SUPPLEMENT DATED AUGUST 2018 TO THE ARIZONA FAMILY COLLEGE SAVINGS PROGRAM – BANK PLAN (AFCSP-BANK PLAN) DISCLOSURE STATEMENT DATED DECEMBER 15, 2011

This Supplement describes important changes and updates. Review this information carefully and keep it together with your current copy of AFCSP-Bank Plan Disclosure Statement. Any information in the Disclosure Statement inconsistent with the information provided in this Supplement is superseded by the information in this Supplement. Capitalized terms used in this Supplement not otherwise defined have the same meaning as the term included in the Disclosure Statement.

Accordingly, the following change is made to the Program Disclosure Statement:

1. In the section titled “Contributing to Your Account”, the first paragraph of the “Maximum Account Balance” subsection on page 10 as supplemented September 2017 is replaced with the following:

Maximum Account Balance. You can contribute up to a Maximum Account Balance of $476,000 (accurate and effective as of October 1, 2018) for each Beneficiary. The aggregate market value of all accounts for the same Beneficiary under all Qualified Tuition Programs sponsored by the State are counted toward the Maximum Account Balance regardless of the Account Owner. Earnings may cause the account balances for any one Beneficiary to exceed $476,000 and no further contributions will be allowed at that point. If a contribution is made to an Account that would cause the aggregate balance of all accounts to exceed the Maximum Account Balance, all or a portion of the contribution amount will be returned to you or the contributor. If you are enrolled in an ACH Plan, the ACH Plan will be discontinued.

FEDERAL TAX REFORM
On December 22, 2017, the federal tax reform bill H.R. 1 was signed into law. Sections of this new law made changes to existing 529 internal revenue code which, effective with the 2018 tax year, permits aggregate withdrawals from 529 college savings accounts up to $10,000 each year, per beneficiary, for tuition expenses in connection with enrollment or attendance at an elementary or secondary public, private or religious school (“K-12 tuition”). Account owners can withdraw assets to pay K-12 tuition and treat the withdrawals as qualified expenses for federal tax purposes. For Arizona residents, all qualified withdrawals, including K-12 expenses previously described, are free from Arizona state income tax. Additionally, the new law also permits funds in 529 Plan accounts can be rolled over to ABLE Plan accounts without federal tax consequences, up to the annual $15,000 contribution limit. Arizona state tax law conforms to the new federal tax law in its treatment of rollovers from an Arizona 529 Plan account to an ABLE Plan account. Account Owners are encouraged to consult with a qualified tax advisor regarding their personal circumstances.

IRS Increases Annual Federal Gift Tax Exclusion
Pursuant to recent changes in federal law, contributions to an Account are considered a gift from the contributor to the Beneficiary that is eligible for the annual gift tax exclusion. For 2017, the annual exclusion was $14,000 per donee. For 2018, the annual exclusion is increasing to $15,000 per donee. A married donor whose spouse elects on a United States Gift Tax Return Form 709 to “split” gifts with his or her spouse could contribute up to $28,000 in 2017 and up to $30,000 in 2018.
In addition, you may elect to have the amount you contributed in any calendar year treated as though you made one-fifth of the Contribution that year and one-fifth of the Contribution in each of the next four calendar years. (Such an election, however, must be made on the United States Gift Tax Return Form 709). This means that you could contribute up to $70,000 to an Account in 2017, or up to $75,000 beginning in 2018, without the Contributions being considered a taxable gift, provided that you make no other gifts to the Beneficiary in the same year or in any of the succeeding four calendar years.

Moreover, a married contributor whose spouse elects on a United States Gift Tax Return Form 709 to “split” gifts with his or spouse may contribute up to $140,000 in 2017 or $150,000 beginning in 2018 without the Contribution’s being considered a taxable gift, provided that neither spouse makes any other gifts to the Beneficiary in the same year or in any of the succeeding four calendar years.

Rollovers to ABLE Programs
Pursuant to recent changes in federal law, effective for periods prior to January 1, 2026, you may direct a transfer of money from your Account to an ABLE account (as defined in section 529A(e)(6)) of the Beneficiary or a member of the family of the Beneficiary, subject to the contribution limits for ABLE accounts. Alternatively, you may make a withdrawal from your Account and re-deposit the withdrawn balance within 60 days into an ABLE account subject to the limitations described in the immediately preceding sentence. Such amounts would count towards the overall limitations on contributions to an ABLE account within a tax year. You should consult your tax advisor regarding your individual situation.

Qualified Higher Education Expenses Expanded to Include K-12 Tuition
Pursuant to recent changes in federal law, the list of qualified higher education expenses has been expanded to include K-12 tuition expenses in connection with enrollment or attendance at an elementary or secondary public, private, or religious school; effective for distributions made after December 31, 2017. The amount of cash distributions from all qualified tuition programs with respect to a beneficiary during any taxable year shall, in the aggregate, include not more than $10,000 in expenses for tuition incurred during the taxable year in connection with the enrollment or attendance of the beneficiary as an elementary or secondary public, private, or religious school student.

Accordingly, the following changes are made to the Program Description:

1. The following definitions are added to the Glossary beginning on page 26 of the Disclosure Statement.

ABLE Rollover Distribution: A distribution to an account in a Qualified ABLE Program for the same Beneficiary or a Member of the Family of the Beneficiary. Any distribution must be made before January 1, 2026 and cannot exceed the annual $15,000 contribution limit prescribed by Section 529A(b)(2)(B)(i) of the Code.

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

Qualified K-12 Expense or K-12 Tuition: Qualified elementary and secondary tuition expenses as defined in the Code and in connection with enrollment or attendance at an elementary or secondary public, private, or religious school. Tuition expenses of up to $10,000 per beneficiary in connection with enrollment at a public, private, or religious elementary or secondary educational institution.

Because the $10,000 annual limit on the amount treated as Qualified Higher Education Expenses applies in the aggregate to all withdrawals from all 529 accounts designating the same beneficiary, irrespective of who owns the account, if you are aware of any other 529 accounts with the same designated beneficiary, you should coordinate with the owner of any such other account and with your tax advisor as to which withdrawals will be treated as Qualified Higher Education Expenses.

Qualified K-12 Expense Distribution: A withdrawal from the Bank Plan used to pay Qualified K-12 Expense.
2. **In the section titled GLOSSARY, the subsection “Qualified Expenses” on page 28 of the Disclosure Statement is replaced with the following:**

**Qualified Expenses:** Qualified higher education expenses as defined in the Code and generally include the following:

- Tuition, fees, and the costs of textbooks, supplies, and equipment required for the enrollment or attendance of a Beneficiary at an Eligible Educational Institution;
- Certain costs of room and board of a Beneficiary for any academic period during which the Beneficiary is enrolled at least half-time at an Eligible Educational Institution;
- Expenses for “special needs” services needed by a special needs Beneficiary which must be incurred in connection with the Beneficiary’s enrollment or attendance at an Eligible Educational Institution;
- Expenses for the purchase of computer or peripheral equipment (as defined in section 168(i)(2)(B) of the Code), computer software (as defined in section 197(e)(3)(B) of the Code), or Internet access and related services, if the 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; and
- Qualified K-12 Expenses.

3. **In the section titled GLOSSARY, the subsection “Non-Qualified Distributions” on page 28 of the Disclosure Statement is replaced with the following:**

**Non-Qualified Distributions:** A distribution from an Account that is not one of the following:

- A Qualified Distribution;
- A distribution paid to a beneficiary of the Beneficiary (or the estate of the Beneficiary) on or after the death of the Beneficiary;
- A distribution by reason of the Disability of the Beneficiary;
- A distribution included in income because the Beneficiary received (i) a tax-free scholarship or fellowship; (ii) Veterans’ education assistance; (iii) Tuition Assistance; or (iv) any other nontaxable (tax-free) payments (other than gifts or inheritances) received as education assistance (to the extent the amount withdrawn does not exceed the amount of the scholarship);
- A distribution by reason of the Beneficiary’s attendance at certain specified military academies;
- A distribution resulting from the use of Education Credits as allowed under federal income tax law;
- A Rollover Distribution to another Qualified Tuition Program; or
- A Qualified K-12 Expense Distribution.
CHANGES TO THE BANK PLAN DISCLOSURE STATEMENT

1. The section entitled COLLEGESURE® CD beginning on page 15 of the Disclosure Statement (subsequently supplemented September 2016) is updated in the following sections:

   **Interest Rate.** CollegeSure® CDs pay interest each year they remain outstanding. The interest rate was established July 31, 2017, and serves as the Floor Rate for the remaining term of the CollegeSure® CD. Your Floor Rate will never be less than zero percent.

   The interest rate will adjust each August 1 based upon the prior year rate and the change in the July 31 college inflation rate, as measured by the College Board’s Independent College 500® Index (IC 500®) subject to the Floor Rate. The IC 500® index is published online at [www.collegesavings.com](http://www.collegesavings.com).

   **Annual Percentage Yield (APY).** The APY of each CollegeSure® CD is the greater of the Floor Rate or the prior year interest rate adjusted by the change in the July 31 college inflation rate as measured by the IC 500®. Under certain college inflation scenarios, you may receive a higher interest rate in the future as a result of the Conversion. If the college inflation rate decreases, your APY will not go below your Floor Rate. If the college inflation rate increases, your APY will increase accordingly. The maximum interest rate cap on all CollegeSure® CDs was eliminated October 24, 2016.

   **Early Withdrawal.** Upon 30 days prior written notice, you may take a Qualified or Non-Qualified Distribution, in whole or in part prior to the Maturity Date. No penalty will be imposed for early withdrawals on or prior to October 31, 2019. All principal withdrawals taken after the penalty-free period (October 31, 2019), are subject to an Early Withdrawal Penalty equal to 5% of the principal amount withdrawn.

   In the final year of a CollegeSure® CD, the Early Withdrawal Penalty is 1% of principal withdrawn. An early withdrawal will reduce earnings. We retain the right to terminate a CollegeSure® CD if the withdrawal of principal from the CD would result in a balance of less than $250.

   In addition to an Early Withdrawal Penalty, if the withdrawal is a Non-Qualified Distribution, you may also be subject to the Distribution Tax.

   Lifetime APY assumes interest remains on deposit until maturity.

2. The section entitled COLLEGESURE® HONORS SAVINGS supplemented September 2016 (originally titled ACCOUNT ACCUMULATOR ACCOUNT AND SAVINGS ACCOUNT TERMS AND CONDITIONS on page 19 of the Disclosure Statement) is updated in the following section:

   **Interest Accrual, Compounding and Crediting.** Interest begins to accrue on the Contribution Date and is credited and compounded quarterly. Interest is calculated using the daily balance method which applies a daily periodic rate to the applicable principal in the Account each day. If you close your Account before interest is credited, you will receive the accrued interest.

The Arizona Family College Savings Program-Bank Plan (AFCSP-Bank Plan) is sponsored by the State of Arizona and administered by the Arizona Commission for Postsecondary Education (ACPE). College Savings Bank, a division of NexBank SSB serves as a Program Manager for the AFCSP-Bank Plan. As a Program Manager, College Savings Bank, a Division of NexBank SSB supports all aspects of the day-to-day operations of the AFCSP-Bank Plan, including marketing, recordkeeping and administrative support. The AFCSP-Bank Plan offers portfolios that invest in either a College Savings Bank, a Division of NexBank SSB issued FDIC-insured CD or a savings account. CDs may be subject to early withdrawal penalties. For additional information, please refer to the AFCSP-Bank Plan Disclosure Statement.

Neither the AFCSP-Bank Plan, nor the ACPE, nor NexBank SSB, nor other organizations participating in the program are providing tax, legal or accounting advice. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal or accounting advice. You should consult your own tax, legal and accounting advisors before engaging in any transaction.
Please file this Supplement to the Arizona Family College Savings Program – Bank Plan Disclosure Statement with your records.

SUPPLEMENT DATED SEPTEMBER 2017 TO THE ARIZONA FAMILY COLLEGE SAVINGS PROGRAM – BANK PLAN (AFCSP-BANK PLAN) DISCLOSURE STATEMENT DATED DECEMBER 15, 2011

This Supplement describes important changes and updates. Review this information carefully and keep it together with your current copy of AFCSP-Bank Plan Disclosure Statement. Any information in the Disclosure Statement inconsistent with the information provided in this Supplement is superseded by the information in this Supplement. Capitalized terms used in this Supplement not otherwise defined have the same meaning as the term included in the Disclosure Statement.

Accordingly, the following change is made to the Program Disclosure Statement:

1. In the section titled “Contributing to Your Account”, the first paragraph of the “Maximum Account Balance” subsection on page 10 as supplemented September 2016 is replaced with the following:

Maximum Account Balance. You can contribute up to a Maximum Account Balance of $453,000 (accurate and effective as of October 1, 2017) for each Beneficiary. The aggregate market value of all accounts for the same Beneficiary under all Qualified Tuition Programs sponsored by the State are counted toward the Maximum Account Balance regardless of the Account Owner. Earnings may cause the account balances for any one Beneficiary to exceed $453,000 and no further contributions will be allowed at that point. If a contribution is made to an Account that would cause the aggregate balance of all accounts to exceed the Maximum Account Balance, all or a portion of the contribution amount will be returned to you or the contributor. If you are enrolled in an ACH Plan, the ACH Plan will be discontinued.

The Arizona Family College Savings Program-Bank Plan (AFCSP-Bank Plan) is sponsored by the State of Arizona and administered by the Arizona Commission for Postsecondary Education (ACPE). College Savings Bank, a Division of NexBank SSB serves as a Program Manager for the AFCSP-Bank Plan. As a Program Manager, College Savings Bank, a Division of NexBank SSB supports all aspects of the day-to-day operations of the AFCSP-Bank Plan, including marketing, recordkeeping and administrative support. The AFCSP-Bank Plan offers portfolios that invest in either a College Savings Bank, a Division of NexBank SSB issued FDIC-insured CD or a savings account. CDs may be subject to early withdrawal penalties. For additional information, please refer to the AFCSP-Bank Plan Disclosure Statement.

Neither the AFCSP-Bank Plan, nor the ACPE, nor NexBank SSB, nor other organizations participating in the program are providing tax, legal or accounting advice. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal or accounting advice. You should consult your own tax, legal and accounting advisors before engaging in any transaction.
SUPPLEMENT DATED SEPTEMBER 2016 TO THE
ARIZONA FAMILY COLLEGE SAVINGS PROGRAM – BANK PLAN (AFCSP-BANK PLAN)
DISCLOSURE STATEMENT DATED DECEMBER 15, 2011

This Supplement describes important changes and updates. Review this information carefully and keep it
together with your current copy of AFCSP-Bank Plan Disclosure Statement. Any information in the Disclosure
Statement inconsistent with the information provided in this Supplement is superseded by the information in
this Supplement. Capitalized terms used in this Supplement not otherwise defined have the same meaning as
the term included in the Disclosure Statement.

Arizona Family College Savings Program – Bank Plan Recordkeeping Updates. On or about October 24, 2016, we
will convert (Conversion) our recordkeeping and online account access systems to offer Account Owners more
features that will improve and simplify the 529 savings plan experience. The conversion will take place Friday,
October 21, 2016, at 6PM EST and will be completed at 9AM EST on October 24, 2016. This Supplement outlines
the changes and upcoming key dates to be aware of during this Conversion.

Account Owners of multiple CollegeSure® CDs. Account Owners with more than one (1+) CollegeSure® CDs for
the same Beneficiary, maturing within the same maturity year, will see a consolidation within their CD accounts
into one (1) new CollegeSure® CD per maturity year. As of the Conversion Date, the new starting annual
percentage yield (APY) (Conversion Date APY) is a calculated weighted-average which takes into account the
balance ($) of each individual CollegeSure® CD and its related current year APY (%) within that maturity year.

The Conversion Date APY will become your new minimum or floor interest rate floor rate (Floor Rate) resulting in
the same interest rate (or better in some cases) had the consolidation not occurred. The yield on your
CollegeSure® CD will never be less than the Floor Rate. The new CollegeSure® CD will be adjusted annually on
each July 31 based upon the change in college inflation as measured by the College Board’s Independent College
500® Index (IC 500®). If the college inflation rate decreases, your APY will not go below your Conversion Date APY.
If the college inflation rate increases, your APY will increase accordingly. On the Conversion Date, we will also
eliminate the maximum interest rate cap on all CollegeSure® CDs.

Account Owners of a single CollegeSure® CD within a maturity year. Your account APY will remain unchanged
at October 24, 2016. As of the Conversion Date, your existing APY will become your new Floor Rate. Under
certain college inflation scenarios, you may receive a higher interest rate in the future as a result of the
Conversion. If the college inflation rate decreases, your APY will not go below your Conversion Date APY. If the
college inflation rate increases, your APY will increase accordingly. On the Conversion Date, we will also eliminate
its Interest Rate Cap on its CollegeSure® CD accounts.

Account Owners of multiple Legacy CollegeSure® CD within a maturity year. (Legacy CollegeSure® CDs are
CollegeSure® CDs purchased prior to March 1, 2011). Legacy CollegeSure® CDs will go through the same
consolidation process as other CollegeSure® CDs on October 24, 2016. Account Owners with more than one (1+)
Legacy CollegeSure® CDs for the same Beneficiary, maturing within the same maturity year, will see a
consolidation within their CD accounts into one (1) new Legacy CollegeSure® CD per maturity year.
Since the Legacy CollegeSure® CD’s interest rate is tied to the next July 31 College Board IC 500® rate (i.e. July 31, 2017), CSB will provide you with the interest rate that will be in effect for the year period August 1, 2016, through July 31, 2017, on the date that the College Board releases the IC 500® (July 31, 2017).

Similar to the non-Legacy CollegeSure® CDs, you will receive an interest rate at least equal to what your account would have received had the consolidation not occurred. Under certain college inflation scenarios, you may receive a higher interest rate in the future as a result of this consolidation.

Account Owners of a single Legacy CollegeSure® CD within a maturity year. (Legacy CollegeSure® CDs are CollegeSure® CDs purchased prior to March 1, 2011). Your account APY will remain unchanged at October 24, 2016. As of the Conversion Date, your existing APY will become your new Floor Rate. Under certain college inflation scenarios, you may receive a higher interest rate in the future as a result of the Conversion. Legacy CollegeSure® CD Accounts do not have an interest rate cap.

Options for your existing CollegeSure® CD Account after the Conversion. Following the Conversion, we will waive the early withdrawal penalty for CollegeSure® CDs withdrawn within 18 months after the Conversion date (October 24, 2016). Any withdrawals made after 18 months of the Conversion date (October 24, 2016) will be subject to the Early Withdrawal Penalty. Please contact a Client Service Representative at 800.888.2723 for more information.

Federal law permits you to move existing Account assets to a different mix of CD Options up to two times each calendar year – or whenever you change the Beneficiary of your Account. Because this transition is a program-initiated change, it will not be considered as one of your twice-per-year permitted CD Option exchanges.

You may continue to exercise all rights with respect to your Accounts until 6PM EST on October 20, 2016. At which time a suspension of certain transactions will begin as detailed in the Key Conversion Dates table below. You will remain invested in your CD Options (except if, as described above, your CollegeSure® CDs are consolidating) but will have limited access and ability to conduct transactions until the completion of the Conversion at 9AM EST on October 24, 2016.

Additionally, you will not be able to initiate electronic transactions after midnight EST on October 20, 2016 until 9AM EST on October 24, 2016. However, you will continue to receive your interest rate and APY on your CD products during the Conversion.

KEY CONVERSION DATES:

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<th>Date</th>
<th>Action</th>
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<td>Ongoing through 6PM EST on Friday, October 21, 2016</td>
<td>Continue to contact Client Service Representatives at 800.888.2723.</td>
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| Thursday, October 20, 2016       | • Electronic Transactions (online, fax, ACH, payroll deductions) received by midnight EST on Thursday October 20, 2016 will be processed on Friday October 21, 2016. Requests received after this time will be processed beginning on October 24, 2016 at 9AM EST.  
• Mailed-in Transactions (Enrollments, Deposits) will be processed until 6PM EST on Thursday, October 20, 2016. |
| Friday, October 21, 2016         | All Account Owners will be able to access their Accounts online until 6PM EST. |
| Monday, October 24, 2016         | • Starting at 9AM EST, Client Service Representatives can be reached at 800.888.2723 and all Account Owners will be able to conduct all transactions on their Accounts.  
• All Account Owners will be able to set up new Account access at www.collegechoiceccd.com. |
All Account Owners will receive a statement showing their pre-Conversion activity. If you are a CollegeSure® CD Account Owner, your statement will also show your new Floor Rate. The APY for all other products will be shown at the time interest is credited—quarterly for savings accounts, annually for Fixed Rate CDs and CollegeSure® CDs, and at maturity for InvestorSure® CDs.

All Account Owners will receive an opening monthly statement and a description of the statement changes.

Accordingly, the following changes are made to the Program Disclosure Statement:

1. **In the section titled “Contributing to Your Account”, the first paragraph of the “Maximum Account Balance” subsection on page 10 as supplemented October 2015 is replaced with the following:**

**Maximum Account Balance.** You can contribute up to a Maximum Account Balance of $431,000 (accurate as of October 1, 2016) for each Beneficiary. The aggregate market value of all accounts for the same Beneficiary under all Qualified Tuition Programs sponsored by the State are counted toward the Maximum Account Balance regardless of the Account Owner. Earnings may cause the account balances for any one Beneficiary to exceed $431,000, and no further contributions will be allowed at that point. If a contribution is made to an Account that would cause the aggregate balance of all accounts to exceed the Maximum Account Balance, all or a portion of the contribution amount will be returned to you or the contributor. If you are enrolled in an ACH Plan, the ACH Plan will be discontinued.

2. **The section entitled CD OPTION PROFILES on page 14 of the Disclosure Statement is replaced in its entirety as follows:**

The following profiles highlight the investment objective and strategy of each CD option and Savings Account.

**Issuer.** All CDs and savings account are issued by College Savings Bank, a Division of NexBank SSB (CSB). CSB’s deposits are insured up to applicable statutory limits by the FDIC. Each CD is governed by the statutes, rules and regulations of the State of Texas and the FDIC.

**FDIC Insurance.** Your principal and accrued interest on a CD, for FDIC deposit insurance purposes, will be added to any other deposit accounts you hold at CSB in the same right and capacity and will be insured by the FDIC up to $250,000 in the aggregate. For this purpose, all Accounts with the same Account Owner will be deemed to be held in the same right and capacity and will be combined for purposes of this $250,000 limitation. FDIC deposit insurance is backed by the full faith and credit of the U.S. Government. Separate deposit insurance for accounts with the same Account Owner and Beneficiary may also be available in certain limited circumstances.

3. **The section entitled COLLEGESURE CD beginning on page 15 of the Disclosure Statement is replaced in its entirety as follows:**

Effective October 21, 2016, we will no longer offer CollegeSure® CDs. CollegeSure® CDs issued prior to October 21, 2016, will remain outstanding until their stated maturity dates under the terms and conditions detailed below.

**Product.** CollegeSure® CDs are variable rate CDs indexed to the college inflation rate as measured by the College Board’s Independent College 500® Index (IC 500®). The variable rate is subject to the Floor Rate. On October 24, 2016 (Conversion Date), all CollegeSure® CDs issued to an Account Owner for the same Beneficiary will be consolidated into one CollegeSure® CD based upon maturity year within each applicable Account.
**Maturity Date.** The maturity date of each CollegeSure® CD is July 31 of the year in which the CD matures.

**Interest Rate.** CollegeSure® CDs pay interest each year they remain outstanding. The interest rate for each CollegeSure® CD will be initially established at Conversion Date based on the weighted-average interest rate of all CollegeSure® CDs with the same maturity year within an Account. This new interest rate will be in effect for the period October 23, 2016, through July 31, 2017, and will serve as the CD’s minimum APY (Floor Rate) for the remaining term of the new CollegeSure® CD. The interest rate will adjust each August 1 thereafter based upon the prior year rate and the change in the July 31 college inflation rate, as measured by the College Board’s Independent College 500® Index (IC 500®) subject to the Floor Rate established at Conversion Date. The IC 500® index is published online at www.collegesavings.com/Arizona.

