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FRANKLIN TEMPLETON

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

Investor Handbook
December 31, 2020

Franklin Templeton 529 College Savings Plan

OFFERED NATIONWIDE BY THE NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

For Account Owners Investing in the New Jersey Better Educational Savings Trust (NJBEST) Program through a Financial Professional

**SUPPLEMENT DATED JUNE 30, 2021 TO THE
FRANKLIN TEMPLETON 529 COLLEGE SAVINGS PLAN INVESTOR HANDBOOK DATED DECEMBER 31, 2020,
AS PREVIOUSLY SUPPLEMENTED ON MAY 14, 2021 AND MARCH 31, 2021
("INVESTOR HANDBOOK")**

This supplement updates the Investor Handbook. You should review this information carefully and keep it together with your current copy of the Investor Handbook. Any information in the Investor Handbook that is inconsistent with the information provided in this Supplement is superseded by the information in this Supplement. Where applicable, the headings below reference the section and page number of the Investor Handbook that is being updated.

1. **Effective on the date Franklin Templeton Distributors, Inc. is merged into Legg Mason Investor Services, LLC and the surviving entity is renamed Franklin Distributors, LLC, which is expected to occur on or about July 7, 2021:**

   (i) The definition of "FTDI" on page 2 of the Investor Handbook is deleted;
   (ii) The following definition is added after the definition of "ETF" on page 2 of the Investor Handbook: "FD – Franklin Distributors, LLC, the Program Manager.";
   (iii) The definition of "Program Manager" on page 3 of the Investor Handbook is revised to read as follows: "Program Manager – FD or any successor as the Program Manager.";
   (iv) All references in the Investor Handbook to Franklin Templeton Distributors, Inc. are revised to refer to Franklin Distributors, LLC, and all references in the Investor Handbook to FTDI are revised to refer to FD.

2. **Effective August 2, 2021, in the section "Fees and Expenses – Fees and Expense Charts", footnotes 2 and 3 to the "Approximate Cost of a $10,000 Investment in Dollars for Trust Share Classes and Periods" on page 67 are replaced with the following:**

   1. Assumes redemption at the end of the period. Effective August 2, 2021, Class C Trust Shares will convert to Class A Trust Shares after approximately six years, instead of after approximately ten years as was the case prior to August 2, 2021. The above chart does not reflect such change, and accordingly the approximate cost for Class C for the ten year period, taking into account the other applicable assumptions, would be lower than the amount shown in the above chart.

   2. Assumes no redemption at the end of the period. Effective August 2, 2021, Class C Trust Shares will convert to Class A Trust Shares after approximately six years, instead of after approximately ten years as was the case prior to August 2, 2021. The above chart does not reflect such change, and accordingly the approximate cost for Class C for the ten year period, taking into account the other applicable assumptions, would be lower than the amount shown in the above chart.

3. **Effective August 2, 2021, in the section "Fees and Expenses – Fees and Expense Charts", footnote 6 on page 61 is replaced with the following:**

   After approximately six years from the applicable purchase date, Class C Trust Shares convert to Class A Trust Shares, and the Annual Sales Fee declines accordingly. Trust Shares purchased under Class C more than six years prior to August, 2021 convert into Class A Trust Shares in August, 2021.

4. **Effective August 2, 2021, in the section "Fees and Expenses – Class C", the last sentence of the second paragraph on page 70 is replaced with the following:**

   After approximately six years, Trust Shares purchased under Class C will automatically convert into Class A Trust Shares, and will thereafter be subject to the lower ongoing sales fee applicable to Class A.

See "Class A." Trust Shares purchased under Class C more than six years prior to August, 2021 convert into Class A Trust Shares in August, 2021. See “Class A.” Specific Financial Professionals may have different policies and procedures than the Program regarding the timing of automatic conversion of Trust Shares purchased under Class C to Class A Trust Shares. The Program is not responsible for any such policies or procedures. See Appendix E for more information on certain Financial Professional-specific policies regarding such conversions. Please consult with your Financial Professional if you have any questions regarding their policies.

5. **Effective August 2, 2021, in the section “Fees and Expenses – Fees Payable by FTDI to Financial Professionals – Financial Professional Compensation – Class C”, the last sentence of footnote 4 on page 77 is replaced with the following:**

The ongoing sales fee for any period following automatic conversion of Class C Trust Shares to Class A Trust Shares approximately six years after purchase shall be the ongoing sales fee applicable to Class A Trust Shares of the applicable Trust Portfolio. Trust Shares purchased under Class C more than six years prior to August, 2021 convert into Class A Trust Shares in August, 2021.

Please retain this supplement for future reference.

Notice from Franklin Templeton Distributors, Inc.

Franklin Templeton Distributors, Inc. is registered with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board (the “MSRB”). The website address for the MSRB is: www.msrb.org A brochure is available to customers on the MSRB’s website that describes the protections that may be provided by MSRB rules as well as how to file a complaint with an appropriate regulatory authority.

**SUPPLEMENT DATED MAY 14, 2021 TO THE
FRANKLIN TEMPLETON 529 COLLEGE SAVINGS PLAN INVESTOR HANDBOOK
DATED DECEMBER 31, 2020, AS PREVIOUSLY AMENDED ON MARCH 31, 2021
("INVESTOR HANDBOOK")**

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1. **In the section "Fees and Expenses – Class A – Contribution Impact on Initial Sales Charges Under Class A", footnote 2 on page 67 is revised to read:**

   2. Amounts in excess of Maximum Contribution Limit applicable only in connection with exercise of Cumulative Quantity Discounts. See "Cumulative Quantity Discounts and Reduced Initial Sales Charges for Trust Shares Purchased Under Class A."

2. **Effective May 1, 2021, in the section "Fees and Expenses – Class A – Contribution Impact on Initial Sales Charges Under Class A", the description of contributions pursuant to a letter of intent that begins with the second paragraph on page 67 and ends with the carryover paragraph on page 68 is replaced in its entirety with the following:**

The Account Owner also may purchase Class A Trust Shares at a reduced initial sales charge by completing a letter of intent ("LOI"). An LOI permits Account Owners to combine their aggregate contributions to Accounts under the Program as well as holdings of certain unrelated mutual fund shares described below and certain college savings plan shares or units described below to reduce the initial sales charge under Class A. An LOI expresses the intent of the Account Owner that a specified dollar amount of "cumulative quantity discount eligible shares" (as defined below) will be purchased in the Account and other eligible investment accounts during a 13-month period. The intended amount of cumulative quantity discount eligible shares to be purchased during such period as set forth in the LOI determines the applicable initial sales charge. If the stated amount is purchased within the applicable period, the applicable initial sales charge will be the same as would be applicable if the entire amount stated in the LOI were invested at the same time. See "Contribution Impact on Initial Sales Charges under Class A" above. The value of your cumulative quantity discount eligible shares as of the day prior to the LOI start date may be counted toward fulfillment of the LOI. The cost value of cumulative quantity discount eligible shares, however, may only be aggregated for share purchases that took place within 18 months of the LOI start date. By requesting an LOI, the Account Owner acknowledges and agrees to the following:

- If the Account Owner does not fulfill the terms of the LOI, the applicable waiver of the otherwise applicable initial sales charges will be revoked and the unpaid balance of the fee assessed to the Account, unless otherwise paid by the Account Owner within 20 days of written notice.
- If the Account Owner directs a distribution from the Account before the terms of the LOI are fulfilled and, as a result of such distribution, a balance that is less than 5% of the aggregate value of Trust Shares to which the LOI at any prior time applied would remain in the Account, the applicable waiver of the otherwise applicable initial sales charges will be revoked and the unpaid balance of the fee assessed to the Account and to the redeemed Trust Shares prior to distribution, unless otherwise paid by the Account Owner within 20 days of written notice.

Upon execution of an LOI for an Account, Class A Trust Shares may be purchased for such Account at the reduced initial sales charge applicable to the investment amount specified in the LOI. If the amount of total purchases of Class A Trust Shares during the applicable period is less than the amount specified in the LOI, the initial sales charge will be adjusted upward, depending on the actual net amount of such purchases during such period. In such event, the Account Owner will be required to send the Program Manager an amount equal to the difference between (x) the aggregate amount of initial sales charges that would have applied, without regard to the LOI, to the total net purchases under the applicable Investment Option(s) to which the LOI applied if all transactions within the applicable period had been made at one time and (y) the aggregate dollar amount of initial sales charges actually paid during such period. If within 20 days after written request this difference in the amount of initial sales charges due is not paid, the Account and, as applicable, any withheld distribution, will be assessed to pay the amount due, as described above.

"Cumulative quantity discount eligible shares" are (i) Trust Shares and (ii) shares in U.S. registered Franklin Templeton mutual funds (not including funds in the Franklin Templeton Variable Insurance Products Trust and not including any Legg Mason-affiliated funds which include, without limitation, BrandywineGLOBAL funds, ClearBridge Investments funds, Martin Currie funds, QS Investors funds and Western Asset funds) that, in each instance, are registered to (or held by a financial intermediary for):

- You, individually;
- Your "family member," defined as your spouse or domestic partner, as recognized by applicable state law, and your children under the age of 21;
- You jointly with one or more family members;

- You jointly with another person(s) who is (are) not family members if that other person has not included the value of the jointly-owned shares as cumulative quantity discount eligible shares for purposes of that person's separate investments;
- A Coverdell Education Savings account for which you or a family member is the identified responsible person;
- A trustee/custodian of an IRA (which includes a Roth IRA and an employer sponsored IRA such as a SIMPLE IRA) or your non-ERISA covered 403(b) plan account, if the shares are registered/recorded under your or a family member's Social Security number;
- A 529 college savings plan account over which you or a family member has investment discretion and control;
- Any entity over which you or a family member has (have) individual or shared authority, as principal, has investment discretion and control (for example, an UGMA/UTMA account for a child on which you or a family member is the custodian, a trust on which you or a family member is the trustee, a business account other than for a retirement plan for your solely owned business or the solely owned business of a family member on which you or a family member is the authorized signer);
- A trust established by you or a family member as grantor.

Franklin Templeton fund shares held through an administrator or trustee/custodian of an employer-sponsored retirement plan such as a 401(k) plan do not qualify as cumulative quantity discount eligible shares.

3. Effective May 1, 2021, in the section "Fees and Expenses – Cumulative Quantity Discounts and Reduced Initial Sales Charges for Trust Shares Purchased under Class A" beginning on page 72, the first five paragraphs are replaced in their entirety with the following:

Cumulative Quantity Discounts permit certain Account Owners to combine their aggregate contributions to Accounts under the Program as well as holdings of certain unrelated mutual fund shares and certain college savings plan shares or units to reduce the initial sales charge under Class A. Although Cumulative Quantity Discounts do not affect sales charges on contributions made under Class C, contributions to eligible Accounts established under Class C and Advisor Class may be taken into account for purposes of reducing initial sales charges on subsequent contributions under Class A. Cumulative Quantity Discounts are applied through the aggregation of Trust Shares purchased with contributions to an Account with purchases of other "cumulative quantity discount eligible shares" (as described under the letter of intent provisions of "Fees and Expenses – Class A – Contribution Impact on Initial Sales Charges Under Class A" beginning on page 67 above.**)** If an Account Owner or another eligible person owns "cumulative quantity discount eligible shares", the Account Owner can combine the value of such shares with the value of Trust Shares that are eligible for purposes of the Cumulative Quantity Discount applicable to Class A Trust Shares for purposes of assessment of the Class A initial sales charge—potentially reducing that initial sales charge. The value of eligible Trust Shares and of cumulative quantity discount eligible shares for purposes of the Cumulative Quantity Discount equals the greater of cost or current value of those shares. The cost value of shares is determined by aggregating the amount you invested in cumulative quantity discount eligible shares (including reinvested dividends and capital gains, but excluding capital appreciation), less any withdrawals, as of the date prior to your current purchase. The current value of Trust Shares or other cumulative quantity discount eligible shares is determined by multiplying the number of such shares by their highest current public offering price. You should retain any records necessary to substantiate historical share costs because your current Financial Professional may not have or maintain this information. If there are Cumulative Quantity Discount eligible Trust Shares or cumulative quantity discount eligible shares that would qualify for combining with your current purchase and you do not tell your current Financial Professional at the time of your current purchase or any future purchase, you may not receive the benefit of a reduced sales charge that might otherwise be available.

Please retain this supplement for future reference.

Notice from Franklin Templeton Distributors, Inc.

Franklin Templeton Distributors, Inc. is registered with the U.S. Securities and Exchange Commission and the Municipa Securities Rulemaking Board (the "MSRB"). The website address for the MSRB is: www.msrb.org A brochure is available to customers on the MSRB's website that describes the protections that may be provided by MSRB rules as well as how to file a complaint with an appropriate regulatory authority.

SUPPLEMENT DATED MARCH 31, 2021 TO THE
FRANKLIN TEMPLETON 529 COLLEGE SAVINGS PLAN INVESTOR HANDBOOK DATED DECEMBER 31, 2020
("INVESTOR HANDBOOK")

This supplement updates the Investor Handbook. You should review this information carefully and keep it together with your current copy of the Investor Handbook. Any information in the Investor Handbook that is inconsistent with the information provided in this Supplement is superseded by the information in this Supplement. Where applicable, the headings below reference the section and page number of the Investor Handbook that is being updated.

1. **In the section "Fees and Expenses – Class A – Contribution Impact on Initial Sales Charges Under Class A", footnote 2 on page 67 is revised to read:**

   2. Amounts in excess of Maximum Contribution Limit applicable only in connection with exercise of Cumulative Quantity Discounts. See "Cumulative Quantity Discounts and Reduced Initial Sales Charges for Trust Shares Purchased Under Class A."

2. **Effective May 1, 2021, in the section "Fees and Expenses – Class A – Contribution Impact on Initial Sales Charges Under Class A", the description of contributions pursuant to a letter of intent that begins with the second paragraph on page 67 and ends with the carryover paragraph on page 68 is replaced in its entirety with the following:**

The Account Owner also may purchase Class A Trust Shares at a reduced initial sales charge by completing a letter of intent ("LOI"). An LOI permits Account Owners to combine their aggregate contributions to Accounts under the Program as well as holdings of certain unrelated mutual fund shares described below and certain college savings plan shares or units described below to reduce the initial sales charge under Class A. An LOI expresses the intent of the Account Owner that a specified dollar amount of "cumulative quantity discount eligible shares" (as defined below) will be purchased in the Account and other eligible investment accounts during a 13-month period. The intended amount of cumulative quantity discount eligible shares to be purchased during such period as set forth in the LOI determines the applicable initial sales charge. If the stated amount is purchased within the applicable period, the applicable initial sales charge will be the same as would be applicable if the entire amount stated in the LOI were invested at the same time. See "Contribution Impact on Initial Sales Charges under Class A" above. The value of your cumulative quantity discount eligible shares as of the day prior to the LOI start date may be counted toward fulfillment of the LOI. The cost value of cumulative quantity discount eligible shares, however, may only be aggregated for share purchases that took place within 18 months of the LOI start date. By requesting an LOI, the Account Owner acknowledges and agrees to the following:

- If the Account Owner does not fulfill the terms of the LOI, the applicable waiver of the otherwise applicable initial sales charges will be revoked and the unpaid balance of the fee assessed to the Account, unless otherwise paid by the Account Owner within 20 days of written notice.
- If the Account Owner directs a distribution from the Account before the terms of the LOI are fulfilled and, as a result of such distribution, a balance that is less than 5% of the aggregate value of Trust Shares to which the LOI at any prior time applied would remain in the Account, the applicable waiver of the otherwise applicable initial sales charges will be revoked and the unpaid balance of the fee assessed to the Account and to the redeemed Trust Shares prior to distribution, unless otherwise paid by the Account Owner within 20 days of written notice.

Upon execution of an LOI for an Account, Class A Trust Shares may be purchased for such Account at the reduced initial sales charge applicable to the investment amount specified in the LOI. If the amount of total purchases of Class A Trust Shares during the applicable period is less than the amount specified in the LOI, the initial sales charge will be adjusted upward, depending on the actual net amount of such purchases during such period. In such event, the Account Owner will be required to send the Program Manager an amount equal to the difference between (x) the aggregate amount of initial sales charges that would have applied, without regard to the LOI, to the total net purchases under the applicable Investment Option(s) to which the LOI applied if all transactions within the applicable period had been made at one time and (y) the aggregate dollar amount of initial sales charges actually paid during such period. If within 20 days after written request this difference in the amount of initial sales charges due is not paid, the Account and, as applicable, any withheld distribution, will be assessed to pay the amount due, as described above.

"Cumulative quantity discount eligible shares" are Trust Shares or other shares in (i) college savings plans for which a Franklin Templeton affiliated company or a Legg Mason affiliated company serves as manager and (ii) U.S. registered mutual funds affiliated with Franklin Templeton Investments, Legg Mason funds, BrandywineGLOBAL funds, ClearBridge Investments funds, Martin Currie funds, QS Investors funds and Western Asset funds (they do not include the funds in the Franklin Templeton Variable Insurance Products Trust, Legg Mason Partners Variable Equity Trust or Legg Mason Partners Variable Income Trust) that, in each instance, are registered to (or held by a financial intermediary for):

- You, individually;
- Your "family member," defined as your spouse or domestic partner, as recognized by applicable state law, and your children under the age of 21;
- You jointly with one or more family members;
- You jointly with another person(s) who is (are) not family members if that other person has not included the value of the jointly-owned shares as cumulative quantity discount eligible shares for purposes of that person's separate investments;
- A Coverdell Education Savings account for which you or a family member is the identified responsible person;
- A trustee/custodian of an IRA (which includes a Roth IRA and an employer sponsored IRA such as a SIMPLE IRA) or your non-ERISA covered 403(b) plan account, if the shares are registered/recorded under your or a family member's Social Security number;
- A 529 college savings plan account over which you or a family member has investment discretion and control;
- Any entity over which you or a family member has (have) individual or shared authority, as principal, has investment discretion and control (for example, an UGMA/UTMA account for a child on which you or a family member is the custodian, a trust on which you or a family member is the trustee, a business account other than for a retirement plan for your solely owned business or the solely owned business of a family member on which you or a family member is the authorized signer);
- A trust established by you or a family member as grantor.

Franklin Templeton and Legg Mason fund shares held through an administrator or trustee/custodian of an employer-sponsored retirement plan such as a 401(k) plan do not qualify as cumulative quantity discount eligible shares.

3. **Effective May 1, 2021, in the section "Fees and Expenses – Cumulative Quantity Discounts and Reduced Initial Sales Charges for Trust Shares Purchased under Class A" beginning on page 72, the first five paragraphs are replaced in their entirety with the following:**

Cumulative Quantity Discounts permit certain Account Owners to combine their aggregate contributions to Accounts under the Program as well as holdings of certain unrelated mutual fund shares and certain college savings plan shares or units to reduce the initial sales charge under Class A. Although Cumulative Quantity Discounts do not affect sales charges on contributions made under Class C, contributions to eligible Accounts established under Class C and Advisor Class may be taken into account for purposes of reducing initial sales charges on subsequent contributions under Class A. Cumulative Quantity Discounts are applied through the aggregation of Trust Shares purchased with contributions to an Account with purchases of other "cumulative quantity discount eligible shares" (as described under the letter of intent provisions of "Fees and Expenses – Class A – Contribution Impact on Initial Sales Charges Under Class A" beginning on page 67 above.**)** If an Account Owner or another eligible person owns "cumulative quantity discount eligible shares", the Account Owner can combine the value of such shares with the value of Trust Shares that are eligible for purposes of the Cumulative Quantity Discount applicable to Class A Trust Shares for purposes of assessment of the Class A initial sales charge—potentially reducing that initial sales charge. The value of eligible Trust Shares and of cumulative quantity discount eligible shares for purposes of the Cumulative Quantity Discount equals the greater of cost or current value of those shares. The cost value of shares is determined by aggregating the amount you invested in cumulative quantity discount eligible shares (including reinvested dividends and capital gains, but excluding capital appreciation), less any withdrawals, as of the date prior to your current purchase. The current value of Trust Shares or other cumulative quantity discount eligible shares is determined by multiplying the number of such shares by their highest current public offering price. You should retain any records necessary to substantiate historical share costs because your current Financial Professional may not have or maintain this information. If there are Cumulative Quantity Discount eligible Trust Shares or cumulative quantity discount eligible shares that would qualify for combining with your current purchase and you do not tell your current Financial Professional at the time of your current purchase or any future purchase, you may not receive the benefit of a reduced sales charge that might otherwise be available.

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AS OF THE DATE OF THIS INVESTOR HANDBOOK, THIS INVESTOR HANDBOOK SUPERSEDES ALL PRIOR VERSIONS OF THIS INVESTOR HANDBOOK PREVIOUSLY PROVIDED TO ACCOUNT OWNERS INVESTING IN THE FRANKLIN TEMPLETON 529 COLLEGE SAVINGS PLAN (THE "PLAN"). THIS INVESTOR HANDBOOK, INCLUDING ANY APPENDICES AND ANY SUPPLEMENTS, CONTAINS IMPORTANT INFORMATION TO BE CONSIDERED IN MAKING A DECISION TO CONTRIBUTE TO THE PLAN. IT SHOULD BE READ THOROUGHLY IN ITS ENTIRETY AND RETAINED FOR FUTURE REFERENCE.

NO ONE IS AUTHORIZED BY THE NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY ("HESAA") TO PROVIDE INFORMATION OTHER THAN AS CONTAINED IN THIS INVESTOR HANDBOOK AND, IF PROVIDED, SUCH OTHER INFORMATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY HESAA.

INFORMATION CONTAINED IN THIS INVESTOR HANDBOOK IS BELIEVED TO BE ACCURATE AS OF ITS DATE, BUT IS SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THE INVESTOR HANDBOOK NOR ACCEPTANCE OF ANY CONTRIBUTION SHALL, IN ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE PLAN OR IN OTHER MATTERS ADDRESSED IN THIS INVESTOR HANDBOOK SINCE ITS DATE.

ACCOUNTS ARE NOT BANK DEPOSITS AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION ("FDIC") OR ANY OTHER STATE OR FEDERAL AGENCY. THE VALUE OF ANY ACCOUNT AT ANY TIME MAY BE MORE OR LESS THAN THE AMOUNT INVESTED IN THE ACCOUNT.

NONE OF: 1) THE STATE OF NEW JERSEY; 2) HESAA; 3) FRANKLIN TEMPLETON INVESTMENTS OR ANY ENTITY AFFILIATED THEREWITH; 4) ANY CONSULTANT OR ADVISER RETAINED BY ANY SUCH PARTY; OR 5) ANY OTHER PERSON GUARANTEE OR INSURE ANY ACCOUNTS ESTABLISHED UNDER THE PLAN, THE PRINCIPAL DEPOSITED OR THE INVESTMENT RETURN. OWNERS OF ACCOUNTS IN THE PLAN ASSUME ALL INVESTMENT RISK, INCLUDING THE POTENTIAL LOSS OF PRINCIPAL, AND LIABILITY FOR INCOME TAXES AND/OR ADDITIONAL INCOME TAXES SUCH AS THOSE LEVIED FOR NON-QUALIFIED WITHDRAWALS.

PARTICIPATION IN THE PLAN DOES NOT GUARANTEE THAT CONTRIBUTIONS AND THE INVESTMENT RETURN ON CONTRIBUTIONS, IF ANY, WILL BE ADEQUATE TO COVER FUTURE TUITION AND OTHER HIGHER EDUCATION EXPENSES OR THAT A BENEFICIARY WILL BE ADMITTED TO OR PERMITTED TO CONTINUE TO ATTEND AN INSTITUTION OF HIGHER EDUCATION.

THE RELATIVE RISKS AND POTENTIAL REWARDS OF INVESTING UNDER ANY OF THE PLAN'S INVESTMENT OPTIONS VARY CONSIDERABLY. THIS INVESTOR HANDBOOK DOES NOT CONSTITUTE A RECOMMENDATION, AND NO PARTY DESCRIBED HEREIN, BY ITS PARTICIPATION IN THE PLAN OR OTHERWISE, RECOMMENDS OR INTENDS TO RECOMMEND ANY INVESTMENT BY ANY PARTICULAR ACCOUNT OWNER IN THE PLAN OR IN ANY INVESTMENT OPTION OR COMBINATION OF INVESTMENT OPTIONS. NEITHER THE PLAN NOR ANY OTHER PERSON DESCRIBED IN THIS INVESTOR HANDBOOK HAS DETERMINED OR ASSUMED ANY OBLIGATION TO DETERMINE, AS A RESULT OF THE DISTRIBUTION OF THIS INVESTOR HANDBOOK, WHETHER ANY INVESTMENT BY ANY ACCOUNT OWNER UNDER ANY PARTICULAR INVESTMENT OPTION OR COMBINATION OF THE INVESTMENT OPTIONS IS SUITABLE OR APPROPRIATE IN LIGHT OF THE NEEDS, FINANCIAL CIRCUMSTANCES AND INVESTMENT HORIZON OF THE PARTICULAR ACCOUNT OWNER OR BENEFICIARY.

THE PLAN IS OFFERED TO RESIDENTS OF ALL STATES. HOWEVER, YOU SHOULD NOTE THAT: (i) DEPENDING UPON THE LAWS OF THE HOME STATE OF THE ACCOUNT

OWNER OF, THIRD-PARTY CONTRIBUTOR (IF APPLICABLE) TO OR BENEFICIARY OF THE ACCOUNT, FAVORABLE STATE TAX TREATMENT OR OTHER BENEFITS OFFERED BY THE APPLICABLE HOME STATE FOR INVESTING IN QUALIFIED TUITION PROGRAMS, SUCH AS FINANCIAL AID, SCHOLARSHIP FUNDS, AND PROTECTION FROM CREDITORS, MAY BE AVAILABLE ONLY FOR INVESTMENTS IN SUCH HOME STATE'S QUALIFIED TUITION PROGRAM; (ii) ANY STATE-BASED BENEFIT OFFERED WITH RESPECT TO A PARTICULAR QUALIFIED TUITION PROGRAM SHOULD BE ONE OF MANY APPROPRIATELY WEIGHTED FACTORS TO BE CONSIDERED IN MAKING AN INVESTMENT DECISION; AND (iii) THE ACCOUNT OWNER OR (IF APPLICABLE) THIRD-PARTY CONTRIBUTOR SHOULD CONSULT WITH A FINANCIAL, TAX OR OTHER ADVISER TO LEARN MORE ABOUT HOW STATE-BASED BENEFITS (INCLUDING ANY LIMITATIONS) WOULD APPLY TO THE ACCOUNT OWNER'S, THIRD-PARTY CONTRIBUTOR'S (IF APPLICABLE) AND BENEFICIARY'S SPECIFIC CIRCUMSTANCES AND MAY ALSO WISH TO CONTACT THE HOME STATE OF THE ACCOUNT OWNER, THIRD-PARTY CONTRIBUTOR (IF APPLICABLE)AND/OR BENEFICIARY, OR ANY OTHER QUALIFIED TUITION PROGRAM, TO LEARN MORE ABOUT THE FEATURES, BENEFITS AND LIMITATIONS OF THE APPLICABLE STATE'S QUALIFIED TUITION PROGRAM.

QUALIFIED TUITION PROGRAMS, INCLUDING THE PLAN, ARE INTENDED TO BE USED ONLY TO SAVE FOR QUALIFIED HIGHER EDUCATION EXPENSES, WHICH INCLUDE CERTAIN TUITION EXPENSES AT ELEMENTARY OR SECONDARY SCHOOLS AS DESCRIBED IN THIS INVESTOR HANDBOOK. SUCH PROGRAMS ARE NOT INTENDED TO BE USED, NOR SHOULD THEY 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.

INTERESTS IN THE PLAN HAVE NOT BEEN REGISTERED WITH, AND THIS INVESTOR HANDBOOK HAS NOT BEEN REVIEWED BY, THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION.

THE SCHOLARSHIP PROVIDED BY THE NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY IS ONLY FOR CERTAIN BENEFICIARIES WHO ATTEND AN ELIGIBLE NEW JERSEY HIGHER EDUCATION INSTITUTION AND IS NOT FOR ELEMENTARY OR SECONDARY SCHOOL ATTENDANCE. AMONG OTHER REQUIREMENTS, THE ACCOUNT OWNER MUST SUBMIT A CERTIFICATION TO HESAA DEMONSTRATING THE BENEFICIARY'S ATTENDANCE AT AN ELIGIBLE NEW JERSEY HIGHER EDUCATIONAL INSTITUTION. ADDITIONAL INFORMATION ABOUT THE SCHOLARSHIP AND REQUIREMENTS IS UNDER THE HEADING "NJBEST SCHOLARSHIP" BELOW.

Table of Contents

Glossary of Terms

2001 Tax Act — the Economic Growth and Tax Relief Reconciliation Act of 2001.

2017 Tax Act -- the "Act to provide for reconciliation pursuant to Title II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018", Pub. L. 115-97, enacted December 22, 2017.

Account — an account within the Plan.

Account Owner — the current owner of an account within the Plan, who may be either the person who established the Account or a successor Account Owner.

Act — N.J.S.A. 18A:71B-35 through 46, as amended.

Beneficiary — the current individual whom the Account Owner has designated as the beneficiary of the Account. A Provisional Beneficiary is not a Beneficiary as defined in this Investor Handbook.

CDSC — contingent deferred sales charge.

Code — Internal Revenue Code of 1986, as amended.

Coverdell ESA — Coverdell Education Savings Account established under Section 530 of the Code.

Cumulative Quantity Discount — lets you combine certain existing holdings of Trust Shares, and in some cases your holdings of certain unrelated mutual fund shares, with your current purchase of Class A Trust Shares, to determine if you qualify for a sales charge breakpoint.

Direct Transfer --- means a direct transfer of funds from an account in one Qualified Tuition Program to an account in another Qualified Tuition Program.

Division of Investment — New Jersey Department of the Treasury, Division of Investment.

Division Investment Options — investment options for which the New Jersey Department of the Treasury, Division of Investment serves as investment manager.

Eligible Educational Institution — defined generally as an accredited post-secondary educational institution located in the United States offering credit toward a bachelor's degree, an associate's degree, a graduate level or professional degree, or another recognized post-secondary credential; however, certain proprietary institutions and post-secondary vocational institutions and certain institutions located in foreign countries may be Eligible Educational Institutions. To be an Eligible Educational Institution for purposes of Section 529, the institution must be eligible to participate in U.S. Department of Education student financial aid and student loan programs under Title IV of the Higher Education Act of 1965, as amended. For a list of eligible schools, visit fafsa.ed.gov and click on "School Code Search."

Eligible New Jersey Higher Educational Institution — defined generally as an accredited post-secondary educational institution located in New Jersey offering credit toward a bachelor's degree or an associate's degree. With respect to proprietary institutions, undergraduate attendance or enrollment must be in a degree-granting program licensed or approved by the New Jersey Commission on Higher Education.

ETF – exchange traded fund.

FDIC — Federal Deposit Insurance Corporation.

Financial Professional —a broker-dealer or other financial intermediary acting pursuant to an agreement with FTDI.

Franklin Mutual Advisers — Franklin Mutual Advisers, LLC, an affiliate of FTDI, serving as the Investment Manager for the Investment Options.

Franklin Templeton Investment Options — Investment Options for which Franklin Mutual Advisers currently serves as Investment Manager, including the Investment Options described in this Investor Handbook.

Franklin Templeton Investments — a group of affiliated companies owned directly or indirectly by Franklin Resources, Inc.

FTDI — Franklin Templeton Distributors, Inc., the Program Manager.

FTIS — Franklin Templeton Investor Services, LLC, an affiliate of FTDI which provides certain administrative and record-keeping services for the Program.

HESAA — The New Jersey Higher Education Student Assistance Authority.

Investment Manager — an investment manager selected by HESAA for the Plan, including Franklin Mutual Advisers or any successor as the Investment Manager.

Investment Option —the designation of a contribution received by the Trust to a particular investment portfolio of the Trust that is managed by the Investment Manager.

Investment Policy — the applicable requirements of the investment policy established by HESAA with the approval of the State Investment Council.

Investor Handbook — this document, including any future supplements to it, which contain information you should know before you participate in the Plan, such as certain risks, limitations, performance history and fees.

IRS — Internal Revenue Service.

LOI — a Letter of Intent, which is a commitment by the Account Owner that a specified dollar amount will be invested in the Account during a 13-month period. The amount the Account Owner agrees to invest determines the applicable initial sales charge.

Maximum Contribution Limit — the aggregate balance in all Program Accounts established on behalf of a particular Beneficiary which may not be exceeded through additional contributions (currently $305,000).

Member of the Family — a person related to the Beneficiary as follows: (i) a son or daughter, or a descendant of either; (ii) a stepson or stepdaughter; (iii) a brother, sister, stepbrother or stepsister; (iv) the father or mother, or an ancestor of either; (v) a stepfather or stepmother; (vi) a son or daughter of a brother or sister; (vii) a brother or sister of the father or mother; (viii) a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law; (ix) the spouse of the Beneficiary or of any of the other foregoing individuals; or (x) a first cousin. For purposes of the "Member of the Family" definition, a child includes a legally adopted child and a brother or sister includes a brother or sister by half-blood.

NAV — net asset value.

Non-Qualified Distribution — a withdrawal of money from an Account for any purpose other than to pay the Qualified Higher Education Expenses of the Beneficiary at an Eligible Educational Institution.

NJBEST — the New Jersey Better Educational Savings Trust.

NJBEST Account — an account set up under the NJBEST Plan.

NJBEST Plan — the NJBEST 529 College Savings Plan.

Plan — the Franklin Templeton 529 College Savings Plan.

Program — the New Jersey Better Educational Savings Trust (NJBEST) Program, which includes both the Franklin Templeton 529 College Savings Plan and the NJBEST 529 College Savings Plan.

Program Accounts — Accounts within the Program.

Program Manager — FTDI or any successor as the Program Manager.

Program Record-Keeper — FTIS or any successor as the Program Record-Keeper.

Provisional Beneficiary — an individual designated by a state or local governmental organization, or an organization described in section 501(c)(3) of the Internal Revenue Code, subject to terms and conditions established by such organization and which may be changed by such organization at any time, as a potential recipient of certain contributions to the Plan made by such organization to an Account owned by such organization as part of a scholarship program operated by such organization. A Provisional Beneficiary is not a Beneficiary as defined in this Investor Handbook prior to such time, if any, that such Provisional Beneficiary receives a distribution from such Account or such Account, or any portion thereof, is converted or transferred to an Account not owned by such organization of which the Provisional Beneficiary is the Beneficiary.

Qualified ABLE Program — a program established and maintained by a state or a state agency or instrumentality under which a person may make contributions for eligible individuals to an account established for the purpose of meeting the qualified disability expenses of such eligible individual, all in accordance with Section 529A of the Code.

Qualified Distribution — a distribution from an Account to pay Qualified Higher Education Expenses.

Qualified Education Loan — any qualified education loan, as defined in section 221(d) of the Internal Revenue Code.

