



# **Program Disclosure Booklet**

July 2026

# **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 ("PA ABLE"), 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. Links to third party websites found in this disclosure statement are provided for informational purposes and are not part of the PA ABLE disclosure statement. The Plan Administrators make no representations as to the accuracy of the information found on any third party websites.

## **Accounts Not Insured or Guaranteed**

Accounts established under PA ABLE, 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, PA ABLE, or any consultant, contractor, or advisor retained by the Commonwealth, the Treasury Department, or PA ABLE. Account owners in PA ABLE 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.

## **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 PA ABLE 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.**

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## PA ABLE - At a Glance

<p><b>Nature of the Pennsylvania ABLE Savings Program</b></p>	<p>The Pennsylvania ABLE Savings Program ("PA ABLE") 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.</p>
<p><b>Role of the PA Treasury</b></p>	<p>PA ABLE is administered by the Pennsylvania Treasury Department (the "Department"). The Department chooses the Underlying Funds and the allocations within the Investment Options and monitors investment performance. The Department also provides marketing for PA ABLE. Pursuant to a contract expiring on November 17, 2030, unless earlier terminated, Vestwell Government Savings, LLC provides Program Management services and Vestwell Advisors, LLC provides investment advisory services (collectively, "Vestwell"). The investments are made in products offered by The Vanguard Group, Inc., Charles Schwab Investment Management, Inc., dba Schwab Asset Management, Fidelity Management &amp; Research Company LLC, The Lincoln National Life Insurance Company, Nationwide Life Insurance Company, and Fifth Third Bank, NA (collectively, "Investment Firms").</p>
<p><b>Account Owner / Beneficiary</b></p>	<p>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 46th birthday. See Part 2.A.</p>
<p><b>Authorized Individual</b></p>	<p>Another person or entity may be designated to open and manage an Account on behalf of the Account Owner (Authorized Individual). An Account Owner, 18 years of age or older who has legal capacity to enter into a contract may select any adult to be an Authorized Individual if they choose. However, if the Account Owner is a minor or lacks legal capacity to enter into a contract, federal law provides a hierarchy of individuals who are permitted to be an Authorized Individual. Any reference in this PA ABLE</p>

	<p>Disclosure Statement to actions that must or may be taken by an Account Owner also apply to the Account Owner's Authorized Individual unless the content clearly indicates otherwise.</p>
<b>Contributions</b>	<p><u>Initial Contribution</u>: An initial contribution is not required. However, a contribution must be made within 90 days of opening the Account or it will be closed.</p> <p><u>Additional Contributions</u>: \$1.00 minimum. You may also receive a minimum contribution of \$5.00 through the online gifting page for your Account as well as through Gift of College gift cards.</p> <p>Current Standard Contribution Limit: \$20,000</p> <p>Current ABLE to Work Contribution Limits: Up to \$15,650 (\$17,990 for Hawaii residents; \$19,550 for Alaska residents)</p> <p>Current Account Balance Limit for Contributions: \$511,758</p>
<b>Investment Options</b>	<p>Investment Options include seven risk-based Investment Options ranging from Aggressive to Capital Preservation, as well as nine target-year Investment Options, with target years ranging from 2030 to 2070 (or later).</p>
<b>Risk Factors of the Pennsylvania ABLE Savings Program</b>	<p>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 or withdrawals from an Account may adversely affect the Account Owner's eligibility for federal or state needs-based benefits. See Appendix B.</p>
<b>Fees and Expenses</b>	<p>There is an Annual Account Maintenance Fee. That fee is \$37, but is discounted to \$17 for those Account Owners who choose Electronic Delivery. The fee is taken quarterly (\$9.25 or \$4.25). The Investment Options have annual asset-based fees ranging from 0.00% to 0.2473%. See Part 2.D.</p>
<b>Tax Advantages</b>	<p>Earnings accrue free from Pennsylvania and federal income tax and there is no Pennsylvania or federal income tax on Qualified Withdrawals.</p>

	<p>Contributions up to \$19,000 per year may be deducted from taxable income on Pennsylvania state income tax. This benefit applies only to contributions made to PA ABLE accounts.</p> <p>PA ABLE assets are not subject to Pennsylvania Inheritance Tax.</p>
<p><b>Other Advantages</b></p>	<p>ABLE savings are excluded from eligibility determinations for all federal means-tested benefits, including (but not limited to) Supplemental Security Income (SSI) benefits (savings up to \$100,000) Medicaid (called Medical Assistance in Pennsylvania), and federal student financial aid, as well as state needs-based disability and health benefits and state student financial aid. See Part 1.</p>
<p><b>Qualified Withdrawals</b></p>	<p>A Qualified Withdrawal can be taken from a PA ABLE Account to pay for Qualified Disability Expenses. Such expenses include, but are not limited to: education, housing, transportation, and assistive technology. See Part 2.E.7.a.</p>
<p><b>Account Control</b></p>	<p>While the federal ABLE Act requires that the Eligible Individual be the Account Owner of a PA ABLE Account, an Authorized Individual may be designated to open and maintain an Account on behalf of the Account Owner. An Account Owner, 18 years of age or older who has legal capacity to enter into a contract may select another person or entity to be an Authorized Individual if they choose. However, if the Account Owner is a minor or lacks legal capacity to enter into a contract, federal law provides a hierarchy of individuals who are permitted to be an Authorized Individual. See Part 2.A.2.c.iii.</p>
<p><b>Online Applications and Account Information</b></p>	<p>Eligible Individuals may enroll online at <a href="http://PAABLE.gov">PAABLE.gov</a>, or print or call for an Enrollment Form and mail the completed form to:</p> <p><i>PA ABLE PO Box 534004 Pittsburgh, PA 15253-4004</i></p> <p>Overnight Mail</p> <p><i>PA ABLE Attention: 534004 1350 Penn Avenue, Suite 102 Pittsburgh, PA 15222</i></p>

	<p>Account Owners may choose to receive some or all Account correspondence electronically, rather than in a paper format. Choosing to receive specified Account correspondence electronically will lower the Annual Account Maintenance fee.</p> <p>Most Account activities can be completed online, including Account maintenance. See Part 2.A.2.</p>
<p><b>Privacy Policies</b></p>	<p>All information you provide to PA ABLE is treated confidentially. Vestwell is obligated to treat the information you provide to PA ABLE confidentially. Our privacy policies may be found at <a href="http://PAABLE.gov">PAABLE.gov</a> or by calling 855-529-ABLE (2253).</p>
<p><b>Contact Information</b></p>	<p>Website: <a href="http://PAABLE.gov">PAABLE.gov</a></p> <p>Email: <a href="mailto:info@PAABLE.gov">info@PAABLE.gov</a></p> <p>Phone: 855-529-ABLE (2253)</p> <p><b>PA ABLE Savings Program:</b></p> <p><i>Pennsylvania Treasury Bureau of Savings Programs 613 North Drive, Room G-06 Harrisburg, PA 17120</i></p> <p><b>Processing Center:</b></p> <p><i>PA ABLE PO Box 534004 Pittsburgh, PA 15253-4004</i></p> <p>Overnight Mail</p> <p><i>PA ABLE Attention: 534004 1350 Penn Avenue, Suite 102 Pittsburgh, PA 15222</i></p>

## How to Enroll

### A. READ THE PA ABLE DISCLOSURE STATEMENT

Read the PA ABLE Disclosure Statement and save it for future reference. It contains important information that should be reviewed before opening an Account, including information about the benefits and risks of investing in PA ABLE.

## **B. GATHER INFORMATION**

### **1. ACCOUNT OWNER**

- Valid Social Security number or taxpayer identification number
- Date of birth
- Street address (not a PO Box) in the U.S. or a U.S. territory or military base
- Email address for Account Owners with legal capacity to enter into a contract who will be opening and managing the Account themselves
- Checking or savings account number and bank routing number to contribute electronically by EFT or recurring contribution

### **2. AUTHORIZED INDIVIDUAL**

#### **For individuals opening the Account on behalf of the Account Owner:**

- Valid Social Security number, or taxpayer identification number
- Date of birth
- Street address (not a PO Box) in the U.S. or a U.S. territory or military base
- Email address to be used for Account communications
- Checking or savings account number and bank routing number to contribute electronically by EFT or recurring contribution

#### **For Entities opening the Account on behalf of an Account Owner:**

- Entity tax identification number
- Entity street address
- A continuously monitored organizational email address that is not associated with a specific employee for Account communications
- Name, U.S. residential address, date of birth and Social Security Number or tax identification number for certain individual(s) that own and/or control the entity.
- Organization documents (e.g. articles of incorporation) and signatory forms will be required in certain situations.

## **C. ENROLL ONLINE**

Visit [PAABLE.gov](https://paable.gov) and click on Open an Account to get started.

Online enrollment is easiest and recommended. However, some circumstances may require paper enrollment. A paper enrollment form may be downloaded and printed from [PAABLE.gov](https://paable.gov) or by calling our Customer Service Center at 855-529-ABLE (2253).

# 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 ("Program"). The topics discussed in this Program Summary are discussed in more detail later in this PA ABLE Disclosure Statement. Before investing, please read the entire PA ABLE Disclosure Statement carefully to ensure that you fully understand PA ABLE.

### 1. What is the PA ABLE Program?

PA ABLE 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 Department administers PA ABLE.

PA ABLE offers investment vehicles that are similar to mutual funds and other investment products. You can choose from among seven risk-based Investment Options and nine target-year Investment Options. Each of the Investment Options invests in products from the Investment Firms. The products include mutual funds, stable value funds, and cash or cash equivalents (the "Underlying Funds").

In the risk-based Investment Options, the funds (assets) are in different combinations (allocations) of stock funds, bond funds, stable value funds, and cash or cash equivalents. The combinations range from aggressive investments (mostly stocks) to a Capital Preservation Option (stable value funds and cash). The asset allocations (combination of stocks, bonds, stable value funds, and cash or cash equivalents) are static; that is, they will not change without prior notice.

The target-year Investment Options are designed for withdrawals in or near the year referenced in the name of the applicable Investment Option. The funds (assets) are also in different combinations (allocations) of stock funds, bond funds, stable value funds, and cash or cash equivalents. The allocations automatically adjust to become more conservative as the target year approaches.

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

PA ABLE also offers an ABLE Visa® Prepaid Card managed by True Link Financial. Withdrawals can be taken from any Investment Option and loaded onto the ABLE Visa® Prepaid Card to use for Qualified Withdrawals.

## 2. What are the tax advantages?

There are numerous federal and state tax advantages, which are described in more detail later in this PA ABLE 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 Disability 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.

## 3. 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.

## 4. 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 Disability Expenses, tax exempt.
- **Pennsylvania Income Tax Deduction.** Contributions up to \$19,000 per year may be deducted from taxable income on Pennsylvania state income taxes.
- **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.

## 5. Who can own a PA ABLE Account?

In order to own an Account, the Account Owner must be an Eligible Individual under Section 529A. An individual is an Eligible Individual for a calendar year if the individual's blindness or disability occurred before the individual's 46<sup>th</sup> birthday and if, during that calendar year, at least one of the following is true:

1. The individual is currently receiving SSDI benefits under Title II of the Social Security Act based on blindness or due to a disability;
2. The individual is currently receiving SSI benefits under Title XVI of the Social Security Act based on blindness or due to a disability;
3. The individual is entitled to SSI benefits under Title XVI of the Social Security Act due to a disability, but has had that entitlement suspended solely due to excess income or resources;
4. The individual has a condition on the Social Security Administration's List of Compassionate Allowances Conditions and can certify that the condition produced marked and severe functional limitations prior to age 46; OR
5. The individual can certify to all of the following:
  - a. They are either blind or they have a medically determinable physical or mental impairment that results in marked and severe functional limitations;
  - b. Their impairment can be expected to result in death or it has lasted, or it can be expected to last, for a continuous period of at least 12 months;
  - c. They have a signed diagnosis from a physician and will retain a copy;
  - d. Their diagnosis contains the name and address of the physician, as well as the date of diagnosis;
  - e. The diagnosing physician meets the criteria of Section 1861(r)(1) of the Social Security Act (e.g., the physician is a Doctor of Medicine or osteopathy and is legally authorized to practice); and
  - f. The applicable diagnostic code from those listed on Form 5498-QA (or in the instructions to such form) identifying the type of the individual's impairment has been provided and is accurate.

In addition, in order to open a PA ABLE account, both the Account Owner and, if applicable, the Authorized Individual, must be U.S. residents with addresses in the U.S., a U.S. territory, or a U.S. military base. If, after opening a PA ABLE Account, the Account Owner or Authorized Individual later moves to an international location, the Account can remain open, but contributions will not be permitted during any time that either the Account Owner or Authorized Individual is not a U.S. resident with an address in the U.S., a U.S. territory, or a U.S. military base.

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 unless a second account is opened solely for the purposes of a Rollover. In this case the account from which the Rollover is being made must be closed within 60 days of the Indirect Rollover or upon completion of the transfer in the case of a Direct Rollover. See Part 2.E.7.b.

If the Account Owner is a minor or an adult who lacks legal capacity to enter into a contract, federal law provides a hierarchy of individuals who are permitted to be open

and/or maintain the Account. An Account Owner who is 18 years of age or older and who has legal capacity to enter into a contract may select another person or persons or entity to open and/or maintain the Account on their behalf. This person is referred to as an "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.

## **6. 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, including expenses that are for the benefit of the Eligible Individual in maintaining or improving his or her health, independence, or quality of life.

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"). Federal law states 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.

## **7. 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 benefit consequences for any use other than Qualified Disability Expenses - called "Non-qualified Withdrawals." (See Part 2.E.7.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.

## **8. What are the fees?**

There is an Annual Account Maintenance Fee of \$37, which will be taken quarterly (\$9.25 per quarter). This Fee is discounted to \$17 for Accounts that establish Electronic Delivery of most Account communications (\$4.25 per quarter). (See Part 2.D.2.) There are additional fees, ranging from 0.00% to 0.2473%, that depend on which Investment Options are chosen. (See Part 2.D.1.) PA ABLE does not charge an enrollment fee.

## **B. Role of Department**

The Pennsylvania ABLE Savings Program is administered by the Department. The Department chooses the Underlying Funds and the allocations within the Investment Options and monitors investment performance. The Department also provides marketing for PA ABLE. Pursuant to a contract expiring on November 17, 2030, unless earlier terminated, Vestwell Government Savings, LLC provides Program Management services and Vestwell Advisors, LLC provides investment advisory services. The Investment Options invest in products offered by Fidelity, Fifth Third Bank, Lincoln, Nationwide, Schwab, and Vanguard. (See Part 2.C.2.)

## **Part 2: How PA ABLE 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 he or she 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 PA ABLE 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 46.

You can find an Eligibility Quiz at [PAABLE.gov](https://www.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.

Please note that, except with respect to processing a Rollover, an Account Owner may not have more than one ABLE account at the same time. Please see Part 4.A.3. for more information.

#### **a. Social Security Disability Eligibility Requirements**

PA ABLE 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 PA ABLE, 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, PA ABLE reserves the right to suspend account activity until the requested information is provided or to involuntarily terminate

the Account. (See Part 2.E.8.) 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 46.

## **b. Self-certification Eligibility Requirements**

PA ABLE 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.]

or

3. 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 46. PA ABLE 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 (including the name and physical address of the physician and the date of diagnosis) to PA ABLE upon request. If you fail to provide the requested information within 30 days of any request, PA ABLE reserves the right to suspend account activity until the requested information is provided or to involuntarily terminate the Account. (See Part 2.E.8.)

## **c. Changes in the Eligible Individual's Condition**

PA ABLE requires you to notify PA ABLE if a change in your condition results in your no longer qualifying as an Eligible Individual. Failure to do so may result in an involuntary termination of your Account. (See Part 2.E.8.)

If a change in your condition results in your no longer qualifying as an Eligible Individual, your Account may continue accepting contributions until the end of the tax year in which the change occurs. However, any withdrawals you take at a time when you are not an Eligible Individual will be considered Non-qualified Withdrawals. In subsequent years, your Account can remain open but will be in suspension. During the period of suspension, your Account will remain an ABLE account, and all of the standard benefits protections described in Part 3 will apply to the funds in your Account. However, 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. It is your responsibility to notify PA ABLE if the Account Owner subsequently requalifies 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 enter into a contract, may open an Account or designate an Authorized Individual to open and maintain the Account on their behalf. In addition to being an Eligible Individual, to open an Account, you must (1) be a current resident of the U.S., (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. address that is not a Post Office Box.

#### **ii. Authorized Individuals.**

An Account Owner who is 18 years of age or older and has legal capacity to enter into a contract may designate an Authorized Individual to open and maintain the Account.

However, if the Eligible Individual is a minor or an adult who lacks the capacity to enter into a contract, federal law limits who can serve as an Authorized Individual. In that case, the list of permitted Authorized Individuals, in order of priority, is the Account Owner's:

1. agent under a power of attorney,
2. conservator or legal guardian,
3. spouse,
4. parent,
5. sibling,
6. grandparent, or
7. representative payee appointed for the Account Owner by the SSA.

The Authorized Individual must (1) be a current resident of the U.S., (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. address that is not a Post Office Box.

The Authorized Individual can exercise the same control over the Account as would an adult Account Owner with the capacity to enter into a contract. Any references in this PA ABLE 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 or until another person with a higher priority provides to PA ABLE proof of their authority to take over as the Authorized Individual. An Account Owner who has reached the age of 21 and

has the capacity to enter into a contract may request a termination of the account without the consent of the Authorized Individual (see Part 2.E.8.c.).

**Authorized Individuals 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.**

**It is the responsibility of the Authorized Individual to manage the Account in accordance with any legal documentation, such as guardianship documents or powers of attorney, that requires the Authorized Individual to act in concert with another individual. PA ABLE may act upon the instruction of any Authorized Individual. If legal documentation requires an Authorized Individual to act in concert with another individual, it is the duty of the Authorized Individual to reach agreement with the other individual before taking any action in managing and transacting on the Account. Whenever an action is required to be taken in connection with an Account, the Authorized Individual must take such action on behalf of the Account Owner.**

**None of the Plan Administrators 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. Enrollment Form and initial contribution.**

You may complete an Enrollment Form online at [PAABLE.gov](http://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 855-529-ABLE (2253). While an initial contribution is not required, a contribution of at least \$1 must be made within 90 days of opening your Account or the Account will be closed. If making an initial contribution, it will be credited to your Account when the Enrollment Form is received and all required information has been provided in good order.