**Annual Percentage Yield (APY).** The APY of each CollegeSure® CD is the greater of the Floor Rate or the prior year interest rate adjusted by the change in the July 31 college inflation rate as measured by the IC 500®. The APY may change after the Conversion Date and can be zero percent. Under certain college inflation scenarios, you may receive a higher interest rate in the future as a result of the Conversion. If the college inflation rate decreases, your APY will not go below your Conversion Date APY. If the college inflation rate increases, your APY will increase accordingly. On the Conversion Date, we will also eliminate the maximum interest rate cap on all CollegeSure® CDs.

**Accrual, Crediting and Compounding.** Interest is calculated using the daily balance method which applies a daily periodic rate to the principal in the Account each day. Interest on each CollegeSure® CD is compounded and credited annually each July 31. No interest will be earned after the Maturity Date.

**Options at Maturity.** The CollegeSure® CD does not automatically renew. We provide written notification at least 60 days before the Maturity Date. You must provide written instructions at least 30 days prior to the Maturity Date if you would like the proceeds upon maturity of the CollegeSure® CD to be invested other than in accordance with the default action described in this document. If you provide instructions in good order, funds will be disbursed from your Account no later than the first Business Day following the Maturity Date.

If we do not receive instructions, at maturity it will take the following Default Action:

- We will automatically transfer matured funds into a CollegeSure® Honors Savings Account (Honors Savings Account) until you provide distribution or other investment instructions.

Alternatively, you may choose one of the following options at maturity:

- Transfer the matured funds to a Fixed Rate CD;
- Rollover the matured funds to another qualified 529 program. A transfer of matured funds into another product is considered an investment change; or
- Take aQualified or Non-Qualified Distribution of the funds.

Please note, any actions other than taking a Qualified or Non-Qualified Distribution or a default action stated above could be considered one of your two allowable calendar year investment exchanges and could, therefore be subject to the restrictions described in Maintaining and Making Changes to Your Account starting on page 23.

**Early Withdrawal.** Upon 30 days prior written notice, you may take a Qualified or Non-Qualified Distribution, in whole or in part prior to the Maturity Date. All principal withdrawals taken, after 18 months of the Conversion date, are subject to an Early Withdrawal Penalty equal to 5% of the principal amount withdrawn. In the final year of a CollegeSure® CD, the Early Withdrawal Penalty is 1% of principal withdrawn. An early withdrawal will reduce earnings. We retain the right to terminate a CollegeSure® CD if the withdrawal of principal from the CD would result in a balance of less than $250.

In addition to an Early Withdrawal Penalty, if the withdrawal is a Non-Qualified Distribution, you may also be subject to the Distribution Tax.

Lifetime APY assumes interest remains on deposit until maturity.
ACHI Plan and Payroll Deduction. Effective October 24, 2016, if you contribute to the Accumulator Account through an ACH Plan and/or payroll deduction, all balances from your Accumulator Account will be transferred to the Honors Savings Account. Your ACH Plan and/or payroll deduction will continue uninterrupted and will be contributed to your new Honors Savings Account. Effective October 24, 2016, we will no longer offer new CollegeSure® CDs as a CD Option and you, therefore, cannot use funds from your Honors Savings Account to purchase new CollegeSure® CDs. However, the Honors Savings Account can be used to purchase new Fixed Rate CDs.

The change from an Accumulator Account to the Honors Savings Account is a program-initiated change and will not, therefore, be considered one of your twice-annual investment exchanges. See CollegeSure® Honors Savings Account for additional information.

4. The section entitled INVESTORSURE CD beginning on page 16 of the Disclosure Statement is replaced in its entirety as follows:

Effective August 2, 2016, we will no longer offer InvestorSure® CDs. InvestorSure® CDs issued prior to August 2, 2016, will remain outstanding until their stated maturity dates under the terms and conditions detailed below.

Product. InvestorSure® CD is a five-year variable rate CD product, indexed to the performance of Standard & Poor’s® 500 Composite Stock Index (S&P 500®).

Maturity Term. The term for an InvestorSure® CD is five years (60 months) from the Issue Date. The Maturity Date is the first NYSE Exchange Business Day of the month that is five (5) years from the Issue Date. For example, if a certificate was issued on February 1, 2016, the CD will mature on February 1, 2021.

Interest Rate and Annual Percentage Yield (APY). The interest rate and APY are not determined until maturity of the InvestorSure® CD. The APY is the annualized investment return over the life of the InvestorSure® CD. It assumes that the Account Owner holds the InvestorSure® CD until maturity. As the investment return can be zero, CSB does not guarantee any positive APY. In addition, early withdrawal will diminish earnings. See InvestorSure® CD: Early Withdrawal starting on page 18 of the Disclosure Statement.

Options at Maturity. The InvestorSure® CD does not automatically renew. We will provide written notification at least 60 days before the Maturity Date. You must provide written instructions at least 30 days prior to the Maturity Date if you would like the proceeds upon maturity of the InvestorSure® CD to be invested other than in accordance with the default action described below. If you provide instructions in good order, funds will be disbursed from your Account no later than the first Business Day following the Maturity Date.

If we do not receive instructions at maturity, it will take the following Default Action:

- We will automatically transfer matured funds into an Honors Savings Account until you provide distribution or other investment instructions.

Alternatively, you may choose one of the following options at maturity:

- Transfer the matured funds to a Fixed Rate CD;
- Rollover the matured funds to another qualified 529 program. A transfer of matured funds into another product is considered an investment change; or
- Take a Qualified or Non-Qualified Distribution of the funds.

Please note any actions other than taking a Qualified or Non-Qualified Distribution or a default action stated above could be considered one of your two allowable calendar year investment exchange as per 529 plan rules. Therefore, subject to restrictions described in Maintaining and Making Changes to Your Account on page 23.
Market Measure. The Market Measure for the InvestorSure® CD is the S&P 500®. This index is published by Standard and Poor’s, a division of The McGraw-Hill Companies, Inc. It is a widely used index to indicate the movement in common stock prices. The stocks that comprise the S&P 500® account for approximately 75% of the United States equities market, based on market capitalization. For additional information on the S&P 500®, visit www.collegesavings.com/Arizona.

Investment Return. The investment return is computed as the difference between the Closing Market Value (CMV) and the Starting Market Value (SMV) divided by SMV and then multiplied by the Market Participation Factor (MPF), which is represented by the following equation:

\[
\frac{(CMV - SMV) \times MPF}{SMV}
\]

Closing Market Value (CMV). The CMV is the arithmetic average of the closing value of the S&P 500® on the Valuation Dates. The Valuation Dates are the Exchange Business Days coinciding with 20 quarterly observations between Issue Date and Maturity Date. For example, if the day of the month of the SMV is January 27, 2011, the Valuation Dates will include each April 27, July 27, October 27, and January 27 between the SMV Date and the Maturity Date. If the exact day of the month is not an Exchange Business Day, the Valuation Date that month is the first preceding Exchange Business Day.

Starting Market Value (SMV). The SMV is the closing value of the S&P 500® three (3) Exchange Business Days prior to the Issue Date. For example, a CD issued on February 1, 2016 has an SMV equal to the closing value of the S&P 500® on January 27, 2016.

Market Participation Factor (MPF). The MPF is the percentage of S&P 500® investment return you will receive. The MPF for your contribution is determined on the Issue Date. The current MPF is 70%. CSB, in its sole discretion, may establish a MPF higher than 70% for future issuances; however, your decision to invest in the InvestorSure® CD should be based on the assumption that the MPF will be 70%. To the extent the investment return on an InvestorSure® CD is positive, a 70% MPF will result in a lower investment return compared to a 100% MPF.

The above formula for calculating investment return assumes that the Account Owner does not take a distribution prior to maturity, and is not applicable for early withdrawals.

ACH Plan and Payroll Deduction. Effective October 24, 2016, if you contribute to the Accumulator Account through an ACH Plan and/or payroll deduction, all balances from your Accumulator Account will be transferred to the new Honors Savings Account. Your ACH Plan and/or payroll deduction will continue uninterrupted and will be contributed to your new Honors Savings Account. Effective August 2, 2016, we will no longer offer new InvestorSure® CDs as a CD Option and you, therefore, cannot use funds from your Honors Savings Account to purchase new InvestorSure® CDs. However, the Honors Savings Account can be used to purchase new Fixed Rate CDs.

The change from an Accumulator Account to the Honors Savings Account is a program-initiated change and will not, therefore, be considered one of your twice-annual investment exchanges. See CollegeSure® Honors Savings Account for additional information.
The following table illustrates how the investment return would be calculated by using historical data and assuming that a five-year InvestorSure® CD was issued on August 1, 2011 and matured on August 1, 2016.

<table>
<thead>
<tr>
<th>Issue Date</th>
<th>Valuation Date</th>
<th>S&amp;P Close Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>8/1/11 (SMV)</td>
<td>7/27/11*</td>
<td>1,304.89</td>
</tr>
<tr>
<td>1st Valuation Date</td>
<td>10/27/11</td>
<td>1,284.59</td>
</tr>
<tr>
<td>2nd Valuation Date</td>
<td>1/27/12</td>
<td>1,316.33</td>
</tr>
<tr>
<td>3rd Valuation Date</td>
<td>4/27/12</td>
<td>1,403.36</td>
</tr>
<tr>
<td>4th Valuation Date</td>
<td>7/27/12</td>
<td>1,385.97</td>
</tr>
<tr>
<td>5th Valuation Date</td>
<td>10/26/12</td>
<td>1,411.94</td>
</tr>
<tr>
<td>6th Valuation Date</td>
<td>1/25/13</td>
<td>1,502.96</td>
</tr>
<tr>
<td>7th Valuation Date</td>
<td>4/26/13</td>
<td>1,582.24</td>
</tr>
<tr>
<td>8th Valuation Date</td>
<td>7/26/13</td>
<td>1,691.65</td>
</tr>
<tr>
<td>9th Valuation Date</td>
<td>10/25/13</td>
<td>1,759.77</td>
</tr>
<tr>
<td>10th Valuation Date</td>
<td>1/27/14</td>
<td>1,781.56</td>
</tr>
<tr>
<td>11th Valuation Date</td>
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<td>1,863.40</td>
</tr>
<tr>
<td>12th Valuation Date</td>
<td>7/25/14</td>
<td>1,978.34</td>
</tr>
<tr>
<td>13th Valuation Date</td>
<td>10/27/14</td>
<td>1,961.63</td>
</tr>
<tr>
<td>14th Valuation Date</td>
<td>1/27/15</td>
<td>2,029.55</td>
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<tr>
<td>15th Valuation Date</td>
<td>4/27/15</td>
<td>2,108.92</td>
</tr>
<tr>
<td>16th Valuation Date</td>
<td>7/27/15</td>
<td>2,067.64</td>
</tr>
<tr>
<td>17th Valuation Date</td>
<td>10/27/15</td>
<td>2,065.89</td>
</tr>
<tr>
<td>18th Valuation Date</td>
<td>1/27/16</td>
<td>1,882.95</td>
</tr>
<tr>
<td>19th Valuation Date</td>
<td>4/27/16</td>
<td>2,095.15</td>
</tr>
<tr>
<td>20th Valuation Date</td>
<td>7/27/16</td>
<td>2,166.58</td>
</tr>
</tbody>
</table>

*7/27/11 indicates the starting market value.

**Impact of Averaging.** The CMV is not determined by calculating the closing value of the S&P 500® on any particular day (such as the Maturity Date or the last Valuation Date). The CMV is determined by averaging the closing value of the S&P 500® over the 20 quarterly observations between SMV and the CMV of the InvestorSure® CD. This method moderates fluctuations in the value of the S&P 500®. Thus, the investment return on an InvestorSure® CD is different than the investment return that would be obtained if the CMV were the value of the S&P 500® on a single day.

Thus, the investment return on an InvestorSure® CD is different than the investment return that would be obtained if the CMV were the value of the S&P 500 on a single day. If the value of the S&P 500 on the last Valuation Date is lower than the previous 19 Valuation Dates, then the investment return will be higher by using averaging compared to an investment return using only the S&P 500 value on the last Valuation Date. Conversely, if the value of the S&P 500 on the last Valuation Date is higher than the previous 19 Valuation Dates, then the investment return may be lower by using averaging compared to an investment return using only the S&P 500 value on the last Valuation Date.

**Upside Payment.** At maturity, you may receive an Upside Payment on the InvestorSure® CD. The Upside Payment will be the investment return multiplied by the principal amount of the InvestorSure® CD. If there is no change, or if there is a decrease, in the Market Measure from SMV to the CMV, you will not be paid an Upside Payment. CSB does not guarantee an APY, and offers no warranties, either express or implied, that the InvestorSure® CD will result in any Upside Payment. If the CD is withdrawn prior to maturity, you will not receive any Upside Payment.

**Early Withdrawal.** Upon 30 days prior written notice, you may take a Qualified or Non-Qualified Distribution, in whole or in part, only on the anniversary date of the InvestorSure® CD’s Issue Date. Withdrawals prior to the Maturity Date are subject to an Early Withdrawal Penalty equal to 10% of the principal of the InvestorSure® CD.
You will also forfeit any Upside Payment, which is determined upon maturity. We retain the right to terminate an InvestorSure® CD if the withdrawal of principal from the CD would result in a balance of less than $250.

In addition to an Early Withdrawal Penalty, if the withdrawal is a Non-Qualified Distribution, you may also be subject to the Distribution Tax.

5. The section entitled FIXED RATE CD on page 18 of the Disclosure Statement is replaced in its entirety as follows:

Product. Fixed Rate CDs earn a fixed rate for the entire term of the CD, determined at the time the CD is opened. The rate and annual percentage yield (APY) will appear on your deposit confirmation.

Maturities Available:

- 1-year Fixed Rate CD (12 month maturity)
- 2-year Fixed Rate CD (24 month maturity)
- 3-year Fixed Rate CD (36 month maturity)

Minimum Contribution Amounts; ACH and Payroll Deductions. The minimum initial contribution for a Fixed Rate CD is $250. Additional contributions of $25 may be made to existing CDs under the same terms and conditions as the original CD. Additionally, the maturity date of any additional contributions will match the maturity date of the existing CD. If you do not intend to contribute $250 to your Account at the time of enrollment, you may contribute $25 per month to the Honors Savings Account using an ACH Plan or $25 per pay period using payroll deduction. The APY of the Fixed Rate CD you purchase will be the APY offered as of the Contribution Date of your initial $25 contribution.

Interest Rate and Annual Percentage Yield (APY). The interest rate and APY are published online at www.collegesavings.com/Arizona. Account Owners will receive the published interest rate on the Contribution Date, except for online contributions where the Account Owner will receive the interest rate applicable at the time of the day when the online application and funding are complete. Additional contributions to existing CDs will earn the same interest rate and APY as the original CD. If you prefer to mail in a check to fund the CD, the Account will be opened at the applicable interest rate for the term selected on the Contribution Date.

Accrual, Crediting and Compounding. Interest begins to accrue on your account on the Contribution Date and is compounded on a daily basis using the daily balance method to calculate the interest on your account. This method applies a daily periodic rate calculated by dividing the interest rate by three hundred sixty-five (365), even in leap years. Interest is compounded and credited to your Account annually and paid upon maturity of the CD. No interest will be earned after maturity unless the CD is renewed for another term.

ACH Plan and Payroll Deduction. Effective October 24, 2016, if you contribute to the Accumulator Account through an ACH Plan and/or payroll deduction, all balances from your Accumulator Account will be transferred to your selected Fixed Rate CD, as per your Enrollment instructions. Your ACH Plan and/or payroll deduction will continue uninterrupted.

Options at Maturity. We will provide written notification at least 60 days before the Maturity Date. Thereafter, you must provide written instructions at least 30 days prior to the Maturity Date if you would like the proceeds upon maturity of the Fixed Rate CD to be invested other than in accordance with the default actions described in this document. If you provide instructions in good order, funds will be disbursed from your Account no later than the first Business Day following the Maturity Date.
If we do not receive instructions at maturity, we will take the following default action:

- We will automatically renew the Fixed Rate CD for the same term as the original CD at the then-current rate of interest.

Alternatively, you may choose one of the following options at maturity:

- Transfer the matured funds to a new Fixed Rate CD or an Honors Savings Account;
- Rollover the matured funds to another qualified 529 program. A transfer of matured funds into another product is considered an investment change; or
- Take a Qualified or Non-Qualified Distribution of the funds.

Please note, for 529 plans, any actions other than taking a Qualified or Non-Qualified Distribution or a default action stated above could be considered one of your two allowable calendar year investment exchange as per 529 plan rules. Therefore, subject to restrictions described in Maintaining and Making Changes to Your Account on page 23.

**Early Withdrawal.** Early Withdrawal. Upon 30 days prior written notice, you may take a Qualified or Non-Qualified Distribution, in whole or in part. Withdrawals prior to the Maturity Date are subject to an Early Withdrawal Penalty equal to three (3) months of interest. The APY applied to a Fixed Rate CD assumes the funds remain on deposit until the Maturity Date. An early withdrawal will reduce earnings.

In addition to an Early Withdrawal Penalty, if the withdrawal is a Non-Qualified Distribution, you may also be subject to the Distribution Tax.

6. **The section entitled ACCUMULATOR ACCOUNT AND SAVINGS ACCOUNT TERMS AND CONDITIONS on page 19 of the Disclosure Statement is replaced in its entirety as follows:**

**COLLEGESURE® HONORS SAVINGS ACCOUNT**

*Product.* CollegeSure® Honors Savings Account (Honors Savings Account) is a high-yielding, variable rate savings account. Effective October 24, 2016, all balances from Accumulator, Honors Savings Accounts, and the Savings Account will be transferred to the CollegeSure® Honors Savings Account.

**Minimum Contribution Amount.** The minimum initial contribution is $250. Additional contributions of $25 may be made to an existing Account under the same terms and conditions.

**ACH and Payroll Deductions.** If your initial contribution is less than $250, you may contribute $25 per month if you use and ACH Plan or $25 per pay period using payroll deduction. The APY of the Honors Savings Account will be the APY offered as of the Contribution Date of the initial $25 contribution.

**Interest Rate and Annual Percentage Yield (APY).** The Interest Rate and APY which will be tied to the College Board’s Independent College 500® (IC 500®) Index are published online at [www.collegesavings.com/Arizona](http://www.collegesavings.com/Arizona). Rates will be reviewed by CSB on a periodic basis and may be reset at any time without notice.

**Interest Accrual, Compounding and Crediting.** Interest begins to accrue on the Contribution Date and is credited and compounded quarterly on January 31, April 30, July 31 and October 31. Interest is calculated using the daily balance method which applies a daily periodic rate to the applicable principal in the Account each day. If you close your Account before interest is credited, you will receive the accrued interest.
Withdrawals. Withdrawals from the Account must be made by submitting a Distribution Authorization Form. You may call a Client Service Representative at 800-888-2723 to receive a Distribution Authorization Form or download the form from our website at www.collegesavings.com/Arizona. Generally, withdrawals will be processed within ten (10) business days.

If the withdrawal is a Non-Qualified Distribution, you may also be subject to the Distribution Tax.

7. The section entitled MAINTAINING AND MAKING CHANGES TO YOUR ACCOUNT, subsection ‘Once Per Calendar Year Investment Exchange’ on page 24 of the Disclosure Statement is replaced in its entirety as follows:

Twice Per Calendar Year Investment Change. Federal law allows you to change the investment options in which you currently invest for each Beneficiary twice per calendar year. You can initiate this transaction by contacting a Client Service Representative at 800-888-2723 or by downloading a form from our website, www.collegesavings.com/Arizona. If you choose to change a CD option and thereby terminate an existing CD prior to its Maturity Date, you may be subject to Early Withdrawal Penalty.

The Arizona Family College Savings Program-Bank Plan (AFCSP-Bank Plan) is sponsored by the State of Arizona and administered by the Arizona Commission for Postsecondary Education (ACPE). College Savings Bank, a Division of NexBank SSB serves as a Program Manager for the AFCSP-Bank Plan. As a Program Manager, College Savings Bank, a Division of NexBank SSB supports all aspects of the day-to-day operations of the AFCSP-Bank Plan, including marketing, recordkeeping and administrative support. The AFCSP-Bank Plan offers portfolios that invest in either a College Savings Bank, a Division of NexBank SSB issued FDIC-insured CD or a savings account. CDs may be subject to early withdrawal penalties. For additional information, please refer to the AFCSP-Bank Plan Disclosure Statement.

APY (Annual Percentage Yield) is subject to change at any time. Early withdrawal penalties may apply and may reduce earnings on the account.

Neither the AFCSP-Bank Plan, nor the ACPE, nor NexBank SSB, nor other organizations participating in the program are providing tax, legal or accounting advice. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal or accounting advice. You should consult your own tax, legal and accounting advisors before engaging in any transaction.
SUPPLEMENT DATED JULY 2016 TO THE
ARIZONA FAMILY COLLEGE SAVINGS PROGRAM – BANK PLAN (AFCSP-BANK PLAN)
DISCLOSURE STATEMENT DATED DECEMBER 15, 2011

This Supplement describes important changes and updates. Review this information carefully and keep it together with your current copy of the AFCSP-Bank Plan Disclosure Statement. Any information in the Disclosure Statement inconsistent with the information provided in this Supplement is superseded by the information in this Supplement.

Qualified Higher Education Expenses Expanded to Include Computer Technology and Equipment
Pursuant to recent changes in federal law, the list of qualified higher education expenses has been expanded to include computer and related equipment, software and services, with a retroactive effective date of January 1, 2015. Accordingly, the following changes are made to the Program Description:

1. The definition of Qualified Expenses on page 28 of the Disclosure Statement is replaced in its entirety as follows:

Qualified Expenses: Qualified higher education expenses as defined in the Code and may be further limited by the AFCSP-Bank Plan, related to enrollment or attendance at an Eligible Educational Institution. Generally, these include the following:

- Tuition, fees, and the costs of textbooks, supplies, and equipment required for the enrollment or attendance of a Beneficiary at an Eligible Educational Institution;
- Certain costs of room and board of a Beneficiary for any academic period during which the Beneficiary is enrolled at least half-time at an Eligible Educational Institution;
- Expenses for “special needs” services needed by a special needs Beneficiary which must be incurred in connection with the Beneficiary’s enrollment or attendance at an Eligible Educational Institution;
- Expenses for the purchase of computer or peripheral equipment (as defined in section 168(i)(2)(B) of the Code), computer software (as defined in section 197(e)(3)(B) of the Code), or Internet access and related services, if the 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.

Refunds from Eligible Educational Institutions can be Recontributed
Pursuant to recent changes in federal law, if a Beneficiary receives a refund of any Qualified Expenses from an Eligible Educational Institution, as long as the refund is recontributed to a Qualified Tuition Program for the same Beneficiary within 60 days of the date of the refund, the refund will not be subject to federal and Arizona state income tax or the Distribution Tax. However, recontributed funds are not eligible for the Arizona state income tax deduction. This change is retroactively effective January 1, 2015 and allows for refunds received from Eligible Educational Institutions after December 31, 2014 and before December 18, 2015 to be recontributed up to and including February 16, 2016.
Accordingly, the following changes are made to the Program Description:

2. **The following section is added after the section entitled Rollover Contributions on page 9 of the Program Description:**

Refunded Distributions. In the event the Beneficiary receives a refund from an Eligible Educational Institution, those funds will be eligible for recontribition to your Account if:

- The Beneficiary of your Account is the same beneficiary receiving the refund; and
- The recontribition is made within 60 days of the date of the refund.