Qualified Elementary or Secondary Education Expenses — expenses for tuition in connection with enrollment or attendance at an elementary or secondary public, private, or religious school.

Qualified Higher Education Expenses — (i) the costs of tuition, fees, books, supplies and equipment required for the enrollment or attendance of a Beneficiary at an Eligible Educational Institution; (ii) expenses for room and board, within certain limits, for a Beneficiary attending an Eligible Educational Institution on at least a half-time basis; (iii) certain expenses for special needs services for a Beneficiary who is a special needs beneficiary incurred in connection with such enrollment or attendance; (iv) expenses for the purchase of computer equipment or peripheral equipment controlled by a computer (excluding in either case equipment of a kind used primarily for amusement or entertainment of the user), computer software, or Internet access and related services, if such equipment, software, or services are to be used primarily by the Beneficiary during any of the years the Beneficiary is enrolled at an Eligible Educational Institution, (v) expenses for fees, books, supplies, and equipment required for the participation of the Beneficiary in an apprenticeship program registered and certified with the United States Secretary of Labor under section 1 of the National Apprenticeship Act, (vi) amounts paid as principal or interest on any Qualified Education Loan of the Beneficiary or a sibling (as defined in section 152(d)(2)(B) of the Internal Revenue Code) of the Beneficiary, provided that the amount of distributions treated as Qualified Higher Education Expenses with respect to the loans of any individual shall not exceed $10,000 (reduced by the amount of distributions so treated for all prior taxable years), and (vii) Qualified Elementary or Secondary Education Expenses in an amount which, together with all other Qualified Elementary or Secondary Education Expenses paid for the person that is the Beneficiary by any person from other accounts in any Qualified Tuition Program, does not exceed $10,000 per calendar year.

Qualified Tuition Program — a "qualified tuition program" established and maintained in accordance with Section 529.

Rollover Distribution — a distribution from an Account to another Program Account or to, or that is reinvested in, an account in another Qualified Tuition Program or, for distributions prior to January 1, 2026, subject to limitations described in this Investor Handbook, an account in a Qualified ABLE Program, in a manner that meets the Code's requirements for a federally tax-free rollover distribution, as further described in this Investor Handbook.

SAI — Statement of Additional Information.

Savings-Type Qualified Tuition Program — any Qualified Tuition Program under which contributions may be made to an account established for the purpose of meeting the Qualified Higher Education Expenses of the designated beneficiary of the account.

Scholarship Accounts — scholarship accounts established by governmental entities and corporations that are described in Section 501(c)(3) of the Code.

SEC — U.S. Securities and Exchange Commission.

Section 529 — Section 529 of the Code.

Services Agreement — The College Savings Services Agreement, dated April ___, 2014, between HESAA and FTDI, as amended or restated from time to time.

State — The State of New Jersey.

Temporary Waiver Privilege — a privilege that allows you to use all or a portion of the proceeds from the sale of Trust Shares to buy Trust Shares within 90 days of the sale without an initial sales charge under certain circumstances (see "Fees and Expenses – Temporary Waiver Privilege").

Third-Party Contributor — any person, other than the Account Owner, who makes contributions to an Account.

TIN — U.S. Taxpayer Identification Number.

Trust — the New Jersey Better Educational Savings Trust (NJBEST).

Trust Shares — municipal fund securities representing interests in the Trust.

Trust Portfolio — an investment portfolio of the Trust.

UBTI — "unrelated business taxable income" as defined under the Code, which includes, among other items, debt-financed investment income and certain income from interest rate swap and other types of investment transactions.

UGMA --- Uniform Gifts to Minors Act.

Underlying Fund – means a mutual fund or ETF in which a Trust Portfolio invests all or a portion of the Trust Portfolio's assets.

Underlying Index – means the S&P 500® index.

UTMA — Uniform Transfers to Minors Act.

You — the current owner of an account within the Plan, who may be either the person who established the Account or a successor Account Owner.

Key Features

Overview of the Program

The State established the Program to allow Account Owners and Beneficiaries under the Program to qualify for federal tax benefits as participants in a Qualified Tuition Program. The State also provides favorable state tax treatment for State taxpayers participating in the Program and additional non-tax benefits for State residents participating in the Program.

HESAA is responsible for establishing and maintaining the Program on behalf of the State. HESAA's mission is to provide students and families with the financial and informational resources for students to pursue their education beyond high school. Under the Act, HESAA administers the Program and is authorized to select Investment Managers, adopt regulations and provide for the performance of other functions necessary for the operation of the Program. Program assets are held by the Trust. HESAA, as the trustee of the Trust, has appointed FTDI as the current Program Manager under the Services Agreement. FTDI, directly or through affiliated or non-affiliated entities, provides certain services for the Program.

The Program currently includes the Franklin Templeton 529 College Savings Plan, which is described in this Investor Handbook, and the NJBEST 529 College Savings Plan, which is not offered under, or described in, this Investor Handbook. For more information, see "Opening, Maintaining and Contributing to an Account – The NJBEST

Plan and Division Investment Options." **Investments in the Plan generally are made through Financial Professionals that have entered into an agreement with FTDI relating to the sale of Trust Shares in the Plan; however, an Account also may be established, and Trust Shares purchased for such an Account, by contacting the Plan directly, without use of a Financial Professional, in which case FTDI will serve as the broker of record for the Account.**

Overview of the Plan

The Plan is designed to enable New Jersey residents, as well as residents of other states, to save for Qualified Higher Education Expenses of a Beneficiary on a tax-advantaged basis. Under the Plan, you may set up one or more Accounts, each for the benefit of an individual you have designated as the Beneficiary of the Account, to save for the future payment of the expenses associated with the Beneficiary's attendance at most accredited post-secondary educational institutions throughout the country and at certain foreign institutions. Distributions for "Qualified Higher Education Expenses" include distributions used to pay Qualified Elementary or Secondary Education Expenses of the Beneficiary, provided that such expenses paid from the Account or from any other account in any Savings-Type Qualified Tuition Program established for the same Beneficiary by any person (whether or not such person is the same person as the Account Owner) do not exceed $10,000 per calendar year. Contributions to an Account are invested by the Trust in one or more Trust Portfolios as designated by the Account Owner.

The Investment Manager

Franklin Mutual Advisers manages, either directly or through sub-advisers approved by HESAA, the contributions received by the Trust for a particular Investment Option. Currently there are multiple different Investment Options, some of which invest in a single type of asset class, and others that follow an asset allocation strategy. These Investment Options may be invested in mutual funds or ETFs for which Franklin Mutual Advisers or its affiliates serve as investment manager, or they may be invested in mutual funds, ETFs or other investments that are unaffiliated with Franklin Mutual Advisers. The investment return on contributions to an Account will vary based on the performance of the Investment Options selected by the Account Owner.

Federal and New Jersey Income Tax Benefits

Federal income tax is deferred on Account earnings while they remain in the Account, and such earnings, when withdrawn for Qualified Higher Education Expenses, are tax-exempt for federal income tax purposes. Neither you nor your Beneficiary need be a New Jersey resident to participate in the Plan described in this Investor Handbook. If you or your Beneficiary is a New Jersey taxpayer, however, Account earnings are exempt from New Jersey state tax if withdrawn to pay for Qualified Higher Education Expenses (for

Qualified Elementary or Secondary Education Expenses, see "Tax Information – State Income Tax Treatment"). If you or your Beneficiary pays state taxes in states other than New Jersey, you should evaluate whether any state in which you or your Beneficiary pays taxes will tax any earnings withdrawn from your Account. You should also consider whether any state in which you, any Third-Party Contributor, or your Beneficiary resides or pays taxes offers special tax incentives or other benefits in connection with any Qualified Tuition Program sponsored by such state that may not be available to you, a Third-Party Contributor or your Beneficiary under the Program. You should consider this state tax treatment and other benefits, if any, before making an investment decision.

The statements contained in this Investor Handbook summarizing provisions of the Code applicable to Accounts or to contributions to, earnings of, or withdrawals from Accounts reflect the provisions of Section 529, proposed regulations published by the IRS that are expected to be revised prior to being finalized, certain notices issued by the IRS indicating the content of final regulations the IRS intends to promulgate under Section 529 but which have not been published as of the date of this Investor Handbook and other administrative interpretations of Section 529.

Special Gift and Estate Tax Treatment While Investing for College

The contributions you make to the Plan are treated as completed gifts for federal gift tax purposes. Annual contributions to an Account which, when combined with other gifts made by the same taxpayer to the same Beneficiary, do not exceed $15,000 ($30,000 for married couples making a gift-splitting election) are generally excludable for federal gift tax purposes. Currently contributions to an Account that exceed $15,000 ($30,000 for married couples making a gift-splitting election) in any year can be treated as if such contributions were spread evenly over a five-year period, with the result that up to $75,000 contributed to the Account in a single year ($150,000 for married couples making a gift-splitting election) may be excludable for federal gift tax purposes. Contributions to an Account are generally removed from the contributor's estate for federal estate tax purposes, subject to certain exceptions in the case of contributions that have been prorated over a five year period for federal gift tax purposes. Please read the information under the heading "Tax Information" in this Investor Handbook and consult your tax advisor for further information, including treatment for state gift and estate tax purposes.

Control over Your Account

You decide how to allocate contributions to any one or more Investment Options offered under this Investor Handbook at the time the contributions are made. You may reallocate the existing assets in your Account to one or more Investment Options twice each calendar year or whenever you change the Account's Beneficiary. All reallocations of assets among the Investment Options in all Program Accounts established by an Account Owner for a particular Beneficiary must occur on the same two days of the applicable calendar year, with the exception of reallocations in connection with a change of the Beneficiary of the applicable Program Account. You authorize withdrawals from the Plan when you are ready to pay for tuition or other Qualified Higher Education Expenses. Earnings on Non-Qualified Distributions (other than Rollover Distributions) are subject to federal income tax and, with certain exceptions, a penalty consisting of a 10% additional federal income tax.

You can save for elementary, secondary, undergraduate or graduate education for a member of your immediate family, friends—or even yourself. If the Beneficiary you've saved for decides not to go to college, funds can be used to educate another Member of the Family of the Beneficiary.

You can contact the Plan for Account information. Account balances are normally updated after each day that the New York Stock Exchange is open for business. The Program also sends quarterly statements with a description of the activity in your Account and the value of your Account.

Contribution Requirement and Contribution Limit

Open an account with just $250 – or $25 if you elect to participate in our monthly automatic investing option. The Maximum Contribution Limit for all accounts established within the Program for the same Beneficiary is currently $305,000. A minimum of $300 per year must be contributed to keep an Account open, until total contributions reach $1,200. A Financial Professional may impose minimum initial or ongoing contribution requirements other than those set forth above. The Program is not responsible for any minimum contribution requirements imposed by Financial Professionals or for notifying contributors of any changes to them. See Appendix E for more information on certain Financial Professional-specific contribution minimums. Please consult with your Financial Professional if you have any questions regarding their policies.

Fees and Expenses

Each of the Underlying Funds in which the Trust invests assets contributed under an Investment Option charges investment management fees and other expenses. These fees and expenses are taken into account in valuing the shares of the Underlying Funds owned by the applicable Trust Portfolio, and accordingly indirectly affect the investment return on amounts invested under the applicable Investment Option. There may be brokerage fees associated with the purchase or sale of ETFs that also affect the investment return on amounts invested under the applicable Investment Option.

The Program also charges a management fee that is currently 25 basis points (0.25 percent) per annum assessed daily against the assets of each Trust Portfolio other than the Franklin U.S. Government Money 529 Portfolio. Such a management fee may also be imposed in whole or in part at any time with respect to the respect to the Franklin U.S.

Government Money 529 Portfolio. In addition, each Trust Portfolio offers Class A Trust Shares, Class C Trust Shares and Advisor Class Trust Shares (available only to AC-Eligible Account Owners (as defined under “Fees and Expenses” below)), Class A Trust Shares and Class C Trust Shares have their own sales charges and fees.

These fees and expenses are subject to change without the consent of the Account Owners.

Please see "Fees and Expenses" below for additional information.

Opening, Maintaining and Contributing to an Account

Account Owner

Any individual who has reached the age of majority, or any corporation, trust or other entity, may establish an Account described in this Investor Handbook provided they reside in a state or jurisdiction where Trust Shares are eligible for sale. Trust Shares are not eligible for sale in Canada or in any member country of the European Union (“EU”) or European Economic Area (“EEA”) and may not be directly or indirectly offered or sold in any provincial or territorial jurisdiction in Canada or any member country of the EU or EEA, or to or for the benefit of residents of any provincial or territorial jurisdiction in Canada or any member country of the EU or EEA. Trust Shares are eligible for sale outside the United States in jurisdictions other than Canada, the EU and the EEA, provided that they are purchased through a Financial Professional with an address in the United States or a territory of the United States. With the exception of Accounts owned by Account Owners with addresses in Canada (“Canadian Accounts”) and Accounts owned by Account Owners with addresses in any member country of the EU or EEA (“European Accounts”), contributions may continue to be made to Accounts established prior to January 1, 2011 by Account Owners that do not have addresses in the United States or a territory of the United States and do not have a Financial Professional with an address in the United States or a territory of the United States.

No new Canadian Accounts may be established. In the case of existing Canadian Accounts, (1) Account Owners of Canadian Accounts are not permitted to make additional contributions to such Accounts; (2) such Accounts are not allowed to receive any additional contributions from any source; and (3) investments in any such Account may not be transferred from one Trust Portfolio to another Trust Portfolio, but Age-Based Portfolio Transfers of Trust Shares owned by Canadian Accounts will continue to take place automatically to the extent provided in this Investor Handbook as it may be supplemented or restated in the future. Any Account belonging to an Account Owner who has moved to Canada or who moves to Canada will be treated as a Canadian Account subject to the provisions above.

No new European Accounts may be established. In the case of existing European Accounts, (1) Account Owners of European Accounts are not permitted to make additional contributions to such Accounts; (2) such Accounts are not allowed to receive any additional contributions from any source; and (3) investments in any such Account may not be transferred from one Trust Portfolio to another Trust Portfolio, but Age-Based Portfolio Transfers of Trust Shares owned by European Accounts will continue to take place automatically to the extent provided in this Investor Handbook as it may be supplemented or restated in the future. Any Account belonging to an Account Owner who moves to a member country of the EU or EEA Canada will be treated as a European Account subject to the provisions above.

To establish an Account, the Account Owner must provide a TIN, which may be any one of the following: a Social Security Number, an IRS Individual Taxpayer Identification Number or an Employer Identification Number. The tax consequences associated with Accounts established by persons who do not have addresses in the United States are not described in this Investor Handbook. If you are such a person, you should consult your tax advisor concerning the tax consequences of an investment in the Program.

Third-Party Contributor

Subject to the restrictions set forth above under "Account Owner", any person may make contributions to an Account after the Account is opened. The Third-Party Contributor does not have to be related to the Account Owner or Beneficiary. A Third-Party Contributor has no future control over the use of the contribution by the Account Owner, who may change the Beneficiary of the Account and/or authorize withdrawals from the Account for purposes other than paying the Qualified Higher Education Expenses of the Beneficiary. A Third-Party Contributor may forego state or federal tax benefits for which the Third-Party Contributor might be eligible if he or she contributed to an Account owned by such Third-Party Contributor.

Beneficiary

The Beneficiary is the person designated by the Account Owner to use the savings in the Account for Qualified Higher Education Expenses. The Beneficiary must be an individual. The Beneficiary of an Account does not have to be a United States citizen; however, the Beneficiary must have a TIN. The Beneficiary and the Account Owner do not have to be related. Account Owners may designate themselves as the Beneficiary. An Account Owner must open a separate Account for each Beneficiary. An individual may be the Beneficiary of more than one Account in the Program, in which case the Maximum Contribution Limit is applied on the basis of the aggregate balance of such Program Accounts.

Accounts Established under UTMA or UGMA

The Program permits the establishment of an Account in the name of a custodian for a minor under UTMA or UGMA. In order to transfer existing funds held under UTMA or UGMA to an Account, the custodian will need to liquidate any securities in such UTMA or UGMA account (which will require payment of taxes on any accrued gains) and transfer cash to the Account. If an Account is established for a minor under UTMA or UGMA, the minor must remain the Beneficiary of such Account at all times notwithstanding the Account Owner's ability to change the Beneficiary for other types of Accounts. In addition, when the minor attains an age specified by applicable state law, the custodian will cease to have any control over the Account and the former minor will control the disposition of assets in the Account. Furthermore, the minor will be treated as the owner of the Account at all times, so that any taxable distribution from the Account will be treated as income of the minor (except to the extent, if any, that applicable law requires that such distribution be treated as income of the custodian). The treatment of an Account established under UTMA or UGMA for federal financial aid purposes is described under "Risk Factors–Financial Aid–Federal-Financial Aid." You should consult a tax advisor in your state of residence, and may also wish to consult a financial aid advisor, about the advisability of transferring UTMA/UGMA funds to an Account.

Opening an Account

To open an Account, complete a Franklin Templeton 529 College Savings Account Application (or a Franklin Templeton 529 College Savings Select Account Application, as applicable) and deliver it to your Financial Professional. Make sure you indicate the share class of Trust Shares you have chosen. If you do not indicate a class, your contribution will be invested in Class A Trust Shares. You must include a check payable to "Franklin Templeton 529 College Savings Plan" in the appropriate amount (the first deposit must be at least $25 for each Investment Option if a monthly automatic investing option is selected and no less than $250 total if a monthly automatic investing option is not selected) with your completed application form. When you establish an Account, you must name an individual person as the Beneficiary, unless the Account is a Scholarship Account. Other people may also open Accounts for the same Beneficiary. After your application is processed, you will receive a confirmation that includes your Account number. If you want to open additional Accounts and need more application forms, either photocopy the application form, call the Plan at (866) 362-1597, download the form from **franklintempleton.com** or contact a Financial Professional. Each Account requires a separate application. By signing the application form, you agree that the Account is subject to the terms and conditions of the Participation Agreement which is attached to this Investor Handbook as Appendix A and also to the terms in this Investor Handbook. A Financial Professional may impose minimum initial contribution requirements other than those set forth above. The Program is not responsible for any minimum contribution requirements imposed by Financial Professionals or for notifying contributors of any changes to them. See Appendix E for more information on certain Financial Professional-specific contribution minimums. Please consult with your Financial Professional if you have any questions regarding their policies.

Applicable Trust Share Net Asset Value

When you purchase (or sell) Trust Shares, you pay (or receive) the NAV per Trust Share plus (or minus) any applicable sales charge. NAV for each class of Trust Shares is determined by deducting the relevant Trust Portfolio's liabilities allocable to such class of Trust Shares from the total Trust Portfolio assets allocable to such class, and dividing that number by the number of Trust Shares outstanding for such class of that Trust Portfolio. Each Trust Portfolio calculates its NAV per Trust Share of each class each business day as of the close of trading on the New York Stock Exchange, normally 4 p.m. Eastern time ("Close of Trading"). A purchase (or sale) order for Trust Shares received by the Program Record-Keeper in good order by Close of Trading on a business day will ordinarily be priced according to the NAV calculated for the Trust Portfolio on that same business day. Under normal circumstances, the Trust does not calculate its NAV on days the New York Stock Exchange is closed for trading. To the extent permitted by law, a Financial Professional and/or a broker that holds Trust Shares in an "omnibus account" on behalf of Account Owners may transmit orders to the Program Record-Keeper through the National Securities Clearing Corporation or other electronic order clearinghouse, provided that the Financial Professional and/or "omnibus account" broker understands and agrees that it must receive an order for Trust Shares by the Close of Trading on a given business day to submit the order for processing at that day's NAV.

Contributing to an Account

Once your Account is opened, Account Owners and Third-Party Contributors may send money by check directly to the address listed on the Account application form or send money to the applicable Financial Intermediary with instructions on how to invest the contribution. The Plan will only accept pre- printed personal checks, cashier's checks, bank money orders or electronic fund transfers for Account contributions. The Plan does not accept cash, credit card convenience checks, non-bank money orders or traveler's checks as forms of payment to purchase Trust Shares. Account Owners and Third-Party Contributors may also choose to make regular contributions through automatic electronic transfers from their respective bank accounts or through payroll deduction, if offered by their respective employers. Please see the Account application form for more details on automatic electronic transfers.

Contributions, including contributions by Third-Party Contributors, are allocated to one or more of the Trust Portfolios in accordance with instructions from the Account Owner or Financial Professional. If the Program Manager is aware that a contribution received has been made by a Third-Party Contributor, the Account Owner will be contacted for instructions regarding the investment of such contribution. To establish regular contributions through automatic electronic transfers from a Third-Party Contributor's bank account, the Third-Party Contributor must submit a voided check along with a letter of instruction signed by both the bank account owner and the Account Owner. Both signatures must be signature guaranteed.

The Program from time to time determines the Maximum Contribution Limit invested under the Program on behalf of a Beneficiary which should not be exceeded through additional contributions. As of the date of this Investor Handbook, the Maximum Contribution Limit is $305,000. No additional contribution may be made to your Account if the amount of the contribution, when added to the value, at the time of the proposed contribution, of all Program Accounts (whether or not owned by you) for the same Beneficiary, would exceed the Maximum Contribution Limit. The Program reserves the right to change the Maximum Contribution Limit and the method of calculating the Maximum Contribution Limit in accordance with its interpretation of federal and state law and regulations.

Until total contributions to your Account reach $1,200, a minimum of $300 per year must be contributed to keep your Account open. Once your total contributions are at least $1,200, no additional contributions are required to maintain the Account. If your Account fails to meet the minimum required contributions, the Program may terminate your Account without notice and distribute to you the amounts on deposit in your Account at the time of termination. If the Program terminates your Account under these circumstances, you may be required to pay federal and state income taxes and tax penalties on any earnings distributed to you.

A Financial Professional may impose minimum ongoing contribution requirements other than those set forth above. The Program is not responsible for any minimum contribution requirements imposed by Financial Professionals or for notifying contributors of any changes to them. See Appendix E for more information on certain Financial Professional-specific contribution minimums. Please consult with your Financial Professional if you have any questions regarding their policies

Transfers and Rollovers

Rollovers from Other Qualified Tuition Programs to the Program

You may transfer funds from an account in another Qualified Tuition Program to an Account by requesting a “rollover distribution” to your Account, subject to the applicable requirements of the Code. You must provide the Program with acceptable documentation from the prior Qualified Tuition Program regarding the portion of any rollover distribution that consists of a return of principal and the portion that consists of earnings.

A rollover distribution can be made without any adverse federal income tax consequences provided that it is effected by a Direct Transfer or that, within 60 days of the date you withdraw funds from your other Qualified Tuition Program account, you deposit such funds in your Account. Under current law, subject to certain limitations described in this Investor Handbook, the Beneficiary of your Account can be either: (i) the same as the beneficiary of the account from which you are making the rollover distribution, if such rollover distribution is a Direct Transfer or does not occur within 12 months from the date of a previous rollover distribution (other than by Direct Transfer) to any Qualified Tuition Program for the benefit of the same beneficiary; or (ii) a different individual who is a Member of the Family of the beneficiary of the account from which the rollover distribution is made.

Contact the Program Record-Keeper or a Financial Professional for more information about how to complete such a transfer. A Franklin Templeton 529 College Savings Plan Rollover/Transfer Request Form is available from the Program Record-Keeper or at **franklintempleton.com**. Although a rollover distribution can be made without adverse federal income tax consequences, there may be state income tax consequences in the state(s) in which you pay state income taxes, and the Qualified Tuition Program from which the rollover distribution is made may assess some charges in connection with the withdrawal. You should consult a tax advisor, and with respect to any such charges, your Financial Professional, if you have any questions about the consequences of a transfer between Qualified Tuition Programs.

Transfers from Coverdell Education Savings Accounts to the Program

You may move funds from a Coverdell ESA to an Account. The Beneficiary of the Account to which the funds are transferred must be the same as the beneficiary of the Coverdell ESA from which the transfer is made, and the deposit to the Account must occur in the same tax year as the withdrawal from the Coverdell ESA. After the amount has been moved from the Coverdell ESA to the Account, you may change the Beneficiary of the Account as described below under "Opening, Maintaining and Contributing to an Account – Changing a Beneficiary." Contact the Program Record-Keeper for information about how to complete such a transfer and documentation which must be submitted regarding the portion of such transfer to be treated as principal. Contact your tax advisor for information about federal and state tax treatment of a transfer of funds from a Coverdell ESA to the Program.

Reinvesting Proceeds of Certain U.S. Savings Bonds in an Account

Some U.S. Savings Bonds may be redeemed and, if the proceeds are deposited into an Account, no federal income tax will be due on some or all of the bond earnings in the year in which the bond is cashed. You may wish to consult a financial or tax advisor to determine whether it is better to reinvest the earnings in an Account or apply them directly to the payment of higher education expenses, if there are such expenses in the year the bond is cashed in. Contact the Program Record-Keeper for information about documentation which must be submitted regarding the portion of such transfer to be treated as principal.

The bonds that qualify for such tax-favored treatment are Series EE bonds issued after 1989 and Series I bonds. The owner of the bonds must have been at least 24 years of age on the date the bonds were issued. The Beneficiary of the Account must be (1) the Account Owner or Third-Party Contributor making the contribution, (2) such person's spouse, or (3) a qualifying dependent of such taxpayer. And, to qualify for full or partial tax deferral, the owner of the bond must meet certain income restrictions. You should consult a tax advisor to determine whether you qualify for the tax deferral.

To take advantage of this opportunity, the bond owner simply redeems the bonds and sends a contribution to his or her Account for the amount of the proceeds. The bond owner needs to record certain information from the bonds that must be reported to the IRS. The taxpayer must file an IRS Form 8815 for the tax year in which the bonds are cashed in and the proceeds are placed in the Program Account.

Changing a Beneficiary

You can change the Beneficiary of your Account, provided that the new Beneficiary of your Account is a Member of the Family of the prior Beneficiary. You may not change the Beneficiary if such change would cause the aggregate account balances of all Program Accounts for the new Beneficiary to exceed the Maximum Contribution Limit or if the Account is owned in custody for a minor. See "Opening, Maintaining and Contributing to an Account – Accounts Established under UTMA or UGMA." A change in Beneficiary may be treated as a gift from the previous Beneficiary to the new Beneficiary in certain circumstances, and therefore may have gift tax and generation-skipping transfer tax implications. See "Tax Information – Federal Tax Treatment" for more information. In order to change a Beneficiary, you will need to complete a Franklin Templeton 529 College Savings Plan Account Revision Form available from the Program Record-Keeper at **franklintempleton.com**.

Member of the Family

Under current law, the term "member of the family" is defined as a person related to the Beneficiary as follows:

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

For purposes of the "member of the family" definition, a child includes a legally adopted child and a brother or sister includes a brother or sister by half-blood.

Change in Account Owner; Successor Account Owner

Under current Program policy, a change in the Account Owner of an Account is permitted upon completion of a Franklin Templeton 529 College Savings Plan Account Revision Form, which includes submission of a notarized signature or a signature guaranty from a banking institution. This form is available from the Program Record-Keeper or at **franklintempleton.com**. An Account Owner also may designate any person to become the successor Account Owner in the event of his or her death. Such designation may be made on the Account application or, subsequently, by submitting a Franklin Templeton 529 College Savings Plan Account Revision Form available from the Program Record-Keeper or at **franklintempleton.com**. If the original Account Owner dies and the designated person becomes the successor Account Owner, the successor Account Owner may continue to make contributions to the Account, may change the Beneficiary of the Account, may allocate Account balances and contributions among Investment Options and may make Qualified and Non-Qualified Distributions from the Account. The successor Account Owner also would assume tax liability in the event that he or she receives a Non-Qualified Distribution. See "Tax Information."

Under current Program policy, if the Account Owner has not designated a person as a successor Account Owner on the Account application or in a Franklin Templeton 529 College Savings Plan Account Revision Form (or the designated person does not survive the Account Owner), the Beneficiary (if over 18 years old) or a trustee or guardian for the Beneficiary (if the Beneficiary is less than 18 years old) becomes the owner of the Account. The trustee or guardian may be the trustee or guardian, if any, named in the Account Owner's will, a trustee or guardian appointed for such purpose by a court or executor of the Account Owner's estate or a parent of the Beneficiary. Once a trustee or guardian has assumed ownership of such an Account, no further contributions to the Account will be accepted and the guardian or trustee may not change the Beneficiary. The Program's current policy is subject to change and to the requirements of applicable state law, including any applicable provision of an Account Owner's will that may govern the disposition of the Account in the event the Account Owner has not otherwise effectively designated a successor Account Owner.

The NJBEST Plan and Division Investment Options

The NJBEST Plan is made available to individuals who are, or whose Beneficiaries are, New Jersey residents and who invest without the assistance of a Financial Professional, and also to employees of any Franklin Templeton Investments company (or their immediate family members) who do not reside in New Jersey and who invest without the assistance of a Financial Professional. Certain Investment Options are available through the NJBEST Plan without sales charges or sales fees. An NJBEST Plan investor handbook is available through the Program Record-Keeper.

The New Jersey Department of the Treasury, Division of Investments serves as investment manager for certain other investment options ("Division Investment Options") that are part of the NJBEST Plan but are no longer available to new investors.

Transfers from an NJBEST Account to an Account under the Plan

You may transfer assets from an account under the NJBEST Plan to an Account under the Plan, subject to HESAA notice requirements and to the general rule that transfers among Investment Options can only occur twice per calendar year, or in connection with a change of the Beneficiary. Assets in an Account (including any assets transferred to such Account from an NJBEST Account invested in Division Investment Options) cannot be transferred, or transferred back, to an NJBEST Account for investment under the Division Investment Options.

It is important to note that amounts transferred from an NJBEST Account invested under one of the Division Investment Options to an Account invested under the Franklin Templeton Investment Options will no longer be subject to certain provisions of the Act requiring HESAA to request State legislative appropriations to prevent owners of Program Accounts invested in the Division Investment Options from recovering upon withdrawal less than the aggregate amount of contributions to their Program Accounts invested in the Division Investment Options. The applicability of such provisions of the Act to contributions made under the Division Investment Options, and their inapplicability to contributions made under the Franklin Templeton Investment Options, should be given careful consideration by an owner of a Program Account established in the NJBEST Plan prior to March 17, 2003 in evaluating the benefits and costs of any such transfer.

Telephone/Online Privileges

Online privileges allow you to view your Account information as well as to exchange Trust Shares of most Trust Portfolios (subject to the restrictions described under "Investment Options – Changing Investment Options" below); use an electronic funds transfer to buy Trust Shares of most Trust Portfolios; change your telephone number and/or address; make withdrawals to the address of record or pre-authorized address on file or to an Eligible Educational Institution (subject to certain additional requirements in the case of withdrawals over a specified amount); and change or delete your automatic investment plan via the Internet. Telephone privileges allow you to conduct a number of transactions by phone, including: exchange Trust Shares of most Trust Portfolios (subject to the restrictions described under "Investment Options – Changing Investment Options" below); use electronic funds transfer to buy Trust Shares of most Trust Portfolios; change your telephone number and/or address; make withdrawals to the address of record or pre-authorized address on file or to an Eligible Educational Institution (subject to certain additional requirements in the case of withdrawals over a specified amount) and change or delete your automatic investment plan. Online and telephone services may not be available at certain times, and online and telephone privileges are subject to revocation in certain instances.

To view your Account information online, you will first need to register for these services at the **franklintempleton.com** website. You will be asked to accept the terms of the applicable online agreement(s) and acquire a personal identification number for online services.

As long as the Program Manager follows reasonable security procedures and acts on instructions it reasonably believes are genuine, neither the Program nor any contractor or subcontractor of the Program will be responsible for any losses that may occur from unauthorized requests. The Program Manager will request passwords or other information, and also may record calls. To help safeguard your Account, keep your password confidential, and verify the accuracy of your confirmation statements immediately after you receive them. Contact the Program Manager immediately if you believe someone has obtained unauthorized access to your Account or password. For Account information viewed over the Internet, the use of an Internet browser with 128-bit encryption is recommended. Certain methods of contacting the Program or Program Manager (such as by phone or by Internet) may be unavailable or delayed during periods of unusual market activity. Of course, you can decline telephone/online privileges. If you wish to do so upon opening an Account, or wish to discontinue telephone/online privileges on your Account at any time thereafter, please contact the Program Manager for instructions. You may reinstate these privileges at any time in writing, including online registration with respect to online privileges.

Legal Restrictions and Protections on Use of Accounts

Neither the Account Owner nor the Beneficiary may use an Account as security for a loan.

Under New Jersey law, Accounts are exempt from claims of creditors and are excluded from an estate in bankruptcy except in cases of fraudulent conveyance, claims under an order for child or spousal support or of an alternate payee under a qualified domestic relations order, or punitive damages awarded in a civil action arising from manslaughter or murder. Please note that, depending on the circumstances, the laws of states other than New Jersey may determine the rights of creditors in a claim or bankruptcy involving a Program Account.

Federal bankruptcy laws exempt from an Account Owner's creditors in a bankruptcy proceeding certain funds contributed to an account under a Section 529 qualified tuition program. The exemption protects (i) up to$6,225 transferred to an Account at least 365 days and within 720 days before the bankruptcy filing, and (ii) all transfers made more than 720 days before the bankruptcy filing, provided in both cases that the Beneficiary of the Account during the tax year in which the contribution was made was a child, stepchild, grandchild or step grandchild of the Account Owner.

Community Property Laws

If you are a resident of any state that has community property laws and you are concerned about the application of those laws to contributions, withdrawals and ownership of Accounts, you should consult a legal advisor. Community property issues such as limitations on gifts of community property and ownership of community property upon death or dissolution of marriage are beyond the scope of this Investor Handbook.

Suspicious or Abusive Transactions

HESAA and the Program Manager reserve the right to close any Account or to limit contributions to, or withdrawals from, any Account, if either of them, in its sole discretion, suspects or determines that the Account is being used for purposes that may be in contravention or circumvention of applicable laws or for purposes other than savings for the Qualified Higher Education Expenses of the Beneficiary of the Account.

Withdrawals

Only the Account Owner may request withdrawals from an Account. A withdrawal from your Account will have different tax consequences depending on whether it is (1) a distribution to pay the Qualified Higher Education Expenses of the Beneficiary at an Eligible Educational Institution, (2) a distribution to pay Qualified Elementary or Secondary Education Expenses of the Beneficiary, (3) a distribution on account of death or permanent disability of the Beneficiary, (4) a distribution on account of a qualified scholarship awarded to the Beneficiary or attendance by the Beneficiary at a U.S. military academy, (5) a distribution corresponding to the amount of expenses for which the Hope Scholarship (now also known as the American Opportunity tax credit) or Life time Learning credit is claimed, (6) a Rollover Distribution or (7) a distribution for any other purpose. A distribution of the type described in clauses (1) or (2) of the prior sentence is sometimes referred to in this Handbook as a "Qualified Distribution" and a distribution of the type described in clauses (3), (4), (5), (6) or (7) of the prior sentence is sometimes referred to in this Investor Handbook as a "Non-Qualified Distribution." Each type of withdrawal is discussed below. You may request a withdrawal from your Account by completing a Franklin Templeton 529 College Savings Plan Withdrawal Form (available at **franklintempleton.com**) and submitting it to the Program Record-Keeper. You may also request a withdrawal over the phone or on **franklintempleton.com** as long as the withdrawal is sent to the address of record or a pre-authorized address on file.

