



Private College 529 Plan<sup>SM</sup>

Tomorrow's Tuition at Today's Prices—GUARANTEED

Tuition Plan Consortium, LLC  
Plan Sponsor

OFI Private Investments Inc.  
Plan Manager

## PLAN DISCLOSURE STATEMENT

Dated December 15, 2017

## **IMPORTANT INFORMATION ABOUT YOUR PRIVACY**

### **Privacy Policy**

As an Account Owner of Private College 529 Plan<sup>SM</sup> (the "Plan"), you are entitled to know how we protect your personal information and how we limit its disclosure.

### **Information Sources**

We obtain nonpublic personal information about our Account Owners and Beneficiaries from the following sources:

- Applications or other forms.
- When you create a user ID and password for online account access.
- When you enroll in our electronic document delivery service.
- Your transactions with us, our affiliates or others.
- A software program on the Plan's website often referred to as a "cookie," which indicates which parts of our site you've visited.
- When you set up challenge questions to reset your password online.

If you visit [www.privatecollege529.com](http://www.privatecollege529.com) and do not log on to the secure account information areas, we do not obtain any personal information about you. When you do log on to a secure area, we will obtain your user ID and password to identify you. We also use this information to provide you with products and services you have requested and assist you in other ways.

We do not collect personal information through the Plan's website unless you willingly provide it to us, either directly by email or in those areas of the website that request information. In order to update your personal information (including your mailing address, email address and telephone number), you must first log on and visit the "My Accounts" section and select the "Account Maintenance" menu for mailing address and telephone numbers and "My Profile" for email address.

If you have set your browser to warn you before accepting cookies, you will receive the warning message with each cookie. You can refuse cookies by turning them off in your browser. However, doing so may limit your access to certain sections of the Plan's website.

We use cookies to help us improve and manage the Plan's website. For example, cookies help us recognize new versus repeat visitors to the site, track the pages visited and enable some special features on the website. This data helps us provide a better service for the Plan's website visitors.

### **Protection of Information**

We do not disclose nonpublic personal information about current or former Account Owners and Beneficiaries to anyone, except as permitted by law.

### **Right of Refusal**

We will not disclose your personal information to unaffiliated third parties (except as permitted by law), unless you, the person who provides the information or the person who is the subject of the information, give(s) express written consent to such disclosure.

### **Internet Security and Encryption**

In general, the email services provided by the Plan's website are encrypted and provide a secure and private means of communication with us. To protect your own privacy, confidential and/or personal information should only be communicated via email when you are advised that you are using a secure website.

As a security measure, we do not include personal or account information in nonsecure emails, and we advise you not to send such information to us in nonsecure emails. Instead, you may take advantage of the secure features of the Plan's website to encrypt your email correspondence. To do this, you will need to use a browser that supports Secure Sockets Layer

(SSL) protocol.

We do not guarantee or warrant that any part of the Plan's website, including files available for download, is free of viruses or other harmful code. It is your responsibility to take appropriate precautions, such as use of an antivirus software package, to protect your computer hardware and software.

- All transactions are secured by SSL and 256-bit encryption. SSL is used to establish a secure connection between your PC and Private College 529 Plan's server. It transmits information in an encrypted and scrambled format.
- Encryption is achieved through an electronic scrambling technology that uses a "key" to code and then decode the data. Encryption acts like the cable converter box you may have on your television set. It scrambles data with a secret code so that no one can make sense of it while it is being transmitted. When the data reaches its destination, the same software unscrambles the data.
- You can exit the secure area by either closing your browser, or for added security, you can use the log out button before you close your browser.

### **Other Security Measures**

We maintain physical, electronic and procedural safeguards to protect your personal account information. Our employees and agents have access to that information only so that they may offer you products or provide services, for example, when responding to your account questions.

### **How You Can Help**

You can also do your part to keep your account information private and to prevent unauthorized transactions. If you obtain a user ID and password for your account, do not allow it to be used by anyone else. Also, take special precautions when accessing your account on a computer used by others.

### **Who We Are**

This joint notice describes the Privacy Policy of OFI Private Investments Inc. and OppenheimerFunds Distributor, Inc. as the Plan Manager and Distributor, respectively, of Private College 529 Plan. This notice was last updated on June 22, 2017. In the event it is updated or changed, we will post an updated notice on the Plan's website.

If you have any questions about this Privacy Policy, write to us at P.O. Box 5268, Denver, CO, 80217, email us by clicking on the "Contact Us" section of the Plan's website [www.privatecollege529.com](http://www.privatecollege529.com) or you may speak to a customer service representative by calling us at **(888) 718-7878**.

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Please read and retain for your records a copy of this Disclosure Statement and the accompanying Enrollment Agreement, as amended and supplemented from time to time (together, the "Disclosure Statement"), as well as the Schedule of Participating Institutions and Tuition Rates (the "Schedule"). These documents include detailed information about Private College 529 Plan. All capitalized terms used in this Disclosure Statement are defined in the Glossary on page 18.

The information contained in this Disclosure Statement is believed to be accurate as of the date hereof and is subject to change without notice and neither delivery of this 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 Plan since the date of this document. No one other than the Tuition Plan Consortium, LLC ("TPC") is authorized to provide information that is different from the information contained in this Disclosure Statement.

## **INTRODUCTION**

### **What is Private College 529 Plan?**

Private College 529 Plan is a prepaid tuition plan designed to provide you with an opportunity to prepay undergraduate tuition for a Beneficiary at participating private colleges and universities throughout the United States. By participating in the Plan, you can pay for your Beneficiary's tuition and certain fees today and lock in current tuition rates for your Beneficiary's future enrollment at a Participating Institution.

The Plan is sponsored by TPC, a not-for-profit organization established for the sole purpose of operating the Plan. TPC is composed of Private Colleges and universities that are Participating Institutions in the Plan.

### **How does the Plan work?**

To participate in the Plan, you make purchases of Tuition Certificates that can be used in the future to pay Tuition for your Beneficiary at any Participating Institution at which your Beneficiary becomes enrolled in undergraduate study. The Plan runs on a Plan Year basis from July 1st through June 30th (or the last business day in June).

All purchases you make to the Plan during a Plan Year are applied toward the purchase of a Tuition Certificate. You may use Tuition Certificates in later years to pay Tuition for your Beneficiary. You must wait at least 36 months after the Issue Date of a Tuition Certificate to use it to pay Tuition. Tuition Certificates, along with all rights under a Contract, expire and cease to exist at the earlier of (i) such time all Annual Tuition Benefits purchased under the Tuition Certificate have been used or refunded; or (ii) thirty (30) years from the Issue Date.

The amount of Tuition that a Tuition Certificate will buy at a particular Participating Institution is based on the Tuition Rate that is in effect for that Participating Institution during Plan Year in which you purchase the Tuition Certificate. Because Tuition Rates will differ among Participating Institutions, a Tuition Certificate will pay for more or less Tuition at one school than another. In addition, because the Tuition Rates set by a Participating Institution for different Program Plan Years will vary, a Tuition Certificate purchased in one Plan Year will pay for more or less Tuition than one purchased in another Program Plan Year.

The current Participating Institutions and Tuition Rates are listed in the Schedule, which accompanies this Disclosure Statement. You may consult the Schedule to help you determine how much Tuition you will be prepaying when you purchase a Tuition Certificate during the current Plan Year.

### **What is the purchase amount?**

The maximum amount of Tuition Certificates that may be held for a single Beneficiary cannot exceed the cost of Tuition and Mandatory Fees for a period of five (5) years at the Participating Institution listed in the Schedule having the most expensive Tuition and Mandatory Fees. The value of all Tuition Certificates for the same Beneficiary within the Plan will be aggregated for purposes of determining whether the maximum limit has been reached, even those Tuition Certificates that have a different owner. The maximum balance may be recalculated or adjusted each year based on the specific Plan Year's most expensive Participating Institution.

### **Where may I use my Tuition Certificates?**

You may use your Tuition Certificates to pay for your Beneficiary's Tuition for undergraduate studies at any Participating Institution at which he or she becomes enrolled. Participating Institutions may join or withdraw from the Plan, but you may use a Tuition Certificate at any college or university that either (1) is a Participating Institution in the Plan when you purchase the Tuition Certificate or (2) is a Participating Institution in the Plan on any subsequent date up to and including the date on which the Tuition Certificate is used to pay Tuition.