The recontributed amount will not be subject to federal or Arizona state income tax or the Distribution Tax. For tax purposes, please maintain proper documentation evidencing the refund from the Eligible Educational Institution. For refunds received after December 31, 2014 and before December 18, 2015, recontributions must be made by February 16, 2016.

3. **The section entitled Other Distributions beginning on page 22 is amended by replacing the first paragraph in its entirety as follows:**

Other Distributions. The distributions discussed below are not subject to the Distribution Tax. Except for Rollover Distributions and Refunded Distributions, the earnings portion of each distribution discussed will be subject to federal and to any applicable state income taxes. See Certain Federal Tax Considerations: Transfers and Rollovers on page 20. In addition, these distributions may be subject to Early Withdrawal Penalties. You should consult a tax advisor regarding the application of federal and state tax laws if you take any of these distributions.

4. **The section entitled Other Distributions is amended by adding the following paragraph after the Rollover Distribution paragraph on page 23:**

- Refunded Distribution. If you take a Refunded Distribution, any refunds received from an Eligible Educational Institution will not be subject to federal or Arizona state income tax or the Distribution Tax.

5. **The section entitled Certain Federal Tax Considerations is amended by adding a new section entitled Refunded Distributions immediately following the section entitled Transfers and Rollovers on page 20.**

Refunded Distributions. Where a distribution is made to pay Qualified Expenses and the distribution or a portion of the distribution is refunded by the Eligible Educational Institution, you may avoid incurring federal income tax or a Distribution Tax if:

- You recontribute the refund to a Qualified Tuition Program account for which the beneficiary is the same beneficiary as the beneficiary who received the refund; and
- The recontribution is made within 60 days of the date of the refund from the Eligible Educational Institution.
6. The section entitled Certain State Tax Considerations is amended by adding the following paragraph after the paragraph titled “Arizona Taxation of Non-Qualified and Other Distributions” on page 21.

Refunded Distributions. Where a distribution is made to pay Qualified Expenses and the distribution or a portion of the distribution is refunded by the Eligible Educational Institution, you may avoid incurring Arizona income tax by contributors in prior taxable years if:

- You retribute the refund to a Qualified Tuition Program account for which the beneficiary is the same beneficiary as the beneficiary who received the refund; and
- The retribution is made within 60 days of the date of the refund from the Eligible Educational Institution.

A taxpayer may not claim the Arizona state income tax deduction on any retributed funds.

7. The definition of Non-Qualified Distributions on page 28 is replaced in its entirety with the following:

Non-Qualified Distributions: A distribution from an Account that is not one of the following:

- A Qualified Distribution;
- A distribution paid to a beneficiary of the Beneficiary (or the estate of the Beneficiary) on or after the death of the Beneficiary;
- A distribution by reason of the Disability of the Beneficiary;
- A distribution included in income because the Beneficiary received (i) a tax-free scholarship or fellowship; (ii) Veterans’ education assistance; (iii) Tuition Assistance; or (iv) any other nontaxable (tax-free) payments (other than gifts or inheritances) received as education assistance;
- A distribution by reason of the Beneficiary’s attendance at certain specified military academies;
- A distribution resulting from the use of Education Credits as allowed under federal income tax law;
- A Rollover Distribution to another Qualified Tuition Program that is not sponsored by the State of Arizona in accordance with the Code, with appropriate documentation; or
- A Refunded Distribution.

8. The definition of Refunded Distribution is added immediately following the definition of Qualified Tuition Program or 529 Plan on page 29 as follows:

Refunded Distribution: a distribution taken for Qualified Expenses which is later refunded by the Eligible Educational Institution and retributed to a Qualified Tuition Program that meets the following requirements:

- The retribution must not exceed the amount of the refund from the Eligible Educational Institution;
- The retribution must not exceed the amount of distributions previously taken to pay the Qualified Higher Education Expenses of the beneficiary;
- The retribution must be made to an account in a Qualified Tuition Program of the same beneficiary to whom the refund was made; and
- The funds must be retributed to a Qualified Tuition Program within 60 days of the date of the refund from the Eligible Educational Institution.

A Refunded Distribution will not be subject to federal or Arizona state income tax or the Distribution Tax.
ADDITONAL AFCSP-BANK PLAN UPDATES

College Savings Bank Part of NexBank SSB
Effective November 30, 2015, College Savings Bank became part of NexBank SSB. Accordingly, all references to College Savings Bank are replaced with College Savings Bank, a Division of NexBank SSB (CSB).


Regular Mail:
AFCSP – Bank Plan
c/o College Savings Bank, a Division of NexBank SSB
2515 McKinney Avenue, Suite 1100
Dallas, Texas 75201
Phone: 800.888.2723
Fax: 609.987.3760

10. The Section titled Fees and Expenses on page 10 is replaced in its entirety as follows:

FEES AND EXPENSES

Fees. Effective January 6, 2016, CSB does not charge fees. We no longer offer overnight delivery of checks or outgoing wires. Instead of overnight checks and wire transfers, we offer an ACH disbursement as an option.

Pursuant to agreements with CSB, various banking institutions, broker/dealers and financial planners act as agents or authorized representatives in effecting sales to their customers relating to the Program, and CSB has agreed to pay them a commission.

Depositors pay no commissions to any authorized representative in connection with purchases of CDs. The commissions are an expense of CSB and do not affect the amount of the customer’s deposit. Savers who work through brokers are in the same position as those who work directly with CSB.

Service-Based and Other Fees. We reserve the right to charge service-based and other Fees if the Authority and the Bank determine them to be necessary and reasonable. All Fees are subject to change without prior notice. In addition, we reserve the right to not reimburse fees charged by financial institutions for contributions made either via ACH Plan or E-Check that are cancelled due to insufficient funds in the bank account from which the money is withdrawn.

11. The third paragraph of the section titled CollegeSure CD – Options at Maturity on page 15 is replaced in its entirety as follows:

Alternatively, you may choose one of the following options at maturity:
• Re-invest the matured funds to another CollegeSure CD under the then current terms and conditions;
• Transfer the matured funds to an InvestorSure CD;
• Transfer the matured funds to a 1-, 2-, or 3-year Fixed Rate CD;
• Roll over the matured funds to another Arizona 529 plan account or into an account in another 529 plan;
• Hold the matured funds in a Savings Account; or
• Take a Qualified or Non-Qualified Distribution of the funds.
12. The third paragraph of the section titled InvestorSure CD – Options at Maturity on page 16 is replaced in its entirety as follows:

Alternatively, you may choose one of the following options at maturity:
- Transfer the matured funds to a CollegeSure CD;
- Transfer the matured funds to another InvestorSure CD under the then current terms and conditions;
- Transfer the matured funds to a 1-, 2-, or 3-year Fixed Rate CD;
- Roll over the matured funds to another Arizona 529 plan account or into an account in another 529 plan;
- Hold the matured funds in a Savings Account; or
- Take a Qualified or Non-Qualified Distribution of the funds.

13. The second paragraph of the Section titled Fixed Rate CD on page 18 is replaced in its entirety as follows:

Maturities Available:
- 1-year Fixed Rate CD (12 month maturity)
- 2-year Fixed Rate CD (24 month maturity)
- 3-year Fixed Rate CD (36 month maturity)

14. The third paragraph of the section titled Fixed Rate CD – Options at Maturity on page 18 is replaced in its entirety as follows:

Alternatively, you may choose one of the following options at maturity:
- Transfer the matured funds to a CollegeSure CD;
- Transfer the matured funds to an InvestorSure CD;
- Reinvest the matured funds in another 1-, 2-, or 3-year Fixed Rate CD under the then current terms and conditions;
- Roll over the matured funds to another Arizona 529 plan account or into an account in another 529 plan;
- Hold the matured funds in a Savings Account; or
- Take a Qualified or Non-Qualified Distribution of the funds.

15. College Savings Bank, a Division of NexBank SSB Privacy Policy is replaced in its entirety by the privacy policy attached to this Supplement.

16. The College Savings Bank CollegeSure Certificate of Deposit Terms and Conditions are replaced in their entirety by the CollegeSure Certificate of Deposit Terms and Conditions attached to this Supplement.

17. The College Savings Bank InvestorSure Certificate of Deposit Terms and Conditions are replaced in their entirety by the InvestorSure Certificate of Deposit Terms and Conditions attached to this Supplement.

18. The College Savings Bank Fixed Rate Certificate of Deposit Terms and Conditions are replaced in their entirety by the Fixed Rate Certificate of Deposit Terms and Conditions attached to this Supplement.

19. The College Savings Bank Honors Savings Account Terms and Conditions are replaced in their entirety by the Honors Savings Account Terms and Conditions attached to this Supplement.

NexBank, SSB and its affiliates do not provide tax, legal or accounting advice. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal or accounting advice. You should consult your own tax, legal and accounting advisors before engaging in any transaction.
SUPPLEMENT DATED OCTOBER 2015 TO THE
ARIZONA FAMILY COLLEGE SAVINGS PROGRAM (AFCSP)
DISCLOSURE STATEMENT DATED DECEMBER 15, 2011

This supplement describes important changes. Review this information carefully and keep it together with your current copy of the Arizona Family College Savings Program Disclosure Statement. Any information in the Disclosure Statement inconsistent with the information provided in this Supplement is superseded by the information in this Supplement.

1. In the section titled “AFCSP 529 Plan Disclosure Highlights”, the eighth (8th) paragraph on page 4 is replaced with the following:

   An Account Owner can contribute up to a Maximum Account Balance of $419,000 (accurate as of 10/1/15) for each Beneficiary.

2. In the section titled “Contributing To Your Account”, the first paragraph of the “Maximum Account Balance” subsection on page 10 as supplemented September 2013 is replaced with the following:

   **Maximum Account Balance.** You can contribute up to a Maximum Account Balance of $419,000 (accurate as of 10/1/15) for each Beneficiary. The aggregate market value of all accounts for the same Beneficiary under all Qualified Tuition Programs sponsored by the State are counted toward the Maximum Account Balance regardless of the Account Owner. Earnings may cause the account balances for any one Beneficiary to exceed $419,000 and no further contributions will be allowed at that point. If a contribution is made to an Account that would cause the aggregate balance of all accounts to exceed the Maximum Account Balance, all or a portion of the contribution amount will be returned to you or the contributor. If you are enrolled in an ACH Plan, the ACH Plan will be discontinued.

3. In the section titled “Glossary”, the “Maximum Account Balance” subsection on page 28 is updated with the following:

   **Maximum Account Balance:** The maximum aggregate balance of all accounts for the same Beneficiary in Qualified Tuition Programs sponsored by the State of Arizona, as established by the ACPE from time to time, which will limit the amount of contributions that may be made to Accounts for any one Beneficiary, as required by Section 529 of the Code. The current Maximum Contribution Limit is $419,000 (accurate as of 10/1/15).
SUPPLEMENT DATED JANUARY 2015 TO THE
ARIZONA FAMILY COLLEGE SAVINGS PROGRAM (AFCSP)
DISCLOSURE STATEMENT DATED DECEMBER 15, 2011

This supplement describes important changes. Review this information carefully and keep it together with your current copy of the Arizona Family College Savings Program-Bank Plan Disclosure Statement. Any information in the Disclosure Statement inconsistent with the information provided in this Supplement is superseded by the information in this Supplement.

Annual Investment Change Limits

Under the recently enacted federal law known as the Achieving a Better Life Experience Act of 2014 or the “ABLE Act of 2014”, you will be permitted to change the investment option for all or a portion of the assets in your account for any reason up to two times during each calendar year beginning in 2015. Accordingly, all references to the once per calendar year restriction found throughout this Disclosure Statement should be changed to twice per calendar year.

1. The following replaces the section titled “Frequently Asked Questions”, the “How do I contact the Plan?” subsection in the Supplement dated April 2013 (originally included on page 7 of the Disclosure Statement).

Phone: 1.800.888.2723
Monday through Friday, 9 a.m. to 6 p.m. Eastern Time
SUPPLEMENT DATED AUGUST 2014 TO THE
ARIZONA FAMILY COLLEGE SAVINGS PROGRAM (AFCSP)
DISCLOSURE STATEMENT DATED DECEMBER 15, 2011

This supplement describes important changes. Review this information carefully and keep it together with your current copy of the Arizona Family College Savings Program Disclosure Statement. Any information in the Disclosure Statement inconsistent with the information provided in this Supplement is superseded by the information in this Supplement.

1. **Effective October 1, 2014**, the following replaces the eighth (8th) paragraph in the section entitled “AFCSP 529 Plan Disclosure Highlights”, on page 4 as supplemented September 2013:

   An Account Owner can contribute up to a Maximum Account Balance of $412,000 (accurate as of 10/1/14) for each Beneficiary.
SUPPLEMENT DATED SEPTEMBER 2013 TO THE 
ARIZONA FAMILY COLLEGE SAVINGS PROGRAM (AFCSP) 
DISCLOSURE STATEMENT DATED DECEMBER 15, 2011

This supplement describes important changes. Review this information carefully and keep it together with your current copy of the Arizona Family College Savings Program Disclosure Statement. Any information in the Disclosure Statement inconsistent with the information provided in this Supplement is superseded by the information in this Supplement.

1. In the section titled “AFCSP 529 Plan Disclosure Highlights”, the eighth (8th) paragraph on page 4 is replaced with the following:

An Account Owner can contribute up to a Maximum Account Balance of $396,000 (accurate as of 10/1/13) for each Beneficiary.

2. In the section titled “Contributing To Your Account”, the first paragraph of the “Maximum Account Balance” subsection on page 10 as supplemented April 2013 is replaced with the following:

Maximum Account Balance. You can contribute up to a Maximum Account Balance of $396,000 (accurate as of 10/1/13) for each Beneficiary. The aggregate market value of all accounts for the same Beneficiary under all Qualified Tuition Programs sponsored by the State are counted toward the Maximum Account Balance regardless of the Account Owner. Earnings may cause the account balances for any one Beneficiary to exceed $396,000 and no further contributions will be allowed at that point. If a contribution is made to an Account that would cause the aggregate balance of all accounts to exceed the Maximum Account Balance, all or a portion of the contribution amount will be returned to you or the contributor. If you are enrolled in an ACH Plan, the ACH Plan will be discontinued.

3. In the section titled “Glossary”, the “Maximum Account Balance” subsection on page 28 is updated with the following:

Maximum Account Balance: The maximum aggregate balance of all accounts for the same Beneficiary in Qualified Tuition Programs sponsored by the State of Arizona, as established by the ACPE from time to time, which will limit the amount of contributions that may be made to Accounts for any one Beneficiary, as required by Section 529 of the Code. The current Maximum Contribution Limit is $396,000.
SUPPLEMENT DATED JUNE 2013 TO THE ARIZONA FAMILY COLLEGE SAVINGS PROGRAM (AFCSP) DISCLOSURE STATEMENT DATED DECEMBER 15, 2011

This supplement describes important changes. Review this information carefully and keep it together with your current copy of the Arizona Family College Savings Program Disclosure Statement. Any information in the Disclosure Statement inconsistent with the information provided in this Supplement is superseded by the information in this Supplement.

1. In the section titled “AFCSP 529 Plan Disclosure Highlights”, the seventh (7th) paragraph on page 4 is replaced with the following:

The Plan offers both Arizona State and federal income tax benefits, starting with tax-deferred earnings and a deduction from taxable income for contributions made by Arizona taxpayers. The earnings portion of any distribution used to pay for Qualified Expenses are free from Arizona State and federal income tax. As of January 1, 2013, if you are an Arizona taxpayer, you are entitled to a deduction of up to $2,000 per year for an individual taxpayer and $4,000 per year for married taxpayers filing jointly, to adjusted gross income in computing your Arizona state income tax, based on eligible contributions to any Qualified Tuition Plan including the AFCSP. If you are not an Arizona taxpayer, consider before investing whether your or the Beneficiary’s home state offers a Qualified Tuition Program that provides its taxpayers with favorable state tax and other benefits that may only be available through investment in the home state’s Qualified Tuition Program, and which are not available through an investment in the AFCSP.

2. In the section titled “Frequently Asked Questions”, the “How does the State income tax deduction work for the Plan?” subsection on page 5 is updated with the following:

If you are an Arizona taxpayer, as of January 1, 2013, you are entitled to a deduction of up to $2,000 per year for an individual taxpayer and $4,000 per year for married taxpayers filing jointly, to adjusted gross income in computing your Arizona state income tax, based on eligible contributions to any Qualified Tuition Plan including the AFCSP. For additional information, please see Certain State Tax Considerations on page 21.

3. In the section titled “Certain State Tax Considerations”, the “Income Tax Advantages for Arizona Taxpayers” subsection on page 21 is updated with the following:

Income Tax Advantages for Arizona Taxpayers. As of the January 1, 2013 taxable year, if you are an Arizona taxpayer and you contribute to one or more accounts in a 529 Plan, including the AFCSP, in a tax year, you are entitled to reduce your adjusted gross income in computing your Arizona income tax, by the total amount of your eligible contributions, but not by more than $2,000 ($4,000 if married, filing jointly).
SUPPLEMENT DATED APRIL 2013 TO THE
ARIZONA FAMILY COLLEGE SAVINGS PROGRAM (AFCSP)
DISCLOSURE STATEMENT DATED DECEMBER 15, 2011

This supplement describes important changes. Review this information carefully and keep it together with your current copy of the Arizona Family College Savings Program Disclosure Statement. Any information in the Disclosure Statement inconsistent with the information provided in this Supplement is superseded by the information in this Supplement.

1. In the section titled “Frequently Asked Questions”, the “Do my contributions to the Plan qualify as a gift under federal law?” subsection on page 6 is replaced with the following:

Yes. As of January 1, 2013, the federal annual gift tax exclusion has increased to $14,000 if filing single, $28,000 if married filing jointly (assuming spouses consent to gift-splitting). This applies to 529 plan contributions, although contributors may make up to a $70,000 ($140,000 if married filing jointly and spouses consent to gift-splitting) contribution free of the gift tax if they elect to take that amount into account proportionately over five years. Accordingly, all references to the exclusion of contributions from federal gift tax found throughout this Disclosure Statement should be updated to reflect these increased amounts.

2. In the section titled “Frequently Asked Questions”, the “How do I contact the Plan?” subsection on page 7 is updated with the following:

Phone: 1.800.888.2723
Monday through Friday, 9 a.m. to 8 p.m. Eastern time

3. In the section titled “Contributing To Your Account”, the first paragraph of the “Maximum Account Balance” subsection on page 10 is replaced with the following:

Maximum Account Balance. You can contribute up to a Maximum Account Balance of $374,000 for each Beneficiary. The aggregate market value of all accounts for the same Beneficiary under all Qualified Tuition Programs sponsored by the State are counted toward the Maximum Account Balance regardless of the Account Owner. Earnings may cause the account balances for any one Beneficiary to exceed $374,000 and no further contributions will be allowed at that point. If a contribution is made to an Account that would cause the aggregate balance of all accounts to exceed the Maximum Account Balance, all or a portion of the contribution amount will be returned to you or the contributor. If you are enrolled in an ACH Plan, the ACH Plan will be discontinued.
4. The section “CD Option Profiles” on page 14 is replaced in its entirety with the following:

**CD OPTION AND HONORS ACCOUNT PROFILES**

The following profiles highlight the investment objective, and strategy of each CD Option and Honors Savings Account.

**Issuer.** All CDs and Honors Savings Accounts are issued by CSB, a New Jersey-chartered savings bank. CSB’s deposits are insured up to applicable statutory limits by the FDIC. Each CD and Honors Savings Account is governed by the statutes, rules and regulations of the State of New Jersey and the FDIC; CSB’s certificate of incorporation and by-laws; the regulations, rules and practices adopted by CSB; and general savings bank practices.

**FDIC Insurance.** Your interest in the principal and accrued interest on each CD and Honors Savings Account will, for FDIC deposit insurance purposes, be added to any other deposit accounts you hold at College Savings Bank (including any deposit accounts you hold under other 529 plans) in the same right and capacity and insured by the FDIC up to $250,000 in the aggregate. All 529 program accounts with the same Account Owner will be deemed to be held in the same right and capacity and will be combined for purposes of this $250,000 limitation. FDIC deposit insurance is backed by the full faith and credit of the U.S. Government. Separate deposit insurance for Accounts with the same Account Owner and Beneficiary may also be available in certain limited circumstances. Please contact a Client Service Representative at 1-800-888-2723 for additional information.

**Minimum Deposit Amounts.** For each CD Option and Honors Savings Account, the minimum initial contribution is $250. Subsequent contributions per CD Option or Honors Savings Account are also $250. For CDs, additional contributions may not be made to existing CDs but may be made into an existing Account to purchase new CDs offered by CSB under any of the three (3) available CD Options.

If you do not intend to contribute $250 at one time, you may contribute $25 per month if you use an ACH Plan or $25 per pay period using payroll deduction. ACH Plan contributions or payroll deductions are held in an Accumulator Account until the balance of your Account reaches $250. Once the funds reach the $250 level, they are used to purchase a CollegeSure CD, InvestorSure CD, Fixed Rate CD, or Honors Savings Account, as applicable. See **Contributing to Your Account** beginning on page 8 for further details. The interest rate on an Accumulator Account is the same as the interest rate paid on a savings account at CSB, which is published online at www.collegesavings.com/arizona.

5. A new section immediately proceeding the section titled “Accumulator Account and Savings Account Terms and Conditions” starting on page 19 has been added:

**HONORS™ SAVINGS ACCOUNT**

**Product.** Honors™ Savings Account is a variable rate savings account.

**Annual Percentage Yield (APY).** The APY is published online at www.collegesavings.com/arizona/Honors.asp. Account owners will receive the published APY applicable at the time of the day when the online application and funding are complete. The APY may change without notice.

**Interest Accrual, Compounding and Crediting.** Interest begins to accrue on the Contribution Date and is credited and compounded quarterly on January 31, April 30, July 31 and October 31. Interest is calculated using the daily balance method, which applies a daily interest rate to the applicable principal in the Account each day. If you close your Account before interest is credited, you will receive the accrued interest.
# FACTS

## WHAT DOES COLLEGE SAVINGS BANK, A DIVISION OF NEXBANK SSB DO WITH YOUR PERSONAL INFORMATION?

### Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share and protect your personal information. Please read this notice carefully to understand what we do.

### What?

The types of personal information we collect and share depend on the product or service(s) you have with us. This information can include:

- social security number;
- account balances and transaction history;
- credit scores and credit history.

When you are no longer our customer, we continue to share your information as described in this notice.

### How?

All financial companies need to share consumer personal information to run their everyday business. In the section below, we list the reasons financial companies can share consumer personal information, the reasons College Savings Bank, a Division of NexBank SSB chooses to share and whether you can limit this sharing.

<table>
<thead>
<tr>
<th>Reasons we can share your personal information:</th>
<th>Does College Savings Bank, a Division of NexBank SSB share?</th>
<th>Can you limit this sharing?</th>
</tr>
</thead>
<tbody>
<tr>
<td>For our <strong>everyday business purposes</strong> – i.e. to process your transactions, maintain your account(s), respond to court orders and legal investigations or report to credit bureaus.</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>For our <strong>marketing purposes</strong> – to offer our products and services to you.</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>For joint marketing with other financial companies.</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>For our affiliates’ <strong>everyday business purposes</strong> – information about your transactions and experiences.</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>For our affiliates’ <strong>everyday business purposes</strong> – information about your creditworthiness.</td>
<td>No</td>
<td>We don’t share</td>
</tr>
<tr>
<td>For non-affiliates to market to you.</td>
<td>No</td>
<td>We don’t share</td>
</tr>
</tbody>
</table>

### Who we are:

**Who is providing this notice?**

College Savings Bank, a Division of NexBank SSB

### Questions?

Call: 1.800.888.2723  
Visit: www.collegesavings.com
### What we do:

<table>
<thead>
<tr>
<th><strong>How does College Savings Bank, a Division of NexBank SSB protect my personal information?</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>To protect your information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. We authorize our employees to acquire your information only when needed to do their work. Vendors working for us are required to protect your information.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>How does College Savings Bank, a Division of NexBank SSB collect my personal information?</strong></th>
</tr>
</thead>
</table>
| We collect your personal information when you:  
  - open an account or deposit money;  
  - apply for a loan or provide account information;  
  - or make a withdraw from your account.  

