Please file this Supplement to the Arkansas Brighter Future Direct Plan Program Description and Participation Agreement with your records.

SUPPLEMENT DATED JANUARY 2025 TO THE ARKANSAS BRIGHTER FUTURE DIRECT PLAN PROGRAM DESCRIPTION AND PARTICIPATION AGREEMENT DATED DECEMBER 2023

This Supplement describes important changes affecting the Arkansas Brighter Future Direct Plan. Unless otherwise indicated, capitalized terms have the same meaning as those in the Program Description.

Increase to the Federal Annual Exclusion for Gifts

As of January 1, 2025, the federal annual gift tax exclusion increased to $19,000 for a single individual, $38,000 for married couples making a proper election. For 529 Plans, contributions of up to $95,000 for a single contributor (or $190,000 for married couples making a proper election) can be made in a single year and applied against the annual gift tax exclusion equally over a five-year period. The annual exclusion amount is indexed for inflation and is therefore subject to change. All references to the exclusion of contributions from federal gift tax found throughout the Program Description are updated to reflect these increased amounts.

Historical Investment Performance

1. *The following replaces the section entitled "**Historical Investment Performance**" beginning on page 35 of the Program Description:*

The following table presents the Average Annual Total Returns for each Portfolio. The Plan's fiscal year runs from July 1 to June 30, which also is the Program's fiscal year. The following Average Annual Total Returns reflect past performance net of the Annual-Based Plan Fee, but do not reflect the deduction of the $20 annual account maintenance fee. **The Portfolio performance information represents past performance and is no guarantee of future results. Investment returns and principal value will fluctuate, so investors' Trust Interests, when sold, may be worth more or less than their original cost. For performance data current to the most recent month-end, which may be higher or lower than that cited, visit the Plan's website at brighterfuturedirect529.com.**

Performance information for the Portfolios should not be viewed as a prediction of future performance of any particular Portfolio. Moreover, in view of anticipated periodic revisions of allocations and possible changes in the underlying mutual funds and other Underlying Investments, the future investment results of any Portfolio cannot be expected, for any period, to be similar to the past performance of any underlying mutual fund or group of mutual funds or other Underlying Investments. Updated Portfolio performance information is available online at brighterfuturedirect529.com or from the Program Manager by calling 1-800-587-7301.

AVERAGE ANNUAL TOTAL RETURNS AS OF SEPTEMBER 30, 2024						
NAME	**1 YEAR**	**3 YEAR**	**5 YEAR**	**10 YEAR**	**SINCE INCEPTION**	**INCEPTION DATE**
Aggressive Growth Portfolio	30.47%	7.25%	11.74%	9.50%	7.88%	2/25/2005
Growth Portfolio	25.39%	5.18%	8.82%	7.61%	7.00%	2/25/2005
Moderate Growth Portfolio	20.38%	2.99%	5.86%	5.63%	5.56%	2/25/2005
Conservative Growth Portfolio	15.50%	0.69%	2.74%	3.52%	3.97%	2/25/2005
Income Portfolio	8.06%	0.09%	0.86%	1.48%	2.28%	2/25/2005

Interest Accumulation Portfolio	3.51%	2.43%	2.07%	--	1.75%	8/26/2016
Target Enrollment 2042/2043 Portfolio*	--	--	--	--	21.10%	12/08/2023
Target Enrollment 2040/2041 Portfolio	29.35%	--	--	--	19.09%	9/16/2022
Target Enrollment 2038/2039 Portfolio	27.93%	--	--	--	18.19%	9/16/2022
Target Enrollment 2036/2037 Portfolio	26.06%	--	--	--	16.86%	9/16/2022
Target Enrollment 2034/2035 Portfolio	23.63%	--	--	--	14.97%	9/16/2022
Target Enrollment 2032/2033 Portfolio	21.62%	--	--	--	13.22%	9/16/2022
Target Enrollment 2030/2031 Portfolio	19.85%	--	--	--	11.83%	9/16/2022
Target Enrollment 2028/2029 Portfolio	15.99%	--	--	--	9.53%	9/16/2022
Target Enrollment 2026/2027 Portfolio	12.95%	--	--	--	7.55%	9/16/2022
Target Enrollment 2024/2025 Portfolio	11.11%	--	--	--	6.64%	9/16/2022
Target Enrollment 2022/2023 Portfolio	9.36%	--	--	--	5.81%	9/16/2022
Commencement Portfolio	8.37%	--	--	--	5.39%	9/16/2022
Savings Portfolio	4.34%	2.71%	1.85%	1.36%	1.20%	10/15/2012

* Due to the recent inception date historical investment performance is limited.

Portfolio Risk Updates

2. *The Investment Risks section of the Target Enrollment Portfolio Options Profile section on page 23 of the Program Description is amended to include "sector risk" as an additional risk to which the Portfolios are subject.*

3. *The Investment Risks section of the Aggressive Growth Portfolio section on page 24 of the Program Description is amended to include "nondiversification risk" and "sector risk" as additional risks to which the Portfolio is subject.*

4. *The Investment Risks sections of the Growth Portfolio, Moderate Growth Portfolio, and Conservative Growth Portfolio on pages 24-27 of the Program Description are each amended to include "sector risk" as an additional risk to which the Portfolios are subject.*

5. *The Investment Risks section of the Vanguard Institutional Total Stock Market Index Fund on page 31 of the Program Description is amended to include "nondiversification risk" and "sector risk" as additional risks to which the Fund is subject.*

6. *The following is added to the section entitled "Explanation of the Risk Factors of the Portfolios and the Underlying Investments" beginning on page 33 of the Program Description:*

Sector risk. The chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme or volatile than fluctuations in the overall market. Because a significant portion of an Underlying Investment's assets are in the information technology sector, the Underlying Investment's performance is impacted by the general condition of that sector. Companies in the information technology sector could be affected by, among other things, overall economic conditions, short product cycles, rapid obsolescence of products, competition, and government regulation.

7. *The following replaces the existing "nondiversification risk" on page 35 of the Program Description:*

Nondiversification risk. Because the Underlying Investments seek to closely track the composition of the Underlying Investment's target index, from time to time, more than 25% of an Underlying Investment's total assets may be invested in issuers representing more than 5% of the Underlying Investment's total assets due to an index rebalance or market movement, which would result in the Underlying Investment being nondiversified under the Investment Company Act of 1940. The Underlying Investment's performance may be hurt disproportionately by the poor performance of relatively few stocks or bond issuers, or even a single stock or bond issuer, and the Underlying Investment's shares may experience significant fluctuations in value.

ARKANSAS BRIGHTER FUTURE 529

Program Description and Participation Agreement

(formerly known as the Arkansas GIFT College Investing Plan)

December 2023

Sponsored by the State of Arkansas

Investment Products Offered
Are Not FDIC Insured
(Except for the Savings Portfolio)
May Lose Value

IMPORTANT NOTICES

About the Plan

The Plan is established by the State of Arkansas. The Plan is administered by the Committee, composed of the Director of the Division of Higher Education, the Executive Director of the Arkansas Teacher Retirement System and the Arkansas State Treasurer, and is designed to satisfy the requirements of Section 529 of the Code. Investment oversight is provided by the Committee, as trustee for the Trust as created under the Act. The Trust was established by the State in order to hold the assets of the Plan. Ascensus, in its role as Program Manager of the Plan, has overall responsibility for the day-to-day operations of the Plan, including recordkeeping and marketing. The Program Description contains important information you should know before participating in the Plan, including information about fees, expenses and risks. Investing is an important decision. Please read the Program Description carefully before you invest and keep it for future reference. Certain important terms used in this Program Description are defined in the Key Terms section.

Units are Municipal Fund Securities

Although money contributed to the Plan will be invested in Portfolios that hold Vanguard® mutual funds, neither the Plan, nor any of the Plan's investment Portfolios are mutual funds. Units of the Portfolios held by Accounts are municipal fund securities and are not deposits or other obligations of any depository institution. The value of Units will vary with market conditions. Neither the SEC nor any state securities commission has approved or disapproved these securities or opined upon the adequacy of the Program Description. Any representation to the contrary is a criminal offense. Units have not been registered with the SEC in reliance on an exemption from registration available for obligations issued by a public instrumentality or state. In addition, Units have not been registered with any state in reliance on an exemption from registration available for obligations issued by an instrumentality of a state. This Program Description does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of a security in the Plan by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Investments in the Plan

Before you make Contributions to the Plan, please read and understand this Program Description and keep both for future reference. These documents give you important information about the Plan, including information about the investment risks associated with, and the terms under which you agree to participate in, the Plan. The information contained in this Program Description is provided as of the date hereof and is subject to change without notice. Account Owners should rely only on the information contained in this Program Description. No one is authorized to provide information that is different from the information contained in this Program Description.

The Program Description is for informational purposes only. An investment in the Plan is not a bank deposit. Except for the Savings Portfolio, neither your Contributions to an Account nor any investment return earned on your Contributions are insured or guaranteed by the Plan Officials.

Investment returns may vary depending upon the performance of the Investment Options you choose. Depending on market conditions, except to the extent of FDIC insurance available on the Savings Portfolio, you could lose money (including your Contributions) or not make any money by investing in the Plan.

Tax Considerations

Any provisions in this document concerning U.S. tax issues: (i) are not offered as individual tax advice to any person, (ii) are provided as general information in connection with the marketing of the Plan and (iii) are not provided or intended to be used, and cannot be used, by any taxpayer for the purpose of avoiding U.S. tax penalties. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

If you are not an Arkansas taxpayer, consider before investing whether your or the Designated Beneficiary's home state offers a 529 Plan that provides its taxpayers with favorable state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that may only be available through investment in the home state's 529 Plan. Since different states have different tax provisions, this Program Description contains limited information about the State tax consequences of investing in the Plan. Therefore, 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 529 Plan(s), or any other 529 Plan, to learn more about those plans' features, benefits and limitations. Keep in mind that state-based benefits should be one of many appropriately weighted factors to be considered when making an investment decision.

Account Owner's Interest

Account Owners and Designated Beneficiaries do not have access or rights to any assets of the Trust other than assets credited to the Account of such Account Owner or Designated Beneficiary.

Individual Advice

No investment recommendation or advice received by the Account Owner from Ascensus or any other person is provided by, or on behalf of, the State, the Committee, the Plan or Ascensus or its affiliated entities.

Representations

Statements contained in this Program Description that involve estimates, forecasts, or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

Special Considerations

In addition to rights expressly stated elsewhere in this Program Description, the Committee 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 on a withdrawal request for up to ten (10) calendar days (this generally applies only to very large withdrawal requests without advance notice or during unusual market conditions).
- Delay sending out the proceeds of a withdrawal request for up to nine (9) business days when a mailing address has changed and if the proceeds are requested to be sent by check to either the Account Owner or the Designated Beneficiary.
- Following the receipt of any Contributions made by check, recurring contribution, or EFT, hold withdrawal requests for up to seven (7) business days.
- Delay sending out the proceeds of a withdrawal request for up to fifteen (15) calendar days after bank information has been added or edited.
- Suspend the processing of withdrawal requests or postpone sending out the proceeds of a withdrawal request when the NYSE is closed for any reason other than its usual weekend or holiday closings, when trading is restricted by the SEC, or under any emergency circumstances.

Important Information About Opening a New Account

The Program Manager acts in accordance with a customer identification program and obtains certain information from the Account Owner in order to verify his or her identity. If the Account Owner does not provide the following information as requested on the Enrollment Form ("Application") — full name and date of birth (or date of inception, if applicable) of the Account Owner, any Successor Account Owner and the Designated Beneficiary; taxpayer identification number or social security number of the Account Owner; and permanent address of the Account Owner — the Program Manager may refuse to open an Account. If reasonable efforts to verify this information are unsuccessful, the Program Manager may take certain actions regarding the Account without prior notice to the Account Owner including, without limitation, rejecting Contribution and transfer requests, suspending Account services, or closing the Account. Units redeemed as a result of closing an Account will be valued at the net asset value calculated after the Program Manager determines to close the Account, and the risk of market loss, tax implications and any other expenses as a result of the liquidation will be solely the responsibility of the Account Owner.

Conflicts

In the event of any conflicts, the Act and the Code will prevail over this Program Description.

This Program Description contains important information concerning the following topics:

(i) Fees and expenses **(See Part IV. Plan Fees and Expenses)**;

(ii) Investment Options and the investment manager and how and when the Committee may change these (**See Part III. Plan Investment Options and Part V. Risks of Investing in the Plan – Potential Future Changes to the Plan**);

(iii) Portfolio investment performance (**See Part III. Plan Investment Options – Historical Investment Performance**);

(iv) Federal and state tax considerations including limitations or penalties imposed by the Plan upon transfers between Investment Options, transfers to other Section 529 savings plans or Non-Qualified Withdrawals generally (**See Part VIII. Federal and State Tax Treatment**); and

(v) Risk factors (**See Part V. Risks of Investing in the Plan**).

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PLAN HIGHLIGHTS

FEATURE	DESCRIPTION
Who's Who in the Plan	The State of Arkansas sponsors the Plan, which is offered by the Trust. The Trust is administered by the Committee, which is composed of the Director of the Division of Higher Education, the Executive Director of the Arkansas Teacher Retirement System, and the Arkansas State Treasurer. Ascensus, in its role as Program Manager of the Plan, has overall responsibility for the day-to-day operations of the Plan, including recordkeeping and marketing. The Program Management Agreement between Ascensus, the Trust, and the Committee expires in 2027. The Vanguard Group, Inc. ("Vanguard") serves as the investment manager. **See Part I. Introduction.**
Participation	The Plan is open to Account Owners and Designated Beneficiaries who are U.S. citizens or resident aliens with a social security number or tax identification number. An Account Owner must be at least 18 years of age and have a U.S. permanent address that is not a P.O. Box. The age of the Designated Beneficiary may range from newborn to adult, and the Designated Beneficiary does not have to be related to the Account Owner. A person, who is at least 18 years of age can be both the Account Owner and the Designated Beneficiary. There are no restrictions on the state of residence or income of the Account Owner or the Designated Beneficiary. Certain other entities (including business entities, custodial and trust accounts, and tax-exempt organizations described in Section 501(c)(3) of the Code) are eligible to participate in the Plan.
Contributions	Contributions may be made by a person or entity, regardless of that person's or entity's income; however, only the Account Owner can determine how the assets are invested or used, and only the Account Owner may be eligible for certain state tax benefits. Initial Contribution: The Plan requires a minimum $25 lump sum Contribution to open an Account. Alternately, you may establish a recurring contribution with a minimum initial Contribution of $10 per month or $30 per quarter. Subsequent Contributions: The minimum additional investment is $10 for Contributions by check, EFT, recurring contribution or through Ugift®; $5 per paycheck minimum for payroll direct deposit. **See Part VII. Transacting Business with the Plan – Contributions.** An Account Owner may choose up to five Investment Options per Contribution, provided at least 5% of such Contribution amount is allocated to each Investment Option selected. **See Part II. How to Enroll – Choose an Investment Option.**

Maximum Contribution Limit	An Account Owner may continue to make Contributions to an Account for a Designated Beneficiary provided the aggregate balance of all Section 529 savings plans sponsored by the State of Arkansas for the same Designated Beneficiary does not exceed the Maximum Contribution Limit which is currently $500,000. This Maximum Contribution Limit is based on certain higher education costs. Section 529 requires that investments in the Plan be limited to amounts that can reasonably be expected to be used to meet Qualified Higher Education Expenses for an individual. The Committee expects to evaluate the Maximum Contribution Limit annually, but reserves the right to make adjustments more or less frequently. **See Part VII. Transacting Business with the Plan – Maximum Contribution Limit.**
Fees and Expenses	Total Annual Asset-Based Fees (including the Plan Management Fee, Investment Services Fee, and State Administration Fee) are 0.53% except for the Savings Portfolio, which is 0.39%. If neither the Account Owner nor the Designated Beneficiary is a resident of Arkansas, the Account will also be charged an Annual Account Maintenance Fee of $20, beginning approximately 12 months after Account opening. The Annual Account Maintenance Fee is waived for Accounts for which either the Account Owner or Designated Beneficiary is a resident of Arkansas. **See Part IV. Plan Fees and Expenses.**
Investment Options and Performance	Account Owners may choose from twelve (12) Target Enrollment Portfolio Options, six (6) Custom Portfolio Options, and the Savings Portfolio. Updated Portfolio performance information is available at **www.brighterfuturedirect529.com**. **See Part III. Plan Investment Options.**
Gift and Generation Skipping Transfer Tax Treatment	Contributions to your Account are eligible for the applicable annual exclusion amount for gift and generation-skipping transfer taxes. For 2024 this amount per Designated Beneficiary is $18,000 for a single individual, $36,000 for an electing married couple, or up to $90,000 (or $180,000 combined for electing spouses) in a single five-year period. The annual exclusion amount is indexed for inflation and is therefore subject to change and expected to increase over time. Contributions are considered completed gifts for federal gift, GST, and estate tax purposes. Therefore, if a contributor dies, money in the Plan is not includable in the contributor's estate, except in the case where the contributor elects, for Contributions over the applicable exclusion amount, to take the annual gift and/or GST tax exclusion over five years, and dies before the five-year period elapses, in which case the Contribution amounts allocable to the calendar years after the contributor's date of death are included in the contributor's estate for estate tax purposes. **See Part VIII. Federal and State Tax Treatment - Federal Gift and Estate Taxes.**

Tax Benefits and Considerations	● Federal income tax-deferred growth of investment gains, if any. ● No federal income tax currently on Qualified Withdrawals; however, the earnings portion of a Non-Qualified Withdrawal will be taxed to the recipient (and may be subject to the Additional 10% Federal Tax). ● Depending on the state where you live or pay state income tax, your earnings may or may not be subject to state income tax. ● Contributions up to $5,000 per taxpayer ($10,000 total per married couple) to the Plan are deductible for Arkansas State income tax purposes (subject to recapture). Contributions over $5,000 per taxpayer ($10,000 per married couple) to the Plan made in a tax year may be carried forward to the next succeeding four (4) tax years for Arkansas State income tax purposes. ● Contributions up to $3,000 per taxpayer ($6,000 total per married couple) to a 529 Plan established by another state are deductible for Arkansas State income tax purposes (subject to recapture), provided that the taxpayer has not deducted the contribution in another state or on another state's income tax return. ● Rollover Contributions up to $7,500 per taxpayer ($15,000 total per married couple) into the Plan from a 529 Plan established by another state are deductible for Arkansas state income tax purposes (subject to recapture) in the tax year in which such Contribution was rolled over into the Plan. ● Contributions made by Arkansas taxpayers who are not Account Owners are also deductible for Arkansas state tax purposes as described above. ● Participation in the Plan is not subject to annual adjusted gross income limits. ● You can change the Designated Beneficiary to a Member of the Family of the existing Designated Beneficiary without federal income tax consequences at any time. **See Part VIII. Federal and State Tax Treatment.**
Qualified Withdrawals	The earnings portion of Qualified Withdrawals are federal income tax free if used to pay for Qualified Expenses. Types of Qualified Expenses include: Qualified Higher Education Expenses, Qualified Student Loan Repayments, Registered Apprenticeship Expenses, and K-12 Tuition Expenses. Additional information including specific examples of Qualified Expenses can be found in PART VII. **See PART VII. Transacting Business With The Plan - Qualified Expenses, and Part VIII. Federal and State Tax Treatment.**
Investment Exchanges	You may reallocate your Contributions and earnings among Portfolios twice every calendar year for a given Designated Beneficiary and upon a change of the Designated Beneficiary. You may invest future Contributions in a different Portfolio(s) at any time. You may change Investment Options online, by telephone, or by mailing the appropriate form to the Plan. **See Part VII. Transacting Business with the Plan – Changing Investment Options for Current Balances and Future Contributions.**

Risk Factors of the Plan	An investment in the Portfolios is subject to risks including (i) the risk of losing money over short or even long periods; (ii) investment risks of the Portfolios which include, without limitation, market risk, interest rate risk, foreign investment risk, credit risk, and geographical concentration risk; (iii) the risk of changes to the Plan, including changes in fees; (iv) the risk of federal or state tax law changes; and (v) the risk that Contributions to the Plan may adversely affect the eligibility of the Designated Beneficiary or the Account Owner for financial aid or other benefits. **See Part V. Risks of Investing in the Plan.**
Records Retention	You are responsible for obtaining and retaining records, invoices, or other documentation relating to your Account. **See Part VII. Transacting Business with the Plan – Records Retention.**
Contact Information	**Online**: **www.brighterfuturedirect529.com** **Regular Mail**: Brighter Future Direct Plan P.O. Box 219376 Kansas City, MO 64121-9376 **Priority Delivery**: Brighter Future Direct Plan 1001 E 101st Terrace, Suite 200 Kansas City, MO 64131 **Phone**: 1-800-587-7301 (8:00 a.m. – 7:00 p.m. Central Time) (Mon. - Fri.) **Email**: clientservice@brighterfuturedirect529.com

KEY TERMS

529 Plan – A tax-advantaged education savings plan established under and operated in accordance with Section 529.

ABLE Account – An account, as defined in 529A(e)(6) of the Code, maintained under a qualified ABLE Program.

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

Account – An account, under the Plan, established by an Account Owner for a Designated Beneficiary pursuant to a Participation Agreement by and between the Account Owner and the Trust. More than one Account may be established for the same Designated Beneficiary.

Account Owner – The person or entity that establishes an Account and controls the assets held in the Account on behalf of a Designated Beneficiary and any person or entity that is the successor in interest in accordance with the Act. References in this Program Description to "you" mean you in your capacity as the Account Owner.

Act – Arkansas Code Annotated § 6-84-101, et seq., as amended, which provides that the Committee shall adopt rules to administer, manage, promote, and market an education savings plan in compliance with Section 529.

Additional 10% Federal Tax – An Additional 10% Federal Tax on the earnings portion of certain taxable withdrawals.

Annual Account Maintenance Fee – An Account maintenance fee charged annually during the month of the anniversary date of the opening of the Account. The Annual Account Maintenance Fee is waived (i) if either the Account Owner or the Designated Beneficiary on an Account is a resident of Arkansas and (ii) for Aspiring Scholarship Matching Grant accounts.

Annual Asset-Based Fee – The Annual Asset-Based Fee consists of the Underlying Fund Expenses, the State Administration Fee, and the Plan Management Fee, which are charged daily against the assets in each Portfolio.

Ascensus – Ascensus Broker Dealer Services, LLC, and its affiliates, collectively or individually as the case may be.

Associated Persons – The State, the Plan, the Committee, Ascensus (including its subcontractors) and Vanguard (including its subcontractors, Sallie Mae Bank (or any of their respective affiliates).

Code – The Internal Revenue Code of 1986, interpreted in accordance with the regulations promulgated thereunder, as amended from time to time.

Committee – Arkansas Section 529 Plan Review Committee, which is composed of the Director of the Division of Higher Education, the Executive Director of the Arkansas Teacher Retirement System, and the Arkansas State Treasurer.

Contribution – Any payment to an Account for the benefit of a Designated Beneficiary.

Coverdell Education Savings Account – An education savings account as defined in Section 530 of the Code.

Custom Portfolio Options – Six Custom Portfolio Options that invest in stock funds, bonds funds, and a short-term reserve account, all managed by Vanguard. Your allocations to each of the Custom Portfolio Options will remain fixed unless you decide to change them.

Designated Beneficiary – (a) the individual designated as the beneficiary of the Account at the time the Account is established; (b) the individual designated as a successor beneficiary upon a change of a prior beneficiary; or (c) the individual receiving the benefits from an Account established by any state or local government or an organization described in Section 501(c)(3) of the Code, as part of a scholarship program operated by such government or organization.

Distributee – The person or entity that is subject to tax on a distribution from an Account. The Distributee may be the Account Owner or the Designated Beneficiary.

Education Credits – The American Opportunity and Lifetime Learning Credits under Section 25A of the Code.

EFT – Electronic funds transfer.

Eligible Educational Institutions – Accredited postsecondary educational institutions in the United States or abroad offering credit towards an associate's degree, a bachelor's degree, a graduate-level or professional degree, or another recognized postsecondary credential, including certain postsecondary vocational and proprietary institutions. To be deemed an Eligible Educational Institution for purposes of Section 529, an institution must be eligible to participate in U.S. Department of Education student financial aid programs.

Enrollment Form, Application – The form that is to be completed and submitted to the Program Manager by an Account Owner in order to open an Account. By completing and submitting an Enrollment Form, the Account Owner agrees to be bound by the terms and conditions of the Participation Agreement.

FDIC – Federal Deposit Insurance Corporation.

Force Majeure - Circumstances beyond the reasonable control of Plan Officials, 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.

GST – Generation-skipping transfer.

Investment Exchange – A reallocation of your Account balance among Portfolios allowed twice every calendar year for a given Designated Beneficiary and upon a change in the Designated Beneficiary (See **Part VII. Transacting Business with the Plan - Changing Investment Options for Current Balances and Future Contributions**).

Investment Options – The Target Enrollment Portfolio Options, Custom Portfolio Options, and the Savings Portfolio available to Account Owners in the Plan are collectively referred to as "Investment Options."

IRS – Internal Revenue Service.

K-12 Tuition Expenses – Expenses for tuition in connection with the Designated Beneficiary's enrollment or attendance at an elementary or secondary public, private, or religious school, not to exceed $10,000 in distributions per tax year per Designated Beneficiary in the aggregate across all 529 Plans making distributions for that same Designated Beneficiary in such year.

