federal Means-Tested Benefits

A. In General

The federal ABLE Act specifies that assets in and Qualified Withdrawals from an ABLE account may not be considered in determining eligibility for any federal means-tested benefits – with a limited exception for Supplemental Security Income (see Part 3.B.). While neither the ABLE Act nor any federal regulatory guidance further elaborates, the statute appears to be broad enough to cover such other programs as Medicaid (Medical Assistance), SNAP, TANF, HUD housing, and federal student loan programs, for example. However, you should check with your benefits counselor to determine the impact in your particular situation.

B. Supplemental Security Income

Supplemental Security Income (SSI) is a federal program administered by the Social Security Administration (SSA) that provides cash benefits to individuals with qualifying disabilities or blindness who have limited incomes and resources. The SSA has issued guidance on how ABLE accounts will be treated for the purposes of SSI. The information presented in this Pennsylvania ABLE Program Disclosure Statement is based on that guidance and other information provided by SSA. It is included here for informational purposes only. The authority for determining the impact of an ABLE Account on the Account Owner's SSI entitlement rests solely with the SSA and is subject to change without notice.

1. Income Exclusions

Contributions made directly to an Account from anyone other than the Account Owner are excluded from the income of the Account Owner for purposes of determining entitlement to SSI benefits. This includes Rollovers between states' programs for the same Account Owner and Rollovers from a Sibling's ABLE account. It is important to note that the contributions must be made directly into the Account and not be given to the Account Owner with the direction to deposit them into the ABLE account. If given to the Account Owner rather than directly contributed to the Account, the contribution will be considered income to the Account Owner and may impact his or her entitlement to SSI benefits.

Additionally, the impact on the SSI benefits of an Account Owner who rolls over or transfers his or her ABLE account to an ABLE account for a Sibling is uncertain. You may wish to check with your SSI benefits counselor before making such a Rollover or Transfer.

Income earned by an SSI recipient is counted as income for SSI purposes even if it is directly contributed to his or her account. For example, while an Account Owner can have contributions automatically deducted from his or her paycheck and deposited into his or her own Account, the income used to make the Account contributions would still be included in the Account Owner's countable income.

The earnings on contributions held in the Account as well as withdrawals for Qualified Disability Expenses are not included in an SSI recipient's countable income. And, Qualified Withdrawals are not counted as income.

2. Resources Exclusions

a. ABLE Account values up to $100,000

Amounts in an ABLE account are excluded from countable resources up to $100,000. Any amount over $100,000 is considered a resource and is counted toward the SSI resource limit, which is currently $2,000. If the excess over $100,000 in your ABLE account puts you above the SSI non-ABLE resource limit, your SSI benefits will be suspended, but not terminated. During suspension, the Account Owner will continue to be eligible for Medical Assistance (Medicaid) (See Part 3.C.)

and his or her SSI eligibility will not terminate even after SSI benefits have been suspended for 12 continuous months. The suspension is lifted when resources fall below the SSI non-ABLE resource limit.

For example, if your ABLE account has $101,000 and you have no other countable resources, your SSI will not be suspended because the excess over $100,000 is only $1,000 and does not exceed the $2,000 limit. However, if your account has $101,000 and you have $2,000 in other resources, your SSI will be suspended because the $1,000 ABLE excess plus the $2,000 in other resources is $3,000 and exceeds the $2,000 limit.

It is important to remember that only the $100,000 in your ABLE account is not counted as a resource. For example, if you have $3,000 in non-ABLE resources and $90,000 in your ABLE account, your SSI benefits may be suspended then terminated and your Medical Assistance (Medicaid) benefits might be impacted because your $3,000 in non-ABLE assets exceeds the $2,000 non-ABLE resource limit.

b. <u>Qualified and Non-qualified Withdrawals</u>

All Qualified Withdrawals from an Account will be excluded from an Account Owner's countable resources when determining eligibility for SSI benefits except those used to pay for housing if the housing expense is not paid in the same month in which the amount was withdrawn from the Account. For example, if an Account Owner withdrew $500 for rent in November but did not make the rent payment until December, the $500 withdrawal would be considered a countable resource for the purposes of determining eligibility for SSI benefits.

Withdrawals, other than for housing, that are taken with the intention of using them for Qualified Disability Expenses, are excluded from an Account Owner's resources even if he or she retains it after the month in which it is taken -- as long as it is used to pay for a Qualified Disability Expense eventually. For SSI purposes, there is no time limit on when a withdrawal intended to be used for Qualified Disability Expenses is actually used. (There may, however, be federal tax implications for withdrawals not used in the tax year in which they were taken). For example, a Beneficiary may take a Qualified Withdrawal for a wheelchair in January and retain it until he or she pays for the wheelchair in March. However, if the withdrawal is not ultimately used for Qualified Disability Expenses, SSI benefits might be impacted retroactively.

Once an ABLE account is used to pay for an item that is a Qualified Disability Expense, that item is no longer protected as an ABLE resource and it may be counted in determining whether the $2,000 resource limit is exceeded. However, there are many SSI resource exclusions so that most items purchased with ABLE account funds would be covered by the normal SSI resource exclusions. One notable exception is a second vehicle. The SSI resource exclusions allow a recipient to have one vehicle. If, for example, an ABLE Account Owner uses funds in their ABLE Account to purchase a second vehicle that is a handicap accessible van, the van would not be a resource exclusion and might impact the Account Owner's entitlement to SSI benefits.

Non-qualified Withdrawals not used in the month they are taken will be considered countable resources.

3. Reporting to SSA

Under general SSI rules, a SSI recipient must report changes in his or her finances that could impact SSI eligibility. This would include any ABLE account activity that is not excluded from countable income or resources. Additionally, federal law requires the Program to report to the SSA, on a monthly basis, the balance of and withdrawals from each Account. The SSA may use this data to assist in determining a SSI recipient's eligibility for SSI.

C. Medicaid (Medical Assistance)

1. In General

While Medicaid (Medical Assistance) eligibility is not impacted by an ABLE account, the federal ABLE Act does contain a provision permitting states to seek reimbursement for Medicaid payments following the death of the Account Owner. A state may file a claim for any amounts remaining in the ABLE Account up to the amount of the total Medicaid (Medical Assistance) paid for the Account Owner under the state's Medicaid plan after the establishment of the Account (or any ABLE account from which amounts were rolled or transferred to the current Account). The amount paid in satisfaction of such a claim is not a taxable withdrawal from the Account. Further, any outstanding payments due for Qualified Disability Expenses may be paid first.

Additionally, the amount paid is to be reduced by the amount of all premiums paid by or on behalf of the Account Owner to a Medicaid Buy-In program under that state's Medicaid plan. Procedures for filing claims may vary from state to state. Authorized Individuals and executors and administrators should consider seeking legal counsel on the applicability of, and any available exceptions to, Medicaid recapture under applicable law and regulation. The Center for Medicare & Medicaid Services has not yet provided guidance on how Account funds will be treated for purposes of determining Medicaid eligibility. Please consult with your state's Medicaid office for questions.

2. In Pennsylvania

Pennsylvania's Enabling Law prohibits the Pennsylvania Department of Human Services ("DHS"), the state agency responsible for administering Medical Assistance (Medicaid), from filing a claim (described in Part 3.B.1.) against a PA ABLE Account or its proceeds. However, federal Medicaid regulations override the state law's prohibition on filing a claim against the proceeds once they are transferred to the Account Owner's estate. Accordingly, DHS may file such a claim against the estate but only if the Account Owner was 55 or older when he or she died. And, the claim may be only for nursing facility services, home and community-based services and related hospital and prescription drug services provided from the time the individual was 55 years of age and thereafter. Payment of the claim may be postponed if it can be shown that the Account Owner is survived by:

- A spouse
- A child under the age of 21
- A child of any age with disabilities

Once the condition for which the postponement was granted is no longer valid, e.g., a surviving child reaches the age of 21, DHS may then seek payment of the claim. During the period of postponement, the proceeds of the account may be used for limited purposes.

Please contact DHS, Office of General Counsel at 215-560-2192 for more information.

Part 4. Tax Information

The federal tax treatment of an Account depends on the Program being a "qualified ABLE program" under Section 529A of the IRC. The tax rules applicable to ABLE plans are complex, have not been finalized, and are, in some respects, open to different interpretations. The discussion of the federal tax treatment in this Disclosure Statement is not exhaustive; it is intended to provide general information as understood by the Program based on the IRC, proposed regulations, and Internal Revenue Service announcements. The discussion of the Pennsylvania tax treatment is based on the Program's understanding of the Pennsylvania ABLE Act and Pennsylvania tax law.

In addition, Section 529A and federal and Pennsylvania tax laws in general are subject to legislative changes, regulatory changes, and court interpretations. Any of these could eliminate, reduce, or improve the tax advantages of the Program or require changes in the structure of the Program that may restrict or otherwise affect the use of your Account.

A. Federal Tax Treatment

1. Tax Provisions Related to Contributions

For federal tax purposes, contributions to an Account are made on an after-tax basis. That is, in the year the contribution is made, a contributor may not deduct the contribution from income for purposes of determining federal income taxes. Contributions to an Account are not taxable income to the Account Owner. However, they may be considered gifts to the Account Owner subject to the federal gift and generation-skipping transfer taxes discussed below.

For federal tax purposes, contributions from someone, other than the Account Owner, to an Account are generally considered completed gifts to the Account Owner. This means contributions are potentially subject to federal gift tax. Additionally, if the Account Owner is two or more generations below the contributor, federal generation-skipping transfer taxes might also apply. Generally, if a contributor's contributions, together with all other gifts by that contributor to the Account Owner during a calendar year, are less than the gift tax annual exclusion amount, no federal gift tax or generation-skipping transfer tax will be imposed. The gift tax annual exclusion is currently $14,000 for an individual ($28,000 for a married couple that elects to split gifts) and is periodically adjusted for inflation. If all gifts to the Account Owner (including the contribution to the Account) are that amount or less, the contributor is not required to file a federal gift tax return, unless an election to split gifts is to be made.

Even if a contribution exceeds the gift tax annual exclusion, gift and generation-skipping taxes might not be owed. As of 2017 the unified gift and estate tax exclusion is $5.49 million. This means that if gifts given during the contributor's lifetime combined with the value of his or her estate upon death are less than $5.49 million, they are not subject to transfer taxes. Accordingly, while gift tax returns are required for gifts in excess of the $14,000 (subject to adjustment for inflation) gift tax annual exclusion, no actual gift tax will be due until the applicable exemption amounts have been exhausted.

Federal law requires, the Program to report annually to the IRS contributions, withdrawals and other matters for each Account, using IRS Form 5498-Q. Copies will also be sent to the Account Owner, and other persons, if any, to the extent required pursuant to law.

2. Taxation on Earnings

During the time contributions are held in an Account, their earnings are not subject to federal taxes; that is, they are tax deferred.

Whether and how the earnings are taxed when a withdrawal is made depends on the type of withdrawal being made (see Part 2.E.4.). The earnings portion of a Qualified Withdrawal is not subject to federal taxes; that is, Qualified Withdrawals are tax exempt. If applicable requirements are met, the earnings portion of Rollovers (Direct and Indirect) and Transfer with the Program are exempt from federal taxation. The earnings portion of Non-qualified Withdrawals is subject to federal income tax as ordinary income (not capital gains) and, with limited exceptions an additional 10% federal tax. Proposed Tax Regulations require that the calculation of taxes be taken ratably over all the Investment Options used in the Account and also be prorated between contributions and earnings.

The Internal Revenue Service currently requires the Program to issue a Form 1099-QA for all withdrawals (excluding changing the Account Owner), regardless of whether the earnings are taxable. The Form 1099-QA will be issued to the Account Owner or to the Account Owner's estate if the withdrawal was paid to the estate. If the withdrawal was made as a result of Excess Contributions, the Form 1099-QA will be sent to the contributor(s) who made the excess contribution, reflecting, among other information, the earnings portion withdrawn during the calendar year. (See Part 2.B.2.).

IRS Form 1099-QA will be filed by the Program with the IRS reporting withdrawals, whether taxable or tax-exempt (excluding changes of Beneficiaries and Transfers between PA ABLE accounts). The form will also be sent to the Account Owner and in the case of refunded excess contributions to the contributor of the excess contribution.

