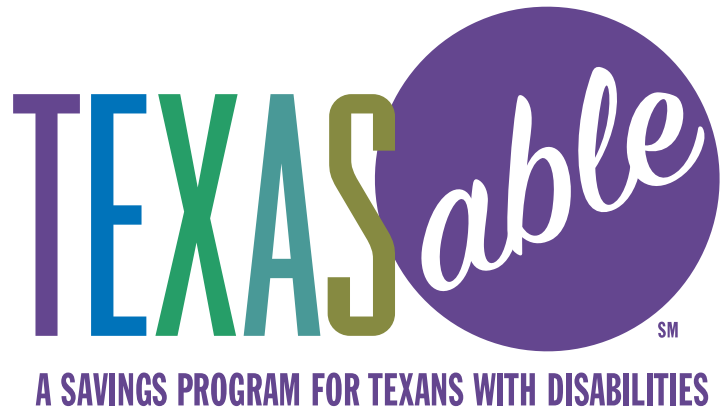


Texas ABLE® Program
Disclosure Statement
and Participation Agreement



As of April 26, 2018

PROGRAM DISCLOSURE STATEMENT

Before you open an Account in the Texas Achieving a Better Life Experience Program (“**Texas ABLE**” or the “**Program**”) and before you make any investments in the Program, you should carefully read and understand this Program Disclosure Statement. It includes important information about Texas ABLE[®], including, among other information, eligibility for opening an Account, the risks of investing in the Program, certain limitations and restrictions that will apply to your use of the money in the Program, and the fees you will pay for having an Account in the Program.

The information in this Program Disclosure Statement is believed to be accurate as of April 26, 2018 but is subject to change in the future. If the information changes in the future, a supplement or update to this document explaining the applicable changes will be made available.

INTRODUCTION

The Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014 (the “**Federal ABLÉ Act**”) was passed by the U.S. Congress and signed into law by the President of the United States to provide certain individuals with disabilities a means to save for disability-related expenses.

Section 529A of the Internal Revenue Code of 1986 as amended (“**IRC**”), which is part of the Federal ABLÉ Act, allows the creation of a qualified ABLÉ program by a state (or agency or instrumentality thereof) under which an ABLÉ account may be established for an individual with a disability who is the Designated Beneficiary and owner of that account. The Legislature of the State of Texas enacted the Texas ABLÉ Act (1) to encourage and assist individuals and families in saving funds for the purpose of supporting individuals with disabilities to maintain health, independence, and quality of life; and (2) to provide secure funding for Qualified Disability Expenses on behalf of Designated Beneficiaries with disabilities that will supplement, but not supplant, benefits provided through private insurance, the Medicaid program under Title XIX of the Social Security Act, the supplemental security income program under Title XVI of the Social Security Act, the Social Security Disability Insurance program under Title II of the Social Security Act, the Designated Beneficiary’s employment, and other sources. As a result, Texas ABLÉ has established a Program that offers tax-advantaged investment accounts intended to be used for the Qualified Disability Expenses of a particular eligible Designated Beneficiary.

PROGRAM ADMINISTRATION AND SERVICE PROVIDERS

The Texas ABLÉ Program is established and maintained by the Texas Prepaid Higher Education Tuition Board (“Board”) with assistance from the Texas Comptroller of Public Accounts (“Comptroller” or “Comptroller’s office”). The Board with the assistance of the Comptroller’s office has selected the following service providers (collectively, the “**Service Providers**”):

Type of Service Provider	Name of Provider
Program Manager	NorthStar Financial Services Group, LLC. (“NorthStar”) (NorthStar’s current contract to serve as Program Manager is for an initial term beginning November 20, 2017 and ending August 31, 2019. The Board has the right to renew the contract for four additional one-year periods.)
Investment Consultant	Aon Hewitt Investment Consulting, Inc.
Custodian	Constellation Trust Company, a NorthStar affiliate.

This Program Disclosure Statement is for informational purposes only and is not intended to provide legal, financial, benefit, tax or investment advice, or for use to avoid penalties that may be imposed under U.S. federal or Texas state tax laws. Contact your attorney or other advisor regarding your specific legal, investment or tax situation. In the event of any conflicts between the description of the Program contained herein and any requirement of federal or Texas law applicable to matters addressed herein, such legal requirement would prevail over this Program Disclosure Statement.

Statements contained in this Program Disclosure Statement 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 fact or guarantee of future performance.

No Other Insurance or Guarantees

Only monies placed in the FDIC-insured Bank Savings Account Option are insured under the guidelines of the Federal Deposit Insurance Company (“**FDIC**”). Program Accounts, contributions, and rates of return on investment are not guaranteed by (i) the State of Texas or its respective officials or employees, (ii) the Board, its committees, or their individual members, (iii) agents, advisers, subcontractors, or consultants retained by or on behalf of the entities in (i) through (iii) of this section, or (iv) any other federal or state entity, or private person or entity. You could lose money on your investment in the Program.

Risks of Program Account Ownership and Investment Risk

Investing in the Investment Options offered through the Program involves risk. Please see the “**Risks of Investing in the Program**” section for more specific information.

Account Value may be Less Than Your Qualified Disability Expenses

Participation in the Program does not guarantee that contributions and any earnings will be adequate to cover current or future Qualified Disability Expenses of the Designated Beneficiary.

For Use Only for Qualifying Disability Expenses

The Program is intended to be used only to save for Qualified Disability Expenses. The Program and any tax information contained in this Program Disclosure Statement are not intended to be used, nor should it be used, by any taxpayer for evading federal or state taxes or tax penalties. Taxpayers may wish to seek tax advice from an independent tax advisor based on their own circumstances.

Securities Law Considerations

Accounts in the Program are considered municipal fund securities for federal securities law purposes. Accounts in the Program have not been registered with the Securities and Exchange Commission (the “**SEC**”) or with any state securities commission pursuant to exemptions from registration available for securities issued by a public agency or instrumentality of a state. Neither the SEC nor any state securities commission has reviewed this Program Disclosure Statement. This Program Disclosure Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor may there be any sale of a security described in this Program Disclosure Statement by any person in any jurisdiction in which it is unlawful for such person to make an offer, solicitation, or sale.

Privacy Policy

Please see the Program Privacy Policy for information on how the Board and the Program Manager gather and use the information received from the Designated Beneficiary, Authorized Legal Representative, and others under the Program.

How to Contact or Notify the Program

You can contact or notify the Program at:

Texas ABLE Program
P.O. Box 44035
Jacksonville, FL 32231

For information about the Program or to enroll, see our website at www.TexasABLE.org.

You can also call the Program at 1-844-489-2253 (1-844-4TX-ABLE) if you have any questions.

IMPORTANT LEGAL INFORMATION

THE PROGRAM AND ITS AUTHORIZED AGENTS OR AFFILIATES MAKE NO REPRESENTATIONS REGARDING THE SUITABILITY OF THE INVESTMENT OPTIONS DESCRIBED IN THIS PROGRAM DISCLOSURE STATEMENT FOR ANY INVESTOR. OTHER TYPES OF INVESTMENTS AND OTHER TYPES OF INVESTMENT VEHICLES MAY BE MORE APPROPRIATE DEPENDING ON YOUR PERSONAL CIRCUMSTANCES. YOU SHOULD CONSULT YOUR TAX, INVESTMENT, OR DISABILITY BENEFITS ADVISOR(S) FOR MORE INFORMATION.

THE INFORMATION IN THIS PROGRAM DISCLOSURE STATEMENT IS BELIEVED TO BE ACCURATE AS OF THE DATE PRINTED ON THE COVER PAGE BUT IS SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER DELIVERY OF THIS PROGRAM DISCLOSURE STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE PROGRAM SINCE THE DATE OF THIS DOCUMENT.

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KEY PROGRAM FEATURES

This section provides summary information about certain key features of the Program, but it is important that you read the entire Program Disclosure Statement for more detailed information about the Program. You can find additional information beginning on the page number(s) referenced below.

FEATURE	DESCRIPTION	Begins on Page
Designated Beneficiary or Eligible Individual	<p>A person is eligible to open an Account if he or she meets the following three requirements:</p> <ol style="list-style-type: none"> 1. The person is a Texas resident. 2. The person can establish that he or she has a disability through one of the following ways: <ul style="list-style-type: none"> <u>SSI or SSDI Eligibility</u> - The Social Security Administration has determined that the person is eligible to receive Supplemental Security Income (“SSI”) or Social Security Disability Insurance (“SSDI”), and he or she is still eligible to receive SSI or SSDI when he or she opens the account. OR <u>Physician’s Diagnosis</u> - A licensed physician has provided a written diagnosis that the person is either: <ul style="list-style-type: none"> (a) blind (within the meaning of the Social Security Act), or (b) has a medically determinable physical or mental impairment that results in marked and severe limitations, and which can either be expected to result in death, or has lasted or is expected to last at least 12 months. OR <u>Compassionate Allowances Conditions</u> - The person has a condition listed in the Social Security Administration’s list of Compassionate Allowances Conditions (found at www.ssa.gov/compassionateallowances). 3. The person’s disability was present before age 26. 	18
Enrolling	<p>Enroll online at www.TexasABLE.org. Customer service is available toll-free at 1-844-489-2253 (1-844-4TX-ABLE).</p>	19

FEATURE	DESCRIPTION	Begins on Page
Save for Qualified Disability Expenses	<p>Qualified Disability Expenses include any expenses incurred at a time when the Designated Beneficiary is an Eligible Individual that relate to the blindness or disability of the Designated Beneficiary, and are for the benefit of the Designated Beneficiary in maintaining or improving his or her health, independence, or quality of life.</p> <p>Such expenses include, but are not limited to, expenses related to the Designated Beneficiary’s education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, funeral and burial expenses, and other expenses that may be identified from time to time by the IRS.</p>	61
Minimum Initial Contribution	\$50	22
Minimum Subsequent Contributions	\$25	22
Authorized Legal Representative	<p>If the Designated Beneficiary is a minor, or has a legal guardian or other fiduciary (for example, a trustee or an agent acting under a power of attorney for the Designated Beneficiary) appointed for the purpose of managing the Designated Beneficiary’s financial affairs, the parent, legal guardian, or other fiduciary of the Designated Beneficiary may serve as the Authorized Legal Representative and enter into the Participation Agreement with the Program. The Authorized Legal Representative may neither have, nor acquire, any beneficial interest in the Program Account during the Designated Beneficiary’s lifetime and must administer the Account for the exclusive benefit of the Designated Beneficiary.</p>	18
Annual Contribution Limit	<p>Contributions from all sources can be made up to \$15,000 per year per Designated Beneficiary. Contributions over \$15,000 will not be accepted and will be returned to the contributor, if possible. You will be notified of any increase in contribution limits.</p>	23

FEATURE	DESCRIPTION	Begins on Page
Expanded Annual Contribution Limit for Certain Designated Beneficiaries (“Expanded ACL”)	<p>Certain eligible ABLE Designated Beneficiaries are permitted to make contributions to an Account in excess of the Annual Contribution Limit up to a specified amount (the “Expanded ACL”). In order to be eligible under 529A to make additional contributions up to the Expanded ACL, a Designated Beneficiary must be an employee (including an “employee” within the meaning of IRC section 401(c) which includes a definition of self-employed individual) with respect to whom: (i) no contribution is made for the taxable year to a defined contribution plan (within the meaning of section 414(i)) with respect to which the requirements of section 401(a) or 403(a) are met, (ii) no contribution is made for the taxable year to an annuity contract described in section 403(b), and (iii) no contribution is made for the taxable year to an eligible deferred compensation plan described in section 457(b). Contributions up to the Expanded ACL may only be made by the Designated Beneficiary.</p> <p>Calculating Your Permitted Expanded ACL. Under the Expanded ACL, for contributions made on or after January 1, 2018, and before January 1, 2026, an eligible Designated Beneficiary may annually contribute an additional amount to an Account up to the lesser of (1) the Designated Beneficiary’s compensation (as defined by section 219(f)(1)) includible in the Designated Beneficiary’s gross income for the taxable year, or (2) an amount equal to the Federal Poverty Level for a one-person household as determined for the preceding taxable year. The Federal Poverty Level for 2017 was \$12,060 for the contiguous 48 states. Traditionally, the level increases from year to year.</p> <p>Note: The Expanded ACL was passed by the U.S. Congress and was signed into law by the President of the United States on December 22, 2017. The information presented is based on a good faith interpretation of the statutory language. If, and when, material updates become available we will update the website at www.TexasABLE.org and this Program Disclosure Statement. Please consult with your tax advisor for more information.</p>	23
Lifetime Account Limit	No new contributions may be made to any Program Account if, at the time of a proposed contribution, the Program Account balance is equal to or greater than \$370,000. Accounts that have reached the Lifetime Account Limit may continue to accrue earnings. You will be notified of any increase in the Lifetime Account Limit.	24

FEATURE	DESCRIPTION	Begins on Page
<p>Preserve Eligibility for federal and Texas means-tested benefits</p>	<p>Balances are disregarded for purposes of determining the Designated Beneficiary’s eligibility to receive benefits under Medicaid.</p> <p>Balances of up to \$100,000 will be disregarded for purposes of determining the Designated Beneficiary’s eligibility to receive benefits under the Supplemental Security Income program.</p> <p>Unless required by other provision of federal and state laws, during the period an individual maintains an Account, balances in an Account, including any earnings, and distributions from an Account for Qualified Disability Expenses may not be considered for purposes of determining Designated Beneficiary’s eligibility to receive benefits or the amount of the assistance or benefit provided by the State of Texas.</p> <p>As of the date of this Program Disclosure Statement, no final guidance has been issued by the U.S. Department of Housing and Urban Development (HUD) related to the effect ABLE will have on housing benefits.</p>	<p>30</p>
<p>Federal Tax Benefits and Considerations</p>	<p>Earnings, if any, grow tax-deferred from federal income tax.</p> <p>No federal income tax on earnings for Qualified Withdrawals, Rollovers or Program-to Program Transfers. Qualified Withdrawals are withdrawals used to pay for Qualified Disability Expenses.</p> <p>For federal gift and estate tax purposes, contributions by a third party to an Account are treated as completed gifts to the Designated Beneficiary, which may qualify for the “annual exclusion” for federal gift tax purposes.</p> <p>Contributions to an ABLE Account are not deductible for federal income tax purposes, but a Saver’s Credit is available for Designated Beneficiaries that qualify. See “Saver’s Credit” below for more information.</p>	<p>59</p>

FEATURE	DESCRIPTION	Begins on Page
Saver's Credit	Effective for contributions made on or after January 1, 2018, and before January 1, 2026, you may be able to claim a Saver's Credit. Adjusted Gross Income limits apply and the Designated Beneficiary of the ABLE account must be age 18 or older, not a full-time student, and not claimed as a dependent on another person's return. Note: The expansion of the Saver's Credit to ABLE accounts was passed by the U.S. Congress and was signed into law by the President of the United States on December 22, 2017. The information presented is based on a good faith interpretation of the statutory language. If, and when, material updates become available we will update the website at www.TexasABLE.org and this Program Disclosure Statement. Please consult with your tax advisor for more information.	65
Qualified Withdrawals	Qualified Withdrawals are withdrawals used for Qualified Disability Expenses of the Designated Beneficiary.	27
Non-Qualified Withdrawals	Non-Qualified Withdrawals are withdrawals used for any expenses that are not Qualified Disability Expenses. Non-Qualified Withdrawals may negatively affect your eligibility for and/or benefits received from SSI, SSDI, and Medicaid. Non-Qualified Withdrawals will be subject to income tax on any earnings, and the Additional 10% Tax on any earnings, unless an exception applies.	27
Program-to-Program Transfer	Program-to-Program Transfer means the direct transfer of the entire balance of an ABLE account into an ABLE account of the same Designated Beneficiary in which the transferor ABLE account is closed upon completion of the transfer, or of part or all of the balance to an ABLE account of another Eligible Individual who is a Member of the Family of the former Designated Beneficiary, without any intervening distribution or deemed distribution to the Designated Beneficiary.	29
Rollovers	<p>Rollovers from another state's ABLE program to the Texas ABLE Program or from the Texas ABLE Program to another state's ABLE program may be made only once every twelve months for the same Designated Beneficiary and must be contributed to the ABLE program within 60 days of the date of distribution from the former ABLE program, otherwise the earnings in the account will be subject to federal tax.</p> <p>A Rollover to another Designated Beneficiary who is an Eligible Individual and a Member of the Family of the current Designated Beneficiary is not subject to the 12-month limit.</p>	28

FEATURE	DESCRIPTION	Begins on Page
Rollovers from Section 529 Plans to ABLE Plans	<p>Effective for distributions after December 22, 2017, and before January 1, 2026, amounts in a qualified tuition program established under Section 529 of the IRC (a “529 account”) may be rolled over to an ABLE account of the 529 account’s designated beneficiary or a “member of the family” (as defined by IRC 529) of the 529 account’s designated beneficiary. Such rollover amounts are limited by and count toward the Annual Contribution Limit. For 2018, this amount is \$15,000.</p> <p>Note: The revisions to Section 529 of the IRC permitting rollovers to ABLE accounts was passed by the U.S. Congress and was signed into law by the President of the United States on December 22, 2017. The information presented is based on a good faith interpretation of the statutory language. If, and when, material updates become available we will update the website at www.TexasABLE.org and this Program Disclosure Statement. Please consult with your tax advisor for more information. Please see the offering document for the 529 account for information regarding the tax consequences of Rollovers out of the 529 account. For example, the definition of “Member of the Family” for a 529 account is broader than the definition for an ABLE account.</p>	62
Investment Options	<p>The Program offers four different Investment Options in which you will choose to invest. Each Investment Option has a distinct investment objective. Each Investment Option bears all the risks of its underlying investments.</p> <p>The Texas ABLE Program is designed to assist those seeking long-term growth, medium-term growth, or income and some growth in a Managed Allocation Option, or a FDIC-insured Bank Savings Account Option.</p>	37
Transfers Among Investment Options	You may move funds from your current Investment Option(s) to other Investment Options only twice per calendar year.	28
Fees and Expenses	Fees associated with a Program Account are described in detail under Fees and Expenses. Until the Account is closed, the \$4 per month Account maintenance fee will continue to be assessed monthly during periods when the Account is a zero-balance Account, and if the Account is temporarily suspended for identification or Authorized Legal Representative verification.	52

FEATURE	DESCRIPTION	Begins on Page
Performance	<p>Performance information for the Investment Options is not shown at this time because the Investment Options and underlying investments are new as of the date of this Disclosure Statement. Current performance information will be available on the Program’s website at www.TexasAble.org after the Investment Options have twelve months of performance information. When performance is shown it will not necessarily be indicative of future results. Your investment results may be better or worse.</p>	43
Risks of Investing in the Program	<p>Opening a Program Account involves certain risks that you should consider, including:</p> <ul style="list-style-type: none"> • The risk that the value of your investments may decrease, you could lose money, including the principal you invest; • The risk of state or federal tax law changes or changes to Internal Revenue Service (“IRS”), The Centers for Medicare & Medicaid Services, or Social Security Administration (“SSA”) interpretative guidance; • The risk of Program changes, including changes in fees; and • The risk that certain balances in and certain withdrawals from your Program Account could negatively affect your eligibility for federal or state benefits. <p>If you are no longer considered to be an Eligible Individual, expenses incurred at a time when you are not an Eligible Individual will not be considered Qualified Disability Expenses under federal tax law.</p>	55
Electronic Delivery of Program Documents	<p>As a convenience, you have the option of receiving all your Program documents electronically. Electronic delivery will eliminate the \$10 annual fee for printing and mailing paper documents.</p>	54
Zero-Balance Account or Suspension of Account for Verification	<p>If a Program Account has a zero balance for 90 days or more, it may be closed by the Program. Until the Account is closed, the \$4 per month Account maintenance fee will continue to be assessed monthly during periods when the Account is a zero-balance Account, and if the Account is temporarily suspended for identification or Authorized Legal Representative verification. If the Designated Beneficiary wishes to reinstate a zero-balance Program Account that has been closed by the Program, the Designated Beneficiary or the Authorized Legal Representative must complete a reinstatement form online.</p>	29

DEFINITIONS

While adhering to state and federal disclosure requirements, this Program Disclosure Statement is intended to be as clear and understandable as possible. This glossary of certain terms is included here for your easy reference. Refer to the text throughout the Program Disclosure Statement for a more complete discussion of these terms.