### **What if I can't use my Tuition Certificates? May I get a refund?**

If a Tuition Certificate is not used in full to pay Tuition for the Beneficiary, you may either change the Beneficiary of the Account to a Family Member of the current Beneficiary or (you may) request a refund. You may request a refund of a Tuition Certificate at any time beginning one year after its Issue Date. The Refund Amount will be the amount paid for the Tuition Certificate, adjusted by the net investment performance of the Plan Trust, capped by a maximum return of 2% per annum and limited to a maximum loss of 2% per annum (in each case, compounded annually). Refunds may result in adverse tax consequences. See the discussion of "Refunds" on page 8 for more detailed information. *The Refund Amount will be paid from the Plan Trust only, and no other person, including the Plan Manager, TPC or any Participating Institution, will be liable for any payments, including those that are greater than the total amount of the Plan Trust. See the discussion of "Refunds" on page 8 for more detailed information.*

### **What else should I consider before purchasing a Tuition Certificate? What are the risks?**

You should carefully examine the tax and other considerations outlined in this Disclosure Statement prior to purchasing a Tuition Certificate under the Plan and consult with your tax advisor. See the discussion of "Certain Tax Consequences" on page 11 for more detailed information. You should also consider the following risks and considerations:

- Participation in the Plan does not guarantee acceptance, continued enrollment or graduation for the Beneficiary at a Participating Institution.
- A purchase of a Tuition Certificate does not qualify for the unlimited gift tax exclusion generally available for money used to pay educational expenses.
- Because a Tuition Certificate may only be used to purchase Tuition (including Mandatory Fees), it will not cover all of the costs of attending a Participating Institution.
- Tuition Certificates are not transferable and cannot be pledged or used as collateral.
- Participation in the Plan may adversely affect the Beneficiary's eligibility for financial aid.
- The Refund Amount is not designed to provide a meaningful rate of return. In the event that the Beneficiary does not attend a Participating Institution, or is otherwise unable to use Tuition prepayments, the refund may not be sufficient to cover the costs of attending another institution and the Owner will have lost the opportunity to invest the amounts used to purchase Tuition Certificates in investments that could have yielded a higher rate of return.
- The Refund Amount will be paid from the Plan Trust only, and no other person, including the Plan Manager, TPC or any Participating Institution, will be liable for any payments, including those that are greater than the total amount of the Plan Trust.

See the discussion of "Additional Considerations and Risk Factors" on page 15 for more detailed information.

### **How else can I find out about the Plan?**

Information about the Plan is available on the Plan website at [www.privatecollege529.com](http://www.privatecollege529.com) or you may speak to a customer service representative by calling us at (888) 718-7878.

## **PRIVATE COLLEGE 529 PLAN**

In General, through Private College 529 Plan, you may buy Tuition Certificates for a Beneficiary and use them in the future to pay for Tuition at Participating Institutions at which a Beneficiary becomes enrolled. Participation in the Plan will guarantee a fixed Tuition Rate at each Participating Institution for the portion of Tuition paid with Tuition Certificates, though this fixed rate will vary depending on the Plan Year in which the Tuition Certificate is purchased. Each Participating Institution's Tuition Rate for a particular Plan Year is set forth in the Schedule for that Plan Year, as supplemented, to show Participating Institutions that join or withdraw from the Plan. The Tuition Certificates may be used at any Participating Institution as described more fully below. You do not need to identify a Participating Institution until the Tuition Certificates are used to pay for Tuition, although you may find out how much Tuition your Tuition Certificates would cover at any particular Participating Institution by designating it as a "Sample School" (described more fully below) by visiting our website at [www.privatecollege529.com](http://www.privatecollege529.com) or by calling us at (888) 718-7878.

### **Participating Institutions**

The current Participating Institutions are listed in the Schedule, which accompanies this Disclosure Statement and which is also available at our website at [www.privatecollege529.com](http://www.privatecollege529.com). Participating Institutions may join or withdraw from the Plan, but you may use a Tuition Certificate at any college or university that either (1) is a Participating Institution in the Plan when you purchase the Tuition Certificate or (2) is a Participating Institution in the Plan on any subsequent date up to and including the date on which the Tuition Certificate is used to pay Tuition. Additions to the list of Participating Institutions for a particular Plan Year, as well as the Schedule for the current Plan Year, will be available on our website at [www.privatecollege529.com](http://www.privatecollege529.com) or by calling us at (888) 718-7878.

### **How Tuition is Determined**

Prior to the commencement of each Plan Year, each Participating Institution will set its own Tuition Rate for the Plan Year. The Tuition Rate set by the Participating Institution for a Plan Year applies to Tuition Certificates purchased during that Plan Year and will be the Tuition Rate that applies if the Tuition Certificate is subsequently used to pay for Tuition at that Participating Institution. By looking at the Schedule, you will be able to tell how much you need to pay in order to purchase a year of Tuition at each Participating Institution. Once set for a Plan Year, the Tuition Rates are locked in and cannot be changed for Tuition Certificates purchased during that Plan Year.

### **Tuition Rate**

The Tuition Rate that is set by each Participating Institution for a Plan Year is the amount it charges current full-time undergraduate students who enroll during that Plan Year for Tuition. This amount may vary somewhat from what these students are actually billed if the Participating Institution charges them for expenses that are not eligible for prepayment under the Plan, or offers discounts or inducements on an individual basis.

### **Schedule of Participating Institutions and Tuition Rates**

The Schedule for the current Plan Year accompanies this Disclosure Statement. The Schedule will be updated in July of each Plan Year. The current Schedule may be found on the Plan website at [www.privatecollege529.com](http://www.privatecollege529.com) or you may request to have a Schedule sent to you by calling us at (888) 718-7878.

### **Educational Expenses Covered by the Plan**

Tuition Certificates may be used to pay only for the cost of Tuition (which includes Mandatory Fees) for undergraduate studies at a Participating Institution. Mandatory Fees are determined independently by each Participating Institution, but are limited to specified fees generally required to be paid annually by all full-time students as a condition of enrollment at the Participating Institution. Tuition Certificates cannot be used to pay any optional or supplemental fees incurred by a Beneficiary. In addition, Tuition Certificates cannot be used to pay the costs of books, supplies, room or board, even if such costs are required for enrollment at the Participating Institution.

## **No Effect on Admissions**

The fact that a prospective student is a Beneficiary of Tuition Certificates will have no effect on admission to a Participating Institution. Participating Institutions will not discriminate in their admissions process against or in favor of any prospective student because of his or her status as a Beneficiary of a Tuition Certificate.

## **PARTICIPATING IN THE PLAN**

### **Eligible Owners**

Individuals who are at least 18 years of age are eligible to enroll in the Plan and purchase Tuition Certificates. In addition, a trust, estate, partnership, association, company, corporation or other entity may purchase Tuition Certificates.

### **How to Participate in the Plan**

You may participate in the Plan at any time. To participate in the Plan, you must complete an Enrollment Form and submit it to the Plan Manager, along with your purchase, at the address shown on the Enrollment Form. By submitting a signed Enrollment Form, you agree to the terms and conditions of the Plan as set forth in the Enrollment Form and the Enrollment Agreement as each may be amended or supplemented from time to time. (An Enrollment Form, Disclosure Statement and the Enrollment Agreement are all included in the Enrollment Kit.) You must submit a separate Enrollment Form and enter into a separate Enrollment Agreement for each Beneficiary for whom you would like to purchase Tuition Certificates. You can also enroll online at our website [www.privatecollege529.com](http://www.privatecollege529.com) by clicking "OPEN ACCOUNT" and following the steps as indicated.

Your Enrollment Agreement and accepted Enrollment Form constitute the terms and conditions of your agreement with TPC with respect to Tuition Certificates purchased under the Plan for a particular Beneficiary. You should retain for your records a copy of this Disclosure Statement and a copy of your completed Enrollment Form, as it forms a part of the Enrollment Agreement.

### **Your Plan Account**

Upon purchasing a Tuition Certificate for a Beneficiary, the Plan Manager will establish an Account for you on behalf of that Beneficiary. An Account consists of all Tuition Certificates having the same owner and the same Beneficiary. You will have a separate Account for each Beneficiary for whom you buy Tuition Certificates. All purchases that you make during a single Plan Year with respect to a particular Beneficiary are recorded as a single Tuition Certificate and are credited to the Account for that Beneficiary. Solely for the purpose of counting certain required holding periods, the Issue Date of a Tuition Certificate is the first date during the Plan Year that a purchase is made. If you make purchases in more than one Plan Year with respect to a particular Beneficiary, you will be treated as having purchased multiple Tuition Certificates with respect to that Beneficiary. Physical Tuition Certificates will not be issued. Your rights and entitlements with respect to a Tuition Certificate will be based on the Tuition Rates in effect at the Participating Institutions for the Plan Year in which the Tuition Certificate is purchased.

### **Making Purchases in the Plan**

#### **General**

You may make purchases at any time during the Plan Year. Generally, purchases received by the Plan Manager or its agent prior to 4:00 pm EST on a business day will be credited to your Account on the same day or the next day, if received after 4:00 pm EST, provided that your documentation is complete and in good order. These purchases will lock in the Tuition Rates in effect for that Plan Year.

You may make purchases by check (personal check, cashier's check, teller or bank check), automatic purchase plan or one-time electronic funds transfer. Other forms of purchase including traveler's checks and money orders will not be accepted. Checks should be made payable to "Private College 529 Plan." Purchases by check must be drawn on a banking institution located in the United States in U.S. dollars.

The current minimum amount that you may pay for Tuition Certificates for any single Beneficiary is \$500, which may be paid in installments of as little as \$25 a month over a two-year period. If you have paid less than \$500 within two (2) years of opening your account, the purchases may be returned to you without interest, the Tuition Certificates you have purchased for that Beneficiary may be cancelled, and you may have no further rights or obligations under the Enrollment Agreement or with respect to that Account or the Tuition Certificates for that Beneficiary under the Plan.