Maximum Contribution Limit – The maximum amount established by the Committee that can be contributed to all accounts under all Section 529 savings plans sponsored by the State of Arkansas established on behalf of the same Designated Beneficiary.

Member of the Family – A member of the family as defined in Section 529 (See **Part VII. Transacting Business with the Plan - Changing the Designated Beneficiary**).

Non-Qualified Withdrawal – A withdrawal from an Account that is not used to pay for Qualified Expenses. The earnings portion of these withdrawals will be treated as income to the Distributee and taxed at the Distributee's tax rate. In addition, the Additional 10% Federal Tax may apply to the earnings portion of Non-Qualified Withdrawals.

NYSE – New York Stock Exchange.

Participation Agreement – The written agreement between an Account Owner and the Trust. An Account Owner agrees to the terms and conditions of the Participation Agreement by completing and submitting an Enrollment Form.

Plan – The Arkansas Brighter Future Direct Plan

Plan Management Fee – A fee payable from each Portfolio to the Program Manager for its performance of certain Portfolio administration and management services and the recordkeeping and shareholder servicing activities. The fee is based on Portfolio assets, accrued daily, and factored into the Portfolio's Unit value.

Plan Officials – Ascensus, Vanguard, Sallie Mae Bank (or any of their respective affiliates), the State, the Committee, the Trust or any instrumentality thereof, the federal government, the FDIC, Securities Investor Protector Corporation (SIPC) or any other state or federal government agency.

Portfolio – A Portfolio within each of the Investment Options: Target Enrollment Portfolios Option, Custom Portfolio Option, and the Savings Portfolio Option. Each Portfolio invests in Underlying Investments.

Program Description – This program description for the Plan, the Participation Agreement, and any applicable supplement thereto, each as amended and supplemented from time to time.

Program Manager – Ascensus Broker Dealer Services, LLC

Qualified Withdrawal – A withdrawal from an Account that is used to pay for Qualified Higher Education Expenses or K-12 Tuition Expenses.

Qualified Higher Education Expenses – Certain educational expenses of a Designated Beneficiary at an Eligible Educational Institution, such as tuition, fees, and the cost of books, supplies, and equipment required for the enrollment or attendance (including expenses for special needs services in the case of a special needs Designated Beneficiary), certain room and board expenses of a Designated Beneficiary attending school at least half- time, as allowable under Section 529, and expenses for the purchase of computer or peripheral equipment (as defined in section 168(i)(2)(B) of the Code), computer software (as defined in section 197(e)(3)(B) of the Code), or Internet access and related services, if such equipment, software, or services are to be used primarily by the designated beneficiary during any of the years the designated beneficiary is enrolled at an Eligible Educational Institution..

Qualified Expenses – Qualified Expenses include Qualified Higher Education Expenses; K-12 Tuition Expenses; Qualified Student Loan Repayments; and Registered Apprenticeship Expenses.

Qualified Education Loan – A qualified education loan as defined in Section 221(d) of the Code.

Qualified Student Loan Repayments – Expenses for up to $10,000 in amounts paid as principal or interest on any Qualified Education Loan of the Designated Beneficiary or a Sibling of the Designated Beneficiary.

Registered Apprenticeship Expenses – Expenses for fees, books, supplies, and equipment required for the participation of a Designated Beneficiary in an apprenticeship program registered and certified with the Secretary of Labor under Section 1 of the National Apprenticeship Act.

Sallie Mae HYSA – A high-yield savings account held at Sallie Mae Bank.

Savings Portfolio – An FDIC insured omnibus savings account held in trust by the Committee at Sallie Mae Bank that earns a varying rate of interest. All assets are invested in the Sallie Mae HYSA.

SEC – Securities Exchange Commission.

Section 529 – Section 529 of the Code.

Sibling – For the purposes of Qualified Student Loan Repayments, means a brother, sister, stepbrother, or stepsister of the Designated Beneficiary.

State – State of Arkansas.

State Administration Fee – The annual fee paid to the Committee for administering the Plan. The fee may be used at the discretion of the Committee to pay fees of independent public accountants for conducting annual audits, legal fees and other fees and expenses of administering the Plan. This fee is accrued daily and is factored into the Portfolio's Unit value.

Successor Account Owner – The person or entity designated by the Account Owner to assume ownership of the Account in the event of the Account Owner's death while there is still money in the Account.

Target Enrollment Portfolio – Investment Option which invests in a Portfolio that automatically moves to progressively more conservative investment allocations as your Designated Beneficiary approaches the target date.

Trade Date – The date on which your purchase, redemption, or exchange transaction will be executed. Your transaction will be executed at the closing price of the Units of the applicable Portfolio on the Trade Date.

Trust – The Arkansas Brighter Future Fund Plan Trust, a public instrumentality of the State of Arkansas. Formerly known as Arkansas Tax-Deferred Tuition Savings Program Trust.

Trustee – The Arkansas 529 Plan Review Committee.

Tuition Assistance – A benefit earned by certain individuals employed by Eligible Educational Institutions whereby family members who attend these Eligible Educational Institutions may receive partial or full waivers for payment of Qualified Higher Education Expenses.

UGMA/UTMA – Uniform Gifts to Minors Act or Uniform Transfers to Minors Act.

Underlying Investments – The registered mutual funds, the HYSA, or other investments in which assets of Portfolios are invested. The Underlying Investments for each Portfolio are recommended to the Committee by the Program Manager and approved by the Committee.

Unit – The unit of measurement used for determining the value of a Portfolio. The value of a unit is based upon the net asset value of the applicable Underlying Investments for the Portfolio to which an Account is assigned, and any fees and expenses charged to such Portfolio. A unit of the Portfolio is a municipal fund security.

Upromise – Upromise, LLC.

Upromise Service – A loyalty program which enables Account Owners to earn rebates and other cash awards from participating merchants.

U.S. Military Academy – The United States Military Academy, the United States Naval Academy, the United States Air Force Academy, the United States Coast Guard Academy, and the United States Merchant Marine Academy.

Vanguard is used to refer collectively or individually, as the case requires, to The Vanguard Group, Inc., and its affiliates.

Withdrawal Request Form – The form approved by the Committee for use in requesting a withdrawal from an Account.

PART I. INTRODUCTION

General Information About 529 Plans and the Arkansas Brighter Future Direct Plan.

Section 529 permits states and state agencies to sponsor 529 Plans, known as "qualified tuition programs," which are tax-advantaged programs intended to help individuals and families pay for the costs of education. The Plan is a 529 Plan administered by the Committee. Even if you do not live in Arkansas, you may invest in the Plan.

Prospective Account Owners should consider many factors before deciding to invest in a 529 Plan such as the Plan, including the 529 Plan's investment options, performance history, flexibility, features, Maximum Contribution Limit, the reputation and expertise of the investment manager, the fees, expenses, and federal and state tax benefits associated with an investment in a 529 Plan, such as the Plan.

The Plan is intended to be used only to save for Qualified Expenses. The Plan is not intended to be used, nor should it be used, by any taxpayer for the purpose of evading federal or state taxes or tax penalties. Taxpayers should seek tax advice from an independent tax advisor based on their own particular circumstances.

Who's Who in the Plan

The Plan – The Plan is a savings plan established under the Act to help investors save for the costs of education. The Plan is designed to qualify for treatment as a "qualified tuition program" under Section 529.

The Committee – The Committee administers the Plan and, as the Trustee of the Trust, it causes the assets of the Portfolios to be invested in the Underlying Investments. The Committee is authorized to employ service providers, agents, counsel and other third-party contractors to administer the Plan, to market the Plan, to provide investment advice for the Plan, to provide accounting and recordkeeping services for the Plan, to offer and sell interests in the

Trust denominated in Units, to process forms approved for use in connection with the Plan and to provide other services relating to the Plan and the Trust.

Ascensus – Ascensus Broker Dealer Services, LLC is the Program Manager of the Plan. Ascensus, together with its affiliates, has overall responsibility for the day-to-day operations of the Plan, including recordkeeping and marketing. The Program Management Agreement by and among Ascensus, the Trust and the Committee expires in 2027 and may be terminated sooner under certain circumstances. With the exception of service providers authorized by the Committee and retained by Ascensus to provide certain services under the Program Management Agreement, Ascensus will not be liable for the acts or omissions of other service providers to the Plan or the Committee.

Vanguard – Vanguard is the investment manager appointed by the Committee and Ascensus.

PART II. HOW TO ENROLL

This section offers a brief overview of the process needed to: (1) open an Account, (2) choose a Designated Beneficiary, (3) choose a Successor Account Owner, (4) choose your Investment Options and (5) contribute money to an Account.

Open an Account

Who Can Open an Account? To be an Account Owner, you must either be a U.S. citizen or resident alien, at least 18 years of age, and have a valid social security number or tax identification number. You must provide the Plan with a U.S. permanent address that is not a post office box. Certain other types of entities such as a trust or business entity may be Account Owners (See **"Business Entities and Trusts"** in this section). A state or local government (or agency or instrumentality) or organization described in Section 501(c)(3) of the Code may open an Account to fund scholarships. If applicable, you must provide any legal documentation that identifies the person(s) who has the authority to act on behalf of the Account Owner with respect to the Account.

Trusts. If you are opening an Account as a trust, you must include copies of the pages of the trust agreement containing the name of the trust, the date of the trust, and a listing of all trustees and their signature(s).

Business Entities and Trusts. A business entity, such as a corporation, company, partnership or association, or a trust may open an Account, provided that one individual authorized by the business entity or trust (the "Authorized Representative") executes an Enrollment Form for the business entity or trust certifying to the Plan the legal status of the applicable business entity or trust and its capacity to open an Account. The business entity or trust must also document for the Plan that the Authorized Representative has the authority to act on behalf of and bind the business entity or trust that is the Account Owner. An Authorized Representative who is considering establishing an Account in a fiduciary or representative capacity should consult with a tax advisor about the consequences associated with opening and holding Accounts in the Plan and an attorney about the Authorized Representative's rights and responsibilities in that capacity. Discussion of any aspect of an Account unique to a business entity, trust or an estate is beyond the scope of this Program Description.

UGMA/UTMA. The custodian for a minor under the Uniform Gifts to Minors Act or Uniform Transfers to Minors Act ("UGMA/UTMA") may open an Account that is subject to additional limitations, such as the inability to change the Designated Beneficiary and certain restrictions on withdrawals (See **Part VII. Transacting Business with the Plan – Contributions From UGMA/UTMA Custodial Accounts**). A custodian should consult his or her tax adviser for additional information concerning these restrictions before opening an Account.

How Do You Open an Account?

- Online: Complete the Enrollment Form online at www.brighterfuturedirect529.com

- By mail: Complete, sign, and mail an Enrollment Form to:
  Brighter Future Direct Plan
  P.O. Box 219376
  Kansas City, MO 64121-9376

See **Part VII. Transacting Business with the Plan** for a description of the enrollment process and for more details on setting up an Account.

Choose a Designated Beneficiary

- Identify a Designated Beneficiary for the Account on your Enrollment Form. A Designated Beneficiary must be a U.S. citizen or resident alien and have a social security number or individual taxpayer identification number.
- You may designate only one Designated Beneficiary per Account, but different Account Owners may establish different Accounts for the same Designated Beneficiary.
- You may have multiple Accounts for different Designated Beneficiaries, and you may establish two Plan Accounts for the same beneficiary if one of the Accounts is an UGMA/UTMA Account.
- You do not have to be related to the Designated Beneficiary.
- You may designate yourself as the Designated Beneficiary
- You may change the Designated Beneficiary. See **Part VII. Transacting Business with the Plan - Changing the Designated Beneficiary for more information.**

Designate a Successor Account Owner

As an Account Owner, you may designate a Successor Account Owner to succeed to all of your rights, title and interests in an Account (including the right to change the Designated Beneficiary) in the event of your death. This designation can be made on the Enrollment Form upon opening your Account or at a later date. See **Part VII. Transacting Business with the Plan - Designating a Successor Account Owner** for more information.

Choose an Investment Option

You may select from a number of Investment Options which fall into the following three (3) categories:

- **Target Enrollment Portfolio Options (twelve (12) Investment Options):** The asset allocation of money invested in one of the Target Enrollment Portfolios is automatically adjusted over time to become more conservative as the Designated Beneficiary approaches the target date.
- **Custom Portfolio Options (six (6) Investment Options):** The asset allocation of money invested in any of the individual Portfolios is static, meaning it does not change over time.
- **Savings Portfolio Option:** An FDIC insured omnibus savings account held in trust by the Committee at Sallie Mae Bank that earns a varying rate of interest.

Each time you contribute, you may choose up to five (5) Investment Options. You must allocate a minimum of 5% of the Contribution to each option you choose. See **Part III. Plan Investment Options** for details about the Plan's Investment Options, including investment objectives, strategies, risks, and fees.

Contribute to Your Account

- **Initial Contribution.** You must open an Account with a minimum investment of $25.
- **Subsequent Contributions.** You may make additional Contributions to your Account at any time. The minimum additional Contribution is $10.
- **Rollover Contributions and Other Transfers.*** You may contribute to the Plan through a rollover or transfer from another state's 529 Plan, or from another Account in the Plan, subject to limitations imposed by Section 529 on certain rollovers and such transfers. See **Part VII. Transacting Business with the Plan – Incoming Rollover Contributions**.
- **Other Contributions.*** You may contribute with assets liquidated from an UGMA/UTMA custodial account, a Coverdell Education Savings Account, or certain qualified U.S. Savings Bonds.

*Note: Any Contribution to the Plan referencing an old account number on the check or form will be invested according to the Account Owner's current Portfolio allocations on file in the Account Owner's Account.

See **Part VII. Transacting Business with the Plan – Contributions** for additional details on contributing to your Account, setting up a recurring contribution, and the guidelines relating to transfers and rollovers.

PART III. PLAN INVESTMENT OPTIONS

Investment Options Summary

Federal law prohibits Account Owners from selecting the Underlying Investments of the Investment Options. The Plan's menu of professionally managed Investment Options is designed by the Trustee to give you a full range of Investment Options. The Arkansas Brighter Future Direct Plan offers many different Investment Options managed by Vanguard and Sallie Mae Bank. The investment alternatives currently consist of twelve (12) Target Enrollment Portfolio Options, six (6) Custom Portfolio Options and the Savings Portfolio Option. Each Investment Option invests in either: (i) mutual funds and/or a short-term reserves account offered or managed by Vanguard; or (ii) an FDIC-insured omnibus account held in trust by the Committee at Sallie Mae Bank. Upon opening an Account, Account Owners can elect to make or allocate Contributions among the following Investment Options:

Target Enrollment Portfolio Options	You can choose from twelve (12) Target Enrollment Portfolios each of which invests in a portfolio of Underlying Investments that automatically moves to progressively more conservative investments as your Designated Beneficiary approaches the target year.
Custom Portfolio Options	You can choose from six (6) Custom Portfolio Options that invest in stock funds, bonds funds, and a short-term reserve account, all managed by Vanguard. Allocations to each of the Custom Portfolio Options will remain fixed unless you decide to change them.
Savings Portfolio Option	All assets are invested in the Sallie Mae HYSA. The Sallie Mae HYSA is an omnibus savings account at Sallie Mae Bank that is insured by the FDIC on a pass through basis and held in trust by the Committee. The Savings Portfolio seeks income consistent with the preservation of principal.

Whenever you contribute money to your Account, you may allocate the Contribution among a maximum of five (5) Investment Options. For example, you may choose five Custom Portfolio Options, or one Target Enrollment Portfolio Option and four Custom Portfolio Options, etc. Regardless of how many Investment

Options you select, you must allocate a minimum of 5% of your Contribution to each option. For example, you could choose three Investment Options and allocate your Contribution 60%, 35%, and 5%.

The Investment Options and allocation(s) that the Account Owner selects upon opening an Account will serve as the standing allocation for the Account. All additional Contributions will be invested according to this standing allocation unless the Account Owner instructs otherwise. Federal tax law permits Account Owners to move existing Account assets to a different mix of Investment Options up to two times per calendar year - or whenever the Account Owner changes the Account's Designated Beneficiary. **See Part VIII. Federal and State Tax Treatment.**

Except for the Savings Portfolio Option, which is managed by Sallie Mae Bank, the Portfolios in each Investment Option invest in Underlying Investments managed by Vanguard. Please keep in mind that you will not own shares of the mutual funds. You are purchasing Units of the Portfolios within the Plan. Contributions to the Investment Options are invested in accordance with the investment policy established by the Committee.

The Committee may change the investment policy for the Portfolios at any time. The Committee reserves the right to change, at any time, without prior notice, the Investment Options or the asset allocations of and/or the Underlying Investments that make up the Target Enrollment Portfolio Options, the Custom Portfolio Options or the Savings Portfolio Option. Account Owners should be aware that any Portfolio may merge, terminate, reorganize or cease accepting new Contributions. Any such action affecting a Portfolio may result in an Account Owner's Contributions being reinvested in a Portfolio different from the Portfolio in which Contributions were originally invested. None of the Target Enrollment Portfolio Options, the Custom Portfolio Options or the Savings Portfolio Option has been designed to provide any particular total return over any particular time period or investment horizon. Certain Investment Options may be less suitable for short-term investment goals. Specifically, the Target Enrollment Portfolio Options are designed to take into account a Designated Beneficiary's age and the number of years before the Designated Beneficiary is expected to enroll in an Eligible Education Institution. You should consider your investment time horizon before you select your Investment Options.

Investors should consider the structure of the Arkansas Brighter Future Direct Plan and the different investment strategies and risks of each of the Target Enrollment Portfolio Options and Custom Portfolio Options and the Savings Portfolio Option before opening an Account. Account Owners should consider which Investment Options are most appropriate given the age of the Designated Beneficiary, the anticipated date of first use of funds in the Account by the Designated Beneficiary, and other resources expected to be available to help pay for the Designated Beneficiary's Qualified Expenses.

Note: The holding period for education investing is very short relative to that for retirement investing (i.e., 5 to 20 years versus 30 to 60 years). Also, the need for liquidity during the distribution phase (to pay for certain educational expenses) generally is very important. You should seriously consider the level of risk you wish to assume, your investment time horizon,

The Target Enrollment Portfolios are a simplified approach to college investing. We have designed these Investment Options to allow you to select an Investment Option based upon your risk tolerance and your Designated Beneficiary's anticipated year of enrollment in an Eligible Educational Institution. For example, if you expect your Designated Beneficiary to attend college beginning in the year 2036 or 2037, you may choose to select the Target Enrollment 2036/2037 Portfolio; or, you may choose one of the other Target Enrollment Portfolios. Target Enrollment Portfolios also allow flexibility for students who wish to use their savings for K-12 Tuition, graduate school, or apprenticeship expenses.

The asset allocation of the money invested in the Target Enrollment Portfolio Options is automatically adjusted over time to become more conservative as the Designated Beneficiary's target year of enrollment draws nearer. The asset allocation for the Commencement Portfolio is not adjusted as the Commencement Portfolio has already reached its most conservative phase. About every two (2) years, a new Target Enrollment Portfolio is created, and assets of the oldest Target Enrollment Portfolio are folded into the Commencement Portfolio.

Portfolios with higher allocations to bonds and capital preservation funds tend to be less volatile than those with higher stock allocations. Less-volatile Portfolios generally will not decline as far when stock markets go down, but they also generally will not appreciate in value as much when stock markets go up. There is no assurance that any Investment Option will be able to reach its goal. For information about the objective, strategy, and risks for each Underlying Investment in the Target Enrollment Portfolio Option, see **Underlying Investment Fund Summaries**.

The table below shows each Target Enrollment Portfolio's target allocations among the Underlying Investments as of December 11, 2023. Target Enrollment Portfolios are rebalanced on an ongoing basis to ensure that they are allocated as close to the target allocations as possible.

Target Enrollment Portfolio 2042-2043	Target Enrollment Portfolio 2040-2041	Target Enrollment Portfolio 2038-2039	Target Enrollment Portfolio 2036-2037	Target Enrollment Portfolio 2034-2035	Target Enrollment Portfolio 2032-2033	Target Enrollment Portfolio 2030-2031	Target Enrollment Portfolio 2028-2029	Target Enrollment Portfolio 2026-2027	Target Enrollment Portfolio 2024-2025	Target Enrollment Portfolio 2022-2023	Commencement Portfolio
Vanguard Institutional Total Stock Market Index Fund											
57.00%	57.00%	53.40%	48.00%	40.80%	34.20%	29.40%	20.57%	14.06%	11.01%	8.70%	6.96%
Vanguard Total International Stock Market Index Fund											
38.00%	38.00%	35.60%	32.00%	27.20%	22.80%	19.60%	13.72%	9.37%	7.35%	5.80%	4.64%
Stock Subtotal											
95.00%	95.00%	89.00%	80.00%	68.00%	57.00%	49.00%	34.29%	23.43%	18.36%	14.50%	11.60%
Vanguard Total Bond Market II Index Fund											
3.50%	3.50%	7.70%	14.00%	22.40%	30.10%	35.70%	38.96%	37.24%	31.47%	24.85%	19.88%
Vanguard Total International Bond Index Fund											
1.50%	1.50%	3.30%	6.00%	9.60%	12.90%	15.30%	16.70%	15.96%	13.49%	10.65%	8.52%
Bond Subtotal											
5.00%	5.00%	11.00%	20.00%	32.00%	43.00%	51.00%	55.66%	53.20%	44.96 %	35.50%	28.40%
Vanguard Short-Term Reserves Account											
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	10.05%	23.37%	36.68%	50.00%	60.00%
Short-Term Reserves Subtotal											
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	10.05%	23.37%	36.68%	50.00%	60.00%

Custom Portfolio Options

The asset allocation of each Custom Portfolio remains fixed over time.

If you choose to invest in Custom Portfolios that have a significant weighting in stocks, you should consider moving your assets to more conservative Portfolios as your Designated Beneficiary approaches college age. Please note that under federal tax law, once a Portfolio selection has been made, the Account Owner may exchange assets to different Portfolios up to two times per calendar year or upon a permissible change in the Designated Beneficiary. See Part VII. Transacting Business with the Plan – Changing Investment Options for Current Balances and Future Contributions.

The following table provides the target allocations of the Underlying Investments for each Custom Portfolio Option.

UNDERLYING INVESTMENTS	AGGRESSIVE GROWTH PORTFOLIO	GROWTH PORTFOLIO	MODERATE GROWTH PORTFOLIO	CONSERVATIVE GROWTH PORTFOLIO	INCOME PORTFOLIO	INTEREST ACCUMULATION PORTFOLIO
Vanguard Institutional Total Stock Market Index Fund	60%	45%	30%	15%	0%	0%
Vanguard Total International Stock Index Fund	40%	30%	20%	10%	0%	0%
Stock Subtotal	**100%**	**75%**	**50%**	**25%**	**0%**	**0%**
Vanguard Total Bond Market II Index Fund	0%	17.5%	35%	52.5%	34.5%	0%
Vanguard Total International Bond Index Fund	0%	7.5%	15%	22.5%	22.5%	0%
Vanguard Inflation-Protected Securities Fund	0%	0%	0%	0%	18%	0%
Bond Subtotal	**0%**	**25%**	**50%**	**75%**	**75%**	**0%**
Vanguard Short-Term Reserves Account	0%	0%	0%	0%	25%	100%
Short-Term Reserves Subtotal	**0%**	**0%**	**0%**	**0%**	**25%**	**100%**
TOTAL	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Savings Portfolio Option

The Savings Portfolio invests 100% of its assets in the Sallie Mae HYSA. The Sallie Mae HYSA is an omnibus savings account at Sallie Mae Bank that is insured by the FDIC and held in trust by the Committee. The Savings Portfolio seeks income consistent with the preservation of principal.

Portfolio Profiles

Target Enrollment Portfolio Options Profile

Investment Objective

The Target Enrollment Portfolios seek to provide capital appreciation and current income consistent with their current asset allocation (see chart under **Target Enrollment Portfolio Options** above for individual Portfolio allocations). The objective of these options becomes more focused on capital preservation and income as they approach their target date. The Target Enrollment Portfolios are more likely to meet their goals if each Underlying Investment in which each Target Enrollment Portfolio invests achieves its stated investment objectives.

Investment Strategy

The Target Enrollment Portfolios allocate their assets among the Underlying Investments. These options seek to provide a diversified allocation to broad asset classes, including domestic and international stocks and bonds. The allocations to the asset classes and the Underlying Investments are expected to change, reducing exposure to stocks, and increasing exposure to fixed income and cash equivalents, becoming more conservative over time as the Designated Beneficiaries' target enrollment year approaches. The Funds in this option will rebalance on a quarterly basis until reaching the Commencement Portfolio, and then will retain a static allocation in that Commencement Portfolio.

Through investments **in Vanguard Institutional Total Stock Market Index Fund,** the Portfolios indirectly invest in U.S. stocks. The Fund employs an indexing investment approach designed to track the performance of the CRSP US Total Market Index, which represents approximately 100% of the investable U.S. stock market and includes large-, mid-, small-, and micro-cap stocks regularly traded on the New York Stock Exchange and Nasdaq.

Through investments **in Vanguard Total International Stock Index Fund,** the Portfolios indirectly invest in international stocks. The Fund employs an indexing investment approach designed to track the performance of the FTSE Global All Cap ex US Index, a float-adjusted market-capitalization weighted index designed to measure equity market performance of companies located in developed and emerging markets, excluding the United States.