TERM	DEFINITION
Texas ABLE Program or the Program	The Texas Achieving a Better Life Experience Program.
Account or Program Account	An account in the Texas ABLE Program.
Additional 10% Tax	A 10% additional federal tax imposed on the earnings portion of Non-Qualified Withdrawals unless one of the limited exceptions applies.
Authorized Legal Representative	If the Designated Beneficiary is not able to exercise signature authority over his or her Program Account, or chooses to establish a Program Account but not exercise signature authority, an Authorized Legal Representative may act on the Designated Beneficiary's behalf with respect to the Program Account. If the Designated Beneficiary is a minor, or has a legal guardian or other fiduciary (for example, a trustee or an agent acting under a power of attorney for the Designated Beneficiary) appointed for the purpose of managing the Designated Beneficiary's financial affairs, the parent, legal guardian, or other fiduciary of the Designated Beneficiary may serve as the Authorized Legal Representative and enter into the Participation Agreement with the Program. The Authorized Legal Representative may neither have, nor acquire, any beneficial interest in the Program Account during the Designated Beneficiary's lifetime and must administer the Account for the exclusive benefit of the Designated Beneficiary. Whenever an action is required to be taken by a Designated Beneficiary in connection with a Program Account, it must be taken by the Designated Beneficiary's Authorized Legal Representative acting in that capacity. References to "you" or "your" include the Authorized Legal Representative when he or she is acting upon the Designated Beneficiary's behalf.
Board	The Texas Prepaid Higher Education Tuition Board established under Texas state law.
Comptroller	Texas Comptroller of Public Accounts.
Designated Beneficiary or "you" or "your"	A resident of the State of Texas with a disability who is an Eligible Individual and named as the Designated Beneficiary of the Program Account. This individual is the owner of the Program Account. References to "you" or "your" include the Authorized Legal Representative when he or she is acting upon the Designated Beneficiary's behalf.

TERM	DEFINITION
Eligible Individual	<p>A person is eligible to open an Account if he or she meets the following three requirements:</p> <ol style="list-style-type: none"> 1. The person is a Texas resident. 2. The person can establish that he or she has a disability through one of the following ways: <ul style="list-style-type: none"> <u>SSI or SSDI Eligibility</u> - The Social Security Administration has determined that the person is eligible to receive Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI), and he or she is still eligible to receive SSI or SSDI when he or she opens the Account. OR <u>Physician's Diagnosis</u> - A licensed physician has provided a written diagnosis that the person is either: <ul style="list-style-type: none"> (a) blind (within the meaning of the Social Security Act), or (b) has a medically determinable physical or mental impairment that results in marked and severe limitations, and which can either be expected to result in death, or has lasted or is expected to last at least 12 months. OR <u>Compassionate Allowances Conditions</u> - The person has a condition listed in the Social Security Administration's list of Compassionate Allowances Conditions (found at www.ssa.gov/compassionateallowances). 3. The person's disability was present before age 26.
Member of the Family	<p>The Designated Beneficiary's sibling, whether by blood or adoption, including his or her brother, sister, stepbrother, stepsister, half-brother, and half-sister. For a change of Designated Beneficiary, a Member of the Family must meet the requirements of an Eligible Individual.</p>
Mutual Funds	<p>The mutual funds serving as underlying investments for certain Investment Options.</p>
Non-Qualified Withdrawal	<p>Any withdrawal from your Program Account not used to pay Qualified Disability Expenses of the Designated Beneficiary of the Account. Note that expenses will not be Qualified Disability Expenses if they are incurred at a time when a Designated Beneficiary is not an Eligible Individual.</p>
Participation Agreement	<p>The agreement between the Designated Beneficiary or an Authorized Legal Representative and the Board, which is attached to this Program Disclosure Statement. The Participation Agreement governs use of the Program and is enforceable by the Board.</p>
Program	<p>Texas Achieving a Better Life Experience Program, Texas ABLE Program, or Texas ABLE.</p>
Program Manager	<p>NorthStar Financial Services Group, LLC or NorthStar.</p>
Proposed Tax Regulations	<p>The guidance provided by the U.S. Department of the Treasury and the IRS under Section 529A of the IRC from time to time, including IRS Notice 2015-18 dated March 23, 2015, proposed rules for Qualified ABLE Programs dated June 22, 2015, and IRS Notice 2015-81 dated November 20, 2015.</p>

TERM	DEFINITION
Qualified Disability Expenses	Any expenses that (1) are incurred at a time when the Designated Beneficiary is an Eligible Individual, (2) relate to the blindness or disability of the Designated Beneficiary, and (3) are for the benefit of the Designated Beneficiary in maintaining or improving his or her health, independence, or quality of life. Such expenses include, but are not limited to, expenses related to the Designated Beneficiary's education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, funeral and burial expenses, and other expenses that may be identified from time to time by the IRS.
Qualified Withdrawal	Any withdrawal used to pay for Qualified Disability Expenses of the Designated Beneficiary.
Texas ABLE Act	An Act relating to the establishment of the Texas Achieving a Better Life Experience (ABLE) Program.
Unit	Interests in an Investment Option that you purchase with contributions to your Account. The value of your investment in an Investment Option is divided into units. Each unit has an equal value. For instance, if the value of your investment in an Investment Option is \$100 and you have ten units, each unit would be worth \$10.

WHO CAN OPEN A PROGRAM ACCOUNT

Designated Beneficiary or Eligible Individual

The Designated Beneficiary is the person for whom the ABLE account is established. The Designated Beneficiary must meet the eligibility requirements described below.

Authorized Legal Representative

If the Designated Beneficiary is not able to exercise signature authority over his or her Program Account or chooses to establish a Program Account but not exercise signature authority, an Authorized Legal Representative may act on the Designated Beneficiary's behalf with respect to the Account. If the Designated Beneficiary is a minor, or has a legal guardian or other fiduciary (for example, a trustee or an agent acting under a power of attorney for the Designated Beneficiary) appointed for the purpose of managing the Designated Beneficiary's financial affairs, the parent, legal guardian, or other fiduciary of the Designated Beneficiary may serve as the Authorized Legal Representative and enter into the Participation Agreement with the Program. According to IRS guidance, the Authorized Legal Representative may neither have, nor acquire, any beneficial interest in the Program Account during the Designated Beneficiary's lifetime and must administer the Account for the exclusive benefit of the Designated Beneficiary. If an Authorized Legal Representative has been designated, whenever an action is required to be taken by a Designated Beneficiary in connection with a Program Account, it must be taken by the Designated Beneficiary's Authorized Legal Representative acting in that capacity.

If an Authorized Legal Representative has been named for an Account, then all references in this Disclosure Statement to the "Designated Beneficiary" also include the Designated Beneficiary's Authorized Legal Representative, acting in that capacity.

ENROLLING

This section discusses who is eligible to open an Account in the Program and how to do it. The Program is designed to be established and maintained online in order to maximize efficiency, quality and customer service.

Eligibility

A person is eligible to open an Account if he or she meets the following three requirements:

1. The person is a Texas resident.
2. The person can establish that he or she has a disability through one of the following ways:
 - SSI or SSDI Eligibility - The Social Security Administration has determined that the person is eligible to receive Supplemental Security Income or Social Security Disability Insurance, and he or she is still eligible to receive SSI or SSDI when he or she opens the account.
 - OR Physician's Diagnosis - A licensed physician has provided a written diagnosis that the person is either:
 - (a) blind (within the meaning of the Social Security Act),
 - or (b) has a medically determinable physical or mental impairment that results in marked and severe limitations, and which can either be expected to result in death, or has lasted or is expected to last at least 12 months.
 - OR Compassionate Allowances Conditions - The person has a condition listed in the Social Security Administration's list of Compassionate Allowances Conditions (found at www.ssa.gov/compassionateallowances).
3. The person's disability was present before age 26.

Certification and Documentation

The Program will require that the Designated Beneficiary certify, under penalty of perjury, that he or she meets the requirements listed above.

The Designated Beneficiary also must agree to keep any documents supporting his or her eligibility (such as the Social Security Administration's SSI or SSDI award letter or a physician's written diagnosis), and, if the Program requests copies of these documents, to provide them within 30 days.

If a Designated Beneficiary does not provide requested documentation within 30 days, the Program may suspend or close the Account.

If you are an Authorized Legal Representative, you must certify that you are legally authorized to act on behalf of the Designated Beneficiary and agree to furnish proof of your legal authority upon the Program's request. If requested by the Program, documentation must be received by the Program within 90 days of the written request from the Program or the Account may be suspended or closed and refunded.

One Account Rule

The Proposed Tax Regulations provide that, except with respect to pending Rollovers and Program-to-Program Transfers, no Designated Beneficiary may have more than one ABLE account in existence at the same time (the **“One Account Rule”**). A prior ABLE account that has been closed with a zero balance does not prohibit the subsequent creation of another ABLE account for the same Designated Beneficiary. As part of the enrollment process, the Designated Beneficiary will be required to certify under penalties of perjury that he or she has no other ABLE account (except in the case of a pending Rollover or Program-to-Program Transfer). If more than one ABLE account is opened by a Designated Beneficiary, the second or any subsequent account(s) will not be treated as an ABLE account(s) under Section 529A of the IRC, and will not be eligible for the benefits of ABLE accounts. Any subsequent account(s) identified to the Texas ABLE program will be closed and refunded to the Designated Beneficiary.

Responsibility to Notify Program of Changes in Eligibility

By maintaining a Program Account, the Designated Beneficiary is making a continuing certification that the Designated Beneficiary is an Eligible Individual. It is the Designated Beneficiary’s responsibility to notify the Program if the Designated Beneficiary ceases to be an Eligible Individual. It is also the Designated Beneficiary’s responsibility to notify the Program if the Designated Beneficiary subsequently re-qualifies as an Eligible Individual.

There may be circumstances in which a Designated Beneficiary ceases to be an Eligible Individual but then later regains his or her status as an Eligible Individual. An example would be if the disease that caused the disability goes into remission but later reemerges. Therefore, if at any time a Designated Beneficiary no longer meets the definition of an Eligible Individual, his or her Program Account will remain an Account to which all of the provisions of Section 529A of the IRC continue to apply and no distribution of the account balance is deemed to occur. However, under the Proposed Tax Regulations, beginning on the first day of the taxable year following the taxable year in which the Designated Beneficiary ceased to be an Eligible Individual, no contribution to the Program Account may be accepted. If the Designated Beneficiary subsequently becomes an Eligible Individual again, with proper notification to the Program, additional contributions may be accepted subject to the Annual Contribution Limit and the Lifetime Account Limit.

See **“Summary of Federal and Texas Tax Considerations”** for information on the federal income tax treatment of expenses during periods when the Designated Beneficiary is no longer an Eligible Individual.

Eligibility Requirements are Subject to Federal Law and May Change

Eligibility requirements are based on a good faith interpretation of federal law and regulations and are subject to change at any time. None of the Program, the Service Providers, or their authorized agents or representatives will have any responsibility or liability for an individual’s failure (or their Authorized Legal Representative’s failure) to establish eligibility to open a Program Account or maintain eligibility to continue to make contributions, withdrawals, and other transactions in the Program.

Opening Your Texas ABLE Program Account

To open a Program Account, you must first complete and submit an online application (the “**Application**”). The Application and this Program Disclosure Statement and Participation Agreement govern the terms of your Program Account. The Application requires you to provide the Program with certain information, including your eligibility to open a Program Account, the Investment Options in which you would like to invest contributions, your name, address, date of birth, Social Security Number, and any other information the Program requests to identify you. Until you provide the information needed, the Program will not be able to transact on the Program Account.

When you submit an Application, the Program will take steps to verify your identity. If the Program is unable to verify your identity based on the information you provide with your Application, the Program may require additional information and/or documentation before activating and accepting contributions in your Program Account. Until your identity is verified any funds received by the Program will be held in a non-interest-bearing account. If the Program is unable to verify your identity the Program will refund the funds received. If permitted by federal and state law, the Program will provide advance written or electronic notification to the Designated Beneficiary of any pending refund within a reasonable time prior to the refund (i.e., not less than 30 days). You may complete and submit the Application online on the Program’s website at www.TexasABLE.org.

After enrolling in the Program, an Authorized Legal Representative may receive an email notification or letter requesting submission of supporting documentation to validate his or her legal authority to act on behalf of the Designated Beneficiary. If requested by the Program, documentation must be received by the Program before an Authorized Legal Representative will be able to transact on the Account. The Authorized Legal Representative cannot have the power to acquire any beneficial interest in the Account or funds held therein and must administer the account solely for the benefit of the Designated Beneficiary in accordance with Section 529A of the IRC and the proposed, and any final, tax regulations. For example, the Authorized Legal Representative must not have the authority to make gifts to themselves. If requested, documentation must be received by the Program within 90 days of the date of the written request from the Program or the Account may be suspended or closed and refunded.

Choosing Investment Options

The Board has established multiple Investment Options for the Program. To complete your Application, you must select the Investment Option(s) to which your contributions should be allocated. You may select any one or a combination of the Investment Options. Future contributions to your Program Account are not limited to your initial Investment Option elections.

After you have enrolled, you may change your Investment Option election(s) by:

- Choosing additional Investment Options for future contributions;
- Stopping contributions to an existing Investment Option; or
- Transferring funds in your Program Account, subject to the twice-yearly limits, to other Investment Options.

If you choose to change your Investment Option selections, change your allocations, or stop your contributions to any Investment Option, you may do so online.

Federal Income Tax Benefits

Investment earnings, if any, on your contributions accumulate on a tax-deferred basis while in a Program Account. Qualified Withdrawals are exempt from federal income tax if they are used to pay for the Designated Beneficiary's Qualified Disability Expenses. Qualified Disability Expenses are any expenses that (1) are incurred at a time when the Designated Beneficiary is an Eligible Individual, (2) relate to the blindness or disability of the Designated Beneficiary, and (3) are for the benefit of the Designated Beneficiary in maintaining or improving his or her health, independence, or quality of life. Such expenses include, but are not limited to, expenses related to the Designated Beneficiary's education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, funeral and burial expenses, and other expenses that may be identified from time to time by the IRS.

Under current IRS guidance, Qualified Disability Expenses include basic living expenses and are not limited to expenses for items for which there is a medical necessity or which provide no benefit to others in addition to the benefit to the Designated Beneficiary.

See "**Summary of Federal and Texas Tax Considerations**" below for more information. You should consult a qualified tax advisor about how federal tax laws apply to your circumstances.

CONTRIBUTING TO YOUR ACCOUNT

Who Can Contribute

Any person (including your friends and family), corporation, trust, or other legal entity may make a contribution to your Program Account. However, any contribution to a Program Account may have gift or other tax consequences to the contributor or the Designated Beneficiary. The Designated Beneficiary is the owner of the Program Account. Contributions by third parties (i.e., anyone other than the Designated Beneficiary) that are made to an Account will become the property of the Designated Beneficiary.

Minimum Contributions

The Minimum Initial Contribution amount is \$50 per Program Account. The Minimum Subsequent Contribution amount is \$25 per Program Account.

How You Can Contribute to Your Texas ABLE Program Account

You may contribute to your Program Account using one of the following methods:

1. by check (excluding starter checks);
2. through an automatic contribution plan ("**ACH**");
3. by electronic funds transfer ("**EFT**");
4. by payroll deduction (if your employer provides for payroll deduction and agrees to submit contributions on your behalf); or
5. through a Rollover or Program-to-Program Transfer from another qualified ABLE program or a 529 account.

- Checks should be made payable to “**Texas ABLE Program**,” and mailed to: Texas ABLE Program, P.O. Box 44035, Jacksonville, FL 32231. Contributions by check must be drawn on a banking institution located in the United States in U.S. dollars. For further clarification on acceptable methods of payment, please call the Program toll-free at 1-844-489-2253 (1-844-4TX-ABLE).
- You can contribute through an automatic contribution plan. Changes can be made to your automatic contribution plan online on the Program website.
- EFTs allow you to make contributions over the internet on the Program website.
- Contribute to the Program by payroll deduction if your employer provides this option. Changes can only be made to your payroll deduction by contacting your employer. Please note the Program can only accept payroll deductions by check from your employer at this time.
- You may contribute to the Program through a Rollover or Program-to-Program Transfer by completing the appropriate section of the Application and/or the applicable Program Account form.
- You may make an eGift contribution by check or ACH.

Annual Contribution Limit

The Program’s Annual Contribution Limit is currently \$15,000 per year per Designated Beneficiary from all sources.

Expanded Annual Contribution Limit for Certain Eligible Designated Beneficiaries

Certain eligible ABLE Designated Beneficiaries are permitted to make contributions to an Account in excess of the Annual Contribution Limit up to a specified amount (the “Expanded ACL”). In order to be eligible under 529A to make additional contributions up to the Expanded ACL, a Designated Beneficiary must be an employee (including an “employee” within the meaning of IRC section 401(c) which includes a definition of self-employed individual) with respect to whom: (i) no contribution is made for the taxable year to a defined contribution plan (within the meaning of section 414(i)) with respect to which the requirements of section 401(a) or 403(a) are met, (ii) no contribution is made for the taxable year to an annuity contract described in section 403(b), and (iii) no contribution is made for the taxable year to an eligible deferred compensation plan described in section 457(b). Contributions up to the Expanded ACL may only be made by the Designated Beneficiary.

Calculating Your Permitted Expanded ACL. Under the Expanded ACL, for contributions made on or after January 1, 2018, and before January 1, 2026, an eligible Designated Beneficiary may annually contribute an additional amount to an Account up to the lesser of (1) the Designated Beneficiary’s compensation (as defined by section 219(f)(1)) includible in the Designated Beneficiary’s gross income for the taxable year, or (2) an amount equal to the Federal Poverty Level for a one-person household as determined for the preceding taxable year. The Federal Poverty Level for 2017 was \$12,060 for the contiguous 48 states. Traditionally, the level increases from year to year.

Amounts contributed above the Expanded ACL will be returned to you only if you notify the Program. Contributions over the Expanded ACL and not returned to the contributor on or before the due date (including extensions) of the Designated Beneficiary's income tax return for the year in which the contributions were received may result in the imposition on the Designated Beneficiary of a six-percent excise tax on the amount of the contributions. The Designated Beneficiary is responsible for ensuring compliance with the Expanded ACL.

Note: The Expanded ACL was passed by the U.S. Congress and was signed into law by the President of the United States on December 22, 2017. The information presented is based on a good faith interpretation of the statutory language. If, and when, material updates become available we will update the website at www.TexasABLE.org and this Program Disclosure Statement. Please consult with your tax advisor for more information.

Attempted Contributions Over the Annual Contribution Limit

The Program Manager will not knowingly accept attempted contributions that would cause your Program Account to exceed the Annual Contribution Limit (an "**Excess Contribution**"). If an attempted Excess Contribution is received by the Program, it will be placed in a non-interest-bearing account and refunded automatically to the contributor whenever possible. However, if attempts to obtain any information necessary to refund the attempted Excess Contribution to a contributor other than the Designated Beneficiary are unsuccessful, the refund will be made to the Designated Beneficiary.

In the event that an Excess Contribution is inadvertently accepted by the Program and deposited to your ABLE Account, the Program will make a good-faith effort to return it, plus any earnings or minus any losses on the Excess Contribution, to the contributor in accordance with then-current IRS regulations. The procedures described in the previous two paragraphs do not apply to the contributions over the Expanded ACL. See, "**Expanded Annual Contribution Limit for Certain Eligible Designated Beneficiaries**" for more information.