B. Pennsylvania Tax Treatment

1. Tax Provisions Related to Contributions

For Pennsylvania tax purposes, contributions to an Account are made on an after-tax basis. That is, in the year the contribution is made, a contributor may not deduct the contribution from income for purposes of determining Pennsylvania income taxes. Contributions to an Account do not result in taxable income to the Account Owner.

2. Taxation of Earnings

During the time contributions are held in an Account, their earnings are not subject to Pennsylvania income taxes; that is, the earnings are tax deferred. Additionally, when withdrawn, the earnings are exempt from Pennsylvania income tax if they are used for Qualified Disability Expenses or are Rollovers or Transfers between PA ABLE Accounts, whether to the same Account Owner or a new Account Owner, the earnings portion of Non-qualified Withdrawals are subject to Pennsylvania income tax. Unlike federal taxation, Pennsylvania uses a cash-basis for calculating tax on earnings. That is, withdrawals are deemed to be taken first from contributions and only when the contribution portion is exhausted from earnings.

3. Taxation of Transfers including Inheritance Tax

The transfer of any legal interest in an Account, whether during life or as a result of the death of the Account Owner is exempt from all Pennsylvania taxation. This means that the assets in an Account are generally not subject to Pennsylvania inheritance tax. Additionally, the designation of a new Account Owner is not subject to Pennsylvania state or local taxes provided that the requirements for changing an Account Owner are met.

4. Other States' Tax Treatment

This Disclosure Statement summarizes the federal and Pennsylvania tax laws applicable to the Program. Other states' tax treatment may differ based on the state or states in which you pay taxes. You should consult with your tax advisor about any state or local taxes, including income, gift, estate, inheritance, and generation-skipping transfer taxes. If you are not a Pennsylvania taxpayer, consider before investing whether the Account Owner's home state offers a qualified ABLE program that provides its taxpayers with favorable state tax or other benefits that may only be available through investment in the home state's ABLE plan. Please consult your financial, tax, or other advisor to learn more about how state-based benefits (or any limitations) would apply to your specific circumstances. You also may wish to contact your home state's qualified ABLE program, or any other qualified ABLE program, to learn more about those plans' features, benefits, and limitations. Keep in mind that state-based benefits should be one of many appropriately weighted factors to be considered when making an investment decision.

Part 5. Risk Factors

The Program is designed to help families save for Qualified Disability Expenses in a tax-advantaged way without jeopardizing entitlement to government benefits. However, as is the case with most financial products, there are various risks associated with making contributions to an Account. In addition to the investment risks, described in Appendix C., this section describes some of the other risks, but does not constitute an exhaustive list of the factors you should consider before making a contribution. You may wish to consult your financial advisor before making a contribution.

A. Status of the Program as a Qualified ABLE Program

The Department intends to run the Program in accordance with the requirements of Section 529A of the IRC. However, in the event that the Program does not meet the requirements of Section 529A, the tax advantages and benefit protections described in this Disclosure Statement may not be available to Account Owners, and there may be other adverse tax and benefit consequences as well. A potential Account Owner may wish to consult with a tax advisor.

B. Investment Risks

If you invest in the Program, you may lose money, including your principal. The value of your Account may increase or decrease over time based on the performance of the Investment Option(s) you select. It is possible that, at any given time, your Account's value may be less than the total amount contributed. None of the Program, the Department, the Commonwealth of Pennsylvania, Ascensus College Savings, Ascensus Investment Advisors, or the Investment Firms makes any guarantee of, or has any legal obligations to ensure, a particular level of investment return. An investment in the Program is not a bank deposit, and it is not insured or guaranteed by the federal government, the FDIC (with the exception of the Checking Account Option), the Commonwealth of Pennsylvania, or any other government agency.

C. Program Structure Risks

Federal law restricts the frequency with which you may reallocate existing contributions in your Account or make a Rollover. Other than choosing among the offered Investment Options, you do not control the investment instruments or asset allocation used. Other than the Checking Account Option, your savings are considered less liquid than some other types of investments (for example, bank savings accounts or mutual funds) because the circumstances in which you may withdraw funds without a penalty or adverse tax consequences are more limited.

Even if you have reached the Maximum Account Balance Limit, the balance in your Account may not be enough to cover all of the Account Owner's Qualified Disability Expenses.

If you take a Non-qualified Withdrawal, for federal tax purposes the earnings will be taxable as ordinary income plus an additional federal tax of 10%, with some exceptions (See Part 2.E.4.e (ii)). For Pennsylvania tax purposes, the earnings will be taxable as ordinary income.

The amount of Qualified Expenses incurred by the Account Owner could be less than the total value of the Account. If so, and if the Account is not rolled over or transferred to another Eligible Individual who is a Sibling of the Account Owner, you will only be able to access the remaining value of your account through a Non-qualified Withdrawal, and thus incur the adverse tax consequences noted in the previous paragraph.

The Department has the right to change your PA ABLE Participation Agreement unilaterally and, in some instances, without prior notice to you, which could result in terms and conditions less favorable to the Account Owner.

The Department reserves the right, in its sole discretion, to discontinue the Program or to change any aspect of the Program. For example, the Department may change the Program's fees and charges; add, subtract, or merge Investment Options; close an Investment Option to new investors; or change the Underlying Fund(s) of an Investment Option. Depending on the nature of the change, Account Owners may be required to participate in, or be prohibited from participating in, the change with respect to Accounts established before the change. In addition, Ascensus College Savings, Ascensus Investment Advisors, and the Investment Firms may not necessarily remain in their current roles.

D. Risk of Changes in Federal and State Law

Federal and state law and regulations governing ABLE programs could change in the future. In addition, federal and state laws on related matters, such as the treatment for Medicaid and bankruptcy, are subject to change. It is unknown what effect any future changes could have on an Account. The Program reserves the right to make modifications as it deems necessary in its sole discretion, for such reasons as, but not limited to, ensuring compliance with state or federal laws and regulations, and preserving its status as a qualified ABLE program.

E. No Indemnification

The Commonwealth, Treasury Department, the Program, the Investment Firms, Ascensus Investment Advisors, or Ascensus College Savings or any of their affiliates, will not indemnify any Account Owner against losses or other claims arising from the official or unofficial acts, negligent or otherwise, of a Commonwealth employee or arising from the acts, negligent or otherwise, of an Investment Firm, Ascensus Investment Advisors, or Ascensus College Savings or any service providers authorized by the Program and retained by an Investment Firm, Ascensus Investment Advisors, or Ascensus College Savings.

F. No Security Registration

There has been no registration in connection with the Program with the U.S. Securities and Exchange Commission or with any state securities commission.

Part 6. Additional Legal and Administrative Information

A. The Investment Guidelines

The Investment Guidelines applicable to the PA ABLE may be changed at any time. The current Investment Guidelines are available by calling our Customer Service Center at 1-855-529-ABLE (2253).

B. PA ABLE Procedures and Requirements

Your Account and your Pennsylvania ABLE Savings Program Contract are subject to all procedures and requirements adopted by the Program from time to time. Additionally, the Program reserves the right to:

- Refuse, change, discontinue, or temporarily suspend Account services, including accepting contributions and processing withdrawal requests, for any reason.
- Delay sending out the proceeds of a withdrawal request.
- Refuse, following receipt of a contribution, withdrawal requests relating to that contribution for up to 13 days.
- Suspend the processing of withdrawal requests or postpone sending out the proceeds of a withdrawal request under any emergency circumstances.

C. Availability of Financial Statements and Other Reports

Upon request, Account Owners will be sent financial reports of the Program as well as any other official documents and reports issued by the Program. These may also be available at PAABLE.gov.

D. Suitability

The Program, the Department, the Commonwealth of Pennsylvania, Ascensus College Savings, Ascensus Investment Advisors, and the Investment Firms make no representations regarding the suitability of the Program's Investment Options for any particular investor. Other types of investments and other types of savings vehicles may be more appropriate depending upon your personal circumstances. Please consult your tax or investment advisor for more information.

E. Not an Offer to Sell

This Disclosure Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of a security issued by the Program by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation, or sale.

F. Federal Bankruptcy Exemption for Certain Contributions to Accounts

Federal bankruptcy laws exempt from certain contributors' creditors certain funds contributed to an account under a qualified ABLE program. The exemption protects (i) up to $6,225 contributed to the Account at least 365 days and within 720 days before the bankruptcy filing and (ii) all

contributions and associated earnings (up to the maximum contribution amount which is currently $511,758) made more than 720 days before the bankruptcy filing, providing in both cases that during the tax year in which the contribution was made the Account Owner was a child, stepchild, grandchild, or stepgrandchild of the individual filing for bankruptcy.

G. Abandoned and Unclaimed Accounts

States' unclaimed property laws may require the Program to turn over certain Accounts deemed to be abandoned or unclaimed to the custody and control of the state of the last known residence of the Account Owner. Unclaimed property laws vary by state including the circumstances under which an Account is deemed to be abandoned or unclaimed and the consequences of such a designation. If the Program is required to turn over an Account as abandoned or unclaimed property, depending on the law of the applicable state, the Program or the receiving state may need to liquidate the Account, and, once liquidated, there might be no additional earnings on the Account. If an Account is turned over, in order to reclaim the Account, the Account Owner or Authorized Individual would need to follow the receiving state's procedures for claiming abandoned or unclaimed property.

H. Limitation on Pledges, Assignments, and Loans

Your Account may not be pledged as security for a loan or debt. You may not borrow amounts in your Account.

I. Information Subject to Change

The information in this Disclosure Statement is believed to be accurate as of the cover date but is subject to change without notice. No one is authorized to provide information that is different from the information in the most current form of this Disclosure Statement and any amendments to this Disclosure Statement.

J. Important Reference Material

Please keep this Disclosure Statement for future reference. This document gives you important information about the Program, including information about investment risks, and the terms under which you agree to participate in the Program.

K. Conflicts

In the event of any conflicts, the Pennsylvania Statutes, the U.S. Internal Revenue Code, and any regulations promulgated pursuant to those laws shall prevail over this Disclosure Statement.

Appendix A: Pennsylvania ABLE Savings Program Participation Agreement

1. I hereby agree that by opening a Pennsylvania ABLE Savings Account, I am entering into a contract (the "Contract") with the Commonwealth of Pennsylvania, Treasury Department (the "Department"), and the Pennsylvania ABLE Savings Program ("PA ABLE") as authorized by the Pennsylvania ABLE Act, Act of 2016, April 18, P.L. 128, No. 17 (the "Enabling Law"). The Contract includes this Participation Agreement, the PA ABLE Program Disclosure

Statement, and the Enrollment Application. By signing and submitting the Enrollment Application, I am agreeing to the terms and conditions set forth in these documents. I acknowledge that each capitalized term used but not defined in this Participation Agreement has the same meaning as it has in the PA ABLE Disclosure Statement ("Disclosure Statement") and/or the Enabling Law.

2. I have received and have had an opportunity to read the Disclosure Statement. I have been given the opportunity to obtain answers to all of my questions concerning PA ABLE, my Account, and the Contract. I understand that the Contract shall become effective upon the opening of the Account. In making a decision to open an Account and enter into this Contract, I have not relied upon any representations or other information, whether oral or written, other than as set forth in this Contract.

3. I understand that, subject to all applicable state and federal laws, rules, and regulations, the Contract is the complete and exclusive statement of the agreement between the Department, PA ABLE, and me. I understand that the Contract supersedes any prior agreement, oral or written, and any other communications between the Department (through any means and by any individuals) relating to the subject matter of PA ABLE. The Department and PA ABLE make every effort to ensure that all documentation about PA ABLE is accurate. If, however, there is a conflict between any such documentation and the Contract, the terms described in the Disclosure Statement shall take precedence followed by the PA ABLE Participation Agreement.

4. I understand that the qualification of PA ABLE as a "qualified ABLE plan" under Section 529A of the Internal Revenue Code is critical to PA ABLE and its participants, and agree that the Contract may be amended by the Department or PA ABLE at any time without my consent or prior notice if the Department or PA ABLE determines that such an amendment is required for PA ABLE to be qualified.

5. I understand and agree that the Department and PA ABLE reserve the right, upon written notice and without my consent, to modify the Contract, as deemed necessary by the Department in its sole discretion, for such reasons as, but not limited to, ensuring compliance with state or federal laws and regulations and ensuring the proper administration of PA ABLE. To the extent, if any, that the Contract references procedures, the Department and PA ABLE reserve the right to change those procedures.