Currently, you are not required to submit proof to the Program of the type of withdrawal you are making, and the Program is not required to report the type of withdrawal to tax authorities. The Program is required to report on Form 1099-Q the amount of earnings and return of contribution distributed from a Program Account. For this purpose, all Program Accounts with the same Account Owner for the same Beneficiary are currently treated as a single Program Account upon any withdrawal, and the earnings component of any withdrawal from any such Program Account will be reported to the IRS, in accordance with the tax methodology required by the Code, on the basis of all earnings in all such Program Accounts, irrespective of which Program Account you select for the particular withdrawal.

It will be the Account Owner's or Beneficiary's responsibility, as applicable, to substantiate upon request by the IRS or state tax authorities a distribution that has been treated on a tax return as a Qualified Distribution, a distribution on account of death or permanent disability of the Beneficiary, a distribution on account of a qualified scholarship awarded to the Beneficiary or attendance by the Beneficiary at a U.S. military academy, or a Rollover Distribution. Accordingly, the Account Owner and, if applicable, the Beneficiary should maintain records and documentation substantiating the type of distribution(s) received in each tax year. A summary description of certain types of documentation that currently may be required is provided below for informational purposes only, but you should be aware that such requirements are subject to change and that you are responsible for determining the current applicable requirements in accordance with federal or state tax regulations and policies.

After a withdrawal is requested by the Account Owner, it generally will be processed and disbursed within seven days after we receive your request in proper form. The Program may require you to submit a separate request for each distribution.

Selling Recently Purchased Shares

If you sell Trust Shares recently purchased, the Program may delay sending you the proceeds until your check, draft or wire/electronic funds transfer has cleared, which may take seven business days or more. A certified or cashier's check may clear in less time.

Systematic Withdrawals

An Account Owner who wishes to make systematic withdrawals from an Account should contact his or her Financial Professional or the Program Manager regarding the availability of systematic withdrawals. When available, the systematic withdrawal option facilitates recurring withdrawals to a specified payee from an Account at a specified frequency, start date, stop date, amount and from one or more specified Investment Options in which the Account is invested. Systematic withdrawals, if started, can be changed or discontinued at any time.

As with any other distribution from an Account, it will be the Account Owner's or Beneficiary's responsibility, as applicable, to substantiate upon request by the IRS or state tax authorities whether distributions made in the applicable tax year qualify for treatment as Qualified Distributions or constitute, in whole or in part, Non-Qualified Distributions. The Account Owner is solely responsible for monitoring any changes in circumstances following the establishment of systematic withdrawals that may reduce the amount of Qualified Higher Education Expenses paid in the applicable tax year from those projected at the time such systematic withdrawals were commenced and for terminating or changing the amount of such systematic withdrawals if necessary and desired by the Account Owner in order to avoid Non-Qualified Distributions that may result in taxable earnings.

Qualified Distributions

A “Qualified Distribution” is a distribution that is used to pay the Qualified Higher Education Expenses of the Beneficiary or to pay, subject to limits described below, principal or interest on any Qualified Education Loan of a sibling of the Beneficiary. Distributions for a Beneficiary used to pay Qualified Higher Education Expenses at an Eligible Educational Institution are treated as “Qualified Distributions” to the extent the amount of such distributions in a tax year does not exceed the amount of such Qualified Higher Education Expenses paid in the applicable tax year. Distributions used to pay Qualified Elementary or Secondary Expenses of the Beneficiary are treated as “Qualified Distributions” to the extent the amount of such distributions in a tax year, together with the amount of all other distributions made in the same tax year to pay Qualified Elementary or Secondary Education Expenses of the Beneficiary from any other account in any Savings-Type Qualified Tuition Program (irrespective of whether such account is owned by the Account Owner or by another person), does not exceed the lesser of $10,000 or the amount of Qualified Elementary or Secondary Education Expenses of the Beneficiary paid in the applicable tax year. Distributions used to pay principal or interest on any Qualified Education Loan of the Beneficiary or a sibling of the Beneficiary are treated as “Qualified Distributions” to the extent the amount of such distributions in a tax year does not exceed the lesser of the amount of such Qualified Higher Education Expenses of the Beneficiary or such sibling, as applicable, paid in the applicable tax year or$10,000, reduced by the amount of such distributions treated as Qualified Higher Education Expenses of the Beneficiary or such sibling, as applicable, for all prior taxable years. The IRS has not yet provided guidance on the allocation of payments of Qualified Elementary or Secondary Education Expenses or of principal or interest on any Qualified Education Loan to Qualified Distributions in the event different taxpayers make payments aggregating more than$10,000 for the Qualified Elementary or Secondary Education Expenses of the same Beneficiary in the same tax year, or in the event different taxpayers make payments aggregating more than$10,000 (reduced by the amount of such distributions for the applicable individual treated as Qualified Higher Education Expenses for all prior taxable years)in the same tax year to pay principal or interest on any Qualified Education Loan of the Beneficiary or a sibling of the Beneficiary. See “Tax Information –Federal Tax Treatment” for more information.

To establish, if required, that a distribution qualifies as a Qualified Distribution for tax purposes, it is advisable that you or the Beneficiary maintain records of the Eligible Educational Institution attended by the Beneficiary, the dates of attendance and the amount and type of Qualified Higher Education Expenses (including, if applicable, Qualified Elementary or Secondary Education Expenses) paid (including bills, receipts or other documentation of the expenses paid).

Non-Qualified Distributions

The federal tax treatment of Non-Qualified Distributions depends on the circumstances of the withdrawal. See "Tax Information – Federal Tax Treatment." In general, the earnings portion of distributions on account of the death or permanent disability of, or receipt of a qualified scholarship by, the Beneficiary, or of a distribution corresponding to the amount of expenses for which the Hope Scholarship/American Opportunity tax credit or Lifetime Learning credit is claimed, is subject to federal income taxes, but not to any additional federal income tax. Rollover Distributions are not subject to any federal income taxes. The earnings portion of a Non-Qualified Distribution for any other purpose is subject to federal income taxes and to a 10% additional federal income tax.

Distributions on Account of Death or Permanent Disability of, or Qualified Scholarship Awarded to or Attendance at a U.S. Military Academy by the Beneficiary

Under current federal tax law, a distribution on account of the Beneficiary's death is included in the estate of the Beneficiary and, if actually received by the estate, the portion of such distribution deemed to constitute earnings will be subject to federal income tax but not to the 10% additional federal income tax. If received by the Account Owner, though, the portion of such distribution deemed to constitute earnings will be subject to federal income tax and the 10% additional federal income tax. However, the Account Owner may be able to change the Beneficiary to another Member of the Family instead of requesting a distribution in such circumstances. To establish, if required, that a distribution qualifies as a distribution on account of the death of the Beneficiary, it is advisable that the Account Owner maintain a certified death certificate containing the name and Social Security Number or TIN of the Beneficiary or other appropriate proof of death.

A distribution qualifies as a distribution on account of the permanent disability of the Beneficiary if at the time it is made the Beneficiary is unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. To be able to establish, if required, that a distribution so qualifies, it is advisable that the Account Owner obtains and maintains a certification to such effect from a doctor of medicine or osteopathy who is legally authorized to practice in a state of the United States.

The amount of the withdrawal from an Account treated as a distribution on account of a qualified scholarship cannot exceed the amount of the qualified scholarship received by the Beneficiary. To be able to establish, if required, that a distribution should be treated as a distribution on account of a qualified scholarship, it is advisable that the Account Owner obtain and maintain a letter from the grantor of the scholarship or from the institution receiving or administering the scholarship that: (i) identifies the Beneficiary by name and Social Security Number or IRS TIN as the recipient; (ii) states the amount of the qualified scholarship; (iii) indicates the period of time or number of credits or units to which the scholarship applies or the date of the grant; and (iv) if applicable, identifies the institution to which the qualified scholarship is to be applied. The amount of the withdrawal from an Account treated as a distribution on account of attendance at a U.S. military academy cannot exceed the costs of advanced education (as defined by United

States Code title 10, section 2005 (e) (3)) attributable to such attendance. See "Tax Information – Federal Tax Treatment" for more information.

Distributions Corresponding to Expenses Taken into Account in Claiming Certain Tax Credits. Qualified higher education expenses are reduced to the extent that such expenses are taken into account in the applicable tax year in claiming the Hope Scholarship/American Opportunity tax credit or the Lifetime Learning Credit. To the extent that a Non-Qualified Distribution corresponds in amount to or does not exceed the amount of expenses that would have been Qualified Higher Education Expenses in the applicable tax year if a Hope Scholarship/American Opportunity or Lifetime Learning credit had not been claimed for such expenses, the portion of such distribution deemed to constitute earnings will be subject to federal income tax but not to the 10% additional federal income tax.

Rollover Distributions

Rollover Distributions are not subject to federal income taxation. A Rollover Distribution from your Program Account includes any of the following: (i) within 60 days of a withdrawal you transfer the funds withdrawn from your Program Account to another Program Account with a Beneficiary who is a Member of the Family of the Beneficiary of the Program Account from which the withdrawal was made; (ii) within 60 days of your withdrawal of funds from your Program Account you transfer such funds to an account established in another Qualified Tuition Program; (iii) for distributions made prior to January 1, 2026, within 60 days of your withdrawal of funds from your Program Account you transfer such funds to an account established in a Qualified ABLE Program, provided that the amount of the Rollover Distribution cannot, together with amounts previously contributed to the recipient account in the same year, exceed the annual limit on contributions to an account in a Qualified ABLE Program (currently$15,000) without consideration of certain provisions applicable to additional contributions by working beneficiaries of such accounts; or (iv) you direct the Program to transfer funds directly from your Program Account to such other Program Account described in clause (i) above or other Qualified Tuition Program account or, subject to the limitations described in clause (iii) above, Qualified ABLE Program account. HESAA regulations currently permit HESAA to charge a fee of up to$75 with respect to Rollover Distributions from Program Accounts to other Qualified Tuition Programs. HESAA has not, as of this date, charged such a fee, but reserves the right to do so without prior notice at any time. In the case of a Rollover Distribution from a Program Account to another Qualified Tuition Program account or vice versa, the Beneficiary can remain unchanged if at the time of such transfer, at least 12 months have elapsed since the last Rollover Distribution to any Qualified Tuition Program for the benefit of the same Beneficiary. Otherwise, the Beneficiary of the account in the Qualified Tuition Program receiving the Rollover Distribution must be a different individual from the Beneficiary of the Program Account from which the Rollover Distribution is made, and must be a Member of the Family of the Beneficiary of the Program Account from which the Rollover Distribution is made. In the case of a Rollover Distribution from a Program Account to a Qualified ABLE Program account, the Beneficiary can remain unchanged or be a Member of the Family of the Beneficiary of the Program Account from which the Rollover Distribution is made. In addition, a Rollover Distribution is currently treated for federal tax purposes as a gift from the previous Beneficiary to the new Beneficiary in certain circumstances, and therefore may have gift tax and generation-skipping transfer tax implications. See "Tax Information – Federal Tax Treatment."

Distributions for Refunded Payments of Qualified Higher Education Expenses Recontributed to a Qualified Tuition Program. The amount of a distribution (or portion thereof) used to pay the qualified-higher education expenses of the Beneficiary at an Eligible Educational Institution but refunded to the Beneficiary by the Eligible Educational Institution will not be treated as a Non-Qualified Distribution to the extent the amount of such distribution is recontributed to the Account of such Beneficiary or to an account for the Beneficiary in another Qualified Tuition Program within 60 days of the Beneficiary's receipt of the refund from the Eligible Educational Institution.

Distributions for Any Other Reason

The earnings component of a distribution for any purpose other than those described above will be subject to federal income tax as income of the distributee and to the 10% additional federal income tax. See "Tax Information – Federal Tax Treatment" for more information.

If All the Plan Assets Are Not Used for the Beneficiary's College Costs

If all of the assets in the Account are not used for the Beneficiary's elementary, secondary, or undergraduate Qualified Higher Education Expenses, you have several options. First, you can use the funds for the Beneficiary's graduate or professional school expenses. Second, you may designate a new Beneficiary who is a Member of the Family of the existing Beneficiary. Third, you may close the Account and withdraw all of the funds, although that will be less advantageous because the withdrawal will constitute a Non-Qualified Distribution, the earnings portion of which generally is subject to federal income tax as well as the 10% additional federal income tax. Finally, you may leave the Account open until you determine the best course of action.

Applicability of Contingent Deferred Sales Charges to Distributions

The contingent deferred sales charge imposed on withdrawals of amounts invested in an Account in Class A or Class C during the periods described under "Fees and Expenses – Class A" and "Fees and Expenses – Class C" will be assessed in the case of all distributions except as noted in each of those sections. This is the case for Qualified Distributions, Non-Qualified Distributions (except as noted in those sections) and Rollover Distributions, unless the Rollover Distribution is a direct transfer to another Account invested in the same class of Trust Shares as the Account from which the distribution was made.

Investment Options

You may choose among the objective-based asset allocations, age-based asset allocations and individual portfolios described below. The contributions to your Plan Account are invested in "municipal fund securities" (also referred to as "Trust Shares"), which represent interests in specific Trust Portfolios of the Trust. The Trust Portfolios are not registered mutual funds and are not sponsored by Franklin Templeton Investments. Based on the Investment Option(s) you select at the time a contribution is made, the Trust invests your contributions in one or more Trust Portfolios. The assets of the Trust Portfolios are then invested in mutual fund or ETF shares or other investments, in accordance with the Investment Policy established by HESAA with the approval of the State Investment Council, as it applies to such Investment Option(s). **The Age-Based Asset Allocations have been designed for amounts intended to be applied to Qualified Higher Education Expenses other than Qualified Elementary or Secondary Education Expenses. Account Owners who intend to apply amounts in an Account to Qualified Elementary or Secondary Education Expenses of the Beneficiary should consider other Investment Options.**

- **Type 1 Investment Options: Objective-Based Asset Allocations**

  Franklin Founding Funds 529 Portfolio
  Franklin Corefolio® 529 Portfolio
  Franklin Growth Allocation 529 Portfolio
  Franklin Growth & Income Allocation 529 Portfolio
  Franklin Income Allocation 529 Portfolio

- **Type 2 Investment Options: Age-Based Allocations (Conservative, Growth and Moderate)**

  Franklin Newborn – 4 Years 529 Portfolio
  Franklin Age 5 – 8 Years 529 Portfolio
  Franklin Age 9 – 10 Years 529 Portfolio
  Franklin Age 11 – 12 Years 529 Portfolio
  Franklin Age 13 – 14 Years 529 Portfolio
  Franklin Age 15 – 16 Years 529 Portfolio
  Franklin Age 17 – 18 Years 529 Portfolio
  Franklin Age 19+ Years 529 Portfolio

- **Type 3 Investment Options: Individual Portfolios**

  Templeton Growth 529 Portfolio
  Franklin Growth 529 Portfolio
  Franklin Mutual Global Discovery 529 Portfolio
  Franklin Small-Mid Cap Growth 529 Portfolio
  Franklin Mutual Shares 529 Portfolio
  S&P 500 Index 529 Portfolio
  Templeton Global Bond 529 Portfolio
  Franklin Income 529 Portfolio
  Franklin U.S. Government Money 529 Portfolio

Contributions to an Account do not result in direct ownership by the Account Owner of shares of any Franklin Templeton Investments mutual fund or other Underlying Fund. The Trust Shares are not registered with the SEC or any state, nor are the Trust, the Program, the Plan or any of the Investment Options registered as investment companies with the SEC or any state. The Trust and the Investment Manager may from time to time change the mutual funds or other investments in which contributions under an Investment Option are invested. Additional Investment Options may be added in the future, and existing Investment Options may be changed, consolidated or eliminated (and Trust Shares relating to any eliminated Investment Option exchanged for Trust Shares in another Investment Option selected by the Trust) in the future, all as determined in accordance with the then-current Investment Policy. The investment of Trust Portfolio assets will be reviewed, and may be adjusted, from time to time in accordance with the Investment Policy. The consent of Account Owners, Third-Party Contributors or Beneficiaries to any such change, addition, elimination or consolidation of Investment Options is not required.

Type 1 Investment Options: Objective-Based Asset Allocations

These Investment Options allow your assets to be invested according to the amount of investment risk you're comfortable taking and the return characteristics you prefer. You may choose from among five Trust Portfolios, with objectives ranging from aggressive to conservative.

Except as otherwise indicated, the table below identifies the asset allocation targets and ranges for each asset class within each Trust Portfolio under the current Investment Policy, and the mutual funds and, where applicable, ETFs in which assets allocated to a particular asset class within the applicable Trust Portfolio may be invested under the current Investment Policy. The Investment Manager may from time to time change the percentage allocation to a particular mutual fund or ETF within a particular asset class within a Trust Portfolio (including eliminating any percentage allocation to a particular mutual fund or ETF), and may from time to time determine whether to use ETFs emphasizing the applicable asset class and, if so, the particular ETF(s) selected for investment and the percentage allocation to such ETF.

Franklin Founding Funds 529 Portfolio

This allocation is designed for investors with a longer investment time horizon and/or a higher tolerance for risk. Contributions received by the Trust under the Franklin Founding Funds 529 Investment Option are invested by the Trust in the Franklin Founding Funds 529 Portfolio. Assets of this Trust Portfolio are currently invested in relatively equal allocations in three mutual funds that invest, respectively, in the fixed income, U.S. equity and non-U.S. equity asset classes and, within such asset classes, in bonds and stocks in the U.S. and abroad, among other investment assets. The Franklin Founding Funds 529 Portfolio’s allocation is monitored and rebalanced to adapt to market movements. This rebalancing feature helps maintain equal exposure to three distinct investment strategies in any market environment.

Franklin Corefolio® 529 Portfolio

This allocation is also designed for investors with a longer investment time horizon and/or a higher tolerance for risk. Contributions received by the Trust under the Franklin Corefolio 529 Investment Option are invested by the Trust in the Franklin Corefolio 529 Portfolio. Assets of this Trust Portfolio will be invested in approximately equal allocations to four mutual funds that invest in stocks and bonds in the U.S. and abroad. The Franklin Corefolio 529 Portfolio's allocation is monitored and rebalanced to adapt to market movements. This rebalancing feature helps maintain equal exposure to four distinct investment strategies in any market environment.

Franklin Growth Allocation 529 Portfolio

This allocation is also designed for investors with a longer investment time horizon and/or a higher tolerance for risk. Contributions received by the Trust under the Franklin Growth Allocation 529 Investment Option are invested by the Trust in the Franklin Growth Allocation 529 Portfolio. The Franklin Growth Allocation 529 Portfolio seeks capital appreciation. Contributions designating the Franklin Growth Allocation 529 Portfolio will be invested in mutual funds that invest in domestic equity securities and international equity securities, among other investment assets.

Franklin Growth & Income Allocation 529 Portfolio

This allocation is designed for investors with a longer-to-medium investment time horizon and/or a moderate tolerance for risk. Contributions received by the Trust under the Franklin Growth & Income Allocation 529 Investment Option are invested by the Trust in the Franklin Growth & Income Allocation 529 Portfolio. The Franklin Growth & Income Allocation 529 Portfolio seeks capital appreciation and current income consistent with the preservation of capital. Under the current Investment Policy, assets of this Trust Portfolio may be invested in Underlying Funds that invest in domestic equity securities, international equity securities, fixed income securities and cash equivalents, among other investment assets.

Franklin Income Allocation 529 Portfolio

This allocation is designed for investors with a shorter-to-medium investment time horizon and/or a lower tolerance for risk. Contributions received by the Trust under the Franklin Income Allocation 529 Investment Option are invested by the Trust in the Franklin Income Allocation 529 Portfolio. The Franklin Income Allocation 529 Portfolio seeks current income consistent with the preservation of capital. Assets of the Franklin Income Allocation 529 Portfolio will be invested in mutual funds that invest in fixed income securities and cash equivalents, among other investment assets.

Portfolio	Asset Classes and Target Percentage Investments in Them (actual percentage investments may vary +/- 5% from the target) Underlying Funds/Investments	
Franklin Founding Funds 529 Portfolio	**U.S. Equity—33.33%** Franklin Mutual Shares Fund **Fixed Income – 33.33%** Franklin Income Fund	**Non-U.S. Equity—33.33%** Templeton Growth Fund
Franklin Corefolio® 529 Portfolio	**25%** Franklin Growth Opportunities Fund **25%** Franklin Growth Fund	**25%** Franklin Mutual Shares Fund **25%** Templeton Growth Fund
Franklin Growth & Income Allocation 529 Portfolio	**U.S. Equity—35%** Franklin Growth Fund Franklin Growth Opportunities Fund Franklin Mutual Shares Fund Franklin Rising Dividends Fund Franklin Small/Mid Cap Growth Fund Franklin Utilities Fund Exchange traded funds (“ETFs”) emphasizing U.S. equity	**Non-U.S. Equity—15%** Franklin International Growth Fund Franklin Int’l Small Cap Fund Franklin Mutual European Fund Templeton Foreign Fund Exchange traded funds (“ETFs”) emphasizing non-U.S. equity
	Fixed Income—40% Franklin Floating Rate Daily Access Fund Franklin High Income Fund Franklin Strategic Income Fund Franklin Total Return Fund Franklin U.S. Government Fund Templeton Global Bond Fund Exchange traded funds (“ETFs”) emphasizing fixed income	**Money Market—10%** Money Market Portfolio
Franklin Growth Allocation 529 Portfolio	**US Equity – 70%** Franklin Growth Fund Franklin Growth Opportunities Fund Franklin Mutual Shares Fund Franklin Rising Dividends Fund Franklin Small/Mid Cap Fund Franklin Utilities Fund Exchange traded funds (“ETFs”) emphasizing U.S. equity	**Non-U.S. Equity—30%** Franklin International Growth Fund Franklin Int’l Small Cap Fund Franklin Mutual European Fund Templeton Foreign Fund Exchange traded funds (“ETFs”) emphasizing non-U.S. equity
Franklin Income Allocation 529 Portfolio	**Fixed Income—80%** Franklin Floating Rate Daily Access Fund Franklin High Income Fund Franklin Strategic Income Fund Franklin Total Return Fund Franklin US Government Fund Templeton Global Bond Fund Exchange traded funds (“ETFs”) emphasizing fixed income	**Money Market—20%** Money Market Portfolio

Type 2 Investment Options: Age-Based Allocations

You may choose between Age-Based Growth, Moderate and Conservative Asset Allocations and may allocate contributions among such Age-Based Asset Allocations (i.e., you may invest in more than one such Age-Based Asset Allocation for a Beneficiary). Each Age-Based Asset Allocation (Growth, Moderate, Conservative) is made up of Age-Based Investment Portfolios that customize their investments in combinations of Underlying Funds based in part on the age of the Beneficiary (see tables below).

Each Age-Based Growth Investment 529 Portfolio has an investment strategy designed for higher potential return, with greater investment risk, than the investment strategy of the Age-Based Moderate Investment 529 Portfolio or Age-Based Conservative Investment 529 Portfolio corresponding to the same Beneficiary ages. Each Age-Based Moderate Investment 529 Portfolio has an investment strategy designed for potential return, and investment risk, that is less than that of the investment strategy of the Age-Based Growth Investment 529 Portfolio corresponding to the same Beneficiary ages, but more than that of the investment strategy of the Age-Based Conservative Investment 529 Portfolio corresponding to the same Beneficiary ages. Each Age-Based Conservative Investment 529 Portfolio has an investment strategy designed for lower investment risk and potential return than the investment strategy of either the Age-Based Growth Investment 529 Portfolio or Age-Based Moderate Investment 529 Portfolio corresponding to the same Beneficiary ages. The absolute and relative levels of risk or return of any Age-Based Investment 529 Portfolio or of any Age-Based Asset Allocation (Growth, Moderate or Conservative) may vary over different periods of time and may deviate from the intended levels; an Age-Based Investment 529 Portfolio or Age-Based Asset Allocation may not achieve its risk or return goals and its risk and performance in relation to other Age-Based Investment 529 Portfolios and Age-Based Asset Allocations may not be as intended.

Although there can be no assurance as to investment results, the Age-Based Investment 529 Portfolios are designed with the intent that portfolios corresponding to Beneficiary ages closer to college age have less investment risk than portfolios within the same Age-Based Asset Allocation (Growth, Moderate or Conservative) corresponding to Beneficiary ages farther from college age. Accordingly, the potential return of Age-Based Investment 529 Portfolios likewise decreases as the Beneficiary approaches college age.

When the Account is established, the investments will be placed in Age-Based Asset Allocations (Growth, Moderate or Conservative) you select and within each such allocation will be placed in the Age-Based Investment 529 Portfolio that corresponds to the age of the Beneficiary (as reported on the completed application form) on the day the Account is established. A contribution or reallocation to an Age-Based Investment 529 Portfolio that does not correspond to the Beneficiary's age is not permissible under the Plan. Over time, the amount originally invested for a Beneficiary in an Age-Based Investment 529 Portfolio, together with any subsequent contributions for such

Beneficiary in the Age-Based Investment 529 Portfolio are, as part of a collective transfer of investments for similarly situated Beneficiaries, periodically transferred to the next Age-Based Investment 529 Portfolio (within the same Age-Based Asset Allocation (Growth, Moderate or Conservative)) corresponding to the age of each Beneficiary at the time of such transfer (see chart below for the different Age-Based Investment 529 Portfolios). All accounts in an Age-Based Investment 529 Portfolio with a Beneficiary that has entered a new age bracket as of the applicable transfer date are transferred at approximately the same time, subject to the provisions below regarding accounts held by Financial Professionals in a Financial Professional Omnibus Account, as defined below. The transfer of investments in an Account to the next applicable Age-Based Investment 529 Portfolio on a date on or after the Beneficiary has reached the age of a new age bracket is referred to as an "Age-Based Portfolio Transfer." Because Age-Based Portfolio Transfers are periodic, the investment for a Beneficiary in an Age-Based Investment 529 Portfolio may remain invested in that portfolio after the time the Beneficiary reaches the age qualifying for the next Age-Based Investment 529 Portfolio, until the time of the next Age-Based Portfolio Transfer. Thus, for example, the investment for a Beneficiary who reaches his or her fifth birthday will not be transferred from the Newborn-4 Years 529 Portfolio to the Age 5-8 Years 529 Portfolio until the date of the Age-Based Portfolio Transfer following his or her fifth birthday.

If the Beneficiary has attained the age necessary to qualify for the next Age-Based Investment 529 Portfolio but an Age-Based Portfolio Transfer that would transfer the investment for the Beneficiary into that portfolio has not yet taken place, you can reallocate the investments for that Beneficiary into that Age-Based Investment 529 Portfolio yourself. Please note, however, that existing assets in a Program Account can only be reallocated twice per calendar year, or upon a change in the Beneficiary of the Account (see the section titled "Changing Investment Options" below).

Age-Based Portfolio Transfers currently take place approximately once every three months, provided that in the case of a Financial Professional that maintains records of aggregate Trust Shares owned in an Age-Based Investment 529 Portfolio by Account Owners who are customers of such Financial Professional (a "Financial Professional Omnibus Account"), Age-Based Portfolio Transfers may take place with greater frequency. See Appendix E for more information on certain Financial Professional-specific Age-Based Portfolio Transfer dates. Please consult with your Financial Professional if you have any questions regarding their policies. The timing and frequency of Age-Based Portfolio Transfers are subject to change. For current information about Age-Based Portfolio Transfers, contact Franklin Templeton Investments at (866) 362-1597.

The Trust Portfolios will be invested in mutual funds and/or ETFs that invest in domestic equity securities, international equity securities, fixed income securities and cash equivalents, among other investment assets. Except as otherwise indicated, the tables below identify Trust Portfolios constituting the Age-Based Growth, Moderate and Conservative Asset Allocations, the asset allocation targets and ranges for each asset class within each Trust Portfolio under the current Investment Policy, and the mutual funds and, where applicable, ETFs in which assets allocated to a particular asset class within the applicable Trust Portfolio may be invested under the current Investment Policy. The Investment Manager may from time to time change the percentage allocation to a particular mutual fund or ETF within a particular asset class within a Trust Portfolio (including eliminating any percentage allocation to a particular mutual fund or ETF), and may from time to time determine whether to use ETFs emphasizing the applicable asset class and, if so, the particular ETF(s) selected for investment and the percentage allocation to such ETF. The asset allocation ranges, the asset allocations within the ranges and the investment of portfolio assets will be reviewed, and may be adjusted, from time to time in accordance with the Investment Policy.

The Age-Based Investment Options are portfolios of the Trust, and are not registered mutual funds or mutual funds sponsored Franklin Templeton Investments.

Portfolio	Asset Classes and Target Percentage Investments in Them (actual percentage investments may vary +/- 5% from the target)			
	U.S. Equity	**Non-U.S. Equity**	**Fixed Income**	**Money Market**
Franklin Age-Based Growth Allocations				
Newborn-4 years	70.00	30.00	0	0
5-8 years	61.25	26.25	10	2.50
9-10 years	52.50	22.50	20	5.00
11-12 years	43.75	18.75	30	7.50
13-14 years	35.00	15.00	40	10.00
15-16 years	26.25	11.25	50	12.50
17-18 years	17.50	7.50	60	15.00
19+ years	8.75	3.75	70	17.50
Franklin Age-Based Moderate Allocations				
Newborn-4 years	52.50	22.50	20	5.00
5-8 years	43.75	18.75	30	7.50
9-10 years	35.00	15.00	40	10.00
11-12 years	26.25	11.25	50	12.50
13-14 years	17.50	7.50	60	15.00
15-16 years	8.75	3.75	70	17.50
17-18 years	0	0	80	20.00
19+ years	0	0	60	40.00
Franklin Age-Based Conservative Allocations				
Newborn-4 years	35.00	15.00	40	10.00
5-8 years	26.25	11.25	50	12.50
9-10 years	17.50	7.50	60	15.00
11-12 years	8.75	3.75	70	17.50
13-14 years	0	0	80	20.00
15-16 years	0	0	60	40.00
17-18 years	0	0	40	60.00
19+ years	0	0	20	80.00

The Underlying Funds used for each asset class allocation (U.S. Equity, Non-U.S. Equity, Fixed Income and Money Market) are:

U.S. Equity	Non-U.S. Equity
Franklin Growth Fund	Franklin International Growth Fund

Franklin Growth Opportunities Fund Franklin Mutual Shares Fund Franklin Rising Dividends Fund Franklin Small-Mid Cap Fund Franklin Utilities Fund Exchange traded funds ("ETFs") emphasizing U.S. equity	Franklin Int'l Small Cap Fund Franklin Mutual European Fund Templeton Foreign Fund Exchange traded funds ("ETFs") emphasizing non-U.S. equity
Fixed Income	**Money Market**
Franklin Floating Rate Daily Access Fund Franklin High Income Fund Franklin Strategic Income Fund Franklin Total Return Fund Franklin US Government Fund Templeton Global Bond Fund Exchange traded funds ("ETFs") emphasizing fixed income	Money Market Portfolio

Type 3 Investment Options: Individual Portfolios

If you prefer, you also have the option of working with your Financial Professional to select one or more Investment Options. By directing that your contributions be allocated among two or more of such Investment Options, you can create an asset allocation mix to suit your particular investing needs. The asset allocation and the investments of all of the Trust Portfolios described below will be reviewed, and may be adjusted, from time to time in accordance with the Investment Policy.

International Equity

Franklin Mutual Global Discovery 529 Portfolio

Contributions received by the Trust under the Franklin Mutual Global Discovery 529 Investment Option are invested by the Trust in the Franklin Mutual Global Discovery 529 Portfolio. The Franklin Mutual Global Discovery 529 Portfolio seeks capital appreciation. Assets of the Franklin Mutual Global Discovery 529 Portfolio are normally invested in a mutual fund that is normally invested in equity securities (including securities convertible into, or that the fund's investment manager expects to be exchanged for, common or preferred stock) of U.S. and foreign companies that the fund's investment manager believes are available at market prices less than their value based on certain recognized or objective criteria (intrinsic value).

Templeton Growth 529 Portfolio

Contributions received by the Trust under the Templeton Growth 529 Investment Option are invested by the Trust in the Templeton Growth 529 Portfolio. The Templeton Growth 529 Portfolio seeks long-term capital growth. Assets of the Templeton Growth 529 Portfolio are normally invested in a mutual fund that is normally invested in equity securities of companies located anywhere in the world, including emerging markets, as well as, among other things, convertible securities, depository receipts and debt securities of companies and governments located anywhere in the world.

International Income

Templeton Global Bond 529 Portfolio

Contributions received by the Trust under the Templeton Global Bond 529 Investment Option are invested by the Trust in the Templeton Global Bond 529 Portfolio. The Templeton Global Bond 529 Portfolio seeks current income with capital appreciation and growth of income. Assets of the Templeton Global Bond 529 Portfolio are normally invested in a mutual fund that normally invests at least 80% of its net assets in "bonds." Bonds include debt securities of any maturity, such as bonds, notes, bills and debentures.

Domestic Equity

Franklin Growth 529 Portfolio

Contributions received by the Trust under the Franklin Growth 529 Investment Option (formerly called the Franklin Capital Growth 529 Portfolio) are invested by the Trust in the Franklin Growth 529 Portfolio, which seeks capital appreciation. Assets of the Franklin Growth 529 Portfolio are normally invested in a mutual fund that normally invests substantially in the equity securities of U.S.-based large and medium market capitalization companies, and may invest up to 40% of its assets in smaller companies, up to 40% of its assets in foreign securities, up to 10% of its assets in non-U.S. dollar denominated securities and, among other things, in convertible securities.

Franklin Small-Mid Cap Growth 529 Portfolio

Contributions received by the Trust under the Franklin Small-Mid Cap Growth 529 Investment Option are invested by the Trust in the Franklin Small-Mid Cap Growth 529 Portfolio. The Franklin Small-Mid Cap Growth 529 Portfolio seeks long-term capital growth. Assets of the Franklin Small-Mid Cap Growth 529 Portfolio are normally invested in a mutual fund that is normally invested primarily in domestic equity securities of small capitalization and mid-capitalization companies and that may invest, among other things, up to 10% of its total assets in foreign securities, including those of developing or emerging markets.

Franklin Mutual Shares 529 Portfolio

Contributions received by the Trust under the Franklin Mutual Shares 529 Investment Option are invested by the Trust in the Franklin Mutual Shares 529 Portfolio. The Franklin Mutual Shares 529 Portfolio seeks primarily capital appreciation and secondarily income. Assets of the Franklin Mutual Shares 529 Portfolio are normally invested in a mutual fund that is normally invested primarily in securities that the fund's investment manager believes are available at market prices lower than their value based on certain recognized or objective criteria and that may invest, among other things, up to 35% of its assets in foreign securities and use various derivative instruments.