An Excess Contribution inadvertently applied to a Program Account and not returned to the contributor on or before the due date (including extensions) of the Designated Beneficiary's income tax return for the year in which the Excess Contributions were received will result in the imposition on the Designated Beneficiary of a six-percent excise tax on the amount of Excess Contributions.

In accordance with federal and state law, the Program will provide advance written or electronic notification to the Designated Beneficiary of any returned Excess Contribution within a reasonable time (i.e., not less than 30 days) prior to the return.

Lifetime Account Limit

You may not make additional contributions to your Program Account if, at the time of a proposed contribution, your Program Account balance is greater than or equal to the Lifetime Account Limit, currently \$370,000. Accounts that have reached the Lifetime Account Limit may continue to accrue earnings. Once your Program Account balance falls below the Lifetime Account Limit, contributions may resume, subject to the same limitations consistent with the nature and purposes of the Program.

Attempted Contributions Over the Lifetime Account Limit

The Program Manager will not knowingly accept attempted contributions that would violate the Lifetime Account Limit (an “**Excess Aggregate Contribution**”). An attempted Excess Aggregate Contribution will be placed in a non-interest-bearing account and refunded automatically to the contributor whenever possible. However, if attempts to obtain any information necessary to refund the attempted Excess Aggregate Contribution to a contributor other than the Designated Beneficiary are unsuccessful, the refund will be made to the Designated Beneficiary.

In the event that Excess Aggregate Contributions are inadvertently accepted by the Program for deposit into your ABLE Account, the Program will make a good-faith effort to return it, plus any earnings or minus any losses on the Excess Aggregate Contributions, to the contributor in accordance with then-current IRS regulations.

In accordance with federal and state law, the Program will provide advance written or electronic notification to the Designated Beneficiary of any returned Excess Contribution within a reasonable time (i.e., not less than 30 days) prior to the return.

Non-Interest-Bearing Account for Funds that Cannot be Applied

The Program will hold any funds that cannot be applied to a Program Account, including funds that cannot be returned to the contributor, in a non-interest-bearing account. The Designated Beneficiary or a third-party contributor can contact the Program to reclaim funds held in the non-interest-bearing account for this reason. Unclaimed property laws may apply to funds held in the non-interest-bearing account and not reclaimed for a certain period of time.

Unit Value

Contributions to your Program Account purchase Units of the Investment Option(s) you select. The Program will process Program Account transaction requests (e.g., contributions, withdrawals, and transfers) at the Unit value of the applicable Investment Option determined on the Business Day your Program Account transaction request is received in Good Order by the Program. “**Business Day**” means during regular business hours on a day that the New York Stock Exchange is open for regular trading. “**Good Order**” means we have received your contribution (the money you want to invest) and you have correctly filled out all the necessary information to enroll in the Program or to instruct the Program to take an action on your behalf (such as to make a contribution or a withdrawal) before the close of regular trading (usually 4:00 p.m. EST) on the New York Stock Exchange (“**NYSE**”). The Program will process a Program Account transaction request received in Good Order after the close of regular trading on the NYSE, or on a day when the NYSE is not open for trading, at the Unit value of the applicable Investment Option determined on the first Business Day after the Program Account transaction request is received in Good Order by the Program. The Program will not process Program Account transaction requests on holidays or other days when the NYSE is closed for any reason. The Program also reserves the right to refrain from processing Program Account transaction requests during any time when trading is restricted by the Securities and Exchange Commission or under any emergency circumstances.

The net asset value (“**NAV**”) is computed by dividing the value of the Underlying Investments held in a portfolio, plus any receivables and less any liabilities (including the management and administrative fees) of such portfolio, by the number of outstanding Units of the portfolio.

Year-End Contribution Deadlines

Check contributions to the Program will be applied to the tax year in which the check is dated and post-marked. Example: You send in a check contribution dated December 30, 2017 for \$1,000 in an envelope post-marked on December 30, 2017. We receive the check on January 3, 2018. This \$1,000 will count and be reported as a tax-year 2017 contribution.

One-time online ACH contributions made up until 11:59 p.m. EST on December 31st of any given tax year will be applied to that tax year. Example: You submit a one-time online ACH contribution at 11:59 p.m. EST on December 31, 2017. Although the ACH does not process immediately, because it was submitted online in 2017, it will count and be reported as a tax-year 2017 contribution.

Recurring ACH contributions will be applied to the tax year in which the contribution is scheduled. Example: You have a recurring ACH contribution of \$200 scheduled for the first of every month. Your scheduled ACH for January 1st of tax year 2017 will count and be reported as a 2017 contribution, even though the ACH begins processing (i.e., is debited from your selected bank account) prior to January 1st.

Note: Regardless of the tax year to which your contribution applies, (i) the Unit value of the Units purchased with your contribution will be determined based on the date of our actual receipt of the contributed funds in accordance with the process described under “**Unit Value**” above, and (ii) acceptance of any contribution is subject to the Annual Contribution Limit and the Lifetime Account Limit.

SPENDING FROM YOUR ACCOUNT

Withdrawals

Only you, as the Designated Beneficiary, or, if one has been named, your Authorized Legal Representative, may direct withdrawals from your Program Account. To request a withdrawal once an Account is established, go to www.TexasAble.org. You will need to establish Account access following the instructions on the website. The Unit value used to calculate the value of a withdrawal from your Program Account will be the Unit value computed on the first Business Day after the Program Account transaction request is received in Good Order.

If your Program Account is invested in more than one Investment Option, you must select the Investment Option(s) from which your funds are to be withdrawn.

The Program reserves the right not to allow withdrawals of funds for up to:

- seven business days following receipt of contributions by check if that contribution is needed to fund the withdrawal;
- five business days following receipt of contributions electronically if that contribution is needed to fund the withdrawal;
- ten business days following a change of address of record for either the Authorized Legal Representative or the Designated Beneficiary; and
- fifteen business days following a change in Authorized Legal Representative.

Each withdrawal you make from your Program Account will fall into one of the following categories:

1. a Qualified Withdrawal;
2. a Rollover;
3. a Program-to-Program Transfer; or
4. a Non-Qualified Withdrawal.

Qualified Withdrawals

A Qualified Withdrawal is a withdrawal from your Program Account that is used to pay for any Qualified Disability Expenses of the Designated Beneficiary. Qualified Disability Expenses are any expenses that:

1. are incurred at a time when the Designated Beneficiary is an Eligible Individual,
2. relate to the blindness or disability of the Designated Beneficiary, and
3. are for the benefit of the Designated Beneficiary in maintaining or improving his or her health, independence, or quality of life.

Such expenses include, but are not limited to, expenses related to the Designated Beneficiary's education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, funeral and burial expenses, and other expenses that may be identified from time to time by the IRS.

Non-Qualified Withdrawals

A Non-Qualified Withdrawal is any withdrawal that does not meet the requirements of being: (1) a Qualified Withdrawal; (2) a Rollover; or (3) a Program-to-Program Transfer. The earnings portion, if any, of a Non-Qualified Withdrawal is subject to federal income taxation and the Additional 10% Tax except in certain limited circumstances. You should consult a qualified tax advisor regarding how federal tax laws may apply to your particular circumstances. Non-Qualified Withdrawals may also negatively affect a Designated Beneficiary's eligibility for federal or state benefits.

No Recontribution of Withdrawals

Withdrawals cannot be refunded back into your Program Account, even if you requested the withdrawal by mistake. If you attempt to recontribute money that you previously withdrew, the recontribution will be treated as a new and separate contribution. If this occurs, the withdrawal will likely be treated as a Non-Qualified Withdrawal which would subject you to tax consequences, and which may negatively affect the Designated Beneficiary's eligibility for federal or state benefits.

For more information on how SSA treats ABLE accounts please see "SI 01130.740 Achieving a Better Life Experience (ABLE) Accounts" in the Program Operations Manual System available at <http://policy.ssa.gov/poms.nsf/lnx/0501130740>.

MANAGING YOUR ACCOUNT

Transfers Among Investment Options

You may move funds from your current Investment Option(s) to other Investment Options only twice per calendar year. You may also move funds from one Investment Option to another upon a change in Designated Beneficiary to an Eligible Individual who is a Member of the Family of the Designated Beneficiary.

Rollovers

A qualified Rollover is a transfer of all or a portion of funds by any of the following methods:

- A Rollover into the Program is a withdrawal of funds from your account in another qualified ABLE or 529 program, followed within 60 days of that withdrawal by a contribution of those funds to your Texas ABLE Program Account or to the Texas ABLE Program Account of a person who is an Eligible Individual and a Member of the Family. A rollover from a qualified ABLE program may not occur within 12 months from the date of a previous transfer to any ABLE plan for the same Designated Beneficiary. To initiate a Rollover, you must first open a Texas ABLE Program Account.
- A Rollover out of the Texas ABLE Program is a withdrawal of funds from your Program Account, followed within 60 days of that withdrawal by a contribution of those funds to an account in another qualified ABLE program for you as Designated Beneficiary (if you have not made a similar transfer within the previous twelve months) or for a person who is an Eligible Individual and a Member of the Family.

Rollovers may only be made during the lifetime of the Designated Beneficiary. In the case of a Rollover, the ABLE account from which amounts were rolled, or taken from, must be closed as of the 60th day after the amount was distributed from the ABLE account in order for the account that received the Rollover to be treated as an ABLE account.

A transfer of funds that does not meet the conditions stated above for Rollovers will constitute a Non-Qualified Withdrawal subject to federal tax on any earnings and the Additional 10% Tax. Also, a Non-Qualified Withdrawal may negatively affect a Designated Beneficiary's eligibility for federal or state benefits. In addition, a transfer to a person who is not a Member of the Family of the Designated Beneficiary may subject the Designated Beneficiary to federal gift and generation-skipping transfer ("GST") taxes.

Unless the Program receives appropriate documentation showing the actual earnings portion of a Rollover contribution, the entire Rollover amount will be treated as earnings for reporting purposes.

Program-to-Program Transfer

A qualified Program-to-Program Transfer occurs when you directly transfer the Designated Beneficiary's entire ABLE account into a new ABLE account in a different state's qualified ABLE program for that same Designated Beneficiary, without making any intervening distributions or deemed distributions to the Designated Beneficiary between the time the funds are withdrawn from the original account and deposited into the new account. The transferor's account is closed upon completion of the transfer. A qualified Program-to-Program Transfer also occurs when you directly transfer part or all of the Program Account into an ABLE account for another Eligible Individual who is a Member of the Family, without any intervening distribution or deemed distribution to the Designated Beneficiary. Program-to-Program Transfers may occur into the Program as contributions or out of the Program as withdrawals.

Program-to-Program Transfers may only be made during the lifetime of the Designated Beneficiary. A transfer of funds that does not meet the conditions stated above for Program-to-Program Transfers will constitute a Non-Qualified Withdrawal subject to federal income tax on earnings and the Additional 10% Tax, and may negatively affect the Designated Beneficiary's eligibility for federal or state benefits. Furthermore, a transfer to a person who is not a Member of the Family may subject the Designated Beneficiary to federal gift and GST taxes.

Unless the Program receives appropriate documentation showing the actual earnings portion of a Program-to-Program Transfer contribution, the entire Program-to-Program Transfer amount will be treated as earnings for reporting purposes.

Zero-Balance Accounts

If a Program Account has a zero balance for 90 days or more it may be closed by the Program. To reinstate an Account closed by the Program for zero balance, the Designated Beneficiary must complete a reinstatement form online.

Taxpayer's Responsibility

The Designated Beneficiary is solely responsible for determining compliance with the Annual Contribution Limit, the Expanded Annual Contribution Limit, and the Lifetime Contribution Limit, if a withdrawal is a Qualified Withdrawal or a Non-Qualified Withdrawal, and for all applicable federal and state tax consequences. Contributions over the applicable contribution limits may result in the imposition of a six-percent excise tax on the excess contributions and earnings. In addition, because money in a Program Account may be withdrawn free from federal income tax only if it is used to pay Qualified Disability Expenses, documentation of all Qualified Disability Expenses should be retained for the taxpayer's records. Also, while the Program will report the earnings portion of any withdrawal to tax authorities, it is solely the Designated Beneficiary's responsibility to calculate and report any resulting tax liability. It is also the responsibility of the Designated Beneficiary to maintain records necessary to respond to any questions from the IRS related to contributions and withdrawals.

ABLE AND GOVERNMENT BENEFITS CONSIDERATIONS

Pursuant to federal law, funds in an ABLE account are generally disregarded for purposes of determining eligibility to receive government assistance or benefits. This includes contributions, earnings, and withdrawals for Qualified Disability Expenses. Further, contributions to an ABLE account, including funds contributed by a third party, are generally not considered income to the Designated Beneficiary. However, a Designated Beneficiary's income is not generally excluded from eligibility determinations simply because it is contributed to an ABLE account.

Note: In December 2017, the U.S. Congress passed, and the President of the United States signed into law, revisions to Section 529 and 529A of the IRC that permit certain rollovers from a Section 529 account into an ABLE account, an expanded annual contribution limit for certain eligible designated beneficiaries of ABLE accounts, and the ability of certain taxpayers to claim the Saver's Credit for contributions to ABLE accounts. It is unclear what effect, if any, these revisions to Section 529 and Section 529A will have on a Designated Beneficiary's eligibility for federal means-tested government benefits.

Supplemental Security Income

The Social Security Administration has issued guidance on how SSA will treat ABLE accounts for purposes of determining a Designated Beneficiary's benefit eligibility under SSI. This guidance is derived from publicly available sources and is not intended to be exhaustive, and is subject to change by the SSA at any time. For more information on how SSA treats ABLE accounts please see "SI 01130.740 Achieving a Better Life Experience (ABLE) Accounts" in the Program Operations Manual System available at <http://policy.ssa.gov/poms.nsf/lnx/0501130740>. Prior to opening an ABLE account, individuals should also consult with their own advisors for additional information on the possible impact of having an ABLE account on the Designated Beneficiary's eligibility for federal and state benefits.

Exclusions from Income

SSA will exclude:

- Contributions to a Program Account from the income of the Designated Beneficiary. This includes Rollovers from a Member of the Family's ABLE account to an SSI recipient's ABLE account.
- Any earnings a Program Account receives from the income of the Designated Beneficiary while the earnings remain in the Account.
- Qualified Withdrawals (including withdrawals that include earnings) from the Program Account as income of the Designated Beneficiary.

Note, however, that SSA will not deduct contributions from the countable income of the person who makes the contribution. The fact that a person uses his or her income to contribute to a Program Account does not mean that income is not countable for SSI purposes. For example, a Designated Beneficiary can have contributions automatically deducted from his or her paycheck and deposited into his or her own Program Account. In this case, the income used to make the Account contribution would still be included in the Designated Beneficiary's gross wages.

Exclusions from Countable Resources

- SSA will exclude up to and including \$100,000 of the balance of funds in a Program Account from the resources of the Designated Beneficiary.
- SSA will also exclude from a Designated Beneficiary's countable resources a withdrawal for a Qualified Disability Expense other than housing if the withdrawal is retained beyond the month received. This exclusion applies while:
 1. the Designated Beneficiary maintains, makes contributions to, or receives withdrawals from the ABLE account;
 2. the withdrawal is unspent;
 3. the withdrawal is identifiable; and
 4. the individual still intends to use the withdrawal for a non-housing related Qualified Disability Expense.

Note: Withdrawals for housing-related expenses must be spent in the month received by the Designated Beneficiary or they will count as a resource beginning on the first day of the month following receipt of the withdrawal. Section SI 01130.740 of the SSA Program Operations Manual states that housing expenses for purposes of an ABLE account are the same as they are for in-kind support and maintenance purposes, except for food. See, "Housing-Related Qualified Disability Expenses and Non-Qualified Disability Expenses Not Excluded" below for a list of Qualified Disability Expenses for housing.

Caution: SSA will apply normal SSI resource counting rules and exclusions to assets or other items purchased with funds from an ABLE account. Designated Beneficiaries should note that unless withdrawals from an Account are used in accordance with SSA's exclusion rules, the withdrawals could have a material adverse effect on the Designated Beneficiary's continued eligibility for SSI and Medicaid. For example, if the withdrawal for the Qualified Disability Expense is retained beyond the month received and then spent on a housing-related expense or spent on a non-Qualified Disability Expense, the withdrawal from the Account will be considered a countable resource of the SSI recipient as of the first of the month in which he or she spent the funds. Please also remember that withdrawals used to pay for non-Qualified Disability Expenses will incur adverse tax consequences. See "**Summary of Federal and Texas Tax Considerations**" for more information.

If a Designated Beneficiary has any questions about the potential impact of a withdrawal on the Designated Beneficiary's continuing eligibility for SSI or Medicaid, the Designated Beneficiary should contact the local SSA office before making a withdrawal from an Account.

Example: Eric takes a withdrawal of \$500 from his ABLE account in February 2018 to pay for a health-related Qualified Disability Expense. His health-related expense is not due until May 2018, so Eric deposits the withdrawal into his checking account in February. The withdrawal is not income in February or subsequent months as long as it is eventually spent for a non-housing Qualified Disability Expense. Eric maintains his ABLE account at all relevant times, and the withdrawal is both unspent and identifiable until Eric pays for a Qualified Disability Expense in May. SSA will exclude the \$500 from Eric's countable resources.

Caution: It should be noted that in the example above that if Eric changes his intent to use the \$500 withdrawal for a Qualified Disability Expense in March and instead uses it for a Non-Qualified Withdrawal, the \$500 withdrawal would be treated as a countable resource in April. If he uses it for a housing-related Qualified Disability Expense after the month it is received in February, it would be counted as a resource beginning in March.

Housing-Related Qualified Disability Expenses and Non-Qualified Disability Expenses Not Excluded

SSA will count as a resource a withdrawal for a housing-related Qualified Disability Expense or for an expense that is not a Qualified Disability Expense if the withdrawal is retained into the month following the month of receipt. If the withdrawal is spent within the month of receipt it has no effect on eligibility.

Example: Amy takes a withdrawal of \$500 from her ABLE account in May to pay her rent for June. She deposits the \$500 into her checking account in May, and withdraws \$500 in cash on June 3rd and pays her landlord. This withdrawal is a housing-related Qualified Disability Expense and part of her checking account balance as of the first of June, which makes it a countable resource by SSA for the month of June which could potentially have a negative impact on Amy's benefit eligibility. If Amy had paid the rent in May, it would not have counted as a resource because she would have spent it in the same month it was received.

Housing expenses for purposes of an ABLE account are the same as they are for in-kind support and maintenance purposes, except for food. Qualified Disability Expenses for housing are payments for:

- Mortgage (including property insurance required by the mortgage holder);
- Real property taxes;
- Rent;
- Heating fuel;
- Gas;
- Electricity;
- Water;
- Sewer; or
- Garbage removal.

ABLE Account Balances Over \$100,000 Not Excluded

SSA will count the amount by which an ABLE account balance, including any earnings, exceeds \$100,000 as a countable resource of the Designated Beneficiary.

Suspension of SSI Where Balance of ABLE Account Exceeds \$100,000 by Certain Amount

A special rule applies when the balance of an SSI recipient's ABLE account exceeds \$100,000 by an amount that causes the recipient to exceed the SSI resource limit—whether alone or in combination with other resources.

When this happens, the recipient is put into a special SSI suspension period where:

- SSA suspends the recipient's SSI benefits without time limit (as long as he or she remains otherwise eligible);
- the recipient retains continued eligibility for medical assistance (Medicaid); and
- the individual's eligibility does not terminate after 12 continuous months of suspension.

SSA will reinstate the recipient's regular SSI eligibility for any month in which the individual's ABLE account balance no longer causes the recipient to exceed the resource limit and he or she is otherwise eligible.