We also collect your personal information from others such as, credit bureaus or other companies. |

<table>
<thead>
<tr>
<th><strong>Why can’t I limit sharing?</strong></th>
</tr>
</thead>
</table>
| Federal law gives you the right to only limit:  
  - sharing for affiliates’ everyday business purposes – information about your creditworthiness;  
  - affiliates from using your information to market to you;  
  - and sharing for non-affiliates to market to you.  

State laws and individual companies may give you additional rights to limit sharing. |

<table>
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<th><strong>What happens when I limit sharing for an account I hold jointly with someone else?</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Your choices will apply to everyone on your account.</td>
</tr>
</tbody>
</table>

### Definitions

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<th><strong>Affiliates</strong></th>
</tr>
</thead>
</table>
| Companies related by common ownership or control. They can be financial and non-financial companies.  
  - College Savings Bank is a Division of NexBank SSB and does not share with our affiliates. |

<table>
<thead>
<tr>
<th><strong>Non-Affiliates</strong></th>
</tr>
</thead>
</table>
| Companies not related by common ownership or control. They can be financial and non-financial companies.  
  - College Savings Bank, a Division of NexBank SSB does not share with non-affiliates so they can market to you. |

<table>
<thead>
<tr>
<th><strong>Joint Marketing</strong></th>
</tr>
</thead>
</table>
| A formal agreement between non-affiliated financial companies that together market financial products or services to you.  
  - College Savings Bank, a Division of NexBank SSB does not joint market. |

### Other important information

You have the right to review any information we have on file about you and in order to obtain this information, you may submit a request in writing. We are not required to provide you with the information we have collected in connection with a claim or lawsuit. If you believe that any of the information we have collected is in error, please direct inquiries and all other questions about your information to the address below:

NexBank SSB is chartered under the laws of the State of Texas and by state law is subject to regulatory oversight by the Texas Department of Savings and Mortgage Lending. Any consumer wishing to file a complaint against NexBank SSB should contact the Texas Department of Savings and Mortgage Lending through one of the means indicated below:

- In Person or by U.S. Mail: 2601 North Lamar Boulevard, Suite 201, Austin, Texas 78705-4294
- Telephone No.: 877-276-5550  |  Fax No.: 512-475-1505  |  e-mail: smlinfo@sml.texas.gov
- Website: www.sml.texas.gov

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Arizona Family College Savings Program
529 Plan Disclosure Statement

Offered by the Arizona Commission for Postsecondary Education
Managed by College Savings Bank

Dated December 15, 2011
This Disclosure Statement is part of the Arizona Family College Savings Program (AFCSP or the Plan) Enrollment Kit. The Enrollment Kit consists of a Highlights Brochure, this Disclosure Statement, the College Savings Bank Privacy Policy and the Enrollment Form. The Disclosure Statement has been identified by the Arizona Family College Savings Program (AFCSP) as the Offering Material (as defined in the College Savings Plans Network Disclosure Principles, Statement No. 5, adopted May 3, 2011) intended to provide substantive disclosure of the terms and conditions of an investment in the AFCSP. This Disclosure Statement is designed to comply with the College Savings Plans Network Disclosure Principles, Statement No. 5.

If you are not an Arizona taxpayer, before investing you should consider whether you or the Beneficiary's home state offers a Qualified Tuition Program that provides its taxpayers with favorable state tax and other benefits that may only be available through an investment in the home state’s Qualified Tuition Program, and which are not available through an investment in the AFCSP. Since different states have different tax provisions, this Disclosure Statement contains limited information about the state tax consequences of investing in the AFCSP. Therefore, please consult your financial, tax, or other advisor to learn more about how state based benefits (or any limitations) would apply to your specific circumstances.

You also may wish to contact your home state’s or any other 529 plan, to learn more about those plans’ features, benefits, and limitations. Keep in mind that state-based benefits should be one of many appropriately weighted factors to consider when making an investment decision. In addition, you should periodically assess, and if appropriate, adjust your 529 plan investment choices with your time horizon, risk tolerance, and investment objectives in mind.
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This Disclosure Statement contains important information to be considered in making a decision to contribute to the AFCSP, including information about risks. Please read it carefully and retain it for future reference. Capitalized terms used in this Disclosure Statement are defined in the **Glossary** starting on page 26.

An Account in the AFCSP is not insured by the State of Arizona or any other governmental entity and neither the principal contributed nor the investment return is guaranteed by the State of Arizona, the Authority or any other governmental entity, the Trust, the Program Manager or any of its affiliates. Notwithstanding the forgoing, the CDs in which the Trust invests are insured by the Federal Deposit Insurance Corporation (FDIC), up to limits set by the FDIC as further described in **General Risks: FDIC Insurance** on page 11.

**AFCSP 529 PLAN DISCLOSURE HIGHLIGHTS**

The Arizona Family College Savings Program (referred to as the AFCSP or the Plan) is a Qualified Tuition Program sponsored by the Arizona Commission for Postsecondary Education (ACPE) and managed by College Savings Bank (referred to as CSB or the Bank) as Program Manager. The ACPE has contracted with College Savings Bank to serve as Program Manager for the Plan. The Management Agreement between the ACPE and College Savings Bank expires in 2016.

The AFCSP offers certificate of deposit (CD) options from Program Manager, College Savings Bank. CD options include: the CollegeSure CD, a variable rate CD indexed to College Costs; the InvestorSure CD, a variable rate CD indexed to the performance of the S&P 500; Fixed Rate CDs, a CD that earns a fixed rate for the entire term of the CD, determined at the time the CD is opened.

Each CD Option has its own strategy and, as a result, its own maturity and performance characteristics. In choosing the appropriate CD Option(s) for your Account, you should consider your investment objectives, time horizon, and other factors you determine to be important. These CD Options may not be suitable for some investors. The CD Options invest in CDs with maturities from 1 to 22 years. You should not invest your money in the Plan if you do not have the intent or ability to maintain your investment for the full term of the applicable CD.

For the CollegeSure CD, current issue margin and interest rate cap are published online at www.collegesavings.com/arizona. Account Owners will receive the published issue margin and interest rate cap on the Contribution Date. For more information about the CollegeSure CD, see **Investment Risks** on page 13 and **CD Option Profiles: CollegeSure CD** starting on page 15.

For the InvestorSure CD, a table on Page 17 of this Disclosure illustrates how the investment return would be calculated by using historical data and assuming that a five-year InvestorSure CD was issued on November 1, 2005 and matured on November 1, 2010. For more information about the InvestorSure CD, see **Investment Risks** on page 13 and **CD Option Profiles: InvestorSure CD** on page 16.

For the Fixed Rate CDs, current interest rates are published online at www.collegesavings.com/arizona. Account Owners will receive the published interest rate on the Contribution Date. For more information about the Fixed Rate CDs, see **Investment Risks** on page 13 and **CD Option Profiles: Fixed Rate CD** on page 18.

The Plan offers both Arizona State and federal income tax benefits, starting with tax-deferred earnings and a deduction from taxable income for contributions made by Arizona taxpayers. The earnings portion of any distribution used to pay for Qualified Expenses are free from Arizona State and federal income tax. If you are an Arizona taxpayer, you are entitled to a deduction of up to $750 per year for an individual taxpayer and $1,500 per year for married taxpayers filing jointly, to adjusted gross income in computing your Arizona state income tax, based on eligible contributions to any Qualified Tuition Plan including the AFCSP. If you are not an Arizona taxpayer, consider before investing whether your or the Beneficiary’s home state offers a Qualified Tuition Program that provides its taxpayers with favorable state tax and other benefits that may only be available through investment in the home state’s Qualified Tuition Program, and which are not available through an investment in the AFCSP.

An Account Owner can contribute up to a Maximum Account Balance of $340,000 (accurate as of 10/1/11) for each Beneficiary.

Each CD features an early withdrawal procedure including specific instructions, limitations and Early Withdrawal Penalties for a distribution prior to the Maturity Date. A distribution that does not meet the requirements for a Qualified Distribution will be considered a Non-Qualified Distribution by the IRS. Non-Qualified Distributions are subject to a Distribution Tax and may be subject to Early Termination Penalties. Rollover Distributions may be subject to certain state taxes, but are generally exempt from federal income taxes and the Distribution Tax. You, or the Beneficiary, as applicable, are subject to federal and state income tax and the Distribution Tax on the earnings portion of any distribution that is not exempt from tax. If you choose to make an annual exchange and, thereby terminate an existing CD Option prior to its Maturity Date, you may be subject to an Early Withdrawal Penalty.

You should save for college expenses through a 529 plan such as the Plan only if you expect to use the funds to pay for Qualified Expenses. If you withdraw the funds in your Account before they are needed for Qualified Expenses or you use funds for purposes other than for Qualified Expenses, you may be subject to the Distribution Tax. If you redeem a CD in whole or part before maturity, the Bank will impose an Early Withdrawal Penalty that may be as high as 10% of principal.
Even if your Account(s) for a Beneficiary meets the maximum allowed under the Plan, there is no assurance that the money in your Account will be sufficient to cover all the education expenses your Beneficiary may incur, or that the rate of return on your investment will match or exceed the rate at which higher education expenses may rise each year.

The AFCSP does not charge any application, maintenance or distribution fees. We reserve the right, however, to charge Account Owners such fees in the future. You will be notified of any such fees, if adopted, and the fees will apply prospectively only. We reserve the right to charge service-based and other fees if the ACPE and the Bank determine them to be necessary and reasonable. For more information about expenses, see Fees and Expenses starting on page 10.

FREQUENTLY ASKED QUESTIONS

What is the AFCSP? The AFCSP is a Qualified Tuition Program sponsored by the ACPE and managed by College Savings Bank. The AFCSP is designed to help individuals and families save for college in a tax-advantaged way and offers valuable advantages including tax-deferred growth, generous contribution limits and a variety of attractive products from CSB, which are insured by the Federal Deposit Insurance Corporation (FDIC). In addition, there are no income limits to open an Account or age limits to be a Beneficiary.

How does the AFCSP work? When you enroll in the Plan, you choose one or more Certificate of Deposit (CD) Options that invest in one of three (3) FDIC-insured products; the CollegeSure® CD, InvestorSure® CD or Fixed Rate CDs, based upon your investing preferences and risk tolerance. All of the contributions made to your Account grow tax-deferred and the distributions are federally and Arizona State tax-free if used for Qualified Expenses.

How do I open an Account? To open an Account, we must receive a completed Enrollment Form online or by mail.

How many Accounts can I open? You can open Accounts for as many Beneficiaries as you wish. You may also invest in any of the CD Options offered. Please keep in mind that each Account may have one Account Owner as well as one Joint Account Owner Spouse and only one Beneficiary, and you must complete a new Enrollment Form for each different Beneficiary.

What are the fees associated with the AFCSP? The Plan does not charge fees to Account Owners or Accounts for opening, maintaining or contributing to an Account. We may charge fees for certain types of transactions, such as withdrawing CDs prior to maturity or changing Beneficiaries. For more information regarding the Fees associated with the Plan see Fees and Expenses starting on page 10.

Can I open my Account through an Authorized Representative? Yes. CSB has entered into agreements with various retail banks, broker/dealers and financial planners who can help you in making decisions regarding investments in the Plan. If you use one of these financial professionals, you pay no commissions or fees. Any commissions are an expense of CSB and do not affect the amount of your contribution. For more information regarding the use of a financial advisor, see Information About the CD Options: Authorized Representatives on page 14.

Does the Plan offer any tax benefits? Yes. The Plan offers both Arizona State and federal income tax benefits, starting with tax-deferred earnings and a deduction from taxable income for contributions made by Arizona taxpayers. The earnings portion of any distribution used to pay for Qualified Expenses are free from Arizona State and federal income tax.

How does the State income tax deduction work for the Plan? If you are an Arizona taxpayer, you are entitled to a deduction of up to $750 per year for an individual taxpayer and $1,500 per year for married taxpayers filing jointly, to adjusted gross income in computing your Arizona state income tax, based on eligible contributions to any Qualified Tuition Plan including the AFCSP. For additional information, please see Certain State Tax Considerations on page 21.

Is my Plan Account guaranteed? Although your Plan Account is not guaranteed, it is insured on a pass-through basis by the FDIC up to the maximum amount set by federal law, currently $250,000.

How do I make contributions? You may contribute to your Account in several ways including: check, E-Check, direct deposit plan (ACH), payroll deduction (if your employer offers this service) or through a rollover distribution from another Qualified Tuition Program. Although there is a $250 minimum contribution before a CD will be issued, if you fund your Account with a direct deposit plan or by payroll deduction in amounts of at least $25, you can open your Account with an initial deposit of $25. We will hold your funds in an Accumulator Account until it reaches $250. Please see CD Option Profiles: Accumulator Account and Savings Account Terms and Conditions starting on page 19.

Can I change my CD Options? You may change your existing deposits one time per calendar year per Beneficiary. If you have multiple CD Options for a Beneficiary, all changes involving existing deposits for the calendar year for that Beneficiary must be requested on the same day. Early Withdrawal penalties may apply. Additional deposits and enrolling in new CD Options can be done without limitation. For more information on making changes to your Account, see Maintaining and Making Changes to Your Account starting on page 23.
When can I enroll a newborn? A newborn may be enrolled at any time. Keep in mind that you are required to submit the Beneficiary’s Social Security Number (SSN) on the Enrollment Form. You may also open an Account naming yourself as the Beneficiary in anticipation of the birth or adoption of a child.

Does my child have to attend college in Arizona? No. You can use the assets in your Account toward the costs of nearly any public or private, two-year or four-year college in the U.S. or abroad, as long as the student is enrolled in a U.S.-accredited college, university or technical school that is eligible to participate in U.S. Department of Education student financial aid programs. Your Account can also be used for nearly any graduate school, medical school, or law school, among others, nationwide.

If I enroll in the Plan, can I still apply for financial aid? Yes. Participation in the Plan does not limit a student’s receipt of merit-based financial aid, including academic or athletic scholarships. Like most investments, however, it may affect your ability to receive federal needs-based financial aid. Assets in an AFCSP Account are not considered when determining eligibility for Arizona financial aid programs.

What happens if my child receives a scholarship or grant? There are several options you can choose from:

• Use assets in your Account to pay any tuition and required fees not covered by the scholarship or grant;

• Apply assets in your Account toward other Qualified Expenses such as certain room and board expenses and books;

• Change the Beneficiary to another Member of the Family of the current Beneficiary;

• Keep any unused funds in your Account to pay for future Qualified Expenses, including graduate school; or

• Withdraw any unused funds up to the amount of the scholarship or grant without being subject to the 10% additional federal tax (Distribution Tax). Income taxes on earnings, however, will apply.

Can I change the Beneficiary of my Account? Yes. You can transfer your Account to a Member of the Family of the Beneficiary without incurring taxes or penalties. A Uniform Gifts or Uniform Transfers to Minors Act account (UGMA/UTMA) Custodian will not be permitted to change the designated beneficiary on an Account.

What if my child does not go to college immediately after high school? The Plan does not require the child to attend college immediately after graduating high school. There are no restrictions on when you can use your Account to pay for college expenses.

What if the Beneficiary or I move out of Arizona after I open an Account? You can continue to contribute to your Account, and your Beneficiary can still use the Account to attend any Eligible Educational Institution. However, if you move out of State and no longer pay Arizona income tax, you will no longer be eligible to receive the Arizona State tax benefits.

What if I experience a financial hardship and need to withdraw the funds for a purpose other than college expenses? You may request a distribution at any time. If the funds are not used for Qualified Expenses (a Non-Qualified Distribution), federal and applicable state income taxes, plus the Distribution Tax, will apply to any earnings portion of your distribution. In addition, Early Withdrawal Penalties may apply. For details about specific tax and other penalties, please read Information About the CD Options: CD Option Profiles starting on page 14, Certain Federal Tax Considerations starting on page 19 and Certain State Tax Considerations on page 21.

What if I already have a 529 plan? Can I transfer my Account to the AFCSP? Yes. We will accept a rollover of an Account with another Qualified Tuition Program into the Plan. You should contact the sponsor of your current Qualified Tuition Program for additional details on rolling over your Account. Please be aware that not all states permit direct rollovers from Qualified Tuition Programs. In addition, there may be state income tax consequences (and in some cases state-imposed penalties) resulting from a rollover out of another state’s Qualified Tuition Program.

Do my contributions to the Plan qualify as a gift under federal law? Yes. Payments to an Account are completed gifts for federal gift tax purposes and are eligible for the applicable annual exclusion from gift and generation-skipping transfer taxes (in 2011, $13,000 for a single individual or $26,000 for a married couple making a proper election). Under certain conditions, you can contribute up to $65,000 immediately ($130,000 for married couples) and apply the contribution against the annual exclusion equally over a five-year period. Please consult your tax advisor for more information.

What are the risks involved in investing in the AFCSP? As with any investment, there are risks involved in investing in the Plan. To learn about the risks, please read and carefully consider Plan Risk Factors on page 11.

Who is College Savings Bank? College Savings Bank is the Program Manager for the AFCSP. College Savings Bank has served as the Program Manager for the Program since 1999. For additional information, visit www.collegesavings.com.

Where can I find additional forms and Enrollment Kits? To obtain forms relating to the Plan or additional Enrollment Kits, visit the Plan website at www.collegesavings.com/arizona or call 1.800.888.2723.
INTRODUCTION

Acknowledgement of Terms. A completed Enrollment Form includes an acknowledgement that you agree to be bound by the terms and conditions of the Disclosure Statement and the Enrollment Form. The Disclosure Statement and, when executed by you, the Enrollment Form, constitutes the entire agreement between you and the Trust.

Accuracy of Information in Disclosure Statement. The information in this Disclosure Statement is believed to be accurate as of the cover date, but it is subject to change without notice. No one is authorized to provide information that is different from the information in the most current form of this Disclosure Statement.

Other Important Information. 529 PLANS ARE INTENDED TO BE USED ONLY TO SAVE FOR QUALIFIED EXPENSES. THE AFCSP IS NOT INTENDED TO BE USED, NOR SHOULD IT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF EVADING FEDERAL OR STATE TAXES OR TAX PENALTIES. TAXPAYERS MAY WISH TO SEEK TAX ADVICE FROM AN INDEPENDENT TAX ADVISOR BASED ON THEIR OWN PARTICULAR CIRCUMSTANCES.

ESTABLISHING AN ACCOUNT

Eligibility. To participate in the Plan, you must be a U.S. citizen (or a resident alien), or an entity that is organized in the U.S. and be 18 years or older. By signing the Enrollment Form, you irrevocably consent and agree that the Account is subject to the terms and conditions of the Disclosure Statement.

A qualified individual in his or her capacity as a Custodian under a UGMA/UTMA may open an Account for a minor and designate the minor as the Account Owner and Beneficiary. The UGMA/UTMA Custodian will control the Account until the Beneficiary reaches the age of majority under the applicable UGMA/UTMA statute, at which time, the Beneficiary may take control of the Account. The UGMA/UTMA Custodian will not be permitted to change the Beneficiary.

A scholarship Account may be opened only by a state or local government, or a charitable organization qualifying under section 501(c)(3) of the Code. A Beneficiary does not need to be named when a scholarship Account is opened.

Opening an Account. To open an Account, you must complete and sign an Enrollment Form and open an Account either online or in writing. By signing the Enrollment Form, you agree that your Account is subject to the terms and conditions of this Disclosure Statement.

Selecting a Beneficiary. You can set up an Account for your benefit, for your child, grandchild, spouse, another relative, or even someone not related to you. Each Account can have only one (1) Beneficiary at any time. However, you may have multiple Accounts for different Beneficiaries. Also, different Account Owners may have an Account for the same Beneficiary within the Plan, but contributions to an Account will be limited if the total assets held in all Accounts for that Beneficiary exceed the Maximum Account Balance. See Contributing to Your Account: Maximum Account Balance on page 10. The Beneficiary may be of any age; however, the Beneficiary must be an individual and not a trust or other entity. A Beneficiary does not have to be named on the Enrollment Form when the Account Owner is a tax exempt organization, as defined in the Code, and the Account has been established as a general scholarship fund.

Joint account ownership. Joint Account ownership is available for spouses only. The name and Social Security Number of the first Account Owner listed on the Enrollment Form (primary Account Owner) will be used for IRS reporting purposes. If you open an Account online, only the primary Account Owner may register an email address with the Plan as well as create a password to transact online. Account statements, transaction confirmations, and Disclosure Statements and supplements, as well as correspondence from the Plan will be mailed to the address on file for the primary Account Owner (or the primary Account Owner will receive notification to the registered email address if electronic delivery of these documents is chosen). You can choose to have duplicate Account statements mailed to the Joint Account Owner at another address as an interested party by completing the appropriate form.

Successor account owner/custodian. You may designate a Successor Account Owner (to the extent permissible under applicable law) to succeed to all of your rights, title, and interest in your Account upon your death. You can make this designation on the Enrollment Form, online, or in writing. We must receive and process your request before the Successor Account Owner/Custodian designation can be effective. You may revoke the designation of a Successor Account Owner/Custodian at any time by submitting a Successor Account Owner Designation Form. Forms may be obtained from our website at www.collegesavings.com/arizona or by calling us at 1.800.888.2723. If your Account is jointly owned, the surviving Account Owner will become the sole owner of the Account upon the death of the other Joint Account Owner.
Multiple Accounts. You may open multiple Accounts and an individual may be the Beneficiary of more than one (1) Account. Balances in multiple Accounts with the same Beneficiary are aggregated for purposes of monitoring the Maximum Account Balance. See Contributing to Your Account: Maximum Account Balance on page 10.

Documents in Good Order. To process any transaction in the Plan, all necessary documents must be in good order, which means executed when required and properly, fully and accurately completed.

Account Statements. We will send you an annual statement that will include the Account balance, as well as all contributions, distributions and earnings that occurred during the preceding twelve (12) months. You will also receive quarterly statements reflecting account activity and balances. Generally quarterly statements are distributed in November, February and May and annual statements are distributed in August. This schedule is subject to change in the sole discretion of the Plan.

CONTRIBUTING TO YOUR ACCOUNT

Your initial contributions to the Account and later contributions can be made by personal check, cashier's check or certified check issued by a U.S. financial institution, E-Check, direct deposit plan, payroll deduction, or through a rollover distribution from another Qualified Tuition Program. All contributions must be in U.S. dollars. Direct deposit plan and E-Check contributions can be selected by completing the appropriate area on the Enrollment Form.

Contributions by Check. You may make your initial contribution by check. The initial minimum contribution of $250 must accompany your Enrollment Form. Any additional contributions you make by check should be at least $250. Checks must be made payable to AFCSP, CSB as Manager. Third-party personal checks must be payable to you or the Beneficiary and be properly endorsed by you or the Beneficiary to AFCSP, CSB as Manager. Additional contributions by check should be accompanied by a deposit slip. Deposit slips are available at www.collegesavings.com/arizona or by contacting a Client Service Representative at 1.800.888.2723.

Contributions by check received before 2:00 p.m. Eastern time are credited on the same Exchange Business Day. Contributions by check received after 2:00 p.m. Eastern time are credited on the next Exchange Business Day.

E-Check. You may also contribute by E-Check. Each contribution must be in an amount of at least $250. You may authorize us to withdraw funds by E-Check from a checking or savings account for both initial and/or additional contributions to your Account, provided you have submitted certain information about the bank account from which the money will be withdrawn. E-Check transactions can be completed through the following means:

(i) by providing E-Check instructions on the Enrollment Form;
(ii) by submitting E-Check instructions online after enrollment at www.collegesavings.com/arizona; or
(iii) by contacting a Client Service Representative at 1.800.888.2723. We do not charge a fee for contributing by E-Check. The daily maximum contribution by E-Check is $250,000. All contributions by E-Check are credited on the next Exchange Business Day.