### Rollovers

You also may make Tuition Certificate purchases by transferring amounts directly from another qualified Section 529 tuition plan (a direct rollover) or using amounts distributed to you by another qualified Section 529 tuition plan (an indirect rollover). Note that if you are making an indirect rollover, using amounts that you have received in a distribution from another qualified Section 529 tuition plan (rather than arranging a direct transfer); you must transfer these amounts to the Plan within 60 days after you receive them to avoid U.S. federal income taxation of the distribution. In general, a rollover purchase from an account in another qualified Section 529 tuition plan will not be subject to federal income tax or the 10% additional tax if such purchase is for a Beneficiary who is a Family Member of the Beneficiary of the account in the other qualified Section 529 tuition plan, or if such purchase is for the same Beneficiary but no other rollover has occurred with respect to that Beneficiary within the prior 12 months. You should be aware that not all other qualified Section 529 tuition plans permit direct rollovers, and there may be state income tax consequences (and in some cases penalties) from a rollover out of another qualified Section 529 tuition plan into the Plan.

A contribution also may be made to an Account within the Plan from another Account within the Plan for a different Beneficiary, without imposition of federal income tax or the 10% additional tax, if (i) such contribution is made by a direct transfer (without funds being distributed out of the Plan) or within 60 days after distribution from the originating Account and (ii) the Beneficiary of the receiving Account and Tuition Certificate is a Family Member of the Beneficiary of the originating Account. (If the Beneficiary of the new Account and Tuition Certificate is the same as the Beneficiary of the Account from which a distribution is made out of the Plan, this would be treated not as a tax-free rollover but as a regular refund, potentially subject to federal income tax and the 10% additional tax, followed by a new, separate purchase, even if the new contribution is made within 60 days after distribution.) Where a direct transfer request is from an Account that holds multiple Tuition Certificates, the monies will be drawn from the Account on a pro rata basis across each of the Eligible Tuition Certificates to fulfill the requested total transfer amount.

Rollover purchases of Tuition Certificates may also be made from a Coverdell Education Savings Account (“ESA”) or in connection with the redemption of certain qualified Series EE or Series I savings bonds. You should consult a qualified tax advisor regarding specific details and requirements associated with rollovers from Coverdell ESAs and qualified savings bonds.

### Limits on Purchases

The maximum amount of Tuition Certificates that may be held for a single Beneficiary is the cost of five years of full-time Tuition at the most expensive Participating Institution during the Plan Year. The value of all Tuition Certificates for the same Beneficiary within the Plan will be combined for purposes of determining whether the maximum limit has been reached, even those Tuition Certificates that have a different owner. The maximum balance may be recalculated or adjusted each year based on the specific Plan Year’s most expensive Participating Institution. You can determine this amount for any Plan Year by consulting the Schedule that is available on the Plan website at [www.privatecollege529.com](http://www.privatecollege529.com) or by calling us at (888) 718-7878.

### **UGMA/UTMA Custodial Contracts**

#### Tuition Certificates Purchased by UGMA/UTMA Custodians

An Owner who is the custodian of an account established or being opened under a state’s Uniform Gifts to Minors Act (UGMA)/Uniform Transfers to Minors Act (UTMA) may be able to purchase a Tuition Certificate in his or her custodial

capacity, depending on the laws of that state. Tuition Certificates purchased by UGMA/UTMA custodians involve additional restrictions that do not apply to Tuition Certificates purchased by other types of Owners. The Plan Manager will not be liable for any consequences related to a custodian's improper use, transfer or characterization of custodial funds. UGMA/UTMA custodians must purchase a Tuition Certificate in their custodial capacity separate from any Tuition Certificates they may hold in their individual capacity in order to use UGMA/UTMA funds to purchase a Tuition Certificate. Because the Beneficiary of a Tuition Certificate under the UGMA/UTMA is the owner of the Tuition Certificate under UGMA/UTMA laws, any tax consequences from the use or refund of a Tuition Certificate will be imposed on the Beneficiary, and not the UGMA/UTMA custodian Owner (who is considered the owner of the Contract by the laws governing the Plan). Also, when the Plan Manager is notified that the Beneficiary reaches the age of majority under UGMA/UTMA laws, he or she will become the sole Owner with complete control over the Tuition Certificates.

In general, UGMA/UTMA Custodial Tuition Certificates are subject to the following additional requirements and restrictions:

- The UGMA/UTMA custodian will be permitted to use Tuition Certificates and apply for refunds only on behalf of the Beneficiary in accordance with the rules under the applicable UGMA/UTMA and the Plan;
- The UGMA/UTMA custodian will not be able to change the Beneficiary during the term of the custodianship;
- The UGMA/UTMA custodian will not be able to change the Owner to anyone other than a Successor Account custodian during the term of the custodianship under UGMA/UTMA; and
- The custodian must notify the Plan when the custodianship terminates and the Beneficiary is legally entitled to take control of the Tuition Certificates. At that time the Beneficiary will become the Owner and will become subject to the provisions of the Plan applicable to non-UGMA/UTMA Owners. Custodians or Beneficiaries will need to complete any required forms to document the termination of the custodianship.

All UGMA/UTMA Tuition Certificates are treated by the Plan as subject to the UGMA/UTMA laws. Moreover, because only checks or ACH transfers may be used to purchase a Tuition Certificate, if non-cash assets are held by an UGMA/UTMA account outside the Plan and are needed for purchases of Tuition Certificates under the Plan, the non-cash assets will have to be liquidated, resulting in potential tax consequences to the Beneficiary. Please consult a tax professional to determine whether and how to transfer assets of an existing UGMA/UTMA account, and what the implications of such a transfer may be for your specific situation.

#### Changing the Beneficiary of UGMA/UTMA Contracts

If a Tuition Certificate is purchased with funds from a UGMA/UTMA account, the Beneficiary of the Tuition Certificates cannot be changed, the Tuition Certificates cannot be transferred to another Owner (other than to another UGMA/UTMA custodian for the benefit of the same Beneficiary), and there cannot be any non-qualified withdrawals other than for the benefit of the Beneficiary.

### **The Beneficiary**

#### Designating the Beneficiary

Each Account may have only one Beneficiary. You must name the Beneficiary on the Enrollment Form. Naming an individual as a Beneficiary does not in any way guarantee the Beneficiary's admission to, continued enrollment at or graduation from a Participating Institution.

#### Change of Beneficiary

You may change the Beneficiary of an Account at any time by completing the appropriate section of the Account Maintenance Form available on the Plan's website at [www.privatecollege529.com](http://www.privatecollege529.com) or by calling us at (888) 718-7878 to request that a form be sent to you. The new Beneficiary must be a Family Member of the Beneficiary you are replacing. See the definition of "Family Member" in the Glossary at the back of this Disclosure Statement.

## **Designating Sample Schools**

On your quarterly and annual statements, we will show the number of years of Tuition that can be paid with your Tuition Certificates at up to five Participating Institutions. In order for us to provide this information to you, you will be asked to name up to five Participating Institutions as “Sample Schools.”

We will then compute the number of years of Tuition that can be paid with all Tuition Certificates you have purchased over time for that Beneficiary at each “Sample School.”

For example, if you paid \$10,000 for a Tuition Certificate and your “Sample Schools” included College A with an annual Tuition Rate of \$20,000 in the Plan Year of purchase, and College B with an annual Tuition Rate of \$25,000 in the same year, your Account statements would reflect that your Tuition Certificates would buy 50% of a year’s Tuition at College A and 40% of a year’s Tuition at College B. If you then paid an additional \$10,000 in a later Plan Year when the Tuition Rates for Colleges A and B had increased, your statements would reflect the calculations for the later prepayments at the higher rate and would give you an aggregate total of the number of years of Tuition that you have prepaid at each school. You can view this information by logging into your account via the website at [www.privatecollege529.com](http://www.privatecollege529.com).

You may change the named “Sample Schools” as often as desired. This identification of “Sample Schools” will have no effect on a Beneficiary’s chances of admission to, continued enrollment at or graduation from one of his or her “Sample Schools.” Designating “Sample Schools” is simply a means by which we can let you know how much Tuition you have prepaid at those particular Participating Institutions, and is for informational purposes only.

## **Tuition Certificate Ownership**

### Transferring Tuition Certificate Ownership

During their lifetime, Owners may, voluntarily and without consideration, transfer interests in a Tuition Certificate to family members or other related parties after written notice to the Administrator. Upon death, the ownership of a Tuition Certificate passes to a Successor Account Owner designated by the Owner, and if none then to the Owner’s estate. Also, an Owner may not pledge, or use any right or interest in, their Enrollment Agreement, Account or Tuition Certificate as security for a loan or any other obligation. Any attempt to do so will be void.

### Successor Tuition Certificate Ownership

In the Enrollment Form, each individual Owner must designate a Successor Account Owner. In the event of the individual Owner’s death, ownership of the Tuition Certificates in the Account will automatically be transferred to the Successor Account Owner. The Successor Account Owner will then be treated as the Owner for all purposes, and will need to identify a new Successor Account Owner. Such designation and transfer could have legal, tax and estate planning implications. You should consult your personal legal, tax, estate planning or other adviser regarding these implications.

