

October 1, 2014

## **IMPORTANT - CollegeCounts Underlying Fund Change**

In our continued efforts to provide participants with “best-in-class” investment options, the decision was made to replace an underlying investment fund in the individual fund portfolios. We continually review and monitor the Program’s asset allocations, investment structure and underlying funds. The decision to replace an underlying investment fund was made as part of that ongoing process. The change is summarized below and detailed in the enclosed Program Disclosure Statement Supplement.

### **Individual Fund Portfolio Change**

- **PIMCO Total Return Fund Removed from the Individual Fund Portfolios**

On September 30, 2014 the decision was made to liquidate the holdings in the PIMCO Total Return Fund effective October 1, 2014 and reinvest those proceeds into the Vanguard Total Bond Market Index Fund. The Vanguard Total Bond Market Index Fund is an existing investment in the CollegeCounts 529 Fund Direct Plan. This change is based on a number of variables including recent departures of key senior investment personnel, uncertainty surrounding the impact of those changes, potential negative fund flows, and performance considerations.

- **Replacement Fund** ⇨ Vanguard Total Bond Market Index Fund (Ticker: VBTIX) – the strategy of the fund:

- The fund employs an indexing investment approach designed to track the performance of the Barclays U.S. Aggregate Float Adjusted Bond Index. This 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 asset-backed securities, all with maturities of more than 1 year.
- The fund invests by sampling the index, meaning that it holds a range of securities that, in the aggregate, approximate 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 currently ranges between 5 and 10 years.

### **This change was made in the Individual Fund Portfolios.**

**What do you need to do?** As a current investor, no action is required on your part. The change was made to the Portfolios on Wednesday, October 1st. This change made at the Plan level is not considered an investment change to your Account.

**What if I want to invest differently than outlined?** The IRS allows one investment change per calendar year or upon a change of beneficiary. If you have not used your investment change in 2014, you may use your investment change to select a new Portfolio(s). If you are uncertain whether you have already used your investment change in 2014, please feel free to contact us.

If you have questions regarding the Program, your account, or the change, please feel free to contact one of our customer care representatives at 866.529.2228 between 7:30 am and 6:00 pm CT Monday through Friday, or contact your investment professional. Thank you for investing with CollegeCounts.

*CollegeCounts 529 Fund Direct Plan*

**COLLEGE COUNTS 529 FUND DIRECT PLAN  
PROGRAM DISCLOSURE STATEMENT**

Supplement dated October 1, 2014  
to the Program Disclosure Statement dated September 26, 2013

The Program Disclosure Statement dated September 26, 2013, as supplemented, is hereby  
amended as follows:

❖ **Underlying Fund to be Replaced in the Individual Fund Portfolios**

Effective October 1, 2014 the PIMCO Total Return Fund will be replaced in the Individual Fund Portfolios by the Vanguard Total Bond Market Index Fund (Ticker: VBTIX). On October 1, 2014, funds invested in the PIMCO Total Return Fund will automatically be liquidated and reinvested in the Vanguard Total Bond Market Index Fund. The PIMCO Total Return Fund will no longer be offered as an Individual Fund Portfolio.

**The Program Disclosure Statement is further amended as follows:**

- The following "*Individual Fund Portfolio*" on page 17, 22, and 24 is no longer available as an investment option in the Plan: PIMCO Total Return 529 Portfolio
- The following "Fund" on page 41, 45, and 46 is no longer an underlying investment fund in the Plan: PIMCO Total Return Fund (Instl.).

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