Through investments in **Vanguard Total Bond Market II Index Fund**, the Portfolios indirectly invest in a broadly diversified collection of securities that, in the aggregate, approximates the Bloomberg U.S. Aggregate Float Adjusted Index in terms of key risk factors and other characteristics. The Index measures a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and 3 asset-backed securities—all with maturities of more than 1 year. The Fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years.

Through investments in **Vanguard Total International Bond Index Fund**, the Portfolios indirectly invest in 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 1 year. 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), which provides a broad-based measure of the global, investment-grade, fixed-rate debt markets. To minimize the currency risk associated with investment in bonds denominated in currencies other than the U.S. dollar, the Fund will attempt to hedge its foreign currency exposure in order to correlate to the returns of the Index, which is U.S. dollar hedged. The

Fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years.

Through investments in **Vanguard Short-Term Reserves Account**, the Portfolios indirectly invest in funding agreements issued by one or more insurance companies, synthetic investment contracts (SICs), and shares of Vanguard Federal Money Market Fund. Funding agreements and SICs are interest-bearing contracts that are structured to preserve principal and accumulate interest earnings over the life of the investment. Funding agreements generally pay interest at a fixed interest rate and have fixed maturity dates that normally range from 2 to 5 years. SICs pay a variable interest rate and have an average duration range between 2 and 5 years. The Federal Money Market Fund invests primarily in high-quality, short- term money market instruments issued by the U.S. government and its agencies and instrumentalities.

Note: Vanguard Short-Term Reserves Account's investments in Vanguard Federal Money Market Fund are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Federal Money Market Fund seeks to preserve the value of the investment at $1 per share, it cannot guarantee that it will do so. It is possible that Vanguard Short-Term Reserves Account may lose money by investing in the Fund. The Vanguard Group, Inc., has no legal obligation to provide financial support to the Fund, and there should be no expectation that the sponsor will provide financial support to the Fund at any time.

Investment Risks

The Portfolios are subject to the risks of the underlying stock funds, which include **stock market risk**, **country/regional risk**, **currency risk**, **emerging markets risk**, and **investment style risk,** and the risks of the underlying bond funds, which include **interest rate risk, income risk, prepayment risk, extension risk, call risk, credit risk, country/regional risk, liquidity risk, currency risk, currency and currency hedging risk, and derivatives risk**. The Portfolio is also subject to **index replicating risk, index sampling risk, and nondiversification risk**. For a description of these risks, see *"**Explanation Of The Risk Factors of the Portfolios and the Underlying Investments.**"*

Custom Portfolio Options Profiles

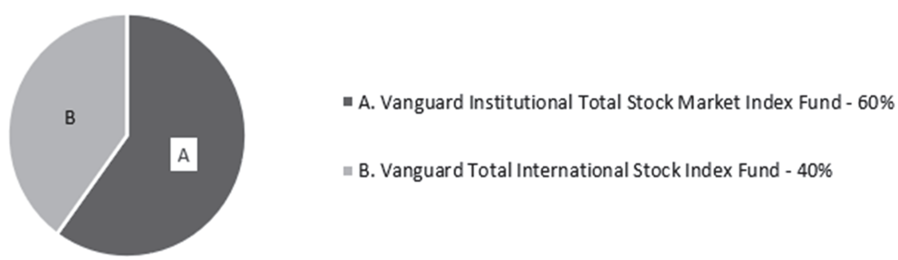
Aggressive Growth Portfolio

Investment Objective

The Portfolio seeks to provide capital appreciation.

Investment Strategy

The Portfolio invests in two Vanguard stock index funds according to a formula that results in an allocation of 100% of its assets in stocks. The percentages of the Portfolio's assets allocated to each Underlying Investment are:



Through its ownership of the two stock funds, the Portfolio indirectly owns primarily large-capitalization and, to a lesser extent, mid-, small-, and micro- capitalization U.S. stocks, and international stocks.

Investment Risks

Because it invests entirely in stock funds, the Portfolio primarily is subject to **stock market risk**. The Portfolio is also subject to **country/regional risk, currency risk, emerging markets risk, investment style risk, index sampling risk**, and **index replicating risk**.

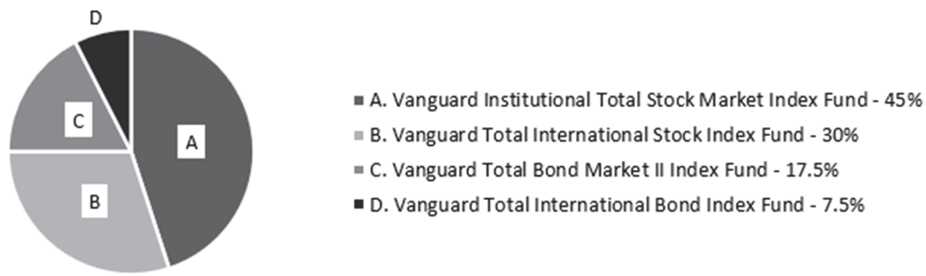
Growth Portfolio

Investment Objective

The Portfolio seeks to provide capital appreciation and low to moderate current income.

Investment Strategy

The Portfolio invests in two Vanguard stock index funds and two Vanguard bond index funds, resulting in an allocation of 45% of its assets to U.S. stocks, 30% of its assets to non-U.S. stocks, 17.5% of its assets to investment-grade U.S. bonds, and 7.5% of its assets to investment-grade non-U.S. bonds. The percentages of the Portfolio's assets allocated to each Fund are:



Through its investment in Vanguard Institutional Total Stock Market Index Fund, the Portfolio indirectly invests in U.S. stocks. The Fund employs an indexing investment approach designed to track the performance of the CRSP US Total Market Index, which represents approximately 100% of the investable U.S. stock market and includes large-, mid-, small-, and micro-cap stocks regularly traded on the New York Stock Exchange ("NYSE") and Nasdaq.

Through its investment in Vanguard Total International Stock Index Fund, the Portfolio also indirectly invests in international stocks. The Fund employs an indexing investment approach designed to track the performance of the FTSE Global All Cap ex US Index, a float-adjusted, market-capitalization-weighted index designed to measure equity market performance of companies located in developed and emerging markets, excluding the United States.

Through its ownership of Vanguard Total Bond Market II Index Fund, the Portfolio indirectly invests in a broadly diversified collection of securities that, in the aggregate, approximates the Bloomberg U.S. Aggregate Float Adjusted Index in terms of key risk factors and other characteristics. The Index measures a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and 3 asset-backed securities—all with maturities of more than 1 year. The Fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years.

Through its ownership of Vanguard Total International Bond Index Fund, the Portfolio also indirectly invests in 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 1 year. 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), which provides a broad-based measure of the global, investment-grade, fixed-rate debt markets. To minimize the currency risk associated with investment in bonds denominated in currencies other than the U.S. dollar, the Fund will attempt to hedge its foreign currency exposure in order to correlate to the returns of the Index, which is U.S. dollar hedged. The Fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years.

Investment Risks

The Portfolios are subject to the risks of the underlying stock funds, which include **stock market risk**, **country/regional risk**, **currency risk**, **emerging markets risk**, **investment style risk, index sampling risk**, and **index replicating risk**, and the risks of the underlying bond funds, which include **interest rate risk, income risk, prepayment risk, extension risk, call risk, credit risk, country/regional risk, liquidity risk, currency risk, currency and currency hedging risk, and derivatives risk**. The Portfolio is also subject to **index sampling risk, index replicating risk, and nondiversification risk**.

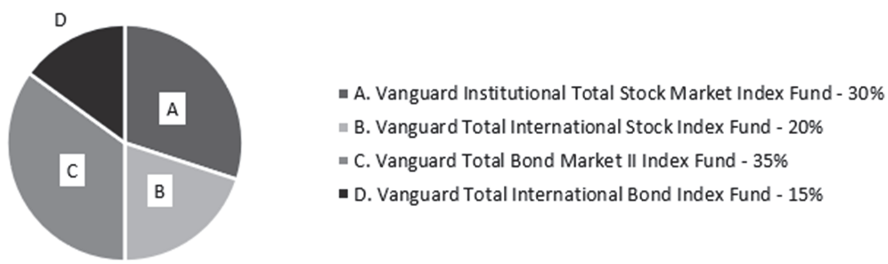
Moderate Growth Portfolio

Investment Objective

The Portfolio seeks to provide capital appreciation and current income.

Investment Strategy

The Portfolio invests in two Vanguard stock index funds and two Vanguard bond index funds, resulting in an allocation of 30% of its assets to U.S. stocks, 20% of its assets to non-U.S. stocks, 35% of its assets to investment-grade U.S. bonds, and 15% of its assets to investment-grade non-U.S. bonds. The percentages of the Portfolio's assets allocated to each Fund are:



Through its ownership of Vanguard Total International Bond Index Fund, the Portfolio indirectly invests in 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 1 year. 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), which provides a broad-based measure of the global, investment-grade, fixed-rate debt markets. To minimize the currency risk associated with investment in bonds denominated in currencies other than the U.S. dollar, the Fund will attempt to hedge its foreign currency exposure in order to correlate to the returns of the Index, which is U.S. dollar hedged. The Fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years.

Through its investment in Vanguard Institutional Total Stock Market Index Fund, the Portfolio indirectly invests in U.S. stocks. The Fund employs an indexing investment approach designed to track the performance of the CRSP US Total Market Index, which represents approximately 100% of the investable U.S. stock market and includes large-, mid-, small-, and micro-cap stocks regularly traded on the New York Stock Exchange ("NYSE") and Nasdaq.

Through its investment in Vanguard Total International Stock Index Fund, the Portfolio also indirectly invests in international stocks. The Fund employs an indexing investment approach designed to track the performance of the FTSE Global All Cap ex US Index, a float-adjusted, market-capitalization-weighted index designed to measure equity market performance of companies located in developed and emerging markets, excluding the United States.

Through its ownership of Vanguard Total Bond Market II Index Fund, the Portfolio indirectly invests in a broadly diversified collection of securities that, in the aggregate, approximates the Bloomberg U.S. Aggregate Float Adjusted Index in terms of key risk factors and other characteristics. The Index measures a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and 3 asset-backed securities—all with maturities of more than 1 year. The Fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years.

Investment Risks

The Portfolios are subject to the risks of the underlying stock funds, which include **stock market risk**, **country/regional risk**, **currency risk**, **emerging markets risk**, and **investment style risk,** and the risks of the underlying bond funds, which include **interest rate risk, income risk, prepayment risk, extension risk, call risk, credit risk, country/regional risk, liquidity risk, currency risk, currency and currency hedging risk, and derivatives risk**. The Portfolio is also subject to **index sampling risk, index replicating risk, and nondiversification risk**.

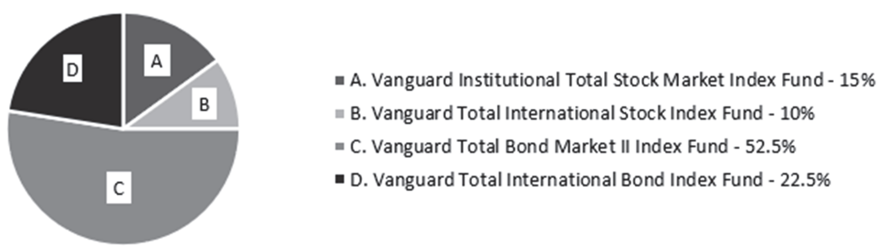
Conservative Growth Portfolio

Investment Objective

The Portfolio seeks to provide current income and low to moderate capital appreciation.

Investment Strategy

The Portfolio invests in two Vanguard stock index funds and two Vanguard bond index funds, resulting in an allocation of 15% of its assets to U.S. stocks, 10% of its assets to non-U.S. stocks, 52.5% of its assets to investment-grade U.S. bonds, and 22.5% of its assets to investment-grade non-U.S. bonds. The percentages of the Portfolio's assets allocated to each Fund are:



Through its investment in Vanguard Institutional Total Stock Market Index Fund, the Portfolio indirectly invests in U.S. stocks. The Fund employs an indexing investment approach designed to track the performance of the CRSP US Total Market Index, which represents approximately 100% of the investable U.S. stock market and includes large-, mid-, small-, and micro-cap stocks regularly traded on the New York Stock Exchange ("NYSE") and Nasdaq.

Through its investment in Vanguard Total International Stock Index Fund, the Portfolio also indirectly invests in international stocks. The Fund employs an indexing investment approach designed to track the performance of the FTSE Global All Cap ex US Index, a float-adjusted, market-capitalization-weighted index designed to measure equity market performance of companies located in developed and emerging markets, excluding the United States.

Through its ownership of Vanguard Total Bond Market II Index Fund, the Portfolio indirectly invests in a broadly diversified collection of securities that, in the aggregate, approximates the Bloomberg U.S. Aggregate Float Adjusted Index in terms of key risk factors and other characteristics. The Index measures a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and 3 asset-backed securities—all with maturities of more than 1 year. The Fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years.

Through its ownership of Vanguard Total International Bond Index Fund, the Portfolio indirectly invests in 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 1 year. 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), which provides a broad-based measure of the global, investment-grade, fixed-rate debt markets. To minimize the currency risk associated with investment in bonds denominated in currencies other than the U.S. dollar, the Fund will attempt to hedge its foreign currency exposure in order to correlate to the returns of the Index, which is U.S. dollar hedged. The Fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years.

Investment Risks

The Portfolios are subject to the risks of the underlying bond funds, which include **interest rate risk, income risk, prepayment risk, extension risk, call risk, credit risk, country/regional risk, liquidity risk, currency and currency hedging risk, currency hedging risk, and derivatives risk**, and the risks of the underlying stock funds, which include **stock market risk**, **country/regional risk**, **currency risk**, **emerging markets risk**, and **investment style risk,** The Portfolio is also subject to **index sampling risk, index replicating risk, and nondiversification risk**.

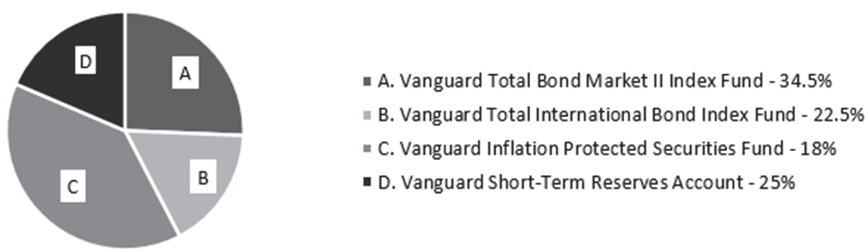
Income Portfolio

Investment Objective

The Portfolio seeks to provide current income.

Investment Strategy

The Portfolio invests in three Vanguard bond funds and one Vanguard short- term reserves account, resulting in an allocation of 75% of its assets to investment-grade bonds and 25% of its assets to short-term investments. The percentages of the Portfolio's assets allocated to each underlying fund are:



Through its investment in Vanguard Total Bond Market II Index Fund, the Portfolio indirectly invests in a broadly diversified collection of securities that, in the aggregate, approximates the Bloomberg U.S. Aggregate Float Adjusted Index in terms of key risk factors and other characteristics. The Index represents a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities—all with maturities of more than 1 year. The Fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years.

Through its investment in Vanguard Total International Bond Index Fund, the Portfolio also indirectly invests in 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 1 year. 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), which provides a broad-based measure of the global, investment-grade, fixed-rate debt markets. To minimize the currency risk associated with investment in bonds denominated in currencies other than the U.S. dollar, the Fund will attempt to hedge its foreign currency exposure in order to correlate to the returns of the Index, which is U.S. dollar hedged. The Fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years.

Through its investment in Vanguard Short-Term Inflation-Protected Securities Index Fund, the Portfolio indirectly invests in inflation-protected public obligations issued by the U.S. Treasury with remaining maturities of less than five years. The Fund employs an investment approach designed to track the performance of the Bloomberg U.S. 0-5 Year Treasury Inflation-Protected Securities Index.

Through its investment in Vanguard Short-Term Reserves Account, the Portfolio indirectly invests in traditional and separate account funding agreements issued by one or more insurance companies, synthetic investment contracts (“SICs”), and shares of Vanguard Federal Money Market Fund. Funding agreements are interest-bearing contracts that are structured to preserve principal and accumulate interest earnings over the life of the investment. Traditional funding agreements may pay interest at a fixed minimum rate and have fixed maturity dates that normally range from 2 to 5 years. The likelihood of timely payment of principal and interest under a traditional funding agreement is a direct reflection of the claims-paying ability of the issuing insurer. Under separate account funding agreements, the insurer holds a portfolio of fixed income securities for the benefit of the funding agreements backed by the separate account and returns will vary based on the performance of the assets in the separate account. SICs are arrangements in which the Trust Fund, not the insurer, owns a fixed- income security or portfolio of securities and an insurance company or other financial institution provides a benefit-responsive guarantee. Vanguard Federal Money Market Fund invests in high-quality securities issued by the U.S. government and its agencies and instrumentalities. For more information about Vanguard Short-Term Reserves Account, please see the Interest Accumulation Portfolio profile below.

Note: Vanguard Short-Term Reserves Account’s investments in Vanguard Federal Money Market Fund are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of the investment at $1 per share, it is possible that Vanguard Short- Term Reserves Account may lose money by investing in the Fund.

Investment Risks

The Portfolio is subject to **interest rate risk, credit risk, income risk**, **call risk, prepayment risk, extension risk, country/regional risk, currency and currency hedging risk, derivatives risk, interest rate risk, income fluctuations risk, and real interest rate risk**. The Portfolio is also subject to **nondiversification risk** and **index sampling risk**.

Interest Accumulation Portfolio

Investment Objective

The Portfolio seeks income consistent with the preservation of principal.

Investment Strategy

The Portfolio invests 100% of its assets in Vanguard Short-Term Reserves Account:

Through its investment in the Vanguard Short-Term Reserves Account the Portfolio owns funding agreements issued by one or more insurance companies, synthetic investment contracts (“SICs”), and/or shares of Vanguard Federal Money Market Fund. Funding agreements and SICs are interest-bearing contracts that are structured to preserve principal and accumulate interest earnings over the life of the investment. Funding agreements generally pay interest at a fixed interest rate and have fixed maturity dates that normally range from 2 to 5 years. SICs pay a variable interest rate and have an average duration range between 2 and 5 years. Investments in either new funding agreements or SICs are based upon available liquidity in the Portfolio, and the competitiveness of offered yields, based on market conditions and trends. The Short-Term Reserves Account may also invest as little as 5% to 25% of its assets in shares of Vanguard Federal Money Market Fund to meet normal liquidity needs, to as much as all or a large portion of its assets in this fund if sufficient investments cannot be obtained from issuers meeting the minimum credit standards and contract terms.

Vanguard Federal Money Market Fund invests in high-quality, short-term money market instruments. Under normal circumstances, at least 80% of the Fund's assets are invested in securities issued by the U.S. government and its agencies and instrumentalities, including repurchase agreements that are collateralized solely by U.S. government securities or cash. Although these securities are high quality, some of the securities held by the Fund are neither guaranteed by the U.S. Treasury nor supported by the full faith and credit of the U.S. government. To be considered high-quality, a security must be determined by Vanguard to present minimal credit risk based in part on a consideration of maturity, portfolio diversification, portfolio liquidity, and credit quality.

Vanguard Federal Money Market Fund maintains a dollar-weighted average maturity of 60 days or less and a dollar-weighted average life of 120 days or less. The performance of the Interest Accumulation Portfolio will reflect the blended earnings of the funding agreements, SICs, and Vanguard Federal Money Market Fund shares held by the Portfolio, minus the Portfolio's expenses, including the benefit responsive charge paid to the issuers of SICs and separate account funding agreements. The benefit responsive charges range from 0.20% to 0.30%. The Portfolio's target duration is expected to range between 1.5 and 3.5 years. The Portfolio's target duration has a longer average maturity than most money market funds, which should result in higher yields when interest rates are stable or declining. However, because only a portion of the Portfolio's investment matures each year, its yield will change more slowly than that of a money market fund. As a result, when interest rates are rising, the Portfolio's yield may fall below money market funds' yields for an extended time period.

Note: Vanguard Short-Term Reserves Account's investment in Vanguard Federal Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of the investment at $1 per share, it is possible that Vanguard Short- Term Reserves Account may lose money by investing in the Fund.

Investment Risks

The Portfolio is subject to **income risk**, **manager risk,** and **credit risk**.

Savings Portfolio Option Profile

Sallie Mae High Yield Savings Account

Investment Objective

The Portfolio seeks income consistent with the preservation of principal.

Investment Strategy

The Portfolio invests 100% of its assets in the Sallie Mae HYSA:

The Sallie Mae HYSA is an omnibus savings account at Sallie Mae Bank that is insured by the FDIC and held in trust by the Committee.

Investments in the Portfolio earn a varying rate of interest. Interest on the Sallie Mae HYSA will be compounded daily based on the actual number of days in a year (typically, 365/365 and 366/366 in leap years) and will be credited to the HYSA on a monthly basis. The interest rate is expressed as an Annual Percentage Yield ("APY"). The APY of the Sallie Mae HYSA will be reviewed by Sallie Mae Bank on a periodic basis and may be recalculated as needed at any time. To see the current APY of the Savings Portfolio Option, please visit **www.brighterfuturedirect529.com** or call **1-800-587-7301**.

Investments in the Savings Portfolio are pooled into the FDIC- insured omnibus savings account held in trust by the Committee at Sallie Mae Bank. Subject to FDIC rules and regulations and their application to each account by Sallie Mae Bank, funds in the Savings Portfolio will retain their value as described below under "FDIC Insurance."

FDIC Insurance. Except for the Savings Portfolio Option, investments in the Plan are ***not*** insured by the FDIC.

FDIC Insurance is provided for the Savings Portfolio Option only, which invests in an FDIC-insured omnibus savings account held in trust by the Committee at Sallie Mae Bank. Contributions to and earnings on the investments in the Savings Portfolio Option are insured by the FDIC on a pass-through basis to each Account Owner up to $250,000, the maximum amount set by federal law. The amount of FDIC insurance provided to an Account Owner is based on the total of (a) the value of an Account Owner's investment in the Savings Portfolio Option and (b) the value of all other accounts held by the Account Owner at Sallie Mae Bank, as determined by Sallie Mae Bank and FDIC regulations. Plan Officials are not responsible for determining how an Account Owner's investment in the Savings Portfolio Option will be aggregated with other accounts held by the Account Owner at Sallie Mae Bank for purposes of the FDIC insurance.

No Other Guarantees. There is no other insurance and there are no other guarantees for the Savings Portfolio Option. Therefore, like all of the Portfolios, neither your Contributions into the Savings Portfolio Option nor any investment return earned on your Contributions are guaranteed by Plan Officials. In addition, the Savings Portfolio Option does not provide a guarantee of any level of performance or return.

Investment Risks

To the extent that FDIC insurance applies, the Savings Portfolio Option is primarily subject to **income risk**.

Underlying Investment Fund Summaries

Each Target Enrollment Portfolio Option or Custom Portfolio Option invests in one or more Underlying Investments, which are mutual funds or other investments managed by Vanguard. The Underlying Investments include Vanguard Institutional Total Stock Market Index Fund, Vanguard Total International Stock Index Fund, Vanguard Total International Bond Index Fund, Vanguard Total Bond Market II Index Fund, Vanguard Short-Term Inflation-Protected Securities Index Fund, Vanguard Short-Term Reserves Account, and Vanguard Federal Money Market Fund. This section provides an overview of these funds' objectives, strategies, and risks other than for the Vanguard Short-Term Reserves Account, which can be found above in the Portfolio Profile for the Interest Accumulation Portfolio. Please see **"Explanation of the Risk Factors of the Portfolios and the Underlying Investments"** section below for a more complete description of the risks identified in each fund summary below. Please note that you cannot invest directly in a Vanguard mutual fund through the Plan, nor will you own shares of these mutual funds through your investment in the Plan.

Vanguard Federal Money Market Fund

Investment Objective

The Fund seeks to provide current income while maintaining liquidity and a stable share price of $1.

Investment Strategy

Vanguard Federal Money Market Fund invests primarily in high-quality, short-term money market instruments. Under normal circumstances, at least 80% of the Fund's assets are invested in securities issued by the U.S. government and its agencies and instrumentalities, including repurchase agreements that are collateralized solely by U.S. government securities or cash. Although these securities are high-quality, some of the securities held by the Fund are neither guaranteed by the U.S. Treasury nor supported by the full faith and credit of the U.S. government. To be considered high-quality, a security must be determined by Vanguard to present minimal credit risk based in part on a consideration of maturity, portfolio diversification, portfolio liquidity, and credit quality. The Fund maintains a dollar-weighted average maturity of 60 days or less and a dollar-weighted average life of 120 days or less.

Government money market funds are required to invest at least 99.5% of their total assets in cash, U.S. government securities, and/or repurchase agreements that are collateralized solely by U.S. government securities or cash (collectively, government securities). The Fund generally invests 100% of its assets in U.S. government securities and therefore satisfies the 99.5% requirement for designation as a government money market fund.

Investment Risks

The Fund is subject to **income risk, manager risk**, and **credit risk**.

Vanguard Institutional Total Stock Market Index Fund

Investment Objective

The fund seeks to track the performance of a benchmark index that measures the investment return of the overall stock market.