By signing and submitting the Enrollment Form, you certify under penalty of perjury that the Account Owner meets all the requirements to be an Eligible Individual and that the Authorized Individual, if applicable, also meets the requirements to be an Authorized Individual. In addition, you agree that your Account is subject to the terms and conditions of the PA ABLE Contract, of which this PA ABLE 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 U.S. address, which may not be a Post Office Box. 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.6.)

## **b. Updating Account Information**

You can update your account information and investment selections online, by calling 855-529-ABLE (2253), or by submitting a paper form. To access your Account online, go to [PAABLE.gov](http://PAABLE.gov) and click on "Login." There you can enter your online account username and password if you have previously registered for online access or register your Account by setting up a username and password. Once you have registered, you can obtain Account information at any time and make changes to your Account.

On a periodic basis, PA ABLE may utilize the National Change of Address (NCOA) database maintained by the U.S. Postal Service to verify the accuracy of Account addresses. PA ABLE 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 an address is changed, a confirmation of the change will be mailed to both the old and new addresses.

If a mailing to the mailing address of record is returned as undeliverable, PA ABLE will send a letter to that address in an attempt to confirm the mailing address. If the second mailing is returned as undeliverable, PA ABLE will place a "stop mail hold" on the Account. An Account on stop mail hold will receive no mailings from PA ABLE until the mailing address of record is corrected.

In the event that the mailing address of record becomes invalid, PA ABLE 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 PA ABLE including the Account Owner, the Authorized Individual, or Authorized Users. If the current mailing address is found through any of these means, PA ABLE reserves the right to change the mailing address of record to the current mailing address.

## **c. Designating or Changing Individuals with Control of or Access to the Account**

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

The Account Owner may be changed only if the new Account Owner is an Eligible Individual and is a Sibling of the current Account Owner. The Sibling may change their Investment Options up to two times per year, regardless of whether the former Account Owner had already done so that same year. The Sibling may also contribute up to the full Annual Contribution Limit, regardless of the dollar amount of contributions made by the former 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.7.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 Standard Contribution Limit (currently \$20,000). Additionally, the amount in the Account might be considered an asset of the former Account Owner and could impact that individual's 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. Successor Account Owner

The Account Owner may designate another individual who will become the owner of the Account in the event of the Account Owner's death. The Successor Account Owner must be an Eligible Individual at the time that they take ownership of the Account and a Sibling of the Account Owner. The Successor Account Owner will take ownership of the Account upon submission of documentation of the Account Owner's death and an Enrollment Form. The Account Owner can name, change, or remove the Successor Account Owner at any time by completing the Successor Designated Beneficiary form. A Successor Account Owner must be named before the original Account Owner's death. If the Account Owner does not name a Successor Account Owner, Account assets will be paid to the Account Owner's estate after any outstanding Qualified Withdrawals have been paid.

**Please note that any funds remaining in the Account of the deceased Account Owner may be includable in the deceased Account Owner's gross estate for federal estate tax purposes. Payment of any federal estate taxes owed is the responsibility of the deceased Account Owner's estate.**

## iii. Authorized Individuals

- **Control and relinquishing control.** If an Authorized Individual has opened an account on behalf of an Account Owner, 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 Account Owner who is 18 years of age or older, has legal capacity to enter into a contract and has appointed an Authorized Individual to manage the Account may remove or replace the Authorized Individual at any time.

An Authorized Individual may be removed or replaced by another person with a higher priority, and who provides required documentation.

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 enter into a contract. Additionally, an Account Owner who has reached the age of 21 and has the capacity to enter into a 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 who has opened an Account for someone who lacks capacity to enter into a contract may relinquish control of the Account to an individual listed in Part 2.A.2.a.(ii). The new Authorized Individual must be the highest ranking person on that list who is willing and able to assume management of the Account.

- **Responsibility of Authorized Individual.** The Authorized Individual is responsible for controlling the account for the benefit of the Account Owner. None of PA ABLE, the Department, Vestwell, 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.
- **Request to remove or change an Authorized Individual.** An Account Owner who is 21 years of age or older with capacity to enter into a contract that has named an Authorized Individual may remove that Authorized Individual at any time. See Part 2.E.5.d. for more information.

Another person who ranks higher on the list in Part 2.A.2.a.(ii) than the current Authorized Individual of an Account Owner who is either under 21 years of age or lacks capacity to enter into a contract, and who is willing and able to act as Authorized Individual, may submit a written request to be named Authorized Individual. Copies of the request shall be provided to the current Authorized Individual.

Objections to any request for a new Authorized Individual shall be filed with PA ABLE no more than thirty (30) business days after the request. All objections to the request must include a detailed description of the nature of the objection. PA ABLE may request additional documentation regarding the matter, and will suspend withdrawal activity (and potentially other account access), while reviewing any such request and/or objection.

#### **iv. Authorized User**

Account Owners or Authorized Individuals can appoint one or more Authorized Users to an Account. Authorized Users can be assigned a variety of permission levels on an Account, from view-only access up to different levels of transactional access. Certain permission levels may require the Authorized User to have Power of Attorney. An Authorized User must be an adult with legal capacity to enter a contract and (if relevant to their assigned permission level) take actions on an Account. Authorized Users may only access an Account from within PA ABLE's online Account portal.

#### **d. Account Restrictions**

PA ABLE reserves the right to:

1. (1) freeze an Account and/or suspend Account services if (i) we receive notice of a dispute regarding Account assets, Account control or Account ownership, including notice of the death of an Account Owner (until appropriate documentation is received and we reasonably believe that it is lawful to transfer Account ownership), (ii) we reasonably believe a fraudulent transaction(s) may occur or has occurred, or (iii) we

- receive notice from an Account Owner who has reached the age of 21 that he or she wishes to assume control of his or her Account from an Authorized Individual.
2. (2) close an Account, without the Account Owner's permission, (i) in cases of threatening or abusive conduct or suspicious, fraudulent or illegal activity, (ii) if it is determined that false or misleading information has been provided to PA ABLE in establishing or maintaining the Account, (iii) if it is determined that you are prohibited by law from participating in the program.
  3. (3) refuse to establish or terminate an Account if required documentation has not been provided in good order to PA ABLE or if we determine that it is in the best interest of PA ABLE or required by law; and
  4. (4) reject a contribution for any reason, including, but not limited to, PA ABLE's determination that a contribution to an Account is not in the best interests of PA ABLE, an Investment Option or the Account Owner. The risk of market loss, tax implications, penalties, and any other expenses as a result of the above will be solely the Account Owner's responsibility.

## **e. PA ABLE Communications**

In addition to quarterly statements, PA ABLE Disclosure Statement Supplements, and transaction and profile confirmations, Account Owners may receive other PA ABLE communications including, but not limited to, notifications of special promotions, offers of additional services, and reminders of important contribution timeframes.

Quarterly statements, PA ABLE Disclosure Statement Supplements, and transaction and profile confirmations will be provided in paper format unless Electronic Delivery has been established. Electronic Delivery may be established during online enrollment or any time after the Account is opened by visiting [PAABLE.gov](http://PAABLE.gov). See Part 2.D. for more information.

All account communications will be sent either to the email of record or the mailing address of record for the Account.

## **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 is not required at the time the account is opened. However, a contribution of at least \$1 must be made within 90 days of opening your Account or the Account will be closed. Additional contributions of \$1 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 amount specified under Section 529A, currently \$20,000 per year per Account (the "Standard Contribution Limit"). This amount may be adjusted for inflation from time to time.

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 Standard Contribution Limit. Account Owners who have not made or received contributions to a 401(k) or other defined contribution plan, a 403(b) annuity contract, or a 457(b) deferred compensation plan, as defined by the Internal Revenue Code, during a tax year may contribute an amount above the Standard Contribution Limit. These additional work-related contributions are referred to as "ABLE to Work Contributions." An Account Owner's annual limit for additional ABLE to Work Contributions (the "ABLE to Work Contribution Limit") is the lesser of:

1. (1) the amount of the Account Owner's compensation for the year, or
2. (2) the federal poverty level for a one-person household in the Account Owner's state of residence, for the prior year. Federal poverty level information may be found at <https://www.healthcare.gov/glossary/federal-poverty-level-fpl>.

ABLE to Work Contributions may only be made by an Account Owner, either directly or through payroll deduction. However, these contributions do not have to be made directly from compensation income. Whether an employer matching contribution as described in Part 2.B.7.n can be treated as being made by the Account Owner depends on a number of factors. Please consult a financial, tax, or legal advisor for more information.

In order to take advantage of this exception for ABLE to Work Contributions, Account Owners must first certify that they are eligible for such contributions, either during account enrollment, or online in their Account portal after enrollment is complete.

The current Account Balance Limit for Contributions is \$511,758. Accounts that have reached the Account Balance Limit for Contributions may continue to grow and accrue earnings.

Collectively, the Annual Contribution Limit (which includes the Standard Contribution Limit and the ABLE to Work Contribution Limit) and the Account Balance Limit for Contributions are referred to as the "Contribution Limits."

Contributions in excess of any Contribution Limit are known as "Excess Contributions." The Program Manager will not knowingly accept attempted contributions that would cause an Account to exceed either the Standard Contribution Limit or the maximum possible ABLE to Work Contribution Limit, currently equal to the federal poverty level for a one-person household in the Account Owner's state of residence, for the prior year. Federal poverty level information may be found at <https://www.healthcare.gov/glossary/federal-poverty-level-fpl>. An Account Owner's actual ABLE to Work Contribution Limit may, however, be less than these maximums if the Account Owner's earned income for the tax year is less than the applicable federal poverty level, or if he or she is not eligible to make ABLE to Work Contributions.

Account Owners and Authorized Individuals are solely responsible for calculating and ensuring compliance with Contribution Limits, and for maintaining adequate records for that purpose. Employed Account Owners seeking to make ABLE to Work Contributions must certify under penalties of perjury that (1) the Account Owner is eligible to make ABLE to Work Contributions, and (2) the Account Owner's contributions of compensation are not Excess Contributions. Any Excess Contributions could have an effect on the Account Owner's federal or state tax obligations. Account Owners may wish to consult a tax professional before making any such additional contributions.

If the Program Manager is made aware of an Excess Contribution that has been inadvertently contributed, it will make a good-faith effort to return the Excess Contribution to the contributor, plus or minus any investment gains or losses incurred as a result of market fluctuations between the date of the Excess Contribution and the date of refund. The Account Owner or Authorized Individual must request a return of any Excess Contributions before the day prescribed by law (including extensions of time) for filing tax returns for the taxable year in which the Excess Contribution was made.

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, PA ABLE, Vestwell, or the Investment Firms will be responsible for any loss, damage, or expense incurred in connection with a rejected or returned contribution.

### **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 \$19,000 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 \$19,000 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.7.). 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.

### **4. Contribution Date**

PA ABLE will credit a contribution to your Account on the business day the funds are received if the funds are received prior to the close of the NYSE and the contribution is in

good order. If funds are 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.

## **5. Year-End Contribution Deadlines**

Check contributions must be received in good order by the last business day of the year at 4 PM EST, and online contributions by the second to the last business day of the year at 4 PM EST of each year. Recurring ACH contributions will be applied to the tax year in which the contribution is scheduled.

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

## **6. 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 gift contribution, direct deposit contribution, promo code contribution, and "Savings Booster" contribution until you direct otherwise. It is also used for any check contributions that are submitted in good order without a Contribution Form. For other contributions, you may direct a specific distribution each time you make a contribution to your Account.

## **7. Contributing through the Systematic Exchange Program.**

Except as otherwise described here, you may change the Investment Options in which previous contributions are already invested (an "Investment Exchange") twice per calendar year ("Investment Exchange Limit") or at the same time that you change the Account Owner. There are limitations, however, on Investment Exchanges from the Capital Preservation Option. Investment Exchanges are not permitted from the Capital Preservation Option directly to a competing Investment Option with similar characteristics. Assets must first be transferred into a non-competing Investment Option and held there for 90 days before they can be moved into a competing Investment Option, subject to the Investment Exchange Limit. As of the date of this PA ABLE Disclosure Statement, there are no such competing Investment Options in PA ABLE. This could change at any time.

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.

## **8. 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. Checks

Personal checks (with the exception of starter's checks), cashier's checks, credit union checks, third-party checks, and teller's checks may be used. Checks should be payable to "PA ABLE" and accompanied by a Contribution Form, which is available online at [PAABLE.gov](http://PAABLE.gov). As an alternative to including a Contribution Form, you may include the name of the Account Owner and Account number on the check or provide separate written instructions. PA ABLE reserves the right to not accept checks PA ABLE deems unacceptable, including checks dated six months or older and foreign bank checks.

If your check 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 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 PA ABLE and PA ABLE 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 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 Funds Transfer from your bank checking or savings account when you enroll online or any time after that by accessing your Account at [PAABLE.gov](http://PAABLE.gov) or, if the bank account information has already been saved to your Account, you may call our Customer Service Center at 855-529-ABLE (2253). Before making an initial EFT, you must provide certain information about the bank account from which money will be withdrawn.

EFT contributions that are initiated in your online Account portal and in good order before 4:00 p.m., Eastern Time, on a business day will be credited to your PA ABLE Account effective the following business day. EFT contributions that are initiated in your online Account portal and in good order after 4:00 p.m., Eastern Time, or on a non-business day will be credited to your PA ABLE Account effective the second following business day.

**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, PA ABLE 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 PA ABLE, and PA ABLE 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, PA ABLE 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 any processing restrictions. You can initiate a Recurring Contribution during enrollment by completing the appropriate section of the online or paper enrollment form. Or, you may set up a Recurring Contribution after enrolling by accessing your Account at [PAABLE.gov](http://PAABLE.gov). Your Recurring Contribution can be made on a monthly, bi-monthly, or yearly basis.

Your Recurring Contribution authorization will remain in effect until PA ABLE 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 in the dollar amount of your Recurring Contribution. The increases will take effect each January 1st. 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 PA ABLE.

Recurring Contribution debits from your bank account are initiated one business day before the day you indicate. You will receive a trade date of one business day prior to the day the bank debit occurs.

**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.**

**Additionally, 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, PA ABLE 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 PA ABLE and PA ABLE 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, PA ABLE reserves the right to

suspend processing future Recurring Contributions. PA ABLE 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 must initiate the process online from inside your Account portal, by navigating to the "Direct Deposit" menu option. Once you finish the steps in your Account portal, you will receive further instructions for your employer to complete set up of payroll deduction direct deposit.

Payroll deductions will be credited on the day the funds 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. Direct Deposit from SSA**

SSA benefits, such as SSI or SSDI payments, may also be automatically deposited into an Account. You must initiate this process online from inside your Account portal, by navigating to the "Direct Deposit" menu option and following the online instructions. Once you finish the steps in your Account portal, you will receive further instructions for completing setup of SSA direct deposit via the SSA's website.

### **g. 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. Rollovers can be either Direct Rollovers or Indirect Rollovers.

In a Direct Rollover, funds are transferred directly from one ABLE account to another. In an Indirect Rollover, funds are withdrawn by an Account Owner and subsequently deposited into a new ABLE account. In the case of an Indirect Rollover, funds must be deposited within 60 days. If they are not, it is considered a Non-qualified Withdrawal. 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. An Indirect Rollover for the same Account Owner 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 (Direct or Indirect) from another ABLÉ program into PA ABLÉ you must open a PA ABLÉ Account and complete the ABLÉ-to-ABLÉ Rollover Form. Additionally, PA ABLÉ must receive an accurate statement issued by the distributing qualified ABLÉ 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.

Direct Rollover and Indirect Rollover contributions from another ABLÉ account that meet the criteria described in this Part are not subject to Contribution Limits. For example, you may make a Rollover contribution of \$50,000 to an Account, even though you could not make such a contribution otherwise.

For both Direct Rollovers and Indirect Rollovers to and from the same Account Owner, you must provide PA ABLÉ with the amount of the current year contributions made to the original ABLÉ account as well as the number of Investment Option changes made in the original ABLÉ account during the current year. Note that although the amount of the Rollover is not subject to Contribution Limits as indicated above, Rollovers to and from the same Account Owner are required to carry over current year contributions and Investment Option changes to the new ABLÉ Account. For example, if during the current year an Account Owner contributed \$8,000 and made one Investment Option change in the preexisting ABLÉ account, the \$8,000 will apply toward the Account Owner's current year's Annual Contribution Limit in the new ABLÉ account and the one Investment Option change will apply towards the Account Owner's current year's twice per calendar year limit on changing Investment Options in the new ABLÉ Account.

Movement of funds that do not meet the conditions stated above for Rollovers may constitute a Non-qualified Withdrawal from the sending ABLÉ 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.

## **h. Rollovers from 529 Accounts to ABLÉ Accounts**

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 ABLÉ account in the then current calendar year, may not exceed the Standard Contribution Limit (See Part 2.B.2.)

To initiate a Rollover from a 529 account into PA ABLÉ you must already have or open a PA ABLÉ Account and complete the 529-to-ABLÉ Rollover Form. Additionally, PA ABLÉ must receive an accurate statement issued by the distributing qualified 529 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.

### **i. Rollovers from 530A Trump Accounts to PA ABLE Accounts**

Federal legislation passed in 2025 created "Trump Accounts," a new type of individual retirement account for minors, as provided for in Section 530A of the Internal Revenue Code. During the calendar year in which the Trump Account beneficiary turns 17, the entire balance of the Trump Account may be transferred, via a Direct Rollover, to a PA ABLE Account for the same beneficiary. Trump Account Rollovers do not count against the Annual Contribution Limit or the Account Balance Limit for Contributions. Rollovers from Trump Accounts to ABLE accounts are also not included in the Account Owner's gross income for tax purposes.