6. I certify that I am opening and contributing to my Account to provide funds for the Qualified Disability Expenses of the Account Owner. I understand that taking a withdrawal for any reason other than the payment of Qualified Disability Expenses may subject that withdrawal to federal and Pennsylvania state taxes and penalties. Furthermore, I understand that:
    a. Any contribution, or portion of such contribution, that causes the total Account balance to exceed the applicable Maximum Account Value Limit (currently $511,758 but subject to change) will be rejected and returned.

b. Any contribution, or portion of such contribution, that causes total contributions to my Account to exceed the annual contribution limit (currently $14,000 but subject to change) will be rejected and returned.

7. I recognize that saving in PA ABLE involves certain risks, and I have taken into consideration and understand the risks including, but not limited to, those set forth in the Disclosure Statement.

8. With respect to each Investment Option other than the Checking Account Option (see Appendix B for more information), I understand and acknowledge that neither my contributions nor investment returns so allocated to my Account are guaranteed or insured by any person or entity. I understand that there is no guarantee that PA ABLE's investment objectives will be achieved. I further acknowledge that neither the Department nor PA ABLE may pledge the credit or taxing power of the Commonwealth. Nothing in the Contract shall be deemed or construed as an express or implied waiver of the sovereign immunity of the Commonwealth of Pennsylvania, the Department, or PA ABLE, or as a pledge of the full faith and credit of the Commonwealth.

9. I understand that none of the Commonwealth, the Department, or any consultant, advisor, or other entity retained by the Commonwealth or the Department has any debt to the Account Owner, an Authorized Individual, a contributor to an Account, or any other person as a result of the establishment of a PA ABLE Account, and that none of such parties assumes any risk or liability for funds contributed to PA ABLE.

10. I understand that, other than directing new contributions among the Investment Options, I have no authority to direct the investment of any assets in my PA ABLE Account and that, while I may move my assets to other ABLE plans and between PA 529 ABLE Accounts for different Account Owners, without incurring federal and/or Pennsylvania tax consequences and penalties, there are restrictions and limitations on my doing so.

11. I acknowledge and agree that no PA ABLE Account may be used as collateral for any loan. Any attempted use of a PA ABLE Account as collateral for a loan shall be void.

12. I acknowledge and agree that I may not assign or transfer any interest in any PA ABLE Account except as provided in the Contract or as permitted by law. Any other attempted assignment or transfer of such interest shall be void.

13. I acknowledge and agree that PA ABLE is established and maintained by the Commonwealth and the Department pursuant to the Enabling Law and other applicable laws and is intended to qualify for certain federal income tax and government needs-based benefits consequences under Section 529A of the Internal Revenue Code. I further acknowledge that such federal and state laws are subject to change, sometimes with retroactive effect, and that none of the Commonwealth, the Department, PA 529 ABLE, contractor, or any advisor, consultant, or other entity retained by any such party makes any representation that such state or federal laws will

not be changed or repealed or that the terms and conditions of PA ABLE will remain as currently described in the Contract.

14. I certify that all information provided by me or on my behalf in the Enrollment Application, any supplement thereto, or to any other portion of the PA ABLE Plan Contract, and in any documents, notices, or certifications delivered under the PA ABLE Plan Contract, is and will be true and correct. I will promptly notify PA ABLE of any changes, including changes in my condition that would cause me to cease being an Eligible Individual, to any such information.

15. To the extent, if any, that I am entering into the Contract as an Authorized Individual, I have full power and authority to enter into and perform the Contract

16. I understand that I may cancel the Contract at any time by written notice to PA ABLE and that if, in doing so, I take a Qualified Withdrawal or Non-qualified Withdrawal, the provisions governing those will be applicable.

17. I understand that any contractor engaged by the Department or PA ABLE in fulfillment of its powers and duties under the Enabling Law is a third-party beneficiary of my statements, agreements, representations, warranties, and covenants in the Contract.

18. I recognize that the establishment of any PA ABLE Account will be based upon my statements, agreements, representations, warranties, and covenants set forth in the Contract, and I agree to indemnify and hold harmless the Commonwealth, the Department, PA ABLE, a contractor, and any representatives or contractors of any such party from and against any and all loss, damage, liability, or expense, including costs of reasonable attorney's fees, to which they may be put or which they may incur by reason of, or in connection with, any misstatement or misrepresentation made by me or an Authorized Individual, any breach by me of the acknowledgments, representations, or warranties contained in the PA ABLE Participation Agreement, any failure to fulfill any covenants or agreements set forth herein, or any action taken by such party in accordance with the terms of the Contract. If the indemnification provided for in this paragraph is unavailable, in whole or in part, or is insufficient to hold an indemnitee harmless, then I agree to contribute to the amount paid or payable by the indemnitee in such proportion as is appropriate to reflect the relative benefits received by the indemnitee and me in connection with my PA ABLE Account or, if such allocation is not permitted by applicable law, in such proportion to reflect not only the relative benefits received but also the relative fault of the indemnitee and me. The relative benefits received by a party shall be the total revenue derived by each party from the transaction(s) underlying the claim subject to indemnification or contribution. The relative fault shall be determined by reference to the act or acts committed by each party in the transaction(s) underlying the claim subject to indemnification or contribution and the parties' relative intent, knowledge, access to information, and opportunity to prevent or correct the act or acts committed by each party in the transaction(s) underlying the claim subject to indemnification or contribution. All of my statements, representations, warranties, or covenants, and this paragraph, shall survive the termination of the Contract.

19. I acknowledge and agree that PA ABLE may at any time, and from time to time, be suspended or terminated. But, except as otherwise expressly provided herein, the Account may not be diverted from the Account Owner's exclusive benefit. Nothing contained in the Contract shall constitute an agreement or representation by the Department, PA ABLE, or any other party that PA ABLE will be maintained indefinitely. Any amendments to statutes or regulations governing PA ABLE automatically amend the Contract, and any amendments to operating procedures and policies of PA ABLE will amend the Contract when such amendments become effective.

20. All factual determinations regarding an Account Owner's Disability, Family Members, Material Misrepresentations, and any other factual determinations regarding the Contract will be at the sole discretion of the Department or PA ABLE.

21. The Contract will be construed in accordance with the laws of the Commonwealth of Pennsylvania.

22. In the event that any clause or portion of the Contract is found to be invalid or unenforceable by a court of competent jurisdiction, at the option of the Department or PA ABLE, the Contract may be deemed void, or that clause or portion found to be invalid will be severed from the Contract and the remainder of the Contract will continue in full force and effect as if such clause or portion had never been included.

Appendix B – Fifth Third Bank Terms & Conditions

Pricing & Services

Account Opening and Usage

Minimum Deposit Needed to Open: $0

Monthly Service Charge: $2

Requirements to Waive Monthly Service Charge:

Meet either of the following:

- Electronic statement delivery
- Average monthly balance is at least $250

In-Network ATM Fees: $0 – No Charge to use at Fifth Third Bank and partner ATMs, as found on Branch & ATM locator on 53.com

Out of Network ATM Fees:

- $2.75 for U.S. transactions
- $5.00 for International transactions

- Other ATM network owners may also assess a usage fee

International POS/ATM Transaction Fee: 3% of transaction amount (See Footnote 1)

Currency Conversion Fee: 0.20% of transaction amount (See Footnote 1)

Footnote I: See Debit Card Disclosure and Card Agreement.

Overdraft Fees and Returned Payments

Overdraft Fee: $0

Returned Item Fee Per Item: $0

Other Service Fees

ATM Mini Statement: $1.50 per request

Copy of a Check or Statement Per Request:

- $5 per copy
- (Visit 53.com for up to 24 months statement history, including checks, when applicable, available at no charge)

Copy Of Check Images Mailed With Monthly Statement: $2 per month

Stop Payment Fee: $33 per item

Debit MasterCard®: $0 (No Annual Fee)

Debit Card Replacement Fee: $0

Use of Non Fifth Third Cash Advance Terminal Debit Card Fee: Greater of $5 or 3% of the transaction amount up to a maximum of $10

Processing Policies

Overdraft Calculation Order

If there is not enough money in your account at the end of the day to cover all of your posted debits, then we consider transactions in this order.

- Daily Balance From Prior Business Day
- (+) Add Credits.
- (-) Deduct Posted Time-stamped Debits (i.e. ATM, debit card purchases).
- (-) Deduct Posted Batch Debits (i.e. checks, Internet bill payment).
- (-) Deduct Fees and Service Charges (i.e. monthly service charge).
- Please see Overdraft Calculation Order section within Appendix B for more details.

Funds Availability Policy

When funds deposited to your account are available.

- Contributions must be made directly to Program Manager or its designee, and will be held in a non-interest bearing account prior to transmission to Fifth Third. The contribution will be made available for withdrawal from the Checking Option on the sixth business day. When you make an investment option change, your funds will become available on the 2nd business day.
- *A Business Day is a non-holiday weekday. Funds received after certain cut-off times may be credited the next business day. See the Plan Disclosure Documents for credit cut-off times.

Error Resolution

Electronic transactions and to report lost/stolen cards or password, unauthorized transfers.

Errors or Questions:

PIN & ACH Transactions

Phone: 866-607-5742

Write: Disputes Resolution Department

Madisonville Operations Center - MD 1MOCBX
Cincinnati, OH 45227

Lost/Stolen Card/Password or Other Unauthorized Use

Phone: 866-607-5742

Write: Disputes Resolution Department

Madisonville Operations Center - MD 1MOCBX
Cincinnati, OH 45227

Signature Transactions

Phone: 866-607-5742

Write: Disputes Resolution Department

Madisonville Operations Center - MD 1MOCBX
Cincinnati, OH 45227

Have Questions? Call: 888-516-2375

Checking Option for Member Plan provided by Fifth Third Bank, Member FDIC. The standard deposit insurance amount is $250,000 per depositor. Please see www.fdic.gov for insurance coverage. Fifth Third and Fifth Third Bank are registered service marks of Fifth Third Bancorp. Equal Housing Lender.

Current Interest Rates for the ABLE Checking Option

Balance:

$0.01- $9,999

- Interest Rate: 0.01%
- APY* 0.01%

$10,000 - $24,999

- Interest Rate: 0.01%
- APY* 0.01%

$25,000 – $49,999

- Interest Rate: 0.01%
- APY* 0.01%

$50,000 - over

- Interest Rate: 0.01%
- APY* 0.01%

*Interest rates and annual percentage yield (APY) may change after account is opened. At the Bank's discretion, the Bank may change the interest rate and APY at any time on your account. Your interest begins to accrue no later than the business day the funds from the Plan Administrator post to your account. Interest on your account will be compounded continuously and credited monthly. The Bank uses the daily balance method to calculate interest on your account. This method applies a daily periodic rate to the balance in your account each day. Fees may reduce earnings.

TERMS AND CONDITIONS APPLICABLE TO CHECKING ACCOUNT OPTION

The checking account is offered as an investment option under the Member Plan. Accounts are owned by the Plan trustee for the benefit of the Account Holder. Account Holders who select the Checking Option may access account information and authorize withdrawals from the checking account, subject to these Terms and Conditions with Fifth Third Bank. Under no circumstances may any interest in the checking account be sold, exchanged, or used as security or collateral for a loan.

In addition, the checking account is subject to the terms and conditions of the Member Plan as set forth in the Plan Disclosure Documents which contain important information about the Member Plan and the Checking Option, and limitations on your ability to contribute, withdraw, or transfer funds to and from the checking account. These Terms and Conditions with Fifth Third Bank should be read in conjunction with Plan Disclosure Documents. In the event of any conflict between the Plan Disclosure Documents and these Terms and Conditions, the Plan Disclosure Statement shall control. To obtain the appropriate Plan Disclosure Documents for your particular Member Plan, please contact the respective Member State or visit www.savewithable.com to be directed to the Member Plan's website.

1. **Definitions**: Below are important terms used throughout these Terms and

Conditions. Capitalized terms used herein have the meanings set forth in the Plan Disclosure Documents.

a. “Member Plan” refers to each Member State’s ABLE plan, established pursuant to Section 529A and the Enabling Legislation.
b. "Account Holder” is an eligible Individual under Internal Revenue Code Section 529A who has a Member Plan and in whose name the account is maintained on the Bank’s records. A person who is designated by an Account Holder to act on his/her behalf is not an Account Holder, but has the authority of the Account Holder. The Account Holder will be bound by the acts of that representative. The word “Customer” means the same thing as “Account Holder” or ”Authorized Individual”, as applicable, in the Plan Disclosure Documents.
c. “Bank” shall mean any one or more direct or indirect subsidiaries of Fifth Third Bancorp and its successors and assigns, with whom Customer has as account (as defined in UCC Article 9) or card.
d. “Bank Affiliate” shall mean any one or more direct or indirect subsidiaries of Fifth Third Bancorp and its successors and assigns.
e. “Card” shall mean one or more plastic credit or debit cards or any other access device issued by Bank or Bank Affiliate for use in conjunction with a money dispensing machine, banking terminal, electronic funds transfer device, internet access product, or any credit or debit program at Bank or Bank Affiliate.