Investment Strategy

Vanguard Institutional Total Stock Market Index Fund employs an indexing investment approach designed to track the performance of the CRSP US Total Market Index, which represents approximately 100% of the investable U.S. stock market and includes large-, mid-, small-, and micro-cap stocks regularly traded on the New York Stock Exchange and Nasdaq. The Fund invests by sampling the Index, meaning that it holds a broadly diversified collection of securities that, in the aggregate, approximates the full Index in terms of key characteristics. These key characteristics include industry weightings and market capitalization, as well as certain financial measures, such as price/ earnings ratio and dividend yield.

Investment Risks

The fund is subject to **stock market risk** and **index sampling risk**.

Vanguard Total International Stock Index Fund

Investment Objective

The Fund seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in developed and emerging markets, excluding the United States.

Investment Strategy

The Fund employs an indexing investment approach designed to track the performance of the FTSE Global All Cap ex US Index, a float-adjusted market-capitalization- weighted index designed to measure equity market performance of companies located in developed and emerging markets, excluding United States. The Index includes approximately 7,718 stocks of companies located in 48 markets. As of October 31, 2022, the largest markets covered in the Index were Japan, the United Kingdom, Canada, China, France, and Switzerland (which made up approximately 15.4%, 10.1%, 8.1%, 7.1%, 6.5%, and 6%, respectively, of the Index's market capitalization). The Fund invests all, or substantially all, of its assets in the common stocks included in its target index.

Investment Risks

The fund is subject to **stock market risk, investment style risk, country/ regional risk, currency risk**, **emerging markets risk,** and **index replicating risk**.

Vanguard Total International Bond Index Fund

Investment Objective

Vanguard Total International Bond Index Fund seeks to track the performance of a benchmark index that measures the investment return of non-U.S. dollar denominated investment-grade bonds.

Investment Strategy

Vanguard Total International Bond Index 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). 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 sponsor would reallocate the excess to bonds of other issuers represented in the Index. The Index methodology is not designed to satisfy the diversification requirements of the Investment Company Act of 1940. 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.

Investment Risks

The Fund is subject to **interest rate risk, income risk, credit risk, call risk, country/regional risk, nondiversification risk, currency and currency hedging risk**, **index sampling risk, and derivatives risk**.

Vanguard Total Bond Market II Index Fund

Investment Objective

The fund seeks to track the performance of a broad, market-weighted bond index.

Investment Strategy

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

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

Investment Risks

The fund is subject to **interest rate risk, income risk, credit risk, call risk** and **index sampling risk**.

Vanguard Short-Term Inflation-Protected Securities Index Fund

Investment Objective

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

Investment Strategy

Vanguard Short-Term Inflation-Protected Securities Index Fund employs an indexing investment approach designed to track the performance of the Bloomberg U.S. Treasury Inflation-Protected Securities (TIPS) 0-5 Year Index. The Index is a market-capitalization-weighted index that includes all inflation-protected public obligations issued by the U.S. Treasury with remaining maturities of less than five years. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the securities that make up the Index, holding each security in approximately the same proportion as its weighting in the Index. The Fund maintains a dollar- weighted average maturity consistent with that of the target index. As of September 30, 2022, the dollar-weighted average maturity of the Index was 2.5 years.

Investment Risks

The Fund is subject to **income fluctuation risk and real interest rate risk**.

Changes to the Target Indexes of the Underlying Investments

All of the Underlying Investments, except Vanguard Federal Money Market Fund, are index funds. Each index fund reserves the right to substitute a different index for the index it currently tracks if the current index is discontinued, if the index fund's agreement with the sponsor of its target index is terminated, or for any other reason determined in good faith by the index fund's board of trustees. In any such instance, a substitute index would measure the same general market segment as the current index.

Requesting Additional Information About the Underlying Investments

Additional information about the investment strategies and risks of each Underlying Investment is available in its current prospectus and statement of additional information, except for Vanguard Short-Term Reserves Account. You can request a copy of the current prospectus, statement of additional information or the most recent semiannual or annual report of any Underlying Investment by visiting Vanguard's website at www.vanguard.com or by calling 1-866-734-4530. Information concerning the Underlying Investments in which the Portfolios invest can be found in "Underlying Investment Fund Summaries" in this section. Vanguard Short-Term Reserves Account is not a mutual fund. Therefore, there is no prospectus or statement of additional information available. However, information about Vanguard Short-Term Reserves Account can be found earlier in this section under Custom Portfolio Options Profiles—Interest Accumulation Portfolio.

EXPLANATION OF THE RISK FACTORS OF THE PORTFOLIOS AND THE UNDERLYING INVESTMENTS

Call Risk. This is the risk that during periods of falling interest rates, issuers of callable bonds may call (redeem) securities with higher coupons or interest rates before their maturity dates. The Underlying Investment 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 Underlying Investment's income. For mortgage-backed securities, this risk is known as prepayment risk.

Country/Regional Risk. This is the risk 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 an Underlying Investment may invest a large portion of its assets in securities of companies located in any one country or region, including emerging markets, its performance may be hurt disproportionately by the poor performance of its investments in that area. Country/regional risk is especially high in emerging markets.

Credit Risk. This is the risk that an issuer of a security owned by an Underlying Investment will fail to pay interest and principle in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that security to decline.

Currency and Currency Hedging Risk. Vanguard Total International Bond Index 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 3 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 may involve risks different from, and possibly greater than, those of investments directly in the underlying securities or assets.

Currency Risk. This is the risk that the value of a foreign investment, measured in U.S. dollars will decrease because unfavorable changes in currency exchange rates.

Derivatives Risk. The Vanguard Total International Bond Index Fund may invest, to a limited extent, in derivatives. Generally speaking, a derivative is a financial contract the value of which is based on the value of a financial asset (such as a stock, bond, or currency), a physical asset (such as gold, oil, or wheat), a market index (such as the S&P 500 Index), or a reference rate (such as LIBOR). The Vanguard Total International Bond Index Fund will not use derivatives for speculation or for the purpose of leveraging (magnifying) investment returns. The Vanguard Total International Bond Index Fund is the only underlying mutual fund in this Program Description subject to derivatives risk as a principal risk.

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

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

Income Fluctuation Risk. This is the risk that an Underlying Investment's quarterly income distributions are likely to fluctuate considerably more that the income distributions of a typical bond fund.

Income Risk. This is the risk that the Underlying Investment's income will decline because of falling interest rates. Income risk is generally higher for short-term bond funds and lower for long-term bond funds. For the Savings Portfolio, the risk is that the return of the underlying FDIC-insured HYSA will vary from week to week because of changing interest rate and that the return of the HYSA will decline because of falling interest rates.

Index Sampling Risk. This is the risk that the securities selected for an Underlying Investment using the sampling method of indexing will not, in the aggregate, provide investment performance matching that of the Underlying Investment's target index.

Index Replicating Risk. This is the risk that the Fund may be prevented from holding one or more securities in the same proportion as in its target index.

Interest Rate Risk. This is the risk that the bond prices overall will decline because of rising interest rates. Interest rate risk is high for long-term bond funds, moderate for intermediate-term bond funds, and low for short-term bond funds.

Investment Style Risk. This is risk that returns from non-U.S. small- and mid-capitalization stocks will trail returns from global stock markets. Historically, non- U.S. small- and mid-cap stocks have been more volatile in price than the large-cap stocks that dominate the global markets, and they often perform quite differently.

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

Manager Risk. This is the risk that poor security selection or focus on securities in a particular sector, category, or group of companies will cause an Underlying Investment to underperform relevant benchmarks or other funds with a similar investment objective.

Nondiversification Risk. This is the risk that Vanguard Total International Bond Index Fund's performance may be hurt disproportionately by the poor performance of bonds issued by just a few or even a single issuer. The Fund is considered nondiversified, which means that it may invest a significant percentage of its assets in bonds issued by a small number of issuers.

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

Real Interest Rate Risk. This is the chance that the value of a bond will fluctuate because of a change in the level of real, or after inflation, interest rates. Although inflation-indexed bonds seek to provide inflation protection, their prices may decline when real interest rates rise and vice versa.

Stock Market Risk. This is the risk that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. An Underlying Investment's target index may, at times, become focused in stocks of a particular sector, category, or group of companies.

HISTORICAL INVESTMENT PERFORMANCE

The following table presents the Average Annual Total Returns for each Portfolio. The Plan's fiscal year runs from July 1 to June 30, which also is the Program's fiscal year. The following Average Annual Total Returns reflect past performance net of the Annual-Based Plan Fee, but do not reflect the deduction of the $20 annual account maintenance fee. **The Portfolio performance information represents past performance and is no guarantee of future results. Investment returns and principal value will fluctuate, so investors' Trust Interests, when sold, may be worth more or less than their original cost. For performance data current to the most recent month-end, which may be higher or lower than that cited, visit the Plan's website at brighterfuturedirect529.com**.

Performance information for the Portfolios should not be viewed as a prediction of future performance of any particular Portfolio. Moreover, in view of anticipated periodic revisions of allocations and possible changes in the underlying mutual funds and other Underlying Investments, the future investment results of any Portfolio cannot be expected, for any period, to be similar to the past performance of any underlying mutual fund or group of mutual funds or other Underlying Investments. Updated Portfolio performance information is available online at **brighterfuturedirect529.com** or from the Program Manager by calling 1-800-587-7301.

AVERAGE ANNUAL TOTAL RETURNS AS OF SEPTEMBER 30, 2023						
NAME	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION	INCEPTION DATE
Aggressive Growth Portfolio	20.00%	6.70%	6.10%	7.94%	6.79%	2/25/2005
Growth Portfolio	15.05%	3.76%	4.68%	6.27%	6.10%	2/25/2005
Moderate Growth Portfolio	10.10%	0.78%	3.13%	4.49%	4.82%	2/25/2005
Conservative Growth Portfolio	5.27%	-2.31%	1.39%	2.59%	3.39%	2/25/2005
Income Portfolio	1.69%	-2.36%	0.62%	0.85%	1.98%	2/25/2005
Interest Accumulation Portfolio	2.87%	1.67%	1.76%	--	1.51%	8/26/2016
Target Enrollment 2040/2041 Portfolio	18.84%	--	--	--	10.00%	9/16/2022
Target Enrollment 2038/2039 Portfolio	18.30%	--	--	--	9.52%	9/16/2022
Target Enrollment 2036/2037 Portfolio	16.83%	--	--	--	8.65%	9/16/2022
Target Enrollment 2034/2035 Portfolio	14.48%	--	--	--	7.21%	9/16/2022
Target Enrollment 2032/2033 Portfolio	12.06%	--	--	--	5.68%	9/16/2022
Target Enrollment 2030/2031 Portfolio	10.43%	--	--	--	4.62%	9/16/2022
Target Enrollment 2028/2029 Portfolio	8.58%	--	--	--	3.66%	9/16/2022
Target Enrollment 2026/2027 Portfolio	6.31%	--	--	--	2.60%	9/16/2022
Target Enrollment 2024/2025 Portfolio	5.34%	--	--	--	2.50%	9/16/2022
Target Enrollment 2022/2023 Portfolio	4.91%	--	--	--	2.50%	9/16/2022
Target Enrollment 2020/2021 Portfolio	4.37%	--	--	--	2.60%	9/16/2022
Commencement Portfolio	4.26%	--	--	--	2.60%	9/16/2022
Savings Portfolio	3.46%	1.30%	1.34%	0.96%	0.92%	10/15/2012

PART IV. PLAN FEES AND EXPENSES

The Committee, in its sole discretion, will establish fees and expenses as it deems appropriate and may change, or add new, fees and expenses at any time without notice. In the future, Plan expenses and fees could be higher or lower than those discussed below. Expenses reduce the value of an Account.

Account Owners will bear fees and expenses at the Plan level and also bear the cost of investing in the Underlying Investments. At the Plan level, an Account will be subject to certain fees that are charged daily against the assets of each Portfolio, an Annual Account Maintenance Fee and certain transaction fees.

Annual Asset-Based Plan Fee

Each Plan Portfolio has an Annual Asset-Based Fee of 0.53% except for the Savings Portfolio, which has an Annual Asset-Based Fee of 0.39%. The Annual Asset-Based Fee consists of the Underlying Fund Expenses, the State Administration Fee and the Plan Management Fee, which are charged daily against the assets in each Portfolio. These fees and expenses reduce the return the Account Owner will receive from an investment in the Plan.

- **Investment Services Fee.** Each Account in each Portfolio will indirectly bear its pro rata share of certain expenses of the portfolio (“Investment Services Fee”), which are 0.14% per year, except for the Savings Portfolio, which is 0.00%. The Investment Services Fee, which is paid to Vanguard, includes the annual operating expenses associated with each Portfolio’s underlying investments in the Underlying Investments (“Underlying Investment Expenses”). Underlying Investment Expenses include the Underlying Investments’ investment advisory fees, administrative and other expenses.
- **State Administration Fee.** The Committee receives an annual fee equal to 0.07% for administering the Plan. The fee may be used to pay the fees of independent public accountants for conducting annual audits, legal fees and other fees and expenses at the discretion of the Committee. This fee is accrued daily and is factored into the Portfolio’s Unit value.
- **Plan Management Fee.** The Program Manager receives an annual fee equal to 0.32% for providing program management and administrative services for the Plan.

Annual Account Maintenance Fee (Waived for Arkansas Residents)

A $20 Account Maintenance Fee will be charged annually during the month in which the anniversary date of the opening of the Account occurs, beginning approximately 12 months after an Account is opened. If you joined the Plan prior to February 28, 2005 (the date the Plan converted from the previous program manager) your anniversary date is February. If an Account Owner makes a full withdrawal from the Account prior to that anniversary date in a given year, a prorated Annual Account Maintenance Fee may be charged against the amount of the withdrawal. The Annual Account Maintenance Fee is waived if (i) either the Account Owner or the Designated Beneficiary on an Account is a resident of Arkansas and (ii) for Aspiring Scholarship Matching Grant accounts (See **Part VI. Information About the Plan and Programs - Aspiring Scholars Matching Grant Program**).

Annual Asset-Based Plan Fee and Annual Account Maintenance Fee

INVESTMENT OPTIONS	**ANNUAL ASSET-BASED FEE***				**ADDITIONAL INVESTOR EXPENSES**
	INVESTMENT SERVICES FEE*	**STATE ADMIN FEE****	**PLAN MANAGEMENT FEE**	**ANNUAL ASSET- BASED PLAN FEE** (including Investment Services Fee, State Administration Fee, and Plan Management Fee)***	**ANNUAL ACCOUNT MAINTENANCE FEE** (waived for Arkansas residents)
All Portfolios	0.14%	0.07%	0.32%	0.53%	$20
Savings Portfolio	0.0%	0.07%	0.32%	0.39%	$20

* Except for the Savings Portfolio, the Underlying Investment Expenses, as of October 1, 2023, inclusive of all Underlying Investment Expenses which are paid to Vanguard. The Vanguard Short-Term Reserves Account is the Fund underlying the Interest Accumulation Portfolio and a portion of the Income Portfolio. The Vanguard Short Term Reserves Account provides additional protection (e.g., synthetic wrap contracts, separate account expenses, etc.) on a portion of its assets in exchange for an additional fee. The additional fee on that portion of assets ranges from 0.12% to 0.17%. For more information on the Vanguard Short-Term Reserves Account, see the Interest Accumulation Portfolio description on page 32 of the Program Description. The Investment Services Fee may increase or decrease over time.
** The State Administration Fee is used for expenses related to the administration of the Plan.
*** This total is assessed against assets over the course of the year and does not include the $20 Annual Account Maintenance Fee. The “Examples of Investment Costs” tables below show he approximate cost of investing in each of the Plan’s Portfolios over 1-, 3-, 5- and 10 year periods and the effect of paying the $20 Annual Account Maintenance Fee.

Other Charges

The Plan reserves the right to charge an Account in any circumstance in which the Plan incurs expenses on behalf of your Account (e.g., when a check, recurring contribution, or EFT is returned unpaid by the financial institution upon which it is drawn). In particular, if you request delivery of distribution proceeds by priority delivery service, outgoing wire or, if available, electronic payment to schools, the Plan will deduct the applicable fee listed in the below chart directly from your Account. Please consult your tax advisor regarding calculating and reporting any tax liability associated with the payment of any of these fees out of your Account in a year.

TRANSACTION	FEE AMOUNT*
Returned Check	$30
Rejected Recurring Contribution	$30
Rejected EBT	$30
Priority Delivery	$15 weekday
Electronic Payment to School (where available)	$10
Outgoing Wires	$5
Reissue of Disbursement Checks	$15
Request for Historical Statement	$10 per yearly statement $30 maximum per household
Rollover from the Plan	$20

* Subject to change without prior notice.

Float Income

The Program Manager may receive indirect compensation for the custodial services that it provides to your Account. This compensation, known as “float” income, is paid by the financial organization at which the Program Manager maintains “clearing accounts” or by the investments in which the Program Manager invests in such clearing accounts. Float income may arise from interest that is earned on Account contributions or distributions during the time that these assets are held by the Program Manager in clearing accounts but are not invested in an Investment Option. For example, if you request a distribution and receive the distribution check but do not cash it for several days, some interest may be earned while your funds remain in the clearing account.

These clearing accounts generally earn interest at a rate between the money market rate and that of U.S. Treasury Notes. The interest paid on each of these transactions is typically small, and it is likely to represent a minor portion of the overall compensation received by the Program Manager. By maintaining an Account, you acknowledge that float income may be retained by the Program Manager.

Penalties for Account Owner Misrepresentations

The Plan reserves the right to terminate an Account and to charge a penalty of up to fifteen percent (15%) on the investment earnings of the Account in the event that an Account Owner makes any material misrepresentations in any oral or written communication with the Committee or the Program Manager. Other civil and criminal penalties may apply for fraudulent misrepresentations.

Examples of Investment Costs

The following four examples are provided to help you compare the approximate cost of investing in the Portfolios over different time periods. Your actual cost may be higher or lower. The examples are based on the following assumptions:

- a $10,000 investment for the time periods shown;

- a five percent (5%) annually compounded rate of return on the amount invested throughout the period;
- all Units are redeemed at the end of the period shown for Qualified Expenses (the examples do not consider the impact of any potential state or federal taxes on the redemption); and
- the total Annual Asset-Based Fee remains the same as that shown above.

Approximate Cost of a $10,000 Investment

Example #1: does not include the $20 Annual Account Maintenance Fee that is waived for Accounts where the Account Owner or Designated Beneficiary are residents of Arkansas.

1 YEAR	3 YEARS	5 YEARS	10 YEARS
$54	$170	$295	$659

Example #2: Including the $20.00 Annual Non-Resident Account Maintenance Fee

1 YEAR	3 YEARS	5 YEARS	10 YEARS
$74	$230	$395	$859

Example #3: As relating to the savings portfolio - Excluding the $20.00 Annual Non-Resident Account Maintenance Fee

1 YEAR	3 YEARS	5 YEARS	10 YEARS
$40	$125	$219	$493

Example #4: As relating to the savings portfolio - Including the $20.00 Annual Non-Resident Account Maintenance Fee

1 YEAR	3 YEARS	5 YEARS	10 YEARS
$60	$185	$318	$689

PART V. RISKS OF INVESTING IN THE PLAN

Investing in the Plan involves certain risks, including the possibility that you may lose money over short or even long periods of time. In addition to the investment risks of the Portfolios, there are certain risks relating to the Plan generally, as described more fully below. The contents of this Program Description should not be construed as legal, financial or tax advice. Prospective Account Owners should consult an attorney or a qualified financial or tax adviser with any legal, business or tax questions they may have.

Investment Risk

Accounts are subject to a variety of investment risks that will vary depending upon the selected Portfolio and the Underlying Investments of that Portfolio. See **Part III. Plan Investment Options** for a summary of the investment objective and principal risks of each Underlying Investment. Please remember that the information is only a summary of the main risks of each Underlying Investment. This information has been provided by Vanguard. Please consult each Underlying Investment's prospectus and statement of additional information for additional risks that apply to each Underlying Investment. You can request a copy of the current prospectus, statement of additional information, or the most recent semiannual or annual report of any Underlying Investment, except the Savings Portfolio and the Vanguard Short-Term Reserves Account, by visiting Vanguard's website at www.vanguard.com or by calling 1-866-734-4524.

No Guarantee of Principal or Earnings; No Insurance

The value of your Account may increase or decrease over time based on the performance of the Portfolio(s) you select. It is possible that, at any given time, your Account's value may be less than the total amount contributed. Neither the Plan nor any of the Plan Officials makes any guarantee of, or has any legal obligations to ensure, a particular level of investment return.

Except to the extent of FDIC insurance available on the Savings Portfolio, an investment in the Plan is not a bank deposit and it is not insured or guaranteed by the federal government, the FDIC or any other government agency. You could lose all or part of your investment (including your Contributions), depending on market conditions.

Market Uncertainties and Other Events

The overall market value of your Account may exhibit volatility and could be subject to wide fluctuations due to market uncertainties in the event of Force Majeure. All of these factors are beyond the control of the Plan Officials and may cause the value of your Account to decrease (realized or unrealized losses) regardless of our performance or any systematic investing on your part.

Cybersecurity Risk

The Plan is highly dependent upon the computer systems of its service providers and their subcontractors. This makes the Plan susceptible to operational and information security risks resulting from cyber threats and cyber-attacks which may adversely affect your Account and cause it to lose value. For instance, cyber threats and cyber-attacks may interfere with your ability to access your Account, make contributions or exchanges, request and receive distributions; they may also impact the ability to calculate net asset values and/or impede trading. Cybersecurity risks include security or privacy incidents, such as human error, unauthorized release, theft, misuse, corruption, and destruction of Account data maintained online or digitally by the Plan. Cybersecurity risks also include denial of service, viruses, malware, hacking, bugs, security vulnerabilities in software, attacks on technology operations, and other disruptions that could impede the Plan's ability to maintain routine operations. Although the Plan undertakes efforts to protect its computer systems from cyber threats and cyber-attacks, including internal processes and technological defenses that are preventative in nature, and other controls designed to provide a multi-layered security posture, there are no guarantees that the Plan, the Plan Officials, or your Account will avoid losses due to cyber-attacks or cyber threats.

Potential Future Changes to the Plan

The Committee reserves the right to discontinue the Plan or to change any aspect of the Plan. For example, the Committee may change the Plan's fees and expenses; add, subtract, or merge Portfolios; close a Portfolio to new investors; or change the Underlying Investment(s) of a Portfolio. Depending on the nature of the change, Accounts established prior to the change may or may not be subject to the change. Ascensus may not necessarily continue as Program Manager, Vanguard as investment manager and Sallie Mae Bank as the Savings Portfolio Manager, indefinitely.

During the transition from one Underlying Investment to another Underlying Investment, a Portfolio may be temporarily uninvested and lack market exposure to an asset class. During a transition period, a Portfolio may temporarily hold a basket of securities if the original Underlying Investment satisfies the Portfolio's redemption on an in-kind basis as opposed to cash. In this case, the Program Manager will seek to liquidate the securities received from the Underlying Investment as soon as practicable so that the proceeds can be invested in the replacement Underlying Investment. The transaction costs associated with any liquidation, as well as any market impact on the value of the securities being liquidated, will be borne by the Portfolio and Accounts invested in that Portfolio. The original Underlying Investment may also impose redemption fees. In this event, the Portfolio and Accounts invested in that Portfolio will bear those redemption fees.

Limited Investment Direction

An Account Owner or contributor may not direct the Underlying Investments of an Investment Option. The ongoing money management is the responsibility of the Committee, Ascensus, Vanguard and Sallie Mae Bank. The Account Owner may change Investment Options for all or a portion of the assets in the Account Owners' Account for any reason up to two times during each calendar year.

Limited Liquidity

Account Owners should consider that you may only withdraw money from the Plan on a tax-free and penalty free basis for Qualified Expenses.

Change in Status of Federal and State Law and Regulations Governing the Plan

Federal and state law and regulations governing the administration of 529 Plans may change in the future. In addition, federal and state laws on related matters, such as the funding of education expenses, treatment of financial aid and tax laws and rules are subject to frequent change. It is unknown what effect, if any, these kinds of changes could have on an Account.

No Indemnification

Neither the Plan nor the State, the Committee, Vanguard, Sallie Mae, Ascensus nor any other person will indemnify any Account Owner or Designated Beneficiary against losses or other claims arising from the official or unofficial acts, negligent or otherwise, of Committee members or State employees.

Financial Aid

In making decisions about eligibility for financial aid programs offered by the U.S. government and the amount of such aid required, the U.S. Department of Education takes into consideration a variety of factors. The U.S. Department of Education is in the process of revising certain criteria, processes, and procedures it uses for financial aid. You may want to consult with a financial aid advisor or with the financial aid office at a particular school, to discuss how the applicable financial aid rules and methodology apply to your specific circumstances.

For state financial aid educational institutions and non-federal sources, the treatment of Account assets may differ from the treatment for federal financial aid purposes. Arkansas offers a variety of financial aid programs through the Arkansas Division of Higher Education to help offset the cost of college in Arkansas. Account Owners and Designated Beneficiaries are advised to consult a financial aid professional and/or the state or educational institution offering a particular financial aid program, to determine how assets held in an Account may affect eligibility for financial aid.

No Guarantee That Investments Will Cover Education- Related Expenses

There is no guarantee that the money in your Account will be sufficient to cover all of a Designated Beneficiary's education related expenses, even if Contributions are made in the maximum allowable amount for the Designated Beneficiary. The future rate of increase in education expenses is uncertain and could exceed the rate of investment return earned by any or all of the Portfolios over any relevant period of time.