To initiate a Direct Rollover from the Account Owner's Trump Account into the Account Owner's PA ABLE Account, please contact the administrator for the Trump Account. The Rollover must be fully paid to PA ABLE by the last business day of the calendar year in which the Account Owner turns 17. Additionally, PA ABLE must receive an accurate statement issued by the Trump Account administrator 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.

### **j. 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 855-529-ABLE (2253). 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.

### **k. Online Gifting Page**

You may invite family and friends to contribute to your Account by setting up your personal gifting page online. You provide a link to your gifting page to selected family and friends and gift givers can either contribute online through an EFT or by mailing in a gift via check.

Gift contributions may be subject to a 10-day hold period (following settlement) before becoming available for withdrawal.

## I. Gift of College Cards

Friends and family may contribute to your PA ABLE Account by using a Gift of College gift card. Digital gift cards may be purchased at [paable.gov/gift](https://paable.gov/gift) in denominations ranging from \$25 to \$200. A distribution and processing charge ranging from \$3.95, for a \$25 gift card, to \$5.95, for a \$100-\$200 gift card, is assessed at the time of purchase.

To redeem a gift card, Account Owners may simply visit [paable.gov/redeem](https://paable.gov/redeem) to get started.

## m. Savings Boosters

Savings Boosters are a simple way to add money to your Account automatically. When you set up Savings Boosters, contributions will be made automatically, in an amount you choose, when the daily precipitation forecast is higher than 50% in your selected zip code, according to the National Weather Service ([www.weather.gov](https://www.weather.gov)).

## n. Employer Matching Contributions

Employers may be eligible to claim a tax credit against their Pennsylvania state tax liability for making matching contributions to employees' ABLE accounts. The following conditions apply:

- An employer may claim the tax credit for matching contributions to its employees' ABLE accounts made after December 31, 2024.
- An employer may claim a tax credit equal to 25% of its aggregate matching contributions made in a tax year. An employer may claim the tax credit on up to \$500 in aggregate matching contributions per employee per year.
- To receive the tax credit, an employer must provide the Pennsylvania Department of Revenue (Revenue) with proof of qualifying matching contributions at time of filing its Pennsylvania state tax return. Employers should consult with Revenue for more information.
- Employees are required to provide to their employers evidence of the total amount deposited into their ABLE accounts during the previous tax year. Employers may prescribe the manner in which employees provide this information.
- If the amount of an employer's approved tax credit exceeds its tax liability in a tax year, the tax credit may be carried forward for up to three years to reduce the employer's tax liability during those tax years.
- Employer matching contributions may be considered taxable on both the federal and state level. Employees should consult with a tax advisor.
- The ability to receive this tax credit is scheduled to expire on December 31, 2029.

**Please note that PA ABLE will reject an employer matching contribution that is an Excess Contribution. If you notify PA ABLE that an Excess Contribution has been inadvertently contributed, the Excess Contribution and any associated earnings will be promptly refunded less any amounts attributable to market losses suffered between the date of the contribution and the date of the refund. For more information, please see Part 2.B.2.**

**Employers may wish to consider consulting with a financial, tax, legal, or employee benefits advisor for more guidance.**

## **C. Choosing your Investment Options**

### **1. Investment Options Summary**

PA ABLE offers investment vehicles that are similar to mutual funds and other investment products. You can choose from among seven risk-based Investment Options and nine target-year Investment Options. Funds (assets) in all Investment Options are in different combinations (allocations) of stock funds, bond funds, stable value funds, and cash or cash equivalents.

In the risk-based Investment Options, the combinations range from aggressive investments (mostly stocks) to a Capital Preservation Option (stable value and cash or cash equivalents). The asset allocations (combination of stocks, bonds, stable value funds, and cash or cash equivalents) in the risk-based options are static; that is, they will not change over time without prior notice.

The target-year Investment Options are designed for withdrawals in or near the year referenced in the name of the applicable Investment Option. The funds (assets) are also in different combinations (allocations) of stock funds, bond funds, stable value funds, and cash or cash equivalents. The allocations automatically adjust to become more conservative as the target year approaches.

### **2. Overview of Investment Options and Underlying Funds**

#### **a. Overview of Investment Option Choices**

The Investment Options maintain a distribution (allocation) of funds (assets) among stocks, bonds, stable value funds, and cash or cash equivalents (See the charts below). The percentage of assets in each of these four 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, stable value funds, 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 seven risk-based Investment Options are named the Aggressive Option, the Moderately Aggressive Option, the Growth Option, the Moderate Option, the Moderately Conservative Option, the Conservative Option, and the Capital Preservation Option - in order of their declining degree of investment risk. As of the date of this PA ABLE Disclosure Statement, the nine target-year Investment Options are available in 5-year increments and are designed for withdrawals in or near the year referenced in the name of the applicable Investment Option: 2030, 2035, 2040, 2045, 2050, 2055, 2060, 2065, and 2070 or later. Choosing

whether and which Investment Option to use is a personal decision for each Account Owner. You may wish to consult a financial advisor for guidance. PA ABLE cannot offer financial advice or direct you in any way regarding which Investment Option is best for you. For a full description of the Investment Options, see Part 2.C.3.

## **b. Overview of Underlying Funds and Share Classes**

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

- Fidelity 500 Index Fund (FXIAX)
- Vanguard S&P Mid-Cap 400 Index Fund Institutional Shares (VSPMX)
- Vanguard S&P Small-Cap 600 Index Fund Institutional Shares (VSMSX)
- Fidelity International Index Fund (FSPSX)
- Fidelity Emerging Markets Index Fund (FPADX)
- Fidelity U.S. Bond Index Fund (FXNAX)
- Vanguard Total International Bond Index Fund Institutional Shares (VTIFX)
- Schwab TIPS Index Fund (SWRSX)
- Lincoln Stable Value Fund (Group Annuity Funding Agreement)
- Nationwide Stable Value Fund (Group Annuity Contract)
- Fifth Third Deposit Account

The Underlying Funds are primarily index funds, with two stable value funds, and one deposit account. An index fund 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 reserves the right to substitute a different index for the index it currently tracks. This could happen if the current index is discontinued, if the index fund's agreement with the sponsor of its 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.

Additional information about the investment strategies and risks of each underlying mutual 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 mutual fund by visiting the appropriate Investment Manager's website or phone number:

- Fidelity — [www.fidelity.com](http://www.fidelity.com) — 1-800-343-3548
- Schwab — [www.schwabassetmanagement.com](http://www.schwabassetmanagement.com) — 1-877-824-5615
- Vanguard — [www.vanguard.com](http://www.vanguard.com) — 1-866-734-4533

A stable value fund seeks to preserve principal while providing steady, positive returns by investing in high-quality fixed income securities and utilizing investment contracts issued by banks or insurance companies.

The Fifth Third deposit account is a cash account that seeks to provide preservation of capital.

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

PA ABLE performs systematic calculations to allocate daily cash flows to the Underlying Funds, in an attempt to bring the Portfolios back to their target asset allocations. In addition, PA ABLE will perform quarterly rebalancing to bring the Investment Options back to their target allocations.

The following table represents the asset allocation targets and asset classes for each of the risk-based Investment Options as of the date of this PA ABLE Disclosure Statement:

## Risk-Based Investment Options

Underlying Investment		Capital Preservation	Conservative	Moderately Conservative	Moderate	Growth	Moderately Aggressive	Aggressive
<b>U.S. Equity</b>		<b>0.00%</b>	<b>6.5%</b>	<b>20.0%</b>	<b>30.0%</b>	<b>39.0%</b>	<b>49.0%</b>	<b>59.0%</b>
U.S. Large Cap	Fidelity 500 Index Fund (FXIAX)	0.00%	5.0%	14.5%	22.0%	28.0%	36.0%	42.0%
U.S. Mid Cap	Vanguard S&P Mid-Cap 400 Index Fund Institutional Shares (VSPMX)	0.00%	1.0%	4.0%	6.0%	8.0%	9.0%	12.0%
U.S. Small Cap	Vanguard S&P Small-Cap 600 Index Fund Institutional Shares (VSMSX)	0.00%	0.5%	1.5%	2.0%	3.0%	4.0%	5.0%
<b>International Equity</b>		<b>0.00%</b>	<b>3.5%</b>	<b>10.0%</b>	<b>15.0%</b>	<b>21.0%</b>	<b>26.0%</b>	<b>31.0%</b>
Developed International	Fidelity International Index Fund (FSPSX)	0.00%	3.0%	8.0%	12.0%	17.0%	21.0%	25.0%
Emerging Markets	Fidelity Emerging Markets Index Fund (FPADX)	0.00%	0.5%	2.0%	3.0%	4.0%	5.0%	6.0%
<b>Fixed Income</b>		<b>0.00%</b>	<b>25.0%</b>	<b>42.0%</b>	<b>45.0%</b>	<b>40.0%</b>	<b>25.0%</b>	<b>10.0%</b>
Core Bond	Fidelity U.S. Bond Index Fund (FXNAX)	0.00%	18.0%	31.0%	37.0%	28.0%	18.0%	8.0%
International Bond	Vanguard Total International Bond Index Fund Institutional Shares (VTIFX)	0.00%	2.0%	7.0%	8.0%	12.0%	7.0%	2.0%
Inflation-Protected	Schwab TIPS Index Fund (SWRSX)	0.00%	5.0%	4.0%	0.00%	0.00%	0.00%	0.00%
<b>Stable Value</b>		<b>65.0%</b>	<b>50.0%</b>	<b>20.0%</b>	<b>7.0%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
	Nationwide Group Annuity Contract	32.5%	25%	10%	3.5%	0.00%	0.00%	0.00%
	Lincoln Group Annuity Funding Agreement	32.5%	25%	10%	3.5%	0.00%	0.00%	0.00%
<b>Cash and Cash Equivalents</b>		<b>35.0%</b>	<b>15%</b>	<b>8%</b>	<b>3%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
	Fifth Third Deposit Account	35.0%	15%	8%	3%	0.00%	0.00%	0.00%
<b>Total Allocation</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100.0%</b>

## Target Year Investment Options

Underlying Investment	2030	2035	2040	2045	2050	2055	2060	2065	2070+	
<b>U.S. Equity</b>	<b>6.5%</b>	<b>24.0%</b>	<b>34.0%</b>	<b>37.5%</b>	<b>44.0%</b>	<b>47.5%</b>	<b>51.0%</b>	<b>58.5%</b>	<b>62.0%</b>	
U.S. Large Cap	Fidelity 500 Index Fund (FXIAX)	5.0%	22.0%	31.0%	33.5%	39.0%	41.5%	44.0%	50.0%	52.5%
U.S. Mid Cap	Vanguard S&P Mid-Cap 400 Index Fund Institutional Shares (VSPMX)	1.5%	2.0%	3.0%	3.0%	4.0%	4.5%	5.5%	7.0%	7.5%
U.S. Small Cap	Vanguard S&P Small-Cap 600 Index Fund Institutional Shares (VSMSX)	0.0%	0.0%	0.0%	1.0%	1.0%	1.5%	1.5%	1.5%	2.0%
<b>International Equity</b>	<b>3.5%</b>	<b>11.0%</b>	<b>16.0%</b>	<b>17.5%</b>	<b>21.0%</b>	<b>22.5%</b>	<b>24.0%</b>	<b>26.5%</b>	<b>28.0%</b>	
Developed International	Fidelity International Index Fund (FSPSX)	3.5%	7.5%	11.0%	12.0%	14.5%	15.5%	16.0%	17.5%	18.5%
Emerging Markets	Fidelity Emerging Markets Index Fund (FPADX)	0.0%	3.5%	5.0%	5.5%	6.5%	7.0%	8.0%	9.0%	9.5%
<b>Fixed Income</b>	<b>40.0%</b>	<b>35.0%</b>	<b>37.0%</b>	<b>43.0%</b>	<b>33.0%</b>	<b>29.0%</b>	<b>24.0%</b>	<b>14.0%</b>	<b>10.0%</b>	
Core Bond	Fidelity U.S. Bond Index Fund (FXNAX)	30.0%	30.0%	34.0%	41.0%	32.0%	29.0%	24.0%	14.0%	8.0%
International Bond	Vanguard Total International Bond Index Fund Institutional Shares (VTIFX)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%
Inflation-Protected	Schwab TIPS Index Fund (SWRSX)	10.0%	5.0%	3.0%	2.0%	1.0%	0.0%	0.0%	0.0%	0.0%
<b>Stable Value</b>	<b>40.0%</b>	<b>24.0%</b>	<b>10.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	
	Nationwide Group Annuity Contract	20.0%	12.0%	5.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Lincoln Group Annuity Funding Agreement	20.0%	12.0%	5.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Cash and Cash Equivalents</b>	<b>10.0%</b>	<b>6.0%</b>	<b>3.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>0.0%</b>	
	Fifth Third Deposit Account	10.0%	6.0%	3.0%	2.0%	2.0%	1.0%	1.0%	1.0%	0.0%

**Total Allocation** 100.0% 100.0% 100.0% 100.0% 100.0% 100.0% 100.0% 100.0% 100.0% 100.0%

### c. Overview of ABLE Visa® Prepaid Card Option

PA ABLE also offers an ABLE Visa® Prepaid Card managed by True Link Financial. Withdrawals can be taken from any Investment Option and loaded onto the ABLE Visa® Prepaid Card to use for Qualified Withdrawals.

Each of the Investment Options invests in products from Fidelity, Fifth Third Bank, Lincoln, Nationwide, Schwab, and Vanguard. The products include mutual funds, stable value funds, and cash or cash equivalents.

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

There is no limit on the number of the Investment Options you can choose.

### 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 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.

**Investment Strategy:** The Investment Option invests in two Vanguard stock index funds, three Fidelity stock index funds, one Vanguard bond index fund, one Fidelity bond index fund, and one Schwab inflation protected index fund. Through its investment in these Underlying Funds, the Investment Option allocates approximately 90% of its assets to stocks and 10% of its assets to fixed income. The approximate percentages of the Investment Option's assets allocated to each Underlying Fund are:

<b>Aggressive Option</b>	
Fidelity 500 Index Fund	42.0%
Vanguard S&P Mid-Cap 400 Index Fund Institutional Shares	12.0%
Vanguard S&P Small-Cap 600 Index Fund Institutional Shares	5.0%
Fidelity International Index Fund	25.0%
Fidelity Emerging Markets Index Fund	6.0%
Fidelity U.S. Bond Index Fund	8.0%
Vanguard Total International Bond Index Fund Institutional Shares	2.0%

**Investment Risks:** The Investment Option has a number of investment related risks. For a list and descriptions of the principal risks associated with the Vanguard funds, Fidelity funds, and Schwab Funds, see Part 2.C.4. and *Explanation of Investment Risk Factors* in Appendix B.

## b. Moderately Aggressive Option

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

**Investment Strategy:** The Investment Option invests in three Fidelity stock index funds, two Vanguard stock index funds, one Fidelity bond index fund, one Vanguard bond index fund, and one Schwab inflation protected index fund. Through its investment in these Underlying Funds, the Investment Option allocates approximately 75% of its assets to stocks and 25% of its assets to fixed income. The approximate percentages of the Investment Option's assets allocated to each Underlying Fund are:

<b>Moderately Aggressive</b>	
Fidelity 500 Index Fund (FXIAX)	36.0%
Vanguard S&P Mid-Cap 400 Index Fund Institutional Shares (VSPMX)	9.0%
Vanguard S&P Small-Cap 600 Index Fund Institutional Shares (VSMSX)	4.0%
Fidelity International Index Fund (FSPSX)	21.0%
Fidelity Emerging Markets Index Fund (FPADX)	5.0%
Fidelity U.S. Bond Index Fund (FXNAX)	18.0%
Vanguard Total International Bond Index Fund Institutional Shares (VTIFX)	7.0%

**Investment Risks:** The Investment Option has a number of investment related risks. For a list and descriptions of the principal risks associated with the Vanguard funds, Fidelity funds, and Schwab funds, see Part 2.C.4. and *Explanation of Investment Risk Factors* in Appendix B.

## c. Growth Option

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

**Investment Strategy:** The Investment Option invests in three Fidelity stock index funds, two Vanguard stock index funds, one Fidelity bond index fund, one Vanguard bond index fund, and one Schwab inflation protected index fund. Through its investment in these

Underlying Funds, the Investment Option allocates approximately 60% of its assets to stocks and 40% of its assets to fixed income. The approximate percentages of the Investment Option's assets allocated to each Underlying Fund are:

<b>Growth</b>	
Fidelity 500 Index Fund (FXIAX)	28.0%
Vanguard S&P Mid-Cap 400 Index Fund Institutional Shares (VSPMX)	8.0%
Vanguard S&P Small-Cap 600 Index Fund Institutional Shares (VSMSX)	3.0%
Fidelity International Index Fund (FSPSX)	17.0%
Fidelity Emerging Markets Index Fund (FPADX)	4.0%
Fidelity U.S. Bond Index Fund (FXNAX)	28.0%
Vanguard Total International Bond Index Fund Institutional Shares (VTIFX)	12.0%

**Investment Risks:** The Investment Option has a number of investment related risks. For a list and descriptions of the principal risks associated with the Vanguard funds, Fidelity funds, and Schwab funds, see Part 2.C.4. and *Explanation of Investment Risk Factors* in Appendix B.