If the designated Successor Account Owner is deceased, cannot be located or refuses to assume ownership of the Tuition Certificates in the Account, the estate of the Owner will be considered the Successor Account Owner. Owners may change the Successor Account Owner at any time by submitting the appropriate form to the Plan Manager. Forms may be found on the Plan website at [www.privatecollege529.com](http://www.privatecollege529.com) or you may request to have one sent to you by calling us at (888) 718-7878.

## **The Plan Trust**

All payments that you make to the Plan will be placed in the Plan Trust for the exclusive benefit of the Plan’s Beneficiaries. The Plan Trustee will invest and reinvest the Plan Trust assets at the direction of the Plan Manager subject to the investment objectives and guidelines recommended by the investment committee of the TPC Board of Directors and approved by the TPC Board of Directors, and subject to the investment committee’s general supervision. Your Account will reflect the ownership of Tuition Certificates that have locked in Tuition Rates from the time of payment, until you use them to pay for Tuition or they expire or are cancelled for a refund, regardless of the actual investment performance of the Plan

Trust. Initially, investments will be made principally in the mutual funds managed by an affiliate of the Plan Manager and certain other mutual funds. Generally, investment risk will be borne by and investment return will inure to the benefit of the Participating Institutions, except to the extent they affect your Refund Amount in the event of a refund to you. See discussion of "Refunds" on page 8.

## **REDEEMING TUITION CERTIFICATES**

### **Redeeming Tuition Certificates to Pay for Tuition**

When your Beneficiary enrolls at a Participating Institution, your Tuition Certificates for the Beneficiary may be redeemed to pay for the Beneficiary's Tuition at the Participating Institution, provided at least 36 months have passed since the Issue Date for the Tuition Certificate. (For a redemption, only a Tuition Certificate for which at least 36 months have passed since the Issue Date is an "Eligible Tuition Certificate.") You should contact the Plan Manager at (888) 718-7878 or at the Plan's website at [www.privatecollege529.com](http://www.privatecollege529.com) to request a redemption by phone or a Certificate Redemption Request Form and to confirm the amount of Tuition you have prepaid at that Participating Institution.

You may elect to redeem all or a portion of the Eligible Tuition Certificates in your Account in amounts up to one half of an academic year at any time but not exceeding one academic year (within the current academic year) for a Beneficiary when paying for Tuition. If your Account has more than one Eligible Tuition Certificate for a Beneficiary and you redeem less than the full amount of those certificates, then payment by the Plan for Tuition will be taken on a pro rata basis from the Eligible Tuition Certificates in the Account. You cannot choose to redeem a specific Eligible Tuition Certificate.

To request a Tuition Certificate Redemption you will contact the Plan Manager or fill out and sign a Certificate Redemption Request Form, specifying the amount to be redeemed and to be paid to the Participating Institution and you will present it to the Plan Manager. The Plan Manager will verify the request and notify the Participating Institution of the amount of Tuition to credit the Beneficiary. You and the Beneficiary will be credited for having paid for the amount of Tuition specified in the Certificate Redemption Request Form and you and the Beneficiary will have the right to enforce the Participating Institution's obligation to recognize the credit against Tuition represented by the Certificate Redemption Request Form. Your Account will be appropriately adjusted to reflect the redemption. The Plan Manager will direct the Plan Trustee to pay the Participating Institution. The amount that the Participating Institution receives will be based on the investment performance of the Plan Trust from the time that you purchased your Tuition Certificate, and not based on the amount of Tuition for which you have been credited.

### **No Plan Refund after Redemption**

If you redeem a Tuition Certificate at a Participating Institution, the Plan has no further obligations to you or the Beneficiary with respect to the payments it makes. Accordingly, if thereafter the Beneficiary withdraws from one or more courses or for any reason fails to complete an academic term, neither you nor the Beneficiary will be entitled to a refund from the Plan, TPC, the Plan Manager or the Plan Trustee. You and/or the Beneficiary may be entitled to a refund from the Participating Institution where the Tuition Certificate was used, in accordance with that Participating Institution's refund policy, but you and the Beneficiary would have to resolve any such matter directly with the Participating Institution.

For a discussion of the U.S. federal income tax consequences of receiving a refund from the Participating Institution, see "Certain Tax Consequences – Refunds After Payment of Tuition" on page 13.

## **REFUNDS**

If you cannot or do not wish to use your Tuition Certificates to pay for Tuition, then you may request a refund of all or a portion of the Tuition Certificates in your Account for a Beneficiary. (For a refund, only a Tuition Certificate for which at least 12 months have passed since the Issue Date is an "Eligible Tuition Certificate." Refunds are available on non-Eligible Tuition Certificates in the event of death of the Beneficiary.) For a refund, you are entitled to receive the Refund Amount, which is the amount paid in under the cancelled portion of the Eligible Tuition Certificate(s), adjusted by the net investment performance of the Plan Trust, subject to a maximum return of 2% per annum and a maximum loss of 2% per

annum (in each case, compounded annually). *When the refund has been paid from the Plan Trust, your Account will be appropriately adjusted to reflect the refund. The Refund Amount will be paid from the Plan Trust only, and no other person, including the Plan Manager, TPC or any Participating Institution, will be liable for any purchases, including those that are greater than the amounts in the Plan Trust.*

If you request a refund of only a portion of your Tuition Certificate(s), you cannot elect to cancel and/or seek a refund on a particular Tuition Certificate; rather, the value of your Tuition Certificate(s) will be reduced on a pro rata basis to reflect the amount requested.

In most cases, if your Refund Amount is not used to pay for Qualified Higher Education Expenses of the Beneficiary of the refunded Tuition Certificate(s), the earnings portion of that amount will be subject to U.S. federal income tax and possibly a 10% additional tax. To avoid this treatment, you may request either a direct or indirect rollover of the Refund Amount into another qualified Section 529 tuition plan, either

- (i) for a new beneficiary who is a Family Member of the Beneficiary of the refunded Tuition Certificate or
- (ii) for the same Beneficiary if no other rollover has occurred with respect to that Beneficiary within the prior 12 months.

In the case of an indirect rollover, where you receive the Refund Amount, you must send a like amount to the other qualified Section 529 tuition plan within 60 days after you receive the refund, and you may also make a rollover contribution within 60 days to the Plan, for a new Beneficiary who is a Family Member of the Beneficiary of the refunded Tuition Certificate (as described above under “Making Purchases to the Plan—Rollovers”).

For a discussion of the U.S. federal income tax consequences of refunds and rollovers from the Plan Trust, see “Certain Tax Consequences – Refunds” and “Certain Tax Consequences – Refund Transfers and Rollovers” on page 13.

Please contact the Plan Manager by calling (888) 718-7878 or visit the Plan’s website for more information regarding receiving refunds online at [www.privatecollege529.com](http://www.privatecollege529.com).

## **REPORTING**

Owners will receive the statements and reports described below. Owners will also be able to access Account information online at [www.privatecollege529.com](http://www.privatecollege529.com) or by calling (888) 718-7878.

- (i) **Confirmation of Purchase.** After each purchase toward a Tuition Certificate, you will receive confirmation of the completed transaction that specifies the amount paid and the identity of the Beneficiary. No individual confirmations will be sent for automatic purchase plan transactions, although these will be confirmed in quarterly statements.
- (ii) **Confirmation of Redemption and Refund.** After requesting a redemption or refund, you will receive confirmation of the completed transaction that specifies the amount redeemed or refunded.
- (iii) **Quarterly Statements and Annual Statements.** You will receive quarterly statements that indicate total amounts you have paid into the Plan for Tuition Certificates for a Beneficiary, adjusted for any refunds or redemptions. If you have selected at least one “Sample School,” the statements will specify the number of years or partial years of Tuition that the Tuition Certificates will purchase at schools you have designated as “Sample Schools.”
- (iv) **IRS Filings.** The Plan will report annually to the IRS, as required, the total distributions as well as the earnings portions of such distributions from the Plan Trust to each recipient, and will provide a copy of the filing, or a statement with comparable information, to each recipient.
- (v) **Other Reports.** The Plan will comply with such other reporting rules applicable to qualified Section 529 tuition plans as the IRS may determine.

### **Continuing Disclosure**

Owners may receive additional information regarding the Plan and its operation, including supplements to this Disclosure Statement and any amendments to the Enrollment Agreement. Such information will be posted on the Plan’s website at [www.privatecollege529.com](http://www.privatecollege529.com).

## **TERMINATION OF THE PLAN; CANCELLATION OF CERTIFICATES BY TPC**

### **Termination**

TPC may terminate the Plan at any time. If the Plan is terminated, a termination plan will be developed and notice of the termination plan will be provided to you. Under any termination plan, you would still be able to use all outstanding Tuition Certificates to pay Tuition or obtain a refund for at least 20 years from the date of purchase. If your Tuition Certificates expire under any termination plan, you would be entitled to payment of the Refund Amount and would no longer be able to redeem the expired Tuition Certificates for payment of Tuition.