2. In the event the ownership of an account or signing authority on an account is in dispute for any reason, the Bank reserves the right to take action, which may include, without limitation, to place a hold on the account until such time as the ownership/authority dispute is resolved. Customer is liable to Bank for any deficit. Customer or any representative authorized by Customer may stop payment, close the account and withdraw all or a portion of the account balance. Any use of the Account by the Customer’s representative shall be deemed ratified and approved by Customer as if the withdrawal or transfer had been made personally by the Customer.
3. The Bank may refuse at any time to accept any deposit and it may, at any time, close the account of any Customer at the direction of the Plan Administrator.
4. These Terms and Conditions, as well as the fees and charges associated with your account(s) may be altered or amended at any time and as altered or amended shall be binding on all Customers. The current version of these Terms and Conditions is available at your state’s Member Plan website and at www.53.com/ABLE.
5. **Daily Overdraft Calculation**: In this section, we describe how we apply credits (+) and debits (-) to your account for the purposes of calculating whether your account is overdrawn.

Credits and Debits:

Credits (+) are deposits or transfers of funds into your account. Examples of these may include:

- Contributions into your account
- Refunds

Debits (-) are withdrawals or transfers of funds from your account. Examples of these may include:

- ATM withdrawals
- Debit card purchases
- Online/telephone/Mobile transfers
- Transfers such as online/automatic bill payments (ACH) and wire transfers
- Checks written from your account
- Fees and service charges

How credit and debit information is received:

Credits (+) and debits (-) can be initiated with us or a third party. An example of a debit (-) that you can initiate with us include:

- Withdrawals from a Fifth Third ATM
- Transfers to Fifth Third accounts done through Internet Banking or phone

Examples of credits (+) and debits (-) that can be initiated with a third party include:

- Checks you write that are presented to other banks
- Transactions with merchants where you have used your debit card
- Transactions at a non-Fifth Third ATM.

How we process credits and debits:

Whether a debit (-) or credit (+) will be applied to your account on a particular day is affected primarily by whether the credit (+) or debit (-) was initiated with us or a third party.

Credits (+) and debits (-) that you initiate with us are subject to cut-off times. Cut off times allow a bank to process and validate transactions. Credits (+) and debits (-) that are initiated before a cut off time on a business day are applied to your account that day, however credits (+) are subject to Funds Availability limitations. Cut-off times for credits can be found in the Plan Disclosure Documents. Debit cut-off times can be found in the Debit Cut-Off Times section of these Terms and Conditions. Transactions initiated after a cut off time on a business day are posted to your account the next business day.

Our ability to process credits (+) and debits (-) that are initiated with third parties is dependent on when the third party sends information about the credit (+) or debit (-) to us. We do not control the timing by which they provide this information to us. In addition, receipt of the information may be impacted by circumstances beyond our control, such as disruptions in network processing or processing delays by a third party intermediary. We generally apply credits (+) and debits (-) to your account on the first business day they are presented to us from a third party. Credits (+) are subject to Funds Availability limitations.

Overdraft Calculation Order: If there is not enough money in your account at the end of the day to cover all of your posted debits (-), then we consider transactions in the following order:

Overdraft Calculation Order

Is your account overdrawn? Which payments can be covered?

Starting Balance

Start with ending Daily Balance from the prior business day. This can be found on Internet banking at www.53.com, by reviewing your periodic statement or by calling 1-800-972-3030.

1. Add in Credits (+)

Examples of credits (+) may include:

- Contribution into your account
- Refunds
- Returned items

2. Deduct posted Timestamped Debits (-)
   Examples of Posted Timestamps Debits (-) may include:
   - Posted ATM withdrawals
   - Posted Debit Card Purchases
   - Posted online/telephone transfers to another Fifth Third Account
     *Oldest to Most Recent
3. Deduct posted Batch Debits (-)
   Example of Deduct posted Batch Debits (-) may include:
   - Posted Checks written
   - Posted outgoing ACH transfers (automatic bill payments)
   - Posted outgoing wire transfers
     * Largest Amount to Smallest Amount
4. Deduct Fees and Service Charges
   Deduct Fifth Third account fees and service charges on your account
     * Largest Amount to Smallest Amount

Debit cut-off Times

Cut-off times apply to Business Days

Transactions done at Fifth Third Banking Center

Debits (-):

- Banking Center closing time

Transfers between Fifth Third Bank Deposit Accounts:

- The earlier of the Banking Center closing time, or 9:00 p.m. ET

Transfers from a Fifth Third Deposit Account to a Fifth Third loan, credit card, mortgage, or line of credit:

- The earlier of the Banking Center closing time, or 7:00 p.m. ET

Transactions done at Fifth Third ATM

Debits (-):

- 7:00 p.m. ET

Transfers between Fifth Third Bank Deposit Accounts:

- 7:00 p.m. ET

Transfers from a Fifth Third Deposit Account to a Fifth Third loan, credit card, mortgage, or line of credit:

- 7:00 p.m. ET

Online Banking, Mobile Banking, Automated Telephone Customer Service Line

Debits (-):

- Not Applicable

Transfers between Fifth Third Bank Deposit Accounts:

- 9:00 p.m. ET*

Transfers from a Fifth Third Deposit Account to a Fifth Third loan, credit card, mortgage, or line of credit:

- 7:00 p.m. ET

PIN-based Debit Card Purchases

Debits (-):

- 7:00 p.m. ET

Transfers between Fifth Third Bank Deposit Accounts:

- 7:00 p.m. ET

Transfers from a Fifth Third Deposit Account to a Fifth Third loan, credit card, mortgage, or line of credit:

- 7:00 p.m. ET

Wire Transfers

Debits (-):

- See Banking Center for applicable cut-off times.

Transfers between Fifth Third Bank Deposit Accounts:

- See Banking Center for applicable cut-off times.

Transfers from a Fifth Third Deposit Account to a Fifth Third loan, credit card, mortgage, or line of credit:

- See Banking Center for applicable cut-off times.

*Note that transfers to or from a non-Fifth Third deposit account made via Online Banking may be subject to different cut-off times which are disclosed to you in Online Banking.

6. Accounts and Cards are not transferable except as otherwise agreed in writing. Assignments and encumbrances for other than indebtedness owing to the Bank must be consented to by Bank after receipt of written notice from the depositor.
7. A fee may be charged for any stop payment order. A stop payment order will be accepted only if sufficient information is given at the same time of request to reasonably allow Bank to honor the request. The Bank will honor only the exact information given us; otherwise, the Bank is not responsible. A stop payment is effective for six months. Stop payment orders will not be effective until the Bank has recorded the information on your account and has had sufficient time to enforce the order. If Bank re-credits the account after payment over a verbal and timely stop payment order, Customer agrees to transfer all rights against payee or other holder of the item to Bank and will assist Bank in legal action taken against such person. Customer agrees that Bank will not be obligated to re-credit the account if customer received anything of value for the check. Computer generated checks without MICR line cannot be stopped.
8. The Bank assumes no liability for the payment of a postdated check, unless notice of such post-dated check is given to the Bank in the form of a stop payment request as described above. If sufficient notice is received, the request will be treated as a stop payment request in accordance with the above stop payment provisions for all purposes including its effective period. It is the customer's obligation to remove a stop payment order for a post- dated item once the item is no longer post-dated.
9. The Bank will not be liable for any damages whatsoever if the Bank acted in good faith.
10. Bank is under no obligation to honor a check presented more than six months after date of issuance, but may charge Customer's account for payment made thereafter in good faith.
11. Customer agrees that Bank can disregard any information on an item other than MICR encoded data, amount, signature of drawer and identity of payee.
12. Customer authorizes Bank to honor any items bearing Customer's account number if Customer has disclosed that account number to the payee or any representative, affiliate, or party associated with the payee, whether or not the item is signed by the Customer. Customer further agrees that Bank may presume that authorization was obtained by the issuer of the item. For example, if Customer voluntarily gives information about their account (such as the routing number and account number) to a party who is seeking to sell Customer goods or services, and Customer does not physically deliver a check to the party, any debit to the account initiated by the party to whom you gave the information is deemed authorized. Customer is responsible for all properly payable items.
13. Customer agrees to carefully examine and reconcile account statements and that statements may be mailed or made available to the last known address as carried on the records of Bank or made available to Customer via other means, e.g. Internet banking. Customer agrees that Bank will not be liable if Customer fails to exercise ordinary care in examining their statements. Customer will notify Bank of any discrepancy with any item, including, but not limited to, deposits, withdrawals, and checks, within

thirty (30) days of the statement mailing or made available to customer date. Customer will also notify Bank of any forgery or alteration of any item within thirty (30) days of the statement mailing or made available to customer date. If notification is not received, Bank will have no liability for such item(s). Customer also agrees that Bank will have no liability if the item is forged, altered or counterfeited in such a manner that the fraud could not be detected by a reasonable person. Customer assumes all liability for unauthorized signatures produced by a facsimile signature device or stamp.

14. Cancelled checks will not be provided in account statements but reproductions will be available upon Customer's request. Fees may apply. This occurrence will not extend the time within which Customer must notify Bank of irregularities shown on their account statement.
15. Original deposit account documents will not be provided in account statements, but reproductions will be available upon Customer's request. Fees may apply. This occurrence will not extend the time within which Customer must notify Bank of irregularities shown on their account statement.
16. Customer agrees that except where a shorter time is permitted by law, regulation, or agreement, Bank is not required to retain records of any transaction for more than seven (7) years after receipt of the item and Customer releases Bank from any liability therefore on Customer's behalf, as well as Customer's heirs, assigns and personal representatives.
17. Customer agrees Bank may charge a fee to anyone presenting an item for payment from Customer's Account if such person does not have an account with Bank.
18. If Bank cannot locate an item in the collection process and Customer suffers a loss, Bank will be liable up to the amount of the item only.
19. Customer understands and agrees that Bank will not accept a substitute check that was created by a person or entity other than a bank, which has not yet been transferred by a bank, unless otherwise agreed to by Bank under separate written agreement.
20. Customer's account type may be changed without prior notice to Customer.
21. English Document Controlling - Any translation of this Agreement is provided only for your convenience. The meanings of terms, conditions and representations herein are subject to definitions and interpretations in the English language. Any translation provided may not accurately represent the information in the original English. The English version is the document that will govern the relationship between you and the Bank.
22. As with all financial transactions, discretion should be applied when using an ATM. For your safety, you should always remain alert and be cognizant of your surroundings, particularly during hours of darkness. Remember to keep your Personal Identification Number ("PIN") confidential, and refrain from displaying cash that you withdraw. If you are ever confronted with suspicious activity when engaging in an ATM transaction, you should stop your transaction and use another ATM machine or conduct your transaction at another time.

    Also, you should immediately report this occurrence, as well as any crime that you may observe, to your local police

department or to the operator of the ATM. Additionally, if you observe that an ATM's lights have gone out or other safety precautions are not in place, please report this to the operator of the ATM.

23. Bank may re-open a closed account for any reason, including without limitation, to post items drawn on the account presented for payment, returned items or fees.
24. If the Bank reasonably suspects fraud of any type relating either directly or indirectly to an Account(s), the Bank may take action, which may include, without limitation, placing a hold on the Account(s) in order to conduct an investigation or allow law enforcement to conduct an investigation. The Bank shall not be liable for its actions pursuant to this Section. This Paragraph does not imply that the Bank has an obligation to monitor Accounts or transactions.
25. To the extent permitted by applicable law, you consent that we may contact you at any telephone number that you have given to us, any number that you have called us from or any number we have for you in our records, including your cellular or other wireless device to service your account. We have your permission to contact you by any means available, including by text message. You also agree that we may contact you using prerecorded messages or automatic dialers. When we use the words "we" and "us" in this paragraph, we are also referring to our affiliates, agents and service providers. If you give us an email address, you also consent to our contacting you by email.