#### **d. Moderate Option**

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

**Investment Strategy:** The Investment Option invests in three Fidelity stock index funds, two Vanguard stock index funds, one Fidelity bond index fund, one Vanguard bond index fund, one Schwab inflation protected index fund, one Lincoln stable value fund, one Nationwide stable value fund, and one deposit account held at Fifth Third. Through its investment in these Underlying Funds, the Investment Option allocates approximately 45% of its assets to stocks, 45% of its assets to fixed income, 7% to stable value, and 3% to cash or cash equivalents. The approximate percentages of the Investment Option's assets allocated to each Underlying Fund are:

<b>Moderate</b>	
Fidelity 500 Index Fund (FXIAX)	22.0%
Vanguard S&P Mid-Cap 400 Index Fund Institutional Shares (VSPMX)	6.0%
Vanguard S&P Small-Cap 600 Index Fund Institutional Shares (VSMSX)	2.0%

Fidelity International Index Fund (FSPSX)	12.0%
Fidelity Emerging Markets Index Fund (FPADX)	3.0%
Fidelity U.S. Bond Index Fund (FXNAX)	37.0%
Vanguard Total International Bond Index Fund Institutional Shares (VTIFX)	8.0%
Lincoln Stable Value Fund	3.5%
Nationwide Stable Value Fund	3.5%
Fifth Third Deposit Account	3.0%

**Investment Risks:** The Investment Option has a number of investment related risks. For a list and descriptions of the principal risks associated with the Vanguard funds, Fidelity funds, Schwab funds, Lincoln stable value fund, Nationwide stable value fund, and the Fifth Third Deposit Account, see Part 2.C.4. and *Explanation of Investment Risk Factors* in Appendix B.

## e. Moderately Conservative Option

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

**Investment Strategy:** The Investment Option invests in three Fidelity stock index funds, two Vanguard stock index funds, one Fidelity bond index fund, one Vanguard bond index fund, one Schwab inflation protected index fund, one Lincoln Financial stable value fund, one Nationwide stable value fund, and one deposit account held at Fifth Third. Through its investment in these Underlying Funds, the Investment Option allocates approximately 30% of its assets to stocks, 42% of its assets to investment-grade bonds, 20% to stable value, and 8% to cash or cash equivalents. The approximate percentages of the Investment Option's assets allocated to each Underlying Fund are:

<b>Moderately Conservative</b>	
Fidelity 500 Index Fund (FXIAX)	14.5%
Vanguard S&P Mid-Cap 400 Index Fund Institutional Shares (VSPMX)	4.0%
Vanguard S&P Small-Cap 600 Index Fund Institutional Shares (VSMSX)	1.5%
Fidelity International Index Fund (FSPSX)	8.0%
Fidelity Emerging Markets Index Fund (FPADX)	2.0%

Fidelity U.S. Bond Index Fund (FXNAX)	31.0%
Vanguard Total International Bond Index Fund Institutional Shares (VTIFX)	7.0%
Schwab TIPS Index Fund (SWRSX)	4.0%
Lincoln Stable Value Fund	10.0%
Nationwide Stable Value Fund	10.0%
Fifth Third Deposit Account	8.0%

**Investment Risks:** The Investment Option has a number of investment related risks. For a list and descriptions of the principal risks associated with the Vanguard funds, Fidelity funds, Schwab funds, Lincoln stable value fund, Nationwide stable value fund, and Fifth Third Deposit Account, see Part 2.C.4. and *Explanation of Investment Risk Factors* in Appendix B.

## f. Conservative Option

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

**Investment Strategy:** The Investment Option invests in three Fidelity stock index funds, two Vanguard stock index funds, one Fidelity bond index fund, one Vanguard bond index fund, one Schwab inflation protected index fund, one Lincoln Financial stable value fund, one Nationwide stable value fund, and one deposit account held at Fifth Third. Through its investment in these Underlying Funds, the Investment Option allocates approximately 10% of its assets to stocks, 25% of its assets to fixed income, 50% of its assets to stable value, and 15% to cash or cash equivalents. The approximate percentages of the Investment Option's assets allocated to each Underlying Fund are:

<b>Conservative</b>	
Fidelity 500 Index Fund (FXIAX)	5.0%
Vanguard S&P Mid-Cap 400 Index Fund Institutional Shares (VSPMX)	1.0%
Vanguard S&P Small-Cap 600 Index Fund Institutional Shares (VSMSX)	0.5%
Fidelity International Index Fund (FSPSX)	3.0%
Fidelity Emerging Markets Index Fund (FPADX)	0.5%
Fidelity U.S. Bond Index Fund (FXNAX)	18.0%

Vanguard Total International Bond Index Fund Institutional Shares (VTIFX)	2.0%
Schwab TIPS Index Fund (SWRSX)	5.0%
Lincoln Stable Value Fund	25.0%
Nationwide Stable Value Fund	25.0%
Fifth Third Deposit Account	15.0%

**Investment Risks:** The Investment Option has a number of investment related risks. For a list and descriptions of the principal risks associated with the Vanguard funds, Fidelity funds, Schwab funds, Lincoln stable value fund, Nationwide stable value fund, and Fifth Third Deposit Account, see Part 2.C.4. and *Explanation of Investment Risk Factors* in Appendix B.

### **g. Target Year Investment Options (2030, 2035, 2040, 2045, 2050, 2055, 2060, 2065, 2070+)**

**Investment Objective:** The Target Year Investment Options seek to align the investment objective and level of risk with the anticipated time horizon of the Account Owner by considering the approximate year in which the Account Owner may expect to begin using funds to pay for Qualified Disability Expenses.

**Investment Strategy:** The Target Year Investment Options invest in different combinations of the Underlying Funds. The approximate percentages of each Investment Option's assets allocated to each Underlying Fund are shown in the "Target Year Investment Options" table in Part 2.C.2.b., above.

Each Target Year Investment Option is associated with a specific target year, in five-year increments which represent the approximate year when the Account Owner may begin to use assets more regularly.

Target Year Investment Options with the most distant target years are designed to seek favorable long-term returns by investing primarily in underlying investments that invest in equity securities. This strategy generally carries a higher level of risk but also offers greater potential for long-term growth compared to more conservative investments.

As the target of a specific Target Year Investment Option approaches, the portfolio gradually reduces its allocation to underlying investments that invest primarily in equity securities and increases its allocation to underlying investments that invest in more conservative asset classes such as fixed income securities, money market instruments, and other cash equivalents. This gradual and intentional shift in asset allocation over time is designed to help reduce volatility and preserve accumulated assets as the Account Owner moves closer to the anticipated period when assets may be needed for Qualified Disability Expenses.

This planned evolution of the asset allocation over time is commonly referred to as the portfolio's "glide path." As time progresses and the Account Owner approaches the designated target year of the Investment Option, the glide path becomes increasingly conservative, reducing overall portfolio risk while also potentially lowering expected returns.

Target Year Investment Options with earlier target years are designed to have a greater allocation to fixed income securities, stable value funds, and/or cash equivalents in order to emphasize capital preservation and reduced volatility as the anticipated use of funds approaches.

**Investment Risks:** The Target Year Investment Options have a number of investment related risks. For a list and descriptions of the principal risks associated with the Vanguard funds, Fidelity funds, Schwab funds, Lincoln stable value fund, Nationwide stable value fund, and Fifth Third Deposit Account, see Part 2.C.4. and *Explanation of Investment Risk Factors* in Appendix B.

## h. Capital Preservation Option

**Investment Objective:** The Investment Option has a primary goal of capital preservation with a secondary goal of stable returns.

**Investment Strategy:** The Investment Option invests in one Lincoln stable value fund, one Nationwide stable value fund, and one deposit account held at Fifth Third. Through its investment in these Underlying Funds, the Investment Option allocates approximately 65% of its assets to stable value, and 35% to cash or cash equivalents.

Investments in the Capital Preservation Option will earn a blended rate of interest based on the rates of the underlying investment products in the Capital Preservation Option. Each stable value fund will credit interest at an annual guaranteed interest rate that is reset periodically. The guaranteed minimum interest rate on the stable value funds shall never be less than 1%. The interest rate for the deposit account held at Fifth Third Bank will vary over time and can change daily without notice.

<b>Capital Preservation</b>	
Lincoln Stable Value Fund	32.5%
Nationwide Stable Value Fund	32.5%
Fifth Third Deposit Account	35%

**Investment Risks:** The Investment Option has a number of investment related risks. For a list and descriptions of the principal risks associated with the Lincoln stable value fund, Nationwide stable value fund, and Fifth Third Deposit Account, see Part 2.C.4.

The Investment Option is primarily subject to credit risk, interest rate risk, and inflation risk. The stable value funds are general account obligations of the insurers, so all

guarantees of principal and interest depend on each insurer's financial strength; they are not FDIC insured or guaranteed by any government agency and could lose value if an insurer fails to perform. The interest credited on the stable value funds is reset periodically and, while subject to a minimum rate, can be reduced over time and may lag returns available on higher-growth assets.

The Fifth Third Bank deposit account is an obligation of the bank. The deposit account's rate can change daily, has no guaranteed floor, and may underperform other bank deposits or fixed-income options.

Because the portfolio is designed for capital preservation and low volatility, it carries the risk that over time, returns may not keep pace with inflation and may be lower than those from portfolios with greater exposure to equities or other growth-oriented assets.

Transfers are not permitted from the Capital Preservation Option directly to a competing Investment Option with similar characteristics. Assets must first be transferred into a non-competing Investment Option and held there for 90 days before they can be moved into a competing Investment Option, subject to the Investment Exchange Limit. As of the date of this PA ABLE Disclosure Statement, there are no such competing Investment Options in PA ABLE.

## 4. Underlying Funds Descriptions

The following are descriptions of each of the Underlying Funds:

### a. Fidelity® 500 Index Fund (FXIAX)

**Objective:** Fidelity® 500 Index Fund seeks to provide investment results that correspond to the total return (i.e., the combination of capital changes and income) performance of common stocks publicly traded in the United States.

**Strategy:** The Fund normally invests at least 80% of assets in common stocks included in the S&P 500® Index. The S&P 500® Index is a widely recognized, unmanaged index of common stock prices. The S&P 500® Index broadly represents the performance of common stocks publicly traded in the United States. Effective December 11, 2025, derivative instruments that provide investment exposure to the investments above or exposure to one or more market risk factors associated with such investments are included in the fund's 80% policy, consistent with the fund's investment policies and limitations with respect to investments in derivatives. The Fund may lend securities to earn income for the fund.

**Principal Risks:** The Fund is subject to Stock Market Volatility, Issuer-Specific Changes, Correlation to Index, Passive Management Risk, and Securities Lending Risk. These risks are discussed under ***Fidelity Investment Risks*** in Appendix B.

### b. Vanguard S&P Mid-Cap 400 Index Fund (VSPMX)

**Objective:** The Fund seeks to track the performance of a benchmark index that measures the investment return of mid-capitalization stocks in the United States.

**Strategy:** The Fund employs an indexing investment approach designed to track the performance of the S&P MidCap 400® Index (the "Target Index"). The Target Index measures the performance of mid-size companies in the United States. Under normal circumstances, the Fund invests at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in the stocks that make up the Target Index. The Fund attempts to replicate the Target Index by investing all, or substantially all, of its assets in the stocks that make up the Target Index, holding each stock in approximately the same proportion as its weighting in the Target Index.

**Principal Risks:** The Fund is subject to General Market Risk, Investing in Equity Markets, Market Capitalization (Market Cap), Index Investing, and Concentration Risk. These risks are discussed under *Vanguard Investment Risks* in Appendix B.

### c. Vanguard S&P Small-Cap 600 Index Fund (VSMSX)

**Objective:** The Fund seeks to track the performance of a benchmark index that measures the investment return of small-capitalization stocks in the United States.

**Strategy:** The Fund employs an indexing investment approach designed to track the performance of the S&P SmallCap 600® Index (the "Target Index"). The Target Index measures the performance of small-capitalization companies in the United States. Under normal circumstances, the Fund invests at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in the stocks that make up the Target Index. The Fund attempts to replicate the Target Index by investing all, or substantially all, of its assets in the stocks that make up the Target Index, holding each stock in approximately the same proportion as its weighting in the Target Index.

**Principal Risks:** The Fund is subject to General Market Risk, Investing in Equity Markets, Market Capitalization (Market Cap), Index Investing, and Concentration Risk. These risks are discussed under *Vanguard Investment Risks* in Appendix B.

### d. Fidelity® International Index Fund (FSPSX)

**Objective:** The Fund seeks to provide investment results that correspond to the total return of foreign stock markets.

**Strategy:** The Fund normally invests at least 80% of assets in common stocks included in the MSCI EAFE Index, which represents the performance of foreign stock markets. The MSCI EAFE Index is a capitalization-weighted index that currently includes stocks of companies located in 16 European countries (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom), Australia, New Zealand, Hong Kong, Japan, and Singapore. The MSCI EAFE Index broadly represents the performance of foreign stock markets. Effective December 11, 2025, derivative instruments that provide investment exposure to the investments above or exposure to one or more market risk factors associated with such investments are included in the fund's 80% policy, consistent with the fund's investment policies and limitations with respect to investments in derivatives. The Fund uses statistical sampling techniques based on such factors as capitalization, industry exposures, dividend yield, price-to-earnings (P/E) ratio, price-to-

book (P/B) ratio, earnings growth, and country weightings to attempt to replicate the returns of the MSCI EAFE Index. The Fund may lend securities to earn income for the fund.

**Principal Risks:** The Fund is subject to Stock Market Volatility, Foreign Exposure, Geographic Exposure to Europe, Geographic Exposure to Japan, Issuer-Specific Changes, Correlation to Index, Passive Management Risk, and Securities Lending Risk. These risks are discussed under **Fidelity Investment Risks** in Appendix B.

#### **e. Fidelity® Emerging Markets Index Fund (FPADX)**

**Objective:** The Fund seeks to provide investment results that correspond to the total return of emerging stock markets.

**Strategy:** The Fund normally invests at least 80% of assets in securities included in the MSCI Emerging Markets Index and in depositary receipts representing securities included in the index. The MSCI Emerging Markets Index is a market capitalization-weighted index designed to measure the performance of large and medium-capitalization companies domiciled in emerging markets countries across the world. Derivative instruments that provide investment exposure to the investments above or exposure to one or more market risk factors associated with such investments are included in the fund's 80% policy, consistent with the fund's investment policies and limitations with respect to investments in derivatives. The Fund uses statistical sampling techniques based on such factors as capitalization, industry exposures, dividend yield, price-to-earnings (P/E) ratio, price-to-book (P/B) ratio, earnings growth, country weightings, and the effect of foreign taxes to attempt to replicate the returns of the MSCI Emerging Markets Index. The Fund may lend securities to earn income for the fund.

**Principal Risks:** The Fund is subject to Stock Market Volatility, Foreign and Emerging Markets Risk, Geographic Exposure to Asia, Geographic Exposure to China and the China Region, Issuer-Specific Changes, Correlation to Index, Passive Management Risk, and Securities Lending Risk. These risks are discussed under **Fidelity Investment Risks** in Appendix B.

#### **f. Fidelity® U.S. Bond Index Fund (FXNAX)**

**Objective:** The Fund seeks to provide investment results that correspond to the aggregate price and interest performance of the debt securities in the Bloomberg U.S. Aggregate Bond Index.

**Strategy:** The Fund normally invests at least 80% of assets in bonds included in the Bloomberg U.S. Aggregate Bond Index. The Bloomberg U.S. Aggregate Bond Index is a broad based, flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate pass-throughs), asset-backed securities and collateralized mortgage-backed securities (agency and non-agency). Effective December 11, 2025, derivative instruments that provide investment exposure to the investments above or exposure to one or more market risk factors associated with such investments are included in the fund's 80%

policy, consistent with the fund's investment policies and limitations with respect to investments in derivatives. The Fund uses statistical sampling techniques based on duration, maturity, interest rate sensitivity, security structure, and credit quality to attempt to replicate the returns of the Bloomberg U.S. Aggregate Bond Index using a smaller number of securities. The Fund engages in transactions that have a leveraging effect on the fund, including investments in derivatives - such as swaps (interest rate, total return, and credit default), options, and futures contracts - and forward-settling securities, to adjust the fund's risk exposure. The Fund invests in Fidelity's Central funds (specialized investment vehicles used by Fidelity® funds to invest in particular security types or investment disciplines) consistent with the asset classes discussed above.

**Principal Risks:** The Fund is subject to Interest Rate Changes, Foreign Exposure, Prepayment, Issuer-Specific Changes, Correlation to Index, Passive Management Risk, and Leverage Risk. These risks are discussed under Fidelity Investment Risks in Appendix B.

### **g. Vanguard Total International Bond Index Fund (VTIFX)**

**Objective:** The Fund seeks to track the performance of a benchmark index that measures the investment return of non-U.S. dollar-denominated investment-grade bonds.

**Strategy:** The Fund employs an indexing investment approach designed to track the performance of the Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged) (the Index). This Index provides a broad-based measure of the global, investment-grade, fixed-rate debt markets. The Index includes government, government agency, corporate, and securitized non-U.S. investment-grade fixed income investments, all issued in currencies other than the U.S. dollar and with maturities of more than one year. The Index is market value-weighted and capped to comply with investment company diversification standards of the Internal Revenue Code, which state that, at the close of each fiscal quarter, a fund's (1) exposure to any particular bond issuer may not exceed 25% of the fund's assets and (2) aggregate exposure to issuers that individually constitute 5% or more of the fund may not exceed 50% of the fund's assets. To help enforce these limits, if the Index, on the last business day of any month, were to have greater than 20% exposure to any particular bond issuer, or greater than 48% aggregate exposure to issuers that individually constitute 5% or more of the Index, then the index provider would reallocate the excess to bonds of other issuers represented in the Index. The Fund will attempt to hedge its foreign currency exposure, primarily through the use of foreign currency exchange forward contracts, in order to correlate to the returns of the Index, which is U.S. dollar hedged. Such hedging is intended to minimize the currency risk associated with investment in bonds denominated in currencies other than the U.S. dollar. The Fund may become nondiversified, as defined under the Investment Company Act of 1940, solely as a result of an index rebalance or market movement.

The Fund invests by sampling the Index, meaning that it holds a range of securities that, in the aggregate, approximates the full Index in terms of key risk factors and other characteristics. All of the Fund's investments will be selected through the sampling process and, under normal circumstances, at least 80% of the Fund's assets will be invested in bonds included in the Index. The Fund maintains a dollar-weighted average

maturity consistent with that of the Index. As of October 31, 2024, the dollar-weighted average maturity of the Index was 8.9 years.