Caution: The special suspension rule only applies where the balance of the SSI recipient's ABLE account exceeds \$100,000 by an amount that causes the recipient to exceed the SSI resource limit—whether alone or with other resources. The special rule does not apply where resources other than the ABLE account alone would cause the SSI recipient to exceed the resource limit. In that case, SSI could suspend the SSI recipient's eligibility for Medicaid and terminate his or her eligibility for SSI if the suspension continues for twelve months.

EXAMPLE: Excess resources — recipient is suspended but retains eligibility for Medicaid

Paul is the designated beneficiary of an ABLE account with a balance of \$101,000 on the first of the month. Paul's only other countable resource is a checking account with a balance of \$1,500. Paul's countable resources are \$2,500 and therefore exceed the SSI resource limit. However, since Paul's ABLE account balance is causing him to exceed the resource limit (i.e., his countable resources other than the ABLE account are less than \$2,000), SSA will suspend Paul's SSI eligibility and stop his cash benefits, but he retains eligibility for Medicaid.

EXAMPLE: Combination of resources — recipient loses SSI eligibility

Christine is the designated beneficiary of an ABLE account with a balance of \$101,000 on the first of the month. Christine's only other countable resource is a checking account with a balance of \$3,000. Christine's countable resources are \$4,000 and therefore exceed the SSI resource limit. However, because her ABLE account balance is not the cause of her excess resources (i.e., her countable resources other than the ABLE account are more than \$2,000), the special rule does not apply, and Christine is not eligible for SSI because of excess resources. SSA will suspend Christine's SSI benefits, and her Medicaid benefits will stop.

Program Reporting to the SSA

Section 529A of the IRC requires the Program to provide the SSA with reporting on Accounts. Based on guidance from the SSA, it is anticipated that the Program will be required to provide monthly electronic reports to the SSA including, without limitation, the following information for each account: the name of the Designated Beneficiary; Social Security or taxpayer identification number of the Designated Beneficiary; date of birth of the Designated Beneficiary; name of the person who has signature authority (if different from the Designated Beneficiary); unique account number assigned to the account; account opened date; account closed date; month and year of the opening balance; balance as of the first moment of the month (that is, the balance as of 12:00 a.m. CT on the first of the month); date of each withdrawal in the reporting period; and amount of each withdrawal in the reporting period.

SSA will match the Social Security number furnished by the Program against their records and incorporate the ABLÉ Account information into their records.

Medicaid Considerations

Under Section 529A of the IRC, following the death of the Designated Beneficiary, any state may be required to file a claim against the Designated Beneficiary's estate or the Account itself for the amount of the total medical assistance paid for the Designated Beneficiary under the state's Medicaid plan after the establishment of the Account (or any ABLÉ account from which amounts were rolled or transferred to the Account). Such claims are sometimes referred to as "recapture." The amount paid in satisfaction of such a claim is not a taxable withdrawal from the Account. Further, the amount is to be paid only after the payment of all outstanding payments due for the Qualified Disability Expenses of the Designated Beneficiary, including any funeral and burial expenses, and is to be reduced by the amount of all premiums paid by or on behalf of the Designated Beneficiary to a Medicaid Buy-In program under the state's Medicaid plan.

Procedures for filing claims may vary from state to state. The Designated Beneficiary, Authorized Legal Representative, and executors and administrators should consider seeking legal counsel on the applicability of, and any available exceptions to, Medicaid recapture under applicable state law and regulation. See the section below for Guidance from the Centers for Medicare & Medicaid Services on how ABLÉ account funds may be treated for purposes of determining Medicaid eligibility. Please consult with your state's Medicaid office with any questions you may have.

Guidance from CMS

The Centers for Medicare & Medicaid Services ("**CMS**") has issued guidance on how it interprets the application of the ABLÉ Act to state Medicaid programs. This guidance is derived from publicly available sources and is not intended to be exhaustive, and is subject to change by the CMS at any time. Prior to opening an ABLÉ account, individuals should also consult with their own advisors for additional information on the possible impact of having an ABLÉ account on a Designated Beneficiary's eligibility and benefits under Medicaid.

Treatment of Funds in an ABLE Account

State Medicaid agencies must disregard all funds in an ABLE account in determining the resource eligibility of Medicaid applicants and beneficiaries who are subject to a resource test, and the earnings on the account should be excluded from income of Medicaid recipients.

Contributions to ABLE Accounts

Third party contributions to an ABLE account should be disregarded in determining Medicaid eligibility, including distributions from a Special Needs Trust (“**SNT**”) or a pooled trust that is deposited into the ABLE account of the SNT or pooled trust beneficiary.

Contributions by the Designated Beneficiary

If an ABLE account beneficiary transfers some of his or her own (otherwise countable resources for determining eligibility) resources to his or her ABLE account, the effect would be a corresponding reduction in total countable resources. By contrast, if a beneficiary of an ABLE account transfers some of his or her income in the month received to his or her ABLE account, the effect would *not* be a reduction in countable income. Therefore, income contributed to an ABLE account by the Designated Beneficiary is not disregarded from income, unless the state utilizes its authority regarding less restrictive methodologies employed in determining an individual’s income and resource eligibility for medical assistance, if available.

Withdrawals from ABLE Accounts

Like *funds in* and *contributions to* ABLE accounts, *withdrawals from* ABLE accounts are not included in the Designated Beneficiary’s taxable income or counted as income in eligibility determinations for Medicaid as long as they are used for Qualified Disability Expenses.

For a Designated Beneficiary whose financial eligibility is determined using SSI-based methodologies (as opposed to Modified Adjusted Gross Income (“**MAGI**”)-based methodologies), a withdrawal from an ABLE account may be countable as a resource only if (1) it is retained beyond the month in which the withdrawal is made and (2) it is used for a Non-Qualified Disability Expense in that or a subsequent month. ABLE account withdrawals used for expenses other than Qualified Disability Expenses will be counted in the month the expenditure is made.

For example, if the Designated Beneficiary receives an ABLE account withdrawal in August, but does not spend the withdrawal until December and uses the withdrawal for a Qualified Disability Expense, the amount of the withdrawal is not counted in any month. If the individual uses the withdrawal in December for a non-Qualified Disability Expense, the withdrawal would be counted as a resource in the month of December.

For a Designated Beneficiary whose financial eligibility is determined using MAGI-based income methodologies, the income portion of the Non-Qualified Withdrawal subject to taxation will be included in the individual’s MAGI-based income.

Post-Eligibility Treatment of Income

Under applicable Medicaid regulations, the requirement that affected individuals apply most of their total available income to the cost of long-term services and supports before federal financial participation for medical assistance is available is referred to as post-eligibility treatment of income (“**PETI**”). For purposes of PETI, states should disregard from an individual’s total income any withdrawals for Qualified Disability Expenses. To the extent that a withdrawal for a non-Qualified Disability Expense is counted as income in determining the individual’s eligibility for other Medicaid benefits, discussed above, such a withdrawal would also be counted for purposes of PETI.

U.S. Department of Housing and Urban Development (“HUD”)

As of the date of this Program Disclosure Statement, no final guidance has been issued by HUD related to the effect ABLE will have on housing benefits.

Responsibility to Maintain Records

It is the Designated Beneficiary’s responsibility for maintaining sufficient records regarding his or her status as an Eligible Individual and regarding any withdrawal to substantiate to SSA or other agency that a distribution is for a Qualified Disability Expense.

INVESTMENT OPTIONS

Overview

The Program offers four different Investment Options. Three are Managed Allocation Options and one is a Bank Option:

Managed Allocation Options:

- Aggressive Allocation Option
- Moderate Allocation Option
- Moderately Conservative Allocation Option

Bank Option:

- Bank Savings Account Option

Each Investment Option has a distinct investment objective. Each Investment Option bears all the risks of its underlying investments.

The Texas ABLE Program is designed to assist those seeking long-term growth, medium-term growth, or income and some growth in a Managed Allocation Option or a FDIC-insured Bank Savings Account Option.

The Managed Allocation Options' underlying Mutual Funds invest in the following asset classes:

- All cap U.S. equity
- All cap non-U.S. equity
- Core Fixed Income
- Bank Loans

You may allocate your contributions to one of the Investment Options, or you may choose to allocate your contributions to more than one Investment Option. Please be aware that you can transfer your money from your current Investment Option(s) to other Investment Options only twice per calendar year.

Choosing your Program investments takes planning. You need to consider your savings goals, risk tolerance, investment objectives, and select Investment Options suitable to your investment needs. This section helps you to understand the types of Investment Options offered under the Program and the risks involved in investing in such Investment Options. Designated Beneficiaries should periodically assess and, if appropriate, adjust their investment choices with their time horizon, risk tolerance, and investment objectives in mind.

This section describes the investment objective, investment strategy, and risk considerations of each Investment Option offered in the Program. Each Investment Option invests in underlying Mutual Funds, except for the Bank Savings Account Option which is invested in a bank savings account. A summary of the underlying Mutual Funds appears in the Summary of the Underlying Investments section below. Each summary contains each underlying fund's investment objective, investment strategy, and principal risks.

Information about each of the underlying Mutual Funds, including how to obtain a prospectus and statement of additional information for each fund can be found by visiting the specific fund family website. For more information please see: Eaton Vance: www.eatonvance.com; PIMCO: www.pimco.com; and Vanguard: www.vanguard.com. If you visit any of these links and they are no longer supported, please call the Program Manager to obtain a copy of the prospectus or statement of additional information. Please keep in mind that you will not own shares of any of these Mutual Funds. Instead, you will own Units in the Program.

Managed Allocation Options

Overview

The Program Manager has made available three portfolios of Managed Allocation Options. These portfolios allow participants in the Texas ABLE Program to invest in broadly diversified, global asset allocation investment management strategies. You may choose from the following strategies:

- Aggressive
- Moderate
- Moderately Conservative

Each of these Managed Allocation Options will allocate its investments in the underlying funds to target the appropriate risk level: Aggressive, Moderate, or Moderately Conservative. In selecting any Investment Option, you should consider, among other factors, your investment goals, objectives, and your tolerance for market volatility and investment risk.

Although the Managed Allocation Options keep the same targeted asset allocation over the life of an account, as a result of market gains and losses, the asset allocation of each of the three strategies may differ over time from the target asset allocation described. To maintain the target asset allocation for each of the Managed Allocation Options, the Program Manager will communicate with the Board and the Investment Consultant to rebalance each one when there is a positive or negative variance of three percent or more to return to the targeted asset allocation.

A summary of the target asset allocations and mix of underlying Mutual Funds for each of the investment strategies is described as follows:

Fund	Ticker	Aggressive Allocation		Moderate Allocation		Moderately Conservative Allocation	
		Target (%)	+ or -	Target (%)	+ or -	Target (%)	+ or -
Vanguard Total Stock Market Index	VSMPX	45	3	35	3	15	3
Vanguard Total International Stock Market Index	VTPSX	35	3	25	3	10	3
PIMCO Total Return Fund	PTTRX	15	3	30	3	60	3
Eaton Vance Floating-Rate Fund	EIBLX	5	3	10	3	15	3

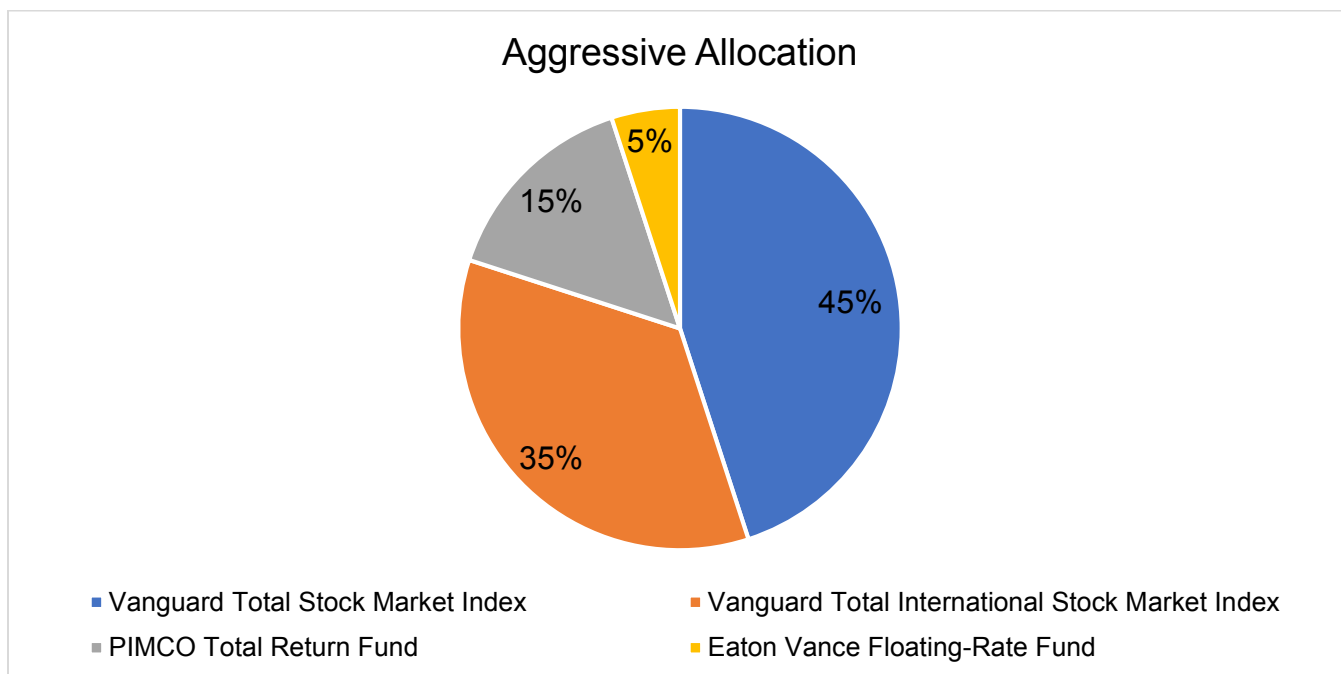
MANAGED ALLOCATION OPTIONS

Aggressive Allocation Option

Investment Objective. The Aggressive Allocation Option seeks to provide growth of your investment.

Investment Strategy. The Aggressive Allocation Option seeks to obtain its investment objective by investing (i) 45% of its assets in diversified investments of a U.S. stock index fund that invests in the U.S. stock market, and 35% in an international stock fund that invests in stocks of companies located in developed and emerging markets, excluding the United States, (ii) 15% of its assets in a fixed income fund that invests primarily in a diversified portfolio of fixed income instruments, including bonds, debt securities and other similar instruments issued by various U.S. and non-U.S. public- or private-sector entities, and (iii) 5% of its assets in a floating rate fund that invests primarily in senior floating rate loans of domestic and foreign borrowers.

Risk Considerations. Investing in stocks is generally riskier than investing in bonds, but has the potential for a higher return on your investment than bonds. This option may be appropriate for those who will be investing for 10 years or more, want more potential to grow their investment, but are willing to tolerate market fluctuation and risk. This option bears all the risks of its underlying investments. Investors in this option should have a long-term investment perspective and be able to tolerate potentially sharp declines in value. See the “Summary of the Underlying Investments” section that follows for more information on the underlying investments.

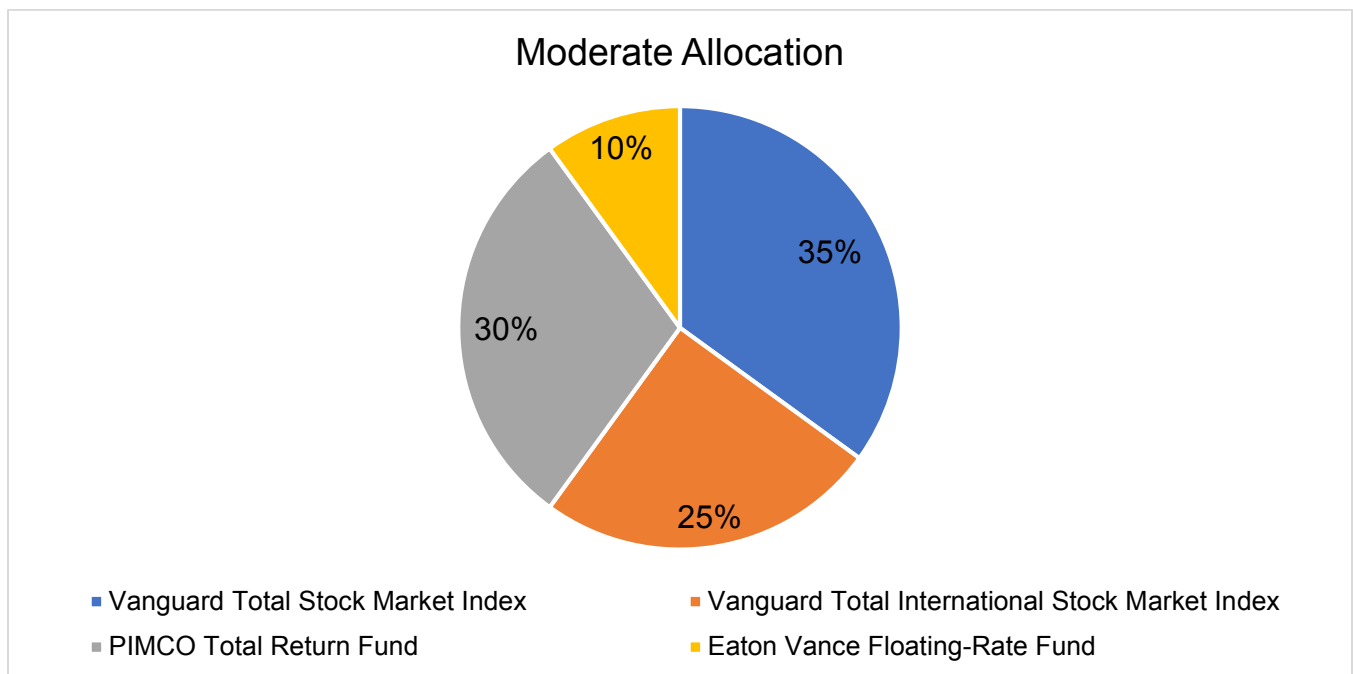


Moderate Allocation Option

Investment Objective. The Moderate Allocation Option seeks to provide a combination of growth and current income.

Investment Strategy. The Moderate Allocation Option seeks to obtain its investment objective by investing (i) 35% of its assets in diversified investments of a U.S. stock index fund that invests in the U.S. stock market, and 25% in an international stock fund that invests in stocks of companies located in developed and emerging markets, excluding the United States, (ii) 30% of its assets in a fixed income fund that invests primarily in a diversified portfolio of fixed income instruments, including bonds, debt securities and other similar instruments issued by various U.S. and non-U.S. public- or private-sector entities, and (iii) 10% of its assets in a floating rate fund that invests primarily in senior floating rate loans of domestic and foreign borrowers.

Risk Considerations. Investing in stocks is generally riskier than investing in bonds, but has the potential for a higher return on your investment than bonds. This option may be appropriate for those who will be investing for five years or more, want moderate growth, and seek lower risk and fluctuation than the investment strategy employed in the Aggressive Allocation Option. Investors in this option should be able to tolerate potentially sharp declines in value. This option bears all the risks of its underlying investments. See the “Summary of the Underlying Investments” section that follows for more information on the underlying investments.