DISCLOSURE OF RIGHT TO STOP PAYMENT OF PREAUTHORIZED TRANSFERS

RIGHT TO STOP PAYMENT AND PROCEDURE FOR DOING SO, RIGHT TO RECEIVE NOTICE OF VARYING AMOUNTS, AND BANK'S LIABILITY FOR FAILURE TO STOP PAYMENT.

If you have told us in advance to make regular payments from your account, you can stop any of these payments. Here's how:

Call Customer Service at 1-888-516-2375

or write to:

> Customer Service Department, Fifth Third Bank Madisonville Operations Center - MD 1MOC3A
> Cincinnati, Ohio 45263

in time for us to receive your request three (3) business days or more before the payment is scheduled to be made. The telephone number will be shown on your periodic statement. If you call, we may also require that you put your request in writing and get it to us within fourteen (14) days after your telephone call. We will charge you a fee for each stop payment order you give. Once you have placed a stop payment order on a preauthorized transfer, the Bank will not make any more preauthorized transfers to the person whom you were going to pay until we receive a new written authorization from you.

If these regular payments vary in amount, the person whom you are going to pay will tell you ten (10) days before each payment when it will be made and how much it will be. You may choose instead to get this notice only when the payment would differ by more than a certain amount from the previous payment, or when the amount will fall outside certain limits you set. We suggest that you contact

the person you are going to pay directly to discuss this matter.

If you order us to stop one of these payments three (3) business days or more before the transfer is scheduled, and we do not do so, we will be liable for your losses or damages. The Bank will honor only the exact information given us; otherwise, the Bank is not responsible.

ELECTRONIC FUND TRANSFER

The Electronic Fund Transfer Act and Regulation E require Banks to provide certain information to customers regarding electronic fund transfers (EFT's). This Electronic Fund Transfer Disclosure applies to any EFT service you receive from us related to an account established primarily for personal, family, or household purposes. Examples of EFT services include automatic regular payments made from your account to a third party and one- time electronic payments from your account using information from your check to pay for purchases or to pay bills.

Consumer Liability. Tell us AT ONCE if you believe your card or password/PIN has been lost or stolen, or if you believe that an electronic fund transfer has been made without your permission using information from your check. Telephoning is the best way of keeping your possible losses down. You could lose all the money in your account (plus your savings or credit account if you have a checking account with the Overdraft Protection feature). If you tell us within two (2) business days after you learn of the loss or theft of your password/PIN, you can lose no more than $50 if someone used your password/PIN without your permission.

If you do NOT tell us within two (2) business days after you learn of the loss or theft of your password/PIN, and we can prove we could have stopped someone from using your password/PIN without your permission if you had told us, you could lose as much as $500.

Also, if your statement shows transfers that you did not make or that were not authorized by you, including those made by PIN, code or other means, tell us at once. If you do not tell us within sixty (60) days after the statement was mailed or made available to you, you may not get back any money you lost after the sixty (60) days if we can prove that we could have stopped someone from taking the money if you had told us in time. If a good reason (such as a long trip or a hospital stay) kept you from telling us, we will extend the time period for a reasonable time.

Contact in event of unauthorized transfer. If you believe your card or password/PIN has been lost or stolen, call 866-607-5742 or write to the appropriate address listed in the Error Resolution section of the Processing Policies table within Appendix B.

You should also call 866-607-5742 or write to the appropriate address if you believe a transfer has been made using the information from your check without your permission.

Business Days. For purposes of these disclosures, our business days are Monday through Friday. Holidays are not included.

Transfer types and limitations:

Electronic check conversion. You may authorize a merchant or other payee to make a one-time electronic payment from your checking account using information from your check to:

- Pay for purchases.
- Pay bills.

Limitations on frequency of transfers. We reserve the right to impose limitations for security purposes at any time.

Limitations on dollar amounts of transfers. We reserve the right to impose limitations for security purposes at any time.

Fees. We reserve the right to impose a fee and to change fees upon notice to you.

Confidentiality. We will disclose information to third parties about your account or the transfers you make:

i. Where it is necessary for completing transfers, or
ii. In order to verify the existence and condition of your account for a third party, such as a credit bureau or merchant, or
iii. In order to comply with government agency or court orders, or
iv. If you give us your written permission.

Periodic statements. You will get a monthly Account statement unless there are no transfers in a particular month. In any case, you will get the statement at least quarterly, unless the Account is dormant, in which case you will receive a statement only once a year.

Error Resolution. IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR ELECTRONIC TRANSFERS, contact us at the appropriate address or phone number listed in the Error Resolution section of the Processing Policies table within Appendix B as soon as you can.

If you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt, we must hear from you no later than sixty (60) days after we sent the FIRST statement on which the problem or error appeared.

A. Tell us your name and Account number.
B. Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
C. Tell us the dollar amount of the suspected error.

If you tell us orally, we may require that you send us your complaint or question in writing within ten (10) business days. We will determine whether an error occurred within ten (10) business days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days to investigate your complaint or question. If we decide to do this, we will credit your Account within ten (10) business days for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within ten (10) business days, we may not credit your account.

For the first thirty (30) days after your Account is opened and in which a notice of error is received, the applicable time periods shall be twenty (20) business days and ninety (90) calendar days. We will tell you the results within three (3) business days after completing our investigation.

If we decide that there was no error, we will send you a written explanation. You may ask for copies of the documents that we used in our investigation.

Notice About Electronic Check Conversion. When you provide a check as payment, you authorize us either to use information from your check to make a one-time electronic fund transfer from your

account or to process the payment as a check transaction.

ELECTRONIC BANKING

The following disclosures are made to you in order to explain electronic banking terms and conditions. Electronic banking includes all use of the Jeanie®, Plus System®, NYCE® Network, Pulse®, Star® Systems, Visa®, MasterCard®, Cirrus®, or other access terminals, including point of sale terminals, whether or not the electronic terminal is involved at the time of the transaction, the use of telephone bill payment service, the use of a Fifth Third Bank ATM or Fifth Third Bank Telephone Banking to transfer money, use of Fifth Third Internet Banking to transfer money or pay bills, and the withdrawal of money from your account to pay bills if these withdrawals are made electronically and have been preauthorized by you in writing. Any account holder (Customer), may utilize the transfer or payment capabilities of any electronic banking product offered by Bank. Customer agrees to keep confidential all account and personal identification information necessary to utilize any electronic banking product. Customer agrees that any other User of electronic banking services is authorized or permitted by Customer to make transfers from Customer's account upon transmitting the applicable account or personal identification information until Customer has taken all steps necessary to revoke such authorization by preventing such use by any User. Customer assumes responsibility for all transactions arising from use of any electronic banking product by any User whether such use is with an electronic transfer device, touchtone phone, Internet access product or line of credit.

Customer agrees to pay Bank for all purchases made, services rendered, by or to any User using electronic banking. Except as specifically prohibited by law or regulation, Customer hereby waives as against Bank all claims, defenses, rights and offsets of Customer or User now or hereafter existing against any merchant or other payee for services or merchandise acquired through any electronic banking product. All transactions arising out of use of electronic banking will be controlled by the terms of all applicable account agreements, other contractual relationships with Bank and these Terms and Conditions, as amended from time to time, and the Program Disclosure Statement, as amended from time to time. Bank reserves the right to refuse or terminate Customer's permission to use electronic banking at the sole discretion of Bank. Electronic banking transfers and payments are subject to the limitations contained in the section of these rules entitled Disclosures of Type of Available Transfers and Limits on Transfers. Customer authorizes the disclosure to any merchant or other payee of the information relating to the Customer's accounts as is reasonably necessary to operate the electronic banking service. The laws of the United States and the Member State govern this Agreement regardless of the Customer or User's place of residence and all transfers are agreed to be originated within the Member State. Customer and User hereby consent to service of process, personal jurisdiction and venue in the state and federal courts in the Member State, and select such courts as the exclusive forum with respect to any action or proceeding brought to enforce any liability or obligation under these Terms and Conditions. Please understand that not every automatic or preauthorized withdrawal is done electronically. Many of these transactions are done by the third party mailing to the Bank a check or draft and, therefore, are not covered by the following disclosures. However, all debit card transactions are covered, even if an

electronic terminal is not involved at the time of transaction. Also, you have received separate disclosures for your line of credit account.

In these electronic banking disclosures, several words are used repeatedly. These words are defined as follows:

BANK - As used herein, the term "Bank" shall mean any affiliate of Fifth Third Bancorp.

CUSTOMER - The term "Customer" shall mean the person in whose name the account is carried on the books of the Bank and shall include the masculine, feminine, and neuter genders and the plural as well as the singular wherever the context so permits.

CARD - The term "Card" shall mean one or more plastic credit or debit cards or any other access device issued or approved by the Bank for use in conjunction with a money dispensing machine, banking terminal, electronic funds transfer device, internet access product, line of credit account or any credit or debit program at Bank.

DEPOSIT - Any contribution to the Checking Option through the Program Manager or its designee.

ELECTRONIC BANKING DELIVERY SYSTEMS - Allow you to access your accounts using automated tellers, touch-tone phones or other devices by which you make transfers or withdrawals from your account.

TELEPHONE BANKING - Allows you to access your account using any touch-tone phone.

WITHDRAWAL - Any transfer of money out of your account in cash or for payment to a third party.

VISA - Allows you to access any device identified with a Visa logo.

JEANIE NETWORK - Allows you to access any device identified with the Jeanie network logo.

PLUS SYSTEM - Allows you to access any device identified with a Plus System logo.

STAR SYSTEMS - Allows you to access any device identified with the Star Systems logo.

NYCE NETWORK - Allows you to access any device identified with the NYCE Network logo.

PULSE NETWORK - Allows you to access any device identified with the Pulse Network logo.

MASTERCARD - Allows you to access any device identified with a MasterCard logo.

ELECTRONIC TRANSFER - Any electronic banking transaction, including withdrawals accomplished electronically, as well as all transfers resulting from debit card transactions, even if an electronic terminal is not involved at the time of the transaction.

FIFTH THIRD ONLINE BANKING - Allows you to access your account using any personal computer via the Internet.

CIRRUS - Allows you to access any device identified with the Cirrus System logo.

® Reg. U.S. Pat. & T.M. Off.

ELECTRONIC CHECK CONVERSION

When you provide a check as payment, you authorize a merchant or payee to make a one-time electronic payment from your checking account using information from your check to pay for purchases or to pay bills.

ELECTRONIC CHECK REPRESENTMENT

(This section applies to consumer accounts)

A check may be represented from a person's bank to whom Customer has written a check which Bank has returned to that bank by electronic re-presentment. If Bank receives an Represented Check Entry (RCK), Bank will pay or return the RCK as if the original paper check were being represented to us. The information relating to "Electronic Funds Transfers" in these Terms and Conditions will not apply to these transactions. The following conditions must be met for an RCK to be charged to Customer's account: 1) the RCK must relate to a paper check drawn on an account that was returned unpaid because of insufficient or uncollected funds; 2) the paper check must not have contained an unauthorized signature or an alteration and must not have been a counterfeit; 3) a stop payment must not have been placed on the paper check after it was returned unpaid but before it was collected electronically; 4) the paper check must have been less than $2,500; 5) the paper check must have been dated 180 days or less before the date on which the RCK is presented to Bank; 6) the RCK must be for the face amount of the paper check only and may not include any collection fee charged by anyone; 7) the payee of the paper check must have given you notice that, if the paper check is returned by Bank, the paper check could be collected electronically; and 8) the RCK must have been sent to Bank no more than twice after the first time Bank returned the paper check, or no more than once after the second time Bank returned the paper check.

ELECTRONIC PRESENTMENT OF CHECKS

Under certain circumstances your check information can be converted to electronic information by merchants, banks or others. Electronic information may be used to debit your account electronically. Merchants may use check information such as routing, account and serial numbers to make an electronic presentation against your account and the check may not be returned to you. These types of transactions may occur at point-of-sale purchases or where checks are submitted to a lock box for processing. In other circumstances, checks you wrote returned for insufficient funds or uncollected funds and represented for payment electronically by the payee's bank are not covered under Regulation E. Electronic re-presentments will appear as separate entries on your statement with appropriate descriptions. If any of your checks are converted to an electronic presentment by others, we shall have no liability to you should we fail to honor any stop payment order you have placed on the check. Also, we shall have no liability to you for duplicate payments if a paper check and an electronic re-presentment are both presented. This limitation of our liability to you in no way affects your legal right to dispute an electronically presented item under applicable rules and regulations, nor does it affect your legal rights to recover a duplicate payment from the third party payee.