Index Style

S&P 500 Index 529 Portfolio

Contributions received by the Trust under the S&P 500 Index 529 Investment Option are normally invested by the Trust in the S&P 500 Index 529 Portfolio. The S&P 500 Index 529 Portfolio seeks to replicate the performance of the Standard & Poor's 500 Index, before fees and expenses. Assets of the S&P 500 Index 529 Portfolio are normally invested in a mutual fund or ETF that is invested in a manner that seeks investment results that correspond to the aggregate price and dividend performance of securities in the Standard & Poor's 500 Index, before fees and expenses. The ETF in which the S&P 500 Index 529 Portfolio is currently invested is the iShares S&P 500 Index ETF.

Income

Franklin Income 529 Portfolio

Contributions received by the Trust under the Franklin Income 529 Investment Option are normally invested by the Trust in the Franklin Income 529 Portfolio. The Franklin Income 529 Portfolio seeks to maximize income while maintaining prospects for capital appreciation. Assets of the Franklin Income 529 Portfolio are normally invested in a mutual fund that may invest in debt and equity securities and may, among other things, invest in convertible securities, invest up to 25% of its assets in foreign securities, invest in equity linked notes and various derivative instruments, and invest all of its assets in lower-rated debt securities.

Short-term Investments

Franklin U.S. Government Money 529 Portfolio

Contributions received by the Trust under the Franklin U.S. Government Money 529 Investment Option are invested by the Trust in the Franklin U.S. Government Money 529 Portfolio, which seeks a high level of current income as consistent with the preservation of shareholder's capital and liquidity. Assets of the Franklin U.S. Government Money 529 Portfolio are normally invested in a mutual fund that normally invests in another mutual fund that invests mainly in government securities, cash and repurchase agreements.

Changing Investment Options

You, the Account Owner, may allocate contributions to any one or more of the Investment Options offered under this Investor Handbook at the time the contributions are made. Although Account Owners may select among Investment Options for contributions made to Accounts, and may vary the Investment Options selected in connection with each contribution, under federal law neither Account Owners nor Beneficiaries may exercise any investment discretion, directly or indirectly, over contributions to an Account or any earnings on contributions. Accordingly, once made, contributions and any earnings thereon in all Accounts with the same Account Owner for a particular Beneficiary may only be transferred to another Investment Option twice per calendar year, or in connection with a change of Beneficiary.

Investment Policy

The Trust Portfolio corresponding to each Investment Option must be invested in accordance with the Investment Policy, which is subject to change by HESAA at any time.

Historical Performance Data for the Investment Options

The historical performance of the Trust Portfolios for the Investment Options described in this Investor Handbook is set forth in Appendix B to this Investor Handbook. Descriptions of each of the mutual funds and ETFs constituting the Underlying Funds in which one or more of the Trust Portfolios for the Investment Options are invested as of the date of this Investor Handbook are set forth in Appendix C to this Investor Handbook.

The performance of any of the Investment Options may be expected to vary over time, both in relation to the performance of other Investment Options or other investments over a comparative period of time and absolutely. The inclusion of information as to historical performance in this Investor Handbook is for reference only and is not intended as a projection of future results. In general, past performance should not be viewed as predictive of future results.

Risk Factors

The Program is designed to facilitate tax-advantaged savings for the Qualified Higher Education Expenses of a Beneficiary. However, as is the case with most financial products, there are various risks associated with a contribution to the Program. This section briefly describes some of the principal risks associated with a contribution to the Program, but does not constitute an exhaustive summary of the factors you should consider before making a contribution to the Program. You may wish to consult your tax advisor and financial advisor before making a contribution to the Program or determining what portion of your savings for the Beneficiary's education costs should be invested in the Program.

General Risks

Your Account is not an insured investment, and will be subject to the risks of the securities markets. Amounts invested in the Plan are subject to the investment risks of the

investment instruments selected from time to time by Franklin Mutual Advisers or any successor thereto as Investment Manager for the Plan, in accordance with the applicable requirements of the Investment Policy. The value of your Account will vary with the investment return generated by the mutual funds, ETFs or other investments in which the Trust Portfolio for each Investment Option you select is invested by the Trust and the Investment Manager. None of the State, HESAA, Franklin Templeton Investments, any entity affiliated therewith, any consultant or adviser retained by any such party, or any other person or entity provides any guarantee that you will achieve any targeted rate of return or that the value of your contributions will not decrease. No such party makes any guarantee that the return on an investment in the Program will be advantageous relative to other investment alternatives.
The provisions of the Act requiring HESAA to request State legislative appropriations to prevent owners of Program Accounts invested in the Division Investment Options from recovering upon withdrawal less than the aggregate amount of contributions to their Program Accounts invested in the Division Investment Options do not apply to Plan Accounts.

There is no guarantee that your Beneficiary will be accepted at any Eligible Educational Institution or, if applicable, any particular elementary or secondary school, or that, if accepted, he or she will be able to attend, will graduate, or will be considered a resident of any particular state for tuition purposes. There is no guarantee that there will be sufficient funds in your Account to cover fully all Qualified Higher Education Expenses of attending an Eligible Educational Institution or, if applicable, any elementary or secondary school. There is no guarantee that the expenses of attending, if applicable, any particular elementary or secondary school will be less in any year than the maximum Qualified Distribution for Qualified Elementary or Secondary Education Expenses.

The rate of return from an Account could be less than the rate of increase in the cost of higher education or, if applicable, public, private or religious elementary or secondary school. Even if you have reached the Maximum Contribution Limit for a Beneficiary, the balance in your Program Account may not be enough to cover all of the Beneficiary's Qualified Higher Education Expenses. During certain historic periods, the rate at which Qualified Higher Education Expenses have increased has substantially outpaced most investment gains.

Exposure to Mutual Funds and ETFs

The Investment Options will be invested entirely or primarily in mutual funds or ETFs.

General Investment Risks

Contributions invested under any of the Investment Options can lose money over periods that may be significant as compared to the period in which your Account will be invested and can earn money at rates that may be less than the rate at which education expenses will increase over a portion of or the entire period of investment. One or more of the investment instruments selected for the Investment Option(s) you choose may lose value, may not appreciate in value or may appreciate less on a relative basis than do other investment instruments during any particular time period. None of the Investment Options is intended as a complete investment program. An investment with the Program under one or more of the Investment Options does not constitute a deposit in a bank, and such investments are not insured or guaranteed by the FDIC or any other government agency.

No one can predict the returns from the investment of your contributions under the Investment Options. The returns under any particular Investment Option may be better or worse than those available under other Investment Options, other qualified tuition programs or other investments not involving Qualified Tuition Programs. There is no guarantee that the Program's investment objectives set forth in the Investment Policy will be realized. The value of your Account may increase or decrease each day, and the rate of return on your Account will vary, based on the Investment Option(s) you select, the investment performance of the investments in which such Investment Option(s) is or are invested and the applicable fees and expenses of the Plan, the applicable Trust Portfolio(s) and the applicable class of Trust Shares.

During the particular period in which your Account is invested, the relative risk and reward profiles of Investment Options based on the historic long-term trends may not accurately predict their actual performance, and the return under any of the Investment Options may be lower than the return under that Investment Option during other time periods or than the return under other investment options within or outside of the Program during the same period.

The relative risks and potential rewards of investing under any of the Investment Options vary considerably. While the Program, the Division of Investment, HESAA and the Investment Manager have provided a range of alternatives, none of the Program, the Division of Investment, HESAA or the Investment Managers have determined, or have assumed any obligation to determine, whether any investment by any Account Owner under any particular Investment Option or combination of Investment Options is suitable or appropriate in light of the needs, financial circumstances and investment horizon of the Account Owner or Beneficiary of an Account. The Age-Based Asset Allocations have been designed for amounts intended to be applied to Qualified Higher Education Expenses other than Qualified Elementary or Secondary Education Expenses. Account Owners who intend to apply amounts in an Account to Qualified Elementary or Secondary Education Expenses of the Beneficiary should consider other Investment Options. This Investor Handbook does not constitute a recommendation, and none of the Program, the Division of Investment, HESAA or the Investment Manager by its participation in the Program recommends, or intends to recommend, any investment by any Account Owner in the Program or in any particular Investment Option or class of Trust Shares offered under this Investor Handbook.

Specific Investment Risks

Set forth below are certain specific investment risks associated with the current investments of the Trust Portfolios established for contributions received under the respective Investment Options and for certain ETFs that are permitted investments under the Investment Policy. The information contained under this caption "Specific Investment Risks" relating to the investment risks of Trust Portfolios invested in mutual funds or ETFs has been summarized for inclusion herein by the Program Manager from the most current prospectus available for the applicable Underlying Fund or ETF as of the date this Investor Handbook was printed. Neither HESAA nor the Program Manager has independently verified the information contained in any such mutual fund prospectus and no representation is made by HESAA or the Program Manager as to its accuracy or completeness. Brief descriptions of the specific investment risks identified for each Trust Portfolio are included under "Risk Factors – Specific Investment Risks – Types of Investment Risk." Certain further information concerning the Underlying Funds is set forth in Appendix C.

A. Portfolio Risks

Type 1 Investment Options: Objective-Based Asset Allocations

Franklin Founding Funds 529 Portfolio

This portfolio is subject to the investment risks of the Underlying Funds in which its assets may be invested, including among others the following: credit, derivative instruments, developing and emerging market countries, equity-linked notes (ELNs), equity securities, focus, foreign securities, high-yield debt securities, interest rate, liquidity, and small and mid-capitalization companies.

Franklin Corefolio® 529 Portfolio

This portfolio is subject to the investment risks of the Underlying Funds in which its assets may be invested, including among others the following: derivative instruments, developing and emerging market countries, equity securities, focus, foreign securities, liquidity, private company/private placement risk, and small and mid-capitalization companies.

Franklin Growth & Income Allocation 529 Portfolio

This portfolio is subject to the investment risks of the Underlying Funds in which its assets may be invested, including among others the following: collateralized debt obligations (CDOs)/collateralized loan obligations (CLOs), credit, currency management strategies, derivative instruments, developing and emerging market countries, equity securities, focus, foreign securities, high-yield debt securities, inflation, interest rate, investing in underlying investment companies, liquidity, mortgage dollar rolls, non-diversification, private company/private placement risk, small and mid-capitalization companies, and U.S. government securities.

Franklin Growth Allocation 529 Portfolio

This portfolio is subject to the investment risks of the Underlying Funds in which its assets may be invested, including among others the following: currency management strategies, derivative instruments, developing and emerging market countries, equity securities, focus, foreign securities, liquidity, private company/private placement risk, and small and mid-capitalization companies.

Franklin Income Allocation 529 Portfolio

This portfolio is subject to the investment risks of the Underlying Funds in which its assets may be invested, including among others the following: collateralized debt obligations (CDOs)/collateralized loan obligations (CLOs), credit, currency management strategies, derivative instruments, developing and emerging market countries, focus, foreign securities, high-yield debt securities, inflation, interest rate, investing in underlying investment companies, liquidity, mortgage dollar rolls, non-diversification, and U.S. government securities.

Type 2 Investment Options: Age-Based Allocations

The risk and reward profiles of the Age-Based Investment Portfolios vary with the age of the Beneficiary, with the risk and return potential expected to be the highest at the youngest age and the lowest when the Beneficiary's age is 19 and above. The asset allocation in the Age-Based Investment Portfolios is based on the age of the Beneficiary and on the assumption that the assets in the Account will be used to pay for the Qualified Higher Education Expenses of the Beneficiary during a time period in which individuals of the Beneficiary's age normally attend college. If your Beneficiary attends college during an earlier or later time period than that in which individuals of your Beneficiary's age normally attend college, the asset allocation of amounts invested for your Beneficiary in the Age-Based Investment Portfolios may not be appropriate for your Beneficiary.

Franklin Age-Based Growth Allocation – Newborn-4 Years 529 Portfolio

This portfolio is subject to the investment risks of the Underlying Funds in which its assets may be invested, including among others the following: currency management strategies, derivative instruments, developing and emerging market countries, equity securities, focus, foreign securities, liquidity, private company/private placement risk, and small and mid-capitalization companies.

Franklin Age-Based Growth Allocation – Age 5-8 Years 529 Portfolio
Franklin Age-Based Growth Allocation – Age 9-10 Years 529 Portfolio
Franklin Age-Based Growth Allocation – Age 10-11 Years 529 Portfolio
Franklin Age-Based Growth Allocation – Age 13 -14 Years 529 Portfolio

Franklin Age-Based Growth Allocation – Age 15-16 Years 529 Portfolio
Franklin Age-Based Growth Allocation – Age 17-18 Years 529 Portfolio
Franklin Age-Based Growth Allocation – Age 19+ Years 529 Portfolio

Each of these portfolios is subject to the investment risks of the Underlying Funds in which its assets may be invested, including among others the following: collateralized debt obligations (CDOs)/collateralized loan obligations (CLOs), credit, currency management strategies, derivative instruments, developing and emerging market countries, equity securities, focus, foreign securities, high-yield debt securities, inflation, interest rate, investing in underlying investment companies, liquidity, mortgage dollar rolls, non-diversification, private company/private placement risk, small and mid-capitalization companies, and U.S. government securities.

Franklin Age-Based Moderate Allocation – Newborn-4 Years 529 Portfolio
Franklin Age-Based Moderate Allocation – Age 5-8 Years 529 Portfolio
Franklin Age-Based Moderate Allocation – Age 9-10 Years 529 Portfolio
Franklin Age-Based Moderate Allocation – Age 11-12 Years 529 Portfolio
Franklin Age-Based Moderate Allocation – Age 13-14 Years 529 Portfolio
Franklin Age-Based Moderate Allocation – Age 15-16 Years 529 Portfolio

Each of these portfolios is subject to the investment risks of the Underlying Funds in which its assets may be invested, including among others the following: collateralized debt obligations (CDOs)/collateralized loan obligations (CLOs), credit, currency management strategies, derivative instruments, developing and emerging market countries, equity securities, focus, foreign securities, high-yield debt securities, inflation, interest rate, investing in underlying investment companies, liquidity, mortgage dollar rolls, non-diversification, private company/private placement risk, small and mid-capitalization companies, and U.S. government securities.

Franklin Age-Based Moderate Allocation – Age 17-18 Years 529 Portfolio
Franklin Age-Based Moderate Allocation – Age 19+ Years 529 Portfolio

Each of these portfolios is subject to the investment risks of the Underlying Funds in which its assets may be invested, including among others the following: collateralized debt obligations (CDOs)/collateralized loan obligations (CLOs), credit, currency management strategies, derivative instruments, developing and emerging market countries, focus, foreign securities, high-yield debt securities, inflation, interest rate, investing in underlying investment companies, liquidity, mortgage dollar rolls, non-diversification, and U.S. government securities.

Franklin Age-Based Conservative Allocation – Newborn-4 Years 529 Portfolio
Franklin Age-Based Conservative Allocation – Age 5-8 Years 529 Portfolio
Franklin Age-Based Conservative Allocation – Age 9-10 Years 529 Portfolio
Franklin Age-Based Conservative Allocation – Age 11-12 Years 529 Portfolio

Each of these portfolios is subject to the investment risks of the Underlying Funds in which its assets may be invested, including among others the following: collateralized debt obligations (CDOs)/collateralized loan obligations (CLOs), credit, currency management strategies, derivative instruments, developing and emerging market countries, equity securities, focus, foreign securities, high-yield debt securities, inflation, interest rate, investing in underlying investment companies, liquidity, mortgage dollar rolls, non-diversification, private company/private placement risk, small and mid-capitalization companies, and U.S. government securities.

Franklin Age-Based Conservative Allocation – Age 13-14 Years 529 Portfolio
Franklin Age-Based Conservative Allocation – Age 15-16 Years 529 Portfolio
Franklin Age-Based Conservative Allocation – Age 17-18 Years 529 Portfolio
Franklin Age-Based Conservative Allocation – Age 19+ Years 529 Portfolio

Each of these portfolios is subject to the investment risks of the Underlying Funds in which its assets may be invested, including among others the following: collateralized debt obligations (CDOs)/collateralized loan obligations (CLOs), credit, currency management strategies, derivative instruments, developing and emerging market countries, focus, foreign securities, high-yield debt securities, inflation, interest rate, investing in underlying investment companies, liquidity, mortgage dollar rolls, non-diversification, and U.S. government securities.

Type 3 Investment Options: Individual Portfolios

Franklin Mutual Global Discovery 529 Portfolio

This portfolio is subject to the investment risks of the Underlying Fund in which it currently invests, including among others the following: derivative instruments, equity securities, foreign securities, focus, liquidity, and small and mid-capitalization companies.

Templeton Growth 529 Portfolio

This portfolio is subject to the investment risks of the Underlying Fund in which it currently invests, including among others the following: derivative instruments, developing and emerging markets, equity securities, focus, foreign securities, liquidity, and smaller and midsize companies.

Templeton Global Bond 529 Portfolio

This portfolio is subject to the investment risks of the Underlying Fund in which it currently invests, including among others the following: credit, currency management strategies, derivative instruments, developing and emerging market countries, focus, foreign securities, high-yield debt securities, interest rate, liquidity, and non-diversification.

Franklin Growth 529 Portfolio

This portfolio is subject to the investment risks of the Underlying Fund in which it currently invests, including among others the following: equity securities, focus, and smaller and midsize companies.

Franklin Small-Mid Cap Growth 529 Portfolio

This portfolio is subject to the investment risks of the Underlying Fund in which it currently invests, including among others the following: focus, equity securities, liquidity and private company/private placement risk.

Franklin Mutual Shares 529 Portfolio

This portfolio is subject to the investment risks of the Underlying Fund in which it currently invests, including among others the following: derivative instruments, equity securities, focus, foreign securities, liquidity, and small and mid-capitalization companies.

S&P 500 Index 529 Portfolio

This portfolio is subject to the investment risks of the Underlying Fund in which it invests, including among others the following: cybersecurity, equity securities, index-related and securities lending.

Franklin Income 529 Portfolio

This portfolio is subject to the investment risks of the Underlying Fund in which it currently invests, including among others the following: credit, derivative instruments, equity-linked notes, focus, foreign securities, high-yield debt securities, and interest rate.

Franklin U.S. Government Money 529 Portfolio

This portfolio is subject to the investment risks of the Underlying Fund in which it currently invests, including among others the following: credit, interest rate, and U.S. government securities.

B. Types of Investment Risk (listed alphabetically)

Collateralized Debt Obligations (CDOs)/Collateralized Loan Obligations (CLOs)

The risks of an investment in a CDO or CLO, each a type of asset backed security, depend largely on the type of collateral held by the special purpose entity (SPE) and the tranche of the CDO/CLO in which the Underlying Fund invests and may be affected by the performance of a CDO/CLO's collateral manager. CDO/CLOs may be deemed to be illiquid and subject to the Underlying Fund's restrictions on investments in illiquid investments. In addition to the normal risks associated with debt securities and asset backed securities (e.g., interest rate risk, credit risk and default risk), CDO/CLOs carry additional risks including, but not limited to: (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or quality or go into default or be downgraded; (iii) the Underlying Fund may invest in tranches of a CDO/CLO that are subordinate to other classes; and (iv) the complex structure of the security may not be fully understood at the time of investment.

Credit

An issuer of debt securities may fail to make interest payments or repay principal when due, in whole or in part. Changes in an issuer's financial strength or in a security's or government's credit rating may affect a security's value.

Currency Management Strategies

Currency management strategies may substantially change the Underlying Fund's exposure to currency exchange rates and could result in losses to the Underlying Fund if currencies do not perform as the investment manager expects. In addition, currency management strategies, to the extent that they reduce the Underlying Fund's exposure to currency risks, also reduce the Underlying Fund's ability to benefit from favorable changes in currency exchange rates. Using currency management strategies for purposes other than hedging further increases the Underlying Fund's exposure to foreign investment losses. Currency markets generally are not as regulated as securities markets. In addition, currency rates may fluctuate significantly over short periods of time, and can reduce returns.

Cybersecurity

Failures or breaches of the electronic systems of the Underlying Fund, the Underlying Fund's adviser, distributor, the index provider and other service providers, market makers, "authorized participants" or the issuers of securities in which the Underlying Fund invests have the ability to cause disruptions, negatively impact the Underlying Fund's business operations and/or potentially result in financial losses to the Underlying Fund and its shareholders. While the Underlying Fund has established business continuity plans and risk management systems seeking to address system breaches or failures, there are inherent limitations in such plans and systems. Furthermore, the Underlying Fund cannot control the cybersecurity plans and systems of the Underlying Fund's index provider and other service providers, market makers, authorized participants, or issuers of securities in which the Underlying Fund invests.

Derivative Instruments

The performance of derivative instruments depends largely on the performance of an underlying instrument, such as a currency, security, interest rate or index, and such instruments often have risks similar to the underlying instrument, in addition to other risks. Derivatives involve costs and can create economic leverage in the Underlying Fund's portfolio which may result in significant volatility and cause the Underlying Fund to participate in losses (as well as gains) in an amount that exceeds the Underlying Fund's initial investment. Other risks include illiquidity, mispricing or improper valuation of the derivative instrument, and imperfect correlation between the value of the derivative and the underlying instrument so that the Underlying Fund may not realize the intended benefits. When a derivative is used for hedging, the change in value of the derivative may also not correlate specifically with the currency, security, interest rate, index or other risk being hedged. Derivatives also may present the risk that the other party to the transaction will fail to perform.

Developing and Emerging Market Countries

The Underlying Fund's investments in securities of issuers in developing market countries and emerging market countries are subject to all of the risks of foreign investing generally, and have additional heightened risks due to a lack of established legal, political, business and social frameworks to support securities markets, including: delays in settling portfolio securities transactions; currency and capital controls; greater sensitivity to interest rate changes; pervasiveness of corruption and crime; currency exchange rate volatility; and inflation, deflation or currency devaluation.

Equity-Linked Notes (ELNs)

ELNs may not perform as expected and could cause the Underlying Fund to realize significant losses including its entire principal investment. Other risks include counterparty risk, liquidity risk and imperfect correlation between ELNs and the underlying securities.

Equity Securities

Equity securities are subject to changes in value, and their values may be more volatile than those of other asset classes. The Underlying Index is comprised of, or the Underlying Fund invests in, common stocks, which generally subject their holders to more risks than preferred stocks and debt securities because common stockholders' claims are subordinated to those of holders of preferred stocks and debt securities upon the bankruptcy of the issuer.

Focus

To the extent that the Underlying Fund focuses on particular countries, regions, industries, sectors or types of investment from time to time, the Underlying Fund may be subject to greater risks of adverse developments in such areas of focus than a fund that invests in a wider variety of countries, regions, industries, sectors or investments.

Foreign Securities

Investing in foreign securities typically involves more risks than investing in U.S. securities, including risks related to currency exchange rates and policies, country or government specific issues, less favorable trading practices or regulation and greater price volatility. Certain of these risks also may apply to securities of U.S. companies with significant foreign operations.

High-Yield Debt Securities

Issuers of lower-rated or "high-yield" debt securities (also known as "junk bonds") are not as strong financially as those issuing higher credit quality debt securities. High-yield debt securities are generally considered predominantly speculative by the applicable rating agencies as their issuers are more likely to encounter financial difficulties because they may be more highly leveraged, or because of other considerations. In addition, high yield debt securities generally are more vulnerable to changes in the relevant economy, such as a recession or a sustained period of rising interest rates, that could affect their ability to make interest and principal payments when due. The prices of high-yield debt securities generally fluctuate more than those of higher credit quality. High-yield debt securities are generally more illiquid (harder to sell) and harder to value.

The value of collateral securing a loan or other corporate debt security may decline after the Underlying Fund invests and there is a risk that the value of the collateral may not be sufficient to cover the amount owed to the Underlying Fund, or the collateral securing a loan may be found invalid, may be used to pay other outstanding obligations of the borrower under applicable law or may be difficult to sell.

Index-Related

There is no guarantee that the Underlying Fund's investment results will have a high degree of correlation to those of the Underlying Index or that the Underlying Fund will achieve its investment objective. Market disruptions and regulatory restrictions could have an adverse effect on the Underlying Fund's ability to adjust its exposure to the required levels in order to track the Underlying Index. Errors in index data, index computations or the construction of the Underlying Index in accordance with its methodology may occur from time to time and may not be identified and corrected by the index provider for a period of time or at all, which may have an adverse impact on the Underlying Fund and its shareholders. Unusual market conditions may cause the index provider to postpone a scheduled rebalance, which could cause the Underlying Index to vary from its normal or expected composition.

Inflation

The market price of debt securities generally falls as inflation increases because the purchasing power of the future income and repaid principal is expected to be worth less when received by the Underlying Fund. Debt securities that pay a fixed rather than variable interest rate are especially vulnerable to inflation risk because variable-rate debt securities may be able to participate, over the long term, in rising interest rates which have historically corresponded with long-term inflationary trends.

Interest Rate

When interest rates rise, debt security prices generally fall. The opposite is also generally true: debt security prices rise when interest rates fall. Interest rate changes are influenced by a number of factors, including government policy, monetary policy, inflation expectations, perceptions of risk, and supply of and demand for bonds. In general, securities with longer maturities or durations are more sensitive to interest rate changes.

Investing in Underlying Investment Companies

To the extent the Underlying Fund invests in underlying investment companies, including ETFs, the Underlying Fund's performance is related to the performance of the underlying investment companies held by it. In addition, shareholders of the Underlying Fund will indirectly bear the fees and expenses of the underlying investment companies and such investments may be more costly than if an Underlying Fund had owned the underlying securities directly. In addition, the Underlying Fund pays brokerage commissions in connection with the purchase and sale of shares of ETFs.

Liquidity

From time to time, the trading market for a particular security or type of security or other investments in which the Underlying Fund invests may become less liquid or even illiquid. Reduced liquidity will have an adverse impact on the Underlying Fund's ability to sell such securities or other investments when necessary to meet the Underlying Fund's liquidity needs, which may arise or increase in response to a specific economic event or because the investment manager wishes to purchase particular investments or believes that a higher level of liquidity would be advantageous. Reduced liquidity will also generally lower the value of such securities or other investments. Market prices for such securities or other investments may be relatively volatile.

Mortgage Dollar Rolls

In a mortgage dollar roll, the Underlying Fund takes the risk that: the market price of the mortgage securities will drop below their future repurchase price; the securities that it repurchases at a later date will have less favorable market characteristics; the other party to the agreement will not be able to perform; the roll adds leverage to the Underlying Fund's portfolio; and, it increases the Underlying Fund's sensitivity to interest rate changes. In addition, investment in mortgage dollar rolls may increase the portfolio turnover rate for the Underlying Fund.

Non-Diversification

Because the Underlying Fund is non-diversified, it may be more sensitive to economic, business, political or other changes affecting individual issuers or investments than a diversified fund, which may result in greater fluctuation in the value of the Underlying Fund's shares and greater risk of loss.

Private Company/Private Placement Risk

Investments in the stocks of private companies, including companies that have not yet issued securities publicly in an initial public offering ("IPO"), involve greater risks than investments in stocks of many publicly traded companies. Compared to public companies, there is significantly less information available about private companies and there is no assurance that the information obtained by the Underlying Fund is reliable. Investments in private companies and private placements are generally considered to be illiquid and may be difficult to sell at a desirable time or at the prices at which the Underlying Fund has valued the investments. Investments in private companies and private placements are typically difficult to value since there are no market prices and less overall financial information available. Difficulty in valuing such investments may make it difficult to accurately determine an Underlying Fund's exposure to private investments, which could cause the Underlying Fund to invest to a greater extent in illiquid investments and subject the Underlying Fund to increased risks. In addition, private companies may have limited financial resources and may be unable to meet their obligations. Investments in private companies and private placements may involve a high degree of business and financial risk and may result in substantial losses. These factors may have a negative effect on the Underlying Fund's performance.

Securities Lending

The Underlying Fund may engage in securities lending. Securities lending involves the risk that the Underlying Fund may lose money because the borrower of the loaned securities fails to return the securities in a timely manner or at all. The Underlying Fund could also lose money in the event of a decline in the value of collateral provided for loaned securities or a decline in the value of any investments made with cash collateral. These events could also trigger adverse tax consequences for the Underlying Fund.

Small and Mid-Capitalization Companies

Securities issued by small and mid-capitalization companies may be more volatile in price than those of larger companies and may involve substantial risks. Such risks may include greater sensitivity to economic conditions, less certain growth prospects, lack of depth of management and funds for growth and development, and limited or less developed product lines and markets. In addition, small and mid-capitalization companies may be particularly affected by interest rate increases, as they may find it more difficult to borrow money to continue or expand operations, or may have difficulty in repaying any loans.

U.S. Government Securities

Not all obligations of the U.S. Government, its agencies and instrumentalities are backed by the full faith and credit of the United States. Some obligations are backed only by the credit of the issuing agency or instrumentality, and in some cases there may be some risk of default by the issuer. Government agency or instrumentality issues have different levels of credit support. **U.S. government-sponsored entities ("GSEs"), such as Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac), may be chartered by Acts of Congress, but their securities are neither issued nor guaranteed by the U.S. government. Although the U.S. government has provided financial support to Fannie Mae, Freddie Mac and certain other GSEs, no assurance can be given that the U.S. government will continue to do so.** Accordingly, securities issued by Fannie Mae and Freddie Mac may involve a risk of non-payment of principal and interest. Investors should remember that guarantees of timely repayment of principal and interest do not apply to the market prices and yields of the securities or to the net asset value or performance of the Underlying Fund, which will vary with changes in interest rates and other market conditions.

Variability in Underlying Investments in Trust Portfolios

The Investment Policy for most of the Trust Portfolios (other than the Individual Portfolios) provides the Investment Manager with flexibility as to the particular mutual funds in which assets of the applicable Trust Portfolio allocated to a particular asset class are invested from time to time, permits the Investment Manager to use ETFs instead of or in addition to mutual funds from time to time and permits the Investment Manager to vary the allocations to particular Underlying Funds within any applicable asset class targets for the applicable Trust Portfolio. Accordingly, the specific Underlying Funds, and the portion of a Trust Portfolio allocated to a specific Underlying Fund, may vary from time to time, and may vary from the composition of the Trust Portfolio during any period for which historical performance or projected expense information is provided in this Investor Handbook. Past performance should not be viewed as predictive of future results even if the underlying investments remain unchanged from period to period, and particularly so when the underlying investments differ or may differ from those in effect during any applicable historic performance period. Similarly, projected expenses based on a weighting of the historic expenses of a Trust Portfolio's Underlying Funds as of a particular date should not be viewed as predictive of future expenses, particularly so when the specific Underlying Funds during any future period and their weighting within the Trust Portfolio differ or may differ from those on which the projected expenses were based.

Change in Investment Policy, Program Manager or Investment Manager

Each Investment Option must be invested in accordance with the Investment Policy. HESAA may change the Investment Policy applicable to the Program at any time, with the approval of the Division of Investment and subject to the provisions of HESAA's contract with FTDI. In addition, the Services Agreement, under which investment management, administrative, distribution and marketing services for the Program are provided, expires in March 2021. There can be no assurance that HESAA and FTDI will renew the Services Agreement after its term, and under certain circumstances, either HESAA or FTDI may terminate the Services Agreement prior to its expiration date. You do not control the investment instruments or asset allocation selected by the Program under each Investment Option. The specific investment instruments in which the assets that determine the value of your Account are invested, as well as the allocation among asset categories, are subject to change without the consent of Account Owners, and HESAA is not obligated to continue investing in investment instruments selected by Franklin Mutual Advisers or in investment companies sponsored or managed by affiliates of Franklin Templeton. HESAA may eliminate, consolidate or otherwise change Investment Options without the consent of Account Owners. Regardless of whether FTDI or another entity is the Program Manager, the fee structure for the Program Manager may change during the term of your Account. In the event that a Program Manager fee structure that is more favorable to Account Owners were to be implemented in the future, it might be necessary for existing Account Owners to open new Program Accounts to take advantage of such structure with respect to new contributions or existing Program Account balances. If the Investment Policy, the Program Manager, the Investment Manager or the fee structure changes during the term of your Program Account in a way that is not to your liking, you may choose to withdraw the assets in your Program Account, but any earnings you withdraw from the Account generally will be subject to income tax and to an additional federal income tax of 10% of earnings unless you reinvest the withdrawn amount through a Rollover Distribution in compliance with federal requirements. In addition, any such withdrawal may be subject to charges assessed in connection with the withdrawal. See "Fees and Expenses."

Restriction on Changes among Investment Options

Federal law and IRS guidance restrict the frequency of the reallocation of Account balances among the Investment Options. An Account Owner may reallocate assets in a Program Account among Investment Options twice per calendar year, or in connection with a change of the Beneficiary of the Account. All reallocations of assets among the Investment Options in all Program Accounts established by an Account Owner for a particular Beneficiary must occur on the same two days of the applicable calendar year, with the exception of reallocations in connection with a change of the Beneficiary of the applicable Program Account. Unless reallocated in accordance with the provisions described above, existing amounts in your Account invested under a particular Investment Option must remain invested under that Investment Option until withdrawn from the Program, even if at some point prior to withdrawal you would prefer to switch such assets to another Investment Option. However, a new Investment Option may always be selected for a new contribution at the time a new contribution is made.

Financial Aid

Federal Financial Aid

Being the Account Owner or Beneficiary of an Account may impact eligibility for financial aid. If the Account Owner is the student's parent, the available balance may be treated as a parental asset, as is the case with other financial assets of the parent that are considered in determining federal financial aid eligibility. As a general matter, a smaller percentage of such parental assets (under current law, a maximum of 5.64%) than of student assets (under current law, 20%) is deemed available to the student, and accordingly parental assets generally have a lesser impact than student assets for purposes of determining federal financial aid eligibility. If a dependent student is the Account Owner, whether through an UTMA/UGMA custodian or directly, the available balance in the Account is treated as a parental asset. If an independent student is the Account Owner, whether through an UTMA/UGMA custodian or directly, the available balance in the Account is treated as a student asset. Assets in an Account not owned by the applicable student or the student's parent (such as non-UTMA/UGMA accounts opened by a grandparent as Account Owner) generally are not considered in the student's need analysis for federal financial aid purposes, but payments from such an Account may be considered income of the applicable student for purposes of subsequent financial aid determinations. Being the Account Owner or Beneficiary of an Account may impact eligibility for non-federal financial aid opportunities, including financial aid opportunities at any elementary or secondary school. You should consult a financial aid advisor for further information on your particular circumstances.

New Jersey Financial Aid

The Act provides that an amount to be annually determined by HESAA, which shall not be less than$25,000, of all Program Accounts shall be excluded from consideration in evaluating the financial need of a Beneficiary for the purpose of determining the eligibility of a Beneficiary for any scholarship, grant or monetary assistance awarded by the State. The currently applicable amount is$25,000. The Beneficiary may be required to verify the dollar amount in the Program Account(s) to the satisfaction of the entity or agency awarding the State funds. You should consult with your financial aid advisor to determine the impact of an Account on financial aid in another state.