### **Cancellation of Tuition Certificates by TPC**

#### **30-Year Holding Limit**

A Tuition Certificate will be cancelled on the 30<sup>th</sup> anniversary of its Issue Date and, in such event; you will be entitled to the Refund Amount only. If you cannot be found, the Refund Amount will be held in escrow until you claim it or until the law requires its disposition. The Refund Amount will be paid from the Plan Trust only, and no other person, including the Plan Manager, TPC or any Participating Institution, will be liable for any payments, including those that are greater than the amounts in the Plan Trust.

#### **Owner Misrepresentation, Fraud or Default**

TPC may cancel a Tuition Certificate, an Enrollment Agreement and an Account at any time if it determines that the Owner made a material misrepresentation on the Enrollment Form, that the Owner acted fraudulently with respect to the Enrollment Agreement or that the Owner is in default of obligations under the Enrollment Agreement. Upon such cancellation, the Owner will be entitled to receive the Refund Amount less, at the discretion of TPC, any fees, costs, expenses (including attorney fees) and damages resulting from the Owner's misrepresentation, fraud or default.

## **PLAN ADMINISTRATION**

### **The Plan Sponsor and Administrator: TPC**

The Plan Sponsor is Tuition Plan Consortium, LLC, a not-for-profit Delaware limited liability company. All of the members of TPC are Participating Institutions. TPC is governed by a board of directors, at least 75% of whom are required to be employed by Participating Institutions at the time they are elected.

As Plan Sponsor, TPC is responsible for the Plan design, qualification under Section 529, oversight of the Plan Trust, and administration of the Plan. TPC is authorized to appoint the trustee of the qualified trust that is required to be established under the Plan. TPC has appointed OFI Global Trust as Plan Trustee to provide trust services. TPC also is authorized under the Plan documents to engage service providers to perform certain functions on its behalf and has engaged OFI Private Investments Inc. as Plan Manager to provide certain services. Distribution services for the Plan are provided by OppenheimerFunds Distributor, Inc., an affiliate of the Plan Manager.

The investment committee of TPC's Board of Directors recommends the overall investment objectives and guidelines for the Plan Trust, monitors the investment performance of the Plan Trust and will report to the full Board of Directors at each scheduled meeting of the Board of Directors that follows a meeting of the investment committee.

### **Participating Institutions**

To participate in the Plan, a college or university must be a member of TPC. All Participating Institutions must be, at all times during their membership in TPC, non-profit, accredited four-year degree-granting educational institutions authorized by law to provide a program of education beyond the high school level. Once a Participating Institution joins the Plan, it will remain a member until it withdraws from the Plan, is expelled from the Plan or the Plan is dissolved. Participating Institutions must honor Tuition Certificates purchased before or during their participation in the Plan.

### **The Plan Trustee: OFI Global Trust**

TPC has appointed OFI Global Trust as the Plan Trustee. TPC may remove OFI Global Trust as Plan Trustee and hire another qualified replacement trustee at any time and without notice to the Owners or Purchasers.

### **The Plan Manager: OFI Private Investments Inc.**

TPC has engaged OFI Private Investments Inc. as the Plan Manager.

The Plan Manager's responsibilities include marketing, providing individual account maintenance and other accounting functions, collecting purchases, processing redemptions and refunds, providing customer service and sales, and additional investment management and administrative services.

The Plan Manager may delegate certain responsibilities under its agreement with TPC. Distribution services for the Plan are provided by OppenheimerFunds Distributor, Inc., an affiliate of the Plan Manager.

### **Management and Trustee Fees**

Management and trustee fees will be paid from the Plan Trust assets to TPC, the Plan Manager, the Plan Trustee and any Investment Managers. Certain related expenses of administering the Plan and the Plan Trust also may be paid from the Plan Trust. Neither Owners, Purchasers nor Beneficiaries of Tuition Certificates pay individual fees or charges with respect to their Account under the Plan.

## **CERTAIN TAX CONSEQUENCES**

The following is a general discussion of certain U.S. federal income, estate, gift and generation-skipping transfer tax consequences for individuals participating in the Plan. TPC has received a determination letter from the IRS that the Plan qualifies under Section 529 and that the Plan Trust is a qualified trust under Section 529. This discussion is based on current provisions of the Plan, the Internal Revenue Code of 1986, as amended, and the related Treasury regulations and other administrative and judicial interpretations, all as in effect or proposed on the date of this Disclosure Statement. These are subject to change, possibly with retroactive effect, or different interpretations. The current proposed Treasury regulations do not reflect the substantial changes made to Section 529 by Congress in 2001, and consequently, final Treasury regulations, when issued, may affect some of the consequences described below. This discussion is for general information only and does not address all of the tax consequences that may be relevant to specific individuals in light of their particular circumstances. This discussion does not address any U.S. state or local, or any non-U.S., tax consequences relating to participation in the Plan.

**This summary is not exhaustive, and you should not construe it as providing individual tax advice for any particular person or circumstances (including any-Owner, Purchaser or Beneficiary). In addition, there can be no assurance that the IRS will accept the conclusions in this Disclosure Statement, or, if challenged by the IRS, that these conclusions would be sustained in court. The applicable tax rules are complex, and their application to any particular person may vary according to facts and circumstances specific to that person. This discussion is not intended to be used, and it cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed under the Code. This discussion was written to support the promotion or marketing of the Plan. You should consult a qualified independent tax advisor regarding the application of the law (including U.S. federal, state, local and non-U.S. tax consequences) to your particular circumstances.**

Each Section 529 tuition plan has its own eligibility requirements and tax benefits. You should determine the interaction between these plans if you intend to use more than one, since there may be limitations. Generally, you are not permitted to use the same educational expense for computing benefits from more than one such plan.

## **Purchasing Tuition Certificates**

### Purchase of Tuition Certificates

Purchases of Tuition Certificates are not deductible for U.S. federal income tax purposes.

### Rollovers

You may make Tuition Certificate purchases by transferring amounts directly from another qualified Section 529 tuition plan (a direct rollover) or using amounts distributed to you by another qualified Section 529 tuition plan (an indirect rollover). Note that if you are making an indirect rollover, using amounts that you have received in a distribution from another qualified Section 529 tuition plan (rather than arranging a direct transfer); you must transfer these amounts to the Plan within 60 days after you receive them to avoid U.S. federal income taxation of the distribution. In general, a rollover purchase from an account in another qualified Section 529 tuition plan will not be subject to federal income tax or the 10% additional tax, if such purchase is for a Beneficiary who is a Family Member of the beneficiary of the account in the other qualified Section 529 tuition plan, or if such purchase is for the same beneficiary but no other rollover has occurred with respect to that beneficiary within the prior 12 months. You should be aware that not all other qualified Section 529 tuition plans permit direct rollovers, and there may be state income tax consequences (and in some cases penalties) from a rollover out of another qualified Section 529 tuition plan into the Plan.

A contribution also may be made to an Account within the Plan from another Account within the Plan for a different Beneficiary, without imposition of federal income tax or the 10% additional tax, if (i) such contribution is made by a direct transfer (without funds being distributed out of the Plan) or within 60 days after distribution from the originating Account and (ii) the Beneficiary of the receiving Account and Tuition Certificate is a Family Member of the Beneficiary of the originating Account. (If the Beneficiary of the new Account and Tuition Certificate is the same as the Beneficiary of the Account from which a distribution is made out of the Plan, this would be treated not as a tax-free rollover but as a regular refund, potentially subject to federal income tax and the 10% additional tax, followed by a new, separate purchase, even if the new contribution is made within 60 days after distribution.) Where a direct transfer request is from an Account that holds multiple Tuition Certificates, the monies will be drawn from the Account on a pro rata basis across each of the Eligible Tuition Certificates to fulfill the requested total transfer amount.

Rollover purchases of Tuition Certificates may also be made from a Coverdell ESA or in connection with the redemption of certain qualified Series EE or Series I savings bonds.

## **Holding and Redeeming Tuition Certificates**

Neither the Owner nor the Beneficiary will be subject to U.S. federal income tax on any undistributed earnings of the Plan Trust with respect to an Account. Further, with one exception described below, neither the Owner nor the Beneficiary will be subject to U.S. federal income tax upon redeeming Tuition Certificates to pay Tuition for the Beneficiary, presuming the expenses paid by the redemption are Qualified Higher Education Expenses of the Beneficiary.

An exception to the tax-free treatment of redemptions arises if and to the extent that the expenses covered by the redemption are used as the basis for claiming an American Opportunity tax credit (which modified the prior HOPE Scholarship Credit) or Lifetime Learning Credit. To the extent this exception applies, the expenses will not be considered Qualified Higher Education Expenses, and the earnings portion of the redemption covering such expenses will be subject to federal income tax, but not the 10% additional tax.

## **Refunds**

If you request a refund from the Plan, the Refund Amount received from the Plan Trust is treated in part as a distribution of your tax basis in the Tuition Certificates and in part as a distribution of any earnings on such purchases. An Account consists of all Tuition Certificates having the same owner and the same Beneficiary. If your Account has more than one Eligible Tuition Certificate for a Beneficiary, and the requested refund is less than the full amount of those certificates, then the amount of the refund will be taken on a pro rata basis of the Tuition Certificates in your Account. You cannot choose to

have the refund paid from a specific Tuition Certificate.