Suitability and Education Savings Alternatives

Neither the State, the Committee, the Plan, Vanguard, Sallie Mae Bank, the Program Manager, its affiliates or subcontractors, makes any representation regarding the suitability or appropriateness of the Portfolios as an investment. Other types of investments may be more appropriate depending upon an individual's financial status, tax situation, risk tolerance, age, investment goals, savings needs and investment time horizons of the account owner or the beneficiary. Anyone considering investing in the Plan should consult a tax or investment adviser to seek advice concerning the appropriateness of this investment.

There are programs and Investment Options other than the Plan available as education investment alternatives. They may entail tax and other fee or expense consequences and features different from the Plan including, for example, different investments and different levels of Account Owner control. Anyone considering investing in the Plan may wish to consider these alternatives prior to opening an Account.

Medicaid and Other Federal and State Benefits

The effect of an Account on eligibility for Medicaid or other state and federal benefits is uncertain. It is possible that an Account in the Plan will be viewed as a "countable resource" in determining an individual's financial eligibility for Medicaid. Withdrawals from an Account during certain periods may also have the effect of delaying the disbursement of Medicaid payments. You should consult a qualified adviser to determine how a 529 Plan account may affect eligibility for Medicaid or other federal or state benefits.

No Guarantee of Admittance

Participation in the Plan does not guarantee or otherwise provide a commitment that the Designated Beneficiary will be admitted to, allowed to continue to attend or receive a degree from any educational institution. Participation in the Plan also does not guarantee that a Designated Beneficiary will be treated as a state resident of any state for tuition or any other purpose.

Differences between Performance of Portfolios and Underlying Investments

The performance of the Portfolios will differ from the performance of the Underlying Investments. This is due primarily to differences in expense ratios and differences in the Trade Dates of Portfolio purchases. Because the Portfolios and Underlying Investments have different expense ratios, over comparable periods of time, all other things being equal, there will also be performance differences between the Portfolios and the Underlying Investments. However, the Underlying Investments do not offer the same tax advantages as the Portfolios. Performance differences are also caused by differences in the Trade Dates of Portfolio purchases. When an Account Owner invests money in a Portfolio, you will receive Units of the selected Portfolio as of the Trade Date (See **Part VII. Transacting Business with the Plan – Contributions**). The Trust will use your money to purchase Underlying Investments to be held in the Portfolio you selected. However, the Trade Date for the Trust's purchase of the Underlying Investment typically will be one (1) business day after the Trade Date for your purchase of Units of the selected Portfolio. Depending on the amount of cash flow into or out of the Portfolio and whether the Underlying Investment is going up or down in value, this timing difference will cause the Portfolio's performance either to trail or exceed the Underlying Investments' performance.

Inflation and Qualified Expenses

Amounts contributed to an Account are limited by applicable law, and the balance in an Account(s) maintained for a Designated Beneficiary may or may not be adequate to cover the Qualified Expenses of that Designated Beneficiary, even if Contributions are made up to the Maximum Contribution Limit. The rate of future inflation in Qualified Expenses is uncertain and could exceed the rate of investment return earned by any or all of the Plan's Investment Options over the corresponding periods.

PART VI. INFORMATION ABOUT THE PLAN, ASPIRING SCHOLARS MATCHING GRANT PROGRAM, EMPLOYER MATCH PROGRAM, AND UPROMISE SERVICE

The Plan

The Plan is administered by the Committee and is authorized by the Act. The Plan, established as an investment vehicle for saving for higher education expenses, is designed to qualify for treatment as a "qualified tuition program" under Section 529. The Act authorized the creation of the Trust to hold all of the assets of the Plan. Ascensus provides management, administration, recordkeeping, and transfer agency services for the Plan. Upromise offers the Upromise Service (described below under the "Upromise Service" section). Vanguard provides investment management for the mutual funds held in each Portfolio.

Aspiring Scholars Matching Grant Program

The Aspiring Scholars Matching Grant Program is no longer available to new participants. Account Owners with matching grant accounts may continue to access such funds for Qualified Withdrawals. Once the funds in the matching grant accounts have been used, the matching grant account will be closed. The following terms shall apply to those Account Owners with matching grant accounts.

Funds awarded to an Account Owner through the Aspiring Scholars Matching Grant Program are held in a separate matching grant account and invested in accordance with the allocation instructions on file for the Account Owner's Plan Account. The matching grant account is linked to the Account Owner's Plan Account and governed by the terms and conditions of this Program Description. If the Account Owner dies or transfers his or her Plan Account to another individual, the matching grant account will remain linked to the Plan Account. The Committee shall retain control of the assets in the matching grant account until the Account Owner submits a request in good order for a Qualified Withdrawal. To withdraw assets from a matching grant account, the withdrawal must be a Qualified Withdrawal that is used to pay Qualified Expenses. Under certain circumstances, the matching grant and any earnings may be fully or partially forfeited, and the matching grant account could be closed. These circumstances include:

- Change of Designated Beneficiary and the Account Owner has previously received a matching grant in that calendar year on behalf of the new Designated Beneficiary or the new Designated Beneficiary is not a Member of the Family (See **Part VII. Transacting Business with the Plan - Changing the Designated Beneficiary**);
- The Designated Beneficiary dies or becomes disabled and cannot attend school unless the Account Owner changes the Designated Beneficiary to a Member of the Family (See **Part VII. Transacting Business with the Plan - Changing the Designated Beneficiary**);

The Aspiring Scholars Matching Grant Program is designed so that the grant, together with any earnings used for Qualified Expenses, will not be subject to federal or Arkansas State income tax. It is possible that future changes in law may cause a matching grant to be taxable, or that the Internal Revenue Service may take the position that a matching grant is taxable in the year the grant is awarded or distributed. You should consult your tax advisor for more information. The Account Owner is responsible for determining the effect of the matching grant account on the Account Owner's or the Designated Beneficiary's eligibility for public assistance programs. If any payment for Qualified Expenses from a matching grant account is subsequently refunded to the Account Owner, the Account Owner shall be obligated to return the refund to the matching grant account within sixty (60) days of receipt of such refund.

For more information about the Aspiring Scholars Matching Grant Program, please call **1-800-587-7301**.

Employer Match Program

Arkansas employers can receive a business tax deduction of up to $500 per each employee match into the Plan. To qualify, an Arkansas employer of an employee with an Account may make a matching contribution to the Account of the employee offered as an employee fringe benefit. The maximum contribution amount under this provision is five hundred dollars ($500) per contributing employee per year.

Upromise Service

The Upromise Service allows Account Owners who enroll in the Upromise Service to earn rebates and other cash awards from participating merchants. These rebates and cash awards may be used to make Contributions to an Account under the Plan. The Upromise Service is a separate service from the Plan and is not affiliated with the State or the Program Manager. This Program Description provides information concerning the Plan but is not intended to provide detailed information concerning the Upromise Service. The Upromise Service has its own separate privacy policy which is available on Upromise's website at www.upromise.com.

The Upromise Service is administered in accordance with the terms and procedures set forth in the Upromise Member Agreement (as amended from time to time), also available at www.upromise.com. Participating companies, Contribution levels, and terms and conditions are subject to change at any time without notice. Once Account Owners enroll in the Plan, their Upromise Service account and their Plan Account can be linked so that their rewards dollars are automatically transferred to their Plan Account on a periodic basis, subject to a set minimum amount. For more information about the Upromise Service, please visit www.upromise.com.

PART VII. TRANSACTING BUSINESS WITH THE PLAN

This section includes important information about how to purchase, redeem, and exchange Units of the Portfolio. When you make a purchase, redemption or exchange you do so at the closing price of the Units of the Portfolio on the Trade Date. See Pricing of Portfolios Units below for more information.

Contributions

You may contribute money to the Plan by any of the following methods:

- check
- recurring contribution
- payroll direct deposit
- EFT
- transfer from a Upromise Service account
- third-party checks payable to an Account Owner or Designated Beneficiary and properly endorsed to the Plan, Ugift – Give College Savings; or
- rollover from another 529 Plan account.

The Plan will not accept contributions made by cash, money order, travelers checks, checks drawn on banks located outside the U.S., checks not in U.S. dollars, checks dated over 180 days, post-dated checks, checks with unclear instructions, starter or counter checks, credit card or bank courtesy checks, third-party checks over $10,000, instant loan checks, or any other check the Plan deems unacceptable. No stocks, securities, or other non-cash assets will be accepted as contributions. An Account Owner may allocate each contribution among up to 5 investment options; however, the minimum allocation per selected investment option is 5% of the contribution amount. Subsequent contributions to an Account can be made to different investment options and Portfolio allocation(s) than the selection on the Account Application.

Note: The Plan may deduct money from your Account for any expenses incurred by the Plan on your behalf as a result of any check, recurring contribution, or EFT being returned unpaid by the financial institution upon which it is drawn.

Minimum Contributions. You must contribute at least twenty-five dollars ($25) to open an Account. The minimum amount for subsequent Contributions is ten dollars ($10).

Contributions by Check. Please make all checks payable to the Brighter Future Direct Plan and send them to the following address: Brighter Future Direct Plan, P.O. Box 219376, Kansas City, MO 64121-9376. To be accepted for deposit, third party checks up to ten-thousand dollars ($10,000) must be payable to the Account Owner or the Designated Beneficiary and properly endorsed by the Account Owner or the Designated Beneficiary to the Brighter Future Direct Plan.

Payroll Direct Deposits. You may be eligible to make automatic, periodic Contributions (payroll direct deposit) to your Account, provided your employer has agreed to offer this benefit. The minimum payroll deduction Contribution is an amount equal to $5 per paycheck. Contributions by payroll deduction will only be permitted from employers able to meet the Program Manager's operational and administrative requirements. Please check with your employer to see whether you are eligible to contribute to the Plan through payroll direct deposit. You may set up payroll direct deposit by submitting the appropriate form, which you can get online at **www.brighterfuturedirect529.com** or by calling **1-800-587-7301**.

Recurring Contributions.* Subject to certain processing restrictions, Account Owners may contribute to their Account in the Plan through recurring periodic automatic debits in an amount equal to at least ten dollars ($10) per month or thirty dollars ($30) per quarter from a checking or savings account at your bank, if your bank is a member of the Automated Clearing House. You cannot make automatic contributions from a money market mutual fund or cash management account. There is no charge for establishing or maintaining a recurring contribution. Either you or the Plan may terminate your enrollment in a recurring contribution arrangement at any time.

To establish a recurring contribution during enrollment, complete the appropriate sections of the Enrollment Form. You may establish or make changes to a recurring contribution for an existing Account at any time either online at www.brighterfuturedirect529.com, calling **1-800-587-7301** or by submitting the appropriate form.

Your bank account will be debited on the day you designate, provided the day is a regular business day. If the day you designate falls on a weekend or a holiday, the recurring contribution debit will occur on the next business day. You will receive a Trade Date of one business day prior to the day the bank debit occurs. For example, if the 15th of every month was selected as the debit date and the 15th falls on a business day, then the Trade Date for the transaction will be the 14th. If you indicate a debit date that is within the first four days of the month, there is a chance that your investment will be credited on the last business day of the previous month. Therefore, the 1st through the 4th of the month are not recommended debit dates. Please note that recurring contributions with a debit date of January 1st, 2nd, 3rd or 4th will be credited in the same year as the debit date. The first debit of a recurring contribution must be at least three (3) business days from the receipt of the recurring contribution request. Quarterly investments will be made on the day indicated every three months, not on a calendar quarter basis. If no date is designated, your bank account will be debited on the 20th of the month. (If the 20th is not a business day, the debit will be made on the next business day.)

Authorization to perform a recurring contribution will remain in effect until the Plan has received notification of its termination. To be effective, a change to or termination of a recurring contribution must be received at least five business days before the next recurring contribution debit is scheduled to be deducted from your bank account. The Plan reserves the right to suspend recurring contributions if the bank account on which it is drawn lacks sufficient funds or because of incomplete or inaccurate information, or if the transaction would violate processing restrictions. The Plan reserves the right to suspend processing of future recurring contributions.

*Also known as an automatic investment plan or AIP. *An investment plan of regular investment cannot assure a profit or protect against a loss in a declining market*.

Electronic Funds Transfer. Account Owners may contribute to their Account by giving authorization to make a one-time EFT from their bank checking or savings account subject to certain processing restrictions. Account Owners making an initial Contribution by EFT must make such Contributions in an amount of at least $25, with subsequent EFT Contributions in an amount of at least $10. To authorize an EFT, you must provide certain information about the bank account from which money will be withdrawn (the same information required to establish a recurring contribution). Once you have provided that information, you may make an EFT from the designated bank account to the Plan online at **www.brighterfuturedirect529.com** or by calling **1-800-587-7301**. The Plan does not assess a charge for making an EFT.

The Plan may place a limit on the total dollar amount per day that you may contribute to an Account by EFT. Contributions in excess of such limit will be rejected. If you plan to contribute a large dollar amount to your Account by EFT, you may want to contact a client service representative at 1-800-587-7301 to inquire about the current limit prior to making your Contribution.

EFT purchase requests that are received in good order by the Plan before 10 p.m., Eastern Time, will be given a Trade Date of the next business day after the date of receipt and will be affected at that day's closing price for units of the applicable Portfolio. In such cases, the EFT debit from your bank account will occur on the second business day after the request is received. EFT purchase requests that are received in good order by the Plan after 10 p.m., Eastern Time, will be given a Trade Date of the second business day after the date the request is received, and will receive that day's closing price for units of the applicable Portfolio. In such cases, the EFT debit will occur on the third business day after the request is received. If your EFT Contribution cannot be processed because the bank account on which it is drawn contains insufficient funds or because of incomplete or inaccurate banking instructions, or if the transaction would violate processing restrictions, the Plan reserves the right to suspend processing of future EFT Contributions.

EFTs are processed through the Automated Clearing House. Your bank must be an Automated Clearing House member for you to make a Contribution.

Incoming Rollover Contributions. You can contribute to the Plan with money transferred from another state's 529 Plan. This transaction is known as a "rollover." You may rollover assets from an account in another state's 529 Plan to an Account in the Plan for the same Designated Beneficiary without penalty or federal income tax consequences, provided that 12 months have passed since the last rollover for that Designated Beneficiary. You also may roll over money from an account in another state's 529 Plan to an Account in the Plan at any time without penalty or federal income tax consequences when you change Designated Beneficiaries, provided that the new Designated Beneficiary is a Member of the Family of the former Designated Beneficiary (See **"Changing the Designated Beneficiary"** in this section for a list of the persons eligible). A 529 Plan rollover that does not meet the above criteria will be subject to federal income tax, the Additional 10% Federal Tax and possibly state income tax.

Incoming rollovers can be direct or indirect. Direct rollovers involve the transfer of money from one 529 Plan directly to an Account in the Plan. Indirect rollovers involve the distribution of money from an account in another state's 529 Plan to the Account Owner, then the Account Owner contributes the money to an Account in the Plan. To avoid penalties and federal income tax consequences, money received by an Account Owner in an indirect rollover must be contributed to the Plan within sixty (60) days of the distribution from the source 529 Plan account. Some states may not permit direct rollovers from 529 Plans. In addition, there may be state income tax consequences (for example, recapture of previous state tax deductions) and, in some cases, state-imposed penalties resulting from a rollover out of a state's 529 Plan.

You can rollover assets to the Plan either as an initial Contribution when you open an Account or as an additional Contribution to an existing Account. When making the rollover, you will need to provide the Plan with an accurate account statement or other documentation from the distributing 529 Plan account which reflects in full, both the principal and earnings attributable to the rollover amount(s). Until the Plan receives this documentation, the entire amount of your Contribution will be treated as earnings, which would be subject to taxation in the case of a Non-Qualified Withdrawal.

Ugift. You may invite family and friends to contribute to your Account through Ugift, either in connection with a special event or just to provide a gift to the Account Owner's Designated Beneficiary. You provide a unique contribution code to selected family and friends, and gift givers can either contribute online through an EFT (one-time or recurring) or by mailing in a gift Contribution coupon with a check made payable to Ugift. The minimum Ugift Contribution is ten dollars ($10).

Gift Contributions through Ugift are subject to the Maximum Contribution Limit. Gift Contributions will be held for approximately five (5) business days before being transferred into your Account, then invested according to the standing investment allocation instructions on file for your Account at the time the gift Contribution is transferred. There may be potential tax consequences of gift Contributions invested in your Account. You and the gift giver should consult a tax advisor for more information. Ugift is an optional service, is separate from the Plan, and is not affiliated with the State, the Committee, or the Trust. For more information, please see our website at **www.brighterfuturedirect529.com.**

Contributions From a Coverdell Education Savings Account or Qualified U.S. Savings Bond. You can contribute to the Plan with proceeds from the sale of assets held in a Coverdell Education Savings Account (formerly known as an Education IRA) or a Qualified U.S. Savings Bond (Please visit www.savingsbonds.gov to determine if you are eligible for this exclusion). You will need to provide the Plan with the following documentation:

- For assets from a Coverdell Education Savings Account: An account statement or other documentation from the custodial financial institution showing the total amount contributed and the proportion of the assets that represent earnings.
- For assets obtained by redeeming a Qualified U.S. Savings Bond: An account statement, a Form 1099-INT, or other documentation from the financial institution that redeemed the bond showing how much of the proceeds represented interest and how much represented principal.

Until the Plan receives this documentation, the entire amount of your Contribution will be treated as earnings which would be subject to taxation in the case of a Non-Qualified Withdrawal.

Contributions From UGMA/UTMA Custodial Accounts

An Account Owner who is the custodian of an account established or being opened under UGMA/UTMA may be able to open an Account in his or her custodial capacity, depending on the laws of that state. These types of Accounts involve additional restrictions that do not apply to regular Section 529 accounts. A custodian using previously held UGMA/ UTMA funds to establish an Account must indicate that the Account is custodial by designating it as such in the Account Ownership section of the Account Application. None of the Associated Persons will be liable for any consequences related to a custodian's improper use, transfer, or characterization of custodial funds. An UGMA/UTMA custodian must establish a Plan Account in his or her custodial capacity separate from any accounts he or she may hold in his or her individual capacity in order to contribute UGMA/UTMA assets to the Account.

In general, UGMA/UTMA custodial Accounts are subject to the following additional requirements and restrictions:

- the UGMA/UTMA custodian will be permitted to make withdrawals only in accordance with the rules applicable to withdrawals under UGMA/ UTMA and the Plan;
- the custodian will not be able to change the Designated Beneficiary of the Account (directly or by means of a rollover distribution), except as may be permitted by applicable UGMA/UTMA law;
- the custodian will not be permitted to change the Account Owner to anyone other than a successor custodian during the term of the custodial Account under applicable UGMA/UTMA law;
- the custodian must notify Ascensus when the custodianship terminates and the Designated Beneficiary is legally entitled to take control of the Account. At that time, the Designated Beneficiary will become the Account Owner and will become subject to the provisions of the Plan applicable to non-UGMA/UTMA

Account Owners. Also, custodians or Designated Beneficiaries will need to complete certain forms at that time to document the termination of the custodianship; If the custodian fails to direct the Plan to transfer ownership of the UGMA/UTMA custodian Account when the Designated Beneficiary is legally entitled to take control of the Account assets, the Plan may freeze the Account and/or refuse to allow the custodian to transact on the UGMA/UTMA custodian Account. Some UGMA/UTMA laws allow for more than one age at which the custodianship terminates ("**Age of Termination**"). The Plan may freeze the UGMA/UTMA custodial Account based on the youngest allowable Age of Termination of the custodianship according to the UGMA/UTMA laws where the custodianship account was established, based on the Plan's records. You may be required to provide documentation to the Plan if the Age of Termination of the custodianship account is other than the youngest allowable age under the applicable UMGA/UTMA law or if the applicable UGMA/UTMA law differs from Plan records;

- any tax consequences of a withdrawal from an Account will be imposed on the Designated Beneficiary and not on the custodian; and
- an UGMA/UTMA custodian may be required by the Program Manager to provide documentation evidencing compliance with the applicable UGMA/UTMA law.

In addition, certain tax consequences described herein may not be applicable in the case of Accounts opened by a custodian under UGMA/UTMA. Moreover, because only Contributions made in "cash form" may be used to open an Account in the Plan, any non-cash assets held by an UGMA/UTMA account would need to be previously liquidated. This would generally be a taxable event. Please consult a qualified advisor with respect to the transfer of UGMA/UTMA custodial assets, and the implications of such a transfer.

Contribution Year

For a Contribution to be deductible for a given calendar year for tax purposes, the taxpayer must make the contribution before the end of that calendar year. We will generally treat contributions as having been made in a given year if checks are postmarked on or before December 31 of the applicable year, provided the checks are subsequently paid. With respect to EFT contributions, we will generally treat contributions received by the Plan in a given year as having been made in that year if the EFT request is submitted by 11:59 p.m., Eastern time, on or before December 31 of that year, provided the funds are successfully deducted from your checking or savings account at another financial institution. Contributions made pursuant to a recurring contribution will generally be considered received by us in the same year as the debit date, provided the amount is successfully deducted from your checking or savings account at another financial institution. Recurring contributions with a debit date of January 1st, 2nd, 3rd, or 4th will be credited in the same year as the debit date.

Upromise Service. If you are enrolled in the Upromise Service, you can link your Account so that savings are automatically transferred to your Account on a periodic basis, subject to a minimum transfer amount. However, you cannot use the transfer of funds from a Upromise Service account as the initial funding source for your Account.

The Upromise Service is administered in accordance with the terms and procedures set forth in the Upromise Member Agreement (as amended from time to time), which is available by going to www.upromise.com. Participating companies, Contribution levels and terms and conditions are subject to change at any time without notice. The Upromise Service is an optional service that is separate from the Plan and is not affiliated with the State, the Committee, or the Trust.

Recontribution of Refunds. In the event the Designated Beneficiary receives a refund from an Eligible Educational Institution of funds originally withdrawn from a 529 Plan to pay for Qualified Higher Education Expenses, such funds may be recontributed to an account in a 529 Plan for the same Designated Beneficiary up to the amount of the refund, provided that the recontribution is made within 60 days of the date of the refund. A contribution to an Account that is intended to be a recontribution of a refunded Qualified Higher Education Expense may be submitted to the Plan by a check payable to the Plan and accompanied by instructions which include identifying the contribution as a recontribution of a refunded Qualified Higher Education Expense. For tax purposes, please maintain proper documentation evidencing the refund from the Eligible Educational Institution.

Per a notice issued in 2018, the Treasury Department and the IRS intend to issue proposed regulations providing that recontributed amounts, as described above, will be treated as principal and will not count towards the Maximum Contribution Limit. The notice states that until the proposed regulations are issued, taxpayers and 529 Plans may rely on the rules as described in the notice. However, there is no assurance that the proposed regulations will become the final regulations or that the Treasury Department or IRS will not issue other guidance interpreting Section 529. No guidance has been issued on the treatment of refunds of funds originally withdrawn from a 529 Plan to pay for other types of Qualified Expenses.

Transfers of Assets to Another Designated Beneficiary Within the Plan. You may transfer assets from one Designated Beneficiary's Account to the Account of another Designated Beneficiary within the Plan without imposition of federal income tax or the Additional 10% Federal Tax, if such transfer is made within sixty (60) days of distribution from the originating Account into an Account for a new Designated Beneficiary who is a Member of the Family (See **"Changing the Designated Beneficiary"** in this section) of the former Designated Beneficiary.

Transfers of Assets to the Same Designated Beneficiary Within the Plan. You may transfer assets into an Account from another Account for the benefit of the same Designated Beneficiary. If the funds are transferred directly between Plan Accounts, the transfer will be treated as an Investment Exchange, rather than as a tax-deferred rollover. See **"Changing Investment Options for Current Balances and Future Contributions"** below for more information on changes to Investment Options. If you take a distribution (i.e., receive a withdrawal check from the transferring Account), the withdrawal will be treated as a Non-Qualified Withdrawal subject to federal and applicable state income tax and the Additional 10% Federal Tax.

Changing Investment Options for Current Balances and Future Contributions

You may perform an Investment Exchange within the Plan (i.e., make exchanges or reallocate) up to twice per calendar year. Automatic investment exchanges that occur in the Age-Based Option do not count towards your twice-per-calendar-year exchange limit. If you reallocate your money within the Plan, this will be deemed an Investment Exchange. You may make an Investment Exchange any time you change the Designated Beneficiary on your Account (See **"Changing the Designated Beneficiary"** in this section). The Plan reserves the right to suspend processing of a request to change a Designated Beneficiary if it suspects the request is being made for reasons other than intended by the Plan.

You may change the allocation of future Contributions at any time, either online at www.brighterfuturedirect529.com or by submitting the appropriate form by mail. Please note that changing the allocation of future Contributions will not affect the allocation of assets already in your Account and, likewise changing the allocation of assets already in your Account does not affect the allocation of future Contributions. For example, assume that upon the opening of your Account, you elect to split your Contributions 60% to Option A and 40% to Option B. Then, six months later you decide to reallocate the existing assets in your Account 50% to Option A, 25% to Option B and 25% to Option C and at the same time you decide to allocate 100% of future Contributions to Option D. In this scenario, you may only make one additional reallocation of the existing assets in your Account for the remainder of that calendar year. However, you may continue to change the allocation of future Contributions.

You may exchange existing assets (subject to the twice per calendar year exchange restriction) or change the allocation of future Contributions online, by calling **1-800-587-7301**, or by submitting the appropriate form.