Tax Risks

The federal and state tax benefits and related tax implications of an investment in an Account depend on qualification of the Program as a Qualified Tuition Program within the meaning of Section 529. Section 529 sets forth numerous requirements and the Program has been designed to comply with these requirements as understood by HESAA. HESAA has not obtained a private letter ruling from the IRS determining that the Program satisfies the requirements of Section 529. The United States Treasury Department (the "Treasury Department") has published proposed regulations under

Section 529, but those regulations do not provide guidance on various changes to Section 529 implemented by the 2001 Tax Act or the 2017 Tax Act, including without limitation regarding Qualified Distributions for Qualified Elementary or Secondary Education Expenses. Final regulations have not been issued. The Treasury Department also has published certain notices that may be relied upon pending issuance of final regulations, concerning investment reallocations affecting amounts contributed to a Qualified Tuition Program and certain other matters arising under Section 529. On January 17, 2008, the Treasury Department released an advance notice of proposed rulemaking (the "2008 Advance Notice") relating to Qualified Tuition Programs under Section 529. The 2008 Advance Notice indicated that the Treasury Department intends to repropose the initial Section 529 regulations proposed in 1998. The reproposed regulations have not yet been published, and although the 2008 Advance Notice indicated certain changes and clarifications that will be included in the reproposed regulations, the exact content of the new proposed regulations, and the ultimate content of the final regulations, is not known. The reproposed regulations could limit or require changes to, and affect tax consequences of, certain features of the Program described in this Investor Handbook.

HESAA and the Program Manager intend to modify the Program from time to time in accordance with applicable federal tax law and administrative guidance to maintain Program compliance with the requirements of Section 529. There can be no assurance, however, that the IRS or any state tax regulator will agree that the Program, in its current form or as it may be modified, satisfies the current and any future requirements of Section 529 or that, if challenged by the IRS or a state tax regulator, the status of the Program as a Qualified Tuition Program under Section 529 would be sustained in court. If the Program as currently structured or as subsequently modified does not meet the requirements of Section 529 for any reason, the tax consequences to Account Owners, Third-Party Contributors and Beneficiaries are uncertain and it is possible that Account Owners or Beneficiaries could become subject to taxes on undistributed earnings in their Accounts as well as to other adverse tax consequences. In addition, changes in the law governing any of the federal or state tax consequences described in this Investor Handbook might require material changes to the Program for the anticipated tax consequences to apply, or might change the federal or state tax consequences from those described in this Investor Handbook.

None of the Program, the State, HESAA, the Division of Investment, the Program Manager or any other party assumes any responsibility for the tax treatment of any withdrawal from an Account or for the adequacy of the documentation obtained and maintained by an Account Owner or Beneficiary to support favorable federal and state tax treatment. It is the responsibility of the Account Owner and the Beneficiary to identify, obtain and retain such documentation. HESAA and the Program Record-Keeper reserve the right to report the earnings components of all withdrawals from an Account without characterizing the purpose of the withdrawals or the treatment of such earnings for federal or state income tax purposes, except as may be required by applicable federal tax requirements. See "Tax Information – Federal Tax Treatment" for more information.

Program Changes

HESAA may change the terms and conditions of the Program without the consent of the Account Owners or Beneficiaries to the extent required to achieve or preserve the Program's status as a Qualified Tuition Program or to the extent otherwise deemed necessary or appropriate by HESAA. Such changes may impose additional requirements on your participation in the Program, limit the flexibility of the Program or otherwise change terms and conditions of the Program that you consider important. Although the consent of the Account Owners or Beneficiaries to such changes is not required, if the Account Owner does not wish to continue participating in the Program after such changes, under current law the Account Owner has the ability to transfer the Account balance to another Qualified Tuition Program through a Rollover Distribution. See "Withdrawals – Non-Qualified Distributions – Rollover Distributions."

Amount of and Inflation in Qualified Higher Education Expenses

Even if the balance in your Account has reached the Maximum Contribution Limit, the Account may not be sufficient to pay the Beneficiary's Qualified Higher Education Expenses. This could be the case if the Beneficiary attends institutions at which the Qualified Higher Education Expenses of students for the period of attendance by the Beneficiary are greater than the Maximum Contribution Limit plus the earnings thereon in the Account. In addition, the level of future inflation in Qualified Higher Education Expenses is uncertain. In the recent past, Qualified Higher Education Expenses often have grown at a rate which substantially exceeds the rate of return on many investments, including investments similar to the Investment Options, as well as the rate of increase in the general cost of living. The rate of future increases in Qualified Higher Education Expenses over any period could exceed the rate of investment return earned by any or all the Investment Options over the corresponding periods.

Non-Use by Beneficiary of Account for Qualified Higher Education Expenses

If the Beneficiary of an Account (or any successor Beneficiary you may designate) does not apply for admission to attend any Eligible Educational Institution, is not accepted for admission to an Eligible Educational Institution, does not achieve satisfactory academic performance or is otherwise not permitted to continue to attend an Eligible Educational Institution, or otherwise does not need all or a portion of the balance in the Account to pay for Qualified Higher Education Expenses then, except in the case of a Rollover Distribution to an account in a Qualified Tuition Program for a Member of the Family of the Beneficiary or, subject to the limitations described in this Investor Handbook, a Rollover Distribution to a Qualified ABLE Program for the Beneficiary or a Member of the Family of the Beneficiary, the earnings portion of amounts withdrawn from the Account would be subject to federal income tax and, unless the withdrawal is due to the Beneficiary's permanent disability, paid to the Beneficiary's estate upon death of the Beneficiary, or on account of a qualified scholarship awarded to the Beneficiary or attendance by the Beneficiary at a U.S. military academy, a 10% additional federal income tax. State and local income taxes may also be applicable to the withdrawn earnings.

Risks Related to Illiquidity

Investment in the Program involves the risk of reduced liquidity of the amounts invested. The circumstances under which funds may be withdrawn from the Account without a tax penalty are limited. See "Withdrawals" for further information about these restrictions. In addition, you may not assign or pledge any part of an Account as security for a loan or otherwise.

Impact on Medicaid Eligibility and Other Non-Educational Benefits

Account Owners and Third-Party Contributors should be aware that ownership of an Account in the Program could have an impact on eligibility for Medicaid and other federal and state non-educational benefits. Although the result may vary from state to state, assets in your Account may be considered available assets for determining eligibility. You should consult qualified financial and tax advisors for advice on your particular situation.

Alternative Investment Products

A variety of other savings and investment products are available to parents and other persons who wish to provide for the future payment of tuition and other higher education costs for their children or other beneficiaries. There are substantial differences in the structure, benefits, tax treatment, risks and liquidity provided by each such product, and the appropriateness of any such product, and the relative benefits of investing in any particular product, may depend on the product, the individual, the time frame and other factors. No assurance can be provided that the performance of investments in the Program in general or for any specific Account Owner or Beneficiary will compare favorably with existing alternative savings and investment products or ones that may be developed in the future. You may wish to consider other currently available and proposed investment alternatives before establishing or making additional contributions to an Account and from time to time thereafter.

Fees and Expenses

Each of the mutual funds and ETFs in which the Trust may invest assets contributed under an Investment Option charges investment management fees and other expenses. These fees and expenses are taken into account in valuing the mutual fund shares or ETF shares owned by the applicable Trust Portfolio and accordingly indirectly affect the investment returns on amounts invested under the applicable Investment Option. In addition, there may be brokerage fees associated with the purchase or sale of ETFs that also affect the investment return on amounts invested under the applicable Investment Option.

In addition, the Program currently charges a Program management fee of 25 basis points (0.25 percent) per annum assessed daily against the assets of each Trust Portfolio except the Franklin U.S. Government Money 529 Portfolio; though that fee is currently not imposed for the Franklin U.S. Government Money 529 Portfolio, it may be imposed in whole or in part at any time, increasing expenses and reducing performance. The Program management fee is used to pay for the services of FTDI, Franklin Mutual Advisers and other FTDI affiliates under the Services Agreement, as well as to pay HESAA for its services in connection with the Program. The Program management fee is subject to change by HESAA.

Investments made through the purchase of Class A Trust Shares or Class C Trust Shares also are subject to sales charges (including annual "trailing fees" and either initial sales charges or contingent deferred sales charges) as described below except that currently no sales charges are applicable to purchases of Trust Shares in the Franklin U.S. Government Money 529 Portfolio. The contingent deferred sales charge imposed on certain withdrawals of amounts invested in an Account in Class A or Class C during the periods described under "Fees and Expenses – Class A" and "Fees and Expenses – Class C" will be assessed in the case of all distributions, including Qualified Distributions and all Non-Qualified Distributions, including Rollover Distributions, unless the Rollover Distribution is a direct transfer to another Account in the Program invested in the same class of Trust Shares as the Account from which the distribution was made.

Considerations Relating to Classes A and C and Advisor Class Trust Shares

Account Owners who are considering directing that contributions to their Accounts be applied to the purchase of Class A Trust Shares, Class C Trust Shares or Advisor Class Trust Shares (available only to AC-Eligible Account Owners (as defined under “Fees and Expenses – Advisor Class” below)) should take into consideration the age of the Beneficiary, the period of time during which such contribution is likely to remain invested in the Account, and the charges and fees applicable to each structure, including any available waiver or reduction of the initial sales charge for Class A Trust Shares. Please consult with your Financial Professional as to the fee structure that may be most appropriate for you in light of the anticipated duration of the investment, the anticipated likelihood of future transfers among Investment Options, and any available waiver or reduction of the initial sales charge on Class A Trust Shares. Please note that, as described under the heading “Class A” below, contributions resulting from a rollover of assets from another Qualified Tuition Program are eligible for a waiver of the initial sales charge on Class A Trust Shares (a “Rollover Waiver”), but that such waiver of the initial sales charge is available only if: (i) the Financial Professional through which the Trust Shares are purchased has informed FTDI of its election to participate in the offering of

Class A Trust Shares with a Rollover Waiver; or (ii) the rollover is to an Account established with FTDI without use of a third-party Financial Professional. If you are considering such a rollover, you should consult with your Financial Professional as to the availability of a waiver of the initial sales charge.

Account Owners may direct that contributions to their Accounts be applied to the purchase of Class C Trust Shares only for Accounts for which they have appointed a Financial Professional of record. Account Owners who have not appointed a Financial Professional of record for Accounts already investing in Class C Trust Shares may not make additional contributions to those Accounts.

All contributions directed to Accounts investing in Class C Trust Shares that do not have a Financial Professional of record or to Accounts investing in Advisor Class Trust Shares that are not owned by AC-Eligible Account Owners (as defined under "Fees and Expenses – Advisor Class" below) will be returned to the Account Owner pending further instruction.

Certain Financial Professionals may retain the authority, at any time they deem it necessary, to exchange Trust Shares in an Account for Trust Shares of a different Class. The Program is not responsible for any such policies or for any such exchanges. See Appendix E for more information on certain Financial Professional-specific policies regarding such exchanges. Please consult with your Financial Professional if you have any questions regarding their policies.

The Fees and Expenses Chart below includes, for each Trust Portfolio, annual asset-based fees assessed by the Program and additional investor expenses. It also includes estimated expenses assessed by the Underlying Funds of the applicable Trust Portfolio. Such estimated expenses are based on the expenses associated with the Trust Portfolio's Underlying Funds reported in the applicable Underlying Fund's most recent publicly available financial statements as of August 31, 2020. For a Trust Portfolio with multiple Underlying Funds, the estimated underlying expenses are weighted in accordance with each applicable Underlying Fund's average monthly percentage of the aggregate value of the Underlying Funds in the applicable Trust Portfolio for the 6-month period ended September 30, 2020. Such reported expenses and weighting in accordance with each applicable Underlying Fund's average monthly percentage of the aggregate value of the Underlying Funds in the applicable Trust Portfolio for the 6-month period ended September 30, 2020 also are used in the "Approximate Cost of a$10,000 Investment" table immediately following the Fees and Expenses Chart. It should be noted that the Investment Policy for most of the Trust Portfolios (other than the Individual Portfolios) provides the Investment Manager with flexibility as to the particular Underlying Funds in which assets of the applicable Trust Portfolio allocated to a particular asset class are invested from time to time, permits the Investment Manager to use ETFs instead of or in addition to mutual funds from time to time, and permits the Investment Manager to vary the allocations to particular mutual funds or ETFs within any applicable asset class targets for the applicable Trust Portfolio. Accordingly, the specific Underlying Funds, and the portion of a Trust Portfolio allocated to a specific Underlying Fund, may vary from time to time, and may vary from the composition of the Trust Portfolio on which the estimated expense information in the tables below is based. Any such variation could increase or decrease the actual Underlying Fund expenses affecting the applicable Trust Portfolio in comparison to the estimated underlying expenses and could increase or decrease the cost of a$10,000 investment from the amount shown below. In addition, the actual expenses of an Underlying Fund may differ from those in the financial statements for any period that does not coincide with the period reported on by such financial statements.

Fees and Expenses Charts

CLASS A		Annual Asset-Based Fees			Additional Investor Expenses	
Investment Option	Estimated Underlying Fund Expenses[1]	Program Management Fee	Annual Sales Fee	Estimated Total Annual Asset-Based Fees[2]	Maximum Initial Sales Charge[3]	Maximum Deferred Sales Charge[4]
OBJECTIVE-BASED ASSET ALLOCATIONS						
Franklin Founding Funds 529 Portfolio	0.69%	0.25%	0.25%	1.19%	5.50%	None
Franklin Corefolio® 529 Portfolio	0.72%	0.25%	0.25%	1.22%	5.50%	None
Franklin Growth Allocation 529 Portfolio	0.49%	0.25%	0.25%	0.99%	5.50%	None
Franklin Growth & Income Allocation 529 Portfolio	0.39%	0.25%	0.25%	0.89%	5.50%	None
Franklin Income Allocation 529 Portfolio	0.32%	0.25%	0.25%	0.82%	3.75%	None
Age-Based Allocations						
Franklin Age-Based Growth Allocations						
Newborn–4 Years	0.49%	0.25%	0.25%	0.99%	5.50%	None
Age 5–8 Years	0.46%	0.25%	0.25%	0.96%	5.50%	None
Age 9–10 Years	0.43%	0.25%	0.25%	0.93%	5.50%	None
Age 11–12 Years	0.41%	0.25%	0.25%	0.91%	5.50%	None
Age 13–14 Years	0.39%	0.25%	0.25%	0.89%	5.50%	None
Age 15–16 Years	0.36%	0.25%	0.25%	0.86%	5.50%	None
Age 17–18 Years	0.34%	0.25%	0.25%	0.84%	3.75%	None
Age 19+ Years	0.32%	0.25%	0.25%	0.82%	3.75%	None
Franklin Age-Based Moderate Allocations						
Newborn–4 Years	0.43%	0.25%	0.25%	0.93%	5.50%	None
Age 5–8 Years	0.41%	0.25%	0.25%	0.91%	5.50%	None
Age 9–10 Years	0.39%	0.25%	0.25%	0.89%	5.50%	None
Age 11–12 Years	0.36%	0.25%	0.25%	0.86%	5.50%	None
Age 13–14 Years	0.34%	0.25%	0.25%	0.84%	3.75%	None
Age 15–16 Years	0.32%	0.25%	0.25%	0.82%	3.75%	None
Age 17–18 Years	0.32%	0.25%	0.25%	0.82%	3.75%	None
Age 19+ Years	0.31%	0.25%	0.25%	0.81%	3.75%	None
Franklin Age-Based Conservative Allocations						
Newborn–4 Years	0.39%	0.25%	0.25%	0.89%	5.50%	None
Age 5–8 Years	0.36%	0.25%	0.25%	0.86%	5.50%	None
Age 9–10 Years	0.34%	0.25%	0.25%	0.84%	3.75%	None
Age 11–12 Years	0.32%	0.25%	0.25%	0.82%	3.75%	None
Age 13–14 Years	0.32%	0.25%	0.25%	0.82%	3.75%	None
Age 15–16 Years	0.32%	0.25%	0.25%	0.82%	3.75%	None
Age 17–18 Years	0.32%	0.25%	0.25%	0.82%	2.25%	None
Age 19+ Years	0.33%	0.25%	0.25%	0.83%	2.25%	None

CLASS A		Annual Asset-Based Fees			Additional Investor Expenses	
Investment Option	Estimated Underlying Fund Expenses[1]	Program Management Fee	Annual Sales Fee	Estimated Total Annual Asset-Based Fees[2]	Maximum Initial Sales Charge[3]	Maximum Deferred Sales Charge[4]
INDIVIDUAL PORTFOLIOS						
Global Style						
Franklin Mutual Global Discovery Fund 529 Portfolio	1.01%	0.25%	0.25%	1.51%	5.50%	None
Templeton Growth 529 Portfolio	0.81%	0.25%	0.25%	1.31%	5.50%	None
Growth Style						
Franklin Growth 529 Portfolio	0.59%	0.25%	0.25%	1.09%	5.50%	None
Franklin Small-Mid Cap Growth 529 Portfolio	0.63%	0.25%	0.25%	1.13%	5.50%	None
Value Style						
Franklin Mutual Shares 529 Portfolio	0.79%	0.25%	0.25%	1.29%	5.50%	None
International Income Style						
Templeton Global Bond 529 Portfolio	0.67%	0.25%	0.25%	1.17%	3.75%	None
Income Style						
Franklin Income 529 Portfolio	0.47%	0.25%	0.25%	0.97%	3.75%	None
Franklin U.S. Government Money 529 Portfolio[5]	0.33%[5]	0.00%	0.00%	0.33%	0.00%	None
Index Style						
S&P 500 Index 529 Portfolio	0.03%	0.25%	0.25%	0.53%	5.50%	None

CLASS C		Annual Asset-Based Fees			Additional Investor Expenses	
Investment Option	Estimated Underlying Fund Expenses[1]	Program Management Fee	Annual Sales Fee[6]	Total Annual Asset-Based Fees[2]	Maximum Initial Sales Charge[3]	Maximum Deferred Sales Charge[4]
OBJECTIVE-BASED ASSET ALLOCATIONS						
Franklin Founding Funds 529 Portfolio	0.69%	0.25%	1.00%	1.94%	None	1.00%
Franklin Corefolio® 529 Portfolio	0.72%	0.25%	1.00%	1.97%	None	1.00%
Franklin Growth Allocation 529 Portfolio	0.49%	0.25%	1.00%	1.74%	None	1.00%
Franklin Growth & Income Allocation 529 Portfolio	0.39%	0.25%	1.00%	1.64%	None	1.00%
Franklin Income Allocation 529 Portfolio	0.32%	0.25%	1.00%	1.57%	None	1.00%
AGE-BASED ALLOCATIONS						
Franklin Age-Based Growth Allocations						
Newborn–4 Years	0.49%	0.25%	1.00%	1.74%	None	1.00%
Age 5–8 Years	0.46%	0.25%	1.00%	1.71%	None	1.00%
Age 9–10 Years	0.43%	0.25%	1.00%	1.68%	None	1.00%
Age 11–12 Years	0.41%	0.25%	1.00%	1.66%	None	1.00%
Age 13–14 Years	0.39%	0.25%	1.00%	1.64%	None	1.00%
Age 15–16 Years	0.36%	0.25%	1.00%	1.61%	None	1.00%
Age 17–18 Years	0.34%	0.25%	1.00%	1.59%	None	1.00%
Age 19+ Years	0.32%	0.25%	1.00%	1.57%	None	1.00%
Franklin Age-Based Moderate Allocations						
Newborn–4 Years	0.43%	0.25%	1.00%	1.68%	None	1.00%
Age 5–8 Years	0.41%	0.25%	1.00%	1.66%	None	1.00%
Age 9–10 Years	0.39%	0.25%	1.00%	1.64%	None	1.00%

Age 11–12 Years	0.36%	0.25%	1.00%	1.61%	None	1.00%
Age 13–14 Years	0.34%	0.25%	1.00%	1.59%	None	1.00%
Age 15–16 Years	0.32%	0.25%	1.00%	1.57%	None	1.00%
Age 17–18 Years	0.32%	0.25%	1.00%	1.57%	None	1.00%
Age 19+ Years	0.31%	0.25%	1.00%	1.56%	None	1.00%
Franklin Age-Based Conservative Allocations						
Newborn–4 Years	0.39%	0.25%	1.00%	1.64%	None	1.00%
Age 5–8 Years	0.36%	0.25%	1.00%	1.61%	None	1.00%
Age 9–10 Years	0.34%	0.25%	1.00%	1.59%	None	1.00%
Age 11–12 Years	0.32%	0.25%	1.00%	1.57%	None	1.00%
Age 13–14 Years	0.32%	0.25%	1.00%	1.57%	None	1.00%
Age 15–16 Years	0.32%	0.25%	1.00%	1.57%	None	1.00%
Age 17–18 Years	0.32%	0.25%	1.00%	1.57%	None	1.00%
Age 19+ Years	0.33%	0.25%	1.00%	1.58%	None	1.00%
CLASS C		**Annual Asset-Based Fees**			**Additional Investor Expenses**	
Investment Option	**Estimated Underlying Fund Expenses[1]**	**Program Management Fee**	**Annual Sales Fee[6]**	**Total Annual Asset-Based Fees[2]**	**Maximum Initial Sales Charge[3]**	**Maximum Deferred Sales Charge[4]**
Individual Portfolios						
Global Style						
Franklin Mutual Global Discovery Fund 529 Portfolio	1.01%	0.25%	1.00%	2.26%	None	1.00%
Templeton Growth 529 Portfolio	0.81%	0.25%	1.00%	2.06%	None	1.00%
Growth Style						
Franklin Growth 529 Portfolio	0.59%	0.25%	1.00%	1.84%	None	1.00%
Franklin Small-Mid Cap Growth 529 Portfolio	0.63%	0.25%	1.00%	1.88%	None	1.00%
Value Style						
Franklin Mutual Shares 529 Portfolio	0.79%	0.25%	1.00%	2.04%	None	1.00%
International Income Style						
Templeton Global Bond 529 Portfolio	0.67%	0.25%	1.00%	1.92%	None	1.00%
Income Style						
Franklin Income 529 Portfolio	0.47%	0.25%	1.00%	1.72%	None	1.00%
Franklin U.S. Government Money 529 Portfolio[5]	0.33%	0.00%[5]	0.00%	0.33%[5]	None	None
Index Style						
S&P 500 Index 529 Portfolio	0.03%	0.25%	1.00%	1.28%	None	1.00%

ADVISOR CLASS		Annual Asset-Based Fees			Additional Investor Expenses	
Investment Option	Estimated Underlying Fund Expenses[1]	Program Management Fee	Annual Sales Fee	Total Annual Asset-Based Fees[2]	Maximum Initial Sales Charge[3]	Maximum Deferred Sales Charge[4]
OBJECTIVE-BASED ASSET ALLOCATIONS						
Franklin Founding Funds 529 Portfolio	0.69%	0.25%	0.00%	0.94%	None	None
Franklin Corefolio® 529 Portfolio	0.72%	0.25%	0.00%	0.97%	None	None
Franklin Growth Allocation 529 Portfolio	0.49%	0.25%	0.00%	0.74%	None	None
Franklin Growth & Income Allocation 529 Portfolio	0.39%	0.25%	0.00%	0.64%	None	None
Franklin Income Allocation 529 Portfolio	0.32%	0.25%	0.00%	0.57%	None	None
Age-Based Allocations						
Franklin Age-Based Growth Allocations						
Newborn–4 Years	0.49%	0.25%	0.00%	0.74%	None	None
Age 5–8 Years	0.46%	0.25%	0.00%	0.71%	None	None
Age 9–10 Years	0.43%	0.25%	0.00%	0.68%	None	None
Age 11–12 Years	0.41%	0.25%	0.00%	0.66%	None	None
Age 13–14 Years	0.39%	0.25%	0.00%	0.64%	None	None
Age 15–16 Years	0.36%	0.25%	0.00%	0.61%	None	None
Age 17–18 Years	0.34%	0.25%	0.00%	0.59%	None	None
Age 19+ Years	0.32%	0.25%	0.00%	0.57%	None	None
Franklin Age-Based Moderate Allocations						
Newborn–4 Years	0.43%	0.25%	None	0.68%	None	None
Age 5–8 Years	0.41%	0.25%	None	0.66%	None	None
Age 9–10 Years	0.39%	0.25%	None	0.64%	None	None
Age 11–12 Years	0.36%	0.25%	None	0.61%	None	None
Age 13–14 Years	0.34%	0.25%	None	0.59%	None	None
Age 15–16 Years	0.32%	0.25%	None	0.57%	None	None
Age 17–18 Years	0.32%	0.25%	None	0.57%	None	None
Age 19+ Years	0.31%	0.25%	None	0.56%	None	None
Franklin Age-Based Conservative Allocations						
Newborn–4 Years	0.39%	0.25%	None	0.64%	None	None
Age 5–8 Years	0.36%	0.25%	None	0.61%	None	None
Age 9–10 Years	0.34%	0.25%	None	0.59%	None	None
Age 11–12 Years	0.32%	0.25%	None	0.57%	None	None
Age 13–14 Years	0.32%	0.25%	None	0.57%	None	None
Age 15–16 Years	0.32%	0.25%	None	0.57%	None	None
Age 17–18 Years	0.32%	0.25%	None	0.57%	None	None
Age 19+ Years	0.33%	0.25%	None	0.58%	None	None

INDIVIDUAL PORTFOLIOS		Annual Asset-Based Fees			Additional Investor Expenses	
Investment Option	Estimated Underlying Fund Expenses[1]	Program Management Fee	Annual Sales Fee	Total Annual Asset-Based Fees[2]	Maximum Initial Sales Charge[3]	Maximum Deferred Sales Charge[4]
Global Style						
Franklin Mutual Global Discovery Fund 529 Portfolio	1.01%	0.25%	None	1.26%	None	None
Templeton Growth 529 Portfolio	0.81%	0.25%	None	1.06%	None	None
Growth Style						
Franklin Growth 529 Portfolio	0.59%	0.25%	None	0.84%	None	None
Franklin Small-Mid Cap Growth 529 Portfolio	0.63%	0.25%	None	0.88%	None	None

Value Style						
Franklin Mutual Shares 529 Portfolio	0.79%	0.25%	None	1.04%	None	None
International Income Style						
Templeton Global Bond 529 Portfolio	0.67%	0.25%	None	0.92%	None	None
Income Style						
Franklin Income 529 Portfolio	0.47%	0.25%	None	0.72%	None	None
Index Style						
S&P 500 Index 529 Portfolio	0.03%	0.25%	None	0.28%	None	None

1. Based on most recent fiscal annual or semiannual period reported upon in the applicable Underlying Fund's most recent financial statements that were publicly available by August 31, 2020, and for Investment Options invested in multiple Underlying Funds, based on a weighted average of each Underlying Fund's expense ratio, in accordance with the Investment Option's average monthly asset allocation among the applicable Underlying Funds for the 6-month period ended September 30, 2020. Underlying Fund expenses will vary and in some cases have been, and may from time to time be, reduced by fee and expense waivers or reimbursements, which may be ended at any time, increasing future expenses.
2. This total is assessed against assets over the course of the year and does not include sales charges or account maintenance fees. No account maintenance fee is currently in effect. Refer to the table below that shows the total assumed costs of a$10,000 investment over various periods of time.
3. See table entitled "Contribution Impact on Initial Sales Charges under Class A" below.
4. For Class A Trust Shares, there is a contingent deferred sales charge that applies to aggregate investments of$1 million or more. See "Fees and Expenses – Class A." The contingent deferred sales charge for Class C Trust Shares applies to Class C Trust Shares redeemed in connection with a withdrawal during the first 12 months after the investment.
5. The Program Management Fee has been reduced from 0.25% to 0.00% for the Franklin U.S. Government Money 529 Portfolio since its inception date of October 8, 2014; the Program Management Fee may be increased at any time, which would increase future expenses. "Total Annual Asset Based Fees" for the Franklin U.S. Government Money 529 Portfolio reflects the reduced Program Management Fee in effect as of the date of this Investor Handbook. The expenses of the Underlying Fund of the Franklin U.S. Government Money 529 Portfolio were 0.33% for the period from June 30, 2020 to the date of this Investor Handbook; such waivers and reimbursements may be reduced or ended at any time. Although no deferred sales charge is payable with respect to Trust Shares originally purchased in the Franklin U.S. Government Money 529 Portfolio upon a withdrawal from the Franklin U.S. Government Money 529 Portfolio, a deferred sales charge may be payable upon a withdrawal involving a redemption of Trust Shares in the Franklin U.S. Government Money 529 Portfolio acquired through an exchange from another Trust Portfolio, or upon a withdrawal involving a redemption of Trust Shares that were acquired, directly or indirectly, in exchange for Trust Shares originally purchased with contributions to the Franklin U.S. Government Money 529 Portfolio. See the discussion under "Class C".
6. After 10 years from the applicable purchase, these Trust Shares convert to Class A Trust Shares, and the Annual Sales Fee declines accordingly.

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

- A $10,000 investment invested for the time periods shown.
- A 5% annually compounded rate of return on the net amount invested throughout the period.
- The proceeds of all Trust Shares that are assumed to be redeemed for the purpose of a distribution at the end of the period shown are used for Qualified Higher Education Expenses (the table does not consider the impact of any potential state or federal taxes on the redemption).
- Total annual asset-based fees remain the same as those shown in the tables above.
- The investor pays the maximum applicable initial sales charge (without regard to possible breakpoints or waivers or any contingent deferred sales charges) in Class A, pays the annual sales fee in Class A (without regard to any waiver) and pays any contingent deferred sales charges applicable to Trust Shares invested for the applicable periods in Class C.
- In the case of the Franklin U. S. Government Money 529 Portfolio, the annual costs assume the continuation of the reduced Program Management Fee described in footnote 4; however, such Program Management Fee may be increased at any time, which would increase the applicable annual costs.

The following table compares the approximate cost of investing in the different classes within the Plan over different periods of time.