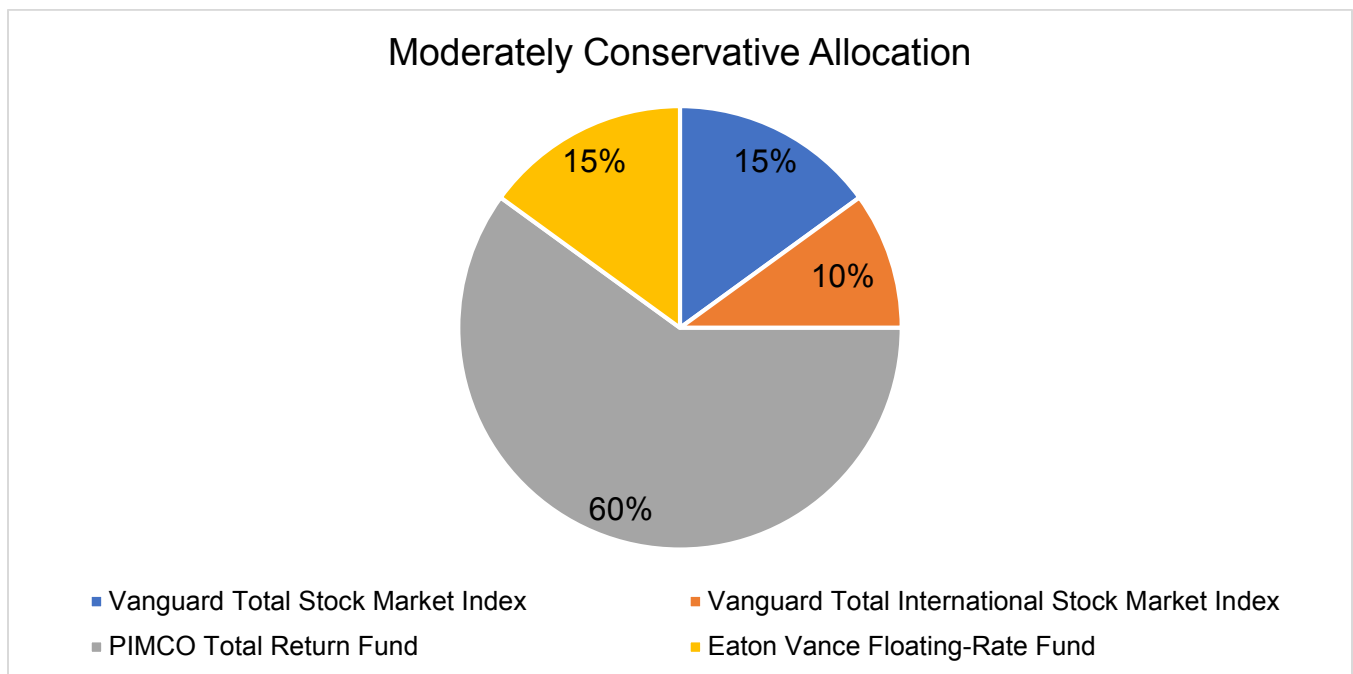


Moderately Conservative Allocation Option

Investment Objective. The Moderately Conservative Allocation Option seeks to provide current income and some growth.

Principal Investment Strategy. The Moderately Conservative Allocation seeks to obtain its investment objective by investing (i) 60% of its assets in a fixed income fund that invests primarily in a diversified portfolio of fixed income instruments, including bonds, debt securities and other similar instruments issued by various U.S. and non-U.S. public- or private-sector entities, (ii) 15% of its assets in diversified investments of a U.S. stock index fund that invests in U.S. stock market, (iii) 10% in an international stock fund that invests in stocks of companies located in developed and emerging markets, excluding the United States, and (iv) 15% of its assets in a floating rate fund that invests primarily in senior floating rate loans of domestic and foreign borrowers.

Risk Considerations. This option may be appropriate for those with a primary objective of income with less potential risk of loss than is present in the Aggressive or Moderate Allocation Options but more potential risk of loss than in the Bank Savings Account Option. However, Investors in this option should be able to tolerate potentially sharp declines in value. This option bears all the risks of its underlying investments. See the “Summary of the Underlying Investments” section below for more information on the underlying investments.



Bank Savings Account Option

Investment Objective. The Bank Savings Account Option seeks income consistent with the preservation of principal and invests all of its assets in a savings account held at Bank of the West (“Bank”).

Investment Strategy. The Bank Savings Account Option will invest in an omnibus savings account insured by the FDIC and the monies in the account will be held in trust for the Program. The interest rate generally will be equivalent to short-term deposit rates. Interest on the omnibus savings account will be compounded daily based on the actual number of days in a year (typically 365 days, except for 366 days in leap years) and will be credited to the Bank Savings Account Option on a monthly basis. The interest on the omnibus savings account is expressed as an annual percentage yield (“APY”). The APY on the omnibus savings account will be reviewed by the Bank on a periodic basis and may be recalculated as needed at any time.

FDIC Insurance/Risk Considerations. Contributions to and earnings on the investments in the Bank Savings Account Option are insured by the FDIC on a per participant, pass-through basis to each Designated Beneficiary up to the maximum amount set by federal law, which currently is \$250,000. Funds owned by Designated Beneficiary and deposited in the Bank Savings Account Option will be insured as single-ownership funds, subject to aggregation with any other single-ownership funds the Designated Beneficiary may have at the Bank.

Aggregation will consider: (1) the value of a Designated Beneficiary’s investment in the Bank Savings Account Option, and (2) the value of all other accounts held by the Designated Beneficiary at the Bank in the same ownership right and capacity, as determined in accordance with Bank and FDIC rules and regulations. Each Designated Beneficiary should determine whether the amount of FDIC insurance available to the Designated Beneficiary is sufficient to cover the total of the Designated Beneficiary’s investment in the Bank Savings Account Option plus the Designated Beneficiary’s other deposits at the Bank in the same ownership right and capacity.

This option may be appropriate for those who will be investing for less than five years, or those with a primary objective of safety of principal. The Plan Manager and the Board have agreed to voluntarily waive the Program Management Fee and the State Administrative Fee, respectively (but, in each case, not below zero) to the extent necessary to assist the Bank Savings Account Option in attempting to maintain at least a 0.00% return before monthly fees and transaction fees are deducted. There is no guarantee that the Bank Savings Account Option will maintain this return. This undertaking may be amended or withdrawn at any time.

PERFORMANCE

New Investment Options

Performance information for the Investment Options is not shown at this time because the Investment Options are still new as of the date of this Program Disclosure Statement. Current performance information will be available on the Program's website after the Investment Options have twelve months of performance information. Past performance information for the underlying investments is no guarantee of the future performance of any particular underlying investment or Investment Option.

Past Performance No Guarantee of Future Results

Past performance information for Investment Options (when available) and the underlying investments are not indicative of the future performance of any particular Investment Option. Investment Option performance information represents past performance and is no guarantee of future results, and will be net of total annual fees and will not reflect the impact of any potential federal or state taxes.

The investment results of any Investment Option for any period cannot be expected to be similar to its investment performance for any prior period. In addition, in view of the anticipated periodic determinations of such investment allocations and selection of the underlying investments for each Investment Option, the future investment results of any Investment Option cannot be expected, for any period, to be similar to the past performance of any other Investment Options or underlying investments.

Total Return Will Vary

Total returns and the principal value of investments in your Account will fluctuate based on the investment performance of the underlying investments in which the Investment Options have been invested, so your investment may be worth more or less than its original value when you withdraw your money. Performance may be substantially affected over time by changes in the allocations and in the underlying investments.

No Ownership in Underlying Investments

Designated Beneficiaries do not directly own shares of the underlying Mutual Funds, or, in the case of the Bank Savings Account Option, directly hold an interest in a general account, but rather own Units in the Investment Options of the Program. As a result, the performance of the Managed Allocation Options will differ from the performance of the underlying Mutual Funds. This is due in part to the differences in the expense ratios of the underlying Mutual Funds and the Investment Options.

Performance Differences

Performance differences between an Investment Option and its underlying investments may also result from differences in the timing of purchases and fees. On days when contributions are made to an Account, the Investment Options will not use that money to purchase shares of an underlying investment until the next Business Day. When you invest money in an Investment Option, you will receive Units in the Investment Option as of the trade date. Your money will be used by the Program to purchase shares of an underlying investment. However, the settlement date for the purchase of shares of an underlying investment typically will be one to three Business Days after the trade date for your purchase of Units. Depending on the amount of cash flow into or out of the Investment Option and whether the underlying investment is going up or down in value, this timing difference and fees will cause the Investment Option's performance either to trail or exceed the performance of the underlying investments.

SUMMARY OF THE UNDERLYING INVESTMENTS

The following provides a summary of the Mutual Funds (each, a “Fund”) and a Bank Savings Account Option which serve as underlying investments for the Investment Options. See “Investment Options” for a description of which Investment Options invest in which underlying investments. The Vanguard Funds are managed by The Vanguard Group, Inc., the Eaton Vance Floating-Rate Fund is managed by Boston Management and Research, and the PIMCO Total Return Fund is managed by Pacific Investment Management Company LLC.

Information about each of the Funds, including how to obtain a prospectus and statement of additional information for the underlying Mutual Funds can be found by visiting the specific Fund family website. For more information please see: Eaton Vance: www.eatonvance.com; PIMCO: www.pimco.com; and Vanguard: www.vanguard.com. If you visit any of these links and they are no longer supported, please call the Program Manager to obtain a copy of the prospectus or statement of additional information. Please keep in mind that you will not own shares of any of these Mutual Funds nor will you own any interest in a bank savings account. Instead, you will own Units in the Program.

Vanguard Total Stock Market Index - VSMPX

Investment Objective. The Fund seeks to track the performance of a benchmark index that measures the investment return of the overall U.S. stock market.

Principal Investment Strategies. 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. 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.

Principal Risks. An investment in the Fund could lose money over short or long periods of time. You should expect the Fund’s share price and total return to fluctuate within a wide range. The Fund is subject to the following risks, which could affect the Fund’s performance:

- *Stock market risk*, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. In addition, the Fund’s target index may, at times, become focused in stocks of a particular market sector, which would subject the Fund to proportionately higher exposure to the risks of that sector.
- *Index sampling risk*, which is the chance that the securities selected for the Fund, in the aggregate, will not provide investment performance matching that of the Fund’s target index. Index sampling risk for the Fund should be low.

An investment in the Fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Vanguard Total International Stock Index Fund – VTPSX

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.

Principal Investment Strategies. 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. The Index includes approximately 5,800 stocks of companies located in over 45 countries. As of October 31, 2016, the largest markets covered in the Index were Japan, the United Kingdom, Canada, France, and Germany (which made up approximately 18%, 13%, 7%, 6%, 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.

Principal Risks. An investment in the Fund could lose money over short or long periods of time. You should expect the Fund's share price and total return to fluctuate within a wide range. The Fund is subject to the following risks, which could affect the Fund's performance:

- *Stock market risk*, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The Fund's investments in foreign stocks can be riskier than U.S. stock investments. Foreign stocks tend to be more volatile and less liquid than U.S. stocks. The prices of foreign stocks and the prices of U.S. stocks may move in opposite directions. In addition, the Fund's target index may, at times, become focused in stocks of a particular market sector, which would subject the Fund to proportionately higher exposure to the risks of that sector.
- *Investment style risk*, which is the chance 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.
- *Country/regional risk*, which is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries or regions. Because the Fund may invest a large portion of its assets in securities of companies located in any one country or region, the Fund's performance may be hurt disproportionately by the poor performance of its investments in that area. Country/regional risk is especially high in emerging markets.
- *Currency risk*, which is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates. Currency risk is especially high in emerging markets.
- *Emerging markets risk*, which is the chance 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, tax, regulatory, and accounting systems; and greater political, social, and economic instability than developed markets.

An investment in the Fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

PIMCO Total Return Fund – PTTRX

Investment Objective. The Fund seeks maximum total return, consistent with preservation of capital and prudent investment management.

Principal Investment Strategies. The Fund seeks to achieve its investment objective by investing under normal circumstances at least 65% of its total assets in a diversified portfolio of Fixed Income Instruments of varying maturities, which may be represented by forwards or derivatives such as options, futures contracts, or swap agreements. “Fixed Income Instruments” include bonds, debt securities and other similar instruments issued by various U.S. and non-U.S. public- or private-sector entities. The average portfolio duration of this Fund normally varies within two years (plus or minus) of the portfolio duration of the securities comprising the Bloomberg Barclays U.S. Aggregate Index, as calculated by PIMCO, which as of May 31, 2017 was 5.49 years. Duration is a measure used to determine the sensitivity of a security’s price to changes in interest rates. The longer a security’s duration, the more sensitive it will be to changes in interest rates.

The Fund invests primarily in investment-grade debt securities, but may invest up to 20% of its total assets in high yield securities (“junk bonds”) rated B or higher by Moody’s Investors Service, Inc. (“Moody’s”), or equivalently rated by Standard & Poor’s Ratings Services (“S&P”) or Fitch, Inc. (“Fitch”), or, if unrated, determined by PIMCO to be of comparable quality (except that within such 20% limitation, the Fund may invest in mortgage-related securities rated below B). The Fund may invest up to 30% of its total assets in securities denominated in foreign currencies, and may invest beyond this limit in U.S. dollar-denominated securities of foreign issuers. The Fund may invest up to 15% of its total assets in securities and instruments that are economically tied to emerging market countries (this limitation does not apply to investment grade sovereign debt denominated in the local currency with less than 1 year remaining to maturity, which means the Fund may invest, together with any other investments denominated in foreign currencies, up to 30% of its total assets in such instruments). The Fund will normally limit its foreign currency exposure (from non-U.S. dollar-denominated securities or currencies) to 20% of its total assets. The Fund may invest, without limitation, in derivative instruments, such as options, futures contracts or swap agreements, or in mortgage or asset-backed securities, subject to applicable law and any other restrictions described in the Fund’s prospectus or Statement of Additional Information. The Fund may purchase or sell securities on a when-issued, delayed delivery or forward commitment basis and may engage in short sales. The Fund may invest up to 10% of its total assets in preferred securities, convertible securities and other equity-related securities.

The Fund may, without limitation, seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs or dollar rolls). The “total return” sought by the Fund consists of income earned on the Fund’s investments, plus capital appreciation, if any, which generally arises from decreases in interest rates, foreign currency appreciation, or improving credit fundamentals for a particular sector or security.

Principal Risks. It is possible to lose money on an investment in the Fund. The principal risks of investing in the Fund, which could adversely affect its net asset value, yield and total return are listed below.

- *Interest Rate Risk:* the risk that fixed income securities will decline in value because of an increase in interest rates; a fund with a longer average portfolio duration will be more sensitive to changes in interest rates than a fund with a shorter average portfolio duration.
- *Call Risk:* the risk that an issuer may exercise its right to redeem a fixed income security earlier than expected (a call). Issuers may call outstanding securities prior to their maturity for a number of reasons (e.g., declining interest rates, changes in credit spreads and improvements in the issuer's credit quality). If an issuer calls a security that the Fund has invested in, the Fund may not recoup the full amount of its initial investment and may be forced to reinvest in lower-yielding securities, securities with greater credit risks or securities with other, less favorable features.
- *Credit Risk:* the risk that the Fund could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivative contract, is unable or unwilling to meet its financial obligations.
- *High Yield Risk:* the risk that high yield securities and unrated securities of similar credit quality (commonly known as "junk bonds") are subject to greater levels of credit, call and liquidity risks. High yield securities are considered primarily speculative with respect to the issuer's continuing ability to make principal and interest payments, and may be more volatile than higher-rated securities of similar maturity.
- *Market Risk:* the risk that the value of securities owned by the Fund may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.
- *Issuer Risk:* the risk that the value of a security may decline for a reason directly related to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services.
- *Liquidity Risk:* the risk that a particular investment may be difficult to purchase or sell and that the Fund may be unable to sell illiquid securities at an advantageous time or price or achieve its desired level of exposure to a certain sector. Liquidity risk may result from the lack of an active market, reduced number and capacity of traditional market participants to make a market in fixed income securities, and may be magnified in a rising interest rate environment or other circumstances where investor redemptions from fixed income mutual funds may be higher than normal, causing increased supply in the market due to selling activity.
- *Derivatives Risk:* the risk of investing in derivative instruments (such as futures, swaps and structured securities), including leverage, liquidity, interest rate, market, credit and management risks, mispricing or valuation complexity. Changes in the value of the derivative may not correlate perfectly with, and may be more sensitive to market events than, the underlying asset, rate or index, and the Fund could lose more than the initial amount invested. The Fund's use of derivatives may result in losses to the Fund, a reduction in the Fund's returns and/or increased volatility. Over the-counter ("OTC") derivatives are also subject to the risk that a counterparty to the transaction will not fulfill its contractual obligations to the other party, as many of the protections afforded to centrally-cleared derivative transactions might not be available for OTC derivatives. For derivatives traded on an exchange or through a central counterparty, credit risk resides with the Fund's clearing broker, or the clearinghouse itself, rather than with a counterparty in an OTC derivative transaction. Changes in regulation relating to a mutual fund's use

of derivatives and related instruments could potentially limit or impact the Fund's ability to invest in derivatives, limit the Fund's ability to employ certain strategies that use derivatives and/or adversely affect the value of derivatives and the Fund's performance.

- *Equity Risk:* the risk that the value of equity or equity-related securities may decline due to general market conditions which are not specifically related to a particular company or to factors affecting a particular industry or industries. Equity or equity-related securities generally have greater price volatility than fixed income securities.
- *Mortgage-Related and Other Asset-Backed Securities Risk:* the risks of investing in mortgage-related and other asset-backed securities, including interest rate risk, extension risk, prepayment risk and credit risk.
- *Foreign (Non-U.S.) Investment Risk:* the risk that investing in foreign (non-U.S.) securities may result in the Fund experiencing more rapid and extreme changes in value than a fund that invests exclusively in securities of U.S. companies, due to smaller markets, differing reporting, accounting and auditing standards, increased risk of delayed settlement of portfolio transactions or loss of certificates of portfolio securities, and the risk of unfavorable foreign government actions, including nationalization, expropriation or confiscatory taxation, currency blockage, or political changes or diplomatic developments. Foreign securities may also be less liquid and more difficult to value than securities of U.S. issuers.
- *Emerging Markets Risk:* the risk of investing in emerging market securities, primarily increased foreign (non-U.S.) investment risk.
- *Sovereign Debt Risk:* the risk that investments in fixed income instruments issued by sovereign entities may decline in value as a result of default or other adverse credit event resulting from an issuer's inability or unwillingness to make principal or interest payments in a timely fashion.
- *Currency Risk:* the risk that foreign (non-U.S.) currencies will decline in value relative to the U.S. dollar and affect the Fund's investments in foreign (non-U.S.) currencies or in securities that trade in, and receive revenues in, or in derivatives that provide exposure to, foreign (non-U.S.) currencies.
- *Leveraging Risk:* the risk that certain transactions of the Fund, such as reverse repurchase agreements, loans of portfolio securities, and the use of when-issued, delayed delivery or forward commitment transactions, or derivative instruments, may give rise to leverage, magnifying gains and losses and causing the Fund to be more volatile than if it had not been leveraged. This means that leverage entails a heightened risk of loss.
- *Management Risk:* the risk that the investment techniques and risk analyses applied by PIMCO will not produce the desired results and that legislative, regulatory, or tax restrictions, policies or developments may affect the investment techniques available to PIMCO and the individual portfolio manager in connection with managing the Fund. There is no guarantee that the investment objective of the Fund will be achieved.
- *Short Exposure Risk:* the risk of entering into short sales, including the potential loss of more money than the actual cost of the investment, and the risk that the third party to the short sale will not fulfill its contractual obligations, causing a loss to the Fund.
- *Convertible Securities Risk:* as convertible securities share both fixed income and equity characteristics, they are subject to risks to which fixed income and equity investments are subject. These risks include equity risk, interest rate risk and credit risk.

An investment in the Fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Eaton Vance Floating-Rate Fund – EIBLX

Investment Objective. The Fund's investment objective is to provide a high level of current income.