Equity Wash Rule

An Account Owner cannot transfer an Account, or any portion of an Account, directly from the Interest Accumulation Portfolio to an investment option that is considered a competing investment option. Competing investment options include money market funds or other investments that invest primarily or exclusively in money market instruments or certain fixed income investments. The competing investment option in the Plan is the Savings Portfolio.

Before an Account Owner may direct the transfer of an Account, or any portion of an Account, from the Interest Accumulation Portfolio to the Savings Portfolio, (or any other competing Investment option that may later be added to the Plan), the Account Owner must first direct the transfer to an investment option, other than a competing investment option, and wait at least 90 days. After 90 days, the Account Owner may then instruct the Program Manager to transfer the applicable amount to the Savings Portfolio or the competing investment option at the time.

Account Owners should note that moving allocations from the Interest Accumulation Portfolio to a noncompeting investment option for at least 90 days, and then to the desired competing investment option, will each count toward the two times an Account Owner is permitted to direct changes in investment options for an Account within a calendar year.

Withdrawals

You may request a withdrawal online at **www.brighterfuturedirect529.com** or by mailing a Withdrawal Request Form to the Plan. Withdrawals from your Account are either Qualified Withdrawals or Non-Qualified Withdrawals as determined under IRS requirements. As the Account Owner, you are responsible for satisfying the IRS requirements for proof of Qualified Withdrawals, which includes retaining any paperwork and receipts necessary to verify the type of distribution you received. The Plan typically will process the withdrawal and initiate payment of a withdrawal within three (3) business days after the Trade Date (the Trade Date is determined as described in "Pricing of Portfolio Units" in this section), provided that the withdrawal request is in good order. During unusual conditions such as when the NYSE is closed and during emergency circumstances as determined by the SEC or during heavy year-end processing, withdrawal requests may take up to five (5) business days to process. Please allow ten (10) business days to receive the withdrawal. The Plan will not send any money from your Account until all the proceeds from your holdings have been converted to into cash to fulfill your withdrawal request and the availability of the money in your Account has been confirmed. Contributions made by check, recurring contribution, or EFT will not be available for withdrawal for seven (7) business days.

Upon a change to the Account Owner's address, withdrawals will be held for nine (9) business days. Withdrawals will not be available for fifteen (15) calendar days after bank information has been added or edited.

Distributions and Matching Grants

If you were awarded an Aspiring Scholars Matching Grant and have a matching grant account, requests for Qualified Withdrawals will be initially taken from your matching grant account until it has been exhausted and then from your Plan Account. In the event you request a Non-Qualified Withdrawal, the withdrawal will only be taken from your Plan Account and not from your matching grant account.

Qualified and Non-Qualified Withdrawals

There are two types of withdrawals: qualified and non-qualified.

- In a Qualified Withdrawal, the proceeds are used for the Qualified Expenses of your Designated Beneficiary.
- A Non-Qualified Withdrawal is any withdrawal from an Account that is not used for Qualified Expenses

The earnings portion of a Qualified Withdrawal is not subject to federal income tax. The earnings portion of a Non-Qualified Withdrawal is: (a) treated as income to the person who receives it and thus subject to applicable federal and state income taxes and (b) subject to the Additional 10% Federal Tax. Although the Plan will report the earnings portion of all distributions, the Plan does not report whether your withdrawal is a Qualified Withdrawal or a Non-Qualified Withdrawal. It is solely the responsibility of the person receiving the withdrawal to calculate and report any resulting tax liability. You are responsible for preparing and filing the appropriate forms when completing your federal income tax return and for paying any applicable tax directly to the IRS.

Qualified Expenses

Qualified Expenses include Qualified Higher Education Expenses; K-12 Tuition Expenses; Qualified Student Loan Repayments; and Registered Apprenticeship Expenses.

Qualified Higher Education Expenses

Qualified Higher Education Expenses currently include tuition, fees, and the cost of books, supplies, and equipment required for the enrollment or attendance of a designated beneficiary at an Eligible Educational Institution (including expenses for special needs services in the case of a special needs designated beneficiary which are incurred in connection with such enrollment or attendance), along with certain room and board expenses of a designated beneficiary attending school at least half-time, as allowable under Section 529, and expenses for the purchase of computer or peripheral equipment (as defined in section 168(i)(2)(B) of the Code), computer software (as defined in section 197(e)(3)(B) of the Code), or Internet access and related services, if such equipment, software, or services are to be used primarily by the designated beneficiary during any of the years the designated beneficiary is enrolled at an Eligible Educational Institution.

Also currently included as a Qualified Higher Education Expense is an amount for the room and board that the designated beneficiary may incur while attending an institution at least half-time. The amount of the expense for room and board qualifies only to the extent that it is not more than the greater of; (i) the allowance for room and board as determined by the school, that was included in the cost of attendance (for federal financial aid purposes) for a particular academic period and living arrangement of the student, (ii) the actual amount charged if the student is residing in housing owned or operated by the school. Half-time is defined as half the full-time academic workload for the course of study being pursued as determined under the standards of the Eligible Educational Institution where he or she is enrolled. A designated beneficiary need not be enrolled at least half- time to use a qualified withdrawal to pay for expenses relating to tuition, fees, books, supplies, equipment, special needs services and computer and related equipment, software, and services.

K-12 Tuition Expenses

Qualified Expenses include withdrawals from an account for up to $10,000 per year of tuition in connection with enrollment or attendance at an elementary or secondary public, private or religious school as determined under applicable state law. Expenses in connection with enrollment or attendance at an elementary or secondary public, private or religious school as determined under applicable law, other than tuition, may not be considered a K-12 Tuition Expense. The $10,000 limitation for public, private, or religious schools applies on a per-student basis, rather than a per-account basis. Although an individual may be the Designated Beneficiary of multiple accounts that individual may receive a maximum of $10,000 in distributions free of federal tax per taxable year, regardless of whether the funds are distributed from multiple accounts. It is the Account Owner's responsibility to ensure that withdrawals for K-12 Tuition Expenses do not exceed the aggregate annual limit for a Designated Beneficiary.

Qualified Student Loan Repayments

Qualified Expenses also include withdrawals from an account for up to $10,000 in total, for amounts paid as principal or interest on any Qualified Education Loan (as defined in Section 221(d) of the Code) of the Designated Beneficiary or a Sibling of the Designated Beneficiary. The $10,000 aggregate limitation on Qualified Education Loan Repayments applies on a per-student basis regardless of whether the funds are distributed from multiple accounts.

Registered Apprenticeship Expenses

Qualified Higher Education Expenses also include withdrawals for fees, books, supplies and equipment required for the participation of a Designated Beneficiary in an apprenticeship program registered and certified with the Secretary of Labor under Section 1 of the National Apprenticeship Act.

Eligible Educational Institutions

Eligible Educational Institutions include accredited postsecondary educational institutions in the United States or abroad offering credit toward an associate's degree, a bachelor's degree, a graduate-level or professional degree, or another recognized postsecondary credential, and certain postsecondary vocational and proprietary institutions. To be an Eligible Educational Institution for purposes of Section 529, an institution must be eligible to participate in U.S. Department of Education student financial aid programs. For additional information, please visit www.fafsa.ed.gov

Non-Qualified Withdrawals Exempt From the Additional 10% Federal Tax

- **Death of the Designated Beneficiary**

  If the Designated Beneficiary dies, you may select a new Designated Beneficiary or authorize a payment to a beneficiary of the Designated Beneficiary or the estate of the Designated Beneficiary. A payment to a beneficiary of the Designated Beneficiary or the estate of the Designated Beneficiary will not be subject to the Additional 10% Federal Tax, but earnings will be subject to any applicable federal and state income taxes at the recipient's (the party receiving the distribution) tax rate. If you select a new Designated Beneficiary who is a Member of the Family of the former Designated Beneficiary (See **"Changing the Designated Beneficiary"** in this section), you will not owe federal income tax or the Additional 10% Federal Tax.

- **Disability of the Designated Beneficiary**

  If the Designated Beneficiary becomes disabled, you may change the Designated Beneficiary or withdraw all or a portion of the Account balance. A withdrawal because of the disability of the Designated Beneficiary will not be subject to the Additional 10% Federal Tax, but earnings will be subject to any applicable federal and state income taxes at the recipient's (the party receiving the withdrawal) tax rate. If you change the Designated Beneficiary to an individual who is a Member of the Family of the former Designated Beneficiary (See "Changing the Designated Beneficiary" in this section), you will not owe federal income tax or a penalty on withdrawals.

- **Receipt of Scholarship/Attendance of U.S. Military Academy**

  If the Designated Beneficiary receives a qualified scholarship or attends a U.S. Military Academy, you may withdraw money from the Account for non-educational purposes up to the amount of the scholarship or the cost of attendance at a U.S. Military Academy without imposition of the Additional 10% Federal Tax on earnings. A qualified scholarship includes certain educational assistance allowances under federal law as well as certain payments for educational expenses (or attributable to attendance at certain educational institutions) that are exempt from federal income tax. The earnings portion of a withdrawal because of a qualified scholarship or attendance at a U.S. Military Academy is subject to any applicable federal and state income taxes at the recipient's (the party receiving the withdrawal) tax rate.

Rollovers From the Plan to Another 529 Plan

You may make a qualified rollover from your Account to a 529 Plan account for the same Designated Beneficiary once every twelve (12) months without imposition of federal income tax or the Additional 10% Federal Tax on earnings. Additionally, qualified rollovers are permitted for a 529 Plan account with a different Designated Beneficiary provided that the new Designated Beneficiary is a Member of the Family of the Designated Beneficiary on your Account (See **"Changing the Designated Beneficiary"** in this section). The Plan will accept another custodian's rollover request to process a rollover and send a check directly to the 529 Plan custodian, if the request is in good order.

Rollovers From the Plan to an ABLE Program

Effective for periods after December 22, 2017 and prior to January 1, 2026, distributions made from your Account to an ABLE Account will not be subject to income tax or the Additional 10% Federal Tax on earnings if (i) within 60 days of the distribution, the distributed funds are transferred to an ABLE Account for the same Designated Beneficiary on your Account or for a different Designated Beneficiary that is a Member of the Family of the Designated Beneficiary on your Account, and (ii) the sum of the distribution and all other contributions to the ABLE Account for the taxable year do not exceed the annual contribution limits for ABLE Accounts (See **Part VIII. Federal and State Tax Treatment – Federal Gift and Estate Taxes**). To the extent that any such contribution or transfer would cause the ABLE Account to exceed the annual contribution limits for that taxable year, it would be subject to income tax and the Additional 10% Federal Tax on earnings. Contact the ABLE Program before contributing to the ABLE Account to ensure that your rollover contribution will not cause the ABLE Account to exceed the annual gift tax exclusion for the current taxable year. You should consult your tax advisor regarding your individual situation, including whether to rollover to an ABLE account.

Rollovers From the Plan to a Roth IRA

Effective beginning January 1, 2024, pursuant to the SECURE 2.0 Act of 2022 (the "SECURE 2.0 Act") rollovers from a 529 plan account to a Roth IRA are permissible without incurring federal income tax or penalties, subject to the following conditions:

- The 529 plan account must be open for 15 or more years.
- Contributions and associated earnings that you transfer to the Roth IRA must be in the 529 plan account for more than 5 years.
- A lifetime maximum amount of $35,000 per designated beneficiary may be rolled over from 529 plan accounts to Roth IRAs.
- 529 plan assets can only be rolled over into a Roth IRA maintained for the benefit of the designated beneficiary on the 529 plan account.
- 529 plan assets must be sent directly in a trustee-to-trustee transfer to the Roth IRA.
- Roth IRA income limitations are waived for 529 plan rollovers to Roth IRAs.
- The Roth IRA contribution is subject to the Roth IRA contribution limit for the taxable year applicable to the designated beneficiary for all individual retirement plans maintained for the benefit of the designated beneficiary.

The IRS may issue guidance that may impact 529 plan account rollovers to Roth IRAs, including the above referenced conditions.

Account Owners and Beneficiaries should each consult a financial professional or tax advisor regarding the applicability of these rollovers to their personal situations. You are responsible for determining the eligibility of a 529 plan to Roth IRA rollover including tracking and documenting the length of time the 529 plan account has been opened and the amount of assets in your 529 plan account eligible to be rolled into a Roth IRA. To request a rollover to a Roth IRA please submit the appropriate form to the Plan.

State tax treatment of your investments in the Plan may differ from the federal tax treatment.

The treatment of a rollover from the Plan to a Roth IRA as noted above is currently being evaluated by the State of Arkansas for State income tax purposes, but such changes have not yet been implemented. It is anticipated that the Arkansas Legislature will consider these changes in its 2025 legislative session. State law determines whether earnings on distributions are taxable, or if State tax deductions for certain contributions are subject to recapture. Residents and taxpayers of other states should consider the tax treatment of their jurisdiction.

The taxpayer has the responsibility to maintain records to document the use of funds associated with this new provision, and any reporting that may be required.

The Account Owner and Beneficiary should each consult with their financial, tax or other advisor to learn more about how federal and state-based tax treatment applies to their specific circumstances.

Maximum Contribution Limit

You may contribute to an Account for a Designated Beneficiary provided the aggregate balance of all Accounts for the same Designated Beneficiary under all Section 529 savings plans sponsored by the State of Arkansas does not exceed the Maximum Contribution Limit, which currently is $500,000. The Maximum Contribution Limit is not based solely on the aggregate Contributions made to the Account(s), but it is based on the aggregate market value of all Arkansas sponsored Section 529 savings plan accounts for a Designated Beneficiary plus the amount of total Qualified Withdrawals.

Accounts that have reached the Maximum Contribution Limit (either alone or combined with other Arkansas sponsored Section 529 savings plan accounts the Account(s) for the same Designated Beneficiary) may continue to accrue earnings, although future Contributions may not be made to such accounts. If, however, the market value of such Account falls below the Maximum Contribution Limit due to market fluctuations and not as a result of withdrawals from such Account(s), then additional Contributions will be accepted.

The Plan may, in its discretion, refuse to accept a proposed Contribution, upon determination that acceptance of such proposed Contribution would not comply with federal or Arkansas state requirements. None of the Associated Persons will be responsible for any loss, damage, or expense incurred in connection with a rejected or returned Contribution.

The Committee expects to evaluate the Maximum Contribution Limit annually but reserves the right to make adjustments more or less frequently.

Unused Account Assets

If the Designated Beneficiary graduates from an Eligible Educational Institution, chooses not to pursue higher education, and does not have other Qualified Expenses you have three options with respect to assets remaining in the Account:

1. Change the Designated Beneficiary to an eligible Member of the Family of the former Designated Beneficiary (See **"Changing the Designated Beneficiary"** in this section);
2. Keep the assets in the Account to pay future Qualified Expenses; or
3. Withdraw the remaining assets (including earnings).

Options 1 and 2 are not subject to federal and state income taxes or penalties. Option 3 is a Non-Qualified Withdrawal subject to applicable federal and state income taxes on earnings, including the Additional 10% Federal Tax on earnings and recapture of any Arkansas state income tax deduction(s) for Contributions to the Plan.

Pricing of Portfolio Units

When you contribute to the Plan, your money will be invested in Units of one or more Portfolios, depending on the Investment Option(s) you select. The Unit value of each Portfolio is calculated each business day after the close of trading on the NYSE. The Unit value is determined by dividing the dollar value of the Portfolio's net assets (i.e., total Portfolio assets minus total Portfolio liabilities) by the number of Portfolio Units outstanding. On holidays or other days when the NYSE is closed, the Portfolio's Unit value is not calculated, and the Plan does not transact purchase, exchange, transfer or redemption requests.

When you purchase, redeem, or exchange Units of a Portfolio, you will do so at the Unit value of the Portfolio's Units on the Trade Date. Your Trade Date will be determined as follows:

- If the Plan receives your transaction request (whether to contribute money, withdraw money, or exchange money between Investment Options) in good order on a business day prior to the close of trading on the NYSE, your transaction will receive that day's Trade Date.
- If the Plan receives your transaction request in good order on a business day after the close of trading on the NYSE or at any time on a non-business day, your transaction will receive the next business day's Trade Date.

Notwithstanding the preceding two bullet points, the Trade Date for Contributions made by EFT and recurring contributions are determined differently. See Recurring Contributions (also known as an Automatic Investment Plan or AIP) and Electronic Funds Transfer ("EFT") above in this section for more information.

In the event of Force Majeure, the Plan 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.

Confirmations and Statements/Safeguarding Your Account

Confirmations will be sent for any activity in your Account, except for recurring contribution transactions, payroll direct deposit transactions, automatic transfers from a Upromise Service account to your Account, an automatic transfer into the Commencement Portfolio, Plan-initiated changes, and maintenance fees, which will only be confirmed on your quarterly statement. You will receive quarterly statements to reflect financial transactions only if you have made financial transactions within the quarter. These transactions include contributions made to the Account, withdrawals made from the Account, and transaction and maintenance fees incurred by the Account. The total value of your Account at the end of the quarter will also be included in your quarterly statements. You will receive an annual Account statement even if you have made no financial transactions within the year. In the event you close your Account prior to the fourth quarter, your statement for that quarter will represent your final statement for the year. Account Owners can choose to receive periodic Account statements, transaction confirmations, and other personal correspondence online at **www.brighterfuturedirect529.com** or in paper format.

The Plan periodically matches and updates the addresses of record against a change-of-address database maintained by the U.S. Postal Service to reduce the possibility that items sent by first-class mail, such as Account statements, will be undeliverable.

You can securely access and manage your Account information – including quarterly statements, transaction confirmations, and tax forms – 24 hours a day at **www.brighterfuturedirect529.com** once you have created an online username and password. If you open an Account online, the Plan requires you to select a username and password right away. If you open an Account by submitting a paper Enrollment Form, you may establish a username and password at www.brighterfuturedirect529.com.

The Plan has implemented reasonable processes, procedures, and internal controls to verify the authenticity of requests for Account transactions, but these measures do not guarantee that fraudulent or unauthorized instructions received by the Plan will be detected. Neither the Program nor any of its Associated Persons will be responsible for losses resulting from fraudulent or unauthorized instructions received by the Plan, provided we reasonably believed the instructions were genuine. To safeguard your Account, it is important to keep your personal and Account information confidential, including your username and password. Contact the Plan immediately at **1-800-587-7301** if you believe there is a discrepancy between a transaction you requested and your confirmation statement, or if you believe someone has obtained unauthorized access to your Account.

You are expected to regularly and promptly review all transaction confirmations, Account statements, and any email or paper correspondence sent by the Plan. If you receive a confirmation that you believe does not accurately reflect your instructions – e.g., the amount of your Contribution differs from the amount on the confirmation or the Contribution was not invested in the particular Investment Options that you selected – you must promptly notify the Plan of the error. If you do not notify the Plan promptly, you will be considered to have approved the information in the confirmation and to have released the Plan and its Associated Persons from all responsibility for matters covered by the confirmation.

Account Restrictions

In addition to rights expressly stated elsewhere in this Program Description, the Plan reserves the right to (i) freeze an Account and/or suspend Account services when the Plan has received reasonable notice of a dispute regarding the assets in an account, including notice of a dispute in Account ownership or when the Plan reasonably believes a fraudulent transaction may occur or has occurred; (ii) freeze an Account and/or suspend Account services upon the notification to the Plan of the death of an Account Owner until the Plan receives required documentation in good order and reasonably believes that it is lawful to transfer Account ownership to the successor Account Owner; (iii) restrict access or redeem an Account, without the permission of the Account Owner or a third party authorized by the Account Owner to view or transact business in the Account, in cases of threatening conduct or suspicious, fraudulent or illegal activity; and (iv) reject a Contribution for any reason, including contributions to the Plan that the Program Manager or the Committee believe are not in the best interests of the Plan, a Portfolio or the Account Owners. The risk of market loss, tax implications, penalties, and any other expenses as a result of such an Account freeze, suspension of Account Services, or redemption will be solely the Account Owner's responsibility.

Control Over the Account

Pursuant to Section 529, the Account Owner controls the Account and the disposition of all assets held in the Account, including earnings, whether contributed by the Account Owner or by another person. A Designated Beneficiary who is not the Account Owner has no control over any of the Account assets. Only the Account Owner will receive confirmation of Account transactions, unless the Account Owner elects to have confirmation statements sent to a designated third party (interested party); individuals or entities other than the Account Owner that contribute funds to an Account will have no subsequent control over the Contributions; the Account Owner controls all Contributions made to an Account as well as all earnings credited to the Account. Only the Account Owner may direct transfers, rollovers, investment changes (as permitted under federal law), withdrawals and changes in the Designated Beneficiary.

Change of Account Owner

Except as discussed below, you may transfer control of your Account assets to a new Account Owner. All transfers to a new Account Owner must be requested in writing and include any information that may be required by us. However, your right of control may not be sold, transferred, used as collateral, or pledged or exchanged for money or anything of value. Your right of control may also be transferred under an appropriate court order as part of divorce proceedings or other legal proceedings. If you transfer control of an Account to a new Account Owner, the new Account Owner must agree to be bound by the terms and conditions of the Program Description and Participation Agreement, and Enrollment Form. Transferring an Account to a new Account Owner may have significant tax consequences. Before doing so, you should check with your tax advisor regarding your particular situation.

Opening an Account with the Assistance of a Financial Professional

You may choose to open your Account with the assistance of a financial professional, who would generally charge a fee for this service. You must consent and agree to authorize your financial advisor to access your Account and perform certain transactions on your behalf when you enroll or separately on the appropriate form. The Plan Officials, at their discretion, may terminate your financial professional's authority to access your Account.

Opening and Transacting in an Account through a Financial Intermediary

If you invest through a financial institution, such as an online investment advisor (often referred to a "robo-advisor"), or other financial intermediary that has direct access to the Plan's recordkeeping platform, you will be able to perform certain transactions directly through that financial institution's portal by linking your Plan Account with your Account held at the financial institution. To do so, you must consent and agree to authorize the Plan to allow the financial institution to access to your Account, to share Account information with the financial institution, and to accept instructions from the financial institution to open an Account and/or perform transactions on your behalf. Your Plan Account will always be held on the Plan's recordkeeping system and you will always be able to access and transact in your Account through the Plan's website at any time. The Associated Persons, at their discretion, may terminate the financial institution's direct access to the Plan's recordkeeping system.

When accessing and transacting in your Account through your financial institution, there may be features, guidelines, conditions, services, and restrictions that may vary from those discussed in this Plan Disclosure Statement. Depending on a particular financial institution's policies, these differences may include but are not limited to: (i) minimum initial and subsequent contribution amounts; (ii) policies relating to banking instructions; (iii) policies and trade dates for contributions, including one-time EFT and Recurring Contributions, and payroll direct deposit; and (iv) hold periods on contributions. You should ask the financial institution for information on its specific policies and how they may impact your investment in the Plan.

Additionally, the financial institution will receive a one-time, flat fee for each Plan Account opened and funded through the financial institution. Although such compensation will not be borne by Account Owners, the receipt of this compensation may create a conflict of interest by influencing your financial institution to recommend an investment in the Plan over another investment. Ask your financial intermediary or visit its website for more information.

Designating a Successor Account Owner

To the extent permitted by applicable law, you may designate a Successor Account Owner to succeed to all your rights, title, and interest in a funded Account and any related funded Aspiring Scholarship Matching Grant account, including the right to change the Designated Beneficiary upon your death. This designation can be made on the initial Enrollment Form, which is available online at www.brighterfuturedirect529.com. If you do not initially designate a Successor Account Owner but later decide to so, or if you wish to revoke or change a designation, you may either make the change online or submit the appropriate form to the Plan. Accounts registered as trust accounts may not designate a Successor Account Owner. The designation will become effective for the Successor Account Owner once the request has been received in good order and processed.

All requests to transfer ownership to a Successor Account Owner after your death must be submitted by authorized persons in writing. In the event of your death, the Successor Account Owner will be required to give the Program Manager a certified copy of a death certificate sufficiently identifying you by name and social security number or other proof recognized under applicable law and acceptable to the Program Manager before taking any action regarding the Account following your death. The Successor Account Owner must also submit a completed Enrollment Form and any other documentation the Plan reasonably requests. The account will become effective for the Successor Account Owner once this paperwork has been received in good order and processed.

An UGMA/UTMA custodian Account Owner will not be permitted to change the Account Owner to anyone other than a successor custodian during the term of the custodial Account under applicable UGMA/UTMA law. To complete a transfer, the successor custodian must complete a new Enrollment Form in order to be designated as a Successor Account Owner. Contact the Plan at **1-800-587-7301** for information needed to complete the change of ownership. Please note that a change in Account Owner may have adverse tax consequences. Please consult your tax advisor.

If the Designated Beneficiary is at least 18 years old, the Designated Beneficiary may be named as the Successor Account Owner. In the event a Successor Account Owner is not named on the Enrollment Form, or the named Successor Account Owner does not accept the Account, the Account Owner's surviving spouse will become the Account Owner. An Account Owner that is not a natural person will not be deemed to have a surviving spouse. In the event the Account Owner has no surviving spouse and the Designated Beneficiary is not a minor, the Designated Beneficiary will become the Account Owner for the Account. If the Designated Beneficiary is a minor, the Designated Beneficiary's custodial parent will become the Account Owner for the Account. If the Designated Beneficiary has more than one custodial parent, the custodial parent whose birthday is earlier in the calendar year will become the Account Owner for the Account. In the event there is a dispute relating to who is duly authorized to act with respect to the Account, the Program Manager may, in its sole discretion, refuse to accept any Contribution to an Account or make any Withdrawal from an Account until such dispute is resolved to its satisfaction. The Program Manager shall have no liability for acting at the direction of a regulatory agency or court of competent jurisdiction with respect to the Account.