Direct Deposit Plan (ACH Plan). You may contribute to your Account by authorizing us to receive periodic automated debits from a checking or savings account at your bank if your bank is a member of the Automated Clearing House. You can initiate an ACH Plan either when you enroll by completing the ACH Plan section of the Enrollment Form or after your Account has been opened, either online, over the phone (provided you have previously submitted certain information about the bank account from which the money will be withdrawn), or in writing by submitting a Direct Deposit Authorization and Change Form. ACH Plan contributions must equal at least $25 per month or $75 per quarter. Your ACH Plan authorization will remain in effect until we have received notification of its termination from you and we have had a reasonable amount of time to act on it.

You may terminate your ACH Plan at any time. Any changes to, or termination of, an ACH Plan must be received at least three (3) Exchange Business Days before a scheduled debit from your bank account and will become effective as soon as we have had a reasonable amount of time to act on it.

There is no charge for enrolling in an ACH Plan. ACH Plan debits from your bank account will occur on the 1st and/or the 20th of the month, provided the day is a regular Exchange Business Day. If the day you indicate falls on a weekend or New York Stock Exchange holiday, the ACH Plan debit will occur on the next Exchange Business Day. Quarterly ACH Plan debits will be made on the 1st and/or 20th day of the month every three (3) months, or the next Exchange Business Day, if applicable. If you do not designate a date, your bank account will be debited on the 20th of the applicable month. Contributions by ACH or wire transfer are credited on the Exchange Business Day the Bank receives the funds.

The start date for an ACH Plan must be at least three (3) Exchange Business Days from the date of receipt of the ACH Plan request. If a start date for an ACH Plan is less than three (3) Exchange Business Days from the date of the receipt of the ACH Plan request, the ACH Plan will start on the requested day in the next succeeding month.

Payroll Deduction. You may be eligible to make automatic, periodic contributions to your Account by payroll deduction (if your employer offers such a service). You may make your initial investment by payroll deduction or set up payroll deduction for additional contributions to your Account. The minimum payroll deduction contribution is $25 per paycheck. Contributions by payroll deduction will only be permitted from employers able to meet our operational and administrative requirements. You must
Rollover Contributions. You can contribute to the Plan by rolling over assets from another Qualified Tuition Program to your Account for the benefit of the same Beneficiary. You can also rollover assets from your Account or another Qualified Tuition Program to a Beneficiary who is a Member of the Family of your current Beneficiary. (See Maintaining and Making Changes to Your Account: Options for Unused Contributions: Changing a Beneficiary, Transferring Assets to Another of Your Accounts starting on page 23). A rollover for the same Beneficiary is restricted to once per 12-month period.

Incoming rollovers can be direct or indirect. A direct rollover is the transfer of money from one Qualified Tuition Program directly to another. An indirect rollover is the transfer to you of money from an account in another Qualified Tuition Program; you then contribute the money to your Account. To avoid federal income tax consequences and the Distribution Tax, you must contribute an indirect rollover within 60 days of the distribution. You should be aware that not all states may permit direct rollovers from Qualified Tuition Programs. In addition, there may be state income tax consequences (and in some cases state-imposed penalties) resulting from a rollover out of a state’s Qualified Tuition Program.

Moving Assets from an UGMA/UTMA Account. If you are the custodian of an UGMA/UTMA account, you may be able to open an Account in your custodial capacity, depending on the laws of the state where you opened the UGMA/UTMA account. These types of accounts involve additional restrictions that do not apply to regular 529 plan accounts. The Plan Officials are not liable for any consequences related to your improper use, transfer, or characterization of custodial funds. In general, your UGMA/UTMA custodial account is subject to the following additional requirements and restrictions:

- You must indicate that the Account is an UGMA/UTMA account by checking the appropriate box on the Enrollment Form;
- You must establish an Account in your custodial capacity separate from any Accounts you may hold in your individual capacity;
- You will be permitted to make distributions only in accordance with the rules applicable to distributions under applicable UGMA/UTMA law;
- You will not be permitted to change the Beneficiary of the Account (directly or by means of a Rollover Distribution), except as may be permitted by applicable UGMA/UTMA law;
- You will not be permitted to change the Account Owner to anyone other than a successor Custodian during the term of the custodial account under applicable UGMA/UTMA law;
- You must notify us when the custodianship terminates and your Beneficiary is legally entitled to take control of the Account. At that time, the Beneficiary will become the Account Owner and will become subject to the provisions of the Plan applicable to non-UGMA/UTMA Account Owners;
- Any tax consequences of a distribution from an Account will be imposed on the Beneficiary and not on the Custodian; and
- We may require you to provide documentation evidencing compliance with the applicable UGMA/UTMA law.

In addition, certain tax consequences described under Certain Federal Tax Considerations starting on page 19 and Certain State Tax Considerations on page 21 may not be applicable in the case of Accounts opened by a custodian under UGMA/UTMA. Moreover, because only contributions made in “cash form” may be used to open an Account in the Plan, the liquidation of non-cash assets held by an UGMA/UTMA account would be required and would generally be a taxable event. Please contact a tax advisor to determine how to transfer assets held in an existing UGMA/UTMA account and what the implications of such a transfer may be for your specific situation.

Moving Assets from a Coverdell Education Savings Account. You may fund your Account by moving assets from a Coverdell Education Savings Account (ESA). Please indicate on the Enrollment Form or with any additional contributions that the assets were liquidated from the ESA. Unlike UGMA/UTMA accounts, the Beneficiary may be changed to a Member of the Family of the beneficiary of an ESA. Making distributions from an ESA to fund an Account for the same Beneficiary is not a taxable transaction. Consult your tax advisor for more information.

Redeeming U.S. Savings Bonds. You may fund your Account with proceeds from the redemption of certain U.S. Savings Bonds. In certain cases, you may redeem U.S. Savings Bonds under the education tax exclusion. Please visit www.savingsbonds.gov to determine if you are eligible for this exclusion.

Additional Form Requirements for Rollovers, ESAs and Series EE or Series I Bonds. Rollover contributions and other transfers to your Account must be accompanied by an Direct Rollover Form as well as any other information we may require, including the information required for certain contributions described below. To rollover assets for the same Beneficiary into an Account in the Plan, you must complete a Direct Rollover Form and an Enrollment Form (or Deposit Slip for existing Accounts).

When making a contribution to your Account with assets previously invested in an ESA, a redemption of Series EE and Series I bonds or a rollover, you must provide us with the following documentation, as applicable:

- In the case of a contribution from an ESA, an account statement issued by the financial institution that acted as custodian of the account that shows basis and earnings.
• In the case of a contribution from the redemption of Series EE or Series I U.S. Savings Bonds, an account statement or Form 1099-INT issued by the financial institution that redeemed the bond showing interest from the redemption of the bond.

• In the case of a rollover, either you or the previous Qualified Tuition Program must provide us with a statement issued by the distributing program that shows the earnings portion of the distribution.

Please visit www.collegesavings.com/arizona or contact a Client Service Representative at 1.800.888.2723 for any of the forms you may need. Until we receive the documentation described above, as applicable, we will treat the entire amount of the contribution as earnings in the Account receiving the transfer.

Crediting Your Contributions. If you have contributed a sufficient amount to your Account to purchase a CD, the CollegeSure CD or Fixed Rate CD Options will be purchased on your behalf on the Contribution Date and interest will begin to accrue on the Contribution Date. InvestorSure CDs will be purchased on your behalf on the next Issue Date. See Information About the CD Options: CD Option Profiles starting on page 14.

Maximum Account Balance. You can contribute up to a Maximum Account Balance of $340,000 (accurate as of 10/1/11) for each Beneficiary. The aggregate market value of all accounts for the same Beneficiary under all Qualified Tuition Programs sponsored by the State are counted toward the Maximum Account Balance regardless of the Account Owner. Earnings may cause the account balances for any one Beneficiary to exceed $340,000 and no further contributions will be allowed at that point. If a contribution is made to an Account that would cause the aggregate balance of all accounts to exceed the Maximum Account Balance, all or a portion of the contribution amount will be returned to you or the contributor. If you are enrolled in an ACH Plan, the ACH Plan will be discontinued.

Should the ACPE decide to increase this amount, which it evaluates annually, additional contributions up to the new Maximum Account Balance will be accepted.

Excess Contributions. The excess portion of any contributions received that would cause the Account balance to exceed the Maximum Account Balance (as determined by the close of business on the day prior to our receipt of your contribution) will be returned to you. If a contribution is applied to an Account and we later determine the contribution to have caused the aggregate market value of the account(s) for a Beneficiary in all Qualified Tuition Programs sponsored by the State to exceed the Maximum Account Balance, we will refund the excess contributions and any earnings thereon to the contributor. Any refund of an excess contribution may be treated as a Non-Qualified Distribution.

If you, the Program Manager or the ACPE discovers that you inadvertently made an excess contribution with respect to a Beneficiary and it is not rejected and returned, you must promptly withdraw the contribution or roll it over to another Account for another Beneficiary. Failure to withdraw excess contributions could result in the disqualification of the Account.

Discontinuing ACH Plans or Payroll Deductions. The amount or frequency of contributions can be changed or stopped at any time. To discontinue or reinstate ACH Plans, or to change the frequency, amount or maturities of CD purchases, you must notify us in writing, or complete a Direct Deposit Authorization and Change Form. To make similar changes to payroll deductions, including stopping payments or changing amounts, contact your employer’s payroll department.

Contributions from Non-Account Holders. A person does not need to be the Account Owner to contribute to an Account. However, a contributor who is not the Account Owner will have no rights with respect to the assets contributed into the Account. A contributor who is not an Account Owner should obtain advice from a tax professional about the gift tax consequences of the contribution. See Certain Federal Tax Considerations starting on page 19 and Certain State Tax Considerations on page 21.

FEES AND EXPENSES

No Asset-Based Fees. The AFCSP does not charge any application, maintenance or distribution fees. We reserve the right, however, to charge Account Owners such fees in the future. You will be notified of any such fees, if adopted, and the fees will apply prospectively only.

<table>
<thead>
<tr>
<th>INVESTMENT OPTION</th>
<th>COLLEGESURE CD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Underlying Fund Expenses</td>
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<td>Program Manager Fee</td>
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<td>State Fee</td>
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<tr>
<td>Misc. Fees</td>
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<td>Annual Distribution Fee</td>
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<td>Total Annual Asset-Based Fees</td>
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<td>Additional Investor Expenses</td>
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<tr>
<td>Maximum Initial Sales Charge</td>
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<tr>
<td>Annual Account Maintenance Fee</td>
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</table>
Service-Based and Other Fees. We reserve the right to charge service-based and other fees if the ACPE and the Bank determine them to be necessary and reasonable. We may also impose certain transaction fees for the transactions specified on the following chart:

<table>
<thead>
<tr>
<th>TRANSACTION</th>
<th>FEE AMOUNT *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overnight Delivery</td>
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</tr>
<tr>
<td>Outgoing Wires</td>
<td>$35</td>
</tr>
<tr>
<td>Reissue of Disbursement Checks</td>
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<td>Change of Beneficiary—First Time</td>
<td>$0</td>
</tr>
<tr>
<td>Change of Beneficiary—Second Time</td>
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</tr>
</tbody>
</table>

* Subject to change without prior notice. We reserve the right to not reimburse fees charged by financial institutions for contributions made either via ACH Plan or E-Check that are cancelled due to insufficient funds in the bank account from which the money is withdrawn.

PLAN RISK FACTORS

Key Risk Factors of the AFCSP. This Section includes a discussion of the key general and investment risks you should consider before making any decisions about opening an Account or making any additional contributions. The contents of this Disclosure Statement should not be construed as legal, financial, or tax advice. You should consult an attorney or a qualified financial or tax advisor with any legal, business, or tax questions you may have. In addition, no investment recommendation or advice you receive from any Financial Advisor or any other person is provided by, or on behalf of, the Plan Officials.

GENERAL RISKS

FDIC Insurance. Funds held in the Plan are insured up to applicable limits by the FDIC. For this purpose, an Account Owner’s interest in the principal balance of a CollegeSure CD, InvestorSure CD or Fixed Rate CD will, for deposit insurance purposes, be added to any other deposits the Account Owner holds in the same right and capacity at the Bank and insured up to the maximum amount set by federal law, currently $250,000. Interest that accrues on a Fixed Rate CD or CollegeSure CD is also covered by FDIC deposit insurance, subject to these same limitations. The FDIC has taken the position, however, that payments similar to the Upside Payment on an InvestorSure CD are not subject to FDIC insurance until the CD matures. An Account that is fully insured by the FDIC at the time of deposit may not be fully insured at a later date if the insurable balance of the Account, when aggregated with any other Accounts held in the same right and capacity by the Account Owner at College Savings Bank, grows to more than $250,000.

The application of FDIC insurance to Accounts involves several technical interpretations of the FDIC rules. It is possible that the FDIC will not agree with these interpretations or that the FDIC will change its interpretation of its own rules in a way that adversely affects the insurance applicable to some or all Plan Accounts. In the case of any such disagreements or changes, we will notify affected Account Owners and will waive Early Withdrawal Penalties to the extent that an Account Owner seeks to withdraw funds because of the lack of full FDIC Insurance coverage. Such withdrawals may be considered a Non-Qualified Distribution unless the funds are rolled over into another 529 plan. Such a rollover may be considered a Non-Qualified Distribution if there was another investment exchange made for that Account during the calendar year.

No Other Guarantees. There is no other insurance and there are no other guarantees for the CD Options. Therefore, neither your contributions to your Account nor any investment return earned on your contributions are guaranteed by the Plan Officials.

Fixed Maturities; Non-Qualified Distributions; Distribution Tax; Early Withdrawal Penalties. Relative to investing for retirement, the holding period for college investors is very short (i.e., 5–20 years versus 30–60 years). Also the need for liquidity during the withdrawal phase (to pay for Qualified Expenses) generally is very important. Each CD Option invests in CDs with fixed maturities of 1 to 22 years. Therefore, you should periodically assess, and if appropriate, adjust your 529 plan investment choices with your time horizon, risk tolerance, and investment objectives in mind.

You should save for college expenses through a 529 plan such as the Plan only if you expect to use the funds to pay for Qualified Expenses. If you withdraw the funds in your Account before they are needed for Qualified Expenses or you use funds for purposes other than for Qualified Expenses, you may be subject to the Distribution Tax.

If you redeem a CD in whole or part before maturity, the Bank will impose an Early Withdrawal Penalty that may be as high as 10% of principal. Please see Information About the CD Options: CD Option Profiles starting on page 14.

Limited Investment Direction; Liquidity. Investments in a Qualified Tuition Program are considered less liquid than other types of investments (e.g., investments in mutual fund shares) because the circumstances in which you may withdraw money from a Qualified Tuition Program account without a penalty or adverse tax consequences are significantly more limited. Once you select a CD Option for a particular contribution, Section 529 of the Code provides that you can move money or transfer from that CD Option to another only once per calendar year for the same Beneficiary. Any additional transfers within that calendar year will be treated as Non-Qualified Distributions, and they will be subject to federal and any applicable state income taxes and the Distribution Tax. In addition, because the CD Options are...
comprised of fixed maturity CDs, Early Withdrawal Penalties may apply to the transfer of funds from one CD Option to another.

If you direct that upon maturity the proceeds of a CD be invested other than in accordance with the default actions described in this Disclosure Statement, you could be considered to have made your once per calendar year investment exchange. If you made another investment exchange within the calendar year in any 529 plan offered by the State of Arizona for the same Beneficiary, a change in investment direction other than the default actions upon the maturity of a CD could be considered a Non-Qualified Distribution.

An investment in a CD is not the equivalent of a demand deposit in a checking account. Although you may take a distribution of funds from your Account, a check for the amount withdrawn (after reduction for possible Early Withdrawal Penalties) will be issued (i) up to 30 days after the Bank receives notice of the distribution request; and (ii) InvestorSure CD early withdrawals can only occur on the anniversary date of the InvestorSure CD’s Issue Date, provided that we receive proper written notice of the distribution request in good order. See Information About the CD Options: CD Option Profiles starting on page 14.

Discretion of the ACPE and CSB; Potential Changes to the Plan. The ACPE and CSB have the sole discretion to determine which CD Options will be available in the Plan. For example, the Plan Officials may change the Plan’s Fees and charges; add, subtract or modify CD Options; close a CD Option to new investors; or change the Program Manager. Depending on the nature of the change, you may be required to participate, or be prohibited from participating, in the change with respect to Accounts established before the change. If Plan Officials terminate the Plan, you may be required to take a Non-Qualified Distribution for which tax and penalties, including the Distribution Tax and Early Withdrawal Penalties, may be assessed. If you established your Account prior to the time a change to the Plan is made available, you may be required to participate in such changes or may be prohibited (according to Section 529 regulations or other guidance issued by the IRS) from participating in the Plan changes, unless you open a new Account.

In addition, the ACPE may terminate the Plan by giving written notice to you. If this happens, the assets in your Account will be distributed to you. Any amounts distributed are subject to any charges due; to any charge, payment, or penalty required by law to be withheld; and to allowances for any terminating or winding up expenses. Any transaction costs associated with a liquidation will be borne by the Accounts invested in the CD Options.

Suitability. The Plan Officials make no representation regarding the suitability or appropriateness of the CD Options as an investment. Other types of investments may be more appropriate depending upon your financial status, tax situation, risk tolerance, age, investment goals, savings needs, and the investment time horizons of you or your Beneficiary. You should consult a tax or investment advisor to seek advice concerning the appropriateness of this investment. There are programs and investment options other than the Plan available as education investment alternatives. They may entail tax and other fee or expense consequences and features different from the Plan including, for example, different investments and different levels of account owner control. You may wish to consider these alternatives prior to opening an Account.

Meeting College Expenses Not Guaranteed. Even if your Account(s) for a Beneficiary meets the maximum allowed under the Plan, there is no assurance that the money in your Account will be sufficient to cover all the education expenses your Beneficiary may incur, or that the rate of return on your investment will match or exceed the rate at which higher education expenses may rise each year.

IRS Regulations Not Final. As of the date of this Disclosure Statement, the IRS has not issued final tax regulations regarding Qualified Tuition Programs. However, the Plan has received a private letter ruling from the IRS confirming the qualification of the AFCSP under Section 529 of the Code.

Dependence on Qualified Tuition Program Status. If the Plan did not qualify as a Qualified Tuition Program, you would lose important tax benefits such as the ability to defer tax on the interest earned on your Account and tax-free Qualified Distributions.

Effect of Future Law Changes. It is possible that future changes in federal or state laws or court or interpretive rulings could adversely affect the terms and conditions of the Plan or the value of your Account, or the availability of state tax deductions, even retroactively. Specifically, the Plan is subject to the provisions of and any changes to or revocation of the Enabling Legislation. In addition, it is the ACPE’s intention to take advantage of Section 529 of the Code and therefore, the Plan is vulnerable to tax law changes or court or interpretive rulings that might alter the tax considerations described in Certain Federal Tax Considerations starting on page 19.

Death of Account Owner. Upon the death of the Account Owner, the following will occur:

1) If the Account was jointly owned, the surviving joint Account Owner will become the sole Account Owner.

2) If there is no joint Account Owner and a Successor Account Owner has been designated, the designated successor will become the Account Owner. Please note that the designation of a Successor Account Owner could cause the Account to be aggregated with other accounts of the owner at the Bank for purposes of the $250,000 limitation on FDIC insurance coverage.

3) If there is no surviving joint Account Owner or designated Successor Account Owner and the designated Beneficiary is at the age of majority or older, account ownership will be transferred to the designated Beneficiary.
4) If there is no surviving joint Account Owner or designated Successor Account Owner and the designated Beneficiary is a minor at the time of the Account Owner’s death, the Account will be transferred to the legal guardian for the designated Beneficiary as custodian under the applicable Uniform Transfers or Uniform Gifts to Minors Act. If the designated Beneficiary does not have a legal guardian designated, the Account Owner's personal representative will be allowed to designate a Custodian for the Account.

Relationship to Financial Aid. A Beneficiary may wish to participate in federal, state, or institutional loan, grant, or other programs for funding higher education. An investment in the Plan may have an adverse impact on the Beneficiary’s eligibility to participate in needs-based financial aid programs. Generally, if you are the parent, Account information would be included on the Free Application for Federal Student Aid (FAFSA) form as a parental asset, which is assessed at a lower rate than a student's asset would be. Currently, if a dependent student is the Account Owner, the assets in the Account will generally not be considered the student's asset. Available balances in an Account will be treated as an asset of (a) the Beneficiary if the Beneficiary is an independent student; or (b) the parent if the Beneficiary is a dependent student, regardless of whether the Account Owner is the Beneficiary or the parent. Since the treatment of Account assets under any such program may have a material effect on your Beneficiary’s eligibility to receive valuable benefits under financial aid programs, you or your Beneficiary will need to check the applicable laws or regulations or check with the financial aid office of an Eligible Educational Institution and/or your tax advisor regarding the impact of an investment in the Plan on needs-based financial aid programs. Plan Accounts are not considered when determining eligibility for state financial aid programs in Arizona. If you are not an Arizona resident, check with your state for more information.

Issues Relating to Account Ownership. Although contributions to your Account are treated for tax purposes as gifts to the Beneficiary, your Account may be treated for other purposes as your assets. This may be important in the case of governmental programs that take into account a person’s assets for purposes of determining benefits.

INVESTMENT RISKS

General CD Option Risks; Lack of Immediate Liquidity. Each CD Option has its own strategy and, as a result, its own maturity and performance characteristics. In choosing the appropriate CD Option(s) for your Account, you should consider your investment objectives, time horizon, and other factors you determine to be important. These CD Options may not be suitable for some investors. The CD Options invest in CDs with maturities from 1 to 22 years. You should not invest your money in the Plan if you do not have the intent or ability to maintain your investment for the full term of the applicable CD.

COLLEGESURE CD RISKS

Reliance on the College Board's Independent College 500® Index (IC 500®). CollegeSure CDs are variable rate CDs which are indexed to college costs as determined by the IC 500. The variable rate is subject to a maximum interest rate. There can be no assurance that your account balance upon maturity will be sufficient to meet the qualified expenses as measured by the IC 500.

Although the IC 500, to which the CollegeSure CD is indexed, measures tuition, fees, room and board costs and rates of change in these costs at the 500 independent colleges represented by the IC 500, the IC 500 is not necessarily representative of all higher education institutions as a whole, nor any independent institution in particular.

INVESTORSURE CD RISKS

Uncertainty of an Investment Return. Because the InvestorSure CD Closing Market Value (CMV) is determined by a number of market factors affecting the Standard & Poor’s® 500 Composite Stock Index (S&P 500®), the investment return of the InvestorSure CD may be more or less than a fixed rate of interest earned from other standard CDs. If there is no change, or if there is a decrease in the Market Measure from the Starling Market Value (SMV) to the CMV, you will not be paid an Upside Payment. CSB does not guarantee any specific rate of interest, and offers no warranties, either expressed or implied, that the InvestorSure CD will result in any Upside Payment. CSB disclaims any liability for damages incurred by you as a result of the purchase of an InvestorSure CD, including compensatory, punitive, indirect or consequential damages (including lost profits).
Different Investment Return Compared with an S&P 500 Mutual Fund. The InvestorSure CD is different from an investment in a mutual fund that consists of component stocks included in the S&P 500. A return on an investment in such a mutual fund includes dividends paid on the component stocks and reflects direct changes in the prices of such stocks. Returns from an InvestorSure CD do not include dividends. Further, the return on an InvestorSure CD could be lower or higher than the return on an S&P 500 mutual fund because the InvestorSure CD moderates its return by averaging the return on the S&P 500 and reducing the investment return by applying a Market Participation Factor of less than 100%. See CD Option Profiles: InvestorSure CD starting on page 16.