**Principal Risks:** The Fund is subject to Country/Regional Risk, Interest Rate Risk, Income Risk, Nondiversification Risk, Credit Risk, Call Risk, Index-Related Risks, Index Sampling Risk, Currency Risk and Currency Hedging Risk, and Derivatives Risk. These risks are discussed under Vanguard Investment Risks in Appendix B.

## **h. Schwab Treasury Inflation Protected Securities Index Fund (SWRSX)**

**Objective:** The Fund's goal is to track as closely as possible, before fees and expenses, the total return of an index composed of inflation-protected U.S. Treasury securities.

**Strategy:** To pursue its goal, the Fund generally invests in securities that are included in the Bloomberg U.S. Treasury Inflation-Linked Bond Index (Series-L). The index includes all publicly-issued treasury inflation-protected securities (TIPS) that have at least one year remaining to maturity, are rated investment grade and have \$500 million or more of outstanding face value. The TIPS in the index must be denominated in U.S. dollars and must be fixed-rate and non-convertible. The index is market capitalization weighted and the TIPS in the index are updated on the last business day of each month. TIPS are publicly issued, dollar-denominated U.S. government securities issued by the U.S. Treasury that have principal and interest payments linked to an official inflation measure (as measured by the Consumer Price Index, or CPI) and their payments are supported by the full faith and credit of the United States.

It is the fund's policy that, under normal circumstances, it will invest at least 90% of its net assets (including, for this purpose, any borrowings for investment purposes) in securities included in the index. The fund will notify its shareholders at least 60 days before changing this policy. The fund will generally seek to replicate the performance of the index by giving the same weight to a given security as the index does. However, when the investment adviser believes it is in the best interest of the fund, such as to avoid purchasing odd-lots (i.e., purchasing less than the usual number of shares traded for a security), for tax considerations, or to address liquidity considerations with respect to a security, the investment adviser may cause the fund's weighting of a security to be more or less than the index's weighting of the security. The fund may sell securities that are represented in the index in anticipation of their removal from the index.

Under normal circumstances, the fund may invest up to 10% of its net assets in securities not included in the index. The principal types of these investments include those that the investment adviser believes will help the fund track the index, such as investments in (a) securities that are not represented in the index but the investment adviser anticipates will be added to the index; (b) high-quality liquid investments, such as securities issued by the U.S. government, its agencies or instrumentalities, including obligations that are not guaranteed by the U.S. Treasury, and obligations that are issued by private issuers that are guaranteed as to principal or interest by the U.S. government, its agencies or instrumentalities, and (c) investment companies. The fund may also invest in cash and cash equivalents, including money market funds, enter into repurchase agreements, and may lend its securities to minimize the difference in performance that naturally exists between an index fund and its corresponding index.

The investment adviser typically seeks to track the price and yield performance of the index by replicating the index. This means that the fund generally expects that it will hold the same securities as those included in the index. However, the investment adviser may use sampling techniques if the investment adviser believes such use will best help the fund to track the index or is otherwise in the best interest of the fund. Sampling techniques involve investing in a limited number of index securities that, when taken together, are expected to perform similarly to the index as a whole. These techniques are based on a variety of factors, including interest rate and yield curve risk, maturity exposures, and other risk factors and characteristics. When the fund uses sampling techniques, the fund generally expects that its yield, maturity and weighted average effective duration will be similar to those of the index.

**Principal Risks:** The Fund is subject to Market Risk, Investment Style Risk, Inflation-Protected Security Risk, Interest Rate Risk, Credit Risk, Liquidity Risk, Sampling Index Tracking Risk, Tracking Error and Correlation Risk, Securities Lending Risk, and Money Market Fund Risk. These risks are discussed under ***Schwab Investment Risks*** in Appendix B.

## **i. Nationwide Life Insurance Company Group Annuity Contract**

**Objective:** The objective of the Nationwide Life Insurance Company Group Annuity Contract is to provide a low-risk, competitive option for participants.

**Strategy:** The Nationwide Life Insurance Company Group Annuity Contract seeks to achieve a competitive return, consistent with, and providing for, preservation of capital, credit quality, liquidity to pay plan benefits, and reasonable tracking of interest rates. Stability and consistency while providing a competitive return are key attributes. The guaranteed minimum interest rate under the Group Annuity Contract shall never be less than 1%. This guarantee is made by Nationwide Life Insurance Company to the Program Manager and not to Account Owners. Nationwide credits interest to the Group Annuity Contract at an annual guaranteed interest rate that it declares at least 14 days prior to the rate taking effect and will be in effect for a period of 12 months. Interest rates will be reset no more frequently than annually. In addition, the first year the Group Annuity Contract is in force, the annual guaranteed interest rate may be in effect for longer than one year; the rate will reset on whichever of January 1st or July 1st occurs next after the one-year anniversary of the effective date of the Group Annuity Contract. At no time will there be an annual guaranteed interest rate declared that is lower than the guaranteed minimum interest rate. The Group Annuity Contract currently does not have any explicit asset management charges. Nationwide Life Insurance Company's compensation is derived from the difference between what it earns on investments and what it credits to the Group Annuity Contract. Costs and expenses (such as plan charges, offsets paid to the Program Manager, and any purchase payment credits issued to PA ABLE, including Nationwide Life Insurance Company's compensation) are reflected in the crediting rate. The Program Manager receives a payment from the Nationwide Life Insurance Company Group Annuity Contract for recordkeeping and administration expenses. These payments, among many other factors, impact the interest crediting rate Nationwide Life Insurance Company declares under the Group Annuity Contract. The crediting rate is determined based on Nationwide Life Insurance Company's estimate of the investment return on the general account assets supporting this Group Annuity Contract, reduced by

expenses (including compensation to Nationwide Life Insurance Company). Purchase payment credits may be recouped upon termination of the Group Annuity Contract.

**Principal Risks:** The Nationwide Life Insurance Company Group Annuity Contract is a general account product issued by Nationwide Life Insurance Company and is backed solely by the claims paying ability of Nationwide Life Insurance Company. While the Group Annuity Contract seeks to provide a low-risk, competitive option for the policyholder, the Group Annuity Contract is not FDIC insured, is not a bank deposit and is not insured or guaranteed by the U.S. Government or any state agency and may lose value. Because the Group Annuity Contract is a fixed contract, the investment return experienced may not be similar to the returns experienced with investments with greater equity exposure. Other factors to consider include restrictions on transfers to competing investment options. Under the Group Annuity Contract, transfers to competing investment options, generally those with principal preservation as a primary objective, such as money market or short-term bond options, are not permitted, except in limited circumstances as described in the Nationwide Life Insurance Company Group Annuity Contract. Additionally, a Market Value Adjustment (MVA) may be assessed on transfers the Program Manager makes when rebalancing the investment portfolios above a certain threshold specified in the Group Annuity Contract. The Group Annuity Contract may be terminated at any time. Termination initiates the Group Annuity Contract payout period of six years from the date of termination, which may be reduced if certain market conditions are met. Withdrawals may continue to be made during the payout period. The interest credited under the contract may be lowered upon the inception of the payout period but will never be less than the guaranteed minimum interest rate.

## **j. The Lincoln National Life Insurance Company Stable Value Fund (Group Annuity Funding Agreement)**

**Objective:** The primary objective is to maximize investment income while maintaining preservation of capital.

**Strategy:** The Lincoln stable value fund is invested in a broadly diversified portfolio of predominantly fixed income instruments. Lincoln employs a buy and hold strategy, matching asset risk with liability risk exposure. Lincoln acts as the manager-of-managers for the portfolio, partnering with high-quality external managers. Lincoln Investment Management Company is responsible for establishing, implementing, and providing oversight for the investment strategy and risk management of Lincoln stable value products.

**Principal Risks:** The product is a funding agreement subject to the claims-paying ability of The Lincoln National Life Insurance Company. The Lincoln stable value fund is not FDIC-insured or registered with the SEC. Participants have daily liquidity at full book value (principal and interest) for all participant-initiated events. A 90-day equity wash provision applies for transfers to competing funds. The guaranteed interest rate is announced in advance and is guaranteed for a six-month period. Lincoln guarantees that the interest credited will never fall below the guaranteed minimum interest rate of 1.00%. An MVA may be assessed on funding agreement terminations.

## **k. Fifth Third Bank Deposit Account ("Deposit Account")**

**Objective:** The Deposit Account seeks the preservation of capital.

**Strategy:** The Deposit Account is a bank deposit account that is designed to provide Account Owners with a liquid, interest-bearing investment option. The Deposit Account seeks to replicate market returns on short-term investments while maintaining daily liquidity, earning a competitive rate of interest, and reducing fees in comparison to other short-term investment vehicles. Interest on the Deposit Account is paid at a variable rate. Amounts deposited in the Deposit Account are insured by the Federal Deposit Insurance Corporation (FDIC), subject to applicable limits.

**Principal Risks:** Amounts deposited in the Deposit Account are insured by the FDIC up to \$250,000 (including principal and accrued interest), subject to applicable limits. It is the Account Owner's responsibility to monitor the total amount of deposits held at Fifth Third Bank and to determine the extent of FDIC insurance coverage available. In the event Fifth Third Bank goes into receivership or a similar form of financial trouble, payments of principal plus unpaid and accrued interest will be made to the Account Owner, subject to FDIC insurance limits; there is no specific time period during which the FDIC must make such payments available. In addition, there is a risk that the Deposit Account's interest rate, in the future, could go down. The Deposit Account's interest rate paid is a variable rate, and there is no limitation as to the percentage amount the interest rate may vary. As such, interest rates may be higher or lower than the interest rates available to depositors making deposits directly with Fifth Third Bank, or other depository institutions in comparable accounts. In the event Fifth Third Bank exercises its right to close the Deposit Account, amounts invested in the Deposit Account may be required to transfer to another Investment Option. Account Owners do not have an ownership interest or any other rights as an owner of the deposits in the underlying Deposit Account. Account Owners cannot access or withdraw money from the Deposit Account by contacting Fifth Third Bank directly. At any time, PA ABLE may change the provider of the Deposit Account from Fifth Third Bank and move funds to an underlying deposit account at a new bank. In such an event, PA ABLE may invest in any other investment approved by PA ABLE. None of the Plan Administrators guarantee, in any way, the financial condition or ongoing viability of Fifth Third Bank or a replacement bank.

## **5. Additional Investment Information**

### **a. How Your Units Are Valued**

Contributions to your Account purchase Units of the Investment Option(s) you select. PA ABLE will process Account transaction requests (e.g., contributions, withdrawals, and transfers) at the Unit Value of the applicable Investment Option determined as of the close of business on the business day your Account transaction request has been received in good order and accepted by PA ABLE by the close of regular trading (usually 4 p.m. Eastern time) on the NYSE. PA ABLE will process Account transaction requests received in good order after the close of regular trading or on a day when the NYSE is not open for trading at the Unit Value of the applicable Investment Option determined as of

the close of business on the next day of regular trading on the NYSE. PA ABLE will not process Account transaction requests on holidays or other days when the NYSE is closed for any reason. PA ABLE also reserves the right to refrain from processing Account transaction requests during any time when trading is restricted by the Securities and Exchange Commission or under any emergency circumstances.

The value of a Unit in each Investment Option is computed by dividing (a) an Investment Option's assets less any liabilities allocated to that Investment Option by (b) the number of outstanding Units of such Investment Option. Investments in stable value funds and the Deposit Account earn a rate of interest at the declared rate then in effect, which is accrued on a daily basis.

## **b. Treatment of Dividends and Capital Gains**

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

## **c. Requesting Additional Information about Certain Underlying Funds**

Additional information about the investment strategies and risks of each underlying mutual fund 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 mutual fund by visiting the Investment Firms' websites or calling the phone numbers referenced above (see Part 2.C.2.b.)

## **d. Individual Investment Option Performance**

Investment Option performance will be posted on [PAABLE.gov](http://PAABLE.gov) as it becomes available.

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

# **D. Fees and Expenses**

## **1. Investment Options Asset-based Fees**

PA ABLE charges a total annual asset-based fee for each Investment Option, which ranges from 0.00% to 0.2473%, and which varies because of the different expenses of the Underlying Funds (the "Underlying Fund Expenses") and Administrative Fees. The Underlying Fund Expenses are received by the Investment Firms and include the expense ratio of the mutual funds used in each Investment Option. Expenses for Investment

Options with multiple Underlying Funds represent a weighted average of the Underlying Fund Expenses. The Underlying Fund Expenses included in the chart below reflect expenses as of the date of this PA ABLÉ Disclosure Statement but may change in the future. In addition to the Underlying Fund Expenses, the total annual asset-based fees of an Investment Option include an Administrative Fee. The Administrative Fee of 0.22% is allocated to Vestwell and covers additional administrative and operational costs. The Administrative Fee may be lowered without prior notification. The total annual asset-based fee is charged daily against the assets of each Investment 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 Investment Option and illustrates the hypothetical expenses that you would incur over various periods if you invest \$10,000 in an Investment Option. 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. Actual costs may be higher or lower. 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.

Fee Structure Table (As of TBD)					Hypothetical \$10,000 Investment Cost Chart <sup>6</sup>							
Annual Asset Based Fees <sup>1</sup>				Additional Fees	Assumes Discount for Electronic Delivery				Assumes No Discount for Electronic Delivery			
Investment Option	Estimated Underlying Fund Expenses <sup>2</sup>	Administrative Fee	Total Annual Asset Based Fees <sup>3</sup>	Annual Account Maintenance Fee <sup>4</sup>	1 Year	3 Year	5 Year	10 Year	1 Year	3 Year	5 Year	10 Year
2070	0.0269%	0.22%	0.2469%	\$17	\$42.43	\$130.92	\$224.62	\$485.24	\$62.42	\$190.70	\$323.98	\$682.39
2065	0.0264%	0.22%	0.2464%	\$17	\$42.38	\$130.76	\$224.34	\$484.61	\$62.36	\$190.54	\$323.70	\$681.76
2060	0.0264%	0.22%	0.2464%	\$17	\$42.38	\$130.76	\$224.34	\$484.61	\$62.36	\$190.54	\$323.70	\$681.76
2055	0.0260%	0.22%	0.2460%	\$17	\$42.33	\$130.60	\$224.07	\$484.01	\$62.31	\$190.39	\$323.44	\$681.17
2050	0.0258%	0.22%	0.2458%	\$17	\$42.32	\$130.56	\$223.99	\$483.82	\$62.30	\$190.34	\$323.36	\$680.98
2045	0.0258%	0.22%	0.2458%	\$17	\$42.32	\$130.56	\$223.99	\$483.82	\$62.30	\$190.34	\$323.36	\$680.98
2040	0.0232%	0.22%	0.2432%	\$17	\$42.05	\$129.70	\$222.50	\$480.48	\$62.03	\$189.49	\$321.87	\$677.67
2035	0.0192%	0.22%	0.2392%	\$17	\$41.63	\$128.41	\$220.25	\$475.44	\$61.62	\$188.20	\$319.63	\$672.68
2030	0.0149%	0.22%	0.2349%	\$17	\$41.20	\$127.05	\$217.88	\$470.11	\$61.18	\$186.84	\$317.27	\$667.40
Capital Preservation	0.0000%	0.00%	0.0000% <sup>5</sup>	\$17	\$17.00	\$51.00	\$85.00	\$170.00	\$37.00	\$111.00	\$185.00	\$370.00
Conservative	0.0102%	0.22%	0.2302%	\$17	\$40.72	\$125.53	\$215.23	\$464.18	\$60.70	\$185.33	\$314.64	\$661.52
Moderately Conservative	0.0200%	0.22%	0.2400%	\$17	\$41.72	\$128.68	\$220.72	\$476.48	\$61.70	\$188.47	\$320.10	\$673.71
Moderate	0.0238%	0.22%	0.2438%	\$17	\$42.11	\$129.91	\$222.87	\$481.30	\$62.09	\$189.70	\$322.24	\$678.49
Growth	0.0271%	0.22%	0.2471%	\$17	\$42.45	\$130.96	\$224.69	\$485.39	\$62.43	\$190.74	\$324.05	\$682.54
Moderately Aggressive	0.0270%	0.22%	0.2470%	\$17	\$42.44	\$130.94	\$224.67	\$485.33	\$62.42	\$190.73	\$324.03	\$682.48
Aggressive	0.0273%	0.22%	0.2473%	\$17	\$42.47	\$131.02	\$224.81	\$485.65	\$62.45	\$190.81	\$324.17	\$682.79

<sup>1</sup>—Expressed as an annual percentage of the average daily net assets of each Investment Option.

<sup>2</sup>—For each Investment Option, the Estimated Underlying Fund Expenses in this column are derived from the expense ratio reported in each underlying mutual fund's most recent prospectus as of May 1, 2026, and are based on a weighted average of the expenses of each underlying mutual fund's expense ratio, in accordance with the Investment Option's asset allocation among its Underlying Funds. Each Investment Option indirectly bears the expenses of the Underlying Funds; so when fees are deducted from an Underlying Fund's assets, the value of the Underlying Fund's shares is reduced. Actual Underlying Fund expenses may vary.

<sup>3</sup>—The Total Annual Asset-Based Fee is assessed against assets over the course of the year. It includes the Underlying Fund expenses plus the Administrative Fee but does not include the Annual Account Maintenance Fee.

<sup>4</sup>—Shows fees for an Account that has elected Electronic Delivery. The Annual Account Maintenance Fee (\$37.00) is discounted to \$17 if Electronic Delivery is established for the Account.

<sup>5</sup>—The Capital Preservation Option is not charged any asset-based fees by the Program Manager or PA ABLE. This Option also does not incur any Underlying Fund expenses. The Program Manager receives payments from Lincoln and Nationwide for recordkeeping and administrative expenses.

<sup>6</sup>The examples in the table are intended to help you compare the cost of investing in the different Portfolio Options over various periods of time. This example assumes that: you invest \$10,000 in your PA ABLE Account for the time periods shown below on January 1st; your investment has a 5% quarterly compounded return each year; no withdrawals are reflected; total annual asset-based fees remain the same as shown in the Fee Table above; a \$17.00 annual Account Maintenance Fee will be withdrawn from your ABLE Account pro-rata each calendar quarter; you have elected Electronic Delivery; and the example does not consider the impact of any potential state or federal taxes on the withdrawal.