IMPORTANT INFORMATION REGARDING ELECTRONIC COMMUNICATION

If you have consented to accessing your periodic statement information electronically:

- You understand and agree that Fifth Third Bank will provide all of your periodic statement information, including notices about changes to your account, in electronic form.
- In order to access your periodic statement information electronically, you must operate a browser version that supports Secure Sockets Layer encryption technology, frames, cookies, and JavaScript. The Fifth Third Bank Web site, www.53.com, is optimized for use with 8.x or higher browser versions of Microsoft® Internet Explorer, Mozilla Firefox4.x or higher, and Safari™ for MacIntosh® v5.1 or higher and 16 bit color (high color) at 1024 x 768 resolution.
- If you would like a paper copy of any periodic statement please visit www.53.com, call 513-358-5353 or 1-800-972-3030. We may charge for each periodic statement copy you request.
- You may elect to withdraw consent to receive your periodic statements in electronic form. To update your delivery preferences you may: visit the Service Center by logging into Internet Banking at www.53.com; call 1-800-972-3030.
- Should you consent to accessing your periodic statement information electronically and do not accept the terms via internet banking at www.53.com within 60 days from account opening or consent, your periodic statements may be mailed to you.
- When selecting a password to access your Fifth Third accounts, please do not use nicknames or birth dates that may be easy to guess, use a combination of letters and numbers, change your password periodically, never share your password with anyone and always log off of the site when you are finished.

IMPORTANT INFORMATION ABOUT SUBSTITUTE CHECKS & YOUR RIGHTS

If you are a consumer customer who receives paid checks with your periodic account statements:

What is a Substitute Check?

To make check processing faster, federal law permits banks to replace original checks with "substitute checks." These checks are similar in size to original checks with a slightly reduced image of the front and back of the original check. The front of a substitute check states: "This is a legal copy of the original check. You can use it the same way you would use the original check." You may use a substitute check as proof of payment just like the original check.

Some or all of the checks that you receive back from us may be substitute checks. This notice describes rights you have when you receive substitute checks from us. The rights in this notice do not apply to original checks or to electronic debits to your account. However, you have rights under other law with respect to those transactions.

What are my rights regarding Substitute Checks?

In certain cases, federal law provides a special procedure that allows you to request a refund for losses you suffer if a substitute check is posted to your account (for example, if you think that we withdrew the wrong amount from your account or that we withdrew money from your account more than once for the same check). The losses you may attempt to recover under this procedure may include the amount that was withdrawn from your account and fees that were charged as a result of the withdrawal (for example, bounced check fees).

The amount of your refund under this procedure is limited to the amount of your loss or the amount of the substitute check, whichever is less. You also are entitled to interest on the amount of your refund if your account is an interest-bearing account. If your loss exceeds the amount of the substitute check, you may be able to recover additional amounts under other law. If you use this procedure, you may receive up to $2,500 of your refund (plus interest if your account earns interest) within 10 business days after we received your claim and the remainder of your refund (plus interest if your account earns interest) not later than 45 calendar days after we received your claim.

We may reverse the refund (including any interest on the refund) if we later are able to demonstrate that the substitute check was correctly posted to your account.

How do I make a claim for a refund?

If you believe that you have suffered a loss relating to a substitute check that you received and that was posted to your account, please contact us at Fifth Third Bank, Disputes Resolutions Department; 5050 Kingsley Drive, MD MOCBX, Cincinnati, Ohio 45263. You must contact us within 40 calendar days of the date that we mailed (or otherwise delivered by a means to which you agreed) the substitute check in question or the account statement showing that the substitute check was posted to your account, whichever is later. We will extend this time period if you were not able to make a timely claim because of extraordinary circumstances.

Your claim must include:

- A description of why you have suffered a loss (for example, you think the amount withdrawn was incorrect);
- An estimate of the amount of your loss;
- An explanation of why the substitute check you received is insufficient to confirm that you suffered a loss; and
- A copy of the substitute check and/or the following information to help us identify the substitute check: the check number, the name of the person to whom you wrote the check, and the amount of the check.

FIFTH THIRD'S COMMITMENT TO THE ADA

Fifth Third Bancorp realizes that not all people have the same needs and is making every effort to meet the needs of our employees and customers.

Fifth Third has reassessed its business practices with the Americans With Disabilities Act guidelines in mind. A comprehensive plan of action has been developed with an emphasis in the areas of employment, facilities and services. Fifth Third is committed to its employees and customers and will continually review its business practices to ensure these needs are being met whenever possible.

CONSUMER PRIVACY POLICY

At Fifth Third we are committed to protecting and managing your information and would like to share how we gather, retain and protect your information. Please review the "What Does Fifth Third Do With Your Personal Information" section for more information on our standard privacy policy.

Please see the Member Plan privacy policy referenced in the Plan Disclosure Documents which may impose additional limitations on managing your information and how we gather, retain and protect your information.

Bank will not include Account Holders investing in the checking investment option in outbound cross marketing programs who do not have other relationships with the Bank nor will it sell Account Holder information to third parties.

What does Fifth Third Do with Your Personal Information?

Facts:

Why? Financial companies choose how they share your personal information. Federal law gives consumers that right to limit some, but not all, sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

What? The type of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number, name, address, email address, income, and assets
- Payment history and account balances
- Credit history and credit scores

How? All financial companies need to share customers' personal information to run their everyday business. In the section below, we listed the reasons financial companies can share their customers' personal information; the reasons Fifth Third chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information:

For our everyday business purpose – such as to process your transactions, maintain your account(s), respond to court orders and legal ingestions, or report to credit bureaus.

Does Fifth Third Share? Yes

Can you Limit this Sharing? No

Reasons we can share your personal information:

For our marking purposes – to offer our products and services to you.

Does Fifth Third Share? Yes

Can you Limit this Sharing? No

Reasons we can share your personal information:

For joint marking with other financial companies

Does Fifth Third Share? Yes

Can you Limit this Sharing? No

Reasons we can share your personal information:

For our affiliates' everyday business purposes – information about your transactions and experiences.

Does Fifth Third Share? Yes

Can you Limit this Sharing? No

Reasons we can share your personal information:

For our affiliates' everyday business purposes – information about your credit worthiness.

Does Fifth Third Share? Yes

Can you Limit this Sharing? Yes

Reasons we can share your personal information:

For our affiliates to market to you

Does Fifth Third Share? Yes

Can you Limit this Sharing? Yes

Reasons we can share your personal information:

For nonaffiliates to market to you

Does Fifth Third Share? No

Can you Limit this Sharing? N/A

To Limit Our Sharing

- Call 800-889-5269 – our menu will prompt you though your choice(s); or
- Visit and Fifth Third Banking Center.

Please note: If you are a *new* customer, we can begin sharing your information 30 days from the date we sent this notice. When you *no longer* our customer, we continue to share your information as described in this notice. However, you can contact us at any time to limit our sharing.

Questions? Call 800-899-5269 or go to 53.com.

What We Do:
How does Fifth Third protect my personal information?
To protect your personal information for unauthorized access and use, we use security measures that comply with federal law. There measures include computer safeguard and secured files and buildings.

How does Fifth Third collect my personal information?
We collect your personal information, for example, when you:

- Open an account or apply for a loan
- Pay you bills or make a deposit
- Use your credit or debit card

We also collect your personal information for others, such as credit bureaus, affiliates, or other companies.

Why can't I limit all sharing?
Federal Law gives you the right to limit only:

- Sharing for affiliates' everyday business purposes – information about your creditworthiness
- Affiliates from using your information to market to you
- Sharing for nonaffiliates to market to you

State laws and individuals companies may give you additional rights to limit sharing. See below for more information on state laws.

What happens when limit sharing for an account I hold jointly with someone else?
Your choices will apply to everyone on your account.

Definitions

Affiliates: Companies related by common ownership or control. They can be financial and nonfinancial companies.

- Our affiliates include companies with Fifth Third name; financial companies such as an insurance agency or leasing company.

Nonaffiliates: Companies not related by common ownerships or control. They can be financial and nonaffiliates companies.

- Fifth Third does not share information with nonaffiliates so they can market to you.

Joint Marketing: A formal agreement between nonaffiliates financial companies that together market financial products or services to you.

- Out joint marketing partners include but may not be limited to insurance companies.

Other important information

If you have elected to limit our sharing, your opt-out election is indefinite.

No action is necessary to preserve your opt-out status.

Nevada law requires that we provide you with the following contact information:

Fifth Third, Customer Service

Privacy Administration

P.O. Box 4444

Cincinnati, OH 45263-4444

Bureau of Consumer Protection, Office of Nevada Attorney General

555 East Washington Street, Suite 3900

Las Vegas, NV 89101

Phone: 702-486-3132, Email: BCFINFO@ag.state.nv.us

CA, ND and VT residents: Accounts with mailing addresses in these states will be treated as if they have selected for us to not share your credit and personal financial information with other Fifth Third companies. For CA and VT residents, accounts with mailing addresses in these states will be treated as if they have selected for you information under a joint marketing agreement as defined above.

Customer Identification Program

In accordance with the USA PATRIOT Act, Federal law requires all financial institutions to obtain, verify, and information that identifies each individual or entity opening an account. This includes all personal and commercial accounts, including loan and deposit accounts, as well as trust, brokerage, insurance, and investment management accounts.

What This Means To Our Customer

When you open an account, you will be asked for your name, address, Social Security or tax identification number, date of birth (if applicable), and other information that will allow Fifth Third to identify you. You will also be asked to furnish your driver's license or other identifying a documents. We are requires to follow this procedure each time an account is opened, even if you are a current customer of Fifth Third.

List of Affiliates

Fifth Third Bank, an Ohio Banking Corporation

Fifth Third Insurance Agency, Inc.

Fifth Third Mortgage Company

Fifth Third Securities, Inc. Member FINRA/ SIPC

Fifth Third Mortgage Insurance Reinsurance Co.

American Tax and Property Reporting, Inc.

Fifth Third Equipment Finance Company

ClearArc Capital. Inc.

Vantiv, Inc. and Vantiv, LLC

SLK Global Solutions Pvt. Ltd.

SLK Global Solutions Philippines. Inc.

Fifth Third Commercial Funding, Inc.

Fifth Third Holdings, LLC

Fifth Third Mortgage- Michigan, LLC

Fifth Third Auto Leasing Trust

Vista Settlement Servicer, LLC

Card Management Company, LLC

Deposits and credit products provided by Fifth Third Bank, Member FDIC. Equal Housing Lender.

Important Information About Credit Reporting

We may report information about your accounts to credit bureaus. Late payments, missed payments, or other defaults on your account may be reflected in your credit report. Fifth Third Bank provides access to investments and investment services through various subsidiaries, including Fifth Third Securities. Fifth Third Securities is the trade name used by Fifth Third Securities, Inc., member FINRA/ SIPC, a registered broker-dealer and a registered investment advisor registered with U.S Securities and Exchange Commission (SEC). Registration does not imply a certain level of skill or training. Securities and investment offered through Fifth Third Securities, Inc. and insurance products:

Are Not FDIC Insured

Offer No Bank Guarantee

May Lose Value

Insurance products made available through Fifth Third Insurance Agency, Inc.

Are Not Insured By Any Federal Government Agency

Are Not A Deposit

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Appendix C: Explanation of Investment Risk Factors

The information provided below is a summary of the principal risks of the Funds. For information about the principal risks associated with the Sallie Mae High Yield Savings Account, see ***Underlying Funds Descriptions – Sallie Mae High Yield Savings Account***, page 34. For information about the principal risks associated with the Fifth Third Bank checking account, see ***Investment Option Descriptions – Checking Account Option***, page 27. Each Fund's current prospectus and statement of additional information contains information not summarized here and identifies additional principal and other risks to which the respective Underlying Investment may be subject.

BlackRock Investment Risks

Agency Debt Risk. The Fund invests in unsecured bonds or debentures issued by government agencies, including the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac"). Bonds or debentures issued by government agencies, government-sponsored entities, or government corporations, including, among others, Fannie Mae and Freddie Mac, are generally backed only by the general creditworthiness and reputation of the government agency, government-sponsored entity, or government corporation issuing the bond or debenture and are not guaranteed by the U.S. Department of the Treasury ("U.S. Treasury") or backed by the full faith and credit of the U.S. government. As a result, there is uncertainty as to the current status of many obligations of Fannie Mae, Freddie Mac and other agencies that are placed under conservatorship of the federal government. Government National Mortgage Association ("Ginnie Mae") securities are generally backed by the full faith and credit of the U.S. government.