Distributions of your tax basis in a Tuition Certificate are not subject to U.S. federal income taxes when distributed. Distributions of any earnings from the Plan Trust, that are used to pay Qualified Higher Education Expenses for the Beneficiary, will not be subject to U.S. federal income taxes or the 10% additional tax described below. The IRS may require that Qualified Higher Education Expenses be paid in the same taxable year as a distribution from the Plan in order to treat such distribution as not subject to U.S. federal income taxes or the 10% additional taxes.

For purposes of determining the tax consequences of refunds, the tax basis of a Tuition Certificate purchased through a rollover from another qualified Section 529 tuition plan, from an ESA, or from the proceeds of qualified U.S. savings bonds will not include the earnings rolled over from the other plan (although the full amount rolled over will be applied toward the purchase of a Tuition Certificate). In addition, for tax purposes, the Plan must consider the entire amount of any such rollover to consist of earnings, unless certain required documentation is provided to the Plan, showing the tax basis and earnings portions of the rollover contribution.

Distributions that are treated as distributions of earnings on a Tuition Certificate and are not used for Qualified Higher Education Expenses of the Beneficiary are treated as ordinary income subject to U.S. federal income taxes. A distribution of earnings may be subject to a 10% additional tax, unless the distribution is used to pay Qualified Higher Education Expenses for the Beneficiary or the distribution is (i) made on account of the Beneficiary's death (and paid to the Beneficiary's estate) or the Beneficiary's disability (as defined in Section 72(m)(7) of the Code), (ii) made on account of the Beneficiary's receipt of a scholarship (in an amount equal to or greater than the amount of the refund), (iii) made on account of the Beneficiary's attendance at a U.S. military academy (in an amount equal to or less than the costs of advanced education as defined by applicable federal law), or (iv) used to pay for expenses that would have been Qualified Higher Education Expenses but for being used as the basis for claiming a HOPE Scholarship Credit or Lifetime Learning Credit.

You should retain invoices or other adequate documents to substantiate that a distribution from the Plan Trust is used for Qualified Higher Education Expenses or is otherwise not subject to federal income tax and/or the 10% additional tax.

### **Refunds after Payment of Tuition**

If a Tuition Certificate is tendered to the Plan Manager in payment of Tuition at a Participating Institution and the Beneficiary or the Owner then receives a refund from the Participating Institution with respect to such Tuition, the earnings portion of the refund, if any, will be includible in the income of the recipient for U.S. federal income tax purposes, unless the refund is used to pay Qualified Higher Education Expenses. The earnings portion of the refund will also be subject to the 10% additional tax, unless the refund is used to pay Qualified Higher Education Expenses or falls within one of the exceptions described above.

### **Refund Transfers and Rollovers**

You may elect a direct or indirect rollover of the Refund Amount into another qualified Section 529 tuition plan, without imposition of federal income tax or the 10% additional tax, either (i) for a new beneficiary who is a Family Member of the Beneficiary of the refunded Tuition Certificate or (ii) for the same Beneficiary if no other rollover has occurred with respect to that Beneficiary within the prior 12 months. In the case of an indirect rollover, where you receive the Refund Amount, you must send a like amount to the other qualified Section 529 tuition plan within 60 days after you receive the refund, and you may also make a rollover contribution within 60 days to the Plan, for a new Beneficiary who is a Family Member of the Beneficiary of the refunded Tuition Certificate (as described above under "Making Purchases to the Plan—Rollovers").

### **Coordination with other Tax Incentives for Education**

As described above, a number of education tax benefits are available in addition to participation in qualified Section 529 tuition plans, including Coverdell ESAs and the HOPE Scholarship and Lifetime Learning credits. The tax laws provide a number of special rules intended to coordinate these plans and avoid duplication of benefits. Any contributor or Purchaser

who intends to utilize more than one of these tax benefits should consult a qualified tax advisor for advice on how these special rules may apply to specific taxpayers and circumstances.

## **Gift, Estate and Generation-Skipping Transfer Taxes**

### Annual Exclusion

A purchase of a Tuition Certificate for a named Beneficiary other than yourself is considered for U.S. federal gift tax purposes to be a completed gift of a present interest by you to the Beneficiary at the time of the purchase. As such, the purchase is eligible for the annual gift tax exclusion (\$14,000 per donor for each Beneficiary) and for the annual generation-skipping transfer tax exclusion (also \$14,000 per donor for each Beneficiary), and will not be subject to gift tax or generation-skipping transfer tax to the extent of those exclusions (taking into account all other gifts by the Purchaser to the Beneficiary in a given calendar year). If the Purchaser is married, his or her spouse may elect to split the gifts made to purchase a Tuition Certificate for a Beneficiary, thereby doubling (to \$28,000 for each Beneficiary) the amount of the annual gift tax and generation-skipping transfer tax exclusions which may be available to offset any gift tax and generation-skipping transfer tax consequences of the purchases. The annual gift tax exclusion will increase to \$15,000 for the tax year beginning January 1, 2018.

### Purchases in Excess of Annual Exclusion

If the purchase of a Tuition Certificate for a Beneficiary exceeds the annual gift tax exclusion in a particular year, the Purchaser may elect to have the amount of the gift prorated over a five-year period. Consequently, assuming the full annual gift tax exclusions are available to the Purchaser with respect to the Beneficiary during the five-year period, a Purchaser could make purchases in a given year in an amount up to five times the amount of the annual exclusion (i.e., \$70,000), or twice that amount (i.e., \$140,000) if gift-splitting with the Purchaser's spouse is in effect for the relevant years, and treat one-fifth of that amount (i.e., \$14,000 or, if gift-splitting is elected, \$28,000) as a gift in the year of the purchase of the Tuition Certificates and in each of the four following calendar years without incurring U.S. federal gift tax or generation-skipping transfer tax consequences.

### Changing the Beneficiary

A change of the Beneficiary of a Tuition Certificate is not treated as a taxable gift for U.S. federal tax purposes as long as the new Beneficiary is assigned to the same generation or a higher generation as the previous Beneficiary under U.S. federal tax law (e.g., substituting one child of the Owner for another). If the new Beneficiary is assigned to a younger generation than the previous Beneficiary (e.g., the substitution of a grandchild of the Owner for a child of the Owner), the change in designation is treated as a taxable gift by the previous Beneficiary to the new Beneficiary; under currently proposed regulations, the gift is subject to the availability of the annual exclusion, including the five-year averaging rule above, to offset any gift tax and generation-skipping transfer consequences of such gift.

### Non-Qualification for Gift Tax Exclusion for Educational Expenses

A purchase of a Tuition Certificate does not qualify for the unlimited gift tax exclusion generally available for money used to pay educational expenses.

### Estate Tax Consequences

In general, an interest in the Plan is not includable in any person's estate for U.S. federal estate tax purposes. However, under the current proposed regulations, the value of outstanding Tuition Certificates for a Beneficiary will be includable in that Beneficiary's gross estate for U.S. federal estate tax purposes upon the death of the Beneficiary. In addition, if the purchase of a Tuition Certificate exceeds the amount of the annual gift tax exclusion and is prorated by the Purchaser over five calendar years for gift tax purposes, the death of the Purchaser before the first day of the fifth calendar year will cause the portion of the payments allocable to calendar years following the Purchaser's death to be includable in his or her estate for U.S. federal estate tax purposes.

## **U.S. State and Local Tax Treatment**

The U.S. state and local tax consequences of participation in the Plan may vary from the U.S. federal tax consequences. Please consult your own tax advisor regarding the U.S. state and local income, estate, gift and other tax consequences of participation in the Plan on your personal situation.

## **Tax Reports**

Distributions from the Plan must be reported for U.S. federal income and state tax purposes, in accordance with the reporting rules applicable to qualified Section 529 tuition plans. Reports made to the IRS, the Owners and other persons will provide information with respect to distributions and such other matters as the IRS may require and will be filed with the IRS and furnished to the Owners, the Beneficiaries and other persons at such times and in such manner as the IRS may determine.

## **ADDITIONAL CONSIDERATIONS AND RISK FACTORS**

Before purchasing a Tuition Certificate, you should carefully examine the following considerations and risk factors.

### **Academic Considerations**

#### **No Guarantee of Admission, Enrollment or Graduation**

Purchase of a Tuition Certificate does not guarantee that a Beneficiary will be accepted for admission to any Participating Institution or otherwise augment admission opportunities. Participating Institutions will not discriminate in favor of or against, prospective applicants because of their status as Beneficiaries of Tuition Certificates.

Once a Beneficiary has enrolled at a Participating Institution, there can be no guarantee that he or she will be permitted to continue to attend or will graduate or receive a degree from the Participating Institution.

#### **Financial Aid Considerations**

Owners and Beneficiaries are advised to consult a financial aid professional and/or the educational institution offering a particular financial aid plan to determine how Tuition Certificates may affect eligibility for financial aid. The treatment of Tuition Certificates may have a material adverse effect on the Beneficiary's eligibility to receive assistance under various federal, state, and institutional financial aid plans. For federal financial aid purposes, Tuition Certificates for a student will be considered (i) assets of a student's parent, if the student is a dependent student and the Owner of the Tuition Certificates is the parent of the student, or (ii) assets of the student, if the student is the Owner of the Tuition Certificates and not a dependent student. For purposes of financial aid offered by educational institutions, the treatment of Tuition Certificates may follow or differ from the treatment described above for federal financial aid purposes.