Approximate Cost of a $10,000 Investment in Dollars for Trust Share Classes and Periods Shown[1]

	One Year				Three Years			
Investment Option	**A**	**C[2]**	**C[3]**	**Advisor**	**A**	**C[2]**	**C[3]**	**Advisor**
OBJECTIVE-BASED ASSET ALLOCATIONS								
Franklin Founding Funds 529 Portfolio	$665	$297	$197	$96	$907	$609	$609	$299
Franklin Corefolio® 529 Portfolio	$667	$300	$200	$99	$916	$618	$618	$309
Franklin Growth Allocation 529 Portfolio	$646	$277	$177	$76	$849	$549	$549	$238
Franklin Growth & Income Allocation 529 Portfolio	$636	$267	$167	$65	$819	$518	$518	$205
Franklin Income Allocation 529 Portfolio	$456	$260	$160	$59	$628	$497	$497	$184
AGE-BASED ALLOCATIONS								
Franklin Age-Based Growth Allocations								
Newborn–4 Years	$646	$277	$177	$76	849	$549	$549	$238
Age 5–8 Years	$643	$274	$174	$73	$839	$539	$539	$227
Age 9–10 Years	$640	$271	$171	$70	$831	$531	$531	$219
Age 11–12 Years	$638	$269	$169	$68	$825	$524	$524	$212
Age 13–14 Years	$636	$267	$167	$66	$819	$518	$518	$205
Age 15–16 Years	$633	$264	$164	$63	$810	$509	$509	$196

Age 17–18 Years	$457	$262	$162	$60	$633	$502	$502	$189
Age 19+ Years	$455	$260	$160	$58	$627	$495	$495	$182
Franklin Age-Based Moderate Allocations								
Newborn–4 Years	$640	$271	$171	$70	$832	$531	$531	$219
Age 5–8 Years	$638	$269	$169	$68	$825	$524	$524	$212
Age 9–10 Years	$636	$267	$167	$65	$819	$518	$518	$205
Age 11–12 Years	$633	$264	$164	$63	$810	$509	$509	$196
Age 13–14 Years	$458	$262	$162	$60	$634	$502	$502	$190
Age 15–16 Years	$456	$260	$160	$58	$627	$496	$496	$183
Age 17–18 Years	$456	$260	$160	$58	$628	$496	$496	$183
Age 19+ Years	$455	$259	$159	$58	$625	$494	$494	$181
Franklin Age-Based Conservative Allocations								
Newborn–4 Years	$636	$267	$167	$66	$819	$518	$518	$206
Age 5–8 Years	$633	$264	$164	$63	$810	$509	$509	$196
Age 9–10 Years	$458	$262	$162	$60	$634	$502	$502	$190
Age 11–12 Years	$455	$259	$159	$58	$626	$494	$494	$181
Age 13–14 Years	$456	$260	$160	$59	$628	$497	$497	$184
Age 15–16 Years	$455	$259	$159	$58	$626	$495	$495	$182
Age 17–18 Years	$307	$260	$160	$59	$482	$497	$497	$184
Age 19+ Years	$308	$261	$161	$59	$484	$499	$499	$186
INDIVIDUAL PORTFOLIOS								
Global Style								
Franklin Mutual Global Discovery 529 Portfolio	$695	$329	$229	$128	$ 1,001	$706	$706	$400
Templeton Growth 529 Portfolio	$676	$309	$209	$108	$942	$646	$646	$337
Growth Style								
Franklin Growth 529 Portfolio	$655	$287	$187	$86	$878	$579	$579	$268
Franklin Small-Mid Cap Growth 529 Portfolio	$659	$291	$191	$90	$889	$591	$591	$281
Value Style								
Franklin Mutual Shares 529 Portfolio	$674	$307	$207	$106	$936	$640	$640	$331
Templeton Global Bond 529 Portfolio	$490	$295	$195	$94	$733	$603	$603	$293
Income Style								
Franklin Income 529 Portfolio	$470	$275	$175	$74	$672	$542	$542	$230
Franklin U.S. Government 529 Portfolio[4]	$34	$134	$34	N/A	$106	$106	$106	N/A
Index Style								
S&P 500 Index 529 Portfolio	$601	$230	$130	$29	$711	$406	$406	$90

	Five Years				Ten Years			
Investment Option	**A**	**C[2]**	**C[3]**	**Advisor**	**A**	**C[2]**	**C[3]**	**Advisor**
OBJECTIVE-BASED ASSET ALLOCATIONS								
Franklin Founding Funds 529 Portfolio	$1,168	$1,047	$1,047	$520	$ 1,913	$2,264	$2,264	$1,154
Franklin Corefolio® 529 Portfolio	$1,183	$1,062	$1,062	$536	$ 1,945	$2,295	$2,295	$1,189
Franklin Growth Allocation 529 Portfolio	$1,069	$946	$946	$414	$ 1,701	$2,057	$2,057	$924
Franklin Growth & Income Allocation 529 Portfolio	$1,016	$892	$892	$357	$ 1,587	$1,945	$1,945	$800
Franklin Income Allocation 529 Portfolio	$815	$857	$857	$320	$ 1,354	$1,871	$1,871	$717

AGE-BASED ALLOCATIONS								
Franklin Age-Based Growth Allocations								
Newborn–4 Years	$1,069	$946	$946	$414	$ 1,700	$2,056	$2,056	$923
Age 5–8 Years	$1,052	$929	$929	$396	$ 1,665	$2,021	$2,021	$884
Age 9–10 Years	$1,039	$915	$915	$381	$ 1,635	$1,992	$1,992	$852
Age 11–12 Years	$1,027	$903	$903	$369	$ 1,611	$1,968	$1,968	$825
Age 13–14 Years	$1,017	$893	$893	$358	$ 1,588	$1,945	$1,945	$800
Age 15–16 Years	$1,002	$877	$877	$341	$ 1,555	$1,913	$1,913	$765
Age 17–18 Years	$823	$865	$865	$329	$ 1,373	$1,889	$1,889	$737
Age 19+ Years	$812	$854	$854	$318	$ 1,349	$1,866	$1,866	$712
Franklin Age-Based Moderate Allocations								
Newborn–4 Years	$1,039	$915	$915	$381	$ 1,635	$1,992	$1,992	$852
Age 5–8 Years	$1,027	$903	$903	$369	$ 1,610	$1,967	$1,967	$824
Age 9–10 Years	$1,016	$892	$892	$357	$ 1,587	$1,945	$1,945	$800
Age 11–12 Years	$1,002	$877	$877	$341	$ 1,555	$1,913	$1,913	$764
Age 13–14 Years	$824	$867	$867	$330	$ 1,375	$1,891	$1,891	$740
Age 15–16 Years	$813	$856	$856	$319	$ 1,352	$1,868	$1,868	$715
Age 17–18 Years	$814	$856	$856	$319	$ 1,353	$1,869	$1,869	$716
Age 19+ Years	$810	$852	$852	$315	$ 1,344	$1,861	$1,861	$707
Franklin Age-Based Conservative Allocations								
Newborn–4 Years	$1,017	$893	$893	$358	$ 1,588	$1,946	$1,946	$801
Age 5–8 Years	$1,002	$877	$877	$342	$ 1,555	$1,914	$1,914	$765
Age 9–10 Years	$824	$867	$867	$330	$ 1,375	$1,891	$1,891	$740
Age 11–12 Years	$811	$853	$853	$316	$ 1,345	$1,862	$1,862	$708
Age 13–14 Years	$815	$858	$858	$321	$ 1,356	$1,872	$1,872	$719
Age 15–16 Years	$811	$853	$853	$316	$ 1,347	$1,864	$1,864	$710
Age 17–18 Years	$672	$858	$858	$321	$ 1,221	$1,873	$1,873	$719
Age 19+ Years	$675	$860	$860	$323	$ 1,226	$1,877	$1,877	$725
INDIVIDUAL PORTFOLIOS								
Global Style								
Franklin Mutual Global Discovery 529 Portfolio	$1,328	$1,210	$1,210	$692	$ 2,252	$2,595	$2,595	$1,523
Templeton Growth 529 Portfolio	$1,229	$1,108	$1,108	$585	$ 2,042	$2,390	$2,390	$1,294
Growth Style								
Franklin Growth 529 Portfolio	$1,118	$995	$995	$466	$ 1,806	$2,159	$2,159	$1,037
Franklin Small-Mid Cap Growth 529 Portfolio	$1,138	$1,016	$1,016	$488	$ 1,849	$2,201	$2,201	$1,084
Value Style								
Franklin Mutual Shares 529 Portfolio	$1,219	$1,098	$1,098	$574	$ 2,021	$2,369	$2,369	$1,271
International Income Style								
Templeton Global Bond 529 Portfolio	$995	$1,037	$1,037	$509	$ 1,742	$2,243	$2,243	$1,131
Income Style								
Franklin Income 529 Portfolio	$891	$933	$933	$401	$ 1,520	$2,030	$2,030	$894
Franklin U.S. Government 529 Portfolio[4]	$185	$185	$185	N/A	$418	$418	$418	N/A
Index Style								
S&P 500 Index 529 Portfolio	$830	$702	$702	$157	$ 1,178	$1,545	$1,545	$356

1. Includes estimated underlying expenses, which are based on the most recent fiscal annual or semiannual period reported upon in the applicable Underlying Fund's most recent financial statements that were publicly available by August 31, 2020, and for Investment Options invested in multiple Underlying Funds, are based on a weighted average of each Underlying Fund's expense ratio, in accordance with the Investment Option's average monthly asset allocation among the applicable Underlying Funds for the 6 -month period ended September 30, 2020. Underlying Fund expenses will vary and in some cases have been, and may from time to time be, reduced by fee and expense waivers or reimbursements, which may be ended at any time, increasing future expenses.
2. Assumes redemption at the end of the period.
3. Assumes no redemption at the end of the period.
4. Cost estimates for the Franklin U.S. Government Money 529 Portfolio do not include a Program Management Fee, since that fee is not in effect for the Franklin U.S. Government Money 529 Portfolio as of the date of this Investor Handbook; the Program Management Fee may be imposed in whole or in part at any time in the future, which would increase future expenses. The above expenses shown for

the Franklin U.S. Government Money 529 Portfolio reflect expense and fee waivers or reimbursements in effect as of the date of this Investor Handbook that have reduced the Underlying Fund expenses and that may be reduced or eliminated at any time.

Class A

If you select Class A and you open your account through a Financial Professional, generally you will pay a sales charge at the time of your contribution (the "initial sales charge"). As detailed in the overview chart above, the maximum amount of the initial sales charge is 5.50% for all of the Investment Options, except that a maximum initial sales charge of 3.75% applies to the Franklin Income Allocation 529 Portfolio, the Franklin Income 529 Portfolio, the Templeton Global Bond 529 Portfolio, the Franklin Age-Based Conservative Allocation Age 9 -10 Years Portfolio, the Franklin Aged-Based Conservative Allocation Age 11 -12 Years Portfolio, the Franklin Age-Based Conservative Allocation Age 13 -14 Years Portfolio, the Franklin Age-Based Conservative Allocation Age 15 -16 Years Portfolio, the Franklin Age-Based Moderate Allocation Age 13 -14 Years Portfolio, the Franklin Age-Based Moderate Allocation Age 15 -16 Years Portfolio, the Franklin Age-Based Moderate Allocation Age 17 -18 Years Portfolio, the Franklin Age-Based Moderate Allocation Age 19+ Years Portfolio, the Franklin Age-Based Growth Allocation Age 17 -18 Years Portfolio, the Franklin Age-Based Growth Allocation Age 19+ Years Portfolio, a maximum initial sales charge of 2.25 % applies to the Franklin Age-Based Conservative Allocation Age 17 -18 Years Portfolio and the Franklin Age-Based Conservative Allocation Age 19+ Years Portfolio, and no sales charge applies to the Franklin U.S. Government Money 529 Portfolio. The Franklin U.S. Government Money 529 Portfolio does not currently charge an initial sales charge nor does it currently assess an annual sales fee; the Program Management Fee is currently waived for the Trust Portfolio. Lower initial sales charges apply for larger purchases in the case of all Investment Options under Class A, as shown in the table below. The initial sales charge is included in the price that you pay for the Trust Shares you acquire when you make your contribution. The initial sales charge is paid to FTDI, which in turn compensates Financial Professionals as described below under "Fees Payable by FTDI to Financial Professionals."

In addition, the portion of the applicable Trust Portfolio attributable to Trust Shares purchased under Class A is subject to an ongoing "trailing fee" (or "sales fee") of 0.25% per annum of the aggregate average daily NAV of such portion of the Trust Portfolio, except that no such trailing fee currently applies to the Franklin U.S. Government Money 529 Portfolio. The purpose of the sales fee is to pay for the distribution of Trust Shares and servicing of Accounts. The sales fee is accrued daily and paid quarterly to the Program Manager. The Program Manager pays a portion of or the entire amount received to others, such as your Financial Professional, that provide distribution and related services. The sales fee is not deducted from your Account. Rather, it is an expense of the relevant Trust Portfolio that correspondingly reduces the value of the applicable Trust Shares.

Accounts established under Class A are not subject to a contingent deferred sales charge.

Contribution Impact on Initial Sales Charges under Class A

Franklin Age-Based Conservative Allocation Age 17 -18 Years Portfolio, Franklin Age-Based Conservative Allocation Age 19+ Years Portfolio		
when you invest this amount	**the sales charge makes up this % of the offering price¹**	**which equals this % of your net investment¹**
Under$100,000	2.25	2.30
$100,000 but under$250,000	1.75	1.78
$250,000 but under$500,000[2]	1.25	1.27
$500,000 but under$1 million[2]	0.00	0.00
$1 million and above[2]	0.00	0.00

Franklin Age-Based Conservative Allocation Age 9 -10 Years Portfolio, Franklin Aged-Based Conservative Allocation Age 11 -12 Years Portfolio, Franklin Age-Based Conservative Allocation Age 13 -14 Years Portfolio, Franklin Age-Based Conservative Allocation Age 15 -16 Years Portfolio, Franklin Age-Based Moderate Allocation Age 13 -14 Years Portfolio, Franklin Age-Based Moderate Allocation Age 15 -16 Years Portfolio, Franklin Age-Based Moderate Allocation Age 17 -18 Years Portfolio, Franklin Age-Based Moderate Allocation Age 19+ Years Portfolio, Franklin Age-Based Growth Allocation Age 17 -18 Years Portfolio, Franklin Age-Based Growth Allocation Age 19+ Years Portfolio, Franklin Income Allocation 529 Portfolio, Franklin Income 529 Portfolio and Templeton Global Bond 529 Portfolio		
when you invest this amount	**the sales charge makes up this % of the offering price¹**	**which equals this % of your net investment¹**
Under$100,000	3.75	3.90
$100,000 but under$250,000	3.25	3.36
$250,000 but under$500,000[2]	2.25	2.30
$500,000 but under$1 million[2]	0.00	0.00
$1 million and above[2]	0.00	0.00

All Other Trust Portfolios, except for the Franklin U.S. Government Money 529 Portfolio		
when you invest this amount	**the sales charge makes up this % of the offering price¹**	**which equals this % of your net investment¹**
Under$50,000	5.50	5.82
$50,000 but under$100,000	4.50	4.71
$100,000 but under$250,000	3.50	3.63
$250,000 but under$500,000[2]	2.50	2.56
$500,000 but under$1 million[2]	2.00	2.04
$1 million and above[2]	0.00	0.00

1. The dollar amount of the sales charge is the difference between the offering price of the Trust Shares purchased (which factors in the applicable sales charge in this table) and the net asset value of those Trust Shares. Since the offering price is calculated to two decimal places using standard rounding criteria, the number of Trust Shares purchased and the dollar amount of the sales charge as a percentage of the offering

price and of your net investment may be higher or lower depending on whether there was a downward or upward rounding.

2. Amounts in excess of Maximum Contribution Limit applicable only in connection with exercise of Cumulative Quantity Discounts for Accounts with different Beneficiaries. See "Cumulative Quantity Discounts and Reduced Initial Sales Charges for Trust Shares Purchased Under Class A."

The reduced initial sales charges for aggregate contributions to one or more Accounts under Class A shall apply if the Program Manager is notified at the time a contribution is made that the contribution qualifies for the reduced initial sales charge on the basis of previous or current contributions to one or more Accounts. The reduced initial sales charge will be granted upon confirmation of the aggregate contributions to the applicable Account or Accounts. Such reduced initial sales charges generally are not retroactive to contributions made prior to the contribution that qualifies for the applicable reduced initial sales charge. See "Cumulative Quantity Discounts and Reduced Initial Sales Charges for Trust Shares Purchased under Class A" below for a description of when reduced initial sales charges may apply.

The Account Owner also may purchase Class A Trust Shares at a reduced initial sales charge by completing a letter of intent ("LOI"). An LOI is a commitment by the Account Owner that a specified dollar amount will be invested in the Account during a 13-month period. The amount the Account Owner agrees to invest determines the applicable initial sales charge. If the Account Owner invests the committed amount within the applicable period, the applicable initial sales charge will be the same as would be applicable if the entire amount that the Account Owner agreed to invest were invested at the same time. See "Contribution Impact on Initial Sales Charges under Class A" above. By requesting an LOI, the Account Owner acknowledges and agrees to the following:

- If the Account Owner does not fulfill the terms of the LOI, the applicable waiver of the otherwise applicable initial sales charges will be revoked and the unpaid balance of the fee assessed to the Account, unless otherwise paid by the Account Owner within 20 days of written notice.

- If an Account Owner directs a distribution from the Account before the terms of the LOI are fulfilled and, as a result of such distribution, a balance that is less than 5% of the aggregate value of Trust Shares to which the LOI at any prior time applied would remain in the Account, the applicable waiver of the otherwise applicable initial sales charges will be revoked and the unpaid balance of the fee assessed to the Account and to the redeemed Trust Shares prior to distribution, unless otherwise paid by the Account Owner within 20 days of written notice.

Upon execution of an LOI for an Account, Class A Trust Shares may be purchased for such Account at the reduced initial sales charge applicable to the investment amount specified in the LOI.

If the amount of total purchases of Class A Trust Shares during the applicable period is less than the amount specified in the LOI, the initial sales charge will be adjusted upward, depending on the actual net amount of such purchases during such period. In such event, the Account Owner will be required to send the Program Manager an amount equal to the difference between (x) the aggregate amount of initial sales charges that would have applied, without regard to the LOI, to the total net purchases under the applicable Investment Option(s) to which the LOI applied if all transactions within the applicable period had been made at one time and (y) the aggregate dollar amount of initial sales charges actually paid during such period. If within 20 days after written request this difference in the amount of initial sales charges due is not paid, the Account and, as applicable, any withheld distribution, will be assessed to pay the amount due, as described above.

The contingent deferred sales charge under Class A does not apply to withdrawals: (a) resulting from liquidation of your Account for failure to meet minimum contribution requirements; and (b) due to the death or permanent disability of the Beneficiary.

A contingent deferred sales charge of 0.75% is applicable to Class A Trust Shares of the Franklin Income Allocation 529 Portfolio, the Franklin Income 529 Portfolio, and the Templeton Global Bond 529 Portfolio purchased without an initial sales charge and redeemed within 18 months of purchase.

The initial sales charge under Class A does not apply to: (a) contributions to an Account established with FTDI as the broker of record without use of a Financial Professional, (b) contributions resulting from a direct transfer of assets from a Franklin Templeton mutual fund if the assets represent the proceeds of shares on which a sales charge was paid; (c) contributions resulting from a direct rollover of assets from another Qualified Tuition Program if (i) the Financial Professional through which the Trust Shares are purchased has informed FTDI of its election to participate in the offering of Class A Trust Shares with a Rollover Waiver; or (ii) the rollover is to an Account established with FTDI as the broker of record without use of a Financial Professional; (d) contributions by current and former officers, trustees, directors and full-time employees of Franklin Templeton Investments, and their family members, consistent with then-current policies; (e) contributions by individuals or entities that have entered into an investment advisory agreement with Fiduciary Trust Company International or one of its subsidiaries; (f) contributions by employees of a broker-dealer that has entered into a selling agreement with FTDI and their family members; (g) contributions to an Account when the Financial Professional on the Account is a registered investment adviser and has entered into an asset-based fee arrangement with the Account Owner; (h) buying Trust Shares using the redemption proceeds from the sale of Trust Shares, if that purchase occurs within 90 days of the sale and as described under “Temporary Waiver Privilege” below; (i) contributions made to an Account opened by an Account Owner who at the time such Account is established is an employee of an employer that facilitates opening of such Account with a Financial Professional that has waived upfront selling commissions relating to the applicable Trust Shares in a manner satisfactory to and approved by FTDI, or to an existing Account of such an employee if the Financial Professional for such Account has waived upfront selling commissions relating to the applicable Trust Shares in a manner satisfactory to and approved by FTDI; (j) clients of financial intermediaries that have entered into an agreement with FTDI to offer Class A Trust Shares without an initial sale charge and who are subject to the applicable financial intermediary's brokerage commissions and/or any other compensation for the purchase and holding of such Trust Shares (such clients can contact their financial intermediary for details on the compensation that will paid to such financial intermediary by such client; please note that annual sales charges will continue to be payable on such Trust Shares in addition to any compensation arrangements agreed to by such clients with their financial intermediaries); and (k) contributions in an amount not exceeding the amount of a refund from an Eligible Educational Institution or from an elementary or secondary public, private, or religious school to the Account Beneficiary of an amount previously withdrawn from the Account for a Qualified Distribution, provided such recontribution is made within 60 days of the Beneficiary's receipt of the refund from the Eligible Educational Institution or the applicable school. If an Account Owner changes the Financial Professional on an Account described in the preceding sentence and the Class A Trust Shares purchased after such change no longer qualify for an initial sales charge waiver, initial sales charges will resume on Class A Trust Shares purchased after such change, unless and until the new Financial Professional has taken the steps described in the preceding sentence to reinstate the initial sales charge waiver. Trust Shares purchased with the proceeds from a money market fund or from Class A shares of a Franklin Templeton mutual fund without an initial sales charge may be subject to a sales charge. Trust Shares acquired upon an exchange from the Franklin U.S. Government Money 529 Portfolio into another Trust Portfolio will be subject to an initial sales charge, unless an initial sales charge was previously paid in connection with the applicable invested amounts, and to an ongoing sales fee, as described above. Trust Shares redeemed from the Franklin U.S. Government Money 529 Portfolio that were invested in that portfolio through an exchange from another Trust Portfolio that charged a sales charge are not assessed a sales charge if within 90 days they are reinvested in a Trust Portfolio. The Program Manager reserves the right to modify or terminate any of the above waivers of the initial sales charge on Class A Trust Shares at any time.

Specific Financial Professionals may have different policies and procedures than the Program regarding the availability of initial sales charge waivers, contingent deferred sales charge waivers and reductions in initial sales charges, including reductions under an LOI or pursuant to rights of accumulation (ROA).The Program is not responsible for any such policies or procedures. In all instances, it is the contributor's responsibility to notify the contributor's Financial Professional at the time of the contribution of funds and purchase of Trust Shares of any relationship or other facts qualifying the purchase for sales charge waivers or reductions under such Financial Professional's policies and procedures. For waivers and reductions not available through a particular Financial Professional, contributors will have to purchase Trust Shares directly from the Program or through another Financial Professional, and will have to notify the Program or such other Financial Professional, as applicable, at the time of the contribution of funds and purchase of Trust Shares of any relationship or other facts qualifying the purchase for sales charge waivers or reductions. See Appendix E for more information on certain Financial Professional-specific policies regarding such waivers and reductions. Please consult with your Financial Professional if you have any questions regarding their policies

Class C

If you select Class C, you will not pay an initial sales charge. You will, however, pay a contingent deferred sales charge if you withdraw any contribution within 12 months after you make it, except that no such contingent deferred sales charge applies to a withdrawal from the Franklin U.S. Government Money 529 Portfolio involving a redemption of Trust Shares originally purchased with contributions to the Franklin U.S. Government Money 529 Portfolio. The contingent deferred sales charge is 1.00% of the lesser of the NAV at the time of purchase of the Trust Shares being redeemed or the NAV of such Trust Shares at the time of redemption. As there is no initial sales charge, the entire amount of your contribution is invested. The contingent deferred sales charge is applicable to a withdrawal from the Franklin U.S. Government Money 529 Portfolio involving a redemption of Trust Shares obtained by exchange into the Franklin U.S. Government Money 529 Portfolio from another Trust Portfolio, if the withdrawal would have been subject to such contingent deferred sales charge had it been made from such other Trust Portfolio. The contingent deferred sales charge also applies upon a withdrawal involving a redemption of Trust Shares in a Trust Portfolio other than the Franklin U.S. Government Money 529 Portfolio that were acquired, directly or indirectly, in exchange for Trust Shares originally purchased with contributions to the Franklin U.S. Government Money 529 Portfolio, if the redemption occurs within 12 months after the exchange from the Franklin U.S. Government Money 529 Portfolio.

In addition the portion of the applicable Trust Portfolio attributable to Trust Shares purchased under Class C is subject to an ongoing sales fee of 1.00% per annum of the aggregate average daily NAV of such portion of the Trust Portfolio, except that no such ongoing sales fee applies to the Franklin U.S. Government Money 529 Portfolio. The purpose of the sales fee is to pay for the distribution of Trust Shares and servicing of Accounts. The sales fee is accrued daily and paid quarterly to the Program Manager. The Program Manager pays a portion or all of the amount received to others, such as your Financial Professional, that provide distribution and related services. The sales fee is not deducted from your Account. Rather, it is an expense of the relevant Trust Portfolio that correspondingly reduces the value of the applicable Trust Shares. After approximately ten Years, Trust Shares purchased under Class C will automatically convert into Class A Trust Shares, and will thereafter be subject to the lower ongoing sales fee applicable to Class A. See "Class A."

The contingent deferred sales charge under Class C does not apply to withdrawals: (a) resulting from liquidation of your Account for failure to meet minimum contribution requirements; and (b) due to the death or permanent disability of the Beneficiary.

In the case of a contribution in an amount not exceeding the amount of a refund from an Eligible Educational Institution or from an elementary or secondary public, private, or religious school to the Account Beneficiary of an amount previously withdrawn from the Account for a Qualified Distribution, if such recontribution is made within 60 days of the Beneficiary's receipt of the refund from the Eligible Educational Institution or the applicable school, the 12 month period during which a contingent deferred sales charge is applicable under Class C will be deemed to have expired for the Trust Shares purchased with such recontribution if such period had expired for the Trust Shares sold at the time the refunded amount was withdrawn from the Account.

Specific Financial Professionals may have different policies and procedures than the Program regarding the availability of contingent deferred sales charge waivers. The Program is not responsible for any such policies or procedures. In all instances, it is the Account Owner’s responsibility to notify the contributor’s Financial Professional at the time of the withdrawal of funds and redemption of Trust Shares of any facts qualifying the withdrawal and redemption for contingent deferred sales charge waivers under such Financial Professional’s policies and procedures. For waivers not available through a particular Financial Professional, Account Owners will have to redeem Trust Shares directly from the Program or through another Financial Professional, and will have to notify the Program or such other Financial Professional, as applicable, at the time of the withdrawal of funds and redemption of Trust Shares of any facts qualifying the withdrawal and redemption for contingent deferred sales charge waivers. See Appendix E for more information on certain Financial Professional-specific policies regarding such waivers. Please consult with your Financial Professional if you have any questions regarding their policies.

Advisor Class

If you select Advisor Class, you will not pay any initial sales charge, deferred sales charge or ongoing "trailing fee" (or "sales fee"). You may pay an investment advisory or other fee to your Financial Professional.

Advisor Class Trust Shares are available only to AC-Eligible Account Owners. An “AC-Eligible Account Owner” consists of an Account Owner described below or purchasing Trust Shares described below:

- Advisory Fee Programs. Trust Shares acquired for an Account of an Account Owner who has a comprehensive fee or other advisory fee arrangement with the applicable Financial Professional under which the Account Owner pays that Financial Professional a fee for investment advisory services and the Financial Professional through which the Trust Shares are acquired has an agreement with FTDI authorizing the sale of Trust Shares.

- Governments, municipalities, and tax-exempt entities that meet the requirements for qualification under section 501(c)(3) of the Internal Revenue Code when purchasing directly from FTDI.

- Current employees of securities dealers that have executed a selling agreement with FTDI and their affiliates and their family members, as allowed by the internal policies of their employer.

- Current and former officers, trustees, directors, and full-time employees (and, in each case, their family members) of Franklin Templeton Investments or Franklin Templeton funds (including any foundation, trust or benefit plan maintained, owned, controlled, or established by or for any such person), consistent with the then-current policies of Franklin Templeton Investments.

- Trust Shares held in accounts managed by a subsidiary of Franklin Resources, Inc.: (1) under an advisory agreement (including sub-advisory agreements); and/or (2) as trustee of an inter vivos or testamentary trust.

- Trust Shares purchases by a bank, trust company or thrift institution that is acting as a fiduciary exercising investment discretion.

- An individual or entity associated with a current customer of Franklin Templeton Institutional, LLC (FTI, LLC) if approved by FTI, LLC in consultation with its customers.

- Trust Shares held in accounts under the recommendation of an investment consultant provided that: (1) such Trust Shares are held with a firm unaffiliated with the investment consultant's firm; (2) the investment consultant is under a retainer or other similar fee arrangement with its clients; (3) the client is not an individual; and (4) a subsidiary of Franklin Resources, Inc. approves the investment.

- Clients of financial intermediaries that have entered into an agreement with FTDI to offer Advisor Class Trust Shares and have been approved by FTDI to offer Advisor Class Trust Shares. (Such clients are subject to the applicable financial intermediary's brokerage commissions and/or any other compensation for the purchase and holding of such Trust Shares. Clients can contact their financial intermediary for details on the compensation that will paid to such financial intermediary by such client.)

Cumulative Quantity Discounts and Reduced Initial Sales Charges for Trust Shares Purchased under Class A

Cumulative Quantity Discounts permit certain Account Owners to combine their aggregate contributions to Accounts under the Program as well as holdings of certain unrelated mutual fund shares described below to reduce the initial sales charge under Class A. Although Cumulative Quantity Discounts do not affect sales charges on contributions made under Class C, contributions to eligible Accounts established under Class C may be taken into account for purposes of reducing initial sales charges on subsequent contributions under Class A.

There are two situations in which an Account Owner, or more than one Account Owner, may be eligible to reduce the Class A initial sales charge applicable to contributions by combining, for the purposes of assessment of such charge, the aggregate contributions to different Accounts. The first situation is when an Account Owner establishes separate Accounts for the same or different Beneficiaries. The second situation is when a married couple or domestic partners, as recognized by applicable state law, are Account Owners of separate Accounts. In each of these two situations, contributions to the Accounts involved may be aggregated for purposes of assessment of the initial sales charge.

Account Owners may own directly, separate from the Program, shares of mutual funds affiliated with Franklin Templeton Investments ("Franklin Templeton Funds"). If an Account Owner owns shares of a Franklin Templeton Fund that are "cumulative quantity discount eligible shares" as defined in the prospectus for such Franklin Templeton Fund, the Account Owner can combine the value of such shares with the value of Trust Shares that are eligible for purposes of the Cumulative Quantity Discount applicable to Class A Trust Shares (described above) for purposes of assessment of the Class A initial sales charge—potentially reducing that initial sales charge.

The value of eligible Trust Shares and of Franklin Templeton Fund cumulative quantity discount eligible shares for purposes of the Cumulative Quantity Discount equals the cost or current value of those shares. The current value of Trust Shares or Franklin Templeton Fund shares is determined by multiplying the number of such shares by their highest current public offering price. You should retain any records necessary to substantiate historical share costs because your current Financial Professional may not have or maintain this information.

If there are Cumulative Quantity Discount eligible Trust Shares or Franklin Templeton Fund cumulative quantity discount eligible shares that would qualify for combining with your current purchase and you do not tell your current Financial Professional at the time of your current purchase or any future purchase, you may not receive the benefit of a reduced sales charge that might otherwise be available.

FTDI reserves the right to waive the initial sales charge under Class A for certain categories of Account Owners and certain categories of transactions.

Specific Financial Professionals may have different policies and procedures than the Program regarding the availability of Cumulative Quantity Discounts. The Program is not responsible for any such policies or procedures. In all instances, it is the Account Owner's responsibility to notify the contributor's Financial Professional at the time of the contribution of funds and purchase of Trust Shares of any relationship or other facts qualifying the purchase for Cumulative Quality Discounts under such Financial Professional's policies and procedures. For Cumulative Quantity Discounts not available through a particular Financial Professional, contributors will have to purchase Trust Shares directly from the Program or through another Financial Professional, and will have to notify the Program or such other Financial Professional, as applicable, at the time of the contribution of funds and purchase of Trust Shares of any relationship or other facts qualifying the purchase for Cumulative Quantity Discounts. See Appendix E for more information on certain Financial Professional-specific policies regarding such discounts. Please consult with your Financial Professional if you have any questions regarding their policies.

Temporary Waiver Privilege

If you sell Trust Shares, you may use all or a portion of the proceeds from that sale to buy Trust Shares within 90 days of the sale without an initial sales charge. This privilege (the "Temporary Waiver Privilege") does not apply to a purchase of Trust Shares made through a regularly scheduled automatic investment plan such as a purchase by a regularly scheduled payroll deduction or transfer from a bank account.

In order to take advantage of this Temporary Waiver Privilege, you must inform your Financial Professional of your eligibility to exercise this privilege at the time of your investment. The Trust Share Class purchased with the proceeds from previously sold Trust Shares must match the Trust Share class of the previously sold Trust Shares, provided that you have appointed a Financial Professional of record at the time of the new purchase. If you have not appointed a Financial Professional of record at the time of the new purchase, the proceeds from the previously sold Trust Shares may only be used to purchase Class A Trust Shares.

If you paid a contingent deferred sales charge when you sold Class C Trust Shares and you have a Financial Professional of record at the time of investment for the Account(s) in which the purchased Trust Shares will be held, we will credit back to you the contingent deferred sales charge paid on the amount you are buying within 90 days of the sale by adding it to the amount of your purchase (for example, if you are investing $10,000 within 90 days of an earlier $10,000 sale on which you paid a $100 contingent deferred sales charge, the amount of your investment will equal $10,100). The new Trust Shares issued with your investment **will be** subject to any otherwise applicable contingent deferred sales charge.

If a contingent deferred sales charge was paid at the time of sale of Class C Trust Shares and you do not have a Financial Professional of record at the time of investment for the Account(s) in which the purchased Trust Shares will be held, the proceeds may be invested in Class A Trust Shares without an initial sales charge within 90 days of the sale. In such event, you will not be credited with any contingent deferred sales charge paid at the time of sale.

Please note that the Temporary Waiver Privilege does not change the tax treatment of a withdrawal from your Account, which may be treated as a Non-Qualified Distribution unless the withdrawn amount is reinvested within 60 days in Trust Shares in a different Program Account in compliance with the requirements applicable to Rollover Distributions. Please see "Opening, Maintaining and Contributing to a Plan Account – Non-Qualified Distributions – Rollover Distributions."

Class of Trust Shares Sold		
	A Shares	**C Shares**
Period in Which Waiver Applies	Within 90 days of sale	Within 90 days of sale
Class That May Be Purchased Under the Temporary Waiver Privilege	A Shares	C Shares if there is a Financial Professional on the Account at the time of purchase of the new Trust Shares A Shares if there is no Financial Professional on the Account at the time of purchase of the new Trust Shares
Benefit of Temporary Waiver Privilege	No initial sales charge	C Shares: your Account will be credited for the amount of any CDSC paid and a new CDSC period will begin A Shares: no initial sales charge (no CDSC credit)

Specific Financial Professionals may have different policies and procedures than the Program regarding the availability of Temporary Waiver Privileges. The Program is not responsible for any such policies or procedures. In all instances, it is the Account Owner's responsibility to notify the contributor's Financial Professional at the time of the contribution of funds and purchase of Trust Shares of any facts qualifying the purchase for Temporary Waiver Privileges under such Financial Professional's policies and procedures. For Temporary Waiver Privileges not available through a particular Financial Professional, contributors will have to purchase Trust Shares directly from the Program or through another Financial Professional, and will have to notify the Program or such other Financial Professional, as applicable, at the time of the contribution of funds and purchase of Trust Shares of any facts qualifying the purchase for Temporary Waiver Privileges. See Appendix E for more information on certain Financial Professional-specific policies regarding such discounts. Please consult with your Financial Professional if you have any questions regarding their policies.

Other Compensation to Program Manager

In connection with the sale by an Underlying Fund of its shares to the Trust, the Program Manager and/or its affiliates may be compensated by the Underlying Fund for administrative and other services provided to such fund.

Fees Payable by FTDI to Financial Professionals

FTDI will compensate Financial Professionals through which contributions are received under Classes A and C except with respect to Franklin 529 Money Portfolio for which no compensation will be paid. No compensation is paid to Financial Advisers for contributions transferred to the Franklin U.S. Government Money 529 Portfolio from other Trust Portfolios. With respect to transfers of contributions from the Franklin U.S. Government Money 529 Portfolio to other Trust Portfolios, the Ongoing Sales Fee is paid to Financial Advisers with respect to such other Trust Portfolio as provided with respect to that Trust Portfolio. Payment of compensation to Financial Professionals will not affect the charges paid by the Account Owners or Third-Party Contributors. No compensation is paid by FTDI to Financial Professionals for contributions invested in Advisor Class Trust Shares.

Financial Professional Compensation – Class A

	Selling Commission[1]		Ongoing Sales Fee[2]
Amount Contributed	**Franklin Age-Based Conservative Allocation Age 17 -18 Years Portfolio, Franklin Age-Based Conservative Allocation Age 19+ Years Portfolio**	**Franklin Age-Based Conservative Allocation Age 17 -18 Years Portfolio, Franklin Age-Based Conservative Allocation Age 19+ Years Portfolio, Franklin Age-Based Conservative Allocation Age 9 -10 Years Portfolio, Franklin Aged-Based Conservative Allocation Age 11 -12 Years Portfolio, Franklin Age-Based Conservative Allocation Age 13 -14 Years Portfolio, Franklin Age-Based Conservative Allocation Age 15 -16 Years Portfolio, Franklin Age-Based Moderate Allocation Age 13 -14 Years Portfolio, Franklin Age-Based Moderate Allocation Age 15 -16 Years Portfolio, Franklin Age-Based Moderate Allocation Age 17 -18 Years Portfolio, Franklin Age-Based Moderate Allocation Age 19+ Years Portfolio, Franklin Age-Based Growth Allocation Age 17 -18 Years Portfolio, Franklin Age-Based Growth Allocation Age 19+ Years Portfolio, Franklin Income Allocation 529 Portfolio, Franklin Income 529 Portfolio and Templeton Global Bond 529 Portfolio**	**All Trust Portfolios (except Franklin U.S. Government Money 529 Portfolio)**
Less than $50,000	2.00%	3.50%	0.25%
$50,000 but under$100,000	2.00%	3.50%	0.25%
$100,000 but under $250,000	1.75%	3.00%	0.25%
$250,000 but under$500,000[3]	1.25%	2.25%	0.25%
$500,000 but under$1 million[3]	up to 1.00%	Up to 1.00%	0.25%
$1 million and above[3]	up to 1.00%[4]	up to 1.00%[4]	0.25%[4]

	Selling Commission[1]	Ongoing Sales Fee[2]
Amount Contributed	All Other Trust Portfolios (except Franklin U.S. Government Money 529 Portfolio)	All Trust Portfolios (except Franklin U.S. Government Money 529 Portfolio
Less than$50,000	5.00%	0.25%
$50,000 but under$100,000	4.00%	0.25%
$100,000 but under$250,000	3.00%	0.25%
$250,000 but under$500,000[3]	2.25%	0.25%
$500,000 but under$1 million[3]	1.75%	0.25%
$1 million and above[3]	up to 1.00%[4]	0.25%[4]

1. Based upon the amount contributed (does not apply to Franklin U.S. Government Money 529 Portfolio).
2. Based on the average daily net assets in the Account (does not apply to Franklin U.S. Government Money 529 Portfolio).
3. Amounts in excess of Maximum Contribution Limit applicable only in connection with exercise of Cumulative Quantity Discounts to Accounts with different Beneficiaries.
4. For purchases above $1,000,000 additional breakpoints may apply and a 1% contingent deferred sales charge may apply if shares are redeemed within 18 months. For a full schedule, please call (866) 362-1597.