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

Assets Under Management (AUM) Risk. From time to time, an Authorized Participant (as defined in the Creations and Redemptions section of this prospectus

(the "Prospectus")), a third party investor, the Fund's adviser or an affiliate of the Fund's adviser, or a fund may invest in the Fund and hold its investment for a specific period of time in order to facilitate commencement of the Fund's operations or for the Fund to achieve size or scale. There can be no assurance that any such entity would not redeem its investment or that the size of the Fund would be maintained at such levels, which could negatively impact the Fund.

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

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

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

Fund's shares to trade in the market at greater bid-ask spreads or greater premiums or discounts to the Fund's NAV.

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

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

Consumer Staples Sector Risk. The consumer staples sector may be affected by, among other things, marketing campaigns, changes in consumer demands, government regulations and changes in commodity prices.

Credit Risk. Debt issuers and other counterparties may not honor their obligations or may be unable or unwilling to make timely interest and/or principal payments when due or otherwise honor their obligations. Changes in an issuer's credit rating or the market's perception of an issuer's creditworthiness may also adversely affect the value of the Fund's investment in that issuer. The degree of credit risk depends on the issuer's financial condition and on the terms of the securities.

Currency Hedging Risk. When a derivative is used as a hedge against a position that the Fund holds, any loss generated by the derivative generally should be substantially offset by gains on the hedged investment, and vice versa. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains. Hedges are sometimes subject to imperfect matching between the derivative and its reference asset, and there can be no assurance that the Fund's hedging transactions will be effective.

In seeking to track the performance of the Underlying Index, the Fund will attempt to hedge the currency exposure of non-U.S. dollar denominated securities held in its portfolio by investing in foreign currency forward contracts, which may include both physically-settled forward contracts and NDFs. NDFs may be less liquid than deliverable forward currency contracts. A lack of liquidity in NDFs of the hedged currency could result in the Fund being unable to structure its hedging transactions as intended. In addition, BlackRock may seek to limit the size of the Fund in order to attempt to reduce the likelihood of a situation where the Fund is unable to obtain sufficient liquidity in an underlying currency hedge to implement its investment objective.

Foreign currency forward contracts, including NDFs, do not eliminate movements in the value of non-U.S. currencies and securities but rather allow the Fund to establish a fixed rate of exchange for a future point in time. Exchange rates may be volatile and may change quickly and unpredictably in response to both global economic developments and economic conditions in a geographic region in which the Fund invests. In addition, in order to minimize transaction costs, or for other reasons, the Fund's exposure to the component currencies may not be fully hedged at all times. At certain times, the Fund may use an optimized hedging strategy and will hedge a smaller number of component currencies to reduce hedging costs. In addition, because the Fund's currency hedge is reset on a

monthly basis, currency risk can develop or increase intra-month. Furthermore, while the Fund is designed to hedge against currency fluctuations, it is possible that a degree of currency exposure may remain even at the time a hedging transaction is implemented. As a result, the Fund may not be able to structure its hedging transactions as anticipated or its hedging transactions may not successfully reduce the currency risk included in the Fund's portfolio. The effectiveness of the Fund's currency hedging strategy will in general be affected by the volatility of both the Underlying Index and the volatility of the U.S. dollar relative to the currencies to be hedged, measured on an aggregate basis. Increased volatility in either or both the Underlying Index and the U.S. dollar relative to the currencies to be hedged will generally reduce the effectiveness of the Fund's currency hedging strategy. In addition, volatility in one or more of the currencies may offset stability in another currency and reduce the overall effectiveness of the hedges. The effectiveness of the Fund's currency hedging strategy may also in general be affected by interest rates. Significant differences between U.S. dollar interest rates and some or all of the applicable foreign currency interest rates may impact the effectiveness of the Fund's currency hedging strategy. Currency hedging activity exposes the Fund to credit risk due to counterparty exposure. This risk will be higher to the extent that the Fund trades with a single counterparty or small number of counterparties.

Currency Risk. Because the Fund's NAV is determined in U.S. dollars, the Fund's NAV could decline if one or more of the currencies of the non-U.S. markets in which the Fund invests depreciates against the U.S. dollar. Currency exchange rates can be very volatile and can change quickly and unpredictably. As a result, the Fund's NAV may change quickly and without warning.

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

Derivatives Risk. The Fund will use currency forwards and NDFs to hedge the currency exposure resulting from investments in the foreign currency-denominated securities held by the Fund. The Fund's use of these instruments, like investments in other derivatives, may reduce the Fund's returns, increase volatility and/or result in losses due to credit risk or ineffective hedging strategies. Volatility is defined as the characteristic of a security, a currency, an index or a market, to fluctuate significantly in price within a defined time period. Currency forwards, like other derivatives, are also subject to counterparty risk, which is the risk that the other party in the transaction will not fulfill its contractual obligation. A risk of the Fund's use of derivatives is that the fluctuations in their values may not correlate perfectly with the value of the currency or currencies being hedged as compared to that of the U.S. dollar. The possible lack of a liquid secondary market for derivatives and the resulting inability of the Fund to sell or otherwise close a derivatives position could expose the Fund to losses and could make derivatives more difficult for the Fund to value accurately. The Fund could also suffer losses related to its derivatives positions as a result of unanticipated market

movements, which losses are potentially unlimited. BlackRock's use of derivatives is not intended to predict the direction of securities prices, currency exchange rates, interest rates and other economic factors, which could cause the Fund's derivatives positions to lose value. Derivatives may give rise to a form of leverage and may expose the Fund to greater risk and increase its costs. The U.S. and certain other countries have adopted or are in the process of adopting regulatory reforms affecting the derivatives markets. These regulations may make derivatives more costly, may limit the availability of derivatives, and may otherwise adversely affect the value and performance of derivatives.

Equity Securities Risk. Equity securities are subject to changes in value, and their values may be more volatile than those of other asset classes. Holders of common stock generally are subject to more risks than holders of preferred stock and debt securities because the right to repayment of common stockholders' claims is subordinated to that of holders of preferred stock and debt securities upon the bankruptcy of the issuer.

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

For funds that invest in mortgage-backed securities, extension risk is the chance that during periods of rising interest rates, homeowners will prepay their mortgages at slower rates. Extension risk is generally moderate for intermediate-term bond funds.

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

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

High Portfolio Turnover Risk. The Fund may engage in active and frequent trading of its portfolio securities. High portfolio turnover (considered by the Fund to mean higher than 100% annually) may result in increased transaction costs to the Fund, including brokerage commissions, dealer markups and other transaction costs on the sale of the securities and on reinvestment in other securities.

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

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

Industrials Sector Risk. The industrials sector may be adversely affected by changes in the supply of and demand for products and services, product obsolescence, claims for environmental damage or product liability and general economic conditions, among other factors.

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

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

Large-Capitalization Companies Risk. Large-capitalization companies may be less able than smaller capitalization companies to adapt to changing market conditions. Large-capitalization companies may be more mature and subject to more limited growth potential compared with smaller capitalization companies. During different market cycles, the performance of large-capitalization companies has trailed the overall performance of the broader securities markets.

Liquidity Risk. Liquidity risk exists when particular investments are difficult to purchase or sell. This can reduce the Fund's returns because the Fund may be unable to transact at advantageous times or prices.

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

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

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

National Closed Market Trading Risk. To the extent that the underlying securities held by the Fund trade on foreign exchanges that may be closed when the securities exchange on which the Fund's shares trade is open, there are likely to be deviations between the current price of such an underlying security and the last quoted price for the underlying security (i.e., the Fund's quote from

the closed foreign market). These deviations could result in premiums or discounts to the Fund's NAV that may be greater than those experienced by other ETFs.

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

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

Non-U.S. Securities Risk. Investments in the securities of non-U.S. issuers are subject to the risks associated with investing in those non-U.S. markets, such as heightened risks of inflation or nationalization. The Fund may lose money due to political, economic and geographic events affecting issuers of non-U.S. securities or non-U.S. markets. In addition, non-U.S. securities markets may trade a small number of securities and may be unable to respond effectively to increases in trading volume, potentially making prompt liquidation of holdings difficult or impossible at times. The Fund is specifically exposed to **Asian Economic Risk** and **European Economic Risk**.

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

Passive Investment Risk. The Fund is not actively managed and BlackRock generally does not attempt to take defensive positions under any market conditions, including declining markets.

Privatization Risk. Some countries in which the Fund invests have privatized, or have begun the process of privatizing, certain entities and industries. Privatized entities may lose money or be re-nationalized.

Reliance on Trading Partners Risk. The Fund invests in countries or regions whose economies are heavily dependent upon trading with key partners. Any reduction in this trading may have an adverse impact on the Fund's investments. Through its portfolio companies' trading partners, the Fund is specifically exposed to **Asian Economic Risk, European Economic Risk and U.S. Economic Risk.**

Risk of Investing in Developed Countries. The Fund's investment in developed country issuers may subject the Fund to regulatory, political, currency, security, economic and other risks associated with developed countries. Developed countries tend to represent a significant portion of the global economy and have generally experienced slower economic growth than some less developed countries.

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

Risk of Investing in Japan. The Japanese economy may be subject to considerable degrees of economic, political and social instability, which could have a negative impact on Japanese securities. Since the year 2000, Japan's economic growth rate has remained relatively low, and it may remain low in the future. In addition, Japan is subject to the risk of natural disasters, such as earthquakes, volcanic eruptions, typhoons and tsunamis, which could negatively affect the Fund.

Securities Lending Risk. The Fund may engage in securities lending. Securities lending involves the risk that the Fund may lose money because the borrower of the loaned securities fails to return the securities in a timely manner or at all. The Fund

could also lose money in the event of a decline in the value of collateral provided for loaned securities or a decline in the value of any investments made with cash collateral. These events could also trigger adverse tax consequences for the Fund.

Security Risk. Some countries and regions in which the Fund invests have experienced security concerns, such as terrorism and strained international relations. Incidents involving a country's or region's security may cause uncertainty in these markets and may adversely affect their economies and the Fund's investments.

Sovereign and Quasi-Sovereign Obligations Risk. The Fund invests in securities issued by or guaranteed by non-U.S. sovereign governments and by entities affiliated with or backed by non-U.S. sovereign governments, which may be unable or unwilling to repay principal or interest when due.

In times of economic uncertainty, the prices of these securities may be more volatile than those of corporate debt obligations or of other government debt obligations.

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

Tax Risk. The Fund invests in derivatives. The federal income tax treatment of a derivative may not be as favorable as a direct investment in an underlying asset. Derivatives may produce taxable income and taxable realized gain. Derivatives may adversely affect the timing, character and amount of income the Fund realizes from its investments. As a result, a larger portion of the Fund's distributions may be treated as ordinary income rather than as capital gains. In addition, certain derivatives are subject to mark-to-market or straddle provisions of the Code. If such provisions are applicable, there could be an increase (or decrease) in the amount of taxable dividends paid by the Fund. Income from swaps is generally taxable. In addition, the tax treatment of certain derivatives, such as swaps, is unsettled and may be subject to future legislation, regulation or administrative pronouncements issued by the IRS.

As part of the Fund's currency hedging strategy, the Fund may match foreign currency forward contracts with the non-U.S. dollar denominated securities whose currency risk is intended to be hedged wholly or partially by such contracts. If the Fund were to perform such matching for

income tax purposes, this matching would potentially result in the Fund's deferral for U.S. federal income tax purposes of the realized gains or losses attributable to foreign currency forward contracts until such gains or losses offset the currency-related losses on the matched non-U.S. dollar denominated securities. If the IRS were to disagree with such deferral treatment or the matching methodology used, the Fund's income could become undistributed and incur tax liabilities. The Fund may reevaluate, adjust, begin, or discontinue the matching of such contracts in the future.

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

Treasury Obligations Risk. Treasury obligations may differ from other securities in their interest rates, maturities, times of issuance and other characteristics and may provide relatively lower returns than those of other securities. Similar to other issuers, changes to the financial condition or credit rating of a government may cause the value of the Fund's treasury obligations to decline.