#### **Covered Costs**

Tuition Certificates may be used only to pay for Tuition (which includes Mandatory Fees) at Participating Institutions. Each year, Participating Institutions will report their respective Tuition rates to the Plan. At the current time, Mandatory Fees cannot include charges for books, supplies, room or board, even if a Participating Institution requires all students to pay such charges in order to enroll.

A Participating Institution may elect to exclude certain charges from Mandatory Fees that are covered by a Tuition Certificate even if the Plan would have allowed them to be covered. In addition, participation in the Plan in no way affects or limits the amount of charges a Participating Institution may require of students in excess of Mandatory Fees. A Beneficiary must independently arrange for payment of any fees and costs not covered by Tuition Certificates.

### **Purchase Considerations**

### No Interest in Investment Returns

Proceeds from the sale of Tuition Certificates will be placed in the Plan Trust and invested in accordance with TPC's investment objectives and guidelines.

The purchase of a Tuition Certificate is the prepayment, on behalf of the Beneficiary, of future educational services, and should not be viewed as an investment. In the event of a refund, the Owner will receive only the amount paid for a Tuition Certificate, adjusted by the net investment performance of the Plan Trust, subject to a maximum return of 2% per annum and a maximum loss of 2% per annum (in each case, compounded annually). *The Refund Amount will be paid from the Plan Trust only, and no other person, including the Plan Manager, TPC or any Participating Institution, will be liable for any payments, including those that are greater than the amounts in the Plan Trust.*

The Owner has no right to or interest in any investment returns on the purchase price of Tuition Certificates beyond such limits. Generally, investment returns or losses will accrue to the account of the Participating Institution upon enrollment.

### No Ability to Direct Investments

Investment decisions concerning Plan Trust assets will be made by the TPC Investment Committee. Purchasers, Owners and Beneficiaries have no ability, either directly or indirectly, to control, direct or influence investment decisions made by the investment committee.

### Refunds Limited to Assets of Plan Trust

The Plan Trust is the sole source of refunds under the Plan. There can be no assurance that there will be sufficient funds in the Plan Trust to satisfy all refund requests under all circumstances.

### Transferability

During their lifetime, an Owner may, voluntarily and without consideration, transfer interests in a Tuition Certificate to family members or other related parties after written notice to the Administrator. Upon death, the ownership of a Tuition Certificate passes to a Successor Account Owner designated by the Account Owner, and if none then to the estate of the Owner. Also, an Owner may not pledge, or use any right or interest in, an Enrollment Agreement, Account or Tuition Certificate as security for a loan or any other obligation. Any attempt to do so will be void.

### No Pledging of Tuition Certificate as Security

Tuition Certificates may not be pledged by Purchasers, Owners or Beneficiaries as collateral for any purpose, including loans. Any attempt to make any such pledge will be void.

### Limited Liquidity

The purchase of a Tuition Certificate should be viewed as a commitment to the future education of the Beneficiary.

Once a Tuition Certificate has been purchased, the Owner may not obtain a refund without suffering adverse tax consequences except in limited circumstances. Moreover, unless the Beneficiary dies, an Owner may not request a refund from the Plan for one full year from the Issue Date of the Tuition Certificate.

### Withdrawal of a Participating Institution

Participating Institutions may withdraw from the Plan at any time. If a Participating Institution withdraws, it has no obligation to honor Tuition Certificates purchased *after* it has withdrawn, although institutions that have withdrawn from the Plan continue to be obligated to accept Tuition Certificates purchased at any time prior to their withdrawal from the Plan. If a Beneficiary attends a withdrawn Participating Institution, the Beneficiary will not be able to use Tuition Certificates at that Participating Institution if they were purchased following the effective date of such withdrawal.

### Partial Redemption or Refund

An Account consists of all Tuition Certificates having the same owner and the same Beneficiary. If your Account has more

than one Eligible Tuition Certificate for a Beneficiary and you redeem, or request a refund of, less than the full amount of those certificates, the amount of the redemption or refund will be taken on a pro rata basis of the Eligible Tuition Certificate(s) held in the Account. Because you cannot choose to redeem or have a refund paid from a particular Eligible Tuition Certificate, redemption proceeds may come from a particular Eligible Tuition Certificate that would be more valuable if held and later redeemed to pay for Tuition in the future.

#### Rate of Return

Tuition Certificates are valuable primarily because of the educational services they can purchase. The portion of Tuition at a Participating Institution for a particular year that may be paid through redemption of a Tuition Certificate remains constant, regardless of external rates of inflation or deflation. Tuition Certificates do not reflect any minimum or specific rate of return on amounts paid for their purchase, except to a limited extent in case of refund. It is possible that, if you invested the funds on your own instead of using those amounts to purchase Tuition Certificates, you could earn a return that would exceed the value of the prepaid Tuition covered by a Tuition Certificate.

#### Consequences of Not Attending a Participating Institution

In the event that the Beneficiary does not attend a Participating Institution (e.g., the Beneficiary enrolls at an educational institution that is not a Participating Institution) or is otherwise unable to use Tuition Certificates, the Owner may request a refund. As noted above, the Refund Amount does not provide a meaningful rate of return and may not be sufficient to cover the costs of attending another institution. Further, the Owner will have lost the opportunity to invest the prepaid amounts in investments that could have yielded a higher rate of return.

#### Termination Risk

The Plan may be terminated at any time by TPC. If the Plan is terminated, a termination plan will be developed, and all outstanding Tuition Certificates will remain useable for payment of Tuition or refund for at least 20 years from the date of purchase.

#### Changes in Terms

The Plan has been designed based on laws, rules and regulations currently in effect as of the date of this Disclosure Statement. Key terms may be affected by future changes in such laws, rules and regulations. In addition, the Enrollment Agreement may be amended by TPC as necessary in order to keep the Plan qualified under Section 529 or as TPC may otherwise determine is advisable or necessary in the administration of the Plan. Owners will be informed of such changes and will have the option to refuse such changes by canceling their Tuition Certificates and receiving the Refund Amount.

#### Medicaid Eligibility

An Owner or Beneficiary of Tuition Certificates may seek eligibility for Medicaid, and the impact of a Tuition Certificate in the name of the Owner or on behalf of the Beneficiary is not clear. There can be no assurance that Tuition Certificates will not be treated as "countable resources" in determining the financial eligibility of an Owner or Beneficiary for Medicaid. In addition, Tuition Certificate refunds or redemptions may delay or otherwise affect Medicaid payments or eligibility for an Owner or Beneficiary. Owners and Beneficiaries should consult with a qualified attorney or other advisor to determine the impact of Tuition Certificates on Medicaid payments and the timing of Medicaid payments.

#### Creditor Protection

Federal bankruptcy law provides certain creditor protection for Tuition Certificates and other assets in qualified Section 529 tuition plans in federal bankruptcy proceedings. Generally, your Tuition Certificates will be protected for federal bankruptcy purposes if (i) the Beneficiary is your child, stepchild, grandchild, or step grandchild (including a child, stepchild, grandchild, or step grandchild through adoption or foster care), (ii) the purchase amounts do not exceed the Plan's maximum limits, and (iii) the purchases are made more than 365 days before the federal bankruptcy filing. However, purchases made for the same Beneficiary more than 365 days but less than 720 days before the federal bankruptcy filing

are only protected up to \$6,225.

State laws may also provide creditor protections with respect to Tuition Certificates. You should consult a qualified attorney for advice on how federal and state bankruptcy and debtor/creditor laws may apply to your Tuition Certificates. Neither TPC nor the Plan Manager makes any representations or warranties regarding creditor protections or their applicability to Tuition Certificates.

### **Securities Law Considerations**

Tuition Certificates will not be registered under the Securities Act of 1933, the Investment Company Act of 1940 or any state or local securities laws. The Plan has received a no-action letter from the Securities and Exchange Commission staff to the effect that it would not recommend enforcement action if Tuition Certificates, as described in the no-action letter, are not registered under the Securities Act or the Investment Company Act. The Plan received similar relief from a substantial majority of state securities commissions. However, there can be no guarantee that Tuition Certificates will not be treated as securities under federal, state or local securities laws in the future.

### **Changes in Underlying Law**

It is possible that future changes in federal or state laws or positions taken by the Securities and Exchange Commission or the IRS could adversely affect the benefits of a Tuition Certificate including retroactive application of any such changes.

### **Tax Considerations**

For a discussion of certain U.S. federal income, estate, gift and generation-skipping transfer tax consequences of Participating Institutions in the Plan, please see "Certain Tax Consequences" above.

## **OBTAINING ADDITIONAL INFORMATION**

You may reach a customer service representative to answer your questions or request an Enrollment Form by calling us at (888) 718-7878 or feel free to visit the Plan website at [www.privatecollege529.com](http://www.privatecollege529.com).