Changing the Designated Beneficiary

Section 529 permits an Account Owner to change the Designated Beneficiary without adverse federal income tax consequences if the new Designated Beneficiary is a Member of the Family (as defined below) of the former Designated Beneficiary. If the new Designated Beneficiary is not a Member of the Family of the former Designated Beneficiary, then the change is treated as a Non-Qualified Withdrawal subject to applicable federal and state income taxes on the earnings portion as well as the Additional 10% Federal Tax.

An Account Owner who is an UGMA/UTMA custodian will not be able to change the Designated Beneficiary of the Account, except as may be permitted under the applicable UGMA/UTMA law. See **Part VIII. Federal and State Tax Treatment** and **Part VII. Information About the Plan and Programs – Contributions From UGMA/UTMA Custodial Accounts**.

There may be federal gift tax, estate tax, or GST tax consequences in connection with changing the Designated Beneficiary of a 529 Plan account. See **Part VIII. Federal and State Tax Treatment—Federal Gift and Estate Taxes**.

To change a Designated Beneficiary, you must submit the appropriate form to the Plan. At the time you change the Designated Beneficiary, you may reallocate assets the Account to a different mix of Investment Options.

Member of the Family

A "Member of the Family" of the Designated Beneficiary is defined as a:

- father, mother, or an ancestor of either;
- son, daughter, or a descendant of either;
- stepfather or stepmother;
- stepson or stepdaughter;
- brother, sister, stepbrother or stepsister, half-brother or half-sister;
- brother or sister of the father or mother;
- brother in law, sister in law, son in law, daughter in law, father in law, or mother in law;

- son or daughter of a brother or sister;
- spouse of the Designated Beneficiary or any of the individuals mentioned above;
- first cousin.

For purposes of determining who is a Member of the Family, a legally adopted child or foster child of an individual shall be treated as the child of such individual by blood.

Refunds

A refund from an Eligible Educational Institution of all or part of a Qualified Withdrawal may be re-contributed to an Account and will not be subject to federal income tax or the Additional 10% Federal Tax. Any refund which is not used for Qualified Expenses or rolled over in a qualified rollover will be subject to all applicable federal and state taxes, including the Additional 10% Federal Tax on earnings on Non-Qualified Withdrawals. No guidance has been issued on the treatment of refunds of funds originally withdrawn from a 529 Plan to pay for Qualified Expenses other than Qualified Higher Education Expenses. You should discuss the tax implications of any refund or recontribution with a tax advisor. See **Part VII. Transacting Business With The Plan – Recontribution of Refunds**.

Abandoned and Unclaimed Accounts

Each state has unclaimed property laws that may require a dormant account to be turned over to the applicable state in the event that there has been no activity on such Account for a period of time or there is failure to cash a distribution check. The applicable state for this purpose is usually determined by the most recent address on file of the Account Owner. If your property is considered abandoned, it may, without proper claim by the Account Owner within a certain period of years, be transferred to the State or your state. Maintaining and ensuring your account information is up to date will assist the State or your state with properly contacting you should your Account be consider abandoned.

Records Retention

Under current federal tax law, Account Owners are responsible for obtaining and retaining records, invoices, or other documentation adequate to substantiate, among other things, the following: (i) expenses which the Account Owner claims are Qualified Expenses, (ii) the death or qualified disability of the Designated Beneficiary, (iii) the receipt by the Designated Beneficiary of a qualified scholarship, (iv) the attendance by the Designated Beneficiary at certain specified military academies, (v) the use of Education Credits, (vi) the earnings component of and compliance with the timing or other requirements applicable to rollovers, savings bonds, or education savings accounts, or (vii) a refunded distribution.

PART VIII. FEDERAL AND STATE TAX TREATMENT

This Plan Description was developed to support the marketing of the Plan and cannot be relied upon for purposes of avoiding the payment of federal tax penalties. This section summarizes certain aspects of the federal and state tax consequences relating to the Plan, including the treatment of Contributions to, and withdrawals from, Accounts. There can be no assurance that the Internal Revenue Service or Arkansas Department of Finance and Administration will accept the statements made herein or, if challenged, that such statements would be sustained in court. The applicable tax rules are complex, and certain of the rules are at present uncertain, and their application to any particular person may vary according to facts and circumstances specific to that person. The IRC and regulations thereunder, and judicial and administrative interpretations thereof, are subject to change, retroactively and/or prospectively. You should consult a qualified legal or tax advisor about the impact of federal and state laws on your individual situation.

The U.S. Treasury Department has issued proposed regulations under Section 529. The Plan is designed to comply with those proposed regulations (except to the extent that provisions in the proposed regulations have

been superseded by legislative and/or administrative changes), as well as with certain guidance issued by the IRS under Section 529. However, there is no assurance that the proposed regulations will become the final regulations or that the IRS will not issue other guidance interpreting Section 529. The information provided below is not exhaustive. It is based on our understanding of current law and regulatory interpretations relating to 529 Plans generally and is meant to provide 529 Plan Account Owners with general background about the tax characteristics of these programs. Neither this Part VIII, nor any other information provided throughout this Program Description is intended to constitute, nor does it constitute, legal or tax advice.

It is possible that Congress, the U.S. Treasury Department, the IRS, or federal or state courts may take action that will affect the tax treatment of 529 Plan Contributions, earnings, or withdrawals or the availability of state tax deductions. Individual state legislation may also affect the state tax treatment of a 529 Plan for residents of that state. The Committee intends to modify the Plan within the constraints of applicable law for the Plan to meet the requirements of Section 529.

If you are not an Arkansas taxpayer, consider before investing whether your or the Designated Beneficiary's home state offers a 529 Plan that provides its taxpayers with favorable state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that may only be available through investment in the home state's 529 Plan. Since different states have different tax provisions, this Program Description contains limited information about the state tax consequences of investing in the Plan. Therefore, 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 529 Plan[s], or any other 529 Plan, to learn more about those plans' features, benefits and limitations. Keep in mind that state-based benefits should be one of many appropriately weighted factors to be considered when making an investment decision.

General 529 Plan Tax Treatment

Among the most notable tax advantages of 529 Plans are that the earnings portion of any Qualified Withdrawal is exempt from federal income taxes. To be eligible for these tax benefits, a 529 Plan Account assets must be used to pay the Qualified Expenses of the Designated Beneficiary. Qualified Expenses are (i) Qualified Higher Education Expenses, (ii) K-12 Tuition Expenses, (iii) Qualified Student Loan Repayments, and Registered Apprenticeship Program Expenses. See **PART VII, Qualified Expenses** for more detailed information. Non-Qualified Withdrawals will be subject to federal income tax on earnings and an Additional 10% Federal Tax on earnings.

The State of Arkansas allows a state income tax deduction for Contributions to the Plan, subject to certain limitations described below.

Residents of all states may participate in the Plan. This Program Description only addresses certain Arkansas State tax implications of the Plan on Arkansas residents and not the tax implications of any other state or the tax implications to residents of another state.

529 Plan Contributions and Withdrawals

Federal law does not allow a tax deduction for Contributions to 529 Plans. However, Arkansas allows certain State income tax deductions for Arkansas taxpayers. For more information on Arkansas State income tax deductions, see **"State Tax Treatment."** Additionally, certain tax considerations apply to the method of contribution to an Account. See **PART VII. Transacting Business with the Plan – Incoming Rollover Contributions**. The income earned on any such Contributions may generally grow federal income tax-free until distributed. Qualified Withdrawals and qualified rollovers (discussed below) are not subject to federal income taxation. The earnings portion of Non-Qualified Withdrawals, however, is subject to all applicable federal and state income taxes and, in most cases, an Additional 10% Federal Tax on earnings.

The earnings portion of a withdrawal will generally be calculated on an Account-by-Account basis. An Account Owner may only open one Account in the Plan for the same Designated Beneficiary. If you don't select a specific

Investment Option(s) from which to take a withdrawal, the withdrawal will be taken proportionally from all the Portfolios in the Account. If you request that a withdrawal be taken from one or more specific Portfolio(s), the earnings, for tax reporting purposes, will be calculated based on the earnings of all the Portfolios in your Account.

There are eight (8) exceptions to the Additional 10% Federal Tax on earnings required under Section 529 of the Code:

- withdrawals made from the 529 Plan account in the event of the designated beneficiary's death (if paid to the beneficiary of the designated beneficiary or the designated beneficiary's estate)
- withdrawals made from the account in the event of the designated beneficiary's disability
- withdrawals made from the account if a scholarship is received by the designated beneficiary (provided the withdrawal does not exceed the amount of the scholarship)
- withdrawals on account of the designated beneficiary's attendance at certain specified military academies
- amounts not treated as Qualified Withdrawals due to the use of Education Credits
- a withdrawal that is rolled over into another 529 Plan or ABLE Account in accordance with Section 529(c)(3)(C)
- a withdrawal that is rolled over directly into a Roth IRA in accordance with the provisions of the SECURE 2.0 Act. For information about the SECURE 2.0 Act provisions, as well as the federal and state tax handling, please see ***"Part VII. Transacting Business with the Plan - Rollovers From the Plan to a Roth IRA"***.
- a refund from an Eligible Educational Institution that is recontributed to a 529 Plan within 60 days of the date of the refund. The Section 529 Plan account into which the qualifying refund is deposited must be for the same designated beneficiary for which the original withdrawal was taken and the refund deposited cannot exceed the refunded amount

All Accounts in the Plan with the same Account Owner and Designated Beneficiary will be aggregated for purposes of calculating the earnings portion of a particular withdrawal. This calculation will be made as of the withdrawal date.

Qualified Rollovers

An Account Owner may transfer all or part of the funds in an Account to an account in another 529 Plan without adverse federal income tax consequences if, within 60 days of the withdrawal from the distributing account, such funds are transferred to or deposited into an account at another 529 Plan for the benefit of (1) an individual who is a Member of the Family of the original Designated Beneficiary; or (2) the same Designated Beneficiary, but only if no other such rollover distribution or transfer has been made for the benefit of such individual within the preceding 12 months.

Effective for periods prior to January 1, 2026, an Account Owner may also transfer all or part of the funds in an Account to an ABLE Account without adverse federal income tax consequences if, within 60 days of the withdrawal from the distributing Account, such funds are transferred to or deposited into an ABLE Account for the benefit of (1) an individual who is a Member of the Family of the Designated Beneficiary, or (2) the same Designated Beneficiary. Federal tax benefits shall not apply to any portion of such withdrawal which, when added to all other contributions made to the ABLE Account for that taxable year for such Designated Beneficiary, exceeds the annual contribution limit for ABLE Accounts.

Effective beginning January 1, 2024, an Account Owner may transfer funds in an Account to a Roth IRA in accordance with the provisions of the SECURE 2.0 Act. For information about the SECURE 2.0 Act provisions, as well as the federal and state tax handling, please see ***"Part VII. Transacting Business with the Plan - Rollovers From the Plan to a Roth IRA"***.

Other Contributions and Transfers

An individual may generally transfer into a 529 Plan account, without adverse federal income tax consequences, all or part of (1) money held in an Account in the Plan for a Member of the Family of the Designated Beneficiary, if the money is transferred within sixty (60) days of the withdrawal from the distributing account, (2) money from a Coverdell Education Savings Account described in Section 530 of the Code, or (3) the proceeds from the redemption of a Qualified U.S. Savings Bond described in Section 135 of the Code.

Coordination with Other Higher Education Expense Benefit Programs

The tax benefits afforded to 529 Plans must be coordinated with other programs, such as the Coverdell Education Savings Account and the Education Credits, designed to provide tax benefits for meeting higher education expenses in order to avoid the duplication of such benefits.

Coverdell Education Savings Accounts

An individual may contribute money to, or withdraw money from, both a 529 Plan account and a Coverdell Education Savings Account in the same year. However, to the extent the total withdrawals from both accounts exceed the amount of the Qualified Expenses incurred, the recipient must allocate his or her Qualified Expenses between both such withdrawals in order to determine the excess amount that may be subject to taxation.

Education Credits

The use of Education Credits by a qualifying Account Owner and Designated Beneficiary will not affect participation in or receipt of benefits from a 529 Plan account, so long as the 529 Plan assets are not used for the same expenses which the Education Credit was claimed.

Refunds from Eligible Educational Institutions

In the event the Designated Beneficiary receives from an Eligible Educational Institution a refund of funds originally withdrawn from an Account to pay for Qualified Higher Education Expenses, such funds up to the amount of the refund will not be subject to federal income tax or the Additional 10% Federal Tax if the funds are recontributed to an account in a 529 Plan for the same Designated Beneficiary within 60 days of the date of the refund. No guidance has been issued on the treatment of refunds of funds originally withdrawn from a 529 Plan to pay for other types of Qualified Expenses. Consult with your tax advisor if you receive a refund of funds originally withdrawn from a 529 Plan to pay for K-12 Tuition Expenses, Qualified Student Loan Repayments; or Registered Apprenticeship Expenses. For tax purposes, please maintain proper documentation showing the refund of funds originally withdrawn from an Account. **See Part VII. Transacting Business with the Plan – Recontribution of Refunds.**

Federal Gift and Estate Taxes

Contributions (including certain rollover Contributions) to a 529 Plan account generally are considered completed gifts to the Designated Beneficiary and are eligible for the annual exclusion from federal gift tax and GST tax. For 2024 this amount per Designated Beneficiary is $18,000 for a single individual, $36,000 for an electing married couple, or up to $90,000 (or $180,000 combined for electing spouses) in a single five-year period. The annual exclusion amount is indexed for inflation and therefore is expected to increase over time. Except in the situations described in the following paragraph, if the Account Owner were to die while assets remain in an Account, the value of the Account would not be included in the Account Owner's estate. In cases where Contributions to an Account exceed the annual exclusion amount for a Designated Beneficiary, the Contributions may be subject to federal gift tax, and possibly the GST tax, in the year of Contribution. However, in these cases, the contributor may elect to apply a Contribution up to $90,000 (or $180,000 combined for spouses who gift split) equally against the annual exclusion amount over a five-year period without incurring federal gift tax or GST tax. To make this election, the contributor must file a gift tax return for the year in which the gift was made and make the election on the return. Once this election is made, if the contributor makes any additional gifts to the same Designated Beneficiary in the same or the next four years, such gifts may be subject to gift or GST taxes in the calendar year of the gift. However, any excess gifts may be applied against the contributor's lifetime gift or GST tax exclusions.

If the contributor chooses to use the five-year forward election and dies before the end of the five-year period, the portion of the Contribution allocable to the years remaining in the five-year period (beginning with the year after the Account Owner's death) would be included in the Account Owner's estate for federal or GST tax purposes.

If the Designated Beneficiary of an Account is changed or amounts in an Account are rolled over to a new Designated Beneficiary of the same generation as the former Designated Beneficiary and the new Designated Beneficiary is a Member of the Family of the former Designated Beneficiary, a gift or GST tax will not apply. If the new Designated Beneficiary is of a younger generation than the former Designated Beneficiary, there will be a taxable gift to the extent of the amount transferred. GST taxes may apply if the new Designated Beneficiary is two or more generations below (younger than) the former Designated Beneficiary.

GST exemption amounts are currently indexed for inflation. For 2024, the GST exemption is $13,610,000. Estate, gift, and GST tax rates may vary year to year and the issues arising in conjunction with 529 Plans can be quite complicated. You should consult with your tax advisor if you have any questions about these issues.

State Tax Treatment

In General. The tax benefits described in this Program Description generally relate to federal tax benefits. State 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, and GST taxes.

Persons Subject to Arkansas State Tax. For Arkansas taxpayers, the earnings portion of Qualified Withdrawals is currently tax-free. Contributions to the Plan by an Arkansas taxpayer are deductible in computing the taxpayer's adjusted gross income for the purpose of calculating Arkansas state income tax in an amount not to exceed $5,000 ($10,000 total per married couple) taken together for all contributions to all Plan Accounts in any taxable year. Contributions over $5,000 per Arkansas taxpayer ($10,000 per married couple) made in a tax year may be carried forward to the next succeeding four (4) tax years. Contributions up to $3,000 per Arkansas taxpayer ($6,000 total per married couple) to a tax-deferred tuition savings program established by another state are deductible; provided that the taxpayer has not deducted the contribution in another state or on another state's income tax return. Rollover contributions up to $7,500 per Arkansas taxpayer ($15,000 total per married couple) into the Plan from a tax-deferred tuition savings program established by another state are deductible in the tax year in which such contribution was rolled over into the Plan. Arkansas state tax deductions will be subject to recapture in subsequent years if Non-Qualified Withdrawals are made or the Arkansas taxpayer rolls the Account over to a tax-deferred tuition savings program established by another state. The treatment of a rollover disbursement from the Plan to a Roth IRA is currently being evaluated by the State of Arkansas for state income tax purposes. See *"Part VII. Transacting Business with the Plan - Rollovers From the Plan to a Roth IRA"* for state tax treatment information specific to a Roth rollover disbursement. For a Contribution to be deductible for a calendar year, the Arkansas taxpayer must make it before the end of that year. The Plan will treat Contributions sent by U.S. mail as having been made the year sent if the U.S. Postal Service has postmarked the envelope in which they are sent on or before December 31 of that year.

Only Account Owners can make Contributions to a Plan Account by EFT and/ or recurring contribution. Contributions by EFT will be treated as having been made in a particular year if the EFT requested is submitted by 11:59 p.m., Eastern Time, on or before December 31 of that year, provided the funds are subsequently withdrawn from an Account Owner's checking or savings account at another financial institution. Contributions done by recurring contribution will be treated as having been made based on the debit date of that recurring contribution transaction, provided the funds are subsequently withdrawn from an Account Owner's checking or savings account at another financial institution. Please note that recurring contributions with a debit date of January 1st, 2nd, 3rd, or 4th will be credited in the same year as the debit date. See **Part VII. Transacting Business with the Plan – Recurring Contributions** for more detail on designation dates.

In calculating Arkansas state income tax, an Account Owner or Designated Beneficiary should not recognize as income the earnings that are not distributed from the Plan. In addition, the earnings portion of Qualified Withdrawals and qualified rollovers will not be subject to Arkansas income tax.

Although the Program Manager will report the earnings portion of all distributions, it is the final responsibility of the Account Owner to calculate and report any tax liability and to substantiate any exemption from tax and/ or penalty.

Tax Reports

The Plan will report distributions and other matters to the IRS, the Office of Treasurer of State of Arkansas, Distributees, and other persons, if any, to the extent required pursuant to federal, state or local law, regulation or ruling. Under federal law, a separate report will be filed by the Program Manager with the IRS reporting distributions from an Account to each Distributee reflecting, among other information, the earnings portion withdrawn during the calendar year to which the report pertains.

PART IX: LEGAL AND ADMINISTRATIVE INFORMATION ABOUT THE PLAN

Dispute Resolution and Arbitration

The Plan Participation Agreement ("Participation Agreement") contains a mandatory arbitration clause which is a condition to investing in the Plan. Any controversy or claim arising out of or relating to the Program Description, or the breach, termination, or validity of the Plan or the Participation Agreement, including but not limited to any dispute over the scope of the arbitration clause, shall be settled by arbitration administered by JAMS (a private alternative resolution provider) in accordance with its Comprehensive Arbitration Rules and Procedures and its Policy on Consumer Arbitrations (except that if Ascensus or Vanguard is a party to the arbitration, it may elect that arbitration will instead be subject to the Code of Arbitration Procedure of the Financial Industry Regulatory Authority), which are made part of the Participation Agreement, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

Continuing Disclosure

Certain financial information and operating data relating to the Trust will be filed by or on behalf of the Trust in electronic form with the Electronic Municipal Market Access (EMMA) system maintained by the Municipal Securities Rulemaking Board ("MSRB") pursuant to Rule 15c2-12 as promulgated by the SEC under the Securities Exchange Act of 1934. Notices of certain enumerated events will be filed by or on behalf of the Trust with the MSRB.

Disclosure Relating to Internet Access

Account Owners have the option to perform Account-related transactions and activity electronically via the Internet, including opening an Account and receiving documents. If an Account Owner elects to open an Account electronically and chooses to receive documents electronically the following information pertains to the Account Owner's transactions.

An Account Owner can securely access and manage Account information – including quarterly statements, transaction confirmations and tax forms – 24 hours a day at **www.brighterfuturedirect529.com** (the "Plan website") once an Account Owner has created an online username and password. If an Account Owner opens an Account online, the Plan requires the Account Owner to select a username and password at that time. If an Account Owner opens an Account by submitting a paper Enrollment Form, after the form is processed and the Account is opened, the Account Owner may then establish a username and password at **www.brighterfuturedirect529.com.**

Account Owners who choose to open an Account electronically can also choose to access documents relating to their Account on the Plan website. Account Owners may contact a Plan client service representative at **1-800-587-7301** to request a copy of documents relating to their Account to be sent to them.

The Program Manager expects to post updated information concerning the Portfolios and Underlying Investments and a revised Program Description at least annually. These materials and this information also may be supplemented throughout the year and will be available on the Plan website. This Program Description, the Participation Agreement, information concerning the Portfolios, and all required reports for an Account are available at the Plan website. Account Owners should regularly visit the Plan website. The Program Manager may archive these documents and cease providing them on the Plan website when they become out of date and, therefore, Account Owners should consider downloading or printing any information posted on the Plan website before it is removed.

The Program Manager may, from time to time, notify an Account Owner by e-mail that documents, including Account statements and transaction confirmations, have been delivered. However, this is no substitute for regularly checking the Plan website. The Program Manager currently intends to archive Account statements and transaction confirmations for a rolling 18-month period, after which they will not be available through the Plan website. Accordingly, Account Owners should consider downloading or printing any information that they may wish to retain before it is removed. Even after these documents are archived, Account Owners will still be able to obtain them by telephoning the Program Manager at **1-800-587-7301**.

Account Owners can withdraw their consent to receive documents electronically at any time and choose to receive paper documents from the Program Manager online or by telephoning the Program Manager at **1-800-587-7301**.

Account Owners will be required to provide their username and password to access their Account information and perform transactions on the Plan website. Account Owners should not share their password with anyone else. The Program Manager will honor instructions from any person who provides correct identifying information and is not responsible for fraudulent transactions it believes to be authentic after following the necessary verification protocols described in this Program Description. 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. Account Owners should avoid using passwords that can be guessed and should consider changing their password frequently. Program Manager employees or representatives will not ask Account Owners for their password. It is the Account Owner’s responsibility to review their Account information and to notify the Program Manager promptly of any unusual activity.

The Program Manager cannot guarantee the privacy or reliability of e-mail, so it will not honor requests for transfers or changes received by e-mail, nor will the Program Manager send Account information through e-mail. All transfers or changes should be made through the Plan’s secure website. The Plan website uses generally accepted and available encryption software and protocols. This is to prevent unauthorized people from eavesdropping or intercepting information sent by or received from the Program Manager. This may require that Account Owners use certain readily available versions of web browsers. As new security software or other technology becomes available, the Program Manager may enhance its systems.

Creditor Protection under U.S. Law

Federal bankruptcy law excludes from property of the debtor’s bankruptcy estate certain assets that have been contributed to a 529 Plan account. However, bankruptcy protection in this respect is limited and has certain conditions. For the 529 Plan account to be excluded from the debtor’s estate, the Designated Beneficiary must be a child, stepchild, grandchild, or step-grandchild (including a legally adopted child or a foster child) of the individual who files for bankruptcy protection. In addition, Contributions made to all 529 Plan accounts for the same Designated Beneficiary are protected from becoming property of the debtor's estate as follows:

- Contributions made to all Section 529 accounts for the same Designated Beneficiary more than seven hundred twenty (720) days before a federal bankruptcy filing are completely protected;
- Contributions made to all Section 529 accounts for the same Designated Beneficiary during the period between three hundred sixty- five (365) days, and seven hundred twenty (720) days before a federal bankruptcy filing are protected up to an amount set by statute which may vary from time to time; and
- Contributions made to all Section 529 accounts for the same Designated Beneficiary three hundred sixty-five days (365) days before a federal bankruptcy filing are not protected against creditor claims in federal bankruptcy proceedings.

Federal bankruptcy law permits a debtor to exempt certain specified assets from liability notwithstanding the assets being property of the debtor's estate. If the debtor is domiciled in Arkansas (as defined under bankruptcy law), Arkansas law provides that assets held in a Plan Account are protected from creditors. However, under federal bankruptcy law, assets held in a 529 Plan account which are property of the debtor's estate are not exempt from debt for domestic support obligations.

This information is not meant to constitute individual tax or bankruptcy advice, and you should consult with your own advisors concerning your individual circumstances.

Independent Registered Public Accounting Firm

The Plan has contracted with the independent public accounting firm Landmark PLC, Certified Public Accountants, to audit the financial statements for the Plan in accordance with generally accepted auditing standards and practices.

Custodial Arrangements

The Bank of New York Mellon ("BNY Mellon") is the Plan's custodian. As such, BNY Mellon holds in safekeeping, cash and shares of the Underlying Investments belonging to the Plan. Upon instruction, BNY Mellon receives and delivers cash and shares of the Underlying Investments in connection with Portfolio transactions and collects all income payable to and all distributions made with respect to the Plan's shares of the Underlying Investments.