Valuation Risk. The price the Fund could receive upon sale of a security or unwind of a financial instrument or other asset may differ from the Fund's valuation of the security or other asset and from the value used by the Underlying Index, particularly for securities or other instruments that trade in low volume or volatile markets or that are valued using a fair value methodology. In addition, the value of the securities or other instruments in the Fund's portfolio may change on days or during time periods when shareholders will not be able to purchase or sell the Fund's shares.

Schwab Investment Risks

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

Derivatives Risk. The Fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. The Fund's use of derivatives could reduce the Fund's performance, increase the Fund's volatility, and could cause the Fund to lose more than the initial amount invested. In

addition, investments in derivatives may involve leverage, which means a small percentage of assets invested in derivatives can have a disproportionately large impact on the Fund.

Emerging Markets Risk. Emerging market countries may be more likely to experience political turmoil or rapid changes in market or economic conditions than more developed countries. Emerging market countries often have less uniformity in accounting and reporting requirements and greater risk associated with the custody of securities. In addition, the financial stability of issuers (including governments) in emerging market countries may be more precarious than in other countries. As a result, there will tend to be an increased risk of price volatility associated with the Fund's investments in emerging market countries, which may be magnified by currency fluctuations relative to the U.S. dollar, and, at times, it may be difficult to value such investments.

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

Foreign Investment Risk. The Fund's investments in securities of foreign issuers involve certain risks that are greater than those associated with investments in securities of U.S. issuers. These include risks of adverse changes in foreign economic, political, regulatory and other conditions;

changes in currency exchange rates or exchange control regulations (including limitations on currency movements and exchanges); the imposition of economic sanctions or other government restrictions; differing accounting, auditing, financial reporting and legal standards and practices; differing securities market structures; and higher transaction costs. These risks may negatively impact the value or liquidity of the Fund's investments, and could impair the Fund's ability to meet its investment objective or invest in accordance with its investment strategy. These risks may be heightened in connection with investments in emerging markets. Foreign securities also include ADRs, GDRs, and EDRs, which are receipts issued by U.S. and foreign banks that represent shares of foreign-based corporations. Investments in ADRs, GDRs and EDRs may be less liquid than the underlying shares in their primary trading market and GDRs, many of which are issued by companies in emerging markets, may be more volatile. To the extent the Fund's investments in a single country or a limited number of countries represent a large percentage of the Fund's assets, the Fund's performance may be adversely affected by the economic, political and social conditions in those countries and it may be subject to increased price volatility.

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

Large- and Mid-Cap Risk. Both large- and mid-cap stocks tend to go in and out of favor based on market and economic conditions. However, stocks of mid-cap companies tend to be more susceptible to adverse business or economic events than larger, more established companies. During a period when large- and mid-cap stocks fall behind other types of investments—small-cap stocks, for instance—the Fund's large- and mid-cap holdings could reduce performance.

Large-Cap Risk. The Fund will invest in large-cap segments of the U.S. stock market. Large-cap stocks tend to go in and out of favor based on market and economic conditions. During a period when large-cap U.S. stocks fall behind other types of investments—mid- or small-cap stocks, for instance—the Fund's large-cap holdings could reduce performance.

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

Market Risk. Stock and bond markets and the values of securities held by the Fund rise and fall daily. As with any investment whose performance is tied to these markets, the value of your investment in the Fund will fluctuate, which means that you could lose money.

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

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

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

Sampling Index Tracking Risk. The Fund may not fully replicate the index and may hold securities not included in the index. As a result, the Fund is subject to the risk that the investment adviser's investment management strategy, the implementation of which is subject to a number of constraints, may not produce the intended results. Because the Fund utilizes a sampling approach it may not track the return of the index as well as it would if the Fund purchased all of the securities in the index.

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

Shares of the Fund May Trade at Prices Other Than NAV. Fund shares may be bought and sold in the secondary market at market prices. Although it is expected that the market price of the shares of the Fund will approximate the Fund's net asset value (NAV), there may be times when the

market price and the NAV vary significantly. You may pay more than NAV when you buy shares of the Fund in the secondary market, and you may receive less than NAV when you sell those shares in the secondary market. The market price of Fund shares may deviate, sometimes significantly, from NAV during periods of market volatility or as a result of other factors impacting foreign securities, including liquidity, irregular trading activity and timing differences between foreign markets where securities trade and the secondary market where Fund shares are sold.

Small- and Mid-Cap Risk. Even larger REITs and other real estate companies may be small- to medium-sized companies in relation to the equity markets as a whole. Historically, small- and mid-cap stocks have been riskier than large-cap stocks. Small- and mid-cap companies themselves may be more vulnerable to adverse business or economic events than larger, more established companies. Stock prices of smaller companies may be based in substantial part on future expectations rather than current achievements and may move sharply, especially during market upturns and downturns. During a period when small- and mid-cap stocks fall behind other types of investments—large-cap stocks, for instance—the Fund's small- and mid-cap holdings could reduce performance.

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

Vanguard Investment Risks

Call Risk. The chance that during periods of falling interest rates, issuers of callable bonds may call (redeem) securities with higher coupon rates or interest rates before their maturity dates. A Fund would then lose any price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the Fund's income.

Credit Risk. The chance that a bond issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline.

Extension Risk. The chance that during periods of rising interest rates, certain debt obligations will be paid off substantially more slowly than originally anticipated, and the value of those securities may fall.

Income Risk. The chance that a Fund's income will decline because of falling interest rates.

Income Fluctuation Risk. The chance that a Fund's quarterly income distributions are likely to fluctuate considerably more than the income distributions of a typical bond fund. For Vanguard Short-Term Inflation-Protected Securities Index Fund, income fluctuations associated with changes in interest rates are expected to be low; however, income fluctuations associated with changes in inflation are expected to be high.

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

Interest Rate Risk. The chance that bond prices will decline because of rising interest rates.

Investment Style Risk. The chance that returns from the types of stocks in which a Fund invests will trail returns from the overall stock market. Specific types of stocks tend to go through cycles of doing better—or worse—than the stock market in general. These periods have, in the past, lasted for as long as several years.

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

Stock Market Risk. The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.

Appendix D: Key Terms

Terms not defined within the main body of the PA ABLE Disclosure Statement have the following meanings:

Account: An account in the PA ABLE Program opened by the Account Owner or Authorized Individual to receive contributions and to provide a source of payment for Qualified Disability Expenses.

Account Balance Limit: An amount set by the PA ABLE program (currently $511,748 but subject to increases). When the fair market value of an account reaches the Account Balance Limit, no additional contributions will be accepted by the Program. Assets in an Account can continue to accrue earnings beyond the Account Balance Limit.

Account Owner or You: You, the Account Owner and designated beneficiary of the Account. In order to be an Account Owner you must be an Eligible Individual.

Annual Contribution Limit: An amount specified under Section 529A equal to the amount of gifts to one individual that may be excluded from federal gift taxes (currently $14,000 but subject to increases.) Once contributions from all sources made in a tax year meet this amount any further attempted contributions will be rejected or, if accepted, returned to the contributor.

Ascensus: Ascensus is used to refer collectively or individually, as the case requires, to Ascensus College Savings Recordkeeping Services, LLC, the Recordkeeper, and its affiliates, Ascensus Investment Advisors, LLC, (the Investment Manager) and Ascensus Broker Dealer Services, Inc., as applicable.

Authorized Agent: A person granted permission, which is revocable, by the Account Owner or Authorized Individual to access information about the Account and/or to take specified actions on the Account.

Authorized Individual: An Authorized Individual is the person who may open and control an Account for an Eligible Individual who is a minor or lacks the capacity to contract. The Authorized

Individual must be a parent or legal guardian of the Account Owner or may be a person granted a power of attorney by the Account Owner, if the Account Owner is competent to do so. The Authorized Individual may neither have, nor acquire, any beneficial interest in the Account during the Account Owner's lifetime and must administer the Account for the benefit of the Account Owner. Whenever an action is required or permitted to be taken by an Account Owner in connection with an Account, it must be taken by the Account Owner's Authorized Individual if there is one.

BlackRock: BlackRock, Inc. and its affiliates.

Code: The Internal Revenue Code of 1986, as amended.

Contribution Limits: The Annual Contribution Limit and Account Balance Limit.

EFT or Electronic Funds Transfer: A service in which an Account Owner authorizes the PA ABLE Program to electronically transfer money from a bank or other financial institution to his or her Account

Eligible Individual: An individual is an Eligible Individual for a taxable year if, during that year, either (1) the individual is entitled to benefits based on blindness or disability under Title II or XVI of the Social Security Act, or (2) a disability certification meeting specified requirements is made. In all cases, the blindness or disability must have occurred before the individual's 26th birthday.

Enabling Law: The law of the Pennsylvania that established the PA ABLE Program. Act 17 of 2016.

Enrollment Form: The Account opening application signed by the Account Owner (or Authorized Individual) to acknowledge acceptance of the terms and conditions of the Member Plan set forth in the PA ABLE Disclosure Statement and the Enrollment Form.

ETF: An exchange traded fund.

Federal Penalty Tax: A 10% additional federal tax imposed on the earnings portion of certain Non-qualified Withdrawals.

Fifth Third Bank: Fifth Third Bancorp and its affiliates.

Fund: The Underlying Funds in which the Investment Options invest.

Investment Firms: BlackRock, Fifth Third Bank, Sallie Mae Bank, Schwab and Vanguard are the firms whose Underlying Funds are used.

Investment Options: The investment choices offered by PA ABLE. You can choose to invest in one or any combination of Investment Options. The Investment Options include six Asset-allocation Investment Options and one Checking Account Option.

IRS: Internal Revenue Service.

Non-qualified Withdrawal: Any withdrawal from your Account not used to pay your Qualified Disability Expenses or rolled over to another ABLE account. Note that expenses will not be

Qualified Disability Expenses if they are incurred at a time when an Account Owner is not an Eligible Individual.

NYSE: The New York Stock Exchange, Inc.

PA ABLE Disclosure Statement: This document, which is intended to provide a description of the Program and disclosure of the terms and conditions of an investment in the Member Plan, including any supplements distributed from time to time.

Participation Agreement: The agreement between you and the PA ABLE program, which is attached to this Plan Disclosure Statement as Appendix A, that, along with the certifications included in the Enrollment Form, governs your use of the PA ABLE program and is enforceable by PA ABLE.

Proposed Tax Regulations: Proposed U.S. Treasury Department IRS Rulemaking on Section 529A Qualified ABLE Programs.

Qualified Disability Expenses: Any expenses that (1) are incurred at a time when the Account Owner is an Eligible Individual, and (2) relate to the blindness or disability of the Account Owner. Such expenses include, expenses related to the Account Owner's education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, funeral and burial expenses, and other expenses that may be identified from time to time by the IRS. Additionally the Proposed Tax Regulations, state that "basic living expenses" are Qualified Disability Expenses, that Qualified Disability Expenses are not limited to expenses that are medically necessary or are for the sole benefits of the Eligible Individual, and that they include expenses for maintaining or improving health, independence or quality of life.

Qualified Withdrawal: Any withdrawal used to pay for Qualified Disability Expenses of the Account Owner.

Rollover: A contribution to an ABLE account of an Account Owner (or of an Eligible Individual who is a Member of the Family of the Account Owner) of all or a portion of an amount withdrawn from the Account Owner's Account, provided the contribution is made within 60 days of the date of the withdrawal and, in the case of a Rollover to the Account Owner's ABLE account, no Rollover has been made to an ABLE account of the Account Owner within the prior 12 months.

Schwab: Charles Schwab Investment Management, Inc. and its affiliates.

SEC: U.S. Securities and Exchange Commission

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

Social Security Act: The Social Security Act of 1935, as amended.

SSI: Supplemental Security Income.

Systematic Exchange Program: An optional feature which allows you to automatically reallocate assets in your Account from an Investment Option to one or more other Investment Options.

Underlying Funds: The mutual funds, ETFs, bank products and any other investments, in which assets of the PA ABLE program are invested through the Investment Options.

Unit: The measurement of an Account's interest in an Asset-allocation Investment Option. When you contribute to an Asset-allocation Investment Option(s), your money will be invested in Units of one or more asset-allocation Investment Options.

Unit Value: The value per Unit in an Asset-allocation Investment Option. For example, if you contribute $100 to an Asset-allocation Investment Option and the value of a Unit in the Investment Option is $10 you will be allocated 10 Units in the Investment Option. No Unit Value is calculated for the Checking Account Option. Investments directed to the Checking Account Option will be valued at cash value.

Vanguard: The Vanguard Group, Inc.