## **GLOSSARY**

The following terms have the meanings set forth below as used in this Disclosure Statement. These definitions, as with the rest of this Disclosure Statement, are subject to the terms of the Enrollment Form, Enrollment Agreement and other Plan documents.

### **Account**

Account means the account that is established for a particular Beneficiary under the Plan to record your purchases, redemptions and refunds of Tuition Certificates under the Plan.

### **Beneficiary**

The Beneficiary is the person named by the Owner in the Enrollment Form (or in an Account Maintenance Form) to be the recipient of the benefits provided by Tuition Certificates purchased under the Plan.

### **Code**

The Internal Revenue Code of 1986, as amended, together with the Treasury regulations, pronouncements and publications thereunder.

### **Eligible Tuition Certificate**

For a redemption, a Tuition Certificate for which at least 36 months have passed since the Issue Date. For a refund, a Tuition Certificate for which at least 12 months have passed since the Issue Date.

### **Enrollment Agreement**

The Enrollment Agreement, as it may be amended, is the agreement between you and TPC, which sets forth the

terms and conditions of the Plan with respect to Tuition Certificates that you purchase under the Plan. It includes your accepted Enrollment Form. The Enrollment Agreement accompanies this Disclosure Statement.

#### Enrollment Form

The Enrollment Form is the application, to be completed by the Owner and submitted to the Plan Manager along with purchase, to participate in the Plan and purchase Tuition Certificates. Upon its acceptance, the Enrollment Form forms a part of the Enrollment Agreement. The Enrollment Form accompanies this Disclosure Statement.

#### Enrollment Kit

The Enrollment Kit includes the Disclosure Statement, the Enrollment Agreement and the current Schedule of Participating Institutions and Tuition Rates.

#### Family Member

A Family Member is a "member of the family" of the Beneficiary, within the meaning of Section 529. Under Section 529, a "member of the family" of a Beneficiary is a person related to that Beneficiary as follows:

(i) a son or daughter, or a descendant of either; (ii) a stepson or stepdaughter; (iii) a brother, sister, stepbrother or stepsister; (iv) the father or mother, or an ancestor of either; (v) a stepfather or stepmother; (vi) a son or daughter of a brother or sister; (vii) a brother or sister of the father or mother; (viii) a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law or sister-in-law; (ix) the spouse of the Beneficiary or of any of the other foregoing individuals; or (x) a first cousin of the Beneficiary. For this purpose, a child includes a legally adopted child and a brother or sister includes a half-brother or half-sister.

#### IRS

The IRS is the United States Internal Revenue Service.

#### Issue Date

The Issue Date means, with respect to a Tuition Certificate, the first date during a Plan Year that a purchase of a Tuition Certificate is made.

#### Mandatory Fees

Mandatory Fees are amounts that the Plan is permitted by Section 529 to pay for fees that are required to be paid by all full-time undergraduate students attending the Participating Institution as a condition of enrollment. Mandatory Fees do not include the cost of books, supplies, room or board, even if these are required by the Participating Institution, nor does it cover those fees or costs that a particular Participating Institution specifically excludes from coverage.

#### OFI Private Investments Inc.

OFI Private Investments Inc., a subsidiary of OppenheimerFunds, Inc., is the current Plan Manager of the Plan.

#### Owner

The Owner is the person whose Enrollment Form is accepted and who purchases a Tuition Certificate by making Tuition prepayments to the Plan, or, in the event of the Owner's death, the Successor Account Owner, or in certain cases, the estate of the Owner. In the event the Contract is initiated by an employer on behalf of a Beneficiary selected by an employee, that employee shall be the Purchaser and Owner for purposes of the Contract.

#### Participating Institution

A Participating Institution is an educational institution that both participates in the Plan and is a member of TPC.

#### Pension Protection Act of 2006 (the "2006 Tax Act")

An act which made permanent the benefits of the 2001 Tax Act that is applicable to qualified tuition plans.

#### Plan

The Plan is Private College 529 Plan described in this Disclosure Statement.

#### Plan Manager

The Plan Manager is the person or entity that TPC engages to provide administrative and other services for the Plan. The Current Plan Manager is OFI Private Investments Inc.

#### Plan Trust

The Plan Trust is the Section 529 qualified trust established by TPC to hold and maintain the assets of the Plan.

#### Plan Trustee

The Plan Trustee is the person or entity that TPC engages as trustee of the Plan Trust. The current Plan Trustee is OFI Global Trust, a New York chartered, limited purpose trust company.

#### Plan Year

The first Plan Year is the period beginning September 3, 2003, and ending on June 30, 2004; and each subsequent Plan Year is the 12-month period beginning on July 1 and ending on the following June 30.

#### Purchaser

An individual at least 18 years of age, a corporation or other entity making purchases in accordance with the Contract. In the event the Contract is initiated by an employer on behalf of a Beneficiary selected by an employee, that employee shall be the Purchaser and Owner for purposes of the Contract.

#### Qualified Higher Education Expenses

Qualified Higher Education Expenses include tuition, fees, books, supplies, and equipment required for the enrollment and attendance of the Beneficiary at an eligible educational institution and, under certain circumstances, room and board expenses. Qualified Higher Education Expenses also include necessary expenses of a Beneficiary who is a special needs beneficiary in connection with the Beneficiary's enrollment or attendance at an eligible institution. For this purpose, an eligible educational institution generally includes accredited postsecondary educational institutions offering credit toward a bachelor's degree, an associate degree, a graduate-level degree or professional degree, or another recognized postsecondary credential. Effective for taxable years beginning after December 31, 2014, Qualified Higher Education Expenses also include expenses for the purchase of computer and any related peripheral equipment, computer software, or Internet access and related services, if such equipment, software, or services are to be used primarily by the Beneficiary during any of the years the Beneficiary is enrolled at an Eligible Educational Institution regardless of whether such technology or equipment is required by the Eligible Educational Institution.

Computer software means any program designed to cause a computer to perform a desired function. Such term does not include any database or similar item unless the database or item is in the public domain and is incidental to the operation of otherwise qualifying computer software. Computer software designed for sports, games, or hobbies is not included unless this software is predominantly educational in nature.

#### Refund Amount

The Refund Amount is the amount refunded to an Owner upon cancellation or expiration of a Tuition Certificate. A refund of a Tuition Certificate may occur at any time beginning one year after its Issue Date. The Refund Amount will be the amount paid for the Tuition Certificate, adjusted by the net investment performance of the Plan Trust, capped by a maximum return of 2% per annum and limited to a maximum loss of 2% per annum (in each case, compounded annually).

### Sample Schools

Up to five Sample Schools can be chosen from the list of Participating Institutions and it is to be used for informational purposes only. The list of Sample Schools is available to Owners as a way to show how much Tuition has been prepaid at those particular Participating Institutions. The identification of Sample Schools will have no effect on a Beneficiary's chances of admission to, continued enrollment at or graduation from one of his or her "Sample Schools."

### Schedule

Schedule of Participating Institutions and Tuition Rates.

### Section 529

Section 529 of the Code

### Successor Account Owner

The Successor Account Owner is the person designated by the Owner on the Enrollment Form to succeed to ownership of the Tuition Certificates upon the Owner's death, in accordance with the terms and provisions of the Enrollment Agreement.

### TPC

Tuition Plan Consortium, LLC, a not-for-profit Delaware limited liability company, is the Sponsor and Administrator of the Plan.

### Tuition

Tuition is the amount of Tuition and Mandatory Fees required to be paid by undergraduate students for full-time attendance at a Participating Institution.

### Tuition Certificate

A Tuition Certificate represents the amount of Tuition prepaid by an Owner in a given Plan Year. All purchases that you make to the Plan for a single Beneficiary during a single Plan Year will be aggregated and recorded as the purchase of a single Tuition Certificate under an Account.

### Tuition Rate

The Tuition Rate for any Participating Institution is the amount, as determined each Plan Year by that Participating Institution, that will be charged to Beneficiaries who enroll at the Participating Institution and redeem Tuition Certificates purchased during that Plan Year to pay for Tuition.

### Website

[www.privatecollege529.com](http://www.privatecollege529.com)

Participation in Private College 529 Plan does not influence or guarantee admission to any college or university.

The information contained herein is subject to change without notice. This material is provided for general and educational purposes only, and is not intended to provide legal, tax or investment advice or for use to avoid penalties that may be imposed under U.S. federal tax laws. Contact your attorney or other advisor regarding your specific legal, investment or tax situation.

**Private College 529 Plan is sponsored by Tuition Plan Consortium, LLC. OFI Private Investments Inc., a subsidiary of OppenheimerFunds, Inc., is the plan manager. Participation in the Plan does not guarantee admission to any college or university, nor does it affect the admissions process.**

**Owners should consider the risks associated with purchases and refunds of Tuition Certificates. The Disclosure Statement contains this and other information about the Plan, and may be obtained by visiting [www.privatecollege529.com](http://www.privatecollege529.com) or calling 888 718 7878. Purchasers and Owners should read these documents before purchasing a Tuition Certificate. Tuition Certificates are not insured or guaranteed by the FDIC, TPC, any governmental agency or OFI Private Investments Inc. or its affiliates.**

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