Suitability. While your principal is protected pursuant to FDIC regulations, you should not invest your money in this CD Option if you are unable or unwilling to accept the risk that you might receive no return on your invested principal. You should not invest your money in this CD Option if you want an investment that fluctuates directly with the equity market. Past performance is no guarantee of future performance.

INFORMATION ABOUT THE CD OPTIONS

In this Section, you will find information about the CD Options, including a discussion of the CollegeSure CD, the InvestorSure CD, Fixed Rate CDs and the Accumulator and Savings Accounts. You should consider the information in this Section carefully before choosing to invest in one or more CD Options. Information related to each CD Option’s strategy and risks has been provided by the Program Manager. If you have questions about any of the investment-related information in this Section you should call a Client Service Representative at 1.800.888.2723 prior to making an investment decision.

Assets Held in Trust. Your Account assets are held in the Trust. Your Account is held for your exclusive benefit and may not be transferred or used by the Plan Officials for any purpose other than those of the Trust. Please keep in mind that you will not own the CDs. You are purchasing interests issued by the Trust composed of one or more CD Options, which invest your contributions in the CDs offered.

CD Option Changes. Plan Officials may (i) change the policies, objectives, and guidelines of the CD Options from time to time (ii) change the CDs that are offered under the Plan; and (iii) modify, add, and cancel CD Options at any time without prior notice. If Plan Officials make any changes to the CD Options, any CDs already purchased will maintain the same terms and conditions as of their original issue date. New contributions, however, may be invested in a CD Option that is different from your original CD Option. Neither you, your Beneficiary, nor any contributor to your Account may direct the CDs in with each CD Option invests.

Investment Risks. For a discussion of the key investment risks of the CD Options, please see Plan Risk Factors: Investment Risks starting on page 13.

CD Option Selection. For each new contribution, you can select from any of the CD Options when you make your contribution.

Changing CD Options. Once your CD Option is selected for a particular contribution, IRS guidance provides that you can move money or transfer from one CD Option to another once per calendar year for the same Beneficiary.

Authorized Representatives. Pursuant to agreements with CSB, various retail banks, broker/dealers and financial planners act as agents in effecting sales to their customers relating to the AFCSP, and CSB has agreed to pay them commissions depending on the product and maturity of each CD sold under the agreements. You pay no commissions to any authorized representative in connection with purchases relating to the Plan. The commissions are an expense of the Bank and do not affect the amount of your contribution.

CD Option Summary. You can choose between three (3) different CD Options (the CollegeSure CD, the InvestorSure CD, or Fixed Rate CDs) at the time the Account is established and at the time each subsequent contribution is made, subject to the $250 minimum contribution requirement. See Contributing to Your Account starting on page 8.

CD OPTION PROFILES

The following profiles highlight the investment objective and strategy of each CD Option.

Issuer. All CDs are issued by CSB, a New Jersey-chartered savings bank. CSB’s deposits are insured up to applicable statutory limits by the FDIC. Each CD is governed by the statutes, rules and regulations of the State of New Jersey and the FDIC; CSB’s certificate of incorporation and by-laws; the regulations, rules and practices adopted by CSB; and general savings bank practices.

FDIC Insurance. Your interest in the principal and accrued interest on a CD will, for FDIC deposit insurance purposes, be added to any other deposit accounts you hold at College Savings Bank (including any deposit accounts you hold under other 529 plans) in the same right and capacity and insured by the FDIC up to $250,000 in the aggregate. For this purpose, all Accounts with the same Account Owner and beneficiary relationship will be deemed to be held in the same right and capacity and will be combined for purposes of this $250,000 limitation. FDIC deposit insurance is backed by the full faith and credit of the U.S. Government. Separate deposit insurance for Accounts with the same Account Owner and Beneficiary may also be available in certain limited circumstances. Please contact a Client Service Representative at 1.800.888.2723 for additional information.
**Minimum Deposit Amounts.** For each CD Option, the minimum initial contribution is $250. Subsequent contributions per CD Option are also $250. Additional contributions may not be made to existing CDs but may be made into an existing Account to purchase new CDs offered by CSB under any of the three (3) available CD Options.

If you do not intend to contribute $250 at one time, you may contribute $25 per month if you use an ACH Plan or $25 per pay period using payroll deduction. ACH Plan contributions or payroll deductions are held in an Accumulator Account until the balance of your Account reaches $250. Once the funds reach the $250 level, they are used to purchase a CollegeSure CD, InvestorSure CD or Fixed Rate CD, as applicable. See Contributing to Your Account starting on page 8 for further details. The interest rate on an Accumulator Account is the same as the interest rate paid on a savings account at CSB, which is published online at www.collegesavings.com/arizona.

**COLLEGESURE CD**

**Product.** CollegeSure CDs are variable rate CDs which are indexed to College Costs. The variable rate is subject to a maximum interest rate.

**Maturities Available.** 1 to 22 years. The maturity date of each CollegeSure CD is July 31 of the year in which it matures.

**Interest Rate.** CollegeSure CDs pay interest each year they remain outstanding at a variable interest rate equal to the prior July 31 college inflation rate, as measured by the IC 500 less an issue margin determined on the Contribution Date. The variable interest rate will be subject to a maximum rate (or cap) which is also determined on Contribution Date. The interest rate will be reset on July 31 each year based on the change in the IC 500 and the interest rate cap.

The current issue margin and interest rate cap are published online at www.collegesavings.com/arizona. Account Owners will receive the published issue margin and interest rate cap on the Contribution Date. To lock in a posted margin and interest rate cap, you must open and fund your account online with a minimum investment of $250. If you prefer to mail in a check to fund the CD, the account will be opened at the issue margin and interest rate cap for the term selected on the Contribution Date.

**Annual Percentage Yield (APY).** The APY of each CollegeSure CD is the lesser of (a) the prior July 31 college inflation rate as measured by the IC 500 less an issue margin, or (b) the maximum interest rate determined by the CD’s interest rate cap. The issue margin and the interest rate cap are both determined at the time of the CD’s issuance. The APY can be zero percent.

**Accrual, Crediting and Compounding.** Interest begins to accrue on the Contribution Date. Interest on each CollegeSure CD is compounded and credited on July 31 immediately following the Contribution Date and annually each July 31 thereafter. No interest will be earned after the Maturity Date unless the CD is renewed for another term.

**Options at Maturity.** We will provide written notification at least 60 days before the Maturity Date. You must provide written instructions at least 30 days prior to the Maturity Date if you would like the proceeds upon maturity of the CollegeSure CD to be invested other than in accordance with the default actions described in this document. If you provide instructions in good order, funds will be disbursed from your Account no later than the first Exchange Business Day following the Maturity Date.

If we do not receive instructions at maturity, we will take one of the following default actions:

- If the Beneficiary will be 17 years of age or younger by December 31 of the year in which the CD matures, we will transfer the matured funds to a new 1-year CollegeSure CD issued under the then current terms and conditions for issuing 1-year CollegeSure CDs;
- If the Beneficiary will be 18 years of age or older by December 31 of the year in which the CD matures, we will hold the matured funds in a Savings Account until you provide distribution or other investment instructions.

Alternatively, you may choose one of the following options at maturity:

- Reinvest the matured funds in another CollegeSure CD under the then current terms and conditions;
- Transfer the matured funds to an InvestorSure CD;
- Transfer the matured funds to a 1- or 3-year Fixed Rate CD;
- Rollover the matured funds to another Arizona 529 plan account or into an account in another 529 plan;
- Hold the matured funds in a Savings Account; or
- Take a Qualified or Non-Qualified Distribution of the funds.

Please note any actions other than taking a Qualified or Non-Qualified Distribution or a default action stated above, could be considered your once per calendar year investment exchange and could therefore be subject to the restrictions described in Maintaining and Making Changes to Your Account starting on page 23.

**Early Withdrawal.** Upon 30 days prior written notice, you may take a Qualified or Non-Qualified Distribution, in whole or in part. All principal withdrawals taken, other than in the final year, are subject to an Early Withdrawal Penalty equal to 5% of the principal amount withdrawn. In the final year of a CollegeSure CD, the Early
Withdrawal Penalty is 1% of principal withdrawn. A withdrawal will reduce earnings. The Bank retains the right to terminate a CollegeSure CD if the withdrawal of principal from the CD would result in a balance of less than $250.

In addition to an Early Withdrawal Penalty, if the withdrawal is a Non-Qualified Distribution, you may also be subject to the Distribution Tax.

INVESTORSURE CD

Product. InvestorSure CDs are certificates of deposit indexed to the performance of the S&P 500.

Issue Dates. The InvestorSure CD is issued four (4) times a year on the Issue Date which is the first Exchange Business Day of February, May, August and November.

We must receive funds five (5) business days prior to a CD Issue Date to be considered for that specific issue. Funds received less than five (5) business days prior to a CD Issue Date will be held in an Accumulator Account until the next Issue Date.

Maturity Available. The term for an InvestorSure CD is five years (60 months) from the Issue Date. The Maturity Date is the first Exchange Business Day of the month that is five (5) years from the Issue Date. For example, if a certificate is issued on May 2, 2011, the CD will mature on May 2, 2016.

Annual Percentage Yield (APY). The APY is the annualized investment return over the life of the InvestorSure CD. It assumes that the Account Owner holds the InvestorSure CD until maturity. Because the Investment Return (discussed below) can be zero, CSB does not guarantee any positive APY. In addition, Early redemption will diminish earnings. See InvestorSure CD: Early Withdrawal on page 18.

Options at Maturity. We will provide written notification at least 60 days before the Maturity Date. Thereafter, you must provide written instructions at least 30 days prior to the Maturity Date if you would like the proceeds upon maturity of the InvestorSure CD to be invested other than in accordance with the default actions described in this document. If you provide instructions in good order, funds will be disbursed from your Account no later than the first Exchange Business Day following the Maturity Date.

If we do not receive instructions at maturity, we will take one of the following default actions:

- If the Beneficiary will be 17 years of age or younger by December 31 of the year in which the CD matures, we will transfer the matured funds to a 1-year Fixed Rate CD under the then current terms and conditions for issuing Fixed Rate CDs;
- If the Beneficiary will be 18 years of age or older by December 31 of the year in which the CD matures, we will hold the matured funds in a Savings Account until you provide distribution or other investment instructions.

Alternatively, you may choose one of the following options at maturity:

- Transfer the matured funds to a CollegeSure CD;
- Transfer the matured funds to a 1- or 3-year Fixed Rate CD;
- Reinvest the matured funds in another InvestorSure CD under the then current terms and conditions;
- Rollover the matured funds to another Arizona 529 plan account or into an account in another 529 plan;
- Hold the matured funds in a Savings Account; or
- Take a Qualified or Non-Qualified Distribution of the funds.

Please note that any actions other than taking a Qualified or Non-Qualified Distribution or a default action stated above, could be considered your once per calendar year investment exchange and could therefore be subject to the restrictions described in Maintaining and Making Changes to Your Account: Once Per Calendar Year Investment Exchange on page 24.

Market Measure. The Market Measure for the InvestorSure CD is the S&P 500. This index is published by Standard and Poor’s, a division of The McGraw-Hill Companies, Inc. It is a widely used index to indicate the movement in common stock prices. The stocks that comprise the S&P 500 account for approximately 75% of the United States equities market, based on market capitalization. For additional information on the S&P 500, visit www.collegesavings.com/arizona.

Investment Return. The Investment Return for the InvestorSure CD is not predetermined at a set rate as of the Issue Date, but rather is the market rate as determined by the Market Measure. The Investment Return is computed as the difference between the Closing Market Value (CMV) and the Starting Market Value (SMV) divided by SMV and then multiplied by the Market Participation Factor (MPF). The Investment Return is represented by the following equation:

\[
\text{MPF} \times \frac{(\text{CMV} – \text{SMV})}{\text{SMV}}
\]

The MPF will be 70%. CSB, in its sole discretion, may establish a MPF higher than 70%, however your decision to invest in the InvestorSure CD should be based on the assumption that the MPF will be 70%. To the extent the investment return on an InvestorSure CD is positive, a 70% MPF will result in a lower investment return compared to a 100% MPF.

The above formula for calculating investment return assumes that the Account Owner does not take a distribution prior to maturity, and is not applicable for early withdrawals. Please see InvestorSure CD: Early Withdrawal on page 18.
The Starting Market Value. The SMV is the closing value of the S&P 500 three (3) Exchange Business Days prior to the Issue Date. For example, a CD issued on May 2, 2011 has an SMV equal to the closing value of the S&P 500 on April 27, 2011.

The Closing Market Value. The CMV is the arithmetic average of the closing value of the S&P 500 on the Valuation Dates. The Valuation Dates are the Exchange Business Days coinciding with 20 quarterly observations between the Issue Date and the Maturity Date. For example, if the day of the month of the SMV is April 27, 2011, the Valuation Dates will include each, July 27, October 27, January 27, and April 27 between the SMV date and the Maturity Date. If the exact day of the month is not an Exchange Business Day, the Valuation Date that month is the first preceding Exchange Business Day.

The table below illustrates how the investment return would be calculated by using historical data and assuming that a five-year InvestorSure CD was issued on November 1, 2005 and matured on November 1, 2010.

<table>
<thead>
<tr>
<th>ISSUE DATE</th>
<th>MATURITY DATE</th>
<th>VALUATION DATE</th>
<th>S&amp;P CLOSE VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/1/05 (SMV)</td>
<td>11/1/10</td>
<td>10/27/05*</td>
<td>1,178.90</td>
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<tr>
<td>1st Valuation Date</td>
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<tr>
<td>2nd Valuation Date</td>
<td>4/27/06</td>
<td>1,309.72</td>
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<tr>
<td>3rd Valuation Date</td>
<td>7/27/06</td>
<td>1,263.20</td>
<td></td>
</tr>
<tr>
<td>4th Valuation Date</td>
<td>10/27/06</td>
<td>1,377.34</td>
<td></td>
</tr>
<tr>
<td>5th Valuation Date</td>
<td>1/26/07</td>
<td>1,422.18</td>
<td></td>
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<tr>
<td>6th Valuation Date</td>
<td>4/27/07</td>
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<tr>
<td>7th Valuation Date</td>
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<td>8th Valuation Date</td>
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<td>14th Valuation Date</td>
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<td>20th Valuation Date</td>
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<td>1,182.45</td>
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</tr>
</tbody>
</table>

*10/27/05 indicates the starting market value

Total: 24,305.90  Divided by: 20  CMV: 1,215.30

Investment Return: \[
\frac{70\% \times (1,215.30 - 1,178.90)}{1,178.90} = 2.16\%
\]

\[
APY = (1 + 2.16\%)^{\frac{1}{5}} - 1 = 0.43\%
\]
Impact of Averaging. The CMV is not determined by calculating the closing value of the S&P 500 on any particular day (such as the Maturity Date or the last Valuation Date). The CMV is determined by averaging the closing value of the S&P 500 over the 20 quarterly observations between SMV and the CMV of the InvestorSure CD. This method moderates fluctuations in the value of the S&P 500.

Thus, the investment return on an InvestorSure CD is different than the investment return that would be obtained if the CMV were the value of the S&P 500 on a single day. If the value of the S&P 500 on the last Valuation Date is lower than the previous 19 Valuation Dates, then the investment return will be higher by using averaging compared to an investment return using only the S&P 500 value on the last Valuation Date. Conversely, if the value of the S&P 500 on the last Valuation Date is higher than the previous 19 Valuation Dates, then the investment return may be lower by using averaging compared to an investment return using only the S&P 500 value on the last Valuation Date.

Upside Payment. At maturity, you may receive an Upside Payment on the InvestorSure CD. The Upside Payment will be the investment return multiplied by the principal amount of the InvestorSure CD. Because the CMV is determined by any number of market factors affecting the S&P 500, the investment return may be more or less than a fixed rate of interest earned from other standard CDs. If there is no change, or if there is a decrease, in the Market Measure from the SMV to the CMV, you will not be paid an Upside Payment. The Bank does not guarantee an APY, and offers no warranties, either express or implied, that the InvestorSure CD will result in any Upside Payment.

Early Withdrawal. Upon 30 days prior written notice, you may take a Qualified or Non-Qualified Distribution, in whole or in part, only on the anniversary date of the InvestorSure CD’s Issue Date. Withdrawals prior to the Maturity Date are subject to an Early Withdrawal Penalty equal to 10% of the principal of the InvestorSure CD.

Therefore, the redemption amount will be less than the original amount of principal, notwithstanding increases in the value of the Market Measure since the Issue Date. If you take a Qualified or Non-Qualified Distribution prior to the Maturity Date, you will not be guaranteed a return of 100% of the principal amount of the InvestorSure CD but will receive 90% of the principal amount without any Upside Payment. We retain the right to terminate an InvestorSure CD if the withdrawal of principal from the CD would result in a balance of less than $250.

In addition to an Early Withdrawal Penalty, if the withdrawal is a Non-Qualified Distribution, you may also be subject to the Distribution Tax.

FIXED RATE CD

Product: Fixed Rate CDs earn a fixed rate for the entire term of the CD, determined at the time the CD is opened. The rate will appear on your deposit confirmation along with the annual percentage yield (APY).

Maturities Available:

- 1-year Fixed Rate CD (12 month maturity)
- 3-year Fixed Rate CD (36 month maturity)

Annual Percentage Yield (APY). You will receive the published interest rate on the Contribution Date, except for online contributions by E-check where you will receive the APY applicable at the time of the day when you complete your online Enrollment Form or Deposit Slip, as applicable, and fund your Account. If you prefer to mail in a check to fund the CD, the Account will be opened at the applicable interest rate for the term selected on the Contribution Date.

Accrual, Crediting and Compounding. Interest begins to accrue on the Contribution Date, and is computed based on the daily balance of the contribution and the actual number of days elapsed divided by 365. Interest is compounded and credited to your Account annually. Interest accrued on your Account will not be paid until maturity of the CD. No interest will be earned after maturity unless the CD is renewed for another term.

Options at Maturity. We will provide written notification at least 60 days before the Maturity Date. Thereafter, you must provide written instructions at least 30 days prior to the Maturity Date if you would like the proceeds upon maturity of the Fixed Rate CD to be invested other than in accordance with the default actions described in this document. If you provide instructions in good order, funds will be disbursed from your Account no later than the first Exchange Business Day following the Maturity Date.

If we do not receive instructions at maturity, we will take one of the following default actions:

- If the Beneficiary will be 17 years of age or younger by December 31 of the year in which the CD matures, we will transfer the matured funds to a new 1-year Fixed Rate CD issued under the then current terms and conditions for issuing 1-year Fixed Rate CDs;
- If the Beneficiary will be 18 years of age or older by December 31 of the year in which the CD matures, we will hold the matured funds in a Savings Account until you provide distribution or other investment instructions.

Alternatively, you may choose one of the following options at maturity:

- Transfer the matured funds to a CollegeSure CD;
- Transfer the matured funds to an InvestorSure CD;
- Reinvest the matured funds in another 1- or 3-year Fixed Rate CD under the then current terms and conditions;
- Rollover the matured funds to another Arizona 529 plan account or into an account in another 529 plan;
• Hold the matured funds in a Savings Account; or
• Take a Qualified or Non-Qualified Distribution of the funds.

Please note any actions other than taking a Qualified or Non-Qualified Distribution or a default action stated above, could be considered your once per calendar year investment exchange and could therefore be subject to the restrictions described in Maintaining and Making Changes to Your Account starting on page 23.

**Early Withdrawal.** Upon 30 days prior written notice, you may take a Qualified or Non-Qualified Distribution, in whole or in part. Withdrawals prior to the Maturity Date are subject to an Early Withdrawal Penalty equal to three (3) months of interest. The APY applied to a Fixed Rate CD assumes the funds remain on deposit until the Maturity Date. An early withdrawal will reduce earnings.

In addition to an Early Withdrawal Penalty, if the withdrawal is a Non-Qualified Distribution, you may also be subject to the Distribution Tax.

## ACCUMULATOR ACCOUNT AND SAVINGS ACCOUNT TERMS AND CONDITIONS

The AFCSP offers the Accumulator Account as a special service to Account Owners utilizing an ACH direct deposit and/or payroll deduction. This savings account provides a convenient way to reach the minimum required for a CD. When the minimum is reached, a CD is automatically purchased. In addition, if we receive funds less than five (5) business days prior to an InvestorSure CD Issue Date, those funds will be held in an Accumulator Account until the next available Issue Date.

The Plan also offers a Savings Account as a special service to hold matured CD funds greater than $250 when the expected withdrawal to pay Qualified Expenses is sooner than one (1) year after the Maturity Date of the CD.

The Accumulator/Savings Account earns a variable interest rate equal to the Federal Funds Target Rate, the target interest rate set by the Federal Reserve Open Market Committee at which a depository institution lends its immediately available funds to another depository institution overnight. Interest begins to accrue on the Contribution Date. Your interest rate and APY may change without notice. However, we will send you a notice at least 30 days prior to a change in the terms that govern your Account, including a change in the index (currently Federal Funds Target Rate), or a change in the manner in which your Account earns interest.

Interest is credited and compounded quarterly on January 31, April 30, July 31, and October 31. Interest is calculated using the daily-balance method which applies a daily periodic rate to the principal in the Account each day.

**Withdrawals.** Withdrawals from these Accounts must be made by submitting a Distribution Authorization Form. You may call a Client Service Representative at 1.800.888.2723 to receive a Distribution Authorization Form or download the form on our website at www.collegesavings.com/arizona. Generally, withdrawal requests will be processed within ten (10) business days. You should note that if the withdrawal is a Non-Qualified Distribution, you may be subject to the Distribution Tax.

**CERTAIN FEDERAL TAX CONSIDERATIONS**

**General.** This Section takes a closer look at some of the federal tax considerations you should be aware of when investing in the AFCSP. However, the discussion is by no means exhaustive and is not meant as tax advice. This Disclosure Statement was developed to describe the terms and conditions and the CD Options offered by the Plan and cannot be relied upon for purposes of avoiding the payment of federal tax penalties. You should consult with your legal or tax advisor about the impact of these rules on your individual situation.

Please keep in mind that the IRS has issued only proposed regulations and certain other guidance under Section 529 of the Code. Final regulations could affect the tax considerations mentioned in this Section or require the terms of the AFCSP to change.

The Federal tax consequences associated with an investment in the Plan can be complex. In addition, some states may impose penalties and/or taxes on investments in or withdrawals from a Qualified Tuition Program offered by other states. These penalties and taxes may, in certain cases, result in an effective reduction or loss of some or all of the federal tax benefits discussed below. You should consult with a tax advisor regarding the application of federal tax laws to your particular circumstances.

**Federal Tax-Deferred Earnings.** Any earnings on contributions are tax deferred, which means your Account assets grow free of current federal income tax and are not subject to federal income tax if withdrawn to pay for Qualified Expenses, as described below.

**Federal Gift/Estate Tax.** This Section only discusses federal gift and estate taxes. The state law treatment of gift and estate taxes varies so you should check with your tax advisor. If the amounts contributed by you on behalf of the Beneficiary together with any other gifts to the Beneficiary (over and above those made to your Account) do not exceed $13,000 per year ($26,000 for married couples making a proper election), no gift tax will be imposed for that year. Gifts of up to $65,000 can be made in a single year ($130,000 for married couples making a proper election) for a Beneficiary and the contributor may elect to apply the contribution against the annual exclusion equally over a five-year period. This
allows you to move assets into tax-deferred investments and out of your estate more quickly. In general, if you die with assets still remaining in your Account, the Account’s value will not be included in your estate for federal estate tax purposes, unless you elect the five-year averaging and die before the end of the fifth year. If your Beneficiary dies, and assets remain in your Account, the value of the Account may be included in the Beneficiary’s estate for federal tax purposes. Further rules regarding gifts and the generation-skipping transfer tax may apply in the case of distributions, changes of Beneficiaries, and other situations. You should consult with a tax advisor when considering a change of Beneficiary or transfers to another Account for the specific effect of federal and state (if any) gift tax and generation-skipping transfer tax on your situation.