Notwithstanding the above, if no initial sales charge is assessed in connection with the sale of such Trust Shares, FTDI will not pay a Selling Commission to any Financial Professional with respect to such Trust Shares, but will pay an Ongoing Sale Fee as described in the above chart to the Financial Professional for the Account that purchases such Trust Shares.

Financial Professional Compensation – Class C

Not applicable to the Franklin U.S. Government Money 529 Portfolio, with respect to which no compensation is paid by FTDI to Financial Professionals.

Class	Selling Commission[1]	Ongoing Sales Fee[2]
C	1.00%[3]	1.00%[4]

1. Based upon the amount contributed.
2. Based upon the average daily net assets in the Account.
3. Commission includes advance of a portion of the first year's sales fee. For purchases at NAV, FTDI may pay a prepaid commission.
4. Financial Professionals may be eligible to receive these fees starting in the 13th month. During the first 12 months, the full sales fee will be paid to FTDI to partially offset the commission and the prepaid service fee paid at the time of purchase. If an initial sales charge is not paid on a purchase, and FTDI does not pay a prepaid commission, Financial Professionals may start to receive the fee at the time of purchase. The ongoing sales fee for any period following automatic conversion of Class C Trust Shares to Class A Trust Shares approximately 10 Years after purchase shall be the ongoing sales fee applicable to Class A Trust Shares of the applicable Trust Portfolio.

FTDI reserves the right to revise these fee arrangements at its discretion. FTDI and/or its affiliates also may provide additional compensation to Financial Professionals that sell Trust Shares. This compensation may be based on the amount of sales of Trust Shares and/or total assets with the Trust. Such compensation to Financial Professionals may be made by payments from FTDI's portion of the Program management fee or any sales charges or from FTDI's own resources.

No compensation is paid by FTDI to Financial Professionals with respect to contributions invested in the Franklin U.S. Government Money 529 Portfolio. If contributions originally invested in the Franklin U.S. Government Money 529 Portfolio are exchanged for Trust Shares of another Trust Portfolio, an Ongoing Sales Fee compensation is paid by FTDI to the Financial Professional as though the Trust Shares in such other Trust Portfolio had been purchased on the exchange date.

FTDI also may compensate Financial Professionals that enable FTDI to participate in and/or present at college savings plan conferences or seminars, sales or training programs for registered representatives and other employees, client and investor education programs, and other Financial Professional-sponsored educational events relating to college savings plans. These payments may vary depending on the nature of the event. Other compensation may be offered to the extent not prohibited by federal or state laws and regulations or rules of self-regulatory organizations. FTDI makes payments for events it deems appropriate, subject to FTDI guidelines and applicable law.

Please contact your Financial Professional for information about any payments it receives from FTDI and any services provided.

Transition Provisions under Services Agreement

If the Services Agreement expires or is terminated, FTDI may have the option to continue to serve as Program Manager with respect to Program Accounts established prior to the expiration or termination of the Services Agreement (the "Grandfathered Accounts"). In such event, Franklin Mutual Advisers may continue to serve as the Investment Manager for the Grandfathered Accounts, and Account Owners and Third-Party Contributors, as applicable, may continue to make contributions to such Accounts. The sales fees and any contingent deferred sales charges applicable to each Trust Share acquired under Class C with contributions to an Account shall continue to be applicable to such Trust Shares in accordance with the terms described above whether or not Franklin Mutual Advisers continues to serve as Investment Manager for the applicable Account at the time the sales fee or contingent deferred sales charge becomes due. See "Risk Factors – Change in Investment Policy, Program Manager or Investment Manager" and "Fees and Expenses."

NJBEST Scholarship

The New Jersey Higher Education Student Assistance Authority provides a tax-free scholarship to Beneficiaries who attend college in New Jersey. To qualify for the scholarship the Program Account must have been open for at least four years prior to the scholarship award, during which time total contributions must equal at least$1,200; the Account Owner must submit a certification to HESAA demonstrating the Beneficiary's attendance at an Eligible New Jersey Higher Educational Institution; the Account Owner must take a qualified withdrawal from the Program Account; and the Account Owner (if an individual) or Beneficiary must be a resident of New Jersey at the time the Beneficiary attends college. In addition, the availability of the scholarship is subject to the appropriation of sufficient funds by the State legislature for such purpose. The scholarship may be awarded only once to an eligible Beneficiary, but may be awarded for any semester of attendance by the Beneficiary at any institution of post-secondary education. The student (not the contributor) must log into NJFAMS to apply. Please visit www.hesaa.org for additional information. The NJBEST Scholarship application must be completed by December 1 for the Fall semester and May 1 for the Spring semester.

The scholarship amount is at least $500. The amount of the scholarship increases by $250 for every two years, in excess of four years, for which the Program Account has been open, up to a maximum amount of $1,500, depending on the number of years and the level of contributions. However, the scholarship fund may not exceed the Beneficiary's actual cost of attendance. The table below indicates the possible scholarship amounts.

Contribution	Full Years Account Open	Scholarship Amount
$1,200	4	$500
$1,800	6	$750
$2,400	8	$1,000
$3,000	10	$1,250
$3,600	12	$1,500

The Beneficiary must be enrolled at least half-time in an Eligible New Jersey Higher Educational Institution to be eligible for the scholarship. Scholarships are not awarded for study at out-of-state institutions, for graduate study or for elementary or secondary school attendance.

Program Management

The New Jersey Higher Education Student Assistance Authority

HESAA administers the Program for the State of New Jersey. HESAA's Board is composed of public members and members representing various sectors of higher education appointed by the Governor of New Jersey, the State Treasurer, the Executive Director of the Authority, students, and representatives of other public boards with a mission in higher education. Originally founded in 1959, and expanded in 1999, HESAA's mission is to provide students and families with the financial and informational resources for students to pursue their education beyond high school. In addition to the Program, HESAA administers a variety of state grant and scholarship programs, serves as a guarantor and lender for federal student loans and offers a state supplemental student loan program.

Under the Act, HESAA acts as trustee for the Trust, selects Investment Managers for the Program, adopts regulations and carries out other functions necessary for the operation of the Program.

New Jersey Division of Investment and State Investment Council

The Division of Investment is among the 50 largest public or private money managers in the United States. The State Investment Council oversees the administration of the Division of Investment. It is composed of public members appointed by the Governor of New Jersey and representatives of pension funds' boards. State law requires that no State Investment Council member shall hold any office, position or employment with any political party, and that no one can benefit from the transactions of the Division of Investment. The State Investment Council is required to approve the Investment Policy.

Franklin Templeton Investments

Franklin Templeton Investments ("Franklin Templeton") is the name used to refer to a group of affiliated companies owned directly or indirectly by Franklin Resources, Inc. Franklin Templeton is a global organization with many world-class investment management groups. With headquarters just south of San Francisco in San Mateo, California, offices in 34 countries across the globe, and more than 70 years of experience, Franklin Templeton is a recognized leader in international and domestic stock investments as well as innovative fixed income investments, serving clients in more than 170 countries.

Franklin Templeton has been a pioneer in worldwide investing and fundamental securities analysis since 1947. Franklin Templeton offers a diversified range of equity and fixed income investment products, as well as comprehensive client services to individual and institutional investors. Franklin Templeton's primary business is to provide investment management services to mutual funds and other institutional investors and individual clients. Franklin Resources, Inc. is a publicly traded company (NYSE: BEN).

FTDI, a subsidiary of Franklin Resources, Inc., has been retained by HESAA to provide certain distribution, administrative and record-keeping services for the NJBEST Program and investment management services for the Investment Options. FTDI is not responsible for the investment management of the Division Investment Options. FTDI has retained its affiliate Franklin Mutual Advisers to serve as the Investment Manager for the Investment Options.

FTIS has been retained by FTDI to provide the administrative and record-keeping services for which FTDI is responsible under the Services Agreement. In some cases, Trust Shares may be held by a broker in an “omnibus account” on behalf of Account Owners, and FTIS may enter into agreements with such brokers under which such brokers maintain and share the applicable Account records and provide Account statements to the applicable Account Owners. FTIS may compensate such brokers for such services.

Tax Information

The discussion below is based on the Program's current understanding of Section 529. **This discussion is not exhaustive and is not intended as individual tax advice. In addition, there can be no assurance that the IRS or a state tax regulator will agree with the Program's understanding, or that it would be sustained in court if**

challenged. The applicable federal and New Jersey tax rules are complex, certain of the rules are at present uncertain, and their application to any particular person may vary according to the facts and circumstances specific to that person. You should consult a qualified tax advisor regarding the application of federal, state and local tax law to your circumstances. See "Risk Factors – Tax Risks" for additional information.

Federal Tax Treatment

The following discussion summarizes certain aspects of federal income, gift, estate and generation-skipping transfer tax consequences relating to the Program and contributions to, earnings on and distributions from Accounts and reflects guidance provided in certain IRS notices regarding the content of final regulations that to date have not been promulgated.

The Program has been designed to meet the requirements of a Qualified Tuition Program under Section 529. Accordingly, Account Owners and Beneficiaries are expected to be exempt from federal income tax on undistributed earnings allocated to Accounts established under the Program. In order to be eligible for such tax treatment and for Account Owners, Third-Party Contributors and Beneficiaries to receive the favorable federal income, estate, gift and generation-skipping transfer tax treatment described below, the Program is required to implement certain restrictions and procedures applicable to the operation of the Program. Certain of these restrictions and procedures are described below.

- **Contributions.** Contributions to an Account by an Account Owner or a Third-Party Contributor do not result in taxable income to the Beneficiary. Neither the Account Owner nor a Third-Party Contributor may deduct the contribution from income for purposes of determining federal income taxes (i.e., contributions to an Account are made on an after-tax basis).

  Contributions to an Account for a specific Beneficiary must be rejected (or, if accepted, returned) to the extent that the amount of the contribution would cause the aggregate amount held in Program Accounts for that Beneficiary to exceed the Maximum Contribution Limit established by HESAA. This limitation on contributions is intended to comply with the federal tax law requirement that the Program have adequate safeguards to prevent contributions to a Program Account in excess of those necessary to provide for the reasonably anticipated Qualified Higher Education Expenses of the Beneficiary. For purposes of this limit, amounts on deposit in all Program Accounts for the same Beneficiary are taken into account, regardless of the Account Owner. While not now expected, it is possible that federal law might impose a lower limit on aggregate contributions to Program Accounts for the same Beneficiary than the current Maximum Contribution Limit.

  An Account Owner may generally transfer into a Program Account, without adverse federal income tax consequences, all or part of the funds held in another Program

Account, the Beneficiary of which is a Member of the Family of the Beneficiary of the receiving Account, if the funds are deposited to the receiving Program Account within 60 days of the distribution from the distributing Program Account. In addition, all or part of the funds held in a Coverdell ESA may be transferred without adverse tax consequences into a Program Account with a Beneficiary who is the same as the Coverdell ESA beneficiary. A person (whether the Account Owner or a Third-Party Contributor) who meets certain age and income limitations and who makes contributions to an Account, the Beneficiary of which is such person or such person's spouse or eligible dependent, may be allowed to exclude all or a portion of income from certain United States savings bonds issued after 1989 in computing such person's federal taxable income for the year in which a contribution to the Account is made. In those circumstances, some or all of the excluded savings bond income may be recognized at the time of a subsequent distribution from the Account. See "Opening, Maintaining and Contributing to an Account – Transfers and Rollovers."

- **Taxation of Account Earnings.** Earnings from the investment of contributions to an Account will not be included in computing the federal taxable income of the Account Owner or Beneficiary until funds are distributed, in whole or in part, from the Account. Qualified Distributions, Rollover Distributions and certain reinvested refunds of Qualified Higher Education Expenses described below ("Qualified Refunds") are tax-exempt for federal income tax purposes. Except in the case of tax-exempt Qualified Distributions, Rollover Distributions and Qualified Refunds, the earnings portion of any other distribution from an Account will be includable in computing the taxable income, for the year in which the distribution is paid, of the person receiving, or treated as receiving, the distribution, as described below. Any income which is not tax-exempt will be taxed at ordinary income tax rates. "Qualified Refunds" consist of any portion of a distribution made from an Account received by the Beneficiary from an eligible educational institution as a refund of Qualified Higher Education Expenses and recontributed within 60 days of the refund date to any account under any Qualified Tuition Program within the meaning of Section 529, provided that the refund recipient is the beneficiary of the account to which the recontribution is made.

- **Taxation of Distributions.** The earnings portion of Non-Qualified Distributions, other than Rollover Distributions and Qualified Refunds, is treated as taxable income of the person receiving the distribution. For this purpose, in the case of a distribution to the Beneficiary's estate on account of the Beneficiary's death, the Beneficiary's estate will be treated as the person receiving the distribution. Except as described in the next sentence, a Non-Qualified Distribution is subject to the imposition of an additional federal income tax of 10% of the earnings portion. A distribution that is a distribution to the Beneficiary's estate on account of the death of the Beneficiary, a distribution on account of the disability of the Beneficiary, a distribution to the extent of a qualified scholarship received by the Beneficiary or the costs of advanced education for a Beneficiary who attends a U.S. military academy, or a distribution corresponding to expenses that would have been Qualified Higher Education Expenses in the applicable tax year if a Hope Scholarship/American Opportunity or

Lifetime Learning credit had not been claimed for such expenses, is not subject to the 10% additional income tax as a federal tax matter. For this purpose, a qualified scholarship also includes certain educational assistance allowances under federal law and certain payments for education expenses or attributable to attendance at certain educational institutions that are exempt from federal income tax. Account Owners and Beneficiaries should contact their tax advisors for more information.

Any distribution will be treated as consisting in part of contributions to the Account and in part of earnings, which latter part, to the extent it is taxable, is included in computing the taxable income of the recipient. For this purpose, calculations of the earnings portions of a distribution generally will be made as of the date of distribution. The taxable portion, if any, is based on the relative proportions of earnings and contributions in the Account (and in any other account established by the applicable Account Owner for the same Beneficiary in any college savings plan sponsored by HESAA that, if so required by federal tax law under any guidance issued by the Treasury Department determined to be in effect for the year of such distribution, is consolidated with such Account for such purpose). Apportionments of distributions between a return of contributions and earnings will be made in accordance with Section 529.

- **Qualified Higher Education Expenses; Qualified Elementary or Secondary Education Expenses.** Pursuant to Section 529, Qualified Higher Education Expenses include the costs of tuition, fees, books, supplies and equipment required for the enrollment or attendance of a Beneficiary at an Eligible Educational Institution. "Eligible Educational Institutions" are defined under Section 529 generally as accredited post-secondary educational institutions located in the United States offering credit toward a bachelor's degree, an associate's degree, a graduate level or professional degree, or another recognized post-secondary credential; however, certain proprietary institutions and post-secondary vocational institutions and certain institutions located in foreign countries may be Eligible Educational Institutions. To be an Eligible Educational Institution for purposes of Section 529, the institution must be eligible to participate in U.S. Department of Education student financial aid and student loan programs under Title IV of the Higher Education Act of 1965, as amended. You also can use money in your Account to pay for costs associated with a non-accredited institution, but if you do so the amount will be treated as a Non-Qualified Distribution, the earnings portion of which is subject to federal income tax as well as the 10% additional federal income tax. You should consult your tax and financial aid advisor for further information. Qualified Higher Education Expenses also includes expenses for the purchase of computer equipment or peripheral equipment controlled by a computer (excluding in either case equipment of a kind used primarily for amusement or entertainment of the user), computer software, or Internet access and related services, if such equipment, software, or services are to be used primarily by the Beneficiary during any of the years the Beneficiary is enrolled at an eligible educational institution.
  Reasonable expenses for room and board of a Beneficiary incurred during an academic period while enrolled or accepted for enrollment in a degree, certificate or

other program (including a program of study abroad approved for credit by the Eligible Educational Institution) at an Eligible Educational Institution at least half-time may also be considered Qualified Higher Education Expenses. A student will be considered to be enrolled at least half-time if the student is enrolled for at least half the full-time academic workload for the course of study the student is pursuing as determined under the standards of the institution where the student is enrolled. The institution's standard for a full-time workload must equal or exceed a standard established by the U.S. Department of Education under the Higher Education Act of 1965, as amended. The amount of room and board treated as a qualified higher education expense cannot exceed the room and board allowance (applicable to the Beneficiary) included, for the period to which the withdrawal relates, in calculating the "cost of attendance" (as defined under the Higher Education Act of 1965, as in effect on the date of enactment of the 2001 amendments to that act, for purposes of federal financial aid programs) at the applicable Eligible Educational Institution, or, in the case of students living in housing owned or operated by the Eligible Educational Institution, the actual invoice amount, if higher than the "cost of attendance" figure. The Beneficiary need not be enrolled at least half-time for a distribution to pay for expenses relating to tuition, fees, books, supplies and equipment to be a Qualified Distribution.

Qualified Higher Education Expenses also include expenses for special needs services incurred by a Beneficiary who is a special needs beneficiary in connection with enrollment or attendance at the Eligible Educational Institution, expenses for the purchase of computer equipment or peripheral equipment controlled by a computer (excluding in either case equipment of a kind used primarily for amusement or entertainment of the user), computer software, or Internet access and related services, if such equipment, software, or services are to be used primarily by the Beneficiary during any of the years the Beneficiary is enrolled at an Eligible Educational Institution, expenses for fees, books, supplies, and equipment required for the participation of the Beneficiary in an apprenticeship program registered and certified with the United States Secretary of labor, and amounts paid as principal or interest on any Qualified Education Loan of the Beneficiary or a sibling of the Beneficiary, provided that the amount of distributions treated as Qualified Higher Education Expenses with respect to the loans of any individual shall not exceed $10,000 (reduced by the amount of distributions so treated for all prior taxable years).

Distributions used to pay Qualified Elementary or Secondary Education Expenses of the Beneficiary are treated as Qualified Distributions to the extent the amount of such distributions in a tax year does not, together with the amount all other distributions made in the same tax year to pay Qualified Elementary or Secondary Education Expenses of the Beneficiary from any other account in any Savings-Type Qualified Tuition Program (irrespective of whether such account is owned by the Account Owner or by another person), does not exceed the lesser of $10,000 or the amount of Qualified Elementary or Secondary Education Expenses of the Beneficiary paid in the applicable tax year. The IRS has not yet provided guidance on the allocation of payments of Qualified Elementary or Secondary Education Expenses to Qualified

Distributions in the event different taxpayers make payments aggregating more than $10,000 for the Qualified Elementary or Secondary Education Expenses of the same Beneficiary in the same tax year.

- **Other Higher Education Expense Benefit Programs.** The tax benefits afforded to qualified tuition programs must be coordinated with other programs designed for meeting higher education expenses in order to avoid the duplication of such benefits. The coordinated programs include Coverdell ESAs under Section 530 of the Code and the Hope Scholarship and Lifetime Learning Credits under Section 25A of the Code.

  Under Section 529 as currently in effect, the amount of a Beneficiary's Qualified Higher Education Expenses in any tax year will be reduced by the aggregate of (i) the amount of the Beneficiary's expenses used for such tax year to qualify for the Hope Scholarship Credit and/or Lifetime Learning Credit; and (ii) the amount received by the Beneficiary from certain qualified scholarships, allowances or payments.

  A taxpayer may contribute to or direct the distribution from both a Program Account and a Coverdell ESA in the same year. However, if distributions for the benefit of a Beneficiary from the Program, any other qualified tuition program and/or one or more Coverdell ESAs in any tax year exceed the Beneficiary's Qualified Higher Education Expenses for the year (after the reduction described in the previous paragraph), then the taxpayer will be required to allocate the expenses among such distributions. The same expenses cannot count both for Coverdell ESA purposes and as Qualified Higher Education Expenses for purposes of the Program.

- **Account Transfers and Rollover Distributions.** The earnings portion of a distribution from an Account will not be treated as taxable income and will not be subject to the 10% additional federal income tax to the extent that, within 60 days of the distribution, the Account Owner transfers some or all of the distribution to another Program Account, or an account established with another Qualified Tuition Program under Section 529, as long as the Beneficiary of the transferee Account or of such other account is a new Beneficiary who is a Member of the Family of the Beneficiary of the Account from which the distribution was made. The earnings portion of a distribution from an Account also will not be treated as taxable income and will not be subject to the 10% additional federal income tax if, within 60 days of the distribution, the distribution is transferred to another account established with another Qualified Tuition Program for the same Beneficiary, provided that the transfer does not occur within twelve months from the date of any previous similar Rollover Distribution to any Qualified Tuition Program for the benefit of the same Beneficiary.

  An Account Owner may not change the Beneficiary of an Account or transfer funds between Program Accounts to the extent that the change or transfer would result in contributions in excess of the Maximum Contribution Limit for the applicable Beneficiary.

For distributions made prior to January 1, 2026, the earnings portion of a distribution from an Account will not be treated as taxable income and will not be subject to the 10% additional federal income tax to the extent that, within 60 days of the distribution, the Account Owner transfers some or all of the distribution to an account established in a Qualified ABLE Program for the Beneficiary or for a Member of the Family of the Beneficiary of the Account, provided that the amount of the Rollover Distribution cannot, together with amounts previously contributed to the recipient account in the same year, exceed the annual limit on contributions to an account in a Qualified ABLE Program (currently$15,000) without consideration of certain provisions applicable to additional contributions by working beneficiaries of such accounts.

- **Distributions on Account of Death or Permanent Disability of, or Qualified Scholarship Awarded to or Attendance at a U.S. Military Academy by, Beneficiary.** A distribution due to the death or permanent disability of the Beneficiary or to the extent of a qualified scholarship received for the benefit of, or on account of attendance at a U.S. military academy by, the Beneficiary will not be subject to the 10% additional federal income tax on earnings that is generally applicable to Non-Qualified Distributions. The earnings portion of such distributions will, however, be treated as taxable income of the recipient. For this purpose, a qualified scholarship also includes certain educational assistance allowances under federal law and certain payments for education expenses or attributable to attendance at certain educational institutions that are exempt from federal income tax. For a discussion of the procedures for distributions on account of death, permanent disability, qualified scholarship or attendance at a U.S. military academy, see "Withdrawals – Non-Qualified Distributions – Distributions on Account of Death or Permanent Disability of, or Qualified Scholarship Awarded to or Attendance at a U.S. Military Academy by, the Beneficiary."

- **Distributions for Refunded Payments of Qualified Higher Education Expenses Recontributed to a Qualified Tuition Program.** The amount of a distribution (or portion thereof) used to pay the qualified-higher education expenses of the Beneficiary at an Eligible Educational Institution but refunded to the Beneficiary by the Eligible Educational Institution will not be treated as a Non-Qualified Distribution to the extent the amount of such distribution is recontributed to the Account of such Beneficiary or to an account for the Beneficiary in another Qualified Tuition Program within 60 days of the Beneficiary's receipt of the refund from the Eligible Educational Institution.

- **Record Retention.** You should retain records, invoices or other documents and information adequate to substantiate: (i) particular expenses which you claim to be Qualified Higher Education Expenses; (ii) distributions due to death or permanent disability of, or receipt of a qualified scholarship or attendance at a U.S. military academy by, a Beneficiary; (iii) the earnings component of and compliance with the timing requirements applicable to Rollover Distributions; and (iv) the earnings component of contributions funded from qualified savings bonds or Coverdell ESAs, because it is your responsibility to substantiate contributions to, and transfers from, any Qualified Tuition Program account if the IRS or any state taxing authority requires you to do so. You should consult with your tax advisor as to what documentation may be required.

- **Federal Gift, Estate and Generation-Skipping Transfer Taxes.** Contributions to the Program, including certain Rollover Distributions, are generally considered completed gifts to the Beneficiary for federal gift, estate and generation-skipping transfer tax purposes and are, therefore, potentially subject to federal gift tax and generation-skipping transfer tax. Under current tax law, if contributions made by an Account Owner or Third-Party Contributor to Accounts of a Beneficiary, together with all other gifts by the Account Owner or Third-Party Contributor who makes the contribution to the Beneficiary, including contributions to all Qualified Tuition Program accounts, do not exceed $15,000 during a year ($30,000 for married filers electing gift splitting on their federal tax return), no federal gift tax or generation-skipping transfer tax will be imposed on the Account Owner or Third-Party Contributor, as applicable, for gifts to the Beneficiary during that year. (These annual exclusion amounts are periodically adjusted for inflation.) In cases where contributions to a Qualified Tuition Program account exceed the applicable annual exclusion amount for a single Beneficiary, the contributions may be subject to federal gift tax and possibly generation-skipping transfer tax in the year of contribution. However, an individual currently can make a gift to an Account for a Beneficiary of up to five times the annual exclusion amount. For example, for 2020, the maximum contribution that may be made using this rule would be $75,000 in one year (or married filers electing gift splitting can make a joint gift of up to $150,000 in one year) without triggering the tax. To do this, the person making the contribution must elect to treat the entire gift as a series of five equal annual gifts. The five-year prorating is elected by filing a gift tax return for the year in which the gift is made. Once this election is made, any additional gifts by the person making the contribution to the same Beneficiary during the applicable five years that will, when combined with the gift spread over five years under Section 529, result in a gift in any year of more than the annual exclusion amount may be subject to gift tax or generation-skipping transfer tax and will require a separate federal gift tax return.

  Amounts in an Account that were considered completed gifts by the Account Owner or Third-Party Contributor who makes the contribution will not be included in such person's gross estate for federal estate tax purposes. However, if such person elects to treat the gifts as having been made over a five-year period and dies before the end of the five-year period, the portion of the contribution allocable to the remaining years in the five-year period (not including the year of death) would be includable in computing such person's gross estate for federal estate tax purposes.

  Each individual has a $11,580,000 (as of 2020, and indexed for inflation) lifetime exemption equivalent that may be applied to gifts in excess of the gift tax annual exclusion amounts referred to above made after December 31, 2017 and before January 1, 2026, and a $5,600,000 (as of 2018, and indexed for inflation) lifetime exemption equivalent that may be applied to gifts made before January 1, 2018 or after December 31, 2025. For this reason, this tax is unlikely to apply to many individuals making a contribution to Program Accounts or Beneficiaries. The maximum gift tax rate imposed on gifts not sheltered by the annual exclusion or lifetime exemption is 40%. A person making or contemplating a contribution to a Program Account should consult with his or her own tax advisor regarding the applicability of gift, estate and generation-skipping transfer tax to their Program Account transactions, the current lifetime exemptions and the gift tax filing requirements.

Under Section 529, amounts distributed on account of the death of a Beneficiary will be included in the Beneficiary's gross estate for federal estate tax purposes. Each individual has an $11,580,000 exemption (as of 2020, subject to annual upwards adjustment for inflation), reduced by the amount of lifetime gifts made by such individual in excess of the annual gift tax exclusion amounts, for deaths occurring after December 31, 2017 and before January 1, 2026, and a $5,600,000 (as of 2018, and indexed for inflation) estate tax exemption, reduced by the amount of lifetime gifts made by such individual in excess of the annual gift tax exclusion amounts, for deaths occurring before January 1, 2018 or after December 31, 2025. The proposed U.S. Treasury regulations provide, however, that all amounts in an Account at the death of a Beneficiary will be included in the Beneficiary's gross estate for federal estate tax purposes without regard to whether any distribution results from the Beneficiary's death. A change of the Beneficiary of an Account or a transfer to an Account for another Beneficiary will potentially be subject to gift tax if the new Beneficiary is of a younger generation than the Beneficiary being replaced. In addition, if the new Beneficiary is two or more generations below the Beneficiary being replaced, the transfer may be subject to the generation-skipping transfer tax (discussed below). Under the proposed U.S. Treasury regulations, these taxes are imposed on the prior Beneficiary. Account Owners should consult their own tax advisors for guidance when considering a change of Beneficiary or a transfer to another Qualified Tuition Program account and should evaluate the potential gift tax implications to an existing Beneficiary when considering such a change. Furthermore, Account Owners who transfer Account assets to the Qualified Tuition Program account of another Account Owner, as well as the recipient Account Owner, should consult their tax advisors regarding the potential applicability of gift tax or generation-skipping transfer tax as a result of such transfer.

Because contributions to an Account are treated as completed gifts for federal transfer tax purposes, an Account Owner or Third-Party Contributor making a contribution to an Account may also need to evaluate the effect of the generation-skipping transfer tax. This tax may apply to contributions in excess of the amount that may be elected to be ratably spread over the above-referenced five-year period where the Beneficiary is deemed to be a member of a generation that is two or more generations younger than the generation of the individual making the contribution. Each individual has a $11,580,000 generation-skipping transfer tax exemption (as of 2020, subject to annual upwards adjustment for inflation) for transfers made after December 31, 2017 and before January 1, 2026, and a $5,600,000 (as of 2018, and indexed for inflation) generation-skipping transfer tax exemption for transfers made before January 1, 2018 or after December 31, 2025 that will be allocated to transfers that are subject to generation-skipping transfer tax unless certain elections are made. For this reason, this tax is unlikely to apply to many individuals making a contribution to Program Accounts or Beneficiaries. However, where it does apply, it is imposed at a 40% rate. A person making or contemplating a contribution to a Program Account who is concerned about application of the generation-skipping transfer tax should consult with his or her own tax advisor.

Accounts Established by Business Entities

Corporations, limited liability companies, partnerships, trusts and other entities that wish to contribute to or own Accounts should seek counsel on how tax rules will apply to their transfer of funds and to Accounts that they own. Business entities should be aware that their contributions to an Account or withdrawals from the Account to pay Qualified Higher Education Expenses may constitute employment compensation (if the Beneficiary is or was an employee or a family member of an employee) or constructive dividends or distributions (if the Beneficiary is an owner or a family member of an owner of the entity).

Unrelated Business Taxable Income

Under Section 529, the Program is generally exempt from taxation, but is subject to taxation on unrelated business taxable income of charitable organizations under Section 511 of the Code ("UBTI"). UBTI includes, among other items, debt-financed investment income and certain income from interest rate swap and other types of investment transactions. The Investment Managers generally are not expected to engage in transactions that would generate UBTI. If any UBTI is generated with respect to any investment or other income of the Program, any tax payable in connection therewith will be treated as an expense of the Program and will be allocated among the applicable Investment Options in accordance with the income allocated thereto from the applicable transaction.

Future Regulatory Changes

The 2008 Advance Notice released by the Treasury Department on January 17, 2008 indicated the Treasury Department's intention to repropose the initial Section 529 regulations proposed in 1998. The reproposed regulations described in the 2008 Advance Notice have not yet been published, and the exact content of such new proposed regulations, and the ultimate content of the final Section 529 regulations, is not known. The 2008 Advance Notice indicated that the new regulations, when promulgated, would generally apply prospectively and that there would be a grace period of no less than 15 months for programs to implement most of the regulatory changes. There is no certainty that the specific provisions described in the 2008 Advance Notice will become effective nor is it clear whether, if and when any such provisions become effective, any of such provisions will be applicable to Accounts established prior to the effective date of the regulations or to amounts contributed to Accounts prior to such effective date.

State Income Tax Treatment

- **In General.** The tax benefits described in this Investor Handbook are federal tax benefits. State and local tax treatment may differ based on the state or states in which you pay taxes. **If you pay state taxes in states other than New Jersey, you should evaluate whether any state in which you or your Beneficiary pays taxes will tax any earnings withdrawn from your Account. You should also consider whether any state in which you, a Third-Party Contributor or your Beneficiary resides or pays taxes offers special tax incentives or other benefits in connection with any Qualified Tuition Program sponsored by such state that may not be available to you, a Third-Party Contributor or your Beneficiary under the Program. You should consider this state tax treatment and other benefits, if any, before making an investment decision.** You should also consult with your tax advisor about any state or local taxes, including income, gift, estate and generation-skipping transfer taxes.

- **State of New Jersey.** Contributions to an Account by an Account Owner or a Third-Party Contributor do not result in income to the Beneficiary for purposes of New Jersey personal income tax. Neither an Account Owner nor a Third-Party Contributor may deduct the contribution from gross income for purposes of determining New Jersey personal income tax (i.e., contributions to an Account are made on an after-tax basis). Account Owners and Beneficiaries are exempt from New Jersey personal income tax on undistributed earnings allocated to Accounts established under the Program. Upon distribution from an Account the earnings portion of the amount distributed will be recognized as taxable income of the distributee unless such distribution: (i) is used to pay for Qualified Higher Education Expenses (for Qualified Elementary or Secondary Education Expenses, see discussion below) pursuant to Section 529; (ii) is a Rollover Distribution; or (iii) involves a change in the Beneficiary of an Account to a Member of the Family of the prior Beneficiary of the Account. The portion of a distribution that is attributable to earnings is determined in accordance with the principles applied in determining the amount of a distribution attributable to earnings under Section 529. The earnings portion of any amount distributed to pay for Qualified Elementary or Secondary Education Expenses may not be treated as taxable income of the distributee for New Jersey personal income tax purposes. However, New Jersey taxpayers receiving distributions from an Account for payment of Qualified Elementary or Secondary Education Expenses should consult a tax adviser as to the appropriate treatment of the earnings portion of such distributions.

New Jersey currently has both an estate tax and an inheritance tax. New Jersey's estate tax, which is imposed upon the estates of New Jersey resident decedents, generally follows the federal estate tax rules in determining the taxable estate, and therefore generally excludes an Account from the Account Owner's estate to the same extent that it is excluded for federal estate tax purposes. For New Jersey inheritance tax purposes, the New Jersey Division of Taxation takes the position that Accounts are included in the gross estate of an Account Owner who is a New Jersey resident decedent. Accordingly, the transfer of an Account to a new Account Owner upon the death of an Account Owner may be subject to New Jersey inheritance tax if the new Account Owner is someone other than a lineal descendant of the decedent. Transfers made to an Account by a Third Party Contributor who was a New Jersey resident within three years of such Third Party Contributor's death may be subject to New Jersey inheritance tax if they were made to a non-lineal descendant and if the contribution is determined both to constitute a material part of the decedent's estate, or to be in the nature of a final disposition or distribution of the estate, and to have been made in contemplation of death. Account Owners and Third-Party Contributors should consult their own tax advisors about the potential applicability of New Jersey estate and inheritance taxes, and the liability for the payment of such taxes when due.