Principal Investment Strategies. Under normal circumstances, the Fund invests at least 80% of its total assets in income producing floating rate loans and other floating rate debt securities. The Fund invests primarily in senior floating rate loans of domestic and foreign borrowers ("Senior Loans"). Senior Loans typically are of below investment grade quality and have below investment grade credit ratings, which ratings are associated with securities having high risk, speculative characteristics (sometimes referred to as "junk"). The Fund may invest up to 25% of its total assets in foreign Senior Loans. Foreign Senior Loans must be denominated in U.S. dollars, euros, British pounds, Swiss francs, Canadian dollars, or Australian dollars. The Fund may also invest in secured and unsecured subordinated loans, second lien loans and subordinated bridge loans ("Junior Loans"), other floating rate debt securities, fixed-income debt obligations and money market instruments. Other floating rate debt securities, fixed-income debt securities and money market instruments may include: bonds, notes and debentures issued by corporations; debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities; and commercial paper. Money market instruments with a remaining maturity of less than 60 days are deemed floating rate debt securities. The Fund may engage in derivative transactions (such as futures contracts and options thereon, foreign currency exchange contracts and other currency hedging strategies, and interest rate swaps) to seek to hedge against fluctuations in currency exchange rates and interest rates. There is no stated limit on the Fund's use of derivatives. The investment adviser seeks to maintain broad borrower and industry diversification among the Fund's Senior Loans. When selecting Senior Loans, the investment adviser seeks to implement a systematic risk-weighted approach that utilizes fundamental analysis of risk/return characteristics. Senior Loans may be sold, if in the opinion of the investment adviser, the risk-return profile deteriorates or to pursue more attractive investment opportunities. In managing the Fund, the investment adviser seeks to invest in a portfolio of Senior Loans that it believes will be less volatile over time than the general loan market. Preservation of capital is considered when consistent with the Fund's investment objective. The Fund currently invests its assets in the Portfolio, a separate registered investment company with the same investment objective and policies as the Fund.

Principal Risks

- **Market Risk.** Economic and other events (whether real, expected or perceived) can reduce the demand for investments held by the Fund, which may reduce their market prices and cause the value of Fund shares to fall. The frequency and magnitude of such changes cannot be predicted. Certain securities and other investments held by the Fund can experience downturns in trading activity and, at such times, the supply of such instruments in the market may exceed the demand. At other times, the demand for such instruments may exceed the supply in the market. An imbalance in supply and demand in the market may result in greater price volatility, less liquidity, wider trading spreads and a lack of price transparency in the market. No active trading market may exist for certain investments, which may impair the ability of the Fund to sell or to realize the full value of such investments in the event of the need to liquidate such assets. Adverse market conditions may impair the liquidity of some actively traded investments. Fixed-income markets have recently experienced a period of relatively high volatility due to rising U.S. treasury yields which, in part, reflect the market's expectations for higher U.S. economic growth and inflation. As a result of the Federal Reserve's recent decision to raise the target fed funds rate following a similar move last year and the possibility that it may continue with such rate increases and/or unwind its quantitative easing program, among other factors, markets could experience continuing high volatility, which could negatively impact the Fund's performance.

- **Credit Risk.** Investments in debt obligations are subject to the risk of non-payment of scheduled principal and interest. Changes in economic conditions or other circumstances may reduce the capacity of the party obligated to make principal and interest payments on such instruments and may lead to defaults. Such non-payments and defaults may reduce the value of Fund shares and income distributions. The value of a debt obligation also may decline because of concerns about the issuer's ability to make principal and interest payments. In addition, the credit ratings of loans or other income instruments may be lowered if the financial condition of the party obligated to make payments with respect to such instruments changes. Credit ratings assigned by rating agencies are based on a number of factors and do not necessarily reflect the issuer's current financial condition or the volatility or liquidity of the security. In the event of bankruptcy of the issuer of loans or other income instruments, the Fund could experience delays or limitations with respect to its ability to realize the benefits of any collateral securing the instrument. In order to enforce its rights in the event of a default, bankruptcy or similar situation, the Fund may be required to retain legal or similar counsel. This may increase the Fund's operating expenses and adversely affect net asset value. Due to their lower place in the borrower's capital structure, Junior Loans involve a higher degree of overall risk than Senior Loans of the same borrower.
- **Additional Risks of Loans.** The secondary market for loans is a private, unregulated inter-dealer or inter-bank resale market. Purchases and sales of loans are generally subject to contractual restrictions that must be satisfied before a loan can be bought or sold. These restrictions may impede the Fund's ability to buy or sell loans and may negatively impact the transaction price. It may take longer than seven days for transactions in loans to settle. The Fund may hold cash, sell investments or temporarily borrow from banks or other lenders to meet short-term liquidity needs due to the extended loan settlement process, such as to satisfy redemption requests from Fund shareholders.

U.S. federal securities laws afford certain protections against fraud and misrepresentation in connection with the offering or sale of a security, as well as against manipulation of trading markets for securities. The typical practice of a lender in relying exclusively or primarily on reports from the borrower may involve the risk of fraud, misrepresentation, or market manipulation by the borrower. It is unclear whether U.S. federal securities law protections are available to an investment in a loan. In certain circumstances, loans may not be deemed to be securities, and in the event of fraud or misrepresentation by a borrower, lenders may not have the protection of the anti-fraud provisions of the federal securities laws. However, contractual provisions in the loan documents may offer some protections, and lenders may also avail themselves of common-law fraud protections under applicable state law.

- **Risk of Lower Rated Investments.** Investments rated below investment grade and comparable unrated investments ("junk") have speculative characteristics because of the credit risk associated with their issuers. Changes in economic conditions or other circumstances typically have a greater effect on the ability of issuers of lower rated investments to make principal and interest payments than they do on issuers of higher rated investments. An economic downturn generally leads to a higher non-payment rate, and a lower rated investment may lose significant value before a default occurs. Lower rated investments typically are subject to greater price volatility and illiquidity than higher rated investments.
- **Interest Rate Risk.** In general, the value of income securities will fluctuate based on changes in interest rates. The value of these securities is likely to increase when interest rates fall and decline when interest rates rise. Generally, securities with longer durations

are more sensitive to changes in interest rates than shorter duration securities. The impact of interest rate changes on the value of floating rate investments is typically reduced by periodic interest rate resets. In a rising interest rate environment, the duration of income securities that have the ability to be prepaid or called by the issuer may be extended. In a declining interest rate environment, the proceeds from prepaid or maturing instruments may have to be reinvested at a lower interest rate.

- *Foreign Investment Risk.* Because the Fund can invest a portion of its assets in foreign instruments, the value of Fund shares can be adversely affected by changes in currency exchange rates and political and economic developments abroad, including the imposition of economic and other sanctions by the United States or another country. Foreign markets may be smaller, less liquid and more volatile than the major markets in the United States, and as a result, Fund share values may be more volatile. Trading in foreign markets typically involves higher expense than trading in the United States. The Fund may have difficulties enforcing its legal or contractual rights in a foreign country.
- *Risk of U.S. Government-Sponsored Agencies.* Although certain U.S. Government-sponsored agencies (such as the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association) may be chartered or sponsored by acts of Congress, their securities are neither issued nor guaranteed by the U.S. Treasury.
- *Derivatives Risk.* The use of derivatives can lead to losses because of adverse movements in the price or value of the asset, index, rate or instrument underlying a derivative, due to failure of a counterparty or due to tax or regulatory constraints. Derivatives may create economic leverage, which represents a non-cash exposure to the underlying asset, index, rate or instrument. Leverage can increase both the risk and return potential of the Fund. Derivatives risk may be more significant when derivatives are used to enhance return or as a substitute for a cash investment position, rather than solely to hedge the risk of a position held by the Fund. A decision as to whether, when and how to use derivatives involves the exercise of specialized skill and judgment, and a transaction may be unsuccessful in whole or in part because of market behavior or unexpected events. Changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. Derivative instruments traded in over-the-counter markets may be difficult to value, may be illiquid, and may be subject to wide swings in valuation caused by changes in the value of the underlying instrument. If a derivative's counterparty is unable to honor its commitments, the value of Fund shares may decline and the Fund could experience delays in the return of collateral or other assets held by the counterparty. The loss on derivative transactions may substantially exceed the initial investment, particularly when there is no stated limit on the Fund's use of derivatives.
- *Risks Associated with Active Management.* The success of the Fund's investment program depends on portfolio management's successful application of analytical skills and investment judgment. Active management involves subjective decisions.
- *General Fund Investing Risks.* The Fund is not a complete investment program and there is no guarantee that the Fund will achieve its investment objective. It is possible to lose money by investing in the Fund. The Fund is designed to be a long-term investment vehicle and is not suited for short-term trading. Investors in the Fund should have a long-term investment perspective and be able to tolerate potentially sharp declines in value.

An investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency, entity or person.

FEES AND EXPENSES

Except for the fees listed in this section, there are currently no other fees, or charges, imposed by or payable to the Program in connection with opening or maintaining your Account. The Board and the Comptroller reserve the right to change the current fees, or to impose new or additional fees, expenses, charges, or penalties at any time in the future without notice.

FEE	DESCRIPTION	AMOUNT
Monthly Account Maintenance Fee	Monthly charge to each Account (includes up to 2 ACH withdrawals per month). Until the Account is closed, the \$4 per month Account maintenance fee will continue to be assessed monthly during periods when the Account is a zero-balance Account, and if the Account is temporarily suspended for identification or Authorized Legal Representative verification.	\$4.00
Electronic Delivery Fee	Fee for electronic delivery of program documents	None
Annual Print/Mail Fee	Fee for paper delivery of program documents. There is no fee if you elect e-delivery of program documents.	\$10.00
Returned Item Fee	Charge for processing contributions that are returned unpaid	\$20.00
Enrollment Fee	Fee for enrolling in the Program	None
Check Processing Fee	Charge for each withdrawal by check	\$5.00
ACH Processing Fee	Charge for each withdrawal by ACH in excess of two (2) per month	\$1.00
Rollover Fee	Charge to process Rollovers to or out of Program	None
Change of Designated Beneficiary Fee	Fee to process a change of beneficiary to another Eligible Individual who is a Member of the Family of the former Designated Beneficiary	None
Change of Authorized Legal Representative Fee	Fee to process a change of Authorized Legal Representative	None
Additional Fees	Fee for additional services (such as overnight delivery of documents, cost of outgoing wires, or re-issue of disbursement checks)	Amounts for additional services will vary depending on services provided

Annual Asset-Based Fees

In addition to the fees and expenses listed in the chart in the Fees and Expenses section there are annual asset-based fees charged by the Program and by the Mutual Funds underlying each Investment Option. You bear the cost of the annual asset-based fees as they are subtracted from the value of your investment, which reduces the daily Unit value of each Investment Option.

The annual asset-based fees are set forth in the table below.

Investment Option	Program Management Fee ¹	State Administrative Fee ²	Estimated Underlying Investment Expenses ³	Total Annual Asset-Based Fees ⁴
Aggressive Allocation Option	0.15%	0.10%	0.14%	0.39%
Moderate Allocation Option	0.15%	0.10%	0.24%	0.49%
Moderately Conservative Allocation Option	0.15%	0.10%	0.40%	0.65%
Bank Savings Account Option ⁵	0.15%	0.10%	0.00%	0.25%

- 1 The Program Management Fee may change at any time. The Program Manager pays the Investment Manager, the NAV calculation agent, and the Custodian.
- 2 The State Administrative Fee is used to defray costs incurred by the Board and the Comptroller's office to provide oversight and administration of the Program.
- 3 The percentages set forth in this column are based on the expense ratios of the underlying investments in which an Investment Option invests. The amounts are calculated using the most recent expense ratio reported prior to the date of this Disclosure Statement weighted according to the Investment Option's allocation among the underlying investments in which it invests. Although these expenses are not deducted from an Investment Option's assets, each Investment Option indirectly bears its pro rata share of the expenses of the underlying investments in which it invests because these expenses reduce the investment's return.
- 4 The Total Annual Asset-Based Fees ("Total Fees") equal the sum of the estimated underlying investment expenses, the Program Management Fee, and the State Administrative Fee. The portion of the Total Fees attributable to the Program Management Fee and the State Administrative Fee is assessed on a daily basis over the course of the year against assets in each Investment Option. The portion of Total Fees attributable to estimated underlying investment expenses is indirectly borne by each Investment Option as discussed in footnote (3). You should refer to the Example Investment Cost Chart for the total assumed investment cost over 1-, 3-, 5-, and 10-year periods. These figures represent the estimated weighted annual expense ratios of the underlying investments in which the Investment Options invest plus the fee paid to the Program Manager and the state.
- 5 The Plan Manager and the Board have agreed to voluntarily waive the Program Management Fee and the State Administrative Fee, respectively (but, in each case, not below zero) to the extent necessary to assist the Bank Savings Account Option in attempting to maintain at least a 0.00% return before monthly fees and transaction fees. There is no guarantee that the Bank Savings Account Option will maintain this return. This undertaking may be amended or withdrawn at any time.

Example Investment Cost Chart

The following table compares the approximate cost of investing in the Texas ABLE Program over different periods of time. Your actual cost may be higher or lower. The table is based on the following assumptions:

- A \$10,000 investment invested for the time periods shown.
- A 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 ABLE Program expenses (the table does not consider the impact of any potential state or federal taxes on the redemption).
- Total Annual Asset-Based Fees remain the same as those shown in the table above.
- The example does not consider the impact of any of the non-asset-based fees.
- Costs in the example are cumulative.

Approximate Costs of \$10,000 Investment				
Investment Option	1 Year	3 Years	5 Years	10 Years
Aggressive Allocation Option	\$40	\$125	\$219	\$493
Moderate Allocation Option	\$50	\$157	\$274	\$616
Moderately Conservative Allocation Option	\$66	\$208	\$362	\$810
Bank Savings Account Option	\$26	\$80	\$141	\$318

Waiver of Print/Mail Fee for Electronic Delivery

No fee will be charged for tax documents delivered via U.S. Mail. For Designated Beneficiaries who opt to receive all other Program documents electronically, no Print/Mail Fee will be charged. However, for Designated Beneficiaries requesting to receive all other Program documents by mail, the Program will charge a \$10.00 annual Print/Mail Fee based on the calendar year. If you select this option, the Print/Mail Fee will be withdrawn from your Program Account immediately upon establishment of the Account. The Print/Mail Fee will be assessed on a pro-rata basis based on the month the Program Account is established. For example, for an Account established on July 1st, the Print/Mail Fee would be \$5.00 for the calendar year ($\$10.00 \text{ annual fee} \div 12 \text{ months in a calendar year} \times 6 \text{ months (July-December)} = \5.00). Accounts will be charged \$10.00 annually thereafter in January for the upcoming calendar year. If a Designated Beneficiary switches from paper to electronic delivery after the Program Account is established and maintains that election, no annual Print/Mail Fee will be charged in the following year. If a Designated Beneficiary has elected electronic delivery for Program documents and fails to provide a valid email address, the Program will mail paper documents to the Designated Beneficiary and charge the \$10.00 annual Print/Mail Fee as applicable.

You can sign up for electronic delivery of Program documents, except for tax documents that are delivered by mail, by logging into your Program Account and selecting electronic delivery. Documents sent electronically will be in PDF format and may generally be word-searched for convenient reference.

Fees for Additional Services

The Program Manager may debit your Program Account for costs incurred in connection with failed contributions (e.g., returned items such as returned checks, rejected ACH payments, and rejected electronic funds transfers) or for additional services you request (e.g., overnight delivery of documents, outgoing wires, and re-issue of disbursement checks).

RISKS OF INVESTING IN THE PROGRAM

Prospective and existing Designated Beneficiaries should carefully consider, along with other matters referred to in this Program Disclosure Statement, the following risks of investing in the Program. This Program Disclosure Statement cannot and does not list every possible factor that may affect a Designated Beneficiary's investment in the Program. Additional risks not discussed in this Program Disclosure Statement may arise and a Designated Beneficiary, must be willing and able to accept those risks. Furthermore, neither the Board nor the Service Providers makes any representation concerning the appropriateness of any of the Investment Options as an investment for any Designated Beneficiary. Other types of investments may be more appropriate depending upon the Designated Beneficiary's personal circumstances, including without limitation, his or her financial status, tax situation, risk tolerance, age, or the importance of continued eligibility of the Designated Beneficiary for federal or state means-tested benefits. Other ABLE programs are available, as are other investment alternatives. The investments, fees, expenses, certain eligibility requirements, tax, and other consequences and features of these alternatives may differ from features available in the Program. Anyone considering opening a Program Account should consider these alternatives prior to opening a Program Account and should consult independent investment, tax, or benefits advisors.

No Other Insurance or Guarantees

Other than the FDIC insurance on the Bank Savings Account Option described above, no other insurance is provided. A Program Account is not guaranteed by the (i) State of Texas or its respective officials or employees; (ii) the Program Manager, the investment advisor, the investment managers, the Custodian, or their respective officers and employees; (iii) the Board, its committees, or their individual members; (iv) agents, advisers, subcontractors, or consultants retained by or on behalf of the State of Texas, the Program Manager, investment advisor, investment managers, Custodian, or the Board and its committees; or (v) any other federal or state entity, or private person or entity.

Investment Risks

Investing in the portfolios offered through the Program involves risk. Please see the “**Risks of Investing in the Program**” and “**Investment Options**” sections for more specific information.

Potential Impact on Supplemental Security Income

ABLE Account balances over \$100,000, the Designated Beneficiary's income (even if contributed to an ABLE Account), and non-qualified withdrawals from an ABLE Account, could affect the Designated Beneficiary's eligibility for SSI. Suspension of eligibility for SSI may also lead to ineligibility of the SSI recipient for Medicaid. Additional information on SSA's treatment of ABLE accounts can be found under “ABLE and Government Benefits Considerations” above and at the SSA's website at <https://secure.ssa.gov/apps10/poms.nsf/lnx/0501130740>. If a Designated Beneficiary has any questions about the potential impact of his or her Program Account on the Designated Beneficiary's continuing eligibility for SSI or Medicaid, the Designated Beneficiary should contact the local SSA office.

Potential Impact on Medicaid Eligibility

Contributions from the Designated Beneficiary's income and certain withdrawals from a qualified ABLE program account, such as the Texas ABLE Program, could negatively affect the Designated Beneficiary's eligibility for Medicaid. More information on SSA's treatment of ABLE accounts can be found above under "ABLE and Government Benefits Considerations" and at www.ablenrc.org/resources/center-medicare-and-medicaid-services-able-guidance. If a Designated Beneficiary has any questions about the potential impact of a Program Account on the Designated Beneficiary's continuing eligibility for Medicaid, the Designated Beneficiary should contact his or her local Medicaid office.

Potential Impact on U.S. Department of Housing and Urban Development Benefits

As of the date of this Program Disclosure Statement, no final guidance has been issued by HUD related to the effect ABLE will have on housing benefits.

Potential Impact on Other State Benefits

While balances, earnings, and withdrawals from the Program Account will be disregarded for purposes of determining eligibility to receive certain benefits provided by the State of Texas, other states may treat your Program Account balances and withdrawals differently. ABLE program balances and withdrawals from an ABLE account, such as the Program Account, could affect your eligibility for other states' benefit programs. Please consult your local benefits office or benefits advisor for more information.

Tax Impact of Loss of Eligible Individual Status

If you are no longer considered to be an Eligible Individual, expenses incurred at a time when you are not an Eligible Individual will not be considered Qualified Disability Expenses. The earnings portion of withdrawals from the Program Account for expenses that are not considered Qualified Disability Expenses will be includable as ordinary income for tax purposes and will be subject to an Additional 10% Tax, unless an exception applies.

Medicaid Recapture

Upon the death of the Designated Beneficiary, a state may be required to file a claim for the amount of the total medical assistance paid for the Designated Beneficiary under the state's Medicaid plan after the establishment of the Program Account (or any ABLE account from which amounts were rolled or transferred to the Program Account). The amount of the claim is to be paid only after the payment of all outstanding payments due for the Qualified Disability Expenses of the Designated Beneficiary, including any funeral and burial expenses, and is to be reduced by the amount of all premiums paid by or on behalf of the Designated Beneficiary to a Medicaid Buy-In program under that state's Medicaid plan.

Procedures for filing claims may vary from state to state. Designated Beneficiaries, Authorized Legal Representatives, executors, and personal representatives of estates may want to consider obtaining advice of counsel on the applicability of, and any available exceptions to, Medicaid recapture under applicable state law and regulation.