**Transfers and Rollovers.** As discussed earlier in **Contributing to Your Account** starting on page 8, certain transfers can be made without incurring federal income tax consequences or a Distribution Tax. The distribution must be placed in another Account or an Account of another Qualified Tuition Program within 60 days of the distribution date. If the new Beneficiary is a member of a generation lower than the prior Beneficiary, the transfer may be subject to the gift tax or generation-skipping transfer tax. Changes in your Beneficiary could potentially cause gift and/or generation-skipping transfer tax consequences to you and your Beneficiary. Because gift and generation-skipping transfer tax issues are complex, you should consult with your tax advisor. You can transfer assets for the same Beneficiary from another Qualified Tuition Program to your Account without adverse tax consequences only if no other such rollovers have occurred with respect to the Beneficiary within the prior twelve (12) months.

**Transfers Between Plans for the Same Beneficiary.** Under Section 529 of the Code, you can transfer assets directly between 529 plans, once per calendar year for the same Beneficiary. Such a direct transfer is considered an investment exchange for federal and state tax purposes and is therefore subject to the restrictions described in **Maintaining and Making Changes to Your Account** starting on page 23.

**Coverdell Education Savings Accounts (ESAs).** Generally, contributions may be made to both an ESA (defined in Section 530 of the Code) and a Qualified Tuition Program in the same year on behalf of the same Beneficiary. However, the same educational expenses cannot be claimed for a tax-exempt distribution from both the ESA and the Qualified Tuition Program.

**Education Tax Credits.** You and your Beneficiary, if eligible, can take advantage of Hope and Lifetime Learning Tax Credits without affecting your participation in the Plan or its benefits. Hope and Lifetime Learning Credits can be claimed in the same year that a tax-exempt distribution is taken from a Qualified Tuition Program provided the distribution is not used for the same educational expenses.

### FEDERAL TAXATION OF DISTRIBUTIONS

**All Distributions.** Distributions may have up to two (2) components: (i) principal, which is not taxable when distributed, and (ii) earnings, if any, which may be subject to federal income taxation. The Bank determines the earnings portion based on IRS rules and reports to the IRS and the recipient on Form 1099-Q (or other successor form). However, the Form 1099-Q does not report whether the distribution is a Qualified Distribution or a Non-Qualified Distribution. You are responsible for preparing and filing the appropriate forms when completing your federal income tax return and for paying any applicable tax directly to the IRS.

**Qualified Expense Distributions.** If you take a distribution from your Account to pay for Qualified Expenses, your Beneficiary generally does not have to include in income and earnings distributed for the applicable taxable year if the total distributions for that year are less than or equal to the total distributions for Qualified Expenses for that year minus any tax-free educational assistance and expenses taken into Account in determining any Hope or Lifetime Learning Credits claimed for that taxable year. Tax-free educational assistance generally refers to the tax-free portion of any scholarships or fellowships, Pell Grants, employer provided educational assistance, veterans’ education assistance, and other tax-free educational assistance.

If the total distributions from your Account exceed the amount of distributions for Qualified Expenses for a taxable year, a portion of the earnings distributed will be taxable to you or your Beneficiary, as applicable, in an amount equal to the total distributed earnings for the taxable year minus the total distributed earnings multiplied by a fraction the numerator of which is the adjusted qualified education expenses for the year, and the denominator of which is the total amount distributed during the year.

For example, assume you take a distribution of $5,000 from your Account in Year 1. Qualified Expenses for Year 1 are $5,000, your Beneficiary receives a scholarship for $1,000, and there are no Hope or Lifetime Learning Credits to be claimed for Year 1. Because the $1,000 scholarship must be subtracted from the total Qualified Expenses for Year 1, you will potentially be taxed on the earnings associated with the $1,000 that were not used for Qualified Expenses.

You, or your Beneficiary, as applicable, are responsible for determining the amount of the earnings portion of any distribution from your Account that may be taxable and are responsible for reporting any earnings that must be included in taxable income. You should consult with your tax advisor and IRS Publication 970 for further information. IRS Publication 970 is available online at: http://www.irs.gov/publications/p970/ch08.html#d0e9822.

**Other Distributions.** For federal income tax purposes and pursuant to current IRS guidance, including Form 1099-Q and proposed regulations, you, or the Beneficiary, as applicable, is
subject to federal and state income tax on the earnings portion of a distribution in the event of a distribution on account of the death or Disability of a Beneficiary, the receipt by the Beneficiary of a scholarship, grant, or Tuition Assistance, attendance at certain specified military academies, or use of Hope or Lifetime Learning Credits. These other distributions are not subject to the Distribution Tax.

Non-Qualified Distributions. You, or the Beneficiary, as applicable, are subject to federal and state income tax and the Distribution Tax on the earnings portion of any distribution that is not exempt from tax as described above.

Determination of Taxable Earnings. The principal and earnings portions of a distribution for federal tax purposes are determined by a formula reflecting the proportion of contributions to the overall market value of your Accounts in all Qualified Tuition Programs sponsored by the State for the same Beneficiary. If the distribution is subject to a Distribution Tax, the Distribution Tax is applied to the earnings portion. Due to the IRS rules regarding aggregation of accounts, the taxable earnings may be more or less than the actual earnings on any particular Account or Accounts.

CERTAIN STATE TAX CONSIDERATIONS

General. This Section takes a closer look at some of the state tax considerations you should be aware of when investing in the Plan. However, the discussion is by no means exhaustive and is not meant as tax advice. The State tax consequences associated with an investment in the Plan can be complex. You should consult with a tax advisor regarding the application of state tax laws to your particular circumstances.

Income Tax Advantages for Arizona Taxpayers. For the taxable years from December 31, 2007 through December 31, 2012 if you are an Arizona taxpayer and you contribute to one or more accounts in a 529 Plan, including the AFCSP, in a tax year, you are entitled to reduce your Arizona tax liability by the total amount of your eligible contributions, but not by more than $750 ($1,500 if married, filing jointly).

Arizona Tax-Free Distributions for Qualified Expenses. If you are an Arizona taxpayer, you or the Beneficiary are generally not subject to Arizona state income tax on the earnings portion of any distributions for Qualified Expenses. Since different states have different tax provisions, if you or your Beneficiary, as applicable, are not an Arizona taxpayer, you should consult your own state’s laws or your tax advisor for more information on your state’s taxation of distributions for Qualified Expenses.

Arizona Taxation of Non-Qualified and Other Distributions. If you are an Arizona taxpayer, you, or the Beneficiary, as applicable, will be subject to Arizona state income tax on the earnings portion of any distribution that is also included in your federal adjusted gross income for a taxable year. Since different states have different tax provisions, if you or your Beneficiary, as applicable, are not an Arizona taxpayer, you should consult your own state’s tax laws or your tax advisor for more information on your state’s taxation of other distributions.

Non-Arizona Taxpayers. If you are not an Arizona taxpayer, consider before investing whether your or the Beneficiary’s home state offers a Qualified Tuition Program that provides its taxpayers with favorable state tax and other benefits that may only be available through investment in the home state’s Qualified Tuition Program, and which are not available through an investment in the AFCSP. You may wish to contact your home state’s Qualified Tuition Program(s), or any other Qualified Tuition Program, to learn more about those plans’ features, benefits, and limitations. Keep in mind that state-based benefits should be one of many appropriately weighted factors to be considered when making an investment decision. Since different states have different tax provisions, this Disclosure Statement contains limited information about the state tax consequences of investing in the Plan. Therefore, please consult your financial, tax, or other advisor to learn more about how state-based benefits (or any limitations) would apply to your specific circumstances.

WITHDRAWALS AND ACCOUNT TERMINATION

General. You can take a distribution from your Account or close your Account at any time by completing a Distribution Authorization Form. The Bank will not send any proceeds from your distribution request until all the money has been collected, meaning the money’s availability in your Account. Please note that there may be a 15-calendar day hold placed on distribution requests when there is a change to your address or banking information.

Distributions from your Account are either Qualified Distributions or Non-Qualified Distributions as determined under IRS requirements. As the Account Owner, you are responsible for satisfying the IRS requirements for proof of Qualified Distributions, which includes retaining any paperwork and receipts necessary to verify the type of distribution you received. We will not provide information to the IRS regarding the type of distribution you receive.

Distributions may be subject to federal and/or state tax withholding and Early Withdrawal Penalties. For purposes of determining whether a distribution is taxable or subject to the Distribution Tax, you must determine whether the distribution is made in connection with the payment of Qualified Expenses, as defined under the Code and discussed under Qualified Distributions below, or fits within one of the exceptions to treatment as a Non-Qualified Distribution as discussed under Other Distributions on page 22.
Early Withdrawal. Early redemption of your CDs is permitted. Each CD features an early withdrawal procedure including specific instructions, limitations and Early Withdrawal Penalties for a distribution prior to the Maturity Date. See Information About the CD Options: CD Option Profiles starting on page 14.

Procedures for Distributions. Only the Account Owner may direct distributions from the Account. Qualified Distributions can be made payable to the Account Owner or the Beneficiary. You may call a Client Service Representative at 1.800.888.2723 to receive a Distribution Authorization Form or download the form on the Bank’s website at www.collegesavings.com/arizona. Complete and submit the form to us in good order and provide such other information or documentation as we may, from time to time, require. We will process a distribution from an Account on the first Exchange Business Day following maturity of the CD. Each CD Option also has specific notice requirements in order to request a distribution. See Information About the CD Options: CD Option Profiles starting on page 14 for additional information.

The Bank generally process a distribution from an Accumulator or Savings Account within 10 business days of accepting the request. CSB may also establish a minimum distribution amount and/or charge a fee for distributions made by federal wire.

Qualified Distributions. Distributions for Qualified Expenses are generally exempt from federal and applicable state income taxes and the Distribution Tax.

Non-Qualified Distributions. A distribution that does not meet the requirements for a Qualified Distribution will be considered a Non-Qualified Distribution by the IRS unless it is one of the distributions described below under Other Distributions. The earnings portion of a Non-Qualified Distribution will be subject to federal income taxes (and may be subject to other taxes) and will be taxable to the person receiving the distribution. In addition, Non-Qualified Distributions are subject to a Distribution Tax and may be subject to Early Termination Penalties.

The person receiving the distribution would need to comply with IRS requirements, including filing applicable forms with the IRS. Although the Bank will report the earnings portion of all distributions, it is your final responsibility to calculate and report any tax liability and to substantiate any exemption from tax and/or penalty.

Other Distributions. The distributions discussed below are not subject to the Distribution Tax. Except for a Rollover Distribution, the earnings portion of each distribution discussed will be subject to federal and to any applicable state income taxes. (See Certain Federal Tax Considerations: Transfers and Rollovers on page 20.) In addition, these distributions may be subject to Early Withdrawal Penalties. You should consult a tax advisor regarding the application of federal and state tax laws if you take any of these distributions:

Death of Beneficiary. In the event of the death of the Beneficiary, you may change the Beneficiary of your Account, authorize a payment to a beneficiary of the Beneficiary, or the estate of the Beneficiary, or request the return of all or a portion of your Account balance. A distribution due to the death of the Beneficiary, if paid to a beneficiary of the Beneficiary or the estate of the Beneficiary, will not be subject to the Distribution Tax, but earnings will be subject to federal and any applicable state income tax. A distribution of amounts in the Account, if not paid to a beneficiary of the Beneficiary or the Beneficiary’s estate, may constitute a Non-Qualified Distribution, subject to federal and applicable state income taxes at the distributee’s tax rate and the Distribution Tax. If you select a new Beneficiary who is a Member of the Family of the former Beneficiary, you will not owe federal income tax or the Distribution Tax. Special rules apply to UGMA/UTMA custodial accounts.

Disability of Beneficiary. In the event of the death of the Beneficiary, you may change the Beneficiary of your Account, authorize a payment to a beneficiary of the Beneficiary, or the estate of the Beneficiary, or request the return of all or a portion of your Account balance. A distribution due to the death of the Beneficiary, if paid to a beneficiary of the Beneficiary or the estate of the Beneficiary, will not be subject to the Distribution Tax, but earnings will be subject to federal and any applicable state income tax. A distribution of amounts in the Account, if not paid to a beneficiary of the Beneficiary or the Beneficiary’s estate, may constitute a Non-Qualified Distribution, subject to federal and applicable state income taxes at the distributee’s tax rate and the Distribution Tax. If you select a new Beneficiary who is a Member of the Family of the former Beneficiary, you will not owe federal income tax or the Distribution Tax. Special rules apply to UGMA/UTMA custodial accounts.

Receipt of Scholarship. If your Beneficiary receives a qualified scholarship, Account assets up to the amount of the scholarship may be withdrawn without imposition of the Distribution Tax. A qualified scholarship includes certain educational assistance allowances under federal law as well as certain payments for educational expenses (or attributable to attendance at certain educational institutions) that are exempt from federal income tax.

The earnings portion of a distribution due to a qualified scholarship is subject to federal and any applicable state income tax at the distributee’s tax rate.

Tuition Assistance. Distributions up to the amount of the Tuition Assistance, as described in the Code, may be made without incurring any Distribution Tax, although the earnings portion of such distributions will be subject to federal income taxes and may be subject to other taxes.
Attendance at Certain Specified Military Academies. If your Beneficiary attends the United States Military Academy, the United States Naval Academy, the United States Air Force Academy, the United States Coast Guard Academy, or the United States Merchant Marine Academy, you may withdraw up to an amount equal to the costs attributable to the Beneficiary’s attendance at the institution without incurring the additional Distribution Tax. The earnings portion of the distribution will be subject to federal and any applicable state income tax at the distributee’s tax rate.

Use of Education Tax Credits. If you pay Qualified Expenses from an Account, you will not be able to claim Hope or Lifetime Learning Credits for the same expenses. Furthermore, expenses used in determining the allowed Hope or Lifetime Learning Credits will reduce the amount of a Beneficiary’s Qualified Expenses to be paid from your Account as a Qualified Distribution and may result in taxable distributions. Such distributions will not be subject to the Distribution Tax.

Rollover Distribution. To qualify as a Rollover Distribution, you must reinvest the amount distributed from your Account into another Qualified Tuition Program within 60 days of the distribution date. Rollover Distributions may be subject to certain state taxes, but are generally exempt from federal income taxes and the Distribution Tax.

Records Retention. Under current federal tax law, you are responsible for obtaining and retaining records, invoices, or other documentation adequate to substantiate (i) expenses which you claim are Qualified Expenses, (ii) the death or Disability of a Beneficiary, (iii) the receipt by a Beneficiary of a qualified scholarship or Tuition Assistance, (iv) the attendance by a Beneficiary at certain specified military academies, or (v) the use of Hope or Lifetime Learning Credits.

Method of Payment. The Bank pays distributions to the following payees:

- Account Owner (by check or direct deposit to an established bank account); or
- Beneficiary (by check).

Trusts, Corporations, and Other Entities as Account Owners. An Account Owner that is a trust, partnership, corporation, association, estate, or another acceptable type of entity must submit documentation to the Plan to verify the existence of the entity and identify the individuals who are eligible to act on the entity’s behalf. Examples of appropriate documentation include a trust agreement, partnership agreement, corporate resolution, articles of incorporation, bylaws, or letters appointing an executor or personal representative. Documentation must be submitted when an Account is established. The Bank will not be able to open your Account until it receives all of the information required on the Enrollment Form and any other information it may require, including the documentation that verifies the existence of the Account Owner. If the individuals who are authorized to act on behalf of the entity have changed since the Account was established, then additional documentation must be submitted with any distribution or other transaction request.


Termination of Unclaimed Accounts. Under certain circumstances, if there has been no activity in your Account, or if we have not been able to contact you for a period of time, your Account may be considered abandoned under the State’s or your state’s unclaimed property laws. Under Arizona law, this time period is 3 years. Your state may have a different time period under which your Account may be considered abandoned. If your property is considered abandoned, it will, without proper claim by the Account Owner within a certain period of years, revert to the State or your state. For more information on the State’s unclaimed property law, see the Arizona’s Department of Revenue website at http://www.azdor.gov.

Involuntary Termination of Accounts. The Plan is not intended to be used, nor should it be used, by any taxpayer for the purpose of evading federal or state taxes or tax penalties. The Bank may refuse to establish or may terminate an Account if we determine that it is in the best interest of the Plan or required by law. If the Bank determines that you provided false or misleading information to the Plan Officials or an Eligible Educational Institution in establishing or maintaining an Account, or that you are restricted by law from participating in the Plan, it may close your Account.

Upon termination of an Account, the Bank will liquidate the Account and distribute the balance of the Account to the Account Owner. Tax implications and any other expenses, as a result of the liquidation, will be solely your responsibility. Early Withdrawal Penalties may apply.

MAINTAINING AND MAKING CHANGES TO YOUR ACCOUNT

Options for Unused Contributions; Changing a Beneficiary, Transferring Assets to Another of Your Accounts. Your Beneficiary may choose not to attend an Eligible Educational Institution or may not use all the money in your Account. In either case, you may name a new Beneficiary or take a distribution of your Account assets. Any Non-Qualified Distribution from your Account will be subject to applicable income taxes and the Distribution Tax. See Withdrawals and Account Termination starting on page 21. In addition, any distribution from your Account prior to the Maturity Date of the applicable CD may be subject to an Early Withdrawal Penalty. See Information About the CD Options: CD Option Profiles starting on page 14.
You can change your Beneficiary at any time. To avoid negative tax consequences, the new Beneficiary must be a Member of the Family of the original Beneficiary. Any change of the Beneficiary to a person who is not a Member of the Family of the current Beneficiary is treated as a Non-Qualified Distribution subject to applicable federal and state income taxes as well as the Distribution Tax. An Account Owner who is an UGMA/UTMA custodian will not be able to change the Beneficiary of the Account, except as may be permitted under the applicable UGMA/UTMA law. See Contributing to Your Account: Moving Assets From An UGMA/UTMA Account on page 9.

To initiate a change of Beneficiary, you must complete and submit a Change of Beneficiary Form (and an Enrollment Form if you do not already have an Account for the new Beneficiary). The change will be made upon our receipt and acceptance of the signed, properly completed form(s) in good order. The Bank reserves the right to suspend the processing of a Beneficiary transfer if CSB suspects that the transfer is intended to avoid the Plan’s exchange and reallocation limits and/or the tax laws. Also, a Beneficiary change or transfer of assets may be denied or limited if it causes one or more Accounts to exceed the Maximum Account Balance for a Beneficiary.

The CDs in which your CD Option invests will not change if you change Beneficiaries. CSB will continue to use your contributions to purchase the CDs you originally selected for your Account. You may change the CDs in which future contributions are invested at any time by submitting a Direct Deposit Authorization and Change Form.

Change of Account Owner. Except as discussed below, you may transfer control of your Account assets to a new Account Owner.

• a designated beneficiary (or a custodian for a designated beneficiary),
• an ex-spouse, pursuant to a divorce,
• joint ownership with a spouse or
• the person who assumes control of the account in the event of the account owners death. See General Risks: Death of an Account Owner starting on page 12.

All transfers to a new Account Owner must be requested in writing and include any information that may be required by us. However, your right of control may not be sold, transferred, used as collateral, or pledged or exchanged for money or anything of value. The Bank may require affidavits or other evidence to establish that a transfer is non-financial in nature. Your right of control may also be transferred under an appropriate court order as part of divorce proceedings. If you transfer control of an Account to a new Account Owner, the new Account Owner must agree to be bound by the terms and conditions of the Disclosure Statement and Enrollment Form. Transferring an Account to a new Account Owner may have significant tax consequences. Before doing so, you may want to check with your tax advisor regarding your particular situation.

In addition, it is possible that the IRS may issue regulations that further limit the ability to change account ownership.

Changing or Removing a Custodian. For an Account funded with assets originally held in an UGMA/UTMA account, the Custodian may be released or replaced upon written notice to the Plan. See Contributing to Your Account: Moving Assets From An UGMA/UTMA Account on page 9.

Once Per Calendar Year Investment Exchange. Federal law allows you to change the CD Options in which you currently invest for each Beneficiary once per calendar year. You can initiate this transaction by contacting a Client Service Representative at 1.800.888.2723 or by downloading an Exchange Form from our website. If you choose to make an annual exchange and, thereby terminate an existing CD Option prior to its Maturity Date, you may be subject to an Early Withdrawal Penalty.

PLAN GOVERNANCE AND ADMINISTRATION

The AFCSP. The Plan is a Qualified Tuition Program that is operated under a Trust established pursuant to the Enabling Legislation. The Enabling Legislation authorizes the ACPE to establish and administer Qualified Tuition Programs and gives the ACPE power to develop and implement the Plan through the establishment of rules, guidelines, procedures, or policies. In addition, the ACPE is provided discretion with regard to the formation of the Plan, including the establishment of minimum Account contributions and retention of professional services necessary to assist in the administration of the Plan. The Plan is administered by the ACPE, an instrumentality of the State.

Other Qualified Tuition Programs Administered by the ACPE. The ACPE administers three (3) Qualified Tuition Programs however this Disclosure Statement relates only to the AFCSP portion for which College Savings Bank serves as the Program Manager.

The ACPE. As required by the enabling legislation, the plan is directed and administered by the ACPE. The Commissioners of the ACPE consists of 16 members appointed by the governor. The act also creates an Arizona family college savings program oversight committee (committee) under the authority of the ACPE to assist the ACPE in the implementation and administration of the Plan, including recommending financial institutions for approval by the ACPE to act as managers of the program.

The Declaration of Trust. The Trust has been established pursuant to the Enabling Legislation as an instrumentality of the State. The Enabling Legislation provides that the ACPE is
trustee of the Trust. Assets of the Trust consist of the investments and earnings on investments of funds received by the Plan as contributions.

Program Manager. The ACPE has contracted with College Savings Bank to serve as Program Manager for the Plan. The Management Agreement between the ACPE and College Savings Bank expires in 2016.

The Trustee requires the Program Manager, its assets and liabilities, and its financial statements to be regularly examined by federal and state examiners. The Program Manager's regulatory financial statements are available quarterly at www2.fdic.gov/idasp/main.asp by searching for FDIC Certificate Number: 27041.

GENERAL PROVISIONS AND IMPORTANT NOTICES

Your Account. The Disclosure Statement and, when executed by you, the Enrollment Form, constitutes the entire agreement between you and the Trust with respect to your Account. By signing the Enrollment Form, you are requesting that the ACPE establish an Account for the benefit of the Beneficiary you designate on the Enrollment Form. Your Account and the Disclosure Statement and your signed Enrollment Form are subject to the Enabling Legislation and any rules the ACPE may adopt under the Enabling Legislation. Your Account assets will be held, subject to the Enabling Legislation and the Code, the Disclosure Statement, and your signed Enrollment Form, for the exclusive benefit of you and the Beneficiary.

Changes to an Account. The Plan Officials are not responsible for the accuracy of the documentation you submit to CSB to make changes to your Account, whether submitted online or in paper form. If acceptable notices, changes, options, and elections relating to your Account will take effect within a reasonable amount of time after we have received the appropriate documentation in good order.

Keep Legal Documents for Your Records. You should retain the Disclosure Statement for your records. The Bank may make modifications to the Plan in the future. If so, an addendum to the Disclosure Statement may be sent to your address of record or notice sent to you by email if you choose to receive documents electronically. If material modifications impacting your account are made to the Plan, a revised Disclosure Statement or addendum will be sent to your address of record or notice sent to you by email if you choose to receive documents electronically. In these cases, the new addendum and/or Disclosure Statement will supersede all prior versions. Please note that we periodically match and update the addresses of record against a change of address database maintained by the U.S. Postal Service to reduce the possibility that items sent First Class Mail, such as Account statements, will be undeliverable.