Special Considerations

Account Closings and Distributions Initiated by the Committee or the Program Manager. The Committee or the Program Manager may close, or cause its agents to close an Account if: (i) the Account Owner or Designated Beneficiary provides false or misleading information to the Plan; or (ii) such action is necessary, in the discretion of the Program or the Program Manager, to ensure that the Plan qualifies as a 529 Plan and complies with all applicable securities laws and other applicable federal and state constitutional, statutory or regulatory provisions. In addition, the Committee or the Program Manager, may, without closing an Account, require an Account Owner to receive a distribution from the Account of such amount as the Committee or the Program Manager may determine, if such action is necessary, in the discretion of the Committee or the Program Manager, to ensure that the Plan qualifies as a 529 Plan and complies with all applicable securities laws and other applicable federal and state constitutional, statutory or regulatory provisions. In either case, the distribution of funds from the Account in such circumstances may be subject to income taxes and the Additional 10% Federal Tax.

Suitability. The Plan and its Associated Persons make no representations regarding the suitability of the Plan's Investment Options for any particular investor. Other types of investments and other types of education savings vehicles may be more appropriate depending upon your personal circumstances. Please consult your tax or investment advisor for more information.

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

Investment Options Use for K-12 Tuition Expenses. The Investment Options we offer through the Plan have been designed exclusively for you to save for Qualified Expenses, including Qualified Higher Education Expenses and K-12 Tuition Expenses. Specifically, the Target Enrollment Portfolios are designed for Account Owners seeking to automatically invest in progressively more conservative Portfolios as their Designated Beneficiary approaches the target enrollment date. If you wish to save for K-12 Tuition Expenses you may choose a target enrollment date that is earlier than if you were saving for higher education. This means you may have a significantly shorter time horizon with less potential for growth than an investor saving for higher education. In addition, if you are saving for K- 12 Tuition Expenses and wish to invest in the Custom Portfolio Options and the Savings Portfolio Option, please note that these Investment Options are comprised of fixed investments. This means that your assets will remain invested in that Investment Option until you direct us to move them to a different Investment Option. Please consult a qualified tax or investment advisor about your personal circumstances.

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

Important reference material. Please keep this Program Description for future reference. This document gives you important information about the Plan, including information about the investment risks associated with, and the terms under which you agree to participate in the Plan.

Conflicts

In the event of any conflicts, the Act, the Code and any regulations and guidance thereunder shall prevail over this Program Description.

Representations

STATEMENTS CONTAINED IN THIS PROGRAM DESCRIPTION THAT INVOLVE ESTIMATES, FORECASTS, OR MATTERS OF OPINION, WHETHER OR NOT EXPRESSLY SO DESCRIBED HEREIN, ARE INTENDED SOLELY AS SUCH AND ARE NOT TO BE CONSTRUED AS REPRESENTATIONS OF FACTS.

Contacting AR PLAN

Phone: **1-800-587-7301**
(8:00 a.m. - 7:00 p.m. CT (Mon. - Fri.))

Online: **www.brighterfuturedirect529.com**

Regular Mail:
The Brighter Future Direct Plan
P.O. Box 219376
Kansas City, MO 64121-9376

Priority Delivery:
The Brighter Future Direct Plan
1001 East 101st Terrace, Suite 200
Kansas City, MO 64131

PART X. PRIVACY POLICIES

Ascensus Privacy Statement

Ascensus is required to treat all Account Owner and Designated Beneficiary information confidentially. Ascensus is prohibited from using or disclosing such information, except as may be necessary to perform its obligations under the terms of the Program Management Agreement with the Trust and Committee, or if required by applicable law, by court order, or other order.

Questions About Your Privacy

If you have any questions about the privacy of your information, please feel free to contact Ascensus at 1-866-529-3343.

THE PLAN PARTICIPATION AGREEMENT

THIS PARTICIPATION AGREEMENT (the “Participation Agreement”) is entered into between the Account Owner (“you,” “I,” or the “Account Owner”) whose name appears on the Enrollment Form (the “Application”) and the Arkansas Tax-Deferred Tuition Savings Program Trust (the “Trust”). The Brighter Future Direct Plan (“Plan”) was established under Arkansas Code Annotated § 6-84-101, et seq. (the “Act”) and designed to qualify for treatment as a qualified tuition program within the meaning of Section 529 of the Internal Revenue Code of 1986, as amended from time to time, and any regulations or other guidance issued thereunder (collectively, “Section 529”). The Plan is administered by the Arkansas Section 529 Plan Review Committee (the “Committee”). Terms used in this Participation Agreement and not otherwise defined herein have the meanings defined in the Plan Program Description, receipt of which is hereby acknowledged by the Account Owner. **By signing the Application you agree to be bound by the terms of this Participation Agreement, the Program Description, the Program Regulations described below and the terms of the Application and acknowledge and agree that the Account is subject to the applicable law and regulations, including without limitation, the U.S. Internal Revenue Code, as amended, the Act, and the rules set forth in Arkansas Code Annotated § 6-84, as amended.**

1. **Establishment of Account.** This Participation Agreement and the complete Application executed by the Account Owner with respect to an account (an “Account”) shall constitute the entire contract between the Committee and the Account Owner with respect to the Account. You request that the Committee establish an Account pursuant to the Application for the benefit of the beneficiary(s) designated on the Application (the “Designated Beneficiary(s)”). Your Account and this Agreement are subject to the Act and the regulations adopted and amended from time to time by the Committee pursuant to the Act (the “Program Regulations”). Your Account assets will be held, subject to the Act and Section 529 and the Program Description, for the exclusive benefit of you and the Designated Beneficiary(s).

2. **Plan Management.** The Committee and the Trust has retained Ascensus Broker Dealer Services, LLC as the Program Manager of the Plan. Ascensus Broker Dealer Services, LLC and its affiliates have overall responsibility for the day-to-day operations of the Plan, including recordkeeping and marketing. “Ascensus” is used to refer collectively or individually, as the case requires, to Ascensus Broker Dealer Services, LLC and its affiliates. The Program Manager will establish your Account upon receipt of a duly completed Application in good order and the minimum initial Contribution required for an Account.

3. **Contributions to Accounts.** The Account is subject to certain terms and conditions, including minimum initial and subsequent Contribution amounts, as described in the Program Description.

4. **Designation of Designated Beneficiary; Change of Designated Beneficiary.** The Account Owner will name a single Designated Beneficiary for each Account on the Application. The Account Owner may change the Designated Beneficiary of an Account without adverse federal income tax consequences in accordance with the terms set forth in the Program Description. To change a Designated Beneficiary, the Account

Owner must complete and sign a Beneficiary Change Form (and an account Application if you do not already have an account for the new Designated Beneficiary). The change will be effective when the Program Manager has received and processed the appropriate form(s). A change of Designated Beneficiary will result in the assignment of a new Account number.

5. **Investment Options.** The Plan has established several investment options each of which invests in various Portfolios (each, a "Portfolio") for the investment of assets in the Account. Your Account will be established by the Program Manager so that Contributions are automatically allocated to the investment option(s) selected on the Application. Initial and subsequent Contributions to your Account will be invested in accordance with the investment option(s) selected, and allocations chosen, by you, as described in the Program Description, and units of the investment option(s) (or any successor investment option(s)) selected will be allocated to your Account. Each Portfolio may invest in mutual funds and/or other instruments, which may include stable value accounts and certificates of deposit issued by one or more financial institutions. Neither your Contributions to an Account nor any investment return earned on your Contributions are guaranteed by Plan Officials. Except to the extent of FDIC insurance available on the Savings Portfolio, you could lose money (including your Contributions) or not make any money by investing in the Plan.

6. **Distributions from Accounts; Termination of Accounts.** You may direct distributions from your Account or terminate your Account at any time subject to the Plan's procedures (as described in the Program Description) and any hold periods, fees, penalties and additional tax that may be applicable as described below and in the Program Description or as required by the Act or Section 529.

   (a) **Withdrawals from Accounts.** You may direct withdrawals from your Account following the Program Manager's acceptance of a Withdrawal Request Form and any additional information or documentation required by the Committee or the Program Manager.

   (b) **Tax on Non-Qualified Withdrawals.** Non-Qualified Withdrawals will be subject to all applicable federal and state taxes on earnings, including the Additional 10% Federal Tax as described in the Program Description.

   (c) **Termination of Accounts.** The Committee or the Account Owner may terminate an Account, and the Committee may terminate the Plan, in accordance with the Act, Section 529, and/or any applicable Program Regulations at any time. If the Committee or the Program Manager finds that the Account Owner or a Designated Beneficiary has provided false or misleading information to the Committee, the Program Manager or an Eligible Educational Institution with respect to an Account, the Committee may take such action permitted by the Act and Program Regulations such as termination of the Account and distribution of the Account balance. Upon termination of your Account, the Account balance will be distributed to you and Contributions and all earnings thereon will be subject to all applicable federal and state taxes or penalties on Non-Qualified Withdrawals.

7. **Account Owner's Representations**. You represent and agree as follows:

   (a) I have carefully reviewed and understand the Program Description, including, without limitation, the discussion of risks in the Program Description under the heading "PART V. RISKS OF INVESTING IN THE PLAN." I agree that the Program Description is incorporated by reference herein. In making my decision to open an Account and enter into this Participation Agreement, I have not relied upon any representations or other information, whether written or oral, other than as set forth in the Program Description.

   (b) I UNDERSTAND THAT (i) THE VALUE OF AN ACCOUNT WILL INCREASE OR DECREASE BASED ON THE INVESTMENT PERFORMANCE OF THE PORTFOLIO(S) IN WHICH CONTRIBUTIONS TO THE ACCOUNT HAVE BEEN ALLOCATED AND THE UNDERLYING INVESTMENTS IN WHICH THEY INVEST OR SUCH OTHER FUNDS, SECURITIES OR INVESTMENTS SELECTED BY THE COMMITTEE; (ii) THE PERFORMANCE OF THE INVESTMENT OPTIONS WILL DIFFER FROM THE PERFORMANCE OF THE UNDERLYING INVESTMENTS DUE TO THE ASSESSMENT OF PROGRAM FEES AGAINST THE ASSETS

IN EACH INVESTMENT OPTION AND THE REINVESTMENT OF DIVIDENDS AND CAPITAL GAINS INTO THE INVESTMENT OPTIONS; (iii) THE VALUE OF AN ACCOUNT MAY BE MORE OR LESS THAN THE AMOUNT CONTRIBUTED TO THE ACCOUNT; (iv) CONTRIBUTIONS TO AN ACCOUNT ARE SUBJECT TO INVESTMENT RISKS, INCLUDING THE RISK OF LOSS OF ALL OR PART OF THE CONTRIBUTIONS AND ANY RETURN OR INTEREST EARNED THEREON; AND (v) THE VALUE OF THE ACCOUNT MAY NOT BE ADEQUATE TO FUND ACTUAL HIGHER EDUCATION EXPENSES. I ACKNOWLEDGE THAT THERE IS NO GUARANTEE OF A RATE OF INTEREST OR RETURN ON ANY ACCOUNT. I UNDERSTAND THAT THE INTENDED TAX ADVANTAGES FOR THE ACCOUNT MAY BE NEGATIVELY AFFECTED BY FUTURE CHANGES IN TAX LAWS, REGULATIONS OR RULES. NEITHER THE COMMITTEE, ANY MEMBER OF THE COMMITTEE, THE STATE OF ARKANSAS, OR THE PROGRAM MANAGER, ITS AFFILIATES AND SUBCONTRACTORS INSURES ANY ACCOUNT OR GUARANTEES ANY RATE OF RETURN OR ANY INTEREST RATE ON ANY CONTRIBUTION, AND NONE OF THE AFOREMENTIONED SHALL BE LIABLE FOR ANY LOSS INCURRED BY ANY PERSON AS A RESULT OF PARTICIPATING IN THE PLAN.

(c) I understand that if I, or the Designated Beneficiary, do not live or pay taxes in Arkansas: (i) the state(s) in which I, or the Designated Beneficiary, live or pay taxes may offer a Section 529 savings plan, (ii) that Section 529 savings plan may offer state income tax or other state benefits such as financial aid, scholarship funds, and protection from creditors not available through the Plan, and (iii) I may want to consult with a qualified tax adviser regarding the state tax consequences of investing in the Plan.

(d) I understand that once invested in a particular Portfolio, Contributions and any earnings may only be transferred to another Portfolio twice per calendar year or upon a change of the Designated Beneficiary. I understand that only the Committee will have the authority to make decisions concerning the mutual funds or other investments in which the Investment Option(s) will invest and the selection of the Program Manager. I understand that any Portfolio may at any time be merged, terminated, reorganized or cease accepting new Contributions, and any such action affecting a Portfolio may result in Contributions being reinvested in a Portfolio different from the Portfolio in which Contributions were originally invested.

(e) 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 the Plan's investment objectives will be achieved. Except to the extent FDIC insurance is available for the Savings Portfolio Option, I understand that investments in the Plan are not insured by the FDIC.

(f) I understand that although I own units of a Portfolio, I do not have a direct beneficial interest in the mutual funds and other Underlying Investments approved by the Committee from time to time, which may include stable value accounts, certificates of deposits or other investments held by that Portfolio and, therefore, I do not have the rights of an owner or shareholder of such Underlying Investments. I further understand that I received no advice or investment recommendation from, or on behalf of, the State of Arkansas, the Committee, the Plan, Vanguard, or the Program Manager, its affiliates, or subcontractors.

(g) I agree that each Contribution to the Account shall constitute my representation that each Contribution (together with the current Account and all other accounts of which I am aware that have been established under the Plan for the same Designated Beneficiary) will not cause the aggregate balances in such accounts to exceed the amount reasonably believed by me to be necessary to provide for the Designated Beneficiary's future Qualified Higher Education Expenses, and in any event will not cause such aggregate balances to exceed the Maximum Contribution Limit then in effect.

(h) I understand that I am solely responsible for determining which Section 529 qualified tuition program is best suited to my needs and objectives. I understand that each of the Investment Options within the Plan may not be suitable, and that the Plan may not be suitable, for all investors as a means of saving and investing for education costs. I have determined that an investment in the Plan is a suitable investment for me as a means of saving for the Qualified Expenses of the Designated Beneficiary of my Account.

(i) I certify that all of the information that I provided in the Application and any other documentation subsequently furnished in connection with the opening or maintenance of, or any withdrawals from, the Account is and shall be accurate and complete, and I agree to notify the Committee or the Program Manager promptly of any material changes in such information.

(j) I understand that participation in the Plan does not guarantee that any Designated Beneficiary: (i) will be admitted as a student to any Eligible Educational Institution, K-12 school, or Registered Apprenticeship Program; (ii) if accepted, will be permitted to continue as a student; (iii) will graduate from any Eligible Educational Institution, K-12 school, or Registered Apprenticeship Program; (iv) will be treated as a state resident of any state for tuition purposes; or (v) will achieve any particular treatment under applicable federal or state financial aid programs. Further, I understand that participation in the Plan does not guarantee Arkansas in state tuition rates at Arkansas state schools.

(k) I will not use an Account as collateral for any loan and agree that any attempted use of an Account as collateral for a loan shall be void.

(l) I will not assign or transfer any interest in any Account except as permitted by Section 529 or the Act, any regulations issued thereunder, or the Committee, and agree that any attempted assignment or transfer of such an interest shall be void. Notwithstanding the foregoing, I understand that I may designate a Successor Account Owner to whom the Account will be assigned in the event of my death. Accounts registered as trust accounts may not designate a Successor Account Owner.

(m) I understand that the Plan will not lend money or other assets to any Account Owner or Designated Beneficiary.

(n) I understand that the Plan is established and maintained pursuant to the Act and is intended to qualify for treatment as a qualified tuition program within the meaning of Section 529. The Act and Section 529 are subject to change and neither the Committee nor the Program Manager makes any representations that either the Act or Section 529 regulations, rules, notices, or other guidance issued thereunder will not be changed or repealed, or that the terms and conditions of the Plan will remain as currently described in the Program Description.

(o) I certify that I am a natural person, at least 18 years of age and a citizen or a resident of the United States of America and that (i) I have the requisite legal authority to enter into contracts, such as this Participation Agreement, and (ii) to open an Account. I also certify that the person named Designated Beneficiary of the Account is a citizen or a resident of the United States of America. I understand that if I have granted access to a third party to view or transact business in my Account, the Committee and the Program Manager reserve the right to terminate that access at any time without your permission, or the permission of the third party, in cases of threatening conduct or suspicious, fraudulent, or illegal activity.

(p) I understand that any Contributions credited to my Account will be deemed by the Committee and the Program Manager to have been received from me and that Contributions by third parties may result in adverse tax or other consequences to me or such third parties.

(q) I agree and acknowledge that included in the Fees and Expenses section of the Program Description are investment management fees and other expenses charged by each of the mutual funds or other Underlying Investments in which Portfolio assets are invested.

(r) I understand that I am opening this Account to provide funds for Qualified Expenses of the Designated Beneficiary.

(s) I understand that the Committee or the Program Manager may ask me to provide additional documentation that may be required by applicable law, the Program Regulations or the Program Description, and I agree to promptly comply with any such requests for additional documents.

(t) I understand that purchases and sales of units held in my Account may be confirmed to me on periodic account statements in lieu of an immediate confirmation.

(u) I agree that I have been given an opportunity, within a reasonable time prior to my execution of the Application, to ask questions of representatives of the Program Manager and to receive satisfactory answers concerning: (i) my participation in the Plan; (ii) the terms and conditions governing the Plan; (iii) the particular Investment Options that are available in the Plan; (iv) the Program Description, the Program Regulations, the Participation Agreement and the Application; (v) the applicable fees and expenses charged in connection with the Plan; and (vi) my ability to obtain such additional information necessary to verify the accuracy of any information furnished.

(v) I understand that Plan assets may be allocated among equity funds, fixed income funds, cash management funds, funding agreements and other investments.

(w) If I am establishing an Account as a custodian for a minor under UGMA/UTMA or for a Designated Beneficiary in another fiduciary capacity, I understand and agree that I assume responsibility for any adverse consequences resulting from the establishment, maintenance, or termination of the Account.

(x) If I am establishing an Account as a trustee for a trust, I represent that: (i) the trustee is the Account Owner; (ii) the individual executing this Agreement is duly authorized to act as trustee for the trust; (iii) the Program Description may not discuss tax consequences and other aspects of the Plan of particular relevance to the trust and individuals having an interest therein; and (iv) the trustee, for the benefit of the trust, has consulted with and relied on a professional adviser, as deemed appropriate by the trustee, before becoming an Account Owner.

(y) I understand that tax laws are subject to change, and that any such change may have adverse tax and other consequences to me.

(z) I understand that my participation in the Plan does not constitute the provision of an investment advisory service to me by the Trust, the Committee, the Program Manager, its affiliates or subcontractors.

(aa) I understand that Ascensus and Vanguard, to the extent permitted by applicable law, may direct mailing to me or my Designated Beneficiary regarding products or services other than the Plan.

8. **Fees and Expenses.** The Account is subject to the fees and expenses to pay for the costs of managing and administering the Plan as described in the Program Description.

9. **Necessity of Qualification and Proper Administration.** The Plan intends to qualify for favorable federal tax treatment under Section 529. Because this qualification is vital to the Plan, the Committee may modify the Plan or amend this Participation Agreement at any time if the Committee decides that the change is needed to meet the requirements of Section 529 or the regulations administered by the Internal Revenue Service pursuant to Section 529, Arkansas State law, or applicable rules or regulations promulgated by the Committee, or to ensure the proper administration of the Plan.

10. **Reports.** The Program Manager will send you periodic statements of your Account. The Program Manager will provide tax reporting as required by applicable law. If you do not write to the Program Manager to object to a statement or report within sixty (60) days after it has been sent to you, you will be considered to have approved it and to have released the Committee, the Trust and the Program Manager from all responsibility

for matters covered by the report. You agree to provide all information the Committee or the Program Manager may need to comply with any legal reporting requirements. You will continue to be responsible for filing your federal tax return and any other reports required of you by law.

11. **Amendment and Termination**. The Committee may from time to time amend the Plan, this Participation Agreement, the Program Description, or the Program Regulations, and may suspend or terminate the Plan by giving you written notice (which amendment shall be effective upon the date specified in the notice), but the Contributions you have made to the Plan may not thereby be diverted from the exclusive benefit of you and your Designated Beneficiary. Nothing contained in the Program Description, this Participation Agreement, or the Program Regulations is an agreement or representation by the Committee, the Trust, Program Manager, or any other person that it will continue to maintain the Plan indefinitely. A termination of the Plan or this Participation Agreement by the Committee or the Trust may result in a Non-Qualified Withdrawal for which tax and penalties may be assessed. No provision of this Participation Agreement can be amended or waived except in writing signed by an authorized representative of the Committee.

12. **Effective Date.** This Participation Agreement shall become effective between the Committee and you upon the first deposit to your Account or the acceptance of your properly completed Application by the Program Manager by and on behalf of the Committee, whichever occurs first, subject to the Committee's right to reject the Application if, in processing the Application, it is determined that the Application is not in good order.

13. **Applicable Law.** This Participation Agreement is governed by the laws of Arkansas without regard to its conflicts of law principles.

14. **Extraordinary Events.** The Committee, the Trust and the Program Manager shall not be liable for any 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.

15. **Severability.** In the event that any clause, provision, or portion of this Participation Agreement is found to be invalid, illegal, void or unenforceable by reason of any law, rule, administrative order or judicial decision of a court of competent jurisdiction, that clause or portion will be severed from this Participation Agreement and the remainder shall continue in full force and effect as if such clause or portion had never been included.

16. **Disputes.** All decisions and interpretations by the Committee and the Program Manager in connection with the operation of the Plan shall be final and binding upon you, the Designated Beneficiary and any other person affected thereby. Any claim by you against the State of Arkansas, the Committee, the Trust, the Plan, or any of their respective affiliates or their officers, employees, or agents, pursuant to this Participation Agreement or the Plan shall be made solely against the assets of the Plan. If you have a substantial interest affected by a decision of the Committee, you may appeal to the Committee in writing in accordance with the Committee's procedures. The Committee shall review the documentation and other submissions and make a determination within sixty (60) days. The Committee's appeal determination shall be in writing and returned to the appellant. All appeal decisions of the Committee shall be final.

17. **Arbitration**.

    (a) **Notice.** This Participation Agreement contains a pre-dispute arbitration clause. By the Account Owner signing an Enrollment Form and upon acceptance of the Account Owner's initial contribution, the Account Owner and the other parties agree as follows:

        (i) All parties to this Participation Agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.

(ii) Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.

(iii) The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.

(iv) The arbitrators do not have to explain the reason(s) for their award unless, in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel at least twenty (20) days prior to the first scheduled hearing date.

(v) The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.

(vi) The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.

(vii) The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.

(b) **Arbitration Clause.** Any controversy or claim arising out of or relating to the Plan or the Participation Agreement, or the breach, termination, or validity of the Plan or the Participation Agreement, including but not limited to any dispute over the scope of this arbitration clause, shall be settled by arbitration administered by JAMS in accordance with its Comprehensive Arbitration Rules and Procedures and its Policy on Consumer Arbitrations (except that if Ascensus or Vanguard is a party to the arbitration, it may elect that arbitration will instead be subject to the Code of Arbitration Procedure of the Financial Industry Regulatory Authority), which are made part of this Participation Agreement, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

(c) **Class Actions.** No person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action; or who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; or (ii) the class is decertified; or (iii) the customer is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this agreement except to the extent stated herein to this Participation Agreement.

18. **Lawsuits Involving Your Account.** Except as to controversies arising between you or your Designated Beneficiary and the Committee or the Program Manager, the Committee or the Program Manager may apply to a court at any time for judicial settlement of any matter involving your Account. If the Committee or the Program Manager does so, they must give you or your Designated Beneficiary the opportunity to participate in the court proceeding, but they also can involve other persons. Any expense incurred by the Committee or the Program Manager in legal proceedings involving your Account, including attorney's fees and expenses, are chargeable to your Account and payable by you or your Designated Beneficiary if not paid from your Account.

19. **Binding Nature**. This Participation Agreement shall be binding upon the parties and their respective heirs, successors, beneficiaries and permitted assigns. You agree that all of your representations and obligations under this Participation Agreement shall inure to the benefit of the Committee and the Program Manager, all of whom can rely upon and enforce your representations and obligations contained in this Participation Agreement.

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PO Box 219376
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Brighter Future Direct Plan

PO Box 219376
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www.brighterfuturedirect529.com

The Brighter Future Direct Plan (Plan) is an education savings program sponsored by the State of Arkansas and administered by the Arkansas Section 529 Plan Review Committee (Committee). Ascensus Broker Dealer Services, LLC, the Program Manager, and its affiliates have overall responsibility for the day-to-day operations of the Plan, including recordkeeping and marketing. The Vanguard Group, Inc., the Investment Manager, provides underlying investments for the Plan. Sallie Mae Bank serves as the Savings Portfolio Manager for the Plan. The Plan's Portfolios invest in either: (i) mutual funds or other investments offered or managed by The Vanguard Group, Inc.; or (ii) an FDIC-insured omnibus savings account held in trust by the Committee at Sallie Mae Bank. Except for the Savings Portfolio, investments in the Plan are not insured by the FDIC. Units of the Portfolios are municipal securities and the value of units will vary with market conditions.

Investment returns are not guaranteed and will vary depending upon the performance of the Portfolios you choose. Except to the extent of FDIC insurance is available for the Savings Portfolio, you could lose all or a portion of your money by investing in the Plan, depending on market conditions. Account Owners assume all investment risks as well as responsibility for any federal and state tax consequences.

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