Possible Changes to the Program

The Board reserves the right to make changes to the Program at any time. These changes may include changes to the Investment Options and changes to the fees and expenses the Program imposes. If the Investment Options are changed, the fees and expenses of the replacement portfolios may be higher or lower and the replacement portfolios may achieve different performance results than the Investment Options currently in use by the Program. When the Board believes it is feasible and appropriate, it intends to provide reasonable notice to Designated Beneficiaries regarding any material Program changes through updates to this Program Disclosure Statement.

Limitation on Transferring Monies from One Investment Option to Another

You may transfer funds from your current investment selection to another investment selection only twice per calendar year. You may also change an investment selection upon a change in the Designated Beneficiary to an Eligible Individual who is a Member of the Family of the Designated Beneficiary. Funds in the Program Account will be subject to applicable law and the terms and conditions of this Program Disclosure Statement. These provisions may limit your ability to contribute, withdraw, or transfer these funds. Under no circumstances may any interest in a Program Account be sold, exchanged, or used as security or collateral for a loan.

Qualified Disability Expenses may Exceed the Balance in the Program Account

Even if you make the maximum allowable amount of contributions to a Program Account, the balance may not be sufficient to cover the Qualified Disability Expenses incurred by the Designated Beneficiary annually or during the life of the Program Account.

Program Contributions do Not Create Texas Residency

Contributions to the Program do not create Texas residency status for the Designated Beneficiary for purposes of determining entitlement to Texas state benefits.

Laws Governing ABLE Programs May Change

There is a risk that federal and state laws and regulations governing Section 529A qualified ABLE programs, as well as regulators' interpretations of those laws and regulations, could change in the future. Proposed U.S. Treasury regulations that have been issued under Section 529A of the IRC provide initial guidance and requirements for the establishment and operation of the Program, but do not provide guidance on all aspects of the Program. Final regulations or other administrative guidance or court decisions might be issued that could adversely impact the federal tax consequences or requirements with respect to the operation of the Program, including without limitation contributions to, or withdrawals from, the Program Account.

In addition, Section 529A of the IRC or other state or federal law could be amended in a manner that materially changes (i) your eligibility to open a Program Account, (ii) the treatment of the Program Account and contributions to and withdrawals from the Program Account for purposes of eligibility for state or federal means-tested benefits including, without limitation, SSI and/or Medicaid, (iii) the federal tax treatment of the Program Account and contributions to and withdrawals from the Program Account, or (iv) available exemptions for the Program from certain federal securities laws.

You should understand that changes in the law or regulations governing the treatment of Program Accounts for purposes of federal means-tested benefits or potential federal and/or state tax consequences described in this Program Disclosure Statement may necessitate material changes to the Program. Furthermore, the Program has been established pursuant to Texas laws and regulations, and any guidelines, and procedures adopted by the Program. Changes to any such laws, regulations, guidelines, and procedures may also affect the operation of the Program as described in this Program Disclosure Statement. When the Board believes it is feasible and appropriate, it intends to provide reasonable notice to Designated Beneficiaries regarding any material Program changes through updates to this Program Disclosure Statement.

SUMMARY OF FEDERAL AND TEXAS TAX CONSIDERATIONS

This summary does not provide tax advice and is not exhaustive. The information contained in this Program Disclosure Statement was written to support the promotion or marketing of the transaction(s) or matter(s) addressed in this Program Disclosure Statement. Any information contained in this Program Disclosure Statement is not intended or written to be used, and cannot be used, by a person as tax advice. Neither the Program nor any of their Service Providers and their respective officers and employees are authorized to provide legal, financial or tax advice, and nothing in this Program Disclosure Statement or in any other written materials or verbal communications by Program representatives should be considered advice or a recommendation. Prospective and existing Designated Beneficiaries should consult qualified personal legal, tax, financial, benefit or other advisors for inquiries specific to their circumstances.

The following discussion summarizes certain aspects of federal and state income, gift, estate, and generation-skipping transfer tax consequences relating to a Program Account and contributions to, earnings of, and withdrawals from a Program Account. The summary (i) is not exhaustive, (ii) is not intended as individual tax advice, and (iii) does not address the potential effects on Designated Beneficiaries of the tax laws of any state other than the State of Texas. In addition, there can be no assurance that the IRS will accept the statements made herein or, if challenged, that such statements would be sustained in court.

Tax Considerations are Subject to Change

This summary of tax considerations is based on the relevant provisions of the IRC, Texas state tax law, the Proposed Tax Regulations, and IRS guidance issued as of the date of this Program Disclosure Statement. Taxpayers may look to the Proposed Tax Regulations for guidance at least until final regulations are issued by the IRS. The Proposed Tax Regulations do not, however, provide guidance on all aspects of the Program. For example, in December 2017, the U.S. Congress passed, and the President of the United States signed into law, revisions to Section 529 and 529A of the IRC that permit certain rollovers from a Section 529 account into an ABLE account, an expanded annual contribution limit for certain eligible designated beneficiaries of ABLE accounts, and the ability of certain taxpayers to claim the Saver's Credit for contributions to ABLE accounts. The Proposed Tax Regulations do not address these recent changes to the tax law. It is uncertain when final regulations will be issued. Therefore, there can be no assurance that the federal tax consequences described herein for Designated Beneficiaries will be applicable. It is possible that Congress, the Treasury Department, the IRS, the State of Texas and other taxing authorities or the courts may take actions in the future that will adversely affect the tax law consequences described and that such adverse effects may be retroactive.

The applicable tax rules are complex, certain rules are at present uncertain, and their application to any 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. The Board has the authority to take steps it deems necessary or appropriate to conform the Program with the requirements of Section 529A of the IRC or other applicable federal law. When the Board believes it is feasible and appropriate, it intends to provide reasonable notice to Designated Beneficiaries regarding any material Program changes through supplemental updates to the website at TexasABLE.org and this Program Disclosure Statement.

Federal Tax Considerations

Qualified ABLE Program

The Program is designed to be a qualified ABLE program under Section 529A of the IRC. IRS provides important information on taxation of qualified ABLE programs in IRS Publication 907 available at www.irs.gov/pub/irs-pdf/p907.pdf.

Eligible Individual

In order to open a Program Account and to receive the tax benefits afforded a Designated Beneficiary you must be an Eligible Individual. The Designated Beneficiary or Authorized Legal Representative is responsible for making the required certifications relating to the Designated Beneficiary's eligibility to invest and notifying the Program when the Designated Beneficiary is no longer eligible. If the Designated Beneficiary ceases to be an Eligible Individual, beginning on the first day of the Designated Beneficiary's first taxable year for which the Designated Beneficiary does not satisfy the definition of an Eligible Individual, additional contributions to the Account will not be accepted by the Program, provided the Program has notice of such ineligibility. Additionally, during the time the Designated Beneficiary is not an Eligible Individual, none of the Designated Beneficiary's expenses will be considered Qualified Disability Expenses. Failure to notify the Program in a timely manner of ineligibility does not exempt the Designated Beneficiary from any IRS, SSI, or Medicaid penalties or actions. If the Designated Beneficiary subsequently re-qualifies as an Eligible Individual, contributions to the Account may again be accepted subject to the applicable Annual Contribution Limit and the Lifetime Account Limit, and expenses incurred that meet the definition of a Qualified Disability Expense will again be considered Qualified Disability Expenses.

One Account Rule

The Proposed Tax Regulations provide that except with respect to pending Rollovers and Program-to-Program Transfers, no Designated Beneficiary may have more than one ABLE account in existence at the same time. A prior ABLE account that has been closed with a \$0 balance does not prohibit the subsequent creation of another ABLE account for the same Designated Beneficiary. The Proposed Tax Regulations provide that, in the event any ABLE account is opened for a Designated Beneficiary with an ABLE account already in existence, only the first such account created for that Designated Beneficiary qualifies as an ABLE account.

If more than one ABLE account is opened by a Designated Beneficiary, the subsequent ABLE account(s) will not be treated as ABLE accounts under the Federal ABLE Act and will not be eligible for the benefits of ABLE accounts. For example, monies contributed to a second or subsequent ABLE account will not be disregarded for determining eligibility under federal means-tested programs, such as SSI, and could result in the imposition of federal taxes and penalties.

The Proposed Tax Regulations also provide, however, that a return, in accordance with the rules that apply to returns of Excess Contributions of the entire balance of a second or other subsequent account received by the contributor(s) on or before the due date (including extensions) for filing the Designated Beneficiary's income tax return for the year in which the account was opened and contributions to the second or subsequent account were made, will not be treated as a gift or withdrawal to the Designated Beneficiary for purposes of Section 529A of the IRC.

Annual Contribution Limit

The Program's Annual Contribution Limit is currently \$15,000 per year per Designated Beneficiary from all sources.

Expanded Annual Contribution Limit for Certain Eligible Designated Beneficiaries

Certain eligible ABLE Designated Beneficiaries are permitted to make contributions to an Account in excess of the Annual Contribution Limit up to a specified amount (the "Expanded ACL"). In order to be eligible under 529A to make additional contributions up to the Expanded ACL, a Designated Beneficiary must be an employee (including an "employee" within the meaning of IRC section 401(c) which includes a definition of self-employed individual) with respect to whom: (i) no contribution is made for the taxable year to a defined contribution plan (within the meaning of section 414(i)) with respect to which the requirements of section 401(a) or 403(a) are met, (ii) no contribution is made for the taxable year to an annuity contract described in section 403(b), and (iii) no contribution is made for the taxable year to an eligible deferred compensation plan described in section 457(b). Contributions up to the Expanded ACL may only be made by the Designated Beneficiary.

Calculating Your Permitted Expanded ACL. Under the Expanded ACL, for contributions made on or after January 1, 2018, and before January 1, 2026, an eligible Designated Beneficiary may annually contribute an additional amount to an Account up to the lesser of (1) the Designated Beneficiary's compensation (as defined by section 219(f)(1)) includible in the Designated Beneficiary's gross income for the taxable year, or (2) an amount equal to the Federal Poverty Level for a one-person household as determined for the preceding taxable year. The Federal Poverty Level for 2017 was \$12,060 for the contiguous 48 states. Traditionally, the level increases from year to year.

Amounts contributed above the Expanded ACL will be returned to you only if you notify the Program. Contributions over the Expanded ACL and not returned to the contributor on or before the due date (including extensions) of the Designated Beneficiary's income tax return for the year in which the contributions were received may result in the imposition on the Designated Beneficiary of a six-percent excise tax on the amount of the contributions.

Note: The Expanded ACL was passed by the U.S. Congress and was signed into law by the President of the United States on December 22, 2017. The information presented is based on a good faith interpretation of the statutory language. If, and when, material updates become available we will update the website at www.TexasABLE.org and this Program Disclosure Statement. Please consult with your tax advisor for more information.

Excess Contributions

If the Excess Contributions are returned on or before the due date (including extensions) for filing the Designated Beneficiary's income tax return for the year in which the Excess Contribution was made, any net income distributed is includable in the gross income of the contributor(s) in the taxable year in which the Excess Contributions were made. If the Excess Contributions are not returned on time, the Designated Beneficiary will be subject to a 6% excise tax on the Excess Contributions and earnings that are not returned by the Program to the contributors by the due date (including extensions) of the Designated Beneficiary's income tax return. The 6% excise tax will be due even if you are not otherwise required to file a federal income tax return.

Federal Tax Advantages

Contributions to a qualified ABLE program are not deductible for federal income tax purposes.

The two primary tax advantages to investing in an ABLE program are:

1. First, any investment earnings on the money you invest in a qualified ABLE program will not be subject to federal income tax until they are distributed.
2. Second, any investment earnings distributed as part of a Qualified Withdrawal are free from federal income tax.

Withdrawals

The tax treatment of a withdrawal from a Program Account will vary depending on whether the withdrawal is a Qualified Withdrawal, Rollover, a Program-to-Program Transfer, or a Non-Qualified Withdrawal. Whether a withdrawal complies with applicable law and regulations and can be classified as a Qualified Withdrawal, Rollover, or a Program-to-Program Transfer is a matter between the Designated Beneficiary and the IRS. The Program assumes no responsibility for monitoring the Designated Beneficiary's compliance with applicable tax rules.

Qualified Withdrawals

If a Qualified Withdrawal is made from a Program Account, no portion of the withdrawal, including any earnings, is includable in the gross income of the Designated Beneficiary. A Qualified Withdrawal is a withdrawal that is solely used to pay the Designated Beneficiary's Qualified Disability Expenses.

1. *Qualified Disability Expenses*: include any expenses incurred at a time when the Designated Beneficiary is an Eligible Individual that relate to the blindness or disability of the Designated Beneficiary, and are for the benefit of the Designated Beneficiary in maintaining or improving his or her health, independence, or quality of life. Such expenses include, but are not limited to, expenses for education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, funeral and burial expenses, and other expenses that may be identified from time to time in future guidance published by the IRS.
2. *Qualified Disability Expenses are broadly construed*. In order to implement the legislative purpose of assisting Eligible Individuals in maintaining or improving their health, independence, and quality of life, the U.S. Treasury Department and the IRS

have taken the position that the term “Qualified Disability Expenses” should be broadly construed to permit the inclusion of basic living expenses and should not be limited to expenses for items for which there is a medical necessity or which provide no benefits to others in addition to the benefit to the Eligible Individual. For example, expenses for common items such as smart phones could be considered Qualified Disability Expenses if they are an effective and safe communication or navigation aid for a child with autism.

Rollovers

No portion of a Rollover is includable in the gross income of the Designated Beneficiary or subject to the Additional 10% Tax. A Rollover is a transfer of all or a portion of funds by any of the following methods:

1. *Direct Rollovers.* A direct Rollover (referred to as a “Program-to-Program Transfer” in the Proposed Tax Regulations) means the direct transfer of the entire balance of an ABLE account into an ABLE account of the same Designated Beneficiary in which the transferor ABLE account is closed with a \$0 balance upon completion of the transfer, or of part or all of the balance to an ABLE account of another Eligible Individual who is a Member of the Family of the former Designated Beneficiary, without any intervening withdrawal or deemed withdrawal to the Designated Beneficiary. Direct Rollovers may occur into the Program as contributions or out of the Program as withdrawals.
2. *Indirect Rollovers into the Program.* An indirect Rollover into the Program is a withdrawal of funds from your account in another ABLE program, followed within 60 days of that withdrawal by a contribution of those funds to your Account in the Texas ABLÉ Program (provided you have not made a similar transfer within the previous 12 months) or to a person who is an Eligible Individual and a Member of the Family of the Designated Beneficiary. To initiate a Rollover to the Texas ABLÉ Program you must first open a Texas ABLÉ Program Account.
3. *Indirect Rollovers out of the Program.* An indirect Rollover out of the Program is a withdrawal of funds from your Texas ABLÉ Program Account, followed within 60 days of that withdrawal by a contribution of those funds to an account in another ABLÉ program for you as Designated Beneficiary (provided you have not made a similar transfer within the previous 12 months) or to a person who is an Eligible Individual and a Member of the Family.
4. Effective for distributions after December 22, 2017, and before January 1, 2026, amounts in a 529 account may be rolled over to an ABLÉ account of the 529 account’s designated beneficiary or a “member of the family” (as defined by IRC 529) of the 529 account’s designated beneficiary. Such rollover amounts are limited by and count toward the Annual Contribution Limit. The amount that may be rolled over may not exceed the Annual Contribution Limit. For 2018, this amount is \$15,000.

Note: The revision to Section 529 of the IRC permitting rollovers to ABLÉ accounts was passed by the U.S. Congress and was signed into law by the President of the United States on December 22, 2017. The information presented is based on a good faith interpretation of the statutory language. If, and when, material updates become available we will update the website at www.TexasABLE.org and this Program Disclosure Statement. Please consult with your tax advisor for more information. Please see the offering document for the 529 account for information regarding the tax consequences of Rollovers out of the 529 account. For example, the definition of “Member of the Family” for a 529 account is broader than the definition for an ABLÉ account.

Member of the Family

Under the Proposed Tax Regulations, a person is considered a Member of the Family if the person is a sibling, whether by blood or adoption, including a brother, sister, stepbrother, stepsister, half-brother, or half-sister.

Application of Tax Rules to Rollovers

A Rollover is not includible in the gross income of the Designated Beneficiary. A transfer of funds that does not meet the conditions stated above for Rollovers will constitute a Non-Qualified Withdrawal subject to federal tax and an Additional 10% Tax. Both the federal income tax and the Additional 10% Tax would apply to any earnings. In addition, a transfer to a person who is not a Member of the Family will subject the Designated Beneficiary to federal gift and GST taxes. Please also keep in mind that in addition to adverse tax consequences, Non-Qualified Withdrawals may negatively affect your eligibility for federal or state benefits.

Important Note about Rollovers

In the case of a Rollover, the ABLE account from which amounts were transferred must be closed as of the 60th day after the amount was distributed from the ABLE account in order for the Account that received the Rollover to be treated as an ABLE account. If the Account that receives the transfer is not treated as an ABLE account, the Account will not be eligible for the benefits of ABLE accounts. For example, the Account will not be disregarded for determining eligibility under federal means-tested programs, such as SSI, and could result in the imposition of federal taxes and penalties.

Principal and Earnings Treatment of Rollovers

The Program will treat the entire amount of any contribution that is a Rollover contribution from another ABLE program as earnings in the Texas ABLE Program Account receiving the contribution unless the Program receives appropriate documentation showing the actual earnings portion of the contribution.

Non-Qualified Withdrawals Subject Earnings to Tax

A Non-Qualified Withdrawal is a withdrawal from a Program Account that is not a Qualified Withdrawal, Rollover, or Program-to-Program Transfer. To the extent that a withdrawal from an Account is a Non-Qualified Withdrawal, the portion of the Non-Qualified Withdrawal attributable to any investment earnings on the Program Account will be ordinary income to the recipient of the withdrawal for the year in which the withdrawal is made. No part of the earnings portion will be treated as capital gain. Under current law, the federal tax rates on ordinary income are generally greater than the tax rates on capital gain. The contribution portion of a withdrawal is not includable in federal gross income.

Additionally, to the extent that a withdrawal is a Non-Qualified Withdrawal, the federal income tax liability of the recipient will be increased by an amount equal to 10% of any earnings portion of the withdrawal, subject to certain exceptions set forth below.

Exceptions to Additional 10% Tax

The Additional 10% Tax does not apply to:

- Withdrawals on or after the death of the Designated Beneficiary paid to the estate of a Designated Beneficiary or to an heir or legatee of the Designated Beneficiary.
- Returns of Excess Contributions and contributions to additional purported ABLE accounts made by the due date (including extensions) of the Designated Beneficiary's tax return for the year in which the relevant contributions were made.
- Withdrawals made after the death of the Designated Beneficiary in payment of outstanding obligations due for Qualified Disability Expenses of the Designated Beneficiary, including funeral and burial expenses. Such withdrawals are not includible in the gross income of the Designated Beneficiary or his or her estate, including the post-death payment of any part of a claim filed against the Designated Beneficiary or the Program Account by a state under a state Medicaid plan.

You should consult your own tax advisor regarding the application of any of the above exceptions.

Note: The Program will not withhold taxes or penalties due on a Non-Qualified Withdrawal. The taxpayer is responsible for reporting taxes and penalties due on the taxpayer's federal tax return.

Change of Designated Beneficiary

A change in the Designated Beneficiary of an Account is not treated as a withdrawal if the new Designated Beneficiary is an Eligible Individual and a Member of the Family of the former Designated Beneficiary. However, if the new Designated Beneficiary is not an Eligible Individual and a Member of the Family of the former Designated Beneficiary, the change is treated as a Non-Qualified Withdrawal by the former Designated Beneficiary. A change in the Designated Beneficiary of a Program Account or a transfer to a Program Account for the new Designated Beneficiary may have federal gift tax or GST tax consequences.