Changes to the Disclosure Statement. The ACPE may amend the terms of the Disclosure Statement from time to time to comply with changes in the law or regulations or if the ACPE determines it is in the Plan's best interest to do so. However, the ACPE will not retroactively modify existing terms and conditions applicable to an Account in a manner adverse to you or your Beneficiary except to the extent necessary to assure compliance with applicable state and federal laws or regulations or to preserve the favorable tax treatment to you, your Beneficiary, the ACPE, the Plan or the Trust.

Changes to State Statutes; Adoption of Rules. The Arizona Legislature may, from time to time, pass legislation, which may directly or indirectly affect the terms and conditions of the Plan and the Disclosure Statement. Also, the ACPE may adopt rules pursuant to the provisions of the Enabling Legislation, which may directly or indirectly affect the terms and conditions of the Plan and the Disclosure Statement.

Guide to Interpretation. The Plan is intended to qualify for the tax benefits of Section 529 of the Code. Notwithstanding anything in the Disclosure Statement to the contrary, the terms and conditions applicable to your Account will be interpreted and/or amended to comply with the requirements of that Section and applicable regulations.

Creditor Protections. Federal law provides limited creditor protections based on the timing of contributions and the debtor's relationship to the Beneficiary. Generally, contributions made to a debtor's Account less than 365 days before the filing of a bankruptcy petition are included in the debtor Account Owner's bankruptcy estate and are not protected from creditors. Contributions up to $5,850 made to a debtor's Account from 365 days to 72 days before the filing of a bankruptcy petition are generally not part of a debtor Account Owner's bankruptcy estate, provided that the Beneficiary is the debtor's child, stepchild, grandchild or step-grandchild. You should consult a legal advisor regarding the application of this specific law to your particular circumstances and for a determination of whether Arizona or federal law applies to your situation.

Representation. All factual determinations regarding your or your Beneficiary's residency, Disabled status, and any other factual determinations regarding your Account will be made by the ACPE or its designee based on the facts and circumstances of each case.

Severability. In the event that any clause or portion of the Disclosure Statement or the Enrollment Form, including your representations, warranties, certifications, and acknowledgements, is found to be invalid or unenforceable by a valid court order, that clause or portion shall be severed from the Disclosure Statement or the Enrollment Form, as applicable, and the remainder of the Disclosure Statement or Enrollment Form, as applicable, shall continue in full force and effect as if such clause or portion had never been included.
Precedence. Except as otherwise expressly provided in the Trust Declaration, in the event of inconsistencies between the Disclosure Statement, the Management Agreement, ACPE policy or any rules adopted by the ACPE, and the Code or Arizona statutes, the provisions of the Arizona statutes or the Code, as applicable, shall govern. To the extent permitted by Arizona law, the Code shall govern in the event of any inconsistencies between Arizona statutes and the Code.

Arizona Law. The Plan is created under the laws of the State. It is governed by, construed, and administered in accordance with the laws of the State. The venue for disputes and all other matters relating to the Plan will only be in the State.

Claims; Disputes. All decisions and interpretations by the Plan Officials in connection with the operation of the Plan will be final and binding upon you, the Beneficiary, and any other person affected. Any claim by you or your Beneficiary against the Plan Officials, individually or collectively, with respect to your Account shall be made solely against the assets in your Account. The obligations of the Plan under an Enrollment Form are moneys received from you and earnings and/or losses from your Account investments, and neither you nor your Beneficiary will have recourse against the Plan Officials, collectively or individually, in connection with any right or obligations arising out of an Account. Assets in your Account are not an obligation of the State. Accounts are not insured by the State and neither the principal deposited nor the investment return is guaranteed by the State. Establishment of an Account does not guarantee that a Beneficiary will be admitted to an Eligible Educational Institution or be allowed to continue enrollment at or graduate from an Eligible Educational Institution after admission. Establishing an Account does not establish Arizona residence for a Beneficiary. The State does not guarantee that amounts saved in an Account will be sufficient to cover the Qualified Expenses of a Beneficiary. All obligations under your Account and the Disclosure Statement are legally binding contractual obligations of the Trust only. The Plan may liquidate assets in your Account to pay any fees, expenses or liabilities owed to the Trustee, the Trust, the Program Manager, or certain other entities performing services related to the Plan.

Correction of Errors. If, within 30 days after issuance of any Account statement or confirmation, you make no written objection to us regarding an error in the Account that is reflected on that statement, the statement will be deemed correct and binding upon you and your Beneficiary. If you do not write us to object to a confirmation within that time period, you will be considered to have approved it and to have released the Plan Officials from all responsibility for matters covered by the confirmation. Each Account Owner agrees to provide all information that we need to comply with any legal reporting requirements.

Use of Funds as Collateral. Your Account may not be pledged as security or collateral for a loan or be encumbered or mortgaged. You may not borrow amounts in your Plan Account or the related deposit Account.

Inconsistencies. This document is intended as a summary of the rules applicable to the Plan. Every effort has been made to properly reflect in this document the applicable provisions of Arizona law, the policies and procedures adopted by the ACPE, and federal and state income tax laws. Neither the ACPE nor the Bank is liable for any inconsistency between this summary and the applicable provisions governing the administration and operation of the Plan. You are encouraged to seek independent legal and tax advice.

Anti-Money Laundering Acts. Title III of The USA Patriot Act (P.L. 107-56) requires that regulations be promulgated requiring financial institutions, such as the Bank, to implement reasonable procedures for verifying the identity of any person seeking to open an Account, maintaining records of the information used to verify the person’s identity, and determining whether the person appears on any lists of known or suspected terrorists or terrorist organizations provided to the financial institution by any government agency.

You should be aware that upon opening an Account, you must disclose certain personal information. The Bank will be required to verify the information provided and may use independent sources to verify. Your name will be cross-checked against a federal government agency list of known or suspected terrorists and terrorist organizations. College Savings Bank may share information with other banks and the federal government for the purpose of identifying or reporting suspected terrorism or money laundering.

GLOSSARY

Defined Terms: Terms used in this Disclosure Statement have the following meanings:

529 Plan: A college savings plan set up by a state government pursuant to Section 529 of the Code to allow you to contribute to an account established for paying a student’s Qualified Expenses at an Eligible Educational Institution. Also known as a Qualified Tuition Program.

Account: An Account in the AFCSP established by an Account Owner for a Beneficiary.

Account Owner, Joint Account Owner or you: An individual 18 years or older, an emancipated minor (as determined by Arizona law), a trust, an estate, a partnership, an association, a company, a corporation, or a qualified Custodian under the Uniform Transfers to Minors Act, who signs an Enrollment Form establishing an Account. In certain cases, the Account Owner and Beneficiary may be the same person. An individual seeking to open an Account as
an emancipated minor must submit a court order as well as any
other documentation that we request, establishing that he or she
is empowered to enter into a contract without the ability to revoke
a contract based on age. Without such documentation, we will not
open an Account for an emancipated minor.

**ACH Plan**: A service in which an Account Owner authorizes the
Plan to transfer money, on a regular and predetermined basis, from
a bank or other financial institution to an Account in the Plan.

**ACPE**: The Arizona Commission for Postsecondary Education as
administrator of the Program and trustee of the Trust.

**AFCSP**: The Arizona Family College Savings Program.

**Arizona Resident**: An Account Owner or Beneficiary who has
registered an Arizona address with the Plan.

**Beneficiary**: The individual designated by an Account Owner, or
as otherwise provided in writing to the Plan, to receive the benefit
of an Account.

**CD Option**: The CD Options available to Account Owners in the
Plan.

**Code**: Internal Revenue Code of 1986, as amended. There
are references to various Sections of the Code throughout this
Disclosure Statement, including Section 529 as it currently exists
and as it may subsequently be amended, and any regulations
adopted under it.

**College Costs**: The Independent College 500 Index (IC 500) is
compiled annually by the College Board. For additional information
about the IC500 visit www.collegeboard.org.

**Committee**: The Arizona Family College Savings Program
oversight committee established by the Enabling Legislation.

**Contribution Date**: The day on which contributions to your
Account are credited as follows:

- Contributions by check received before 2:00 p.m. Eastern time
  are credited on the same Exchange Business Day. Contributions
  by check received after 2:00 p.m. Eastern time are credited on
  the next Exchange Business Day.
- Contributions by E-Check are credited on the next Exchange
  Business Day.
- Contributions by ACH Plan are credited on the Exchange
  Business Day received.
- All other Contribution Dates vary by method and timing of the
  contribution.

**Custodian**: The individual who opens an Account on behalf of
a minor Beneficiary with assets from an UGMA/UTMA Account.
Generally, the Custodian will be required to perform all duties of
the Account Owner with regard to the Account until the Account
Owner attains the age of majority, is otherwise emancipated, or
the Custodian is released or replaced by a valid court order. The
Custodian of an Account funded from an UGMA/ UTMA Account
may not change the Account Owner or Beneficiary.

**Distribution Tax**: A federal surtax required by the Code that
is equal to 10% of the earnings portion of a Non-Qualified
Distribution.

**Disabled or Disability**: Condition of a Beneficiary who is
unable to do any substantial gainful activity because of any
medically determinable physical or mental impairment which can
be expected to result in death or to be of long-continued and
indefinite duration. We will require medical documentation to verify
gov/ publications/p970/ for further details.

**Early Withdrawal Penalty**: A penalty charged by CSB in the
event of a distribution from your Account prior to the Maturity Date
of the CD in which your CD Option invests. This penalty ranges
from 3 months interest to 10% depending on the timing of the
distribution and the type of CD terminated.

**E-Check**: A service in which an Account Owner authorizes the
Plan to transfer money from a bank or other financial institution to
an Account in the Plan.

**Eligible Educational Institution**: An institution as defined
in Section 529(e) of the Code. Generally, the term includes
accredited post-secondary educational institutions or vocational
schools in the United States and some accredited post-secondary
educational institutions or vocational schools abroad offering credit
toward a bachelor’s degree, an associate’s degree, a graduate
level or professional degree, or another recognized postsecondary
credential. The institution must be eligible to participate in a
student financial aid program under Title IV of the Higher Education
if a school is an Eligible Education Institution by searching for
its Federal School Code (identification number for schools
eligible for Title IV financial aid programs) at www.fafsa.ed.gov/
FOTWWebApp/FSLookupServlet.

**Enabling Legislation**: The law that established the Arizona
Family College Savings Program and the Arizona Family College
Savings Program Trust. (Arizona Code Annotated, TITLE 15,
CHAPTER 62).

**Enrollment Form**: A participation agreement between an
Account Owner and the ACPE, establishing the obligations of
each and prepared in accordance with the provisions of the Plan.

**Enrollment Kit**: The Enrollment Kit consists of a Highlights
Brochure, Disclosure Statement, College Savings Bank Privacy
Policy and Enrollment Form.

**Entire Agreement**: The Entire Agreement consists of the
Disclosure Statement and Enrollment Form.

FDIC: Federal Deposit Insurance Corporation.

Fees: Any fees, costs, expenses, and charges associated with the Plan.

Financial Advisor: An entity or individual who provides fee-based services.

IRS: Internal Revenue Service.

Issue Date: The date a CollegeSure CD, InvestorSure CD or a Fixed Rate CD, as applicable, is issued.

Management Agreement: An agreement between the ACPE and the Bank, as the Program Manager, to provide the Plan with administrative, Account servicing, marketing and promotion, and investment management services. The agreement between the ACPE and the Bank is now effective and will terminate in 2016.


Maturity Date: The date of maturity established for a CollegeSure CD, InvestorSure CD or Fixed Rate CD, as applicable.

Maximum Account Balance: The maximum aggregate balance of all accounts for the same Beneficiary in Qualified Tuition Programs sponsored by the State of Arizona, as established by the ACPE from time to time, which will limit the amount of contributions that may be made to Accounts for any one Beneficiary, as required by Section 529 of the Code. The current Maximum Contribution Limit is $340,000.

Member of the Family: An individual as defined in Section 529(e)(2) of the Code. Generally, this definition includes a Beneficiary’s immediate family members. A Member of the Family means an individual who is related to the Beneficiary as follows:

- a son, daughter, stepson or stepdaughter, or a descendant of any such person;
- a brother, sister, stepbrother or stepsister;
- the father or mother, or an ancestor or either;
- a stepfather or stepmother;
- a son or daughter of a brother or sister;
- a brother or sister of the father or mother;
- a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law;
- the spouse of the Beneficiary or the spouse of any individual described above; or
- a first cousin of the Beneficiary

For purposes of determining who is a Member of the Family, a legally adopted child or a foster child of an individual is treated as the child of that individual by blood. The terms “brother” and “sister” include half brothers and half sisters.

Non-Qualified Distributions: A distribution from an Account that is not one of the following:

- A Qualified Distribution
- A distribution paid to a beneficiary of the Beneficiary (or the estate of the Beneficiary) on or after the death of the Beneficiary;
- A distribution by reason of the Disability of the Beneficiary;
- A distribution by reason of the receipt of a qualified scholarship or Tuition Assistance by the Beneficiary (to the extent the amount withdrawn does not exceed the amount of the scholarship);
- A distribution by reason of the Beneficiary’s attendance at certain specified military academies; or
- A distribution resulting from the use of Education Credits as allowed under federal income tax law;

Offering Material: The Disclosure Statement.

Plan: The Arizona Family Education Savings Program.

Plan Officials: The State, the ACPE, the Committee, any other agency of the State, the Program Manager, and any other counsel, advisor, or consultant retained by, or on behalf of, those entities and any affiliate, employee, officer, official, or agent of those entities.

Policies: Policies relating to the Program adopted as part of the ACPE Policy and Procedures Manual. The ACPE may adopt new policies or amend existing policies at any time, in its sole discretion.

Program Manager: College Savings Bank has been engaged by the ACPE to provide Program Management Services, on behalf of the Plan.

Qualified Distribution: A distribution from an Account that is used to pay Qualified Expenses of the Beneficiary.

Qualified Expenses: Qualified higher education expenses as defined in the Code and as may be further limited by the Plan. Generally, these include the following:

- Tuition, fees and the costs of textbooks, supplies, and equipment required for the enrollment or attendance of a student at an Eligible Educational Institution;
- Certain costs of room and board of a student for any academic period during which the student is enrolled at least half-time at an Eligible Educational Institution;
- Expenses for special needs students that are necessary in connection with their enrollment or attendance at an Eligible Educational Institution.
Qualified Tuition Program or 529 plan: A qualified tuition program under Section 529 of the Code.

Rollover Distribution: A distribution resulting from a change of Beneficiary to another Beneficiary who is a Member of the Family, either within the Plan or between Qualified Tuition Programs, or a rollover or transfer of assets between Qualified Tuition Programs for the same Beneficiary, provided another rollover or transfer for the same Beneficiary has not occurred in the previous 36 months.

Rules: The administrative rules are found in the Arizona Administrative Code, Sections R7-3-501 through R7-3-507, which are available at http://www.azsos.gov/public_services/rules.htm.

State: The State of Arizona.

Successor Account Owner: The person named in the Enrollment Form or otherwise in writing to the Plan by the Account Owner, who may exercise the rights of the Account Owner under the Plan if the Account Owner dies or is declared legally incompetent. The Successor Account Owner may be the Beneficiary if the Beneficiary is 18 years or older.

Trust: The Arizona Family College Savings Program Trust, as established by the Enabling Legislation. When you invest in the Plan, you are purchasing Portfolio Units issued by the Trust.

Tuition: The charges assessed by an Eligible Educational Institution for enrollment at the institution including, but not limited to, all mandatory fees imposed as a condition of enrollment toward a degree.

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


Upside Payment: The Upside Payment is the investment return (if any) paid on each InvestorSure CD at maturity as calculated in accordance with the terms and conditions specified in this Disclosure Statement.

Valuation Date: With respect to an InvestorSure CD, the Valuation Dates are the Exchange Business Days coinciding with 20 quarterly observations between the Issue Date and Maturity Date of the InvestorSure CD. If the exact day of the month is not an Exchange Business Day, the Valuation Date that month is the first preceding Exchange Business Day.

We or our: The AFCSP, the ACPE (as Trustee of the Trust), the Committee and the Program Manager.

**REPRESENTATIONS, WARRANTIES, CERTIFICATIONS, AND ACKNOWLEDGEMENTS**

**Account Owner's Indemnity:** As an Account Owner, I agree to and acknowledge the following indemnity:

I am opening an Account in the Trust based upon my statements, agreements, representations, warranties, and covenants as set forth in the Disclosure Statement and the Enrollment Form.

I, through the Enrollment Form and the Trust Declaration, indemnify and hold harmless the Plan Officials from and against any and all loss, damage, liability, penalty, tax, or expense, including costs of reasonable attorneys’ fees, which they incur by reason of, or in connection with, any misstatement or misrepresentation that is made by me or my Beneficiary, any breach by me of the acknowledgements, representations, or warranties in the Disclosure Statement and the Enrollment Form, or any failure by me to fulfill any covenants or agreements in the Disclosure Statement, or the Enrollment Form.

**Account Owner's Representations and Acknowledgements.**

I, as Account Owner, represent and warrant to, and acknowledge and agree with, the ACPE regarding the matters set forth in the Disclosure Statement and the Enrollment Form including that:

1. I have received, read, and understand the terms and conditions of the Disclosure Statement and Enrollment Form and any additional information provided to me by the Plan Officials with respect to the Trust or the Plan.

2. I certify that I am a natural person, at least 18 years of age, and a citizen or a resident of the United States of America, who resides in the United States of America or that I have the requisite authority to enter into this participation agreement and to open an Account on behalf of the Beneficiary. I also certify that the person named as Beneficiary of the Account is a citizen or a resident of the United States of America.

3. I understand that the Plan is intended to be used only to save for qualified higher education expenses.

4. I understand that any contributions credited to my Account will be deemed by the Plan Officials to have been received from me and that contributions by third parties may result in adverse tax or other consequences to me or those third parties.

5. If I am establishing an Account as a custodian for a minor under UGMA/UTMA, I understand and agree that I assume responsibility for any adverse consequences resulting from the establishment, maintenance, or termination of the Account.

6. If I am establishing an Account as a trustee for a trust, I represent that (i) the trustee is the Account Owner; (ii) the individual signing the Enrollment Form is duly authorized to act as trustee.
for the trust; (iii) the Disclosure Statement may not discuss tax consequences and other aspects of the Plan of particular relevance to the trust and individuals having an interest in the trust; and (iv) the trustee, for the benefit of the trust, has consulted with and relied on a professional advisor, as deemed appropriate by the trustee, before becoming an Account Owner.

7. I have been given an opportunity to ask questions and receive answers concerning the terms and conditions of the Plan and the Disclosure Statement.

8. I understand that the Program Manager will deposit my contributions, as directed by the Trustee, into the FDIC-insured deposit accounts that I select.

9. In making my decision to open an Account and completing my Enrollment Form, I have not relied upon any representations or other information, whether written or oral, other than as set forth in the Disclosure Statement, and I have considered the availability of alternative education savings and investment programs, including other Qualified Tuition Programs.

10. I understand that I am solely responsible for determining which Qualified Tuition Program is best suited to my needs and objectives. I understand that the CD Options within the Plan may not be suitable, and that the Plan may not be suitable, for all investors as a means of saving and investing for higher education costs. I have determined that an investment in the Plan is a suitable investment for me as a means of saving for the Qualified Expenses of the Beneficiary.

11. I have been given an opportunity to obtain any additional information needed to complete my Enrollment Form and/or verify the accuracy of any information I have furnished. I certify that all of the information that I provided in the Enrollment Form and any other documentation subsequently furnished in connection with the opening or maintenance of, or any withdrawals from, my Account is and shall be accurate and complete, and I agree to notify the ACPE or the Program Manager promptly of any material changes in such information.

12. The value of my Account depends upon the applicable interest rate or the performance of the CD Option I select. I understand that if I withdraw funds from my Account prior to the maturity of the CD held through my Account, that I may incur an Early Withdrawal Penalty and the value of my Account may then be less than the amounts contributed to the Account. I understand that the value of the Account may not be adequate to fund actual Qualified Expenses.

13. I understand that although I own Trust interests in a CD Option, I am not a depositor of the Bank and have no rights of a depositor (other than rights to the benefit of FDIC insurance as provided in FDIC insurance rules and regulations). I further understand that I received no advice or investment recommendation from, or on behalf of, the Plan Officials.

14. I understand that neither the Trustee nor the State of Arizona guarantees the rate of return or interest on my Account, and none of the Plan Officials is liable for any loss incurred by me as a result of participating in the Plan. The State of Arizona does not insure my Account, my contributions to the Trust, or any rate of return on the contributions.

15. I understand that the deposit account at CSB corresponding to my Account will be insured by the FDIC as if I were the depositor. I further understand that limitations apply to the amount of FDIC insurance applicable to my Account and that the FDIC does not guarantee interest that has not accrued.

16. I understand that if I am investing in the InvestorSure CD Option, the Plan Officials do not guarantee any specific rate of interest, and offer no warranties, either expressed or implied, that the InvestorSure CD will result in any Upside Payment. I further understand that the Plan Officials disclaim any liability for damages incurred by me as a result of the purchase of an InvestorSure CD Option, including compensatory, punitive, indirect or consequential damages (including lost profits).

17. I understand that so long as the Program Manager serves as a program manager to the Trust with respect to the Plan, funds in my Account will be invested in CDs or a savings Account.

18. After I make my initial contribution to a specific CD Option, I will be allowed to direct the further investment of that contribution, subject to any applicable Early Withdrawal Penalties, no more than one time per calendar year.

19. I cannot use my Account as collateral for any loan. I understand that any attempt to use my Account as collateral for a loan would be void. I also understand that the Trust will not lend any assets to my Beneficiary or to me.

20. I understand that the Program Manager has the right to provide a Financial Advisor identified by me to the Plan with access to financial and other information regarding my Account.

21. I understand that, unless otherwise provided in a written agreement between me and a Financial Advisor, or between me and the ACPE or the Program Manager, no part of my participation in the Plan will be considered the provision of an investment advisory service.

22. Except as described in this Disclosure Statement, I will not assign or transfer any interest in my Account. I understand that, except as provided under Arizona law, any attempt to assign or transfer that interest is void.

23. I acknowledge that the Plan intends to qualify for favorable federal tax treatment under the Code. Because this qualification is vital to the Plan, the ACPE may modify the Plan or amend this Disclosure Statement at any time if the ACPE decides that the change is needed to meet the requirements of the Code or the
regulations administered by the IRS pursuant to the Code, Arizona State law, or applicable rules or regulations adopted by the ACPE or to ensure the proper administration of the Plan.

24. The Plan Officials, individually and collectively, do not guarantee that my Beneficiary will be accepted as a student by any institution of higher education or other institution of post-secondary education; if accepted, will be permitted to continue as a student; will be treated as a state resident of any state for Qualified Expense purposes; will graduate from any institution of higher education or other institution of post-secondary education; or will achieve any particular treatment under any applicable state or federal financial aid programs; or guarantee any rate of return or benefit for contributions made to my Account.

25. I understand that none of the Plan Offices has any duty to determine or advise me of the legal, investment, tax, or other consequences of my actions, of their actions in following my directions, or of their failing to act in the absence of my directions.

26. The Plan Officials, individually and collectively, are not: a. liable for a failure of the Plan to qualify or to remain a Qualified Tuition Program under the Code including any subsequent loss of favorable tax treatment under state or federal law; b. liable for any loss of funds contributed to my Account or for the denial to me or my Beneficiary of a perceived tax or other benefit under the Plan, the Trust or the Enrollment Form; or c. liable for loss caused directly or indirectly by government restrictions, exchange or market rulings, suspension of trading, war, acts of terrorism, strikes, or other conditions beyond their control.

27. My statements, representations, warranties, and covenants will survive the termination of my Account.

NOTES
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For more information about the Plan call 1.800.888.2723 or log on at: www.collegesavings.com/arizona.

AFCSP  
C/o College Savings Bank  
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Princeton, NJ 08543

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Documents and reports that are referenced in this disclosure statement are available upon request from the Bank.

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