## 2. The ABLE Visa® Prepaid Card

The ABLE Visa® Prepaid Card is a prepaid card managed by True Link Financial, Inc. ("True Link"). Account Owners can withdraw money from their PA ABLE Account and load the funds onto the ABLE Visa® Prepaid Card to use for Qualified Disability Expenses. The card offers several customizable features. Account Owners and/or Authorized Individuals can each request a card from the PA ABLE online account portal.

To sign up for an ABLE Visa Card, the applicant must have a valid Account and must agree to the Cardholder Agreement and certain other agreements with True Link and the issuing bank. This card is issued by Sunrise Banks N.A., Sioux Falls, SD 57108, Member FDIC, pursuant to license from Visa U.S.A., Inc. Use of the card constitutes acceptance of the terms and conditions stated in the Cardholder Agreement. A copy of the Cardholder Agreement can be found at PAABLE.gov.

Provided there is no hold on your PA ABLE Account, the card will typically be received within 6-9 business days of your card request. There is no monthly fee associated with the card, but the card is subject to other related fees as detailed in the Fee chart below and as further documented in the Cardholder Agreement. Card Fees are subject to change at any time. For the most up to date information, please review the Cardholder Agreement at paable.truelinkfinancial.com.

Fee	Fee Description	Fee Amount	Details
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### Using your Card outside the U.S.

*Please note: International purchases cannot currently be made with the Card. If this changes in the future, the below fees will apply.*

International Transaction Fee	International Purchase Fee	\$2.00	This is the fee for an international purchase. If you make a purchase in a currency other than U.S. dollars, the amount deducted from your Card Account will be converted by Visa into U.S. dollars. Visa will establish a currency
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			conversion rate for this convenience using a rate selected by Visa from the range of rates available in wholesale currency markets for the applicable central processing date which may vary from the rate Visa itself receives, or the government-mandated rate in effect for the applicable central processing date, in each instance. This currency conversion fee is in addition to our fee.
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## Other

Replacement Card	Replacement Card Fee	\$5.00	This is the fee each time you request a replacement card prior to the expiration/valid thru date of your card.
Expedited Card	Expedited Shipping Fee	\$30.00	This is the fee each time you request expedited shipping for a card. Your card will arrive in approximately 2-4 business days. You can choose standard delivery of your card for no shipping fee.

Transaction activity can be viewed, and card statements accessed, via [paable.truelinkfinancial.com](http://paable.truelinkfinancial.com). Loading an ABLE Visa Card is considered a withdrawal from your Account in the year in which the loading occurs. A maximum of 95% of your Account's available balance can be withdrawn and loaded onto the applicable ABLE Visa Card, subject to the daily and monthly load card limits shown below, and as further detailed in the Cardholder Agreement. Card load limits may change at any time. For the most up to date information, please review the Cardholder Agreement at [paable.truelinkfinancial.com](http://paable.truelinkfinancial.com).

Limitation Type	Frequency and/or Dollar Limits (for typical transactions)
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### Card Limits

Maximum Card Account balance	\$20,000.00 total
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### Load Limits

Cash Loads	Not allowed
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Direct Deposits/Transfers from Your ABLE Account - Daily	\$5,000.00 total per day
Direct Deposits/Transfers from Your ABLE Account - Monthly	\$20,000.00 total per month

## Spend Limits

Cash Withdrawals (ATM or POS) - Domestic and International	\$500.00 total per day
Monthly ATM Limit - Domestic	\$3,000.00 total per month
Monthly ATM Limit - International	\$1,000.00 total per month
Cash Withdrawal (Over the Counter or Quasi Cash)	Not allowed
Card Purchases (Signature & PIN) - Daily	\$5,000.00 total per day
Card Purchases (Signature & PIN) - Monthly	\$20,000.00 total per month

Funds may not be added to an ABLE Visa Card from any source other than your Account.

An ABLE Visa Card may not be used for online gambling or illegal transactions. The ABLE Visa Card can be used everywhere Visa debit cards are accepted. If an ABLE Visa Card has no balance for 4 or more consecutive months, True Link may automatically terminate that card without advance notice. Any withdrawal loaded onto an ABLE Visa Card from an Account is reported as a distribution for tax purposes and should be spent in the same calendar year as the distribution or in the first 60 days of the next calendar year. If you receive SSI benefits, you should also consider the potential consequences of loading funds onto an ABLE Visa Card for housing expenditures, but not spending the funds in the same calendar month that you withdrew them from your Account.

### 3. Annual Account Maintenance Fee

PA ABLE charges an Annual Account Maintenance Fee of \$37 (\$9.25 taken quarterly) to all funded Accounts (see Part 2.A.2.b.). This fee will be discounted to \$17 (\$4.25 taken quarterly) for those Accounts that have established Electronic Delivery. Account Owners may receive tax forms like IRS Form 1099-QA and Form 5498-QA via mail and still qualify for the discounted fee.

The Annual Account Maintenance Fee will be deducted from the Account quarterly and will be taken first from your most conservative Investment Option, and next from more aggressive Investment Options, in increasing order of risk profile. The fee will not be deducted from those Accounts that have a zero balance. 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

PA ABLE reserves the right to assess the following charges on Investment Option transactions:

Service	Fee
Contribution checks returned for insufficient funds	\$25
Contributions made by ACH which fail	\$25
Re-issuance of Check	\$15
Outgoing Wire	\$30
Overnight Delivery	\$30

PA ABLE also reserves the right to charge reasonable additional fees if you request non-standard services. In its discretion and without further notice, PA ABLE may deduct directly from the Account the fees and expenses incurred as identified in the charts above or similar fees and expenses.

## E. Making Withdrawals

### 1. In General

Only you, as the Account Owner (if you are an adult with the capacity to enter into a contract) or your Authorized Individual 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 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 Investment Options in your Account for that day.

Withdrawal requests received after the close of the NYSE are processed the next business day using the Unit Values of your Investment Options on that day.

Please generally allow up to 10 business days for the proceeds to reach the payee. PA ABLE 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.

There is a minimum withdrawal amount of \$5.00.

## 2. Recontribution of Withdrawals

Except as otherwise described in this section, withdrawals cannot be recontributed back into the Account, even if you made the withdrawal by mistake. If you attempt to recontribute money that you previously withdrew, the recontribution will be treated as a new and separate contribution. The withdrawal may also be treated as a Non-Qualified Withdrawal, which could subject the Account Owner to tax consequences and have adverse effects on the Account Owner's eligibility for means-tested benefits.

PA ABLE does not consider adjustments resulting from its error or an error by any of its vendors or fraudulent Account activity to be contributions. PA ABLE, in its sole discretion, will determine if an entered withdrawal request or amount of the withdrawal is due to a mistake by PA ABLE 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.

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.7.e.) unless the re-contribution qualifies as a Rollover from the Account (see Part 2.E.7.c.). Such a withdrawal may also have adverse effects on the Account Owner's eligibility for means-tested benefits (see Part 3).

## 3. Withdrawal Payment Methods

You may designate one of several payment methods. Withdrawals may be sent by:

- ACH using saved bank information on the Account record,
- ACH to the ABLE Visa® Prepaid Card (if you have requested and activated a card),
- Check to the mailing address on the Account record, or
- Check to a third party designated by the Account Owner or Authorized Individual.

## 4. Withdrawal Restrictions

For your protection, withdrawals may be restricted for up to 15 days after Account opening, after contributions, or after certain changes to your Account. Generally, although subject to some exceptions, PA ABLE may impose the following withdrawal restrictions:

- Gift contributions may be subject to a hold of **10 business days** (following settlement) during which they cannot be withdrawn.
- All other contributions are subject to a hold of **5 business days** (following settlement) during which they cannot be withdrawn.

- **New or updated bank accounts** are subject to a **10 calendar day** hold period before the bank account can be used for a withdrawal.
- Withdrawals cannot be sent to a **new or updated mailing address** for **15 calendar days** after the address change.
- Withdrawals cannot be sent to a **new or updated third-party (bill pay) payee** for **5 calendar days** after the payee is added or updated.

## 5. Recurring Monthly Withdrawals

You may also establish a recurring monthly Withdrawal, which is a periodic, pre-scheduled Withdrawal from any of your Investment Options. If the balance in your chosen Investment Option is less than the amount specified on your recurring Withdrawal, the Withdrawal will not be processed. Recurring Withdrawals are subject to the processing times and hold periods specified in Part 2.E.5., above.

## 6. 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 PA ABLE to transfer your funds directly to the other ABLE program. **Indirect Rollovers** are ones in which you request PA ABLE 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 is a Direct Rollover to an account of which you are the Account Owner, you must roll over the entire Account balance and close your PA ABLE Account upon completion of the transfer of funds. If the Rollover is an Indirect Rollover to an account of which you are the Account Owner, you must roll over the entire Account balance 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, withdrawals taken from the PA ABLE Account whose Account Owner is deceased and deposited into the Successor Account Owner's PA ABLE 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 855-529-ABLE (2253). To make the request online, log into your account from [PAABLE.gov](https://PAABLE.gov), click on "Transfer", then "Withdrawals."

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 generally require documentation that shows the withdrawal is for Qualified Disability Expenses, PA ABLE 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 as long as the funds withdrawn are used within the same calendar year or within the first sixty days of the next calendar year. Regardless of the type of withdrawal, PA ABLE 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 your state tax agency (in Pennsylvania, the Pennsylvania Department of Revenue) that the withdrawal was used for Qualified Disability Expenses. Qualified Withdrawals withdrawn during one calendar year and used to pay for a Qualified Disability Expense in the first 60 days of the next calendar year may be treated as having been paid during the previous calendar year for tax purposes. However, if you do so, you cannot count that Qualified Withdrawal again for the same purpose in the next calendar year.

### **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, or within the first 60 days of the next tax year, 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, PA ABLE 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.

### **ii. Tax Consequences**

To be considered a non-taxable event for federal and Pennsylvania income tax purposes, Direct Rollovers to the same Eligible Individual must transfer the entire balance of the PA ABLE Account to the non-PA ABLE account and the PA ABLE Account must be closed upon completion of the Rollover. For Direct Rollovers to an Eligible Individual who is a Sibling, part or all of the balance of a PA ABLE Account may be transferred to the Eligible Individual Sibling's ABLE account.

Regardless of the type of withdrawal, PA ABLE 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 your state tax agency (in Pennsylvania, 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. Indirect Rollovers**

### **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 make the request online, go to [PAABLE.gov](http://PAABLE.gov), click on "Login", then "Transfers", and then "Withdrawals." To use the paper Withdrawal Form, download it from the PA ABLE website or request it by calling the Customer Service Center. To request the withdrawal by phone, call the Customer Service Center at 855-529-ABLE (2253). Once you receive the funds, contribute them to the non-Pennsylvania ABLE program.

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 855-529-ABLE (2253) to obtain documentation of the contributions and earnings.

### **ii. Tax Consequences**

To be considered a non-taxable event for federal or Pennsylvania income tax purposes, the following requirements apply:

- An Indirect Rollover for the same Eligible Individual can be made only once in a 12-month period.
- An Indirect Rollover for an Eligible Individual who is a Sibling of the Account Owner may be made at any time.
- An Indirect Rollover to an ABLE account for the same Eligible Individual must transfer the entire balance of the PA ABLE Account to the non-PA ABLE account within 60 days of the date of the withdrawal.
- When an Indirect Rollover to an ABLE account for the same Eligible Individual occurs, the PA ABLE Account must be closed within 60 days of the date of the withdrawal.

Regardless of the type of withdrawal, PA ABLE 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 your state tax agency (in Pennsylvania, the Pennsylvania Department of Revenue) that the above requirements were met. If the Indirect 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 an Indirect Rollover, you may wish to consult a tax advisor.

### **iii. Government Benefit Consequences**

The government benefit consequences for an Indirect Rollover are the same as a Direct Rollover. See Part 2.E.7.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, including a Successor 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. Please visit [PAABLE.gov](http://PAABLE.gov) or call 855-529-ABLE (2253) for instructions on how to complete a Transfer.

### **ii. Tax Consequences**

The tax consequences for a Transfer between PA ABLE Accounts are the same as a Direct Rollover. See Part 2.E.7.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.7.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 online, by phone, or by obtaining and submitting a Withdrawal Form. To make the request online, go to [PAABLE.gov](http://PAABLE.gov), click on "Login", then "Transfers," and then "Withdrawals." To request by phone, call the Customer Service Center at 855-529-ABLE (2253). To use the paper Withdrawal Request Form, download it from [PAABLE.gov](http://PAABLE.gov) or request it by calling the Customer Service Center at 855-529-ABLE (2253).

## **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. Taxpayers of other states may also be subject to their state's income taxes. PA ABLE will issue to the Account Owner a Form 1099-QA for all withdrawals that will specify the principal and earnings portions of the total withdrawals. In the event of a return of Excess Contributions (see Part 2.B.2.), a Form 1099-QA will also 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 Contribution Limit;
- Earnings on contributions returned because they would have exceeded the total Account Balance Limit for Contributions; 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.

## **7. 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 PA ABLE 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) PA ABLE finds that the Account Owner or Authorized Individual has provided false or misleading information, (3) suspicious or possible fraudulent activity is observed on the Account, (4) the Account Owner or Authorized Individual has violated the terms of the PA ABLE Contract — for example, by failing to

advise PA ABLE 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, (5) the Account does not contain any funds and maintains a "zero dollar balance" for a period of 90 calendar days, (6) the Department receives a written request for termination (see Part 2.E.6.c. for more information), or (7) PA ABLE 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, mailing 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. Written Request for Termination**

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 PA ABLE no more 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. 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 PA ABLE 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 PA ABLE deems necessary in PA ABLE'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.

## **F. Account Security**

### **1. In General**

Contact Customer Service at 855-529-ABLE (2253) immediately if you believe that your Account has been accessed in an unauthorized manner or your Account information has been released to an unauthorized individual.

### **2. Online Account Security**

If you choose to access your Account online, please keep your username and password confidential. PA ABLE and the Plan Administrators will honor instructions from any person who provides correct identifying information, and are not responsible for fraudulent transactions they believe to be genuine according to these procedures. Accordingly, Account Owners bear the risk of loss if unauthorized persons obtain their username and

password and conduct any transaction on their behalf. Account Owners can reduce this risk by checking their account information regularly, which will give them an opportunity to prevent multiple fraudulent transactions.

You should avoid using passwords that can be guessed and should consider changing your password frequently. PA ABLE employees or representatives will not ask you for your password. Contact Customer Service at 855-529-ABLE (2253) immediately if you believe that your online account has been accessed in an unauthorized manner or your username and/or password have been released to an unauthorized individual.

It is solely your responsibility to protect your Account, diligently monitor all transactions in it, and to protect the security of your Account credentials and the email account associated with your Account. You should use multi-factor authentication as one way, but not the only way, to minimize the risk of unauthorized transactions in your Account. You are also solely responsible for updating your Account with your current contact information and keeping your Account profile current at all times while you participate in PA ABLE.

If you notice a transaction in your Account that you did not make or authorize, it is your responsibility to contact PA ABLE immediately. Any delay or failure in reporting any unauthorized transactions could affect the ability to recover funds from any unauthorized transaction and could result in a partial or total loss of your Account. PA ABLE, along with the Plan Administrators, their parent companies, and affiliates, will not be responsible for any losses that are caused in whole or in part by your failure or negligence in monitoring or protecting your Account or timely reporting any potential unauthorized transactions to PA ABLE.

PA ABLE Accounts are not savings accounts, demand deposit accounts, or any other type of accounts for purposes of the Electronic Funds Transfer Act, 15 U.S.C. §§ 1693 et seq., Regulation E, 12 CFR Part 1005, et. seq., the Consumer Financial Protection Act, the federal or any state Uniform Commercial Code or any similar state, federal or local consumer protection law ("Consumer Law"). Withdrawals or other distributions from your Account are also not electronic fund transfers within the meaning of Consumer Law.

## **Part 3: Your Account's Effect on Means-Tested Benefits**

### **A. In General**

The federal ABLE Act specifies that contributions to, assets (including earnings) in, and Qualified Withdrawals from an ABLE account may not be considered in determining eligibility for any federal means-tested benefits - with a few limited exceptions for Supplemental Security Income. Specifically:

- Balances over \$100,000 are not disregarded for purposes of SSI, and any amount over \$100,000 will be treated as a countable resource; and
- Withdrawals taken for housing expenses are not disregarded for purposes of SSI, unless the withdrawal is received and spent in the same calendar month.

## B. Supplemental Security Income (SSI)

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 PA ABLE 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

Generally, contributions to an Account are not considered income to the Account Owner. Specific income exclusions include:

- Rollovers from a sibling's ABLE account to the SSI applicant, recipient, or deemor's ABLE account
- Rollovers from a 529 plan to the SSI applicant, recipient, or deemor's ABLE account. (The ABLE account must be for the same beneficiary as the 529 account or for a "member of the family" of the 529 account holder, as "member of the family" is defined in Section 529)
- Third-party gift contributions, so long as certain conditions are met (see [SI 01130.740\(C\)\(1\)\(b\)](#))

However, if countable income is contributed to an ABLE account, the income will still be countable for SSI purposes as it normally would be. 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 are not included in an SSI recipient's countable income. Additionally, Withdrawals are not counted as income, regardless of how the withdrawal is used.

Please speak with your local SSA office regarding how SSA will treat contributions to your Account for income purposes. You can also refer to SSA's Program Operations Manual System [SI 01130.740](#) for more information on income exclusions.

### 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 for SSI purposes. Any amount over \$100,000 is considered a resource and is counted

toward the SSI resource limit. If the excess of 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. Qualified and Non-qualified Withdrawals**

All Qualified Withdrawals from an Account will be excluded from an Account Owner's countable resources when determining eligibility for SSI benefits, with one exception: Withdrawals used to pay for housing will be a SSI countable resource 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 the withdrawal was taken, or within the first 60 days of the next tax year.) For example, an Account Owner 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. 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 the Social Security Administration**

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 PA ABLE 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.