Change of Authorized Legal Representative

A request to change the Authorized Legal Representative to another Authorized Legal Representative must be submitted to the Program in a format approved by the Program. The Authorized Legal Representative may also be changed by operation of law.

Earnings

If there are earnings in a Program Account, each withdrawal from a Program Account consists of two parts. One part is a return of the contributions in the Program Account. The other part is a withdrawal of earnings in the Program Account. If withdrawals from your Program Account do not exceed your Qualified Disability Expenses for that year, no amount is includible in your gross income. For any year in which there is a withdrawal from a Program Account, the Program will provide an IRS Form 1099-QA. This form will set forth the total amount of the withdrawal and identify the earnings and contribution portions of any withdrawal.

Gift Tax and GST Tax

For federal gift and Generation-Skipping Transfer tax purposes, contributions to a Program Account by the Designated Beneficiary are not considered to be completed gifts because an individual cannot make a transfer of property to himself or herself, and a transfer of property is a fundamental requirement for a completed gift. However, contributions to the Program Account by persons other than the Designated Beneficiary are considered a completed gift from the contributor to the Designated Beneficiary and are eligible for the annual gift tax exclusion. Contributions that qualify for the gift tax annual exclusion are generally also excludible for purposes of the federal GST tax. A donor's total contributions to a Program Account for a Designated Beneficiary in any given year (together with any other gifts made by the donor to that Designated Beneficiary in the year) will not be considered taxable gifts and will generally be excludible for purposes of the GST tax if the gifts do not in total exceed the annual exclusion for the year. Currently, the annual exclusion is \$15,000 per donee (i.e., the person receiving the gift). This means that in each calendar year you may contribute up to the amount of the annual exclusion to a Program Account without the contribution being considered a taxable gift, provided you make no other gifts to the Designated Beneficiary in the same calendar year. The annual exclusion is indexed for inflation and therefore is expected to increase over time.

Change of Designated Beneficiary

A change in the Designated Beneficiary of a Program Account is not treated as a distribution and is not subject to federal gift or GST taxes if the new Designated Beneficiary is an Eligible Individual and a Member of the Family. However, if the new Designated Beneficiary is not a Member of the Family, the change is treated as a Non-Qualified Withdrawal by the current Designated Beneficiary and may have federal gift tax or GST tax consequences.

Estate Tax

The Proposed Tax Regulations provide that, upon the death of the Designated Beneficiary, all amounts remaining in the ABLE Account are includible in the Designated Beneficiary's gross estate for estate tax purposes. For 2018, an individual can transfer up to \$5.6 million (\$11.2 million per couple) without incurring federal estate tax.

Medicaid Recovery

Under Section 529A, following the death of the Designated Beneficiary, any state may be required to file a claim against the Designated Beneficiary or the Program Account itself for the amount of the total medical assistance paid for the Designated Beneficiary under the state's Medicaid plan after the establishment of the Program Account (or any ABLE account from which amounts were rolled or transferred to the current Program Account). The amount paid in satisfaction of such a claim is not a taxable distribution from the Program Account.

Saver's Credit

Effective for contributions made on or after January 1, 2018, and before January 1, 2026, you may be able to claim a Saver's Credit. Adjusted Gross Income limits apply and the Designated Beneficiary of the ABLE account must be age 18 or older, not a full-time student, and not claimed as a dependent on another person's return.

Note: The expansion of the Saver's Credit to ABLE accounts was passed by the U.S. Congress and was signed into law by the President of the United States on December 22, 2017. The information presented is based on a good faith interpretation of the statutory language. If, and when, material updates become available we will update the website at www.TexasABLE.org and this Program Disclosure Statement. Please consult with your tax advisor for more information.

Taxation by Texas

Texas does not impose a state income tax on individuals.

Tax Reports

The Program will report contributions, withdrawals, the basis of the Designated Beneficiary's eligibility, earnings in the Program Account, and other matters to the IRS, a state, and other persons, if any, to the extent required by federal, state, or local law, regulation or ruling. By the beginning of the year following enrollment, the Designated Beneficiary will be sent a copy of any such report or a corresponding statement filed with the IRS.

Tax Records

It is the Designated Beneficiary's responsibility to retain documents and information adequate to support the assertion of his or her rights and obligations as a taxpayer. For example, statements and tax reports received from the Program and receipts for purchases made for Qualified Disability Expenses.

Texas ABLE Program Account Statements

Confirmations

You will receive confirmations shortly after making transactions in your Program Account.

Account Statements

For each quarter in which you make a contribution or a withdrawal you will receive a statement reflecting:

- Contributions to each Investment Option, made to your Program Account during the period and aggregate contributions, year-to-date.
- Withdrawals from each Investment Option in your Program Account made during the period.
- The total value of your Program Account at the end of the period.

The Program will provide a periodic statement of your Account no less than annually. The statement will include, but not be limited to, the following information related to your Account for the period reported:

- Contributions;
- Distributions;
- Fees;
- Value of the Account as of the report ending date; and
- Any earnings or losses on the Account during the period.

You can securely access your Program Account information and statements any time through the Program's online access. After enrolling, visit the website at TexasABLE.org to establish a user name and password for use in accessing your Account information. You may obtain your Account balance anytime through the Program's online access. You may also request your Account balance by calling 1-844-489-2253 (1-844-4TX-ABLE).

Financial Statements

The Program's annual financial report will be audited by independent certified public accountants in accordance with generally accepted accounting principles for each fiscal year beginning September 1 and ending August 31. A copy of the Program's audited financial report will be posted on the Program's website when it is released each year, typically in December.

OTHER LEGAL CONSIDERATIONS

No Pledging of Account Assets

Neither the Designated Beneficiary nor the Authorized Legal Representative may use any part of the Program Account or other interest in the Program as security for a loan. This restriction includes, but is not limited to, a prohibition on the use of any interest in the Program Account or the Program as security for a loan.

No Sale or Exchange

No interest in a Program Account may be sold or exchanged.

Bankruptcy and Related Matters

Federal law expressly excludes certain funds from an individual debtor's bankruptcy estate (which funds, therefore, will not be available for withdrawal to such individual's creditors), if the funds are contributed by the debtor to an Account. The bankruptcy protection for Accounts is limited, however. The funds contributed will be protected if the Designated Beneficiary is the individual debtor's child, stepchild, grandchild, or step grandchild for the taxable year in which the funds were placed in the account, and only to the extent that such funds (i) are not pledged or promised to any entity in connection with any extension of credit and (ii) are not Excess Contributions, subject to the following limits: contributions made to an account more than 720 days before a federal bankruptcy filing are completely protected; contributions made to an account during the period beginning 365 days through 720 days before a federal bankruptcy filing are protected up to \$6,225 (this amount changes and is typically set every three years by the Judicial Conference of the United States); and contributions made to an account less than 365 days before a federal bankruptcy filing are not protected against creditor claims in federal bankruptcy proceedings.

State of Texas

Under Texas law, a Program Account may not be assigned for the benefit of creditors, used as security or collateral for any loan, or otherwise subject to alienation, sale, transfer, assignment, pledge, encumbrance, or charge. Notwithstanding the foregoing, the state is a permissible creditor upon the death of a Designated Beneficiary for the purposes set forth in Section 529A of the IRC.

Program Modification or Termination

Nothing contained in this Program Disclosure Statement shall constitute an agreement or representation by the Program or anyone else that the Program will continue in existence. At any time, the Board may cause the Program Disclosure Statement to be amended to terminate the Program, or suspend, modify or terminate the Program by giving written notice of such action to the Designated Beneficiary, so long as, after the action, the assets in your Account are still held for exclusive benefit of the Designated Beneficiary subject to applicable law. The Board may change the terms of the Program as necessary to ensure the financial feasibility of the Program or as necessary to ensure compliance with all applicable laws and regulations or as necessary to obtain or maintain federal income tax benefits or treatment provided by Section 529A of the IRC. Prior to the effective date of such a change in the terms of the Program affecting the Designated Beneficiary, the Board shall notify the Designated Beneficiary by written or electronic communication of the pending material change and may allow up to 60 calendar days from the date of the notice for the Designated Beneficiary to exit the Program under the then-current terms of the Program Disclosure Statement and Participation Agreement. If the Designated Beneficiary elects not to exit the Program during the opt out period, the Designated Beneficiary shall be deemed to have accepted the new terms and his or her Program Account shall be subject to the new terms on the effective date of the change.

Involuntary Terminations

If the Board finds that a Designated Beneficiary has made a material misrepresentation regarding personal information or eligibility on the Participation Agreement or in any communication regarding the Program, or if the Designated Beneficiary is deceased, the Board may involuntarily terminate and refund any unspent and unobligated funds in the Account subject to any unpaid expenses or fees due the Program or the State of Texas for Medicaid recovery. A material misrepresentation includes, but is not limited to, providing a false taxpayer identification number or a false certification that an individual is an Eligible Individual or Member of the Family.

The Comptroller shall notify the Governor and Texas Legislature and recommend that the Board not administer the Program or that the Program be modified or terminated if the Comptroller determines that the Program is not financially feasible. If the Program is terminated by the Texas Legislature, any unspent and unobligated funds in the Account will be paid, to the extent possible, to the Designated Beneficiary, subject to any outstanding fees or charges due the Program and, if applicable, any transfer for Medicaid recovery.

In the event of involuntary termination of an Account, the Program will provide advance written or electronic notification to the Designated Beneficiary of a pending refund within a reasonable time, but not less than 30 days if allowed by state or federal law, prior to the refund by the Program. Such a refund will be considered a Non-Qualified Withdrawal and will incur adverse tax consequences, and may negatively affect the Designated Beneficiary's eligibility for federal or state benefits. See "**Summary of Federal and Texas Tax Considerations**" for more information.

PROGRAM PRIVACY POLICY

Confidentiality of Records: Except as otherwise indicated in this Program Disclosure Statement, all information related to the Program is public and subject to disclosure under Chapter 552 of the Texas Government Code. Except as otherwise required by Section 529A of the IRC, information relating to a prospective or current Designated Beneficiary or Authorized Legal Representative, including any personally identifiable information, is confidential except that the Program may disclose that information to:

An Authorized Legal Representative regarding the Designated Beneficiary's Account, or

A state or federal agency as necessary to administer the Program and the Program Manager and Service Providers for the purpose of administering the Accounts or as required by Section 529A of the IRC, or other federal or state requirements.

Obtaining Additional Information

Learn more about the Program or enroll by visiting our website at: www.TexasABLE.org. You may reach a customer service representative by calling the Program toll-free at 1-844-489-2253 or 1-844-4TX-ABLE or by emailing the Program at customerservice@texasable.org

Complaint Policy

Comments or complaints may be forwarded to the following address or by calling the following number: Texas ABLE Program, Office of the Comptroller of Public Accounts, P.O. Box 13407, Austin, Texas 78711-3407, or 512-936-2064.

PARTICIPATION AGREEMENT

I am entering into this legally binding Participation Agreement (“**Agreement**”) with the Comptroller in order to establish a Program Account in the Program. I am legally competent and over the age of 18. I understand that my Program Account shall represent an interest in the Program. I understand and agree that this Agreement is subject to the Program Disclosure Statement. I understand that all of the information in the Program Disclosure Statement and in my completed Program Account Application are part of this Agreement. I understand that by enrolling in the Program I have accepted the terms of the Program Disclosure Statement and this Agreement. The effective date of this Agreement is the date my signed Program Account Application is submitted to the Program online and accepted by the Program.

Each capitalized term used in this Agreement has the meaning set forth in the Program Disclosure Statement, and such meanings are incorporated into this Agreement and made a part of this Agreement as if they were set forth in the body of this Agreement.

For purposes of this Agreement, “I” or “me” or “my” shall refer to the Designated Beneficiary or his or her Authorized Legal Representative, to the extent permitted by the Program Disclosure Statement.

Agreements, Representations, and Warranties of the Designated Beneficiary

I hereby agree with, and represent and warrant to the Comptroller, the Service Providers, and respective successor and assigns, as follows:

1. I have received, read, and understand the Program Disclosure Statement as currently in effect. I have been given the opportunity to obtain answers to all of my questions concerning the Program, my Program Account, and this Agreement. I acknowledge that there have been no representations or other information about the Program relied upon in entering into this Agreement, whether oral or written, other than as set forth in the Program Disclosure Statement and this Agreement.
2. I have accurately and truthfully completed the Program Account Application, and any other documentation that I have furnished or will subsequently furnish in connection with the opening or maintenance of, or any withdrawals from, my Program Account is, or will be accurate, truthful, and complete, including my status as an Eligible Individual.
3. If I make false statements in connection with opening a Program Account or otherwise, the Program may take such action as the Program deems necessary or appropriate, including, without limitation, terminating my Program Account or requiring that I indemnify the State of Texas, each of the Service Providers, and/or the Comptroller, and their respective affiliates and agents. I understand that I may face criminal or civil penalties for making false statements under applicable law.
4. I certify that I am opening this Program Account in order to provide funds for the Qualified Disability Expenses of the Designated Beneficiary, and I understand that this Agreement constitutes the legal, valid, and binding obligation of the Designated Beneficiary.

5. By opening a Program Account, I am consenting to receive emails from the Program about the Program and my Program Account. I understand that I may unsubscribe from emails about the Program at any time. I also understand that even if I unsubscribe from emails about the Program, the Program reserves the right to send me administrative emails regarding my Program Account or accounts in other ABLE programs or as otherwise permitted by law.
6. As of the date that I execute my Program Account Application, I have not knowingly made contributions to an ABLE account such that (a) my contributions exceed the Annual Contribution Limit (currently \$15,000) plus the Expanded Annual Contribution Limit, if applicable, or (b) the aggregate balance of my Program Account exceeds the Lifetime Account Limit (currently \$370,000). I will not knowingly make contributions to my Program Account (or direct others to make contributions to my Program Account) now or in the future such that (a) the contributions will exceed the Annual Contribution Limit plus the Expanded Annual Contribution Limit, if applicable, in any given year or (b) the aggregate balance of the Program Account will exceed \$370,000 (or such higher Lifetime Account Limit as to which I am notified from time to time).
7. I recognize that the investment of contributions and earnings, if any, in my Program Account involves certain risks, and I have taken into consideration and understand the risk factors related to these investments, including, but not limited to, those set forth in the Program Disclosure Statement.
8. If I am an Authorized Legal Representative acting on behalf of a Designated Beneficiary, I verify that I do not and will not acquire a beneficial interest in the Account and that I will administer the Account for the sole benefit of the Designated Beneficiary and that each time I make a withdrawal from the Program Account, I am certifying that I am legally authorized to act on the Designated Beneficiary's behalf and agree to furnish proof of my authority upon the Program's written request and I certify that the withdrawal (a) is duly authorized under all applicable law and any governing documents that apply to the Program Account and (b) is for the benefit of the Designated Beneficiary and not solely for my own personal benefit or solely for the benefit of a third person.
9. I understand and agree that federal and state laws are subject to change, sometimes with retroactive effect, and the State of Texas, the Comptroller, the Service Providers, and their respective affiliates are not making any representation that such federal or state laws will not be changed or repealed. I understand and agree that such changes could have a negative effect on my Program Account.
10. I understand and agree, with respect to each Investment Option in the Program, that there is no guarantee or commitment whatsoever from the State of Texas, the Comptroller, the Service Providers, or any other person or entity that contributions and investment returns, if any, in this Program Account will be sufficient to cover the Qualified Disability Expenses of the Designated Beneficiary.
11. I understand that the Service Providers will not necessarily continue in their roles for the entire period my Program Account is open and that the Program may retain in the future additional and/or different Service Providers for the Program. I acknowledge that if this occurs, or even if it does not, there is no assurance that I would not experience a material change to the terms and conditions of the current Agreement, including to the Investment Options offered by the Program, services provided, and the fees and expenses of the Program.

12. I understand and agree that I have not been advised by the State of Texas, the Comptroller, or any other agency or instrumentality of the State of Texas, the Service Providers, or any of their respective affiliates or any agents or representatives retained in connection with the Program to invest, or to refrain from investing, in a particular Investment Option. I understand that neither the Program, the State of Texas, the Comptroller, nor NorthStar can provide me with any investment, benefit, tax, or financial advice.
13. I understand and agree that the Program is the record owner of the shares of any underlying investments or Mutual Funds in which each Investment Option is invested and that I will have no right to vote, or direct the voting of, any proxy with respect to such shares.
14. I understand the following regarding the duties of the Comptroller: neither the Comptroller nor its representatives have any duty to me to perform any action other than those specified in this Agreement or the Program Disclosure Statement. The Program may accept and rely conclusively on any instructions or other communications reasonably believed to have been given by me or my Authorized Legal Representative, if any, and may assume that the authority of my Authorized Legal Representative, if any, continues in effect until the Program receives written notice to the contrary. The Program has no duty to determine or advise me of the investment, benefit, tax, or other consequences of my actions, or of its actions in following my directions, or of its failing to act in the absence of my directions. My Program Account and this Agreement are subject to the rules and regulations as the Comptroller may promulgate in accordance with Texas law. All decisions and interpretations by the Comptroller and the Program Manager in connection with the Program shall be final and binding on me and my Designated Beneficiary and any successors.
15. I understand the following regarding the duties of the Program Manager and other Service Providers: neither the Program Manager nor its respective affiliates or agents have a duty to perform any actions other than those specified in the Program Disclosure Statement and this Agreement. The Program Manager may accept and rely conclusively on any instructions or other communications reasonably believed to have been given by me or my Authorized Legal Representative, if any, and may assume that the authority of my Authorized Legal Representative, if any, continues in effect until the Program Manager receives written notice to the contrary. The Service Providers have no duty to determine or advise me of the investment, benefit, tax, or other consequences of my actions, or of their actions in following my directions, or of their failing to act in the absence of my directions. I understand that so long as the Service Providers are engaged by the Comptroller to perform services for the Program, the Service Providers may follow the directives of the Comptroller. When acting in such capacity, the Service Providers shall have no liability to me or my Authorized Legal Representative.
16. I understand that Non-Qualified Withdrawals will be subject to federal and state income taxes and potential penalties and that the Program will issue IRS forms 1099-QA and 5498-QA, and any other forms mandated in accordance with IRS instructions for the calendar year in which any contribution or distribution is made to or from my Account.
17. I acknowledge and agree to the fees, charges, or penalties applicable to my Program Account and understand that they may change in the future.

18. I understand that the Program is intended to be a “qualified ABLÉ program” under Section 529A of the IRC and the Program is intended to receive favorable federal and state tax treatment. I agree that the State of Texas and the Comptroller may make changes to the Program, this Agreement, and the Program Disclosure Statement at any time, including, without limitation, if it is determined that such changes are necessary for the continuation of the federal income tax treatment provided by Section 529A of the IRC or the favorable state tax treatment provided by state law or any similar successor legislation.
19. I understand that if I or my Authorized Legal Representative, if any, make a material misrepresentation on this Agreement or in any communication regarding the Program, the Program may terminate and refund any available funds in my Account subject to any unpaid expenses or fees due the Program or the State of Texas.
20. I understand that I or my Authorized Legal Representative, if any, am responsible for maintaining up-to-date contact information for my Account.
21. I understand that I or my Authorized Legal Representative, if any, am responsible for submitting correct information regarding a distribution to a payee and that the Program is not responsible for any late fees or other fees or penalties that may be due to a payee related to the distribution.
22. I understand that I or my Authorized Legal Representative, if any, am responsible for maintaining sufficient records regarding my status as an Eligible Individual and regarding any withdrawal to substantiate to the IRS or SSA or other agency that a distribution is for a Qualified Disability Expense.

NOW THAT YOU’VE READ THE PROGRAM DISCLOSURE STATEMENT AND PARTICIPATION AGREEMENT, IT’S EASY TO ENROLL

Follow these simple steps to enroll in the Texas ABLÉ Program:

- Gather the information you’ll need to enroll (SSN for instance)
- Go to our website at www.TexasABLE.org
- Review the Investment Options to determine your selection(s)
- Select “Enroll”