### **4. Additional Social Security Information**

The Social Security Administration ("SSA") publishes and regularly updates additional guidance on ABLE accounts through the SSA Program Operational Manual System ("POMS") at <https://secure.ssa.gov/poms.nsf/lnx/0501130740>.

For SSA POMS guidance related to SSA representative payees and ABLE accounts, visit: [https://www.ssa.gov/payee/able\\_accounts.htm](https://www.ssa.gov/payee/able_accounts.htm).

For SSA POMS guidance related to representative payee and direct deposit of SSI benefits into an ABLE account, visit: <https://secure.ssa.gov/poms.nsf/lnx/0202402055>.

You should consult with your own legal and financial advisors and closely review all relevant guidance available on SSA.gov regarding your specific situation.

## **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 (including funeral and burial 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 also published

additional guidance concerning ABLE accounts and Medicaid, which you can access at <https://www.medicaid.gov/federal-policy-guidance/downloads/smd17002.pdf>. Please consult with your state's Medicaid office for other questions.

## **2. In Pennsylvania**

Pennsylvania's Enabling Law prohibits the Pennsylvania Department of Human Services ("DHS"), the state agency responsible for administering Medicaid (Medical Assistance), from filing a claim (described in Part 3.C.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.

## **D. Other Means-Tested Benefit Programs**

### **1. Supplemental Nutrition Assistance Program ("SNAP").**

In April 2016, the U.S. Department of Agriculture released a statement reporting that funds in ABLE accounts should be excluded as both income and resources in determining SNAP eligibility. Please visit <https://www.fns.usda.gov/snap/treatment-able-accounts-determining-snap-eligibility> for more information.

### **2. U.S. Department of Housing and Urban Development ("HUD").**

In April 2019, the U.S. Department of Housing and Urban Development released a notice that HUD program administrators and public housing directors will disregard amounts in an individual's ABLE account when determining eligibility and continued occupancy. Please visit <https://www.hud.gov/sites/dfiles/OCHCO/documents/2019-09pihn.pdf> for more information.

### **3. Potential Impact on State or Local Benefits.**

Contributions to an Account, along with withdrawals from an Account, could affect the Account Owner's eligibility for state or local benefits programs or the amount you receive under those programs. Please consult with your state or local benefits agency or advisor for more information.

### **4. Potential Impact on Private Benefits.**

Balances in an Account, along with withdrawals from an Account, could affect the Account Owner's eligibility for private benefits or the amount of benefits you receive, such as benefit amounts payable under a long-term disability insurance policy. Please consult with your private insurer for more information.

## **Part 4: Tax Information**

The federal tax treatment of an Account depends on PA ABLE being a "qualified ABLE program" under Section 529A. The tax rules applicable to ABLE plans are complex, and are, in some respects, open to different interpretations. The discussion of the federal tax treatment in this PA ABLE Disclosure Statement is not exhaustive; it is intended to provide general information as understood by PA ABLE based on the Internal Revenue Code, and Internal Revenue Service announcements. The discussion of the Pennsylvania tax treatment is based on PA ABLE'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 PA ABLE or require changes in the structure of PA ABLE that may restrict or otherwise affect the use of your Account.

This PA ABLE Disclosure Statement is not intended to constitute, nor does it constitute, legal or tax advice. You should consult your own legal or tax advisor for more information on the tax implications to you of investing in PA ABLE based on your own particular circumstances. PA ABLE strongly encourages Account Owners and Beneficiaries to consult with their tax advisors regarding the tax consequence of contributing money to, or withdrawing money from, a PA ABLE Account.

## **A. Federal Tax Treatment**

### **1. Tax Provisions Related to Contributions**

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 may be eligible for a federal tax credit called the Saver's 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.

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 \$19,000 for an individual and \$38,000 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 January 1, 2026, the lifetime exemption for federal estate, gift, and generation-skipping transfer taxes is \$15 million per person (\$30 million for married couples). Accordingly, while gift tax returns are required for gifts in excess of the \$19,000 (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 PA ABLE to report annually to the IRS contributions, withdrawals and other matters for each Account, using IRS Form 5498-QA. 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.7.). 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 PA ABLE 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. Federal law requires 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 PA ABLE 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 PA ABLE 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.

### **3. One Account Rule**

Federal law provides that, except with respect to Rollovers, no Account Owner may have more than one ABLE account in existence at the same time. If more than one ABLE account is opened by an Account Owner, only the earliest-opened account will be treated as a qualified ABLE account under the Internal Revenue Code. For example, funds contributed to a second or subsequent account will be considered when determining eligibility under federal means-tested programs, such as SSI, and will not be afforded the favorable tax treatment available to ABLE accounts. However, an additional account will still be treated as a qualified ABLE account if (i) the additional account was established exclusively for the purpose of receiving a Rollover from the same Account Owner and the preexisting account is closed within 60 days of the Indirect Rollover withdrawal, or upon completion of the Direct Rollover; or (ii) all of the amounts in the additional account are returned in accordance with the rules that apply to returns of Excess Contributions.

## **B. Pennsylvania Tax Treatment**

### **1. Tax Provisions Related to Contributions**

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 \$19,000 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.

### **2. Taxation on 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 PA ABLE Disclosure Statement summarizes the federal and Pennsylvania tax laws applicable to PA ABLE. 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**

PA ABLE is designed to help people 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 B., 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. Additional risks not discussed in the PA ABLE Disclosure Statement may arise, and you must be willing and able to accept those risks. You may wish to consult your financial advisor before making a contribution.

### **A. Status of PA ABLE as a Qualified ABLE Program**

The Department intends to run PA ABLE in accordance with the requirements of Section 529A. However, in the event that PA ABLE does not meet the requirements of Section 529A, the tax advantages and benefit protections described in this PA ABLE 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 PA ABLE, 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 PA ABLE, the Department, the Commonwealth of Pennsylvania, Vestwell, or the Investment Firms makes any guarantee of, or has any legal obligations to ensure, a particular level of investment return. An investment in PA ABLE is not a bank deposit, and it is not insured or guaranteed by the federal government, the FDIC, the Commonwealth of Pennsylvania, or any other government agency.

## **C. Cybersecurity Risk**

With the increased use of technologies such as the Internet to conduct business, PA ABLE, the Investment Options and the Underlying Funds are susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyberattacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyberattacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users).

Cyber incidents affecting PA ABLE's or an Underlying Fund's manager(s) and other service providers (including, but not limited to, accountants, custodians, transfer agents, and financial intermediaries) have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with an Investment Option's or Underlying Fund's ability to calculate its net asset value, impediments to trading, the inability of Account Owners or Underlying Fund shareholders (including PA ABLE) to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting issuers of securities in which an Underlying Fund invests, counterparties with which an Underlying Fund engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. Although the Plan Administrators have established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified.

## D. Force Majeure

Due to financial market uncertainties, the overall market value of your Account may exhibit volatility and could be subject to wide fluctuations in the event of Force Majeure (See Appendix B). All of these factors may cause the value of your Account to decrease (realized or unrealized losses) regardless of our performance or any systematic investing on your part. There is no assurance that any Investment Option will achieve its goals.

## E. 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. 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 Account Balance Limit for Contributions, 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.7.e (ii)). For Pennsylvania tax purposes, the earnings will be taxable as ordinary income.

The amount of Qualified Disability 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 PA ABLE or to change any aspect of PA ABLE. For example, the Department may change PA ABLE'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, Vestwell, and the Investment Firms may not necessarily remain in their current roles.

## **F. 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. PA ABLE 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.

## **G. No Indemnification**

The Commonwealth, Treasury Department, PA ABLE, the Investment Firms, or Vestwell 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, or Vestwell or any service providers authorized by PA ABLE and retained by an Investment Firm or Vestwell.

## **H. No Security Registration**

There has been no registration in connection with PA ABLE 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 PA ABLE may be changed at any time. The current Investment Guidelines are available at [PAABLE.gov](http://PAABLE.gov).

## **B. PA ABLE Procedures and Requirements**

Your Account and your Pennsylvania ABLE Savings Program Contract are subject to all procedures and requirements adopted by PA ABLE from time to time. Additionally, PA ABLE 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 or a change of account information, withdrawal requests for up to 15 days, or potentially longer in the case of suspected fraud or suspicious activity.
- Suspend the processing of withdrawal requests or postpone sending out the proceeds of a withdrawal request under any emergency circumstances.

## **C. Data Sharing**

PA ABLE reserves the right to share information about your Account with third parties solely for research and marketing purposes. Account information that may be shared in this manner includes but is not limited to, Account Owner and Authorized Individual personal information, investment data, and transaction-level information. Data sharing will be conducted in accordance with PA ABLE's privacy policies, which are available at [PAABLE.gov](http://PAABLE.gov) or by calling us at 855-529-ABLE (2253).

## **D. Availability of Financial Statements and Other Reports**

Upon request, Account Owners will be sent financial reports of PA ABLE as well as any other official documents and reports issued by PA ABLE. These may also be available at [PAABLE.gov](http://PAABLE.gov).

## **E. Suitability**

PA ABLE, the Department, the Commonwealth of Pennsylvania, Vestwell, and the Investment Firms make no representations regarding the suitability of PA ABLE'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.

## **F. Not an Offer to Sell**

This PA ABLE 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 PA ABLE by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation, or sale.

## **G. 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 \$7,575 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 Account Balance Limit for Contributions, 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.

## **H. Abandoned and Unclaimed Accounts**

States' unclaimed property laws may require PA ABLE 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 PA ABLE is required to turn over an Account as abandoned or unclaimed property, depending on the law of the applicable state, PA ABLE 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.

## **I. 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.

## **J. Information Subject to Change**

The information in this PA ABLE 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 PA ABLE Disclosure Statement and any amendments to this PA ABLE Disclosure Statement.

## **K. Important Reference Material**

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

## **L. 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 PA ABLE 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 Disclosure Statement, and the Enrollment Form. By signing and submitting the Enrollment Form, 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 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 acknowledge and agree to the fees, charges, or penalties applicable to my Account, and understand that they may change in the future.
7. 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 state taxes and penalties, and may affect any means-tested benefits I receive. Furthermore, I understand and agree that:

- a. Any contribution, or portion of such contribution, that causes the total Account balance to exceed the applicable Account Balance Limit for Contributions (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 Standard Contribution Limit, currently \$20,000 but subject to change, will be rejected and returned.
  - c. I am solely responsible for determining and adhering to my ABLE to Work Contribution Limit.
  - d. I will not make any Excess Contributions to my Account.
8. If I am an Authorized Individual, or the agent of an entity acting as an Authorized Individual, each time I make a withdrawal from the Account, I am certifying that the withdrawal is duly authorized under all applicable law and any governing documents that apply to the Account, and the withdrawal is for the benefit of the Beneficiary and not solely for my own personal benefit or solely for the benefit of a third person.
  9. 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.
  10. I understand that PA ABLE, acting in good faith, will reasonably honor instructions from any person who provides correct identifying information for the Account. I understand that PA ABLE and its service providers, including Vestwell, are not responsible for fraudulent transactions they believe to be genuine. I accept and bear the risk of loss if unauthorized persons obtain my username and password and conduct any transaction on my Account, or otherwise conduct any transaction on my Account.
  11. I understand and agree that Accounts in PA ABLE are not savings accounts, demand deposit accounts, or any other type of accounts for purposes of the Electronic Funds Transfer Act, 15 U.S.C. §§ 1693 et seq., Regulation E, 12 CFR Part 1005, et. seq., the Consumer Financial Protection Act, the federal or any state Uniform Commercial Code or any similar state, federal or local consumer protection law ("Consumer Law"). Withdrawals or other distributions from my Account are also not electronic fund transfers within the meaning of Consumer Law.
  12. By opening an Account, I am consenting to receive communications about PA ABLE and my Account. I understand that I may unsubscribe from marketing-related communications about PA ABLE at any time. I also understand that even if I unsubscribe from marketing-related communications about PA ABLE, PA ABLE may still send me administrative communications regarding my Account or as otherwise permitted by law.
  13. With respect to each Investment Option, 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.
  14. I understand that none of the Commonwealth, the Department, Vestwell, or any consultant, advisor, or other entity retained by the Commonwealth or the Department

has any debt to the Account Owner, an Authorized Individual, an Authorized User, 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.

15. 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 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.
16. 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.
17. 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.
18. 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. 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 ABLE, Vestwell, 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.
19. I certify that all information provided by me or on my behalf in the Enrollment Form, any supplement thereto, or in connection with any other PA ABLE activity, and in any documents, notices, or certifications delivered under the PA ABLE Contract, is and will be true and correct. I will promptly notify PA ABLE of any changes, including changes in the Account Owner's condition that would cause the Account Owner to cease being an Eligible Individual, to any such information.
20. If I make false statements in connection with opening a PA ABLE Account or otherwise, PA ABLE and/or the Program Manager may take such action as they deem necessary or appropriate, including, without limitation, requiring proof of my identity, terminating my Account, or requiring that I indemnify PA ABLE, the Plan Administrators, and their respective affiliates and agents. I understand that I may face criminal or civil penalties for making false statements.
21. 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.
22. 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.
23. 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.
24. 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. All of my statements, representations, warranties, or covenants, and this paragraph, shall survive the termination of the Contract.

25. 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 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.
26. All factual determinations regarding an Account Owner's disability, Authorized Individuals, Siblings, material misrepresentations, and any other factual determinations regarding the Contract will be at the sole discretion of the Department or PA ABLE.
27. The Contract will be construed in accordance with the laws of the Commonwealth of Pennsylvania.
28. The Commonwealth, Treasury Department, PA ABLE, the Investment Firms, and Vestwell, are not liable for: (i) a failure of PA ABLE to qualify or to remain a qualified ABLE program under the Code including any subsequent loss of favorable tax treatment under state or federal law; (ii) any loss of funds contributed to my Account or for the denial to me of a perceived tax or other benefit under PA ABLE, the Disclosure Statement or the Enrollment Form; or (iii) loss, failure or delay in performance of each of their obligations related to your Account or any diminution in the value of your Account arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control in the event of Force Majeure.
29. 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.
30. Any controversy or claim arising out of or relating to PA ABLE or the Enrollment Form, or the breach, termination, or validity of PA ABLE or the Enrollment Form, to the extent allowed under the Commonwealth's statutory waiver of Sovereign Immunity, shall be brought via a Petition for Review before a Pennsylvania Treasury Hearing Officer. A Petition for Review may be filed with the Prothonotary of the Pennsylvania Treasury Department via email at [prothonotary@patreasury.gov](mailto:prothonotary@patreasury.gov) or via mail at:

*Prothonotary  
Office of Chief Counsel  
Pennsylvania Treasury Department*

**Please be advised email is preferred.**

If you file a Petition for Review, an administrative hearing will be scheduled with a Treasury hearing officer. You may present your case pro se (represent yourself) or have an attorney represent you at the hearing. Petitions must contain your PA ABLE account number and the following information: 1. The petitioner's name, address, and telephone number (where you can be reached between 9:00am and 5:00pm). 2. The name, address, and telephone number of the authorized representative, if any. 3. A detailed statement in separately numbered paragraphs of the facts and grounds relied upon. If based upon a written document, a copy of document, or material part of the document shall be attached. 4. A statement specifying the relief to which the petitioner deems itself entitled, which shall cite the legal authority relied upon. 5. A statement that either (A) a hearing is requested or (B) 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 purposes of delay. If the matter is not able to be resolved by a Pennsylvania Treasury Hearing Officer, you may appeal to the Commonwealth Court of Pennsylvania.

## Appendix B: Explanation of Investment Risk Factors

The information provided below is a summary of the principal risks of the mutual funds used in the Investment Options. For information about the principal risks associated with the Fifth Third Bank Deposit Account, the Lincoln stable value fund, and the Nationwide stable value fund, see Part 2.C.3.h. Each mutual 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 mutual fund may be subject.

### A. Fidelity Investment Risks

**Correlation to Index.** The performance of the fund and its underlying index may vary somewhat due to factors such as fees and expenses of the fund, transaction costs, sample selection, regulatory restrictions, and timing differences associated with additions to and deletions from the index. Errors in the construction or calculation of the index may occur from time to time and may not be identified and corrected for some period of time, which may have an adverse impact on the fund and its shareholders.

**Foreign and Emerging Markets Risk.** Foreign markets, particularly emerging markets, can be more volatile than the U.S. market due to increased risks of adverse issuer, political, regulatory, market, or economic developments and can perform differently from the U.S. market. The extent of economic development; political stability; market depth, infrastructure, and capitalization; and regulatory oversight can be less than in more developed markets. Emerging markets typically have less established legal, accounting

and financial reporting systems than those in more developed markets, which may reduce the scope or quality of financial information available to investors. Emerging markets can be subject to greater social, economic, regulatory, and political uncertainties and can be extremely volatile. Foreign exchange rates also can be extremely volatile.

**Geographic Exposure to Asia.** Because the fund invests a meaningful portion of its assets in Asia, the fund's performance is expected to be closely tied to social, political, and economic conditions within Asia and to be more volatile than the performance of more geographically diversified funds.

**Geographic Exposure to China.** Because the fund invests a meaningful portion of its assets in China, the fund's performance is expected to be closely tied to social, political, and economic conditions in China and to be more volatile than the performance of more geographically diversified funds. The fund may obtain exposure to companies based or operated in China by investing through legal structures known as variable interest entities (VIEs). Instead of directly owning the equity securities of a Chinese company, a VIE enters into service and other contracts with the Chinese company. Although the VIE has no equity ownership of the Chinese company, the contractual arrangements permit the VIE to consolidate the Chinese company into its financial statements. Intervention by the Chinese government with respect to VIEs could significantly affect the Chinese company's performance and the enforceability of the VIE's contractual arrangements with the Chinese company.

**Geographic Exposure to the China Region.** Because the fund invests a meaningful portion of its assets in the China region, the fund's performance is expected to be closely tied to social, political, and economic conditions within the China region and to be more volatile than the performance of more geographically diversified funds.

**Geographic Exposure to Europe.** Because the fund invests a meaningful portion of its assets in Europe, the fund's performance is expected to be closely tied to social, political, and economic conditions within Europe and to be more volatile than the performance of more geographically diversified funds.

**Geographic Exposure to Japan.** Because the fund invests a meaningful portion of its assets in Japan, the fund's performance is expected to be closely tied to social, political, and economic conditions within Japan and to be more volatile than the performance of more geographically diversified funds.

**Interest Rate Changes.** Interest rate increases can cause the price of a debt security to decrease.

**Issuer-Specific Changes.** The value of an individual security or particular type of security can be more volatile than, and can perform differently from, the market as a whole. Changes in the financial condition of an issuer or counterparty (e.g., broker-dealer or other borrower in a securities lending transaction) can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value or result in delays in recovering securities and/or capital from a counterparty.

**Leverage Risk.** Leverage can increase market exposure, magnify investment risks, and cause losses to be realized more quickly.

**Passive Management Risk.** The fund is managed with a passive investment strategy, attempting to track the performance of an unmanaged index of securities, regardless of the current or projected performance of the fund's index or of the actual securities included in the index. This differs from an actively managed fund, which typically seeks to outperform a benchmark index. As a result, the fund's performance could be lower than actively managed funds that may shift their portfolio assets to take advantage of market opportunities or lessen the impact of a market decline or a decline in the value of one or more issuers.

**Prepayment.** The ability of an issuer of a debt security to repay principal prior to a security's maturity can cause greater price volatility if interest rates change.

**Securities Lending Risk.** Securities lending involves the risk that the borrower may fail to return the securities loaned in a timely manner or at all. If the borrower defaults on its obligation to return the securities loaned because of insolvency or other reasons, a fund could experience delays and costs in recovering the securities loaned or in gaining access to the collateral.

**Stock Market Volatility.** Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Different parts of the market, including different market sectors, and different types of securities can react differently to these developments.

## B. Schwab Investment Risks

**Credit Risk.** A decline in the credit quality of an issuer, guarantor or liquidity provider of a portfolio investment or a counterparty could cause the fund to lose money or underperform. The fund could lose money if, due to a decline in credit quality, the issuer, guarantor or liquidity provider of a portfolio investment or a counterparty fails to make, or is perceived as being unable or unwilling to make, timely principal or interest payments or otherwise honor its obligations.

**Inflation-Protected Security Risk.** The value of inflation-protected securities, including TIPS, generally will fluctuate in response to changes in "real" interest rates, generally decreasing when real interest rates rise and increasing when real interest rates fall. Real interest rates represent nominal (or stated) interest rates reduced by the expected impact of inflation. In addition, interest payments on inflation-indexed securities will generally vary up or down along with the rate of inflation.

**Interest Rate Risk.** Interest rates rise and fall over time. As with any investment whose yield reflects current interest rates, the fund's yield will change over time. During periods when interest rates are low, the fund's yield (and total return) also may be low. Changes or the anticipation of changes in interest rates also may affect the fund's share price: a rise in interest rates generally causes the fund's share price to fall. The longer the fund's portfolio duration, the more sensitive to interest rate movements its share price is likely to be. Also, a change in a central bank's monetary policy or economic conditions, among other things, may result in a change in interest rates, which could have sudden and unpredictable effects on the markets and significantly impact the value of fixed-income

securities in which the fund invests. A sudden or unpredictable rise in interest rates may cause volatility and the value of fixed-income securities to decline.

**Investment Style Risk.** The Fund is an index fund. Therefore, the Fund follows the securities included in the index during upturns as well as downturns. Because of its indexing strategy, the Fund does not take steps to reduce market exposure or to lessen the effects of a declining market. In addition, because of the Fund's expenses, the Fund's performance may be below that of the index. Errors relating to the index may occur from time to time and may not be identified by the index provider for a period of time. In addition, market disruptions could cause delays in the index's rebalancing schedule. Such errors and/or market disruptions may result in losses for the Fund.

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

**Money Market Fund Risk.** The fund may invest in underlying money market funds that seek to maintain a stable \$1.00 net asset value. Although an underlying money market fund seeks to maintain a stable \$1.00 net asset value, it is possible to lose money by investing in such a money market fund. In addition, money market funds are not designed to offer capital appreciation. Certain underlying money market funds may impose a fee upon the sale of shares under certain circumstances.

**Sampling Index Tracking Risk.** To the extent the fund uses sampling techniques, the fund will not fully replicate the index and may hold securities not included in the index. As a result, the fund will be 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. If 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, or delay in recovery of, the loaned securities if the borrower fails to return the security loaned or becomes insolvent.

**Tracking Error and Correlation Risk.** As an index fund, the fund seeks to track the performance of the index, although it may not be successful in doing so. Further, there can be no guarantee that the fund will achieve a high degree of correlation between the fund's performance and that of its index. The correlation between the performance of the fund and that of its index, positive or negative, is called "tracking error." Tracking error can be caused by many factors and it may be significant.

## C. 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. The Fund would then lose any price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the Fund's income. Such redemptions and subsequent reinvestments would also increase the Fund's portfolio turnover rate. Call risk should be low for the Fund because it invests only a small portion of its assets in callable bonds.

**Concentration Risk.** Except as may be necessary to approximate the composition of its Target Index, the Fund will not concentrate its investments in the securities of issuers whose principal business activities are in the same industry or group of industries. If the Target Index becomes concentrated and the Fund needs to concentrate in the same industry or group of industries, its performance could be negatively impacted by the industry or industries in which it is concentrated.

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

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

**Currency risk and currency hedging risk.** The Fund seeks to mimic the performance of foreign bonds without regard to currency exchange rate fluctuations. To accomplish this goal, the Fund attempts to offset, or hedge, its foreign currency exposure by entering into currency hedging transactions, primarily through the use of foreign currency exchange forward contracts (a type of derivative). However, it generally is not possible to perfectly hedge the Fund's foreign currency exposure. The Fund will decline in value if it underhedges a currency that has weakened or overhedges a currency that has strengthened relative to the U.S. dollar. In addition, the Fund will incur expenses to hedge its foreign currency exposure. By entering into currency hedging transactions, the Fund may eliminate any chance to benefit from favorable fluctuations in relevant currency exchange rates. Currency risk and currency hedging risk for the Fund is low. The Fund's use of foreign currency exchange forward contracts also subjects the Fund to counterparty risk, which is the chance that the counterparty to a currency forward contract with the Fund will be unable or unwilling to meet its financial obligations. Counterparty risk is low for the Fund.

**Derivatives risk.** The Fund may invest in derivatives, which involve risks different from, and possibly greater than, those of investments directly in the underlying securities or assets.

**General Market Risk.** The markets in which the Fund invests can be affected by a variety of factors. These factors, which can be real or perceived, may include economic, market, political, and regulatory conditions and developments as well as local, regional, or global events such as wars, military conflicts, natural disasters, and public health issues. In addition, investor sentiment and expectations regarding these factors can also impact the markets. Different parts of the market, including different industries and sectors as well as different types of securities, may react differently to factors that affect the market. These factors can contribute to market uncertainty, market volatility, and fluctuations in the value of the Fund's investments, thereby resulting in potential losses to the Fund over short or long periods.

**Income Risk.** The chance that the Fund's income will decline because of falling interest rates. Income risk should be moderate for the Fund because it invests in a diverse mix of short-, intermediate-, and long-term bonds, so investors should expect the Fund's monthly income to fluctuate accordingly.

**Index Investing.** The Fund is subject to risks associated with index investing. Because the Fund generally seeks to track the performance of the Target Index regardless of how the Target Index is performing, the Fund's performance may be lower than it would be if it were actively managed. Although the Fund seeks to hold substantially all of the securities included in the Target Index, it may be unable to do so. In addition, the Fund could be prevented from holding one or more securities in the same proportion as in the Target Index. The performance of the Fund's investments, in the aggregate, may not match the investment performance of the Target Index. This risk, known as tracking error risk, may be heightened during times of increased market volatility or under other unusual market conditions. The Fund also could be negatively impacted by changes to the Target Index made by the Index Provider or by errors made by the Index Provider. Any gains, losses, or costs associated with or resulting from an error made by the Index Provider will generally be borne by the Fund and, as a result, the Fund's shareholders.

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

**Interest Rate Risk.** The chance that bond prices overall will decline because of rising interest rates. Interest rate risk should be moderate for the Fund because it invests in a geographically diverse mix of short-, intermediate-, and long-term bonds.

**Investing in Equity Markets.** The Fund invests in the equity markets. Equity markets have historically been cyclical, having periods of time when stock values rise and fall. Market volatility can lead to significant fluctuations in stock values, resulting in potential losses to the Fund.

**Market Capitalization (Market Cap).** Companies are generally classified into three types of market cap depending on their size: small-, mid-, and large-cap. Companies can be further classified into micro- or mega-cap. Different factors can affect each market cap uniquely, and historically small and mid-cap stocks have typically been more volatile due to the effects of changing economic conditions. Large companies may not reach the same levels of growth or performance as smaller companies, and they may be slower to react to competitive challenges. The performance of funds that invest in a subset of

market caps could diverge from the performance of a fund that is focused on a broader representation of the stock market.

**Nondiversification Risk.** The chance that the Fund's performance may be hurt disproportionately by the poor performance of bonds issued by just a few issuers or even a single issuer. As the Fund tracks its target index, the Fund could fluctuate between nondiversified and diversified status as a result of an index rebalance or market movement. The Fund could then be subject to nondiversification risk, which results when a fund invests a greater percentage of its assets in bonds issued by a small number of issuers as compared with diversified mutual funds.

## Appendix C: 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 for Contributions:** 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 for Contributions, no additional contributions will be accepted by PA ABLE. Assets in an Account can continue to accrue earnings beyond the Account Balance Limit for Contributions, and contributions can resume again if an Account balance dips back below this limit.

**Account Owner or You:** The owner and designated beneficiary of the Account. The Account Owner must be an Eligible Individual. *Note: any reference in this PA ABLE Disclosure Statement to actions that must or may be taken by an Account Owner also applies to an Account Owner's Authorized Individual - unless the content clearly indicates otherwise.*

**Annual Account Maintenance Fee:** Each Account is charged an annual maintenance fee of \$37.00 that is assessed and withdrawn from the Account in the amount of \$9.25 quarterly. If Electronic Delivery is established, the Annual Account Maintenance Fee is discounted to \$17.00 and assessed and withdrawn from the Account in the amount of \$4.25 quarterly. The Annual Account Maintenance Fee will be assessed against your most conservative Investment Option(s), so that recurring fee withdrawals are taken from your shortest-term Investment Options, rather than long-term Investment Options, when possible. In the event the Account balance in a given quarter is less than the quarterly amount assessed of the Annual Account Maintenance Fee, the available balance of the Account will be reduced to zero.

**Annual Contribution Limit:** The maximum amount of money, specified under Section 529A, that may be contributed to a PA ABLE account in a tax year, from all sources. The Account Contribution Limit consists of the Standard Contribution Limit and the ABLE to Work Contribution Limit. Certain Rollovers do not count against the Annual Contribution Limit.

**Authorized Individual:** An Authorized Individual is the person or entity who may open and control an Account for an Eligible Individual who lacks legal capacity to enter a contract. Additionally, an Eligible Individual who has reached the age of 21 and has the legal capacity to enter a contract may elect to manage his or her own Account or select someone else to act as Authorized Individual. 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. See Part 2.A.2 for more information about the requirements for becoming an Authorized Individual.

**Authorized User:** A person granted permission, which is revocable, by the Account Owner or Authorized Individual to access information about the Account online or take certain actions on the account online.

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

**Contribution Limits:** The Annual Contribution Limit (which consists of the Standard Contribution Limit and the ABLE to Work Contribution Limit) and the Account Balance Limit for Contributions.

**EFT or Electronic Funds Transfer:** An electronic transfer of money between a bank or other financial institution and an Account.

**Electronic Delivery.** By establishing Electronic Delivery, the Account Owner or Authorized Individual will be notified via email when quarterly and year-end Account statements, Account transaction and profile confirmations, and the PA ABLE Disclosure Statement and Supplements are available online for viewing, downloading and/or printing.

**Eligible Individual:** An individual is an Eligible Individual for a calendar year if the individual's blindness or disability occurred before the individual's 46th birthday and if, during that calendar year, at least one of the following is true:

1. The individual is currently receiving SSDI benefits under Title II of the Social Security Act based on blindness or disability;
2. The individual is currently receiving SSI benefits under Title XVI of the Social Security Act based on blindness or disability;
3. The individual is entitled to SSI benefits under Title XVI of the Social Security Act due to a disability, but has had that entitlement suspended solely due to excess income or resources;
4. The individual has identified their condition on the Social Security Administration's List of Compassionate Allowances Conditions and can certify that the condition produced marked and severe functional limitations prior to age 46; OR
5. The individual can certify to all of the following:
  - a. They are either blind or they have a medically determinable physical or mental impairment that results in marked and severe functional limitations;
  - b. Their impairment can be expected to result in death, or it has lasted, or it can be expected to last for a continuous period of at least 12 months;
  - c. They have a signed diagnosis from a physician and will retain a copy;
  - d. Their diagnosis contains the name and address of the physician, as well as the date of diagnosis;

- e. The diagnosing physician meets the criteria of Section 1861(r)(1) of the Social Security Act (e.g., the physician is a doctor of medicine or osteopathy and is legally authorized to practice in the relevant state or district); and
- f. The applicable diagnostic code from those listed on Form 5498-QA (or in the instructions to such form) identifying the type of the individual's impairment has been provided and is accurate.

In all cases, the blindness or disability must have occurred before the individual's 46th birthday.

**Enabling Law:** The law of the Commonwealth of 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), on paper or online, to acknowledge acceptance of the terms and conditions of the PA ABLE Program set forth in the PA ABLE Disclosure Statement and the Enrollment Form.

**Federal Penalty Tax:** A 10% additional federal tax imposed on the earnings portion of certain Non-qualified Withdrawals and Qualified Withdrawals that are not used within the same calendar year or within 60 days of the end of the calendar year in which the Qualified Withdrawal was taken.

**Fidelity:** Fidelity Management & Research Company LLC and its affiliates.

**Fifth Third Bank:** Fifth Third Bank, National Association and its affiliates.

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

**Investment Firms:** Fidelity, Fifth Third Bank, Lincoln, Nationwide, 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 seven risk-based Investment Options and nine Target Year Investment Options.

**IRS:** Internal Revenue Service.

**Lincoln:** The Lincoln National Life Insurance Company, a stable value fund provider for PA ABLE.

**Nationwide:** Nationwide Life Insurance Company, a stable value fund provider for PA ABLE.

**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 PA ABLE and disclosure of the terms and conditions of an investment in the PA ABLE Program including any Supplements distributed from time to time.

**Participation Agreement:** The agreement between you and the PA ABLE program, which is attached to this PA ABLE 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.

**Plan Administrators:** The Commonwealth, Treasury Department, PA ABLE, the Investment Firms, Vestwell and their respective affiliates, officials, officers, directors, employees and representatives, successors and assigns.

**Program Manager:** Vestwell Government Savings, LLC.

**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, including expenses that are for the benefit of the designated beneficiary in maintaining or improving his or her health, independence, or quality of life. Such expenses include, but are not limited to, 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, federal law states 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.

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

**Representative Payee:** A person or organization appointed by the Social Security Administration to receive Social Security or Supplemental Security Income payments for individuals who cannot manage or direct the management of their own benefits. Representative Payees use benefits to pay for the current and future needs of individuals and save benefits not needed to meet current needs.

**Rollover:** A Rollover can be completed using one of the following methods:

1. **Direct Rollover** - The direct transfer of the entire balance of an ABLE account into a new ABLE account for the same Account Owner. Upon completion of this transfer the ABLE account from which the funds were transferred must be closed. A Direct Rollover may also be made by transferring part or all of the assets in an ABLE account into another ABLE account owned by an Eligible Individual who is a Sibling of the owner of the ABLE account from which the funds are being transferred.
2. **Indirect Rollover** - Assets are withdrawn from an ABLE account and are contributed, within 60 days, to either a new ABLE account for the same Account Owner or an ABLE account for an Eligible Individual who is a Sibling of the current Account Owner. An Indirect Rollover to an ABLE Account owned by the same person as the account from which the funds are withdrawn may only be made once every 12 months.
3. **529 Plan Rollover** - Assets are withdrawn from a 529 plan and contributed, within 60 days, into an ABLE account. The ABLE Account Owner must be a member of the family of the 529 plan beneficiary as defined by Section 529 of the Internal Revenue Code.
4. **Trump Account Rollover** - The direct transfer of the entire balance of a Trump Account to an ABLE account for the same account beneficiary, made during the calendar year in which the Trump Account beneficiary turns age 17.

**Schwab:** Charles Schwab Investment Management, Inc. dba Schwab Asset Management and its affiliates.

**SEC:** U.S. Securities and Exchange Commission.

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

**Sibling:** As defined by the IRS, Siblings by blood or by adoption, including a brother, sister, stepbrother, stepsister, half-brother, and half-sister.

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

**SSI:** Supplemental Security Income.

**Successor Account Owner:** The Eligible Individual designated by the Account Owner or Authorized Individual, during the Account Owner's lifetime, who will succeed to all allowable right, title, and interest in the Account following the death of the Account Owner.

**Supplement:** any revisions, additions, or other amendments to the PA ABLÉ Disclosure Statement.

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

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

**Unit Value:** The value per Unit in an Investment Option. For example, if you contribute \$100 to an Investment Option and the value of a Unit in the Investment Option is \$10, you

will be allocated 10 Units in the Investment Option.

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

**Vestwell:** Vestwell is used to refer collectively or individually, as the case requires, to Vestwell Government Savings, LLC, the Program Manager, and its affiliates, and Vestwell Advisors, LLC (the Investment Advisor).