- **Other States.** Potential Account Owners and Third-Party Contributors should consider the potential impact of taxes which may be imposed by jurisdictions other than the State. It is possible that an Account Owner or recipient of money distributed from Program Accounts may be subject to income tax on Account earnings or distributions by a state other than New Jersey, where he or she lives or pays taxes. It is also possible that Rollover Distributions to Program Accounts from another qualified tuition program may be subject to a tax imposed on the Rollover Distributions by another state. Other state or local taxes may also apply.

Account Owners, Third-Party Contributors and Beneficiaries should consult their own tax advisors about the applicability, if any, of state or local taxes in other jurisdictions and the applicability of the New Jersey personal income tax on Account Owners and Beneficiaries who are not New Jersey residents.

Tax Reporting

The Program will report distributions and other matters to the IRS, distributees and other persons, if any, to the extent required pursuant to applicable federal, state or local law, regulation or ruling or requested by a taxing authority entitled to such information. Under federal law, a separate return will be filed by the Program with the IRS reporting distributions from an Account to each distributee reflecting, among other information, the earnings portion withdrawn during the calendar year to which the report pertains. By January 31 of the following year, the distributee (which in the case of Qualified Distributions, other than Qualified Distributions to a sibling of the Beneficiary, is deemed to be the Beneficiary whose Qualified Higher Education Expenses are paid thereby) will receive a copy of the return or a corresponding statement.

Reporting and Other Matters

Account Statements

The Program Record-Keeper will send quarterly Account statements to Account Owners.

Audited Financial Statements

An annual audit report will be prepared for the Program by an independent accountant in accordance with generally accepted accounting principles.

Tax Withholding

Under the proposed U.S. Treasury regulations, distributions from Accounts are not subject to backup withholding.

Continuing Disclosure

HESAA has executed a Continuing Disclosure Agreement for the benefit of Account Owners in accordance with Rule 15c2-12(b)(5) under the Securities Exchange Act of 1934, as amended. Under the Continuing Disclosure Agreement, HESAA is required to provide certain updated financial information and operating data relating to the Program ("Annual Information") within 200 days of each June 30, and notices of the occurrence of certain enumerated events set forth in the Continuing Disclosure Agreement. The Annual Information is required to be filed by or on behalf of HESAA with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) website.

Securities Investor Protection Corporation (SIPC)

Account Owners may obtain information about the Securities Investor Protection Corporation ("SIPC"), including the SIPC brochure, by contacting SIPC at its website, **www.sipc.org**, or its telephone number, (202) 371-8300. The inclusion of this information is not intended to suggest that Accounts are subject to SIPC protection or that any losses sustained in an Account would be covered by SIPC.

Obtaining Additional Information; Program Contacts

Other documents and reports, including prospectuses for any mutual fund which is referenced in this Investor Handbook, are available upon request from the Program Record-Keeper. The toll free phone number for the Program is 1-866/362-1597. The website for the Plan is **franklintempleton.com**.

Appendix A

Participation Agreement

ARTICLE I – General Provisions

By signing and submitting the application for an Account, you (the original "Account Owner") agree, on behalf of yourself, each Beneficiary of your Account, any Third-Party Contributors to your Account and any successor Account Owner, to the terms and conditions set forth in this Participation Agreement and in the Investor Handbook, subject to the requirements of the Act and of regulations adopted by HESAA under the Act. Copies of the Act, and of such regulations, may be obtained from HESAA or the Program Record-Keeper upon request. As used in this Participation Agreement, "Investor Handbook" refers to the Investor Handbook to which this Participation Agreement is attached, and any revised, supplemented or replacement version applicable to Class A, B, C or Advisor Class Trust Shares from time to time, and "Class A, C or Advisor Class Trust Shares" means interests in the Trust purchased for an Account under Class A, C or Advisor Class, as described in the Investor Handbook.

The Act authorizes and directs HESAA to establish and administer the Program in a manner that qualifies the Program as a "qualified tuition program" as defined in Section 529 of the Internal Revenue Code, as amended. The Program is established and maintained so that the Account Owners and Third-Party Contributors may make contributions to the Account for the purpose of meeting the “Qualified Higher Education Expenses” of the Beneficiary of such Account.

HESAA has retained the Program Manager to provide, directly or through affiliates and sub-contractors, certain investment management, administrative and marketing services for the Program pursuant to a contract between HESAA and FTDI.

The Program has been structured so as to provide several Investment Options under which amounts contributed to an Account are invested by the Trust in one or more of the investment portfolios established within the Trust.

The terms and conditions under which Accounts are established and contributions to Accounts are invested are set forth in the Investor Handbook.

ARTICLE II – Opening an Account

1. General.

In order to open an Account, the prospective Account Owner must sign and submit by mail, electronic or other acceptable means to the Program Manager the appropriate completed application for the Program, and make an initial contribution.

2. Account Designations.

A. Beneficiary Designation. The Account Owner must designate the Beneficiary in the application at the time an Account is established, unless the Account Owner is eligible to open a scholarship Account under the Program and Section 529 without designating a Beneficiary. The Program Record-Keeper, on behalf of HESAA, shall establish a separate Account for each separate Beneficiary designated by the Account Owner. The Beneficiary of the Account may be changed as described in the Investor Handbook.

B. Investment Option Designation. The Account Owner must designate on the application or other authorized form the Investment Option(s) under which the initial and each subsequent contribution will be invested by the Trust.

C. Successor Account Owner. The Account Owner may transfer ownership of the Account to a successor Account Owner upon completion of the appropriate form, which includes submission of a notarized signature or signature guaranty from a banking institution. In addition, the Account Owner may designate any person as the successor Account Owner in the event of his or her death. If such designation is not made on the application form, the Account Owner may make such designation at a later time through written notification to the Program Record-Keeper. The Account Owner should consult a probate lawyer as to the effect of the designation of a successor owner in the Account Owner's state of residence. If a successor Account Owner has not been properly designated, or if the successor Account Owner does not survive the Account Owner, ownership of the Account shall be transferred as described in the Investor Handbook, subject to the requirements of applicable law.

3. Accounts Established by Fiduciaries.

Accounts may be established as fiduciary accounts. An Account may be opened for a minor under UTMA or UGMA. The Account Owner should review the Investor Handbook about special restrictions applicable to Accounts established for a minor under UTMA or UGMA, and should review the Investor Handbook and consult a tax advisor and probate lawyer about the advisability of transferring UTMA/UGMA funds to an Account.

4. Accounts Established by Business Entities.

Certain types of legal entities, including corporations, partnerships, limited liability companies, limited liability partnerships, limited and general partnerships, and nonprofit corporations, may establish Accounts.

ARTICLE III – Contributions and Withdrawals

Contributions to, and withdrawals from, an Account may be made as described in the Investor Handbook.

ARTICLE IV – Fees and Charges

1. General.

HESAA and/or the Program Manager shall charge such fees in such amounts as HESAA and the Program Manager may determine are necessary. HESAA may change the services and functions for which it or the Program Manager charges fees as well as the amount of such fees. Fees charged by HESAA or the Program Manager may be payable by the Account Owner or a Third-Party Contributor or may be payable out of the assets of the applicable portfolio of the Trust. HESAA and/or the Program Manager reserves the right to waive any fee upon finding that such waiver would be appropriate due to extenuating circumstances.

2. Specific Fees and Expenses.

A. Fees. The fees, which are subject to change, that are currently charged or imposed by HESAA or the Program Manager are: a Program management fee; initial sales charges; contingent deferred sales charges; and ongoing sales fees. The initial sales charges, contingent deferred charges and ongoing sales fees, if any, vary depending on whether you select Class A, Class C or Advisor Class (available only to AC-Eligible Account Owners (as defined under "Fees and Expenses-Advisor Class" in the Investor Handbook)) and the particular Investment Option(s) you select for your Account contributions. The initial sales charge may be reduced or waived under the circumstances described in the Investor Handbook. All of the fees and charges, including the methods by which such fees are paid or payable, are described in detail in the Investor Handbook. In addition, HESAA or the Program Manager may, at its option, charge a "Rollover Fee" of $75 for a distribution from the Account that is transferred to an account in a "qualified tuition program" other than the Program in accordance with the requirements applicable to a "rollover distribution" under Section 529.

B. Expenses. Each of the Underlying Funds in which assets are invested under each Investment Option also has investment management fees and other expenses, and, in the case of certain Investment Options, additional charges described in the Investor Handbook, which fees, expenses and charges will be deducted by the applicable Underlying Fund and result in a reduction of the net asset value of such investments, thereby correspondingly decreasing the net asset value of the applicable Trust Shares.

ARTICLE V – Representations, Warranties and Acknowledgments

The original Account Owner, by execution of an Account application, each successor Account Owner, by succession to ownership of the Account, and each Third-Party Contributor, by contributing to the Account, represents and warrants to, acknowledges for the benefit of and agrees with HESAA and the Program Manager as follows:

A. The Account Owner or Third-Party Contributor, as applicable, has received, read and understands the Investor Handbook and this Participation Agreement, including the appropriate application form. In making a decision to establish or contribute to an Account, such person has not relied on any representations or other information about the Program, whether oral or written, other than as set forth in the Investor Handbook and this Participation Agreement. Each such person will be deemed to certify, at the time of each contribution, that such contribution, together with the earnings thereon, is intended to be applied to pay for the "Qualified Higher Education Expenses" of the Beneficiary. All information provided by an Account Owner in the application form and in any form or other notice requesting a distribution from an Account or other form submitted in connection with the Account is and will be true and correct. The Account Owner will promptly notify the Program Record-Keeper of any changes to any such information.

B. Each Account Owner and Third-Party Contributor understands that the Trust will invest contributions made to the Account under each of the Investment Options selected by the Account Owner pursuant to the Program's then applicable Investment Policy adopted by HESAA, and that HESAA may change such Investment Policy at any time without the consent of Account Owners, Third-Party Contributors or Beneficiaries. Each Account Owner and Third-Party Contributor agrees that such person has no authority to direct the investment of any contributions made to the Account, or any earnings thereon, either directly or indirectly; provided that the Account Owner is permitted to select among Investment Options and reallocate assets among Investment Options to the extent permitted under the Code, the Investor Handbook and this Participation Agreement. Each Account Owner and Third-Party Contributor understands and acknowledges that HESAA will retain the right to change the investment instruments in which each Trust Portfolio corresponding to an Investment Option is invested and to consolidate Trust Portfolios or close Trust Portfolios and substitute replacement Trust Portfolios, and that, in accordance with the requirements of Section 529, none of the Account Owner, any Third-Party Contributor or any Beneficiary shall have any right to consent or object to such changes or own or have any voting rights as to any investment made by the Trust with contributions received under this Participation Agreement.

C. The original Account Owner is opening, each successor Account Owner is succeeding to ownership of and each Account Owner or Third-Party Contributor making a contribution is contributing to, the Account for the sole purpose of providing funds for "Qualified Higher Education Expenses" of the Beneficiary of the Account, and no such person will make any contributions in excess of the limitations described in the Investor Handbook. Contributions to an Account that cause the balance in all Accounts established on behalf of a Beneficiary under the Program to exceed the amount described in the Investor Handbook will be returned to the person making the applicable contribution, subject to any investment losses or applicable liabilities and tax penalties.

D. Each Account Owner and Third-Party Contributor understands that participation in the Program does not guarantee, and that none of the State of New Jersey, HESAA, the Trust, the Plan, the Division of Investment, the Program Manager or any other person makes any promise, that: (i) contributions and the investment return on contributions, if any, will be adequate to cover future tuition and other Qualified Higher Education Expenses of a Beneficiary; (ii) the Beneficiary of the Account will be admitted to any institution (including any Eligible Educational Institution); (iii) upon admission to an institution, the Beneficiary will be permitted to continue to attend; (iv) the Beneficiary will receive a degree from any institution; or (v) New Jersey residency will be created for tax, financial aid eligibility or any other purpose for the Beneficiary solely because the individual is a Beneficiary of an Account under the Program. Each Account Owner and Third-Party Contributor acknowledges that the Beneficiary of the Account has not been given any rights or legal interest with respect to the Account unless the Beneficiary is the Account Owner.

E. NONE OF: 1) THE STATE OF NEW JERSEY; 2) HESAA; 3) FRANKLIN TEMPLETON INVESTMENTS OR ANY ENTITY AFFILIATED THEREWITH; 4) ANY CONSULTANT OR ADVISER RETAINED BY ANY SUCH PARTY; OR 5) ANY OTHER PERSON GUARANTEES OR INSURES ANY ACCOUNTS ESTABLISHED UNDER THE PLAN, THE PRINCIPAL DEPOSITED OR THE INVESTMENT RETURN. EACH ACCOUNT OWNER AND THIRD-PARTY CONTRIBUTOR UNDERSTANDS THAT THE VALUE OF ANY ACCOUNT AT ANY TIME MAY BE MORE OR LESS THAN THE AMOUNT INVESTED IN THE ACCOUNT. Each Account Owner and Third-Party Contributor understands that returns on contributions or investments in the Program are not guaranteed by the State of New Jersey, HESAA, the Trust, the Program Manager or any other contractor, consultant or adviser retained by any such party, that none of such parties assumes any risk or liability for funds contributed to or invested in the Program and that the Account Owner assumes all investment risk of an investment in or contribution to the Program, including the potential loss of principal and liability for income tax surcharges or penalties that are assessable in connection with a distribution of amounts invested under the Program. Neither the Account, nor any amount contributed thereto or on deposit therein, is a bank deposit or is insured by the Federal Deposit Insurance Corporation. Each Account Owner and Third-Party Contributor recognizes that the investment of contributions to the Account and of Account balances involves certain risks, and has taken into consideration and understands the risk factors relating to investments of contributions to the Account and Account balances, including, but not limited to, those set forth in the Investor Handbook under the caption "Risk Factors."

F. Each Account Owner and Third-Party Contributor recognizes that none of the Account Owner, any Third-Party Contributor or the Beneficiary is or will be permitted to have any role in the selection or retention of the Program Manager or to direct the investment of contributions to the Account and of Account balances, either directly or indirectly, other than the Account Owner's selection, and potential later revision, of the Investment Option(s) for the contributions to the Account. Each Account Owner and Third-Party Contributor understands and acknowledges that once invested under a particular Investment Option, contributions and earnings thereon may only be transferred by the Account Owner to another Investment Option twice per calendar year, or otherwise when the Account Owner changes the Beneficiary of the Account as provided in the Investor Handbook. All reallocations of assets among the Investment Options in all Program Accounts established by the Account Owner for a particular Beneficiary must occur on the same two days of the applicable calendar year, with the exception of reallocations in connection with a change of the Beneficiary of the applicable Program Account.

G. Each Account Owner and Third-Party Contributor acknowledges and agrees that no Account can be used by the Account Owner, Third-Party Contributor or the Beneficiary as collateral for any loan. Any attempted use of an Account as collateral for a loan shall be void.

H. Each Account Owner and Third-Party Contributor acknowledges and agrees that no Account Owner, Third-Party Contributor or Beneficiary may assign or transfer any interest in any Account except, to the extent described in the Investor Handbook, to any person designated by the Account Owner to assume ownership of the Account in accordance with the Investor Handbook and this Participation Agreement or as required by law (including transfers of record ownership from a custodian of an Account established for a minor under UTMA or UGMA when the minor for whom such Account was established reaches the age specified by applicable law). Any other attempted assignment or transfer of such interest shall be void.

I. Each Account Owner and Third-Party Contributor acknowledges and agrees that the Program shall not loan any assets on deposit in any Account established under the Program to any Account Owner, Third-Party Contributor or Beneficiary.

J. Each Account Owner and Third-Party Contributor acknowledges and agrees that the Program is established and maintained by the State of New Jersey and HESAA pursuant to applicable state laws and is intended to qualify for certain federal income tax consequences under Section 529. Each Account Owner and Third-Party Contributor further acknowledges that such federal and state laws are subject to change, sometimes with retroactive effect, and that none of the State of New Jersey, HESAA, the Trust, the Program Manager or any contractor, adviser or consultant retained by any such party makes any representation that such state or federal laws will not be changed or repealed or that the terms and conditions of the Program will remain as currently described in the Investor Handbook and this Participation Agreement.

K. The Account Owner acknowledges and agrees that he or she will, or will cause the Beneficiary to, provide, if required by HESAA or Program Manager in order to comply with Section 529, a signed statement identifying the amount of distributions, if any, received from an institution at the end of each calendar year in which distributions for Qualified Higher Education Expenses are made and at the end of the subsequent calendar year, and/or any other information that may be required in order to comply with Section 529.

L. If the Account Owner is establishing an Account as a custodian for a minor under UTMA or UGMA, the Account Owner acknowledges and agrees that he or she has reviewed the portion of the Investor Handbook entitled "Opening, Maintaining and Contributing to an Account – Accounts Established under UTMA or UGMA," and acknowledges and agrees that such Account Owner assumes responsibility for any adverse consequences resulting from the establishment of an Account under UTMA or UGMA.

M. If a person is executing this Agreement in a representative or fiduciary capacity, such person represents that such person has full power and authority to enter into and perform this Participation Agreement on behalf of the entity or individual named as the Account Owner.

N. Each Account Owner and Third-Party Contributor understands that FTDI will not necessarily continue as Program Manager for the entire period the Account is open, that, even if it does, there is no assurance that the terms and conditions of the current Services Agreement between HESAA and FTDI would continue without material change, and that there are, accordingly, various potential consequences Account Owners and Third-Party Contributors should take into consideration as discussed in the Investor Handbook under the caption "Risk Factors – Change in Investment Policy, Program Manager or Investment Manager," including: (i) changes in the Investment Manager of the Investment Options; and (ii) changes in the current Program management fee or other fees.

O. Each Account Owner and Third-Party Contributor acknowledges that no such person has been advised by the State of New Jersey, HESAA, the Trust, the Program Manager or any of their affiliates, officers or employees to invest, or to refrain from investing, in a particular Investment Option or in a particular Class of Trust Shares. Each Account Owner and Third-Party Contributor acknowledges that such person is not relying on the State of New Jersey, HESAA, the Trust, the Program Manager or any of their affiliates, officers or employees as such person's tax consultant or financial planner.

ARTICLE VI – Miscellaneous Provisions

1. Limitation of Liability. The original Account Owner, by execution of an Account application, each successor Account Owner, by succession to ownership of the Account, and each Third-Party Contributor, by contributing to the Account, acknowledges that the payment of obligations under this Participation Agreement will be made only from the applicable investment portfolio(s) of the Trust. Any claim against the Program or HESAA pursuant to a Participation Agreement may be made solely against the assets of the applicable investment portfolio(s) of the Trust and not against any other funds or sources of funds of HESAA or the State of New Jersey. Each Account Owner and Third-Party Contributor further acknowledges that neither HESAA nor the Trust may pledge the credit or taxing power of the State of New Jersey.

2. Contract Modifications. HESAA reserves the right to modify this Participation Agreement, as deemed necessary by HESAA in its sole discretion, for such reasons as, but not limited to, assuring compliance with state or federal laws and regulations or preserving the fiscal integrity of the Program. To the extent, if any, that this Participation Agreement references procedures, HESAA reserves the right to change those procedures.

3. Necessity of Qualification. The Program is established with the intent that it shall qualify for favorable federal tax treatment under Section 529. Each Account Owner and Third-Party Contributor agrees and acknowledges that qualification under Section 529 is vital, and agrees that this Participation Agreement may be amended by HESAA at any time without the Account Owner's or Third-Party Contributor's consent or prior notice if HESAA determines that such an amendment is required to maintain qualification of the Program under Section 529 or to comply with other applicable laws.

4. Reporting. HESAA shall provide, or cause to be provided, quarterly statements to Account Owners with respect to each Account, and tax reporting with respect to each Account as required by federal tax law.

5. Account Owner's Indemnity. The Account Owner recognizes that the establishment of any Account will be based upon the statements, agreements, representations, warranties and covenants set forth in this Participation Agreement, and the Account Owner agrees to indemnify and to hold harmless the State of New Jersey, HESAA, the Trust, the Program Manager and any representatives or contractors of any such party from and against any and all loss, damage, liability or expense, including costs of reasonable attorney's fees, to which they may be put or which they may incur by reason of, or in connection with, any misstatement or misrepresentation made by the Account Owner, any Third-Party Contributor or any Beneficiary, any breach by any such person of the acknowledgments, representations or warranties contained herein, any failure of any such person to fulfill any covenants or agreements set forth herein or any action taken by such person other than in accordance with the terms of this Participation Agreement. All statements, representations, warranties or covenants of any such person, and this paragraph, shall survive the termination of this Participation Agreement.

6. Finality of Decisions and Interpretations. All decisions and interpretations by HESAA and the Program Manager in connection with the operation of the Program shall be final and binding on each Account Owner, Third-Party Contributor, Beneficiary and other person affected thereby.

7. Binding Nature; Third-Party Beneficiaries. This Participation Agreement shall survive the Account Owner's death and shall be binding upon the Account Owner's personal representatives, heirs, successors and assigns. Each of the Program Manager and HESAA is a Third-Party beneficiary of, and can rely upon and enforce, any agreements, representations and warranties in this Participation Agreement. Neither a Third-Party Contributor nor any Beneficiary is an intended beneficiary of or may enforce the provisions of this Participation Agreement.

8. Amendment and Termination. HESAA may at any time, and from time to time, amend this Participation Agreement, or suspend or terminate the Program, by giving written notice of such action to the Account Owner (including, without limitation, through the inclusion of an amended form of Participation Agreement in a revised Investor Handbook distributed to the Account Owner or the separate distribution of an amended form of Participation Agreement to the Account Owner) but, except as otherwise expressly provided herein or permissible under applicable law, the Account Owner's Account may not be diverted from the Account Owner's or the Beneficiary's exclusive benefit. Nothing contained in this Participation Agreement shall constitute an agreement or representation by HESAA or any other party that HESAA will continue to maintain the Program indefinitely. HESAA and the Program Manager reserve the right to close any Account or to limit contributions to, or withdrawals from, any Account, if either of them, in its sole discretion, suspects or determines that the Account is being used for purposes that may be in contravention or circumvention of applicable laws or for purposes other than savings for the Qualified Higher Education Expenses of the Beneficiary of the Account.

9. Effective Date. The Participation Agreement shall become effective between HESAA and an original Account Owner upon the Account Owner's execution of an appropriate application form for the establishment of an Account, the acceptance of such application form by the Program Record-Keeper on behalf of HESAA and the receipt of an initial contribution to the Account established for such Account Owner. The Participation Agreement shall become effective as between HESAA and any successor Account Owner upon the successor Account Owner's succession to ownership of the Account, without the need for other action. The Participation Agreement shall become effective with respect to the representations, warranties, and acknowledgments of any Third-Party Contributor immediately upon receipt by or on behalf of HESAA of any contribution from such Third-Party Contributor, without the need for other action.

10. Factual Determinations. All factual determinations regarding residency, whether a false statement by an Account Owner, Third-Party Contributor or Beneficiary relating to a substantial fact regarding the Program was made with the intention to deceive and any other factual determinations regarding this Participation Agreement will be at the sole discretion of HESAA.

11. Governing Law. The Participation Agreement will be construed in accordance with the laws of the State of New Jersey.

12. Construction. In the event that any clause or portion of this Participation Agreement is found to be invalid or unenforceable by a court of competent jurisdiction, at the option of HESAA, this Participation Agreement may be deemed void or that clause or portion found to be invalid will be severed from this Participation Agreement and the remainder of this Participation Agreement will continue in full force and effect as if such clause or portion had never been included.

13. Exclusivity. Subject to all applicable state and federal laws, rules, and regulations, the Investor Handbook, including the most recent Participation Agreement included therein, and the related application form, constitute the complete and exclusive statement of the agreement between HESAA and the Account Owner, and supersede any prior agreement, oral or written, and any other communications between HESAA (through any means and by any individuals) relating to the subject matter of this Participation Agreement. If however, there is a conflict between any such documentation and this Participation Agreement, the terms described in the then current Investor Handbook shall take precedence.

14. Actions by Program Manager and Program Record-Keeper. The Program Manager and Program Record-Keeper may act, as stated in the Investor Handbook or otherwise authorized from time to time by HESAA, as HESAA's, the Trust's or the Program's agents for purposes of effecting actions, instructions or determinations by HESAA, the Trust or the Program under this Participation Agreement.

15. Arbitration. The original Account Owner, by execution of an Account application, each successor Account Owner, by succession to ownership of the Account, and each Third-Party Contributor, by contributing to the Account, agrees (on behalf of themselves and the Beneficiary of the Account) that all controversies which may arise between any Account Owner, Third-Party Contributor or Beneficiary and HESAA or the Program Manager involving any transaction in the Account, or the construction, performance or breach of this Participation Agreement, shall be determined by arbitration.

This agreement to arbitrate all controversies does not constitute an agreement to arbitrate the arbitrability of any controversy, unless otherwise clearly and unmistakably required by the arbitration rules of the forum elected, as set forth below.

In connection with this agreement to arbitrate, the Account Owner and each Third-Party Contributor acknowledge that:

- Arbitration is final and binding on the parties.
- Each Account Owner, Third-Party Contributor and Beneficiary of the Account, HESAA and the Program Manager are waiving their right to seek remedies in court, including the right to a jury trial.
- Pre-arbitration discovery is generally more limited than and different from court proceedings.
- The arbitrators' award is not required to include factual findings or legal reasoning and any party's right to appeal or to seek modification of rulings by the arbitrators is strictly limited.
- The panel of arbitrators will typically include a minority of arbitrators who are affiliated with the securities industry.

Any arbitration under this Participation Agreement shall be conducted only before the New York Stock Exchange, Inc., an arbitration facility provided by any other exchange of which the Program Manager is a member, or the Financial Industry Regulatory Authority, and in accordance with its arbitration rules then in force. An Account Owner, Third-Party Contributor or Beneficiary may elect in the first instance whether arbitration shall be conducted before the New York Stock Exchange, Inc., or the Financial Industry Regulatory Authority, but if the Account Owner, Third-Party Contributor or Beneficiary fails to make such election, by registered letter or telegram addressed to the office of HESAA or the Program Manager, as applicable, or such other address that HESAA or the Program Manager may advise such person of from time to time, before the expiration of five days after receipt of a written request from HESAA or the Program Manager to make such election, then HESAA or the Program Manager may make such election. Judgment upon the award of the arbitrators may be entered in any court, state or federal, having jurisdiction.

Nothing contained herein shall limit the ability of the arbitrators to make an award under the rules of the arbitration forum and applicable law. Nothing contained herein is intended: (i) to cause any Third-Party Contributor or Beneficiary to have, or to imply that any such person may have, any contractual rights under this Participation Agreement; or (ii) to cause any such person to be, or to imply that any such person may be intended third-party beneficiaries of this Participation Agreement.

No person who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action shall bring a putative or certified class action to arbitration, or seek to enforce any pre-dispute arbitration, or seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action until:

- (i) the class certification is denied;
- (ii) the class is decertified; or
- (iii) such person is excluded from the class by the court.

Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this Participation Agreement except to the extent stated herein.

Appendix B

Historical Performance of the Trust Portfolios

The table on the following pages shows total returns for Class A, Class C and Advisor Class Trust Shares. The investment return and principal value will fluctuate so that an investor's Trust Shares, when redeemed, may be worth more or less than the original cost. See "Risk Factors–General Risks" and "Risk Factors–General Investment Risks." Performance shown is past performance and includes periods with unusually favorable conditions in some markets. No assurances can be given that such performance or market conditions will be repeated in the future. Ongoing market volatility can dramatically impact short-term returns. Current performance may differ from figures shown.

The returns shown under "All Sales Charges" are net of applicable fees, expenses and sales charges of the Plan, including: (1) Program management fee of 40 basis points per annum prior to April 1, 2014 and of 25 basis points thereafter assessed against the assets of the applicable Trust Portfolio (except for the Franklin U.S. Government Money 529 Portfolio, which is not currently being assessed a Program management fee); (2) current annual sales fees of 25 basis points per annum for Class A Trust Shares and 100 basis points per annum for Class C Trust Shares, assessed in each case against the allocable assets of the applicable Trust Portfolio (except for the Franklin U.S. Government Money 529 Portfolio, which is not currently being assessed sales charges); (3) expenses applicable to the share classes of the Underlying Funds in which the applicable Trust Portfolio invests, and (4) sales loads or sales charges as described in the next sentence. Such returns reflect: (i) in the case of Class A Trust Shares, a maximum front-end sales load of 5.75% or 4.25%, as applicable, of the amount invested; and (ii) in the case of Class C Trust Shares, a maximum contingent deferred sales charge of 1% of the NAV of the Trust Shares at the beginning of the applicable investment period that is assessed at the end of the applicable investment period (unless the applicable investment period exceeds one year, in which case no contingent deferred sales charge is assessed). A contingent deferred sales charge of 0.75% is applicable to Class A Trust Shares of the Franklin Income Allocation 529 Portfolio, the Franklin Income 529 Portfolio and the Templeton Global Bond 529 Portfolio purchased without an initial sales charge and redeemed within 18 months of purchase. Effective January 1, 2020 the maximum front-end sales load for Class A Trust Shares of the Franklin Income Allocation 529 Portfolio, the Franklin Income 529 Portfolio and the Templeton Global Bond 529 Portfolio was reduced to 3.75%, and effective February 3, 2020 the maximum front-end sales load for Class A Trust Shares of certain Age-Based Allocation Trust Portfolios was reduced to 3.75% or 2.25%, as applicable; because such reductions were not in effect during the historic periods shown in the tables, the historic returns do not reflect such reduced maximum front-end sales loads.

The returns shown under "No Sales Charges" are the same as those shown under "All Sales Charges" except that such returns are not net of one-time sales loads or sales charges described in (4) above, which would lower returns. Plan fees, expenses and sales charges are subject to change. Underlying Fund expenses will vary and in some cases have been, and may from time to time be, reduced by fee and expense waivers or reimbursements, which may be ended at any time. The implementation and termination of any such waiver or reimbursement would affect future performance. For more recent performance information, please call 1-866/362-1597 or visit franklintempleton.com.

Trust Portfolio Performance[1]

WITH SALES CHARGE		Average Annual Total Return as of September 30, 2020					
Trust Portfolio	Year-to-Date Total Return as of 9/30/2020	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date[2]
OBJECTIVE-BASED ASSET ALLOCATIONS							
Franklin Founding Funds 529 Portfolio							
Class A	-16.67%	-11.67%	-3.52%	2.67%	4.81%	—	06/27/05
Class C	-13.22%	-8.12%	-2.42%	3.05%	4.61%	—	06/27/05
Advisor Class	-11.67%	-6.27%	-1.43%	3.99%	5.49%	—	06/27/05
Franklin Corefolio® 529 Portfolio							
Class A	-2.20%	5.53%	5.85%	8.86%	9.22%	—	03/25/03
Class C	1.89%	9.83%	7.04%	9.28%	9.01%	—	03/31/03
Advisor Class	3.68%	11.94%	8.13%	10.27%	9.92%	—	03/25/03
Franklin Growth Allocation 529 Portfolio							
Class A	-0.13%	8.14%	6.74%	9.10%	9.04%	—	03/25/03
Class C	4.10%	12.60%	7.97%	9.52%	8.85%	—	03/28/03
Advisor Class	5.88%	14.73%	9.05%	10.54%	9.75%	—	03/25/03
Franklin Growth & Income Allocation 529 Portfolio							
Class A	-0.81%	3.35%	4.11%	5.47%	5.44%	—	03/25/03
Class C	3.38%	7.55%	5.31%	5.87%	5.25%	—	04/25/03
Advisor Class	5.16%	9.64%	6.37%	6.84%	6.13%	—	03/25/03
Franklin Income Allocation 529 Portfolio							
Class A	-1.46%	-1.23%	1.09%	1.65%	1.58%	—	04/08/03
Class C	0.71%	0.78%	1.60%	1.65%	1.20%	—	03/31/03
Advisor Class	2.53%	2.84%	2.62%	2.60%	2.05%	—	04/08/03

WITH SALES CHARGES	Average Annual Total Return as of September 30, 2020						
Trust Portfolio	Year-to-Date Total Return as of 9/30/2020	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date[2]
AGE-BASED ALLOCATIONS							
Franklin Age-Based Growth Allocations[3]							
Newborn–4 Years Portfolio							
Class A	-0.64%	7.57%	6.71%	9.13%	9.06%	—	03/26/03
Class C	3.55%	12.02%	7.97%	9.56%	8.86%	—	03/31/03
Advisor Class	5.32%	14.13%	9.02%	10.56%	9.77%	—	03/26/03
Age 5-8 Years							
Class A	0.00%	7.21%	—	—	—	7.71%	03/05/19
Class C	4.19%	11.55%	—	—	—	10.80%	03/05/19
Advisor Class	5.95%	13.62%	—	—	—	11.88%	03/05/19
Age 9–10 Years							
Class A	-0.14%	6.01%	5.63%	7.39%	7.30%	—	03/26/03
Class C	4.09%	10.34%	6.85%	7.80%	7.11%	—	03/31/03
Advisor Class	5.90%	12.46%	7.92%	8.79%	8.00%	—	03/26/03
Age 11-12 Years							
Class A	-0.69%	4.44%	—	—	—	5.56%	03/05/19
Class C	3.59%	8.73%	—	—	—	8.63%	03/05/19
Advisor Class	5.37%	10.93%	—	—	—	9.72%	03/05/19
Age 13–14 Years							
Class A	-0.93%	3.25%	4.00%	5.41%	5.44%	—	03/31/03
Class C	3.23%	7.38%	5.17%	5.81%	5.24%	—	04/09/03
Advisor Class	5.05%	9.52%	6.23%	6.78%	6.12%	—	03/31/03
Age 15-16 Years							
Class A	-1.32%	1.82%	—	—	—	3.63%	03/05/19
Class C	2.85%	5.96%	—	—	—	6.62%	03/05/19
Advisor Class	4.66%	8.08%	—	—	—	7.72%	03/05/19
Age 17-18 Years							
Class A	0.00%	2.14%	3.00%	3.84%	3.70%	—	05/05/03
Class C	2.35%	4.40%	3.53%	3.86%	3.32%	—	04/09/03
Advisor Class	4.09%	6.45%	4.58%	4.81%	4.18%	—	05/05/03
Age 19+Years							
Class A	-0.37%	0.84%	—	—	—	2.79%	03/05/19
Class C	1.88%	2.88%	—	—	—	4.52%	03/05/19
Advisor Class	3.61%	4.91%	—	—	—	5.63%	03/05/19
Franklin Age-Based Moderate Allocations[3]							
Newborn–4 Years Portfolio							
Class A	-0.40%	5.72%	5.66%	7.41%	7.27%	—	04/23/10
Class C	3.79%	9.99%	6.89%	7.84%	7.07%	—	04/23/10
Advisor Class	5.57%	12.14%	7.97%	8.83%	7.97%	—	04/23/10
Age 5-8 Years							
Class A	-0.60%	4.45%	—	—	—	5.50%	03/05/19
Class C	3.60%	8.85%	—	—	—	8.57%	03/05/19
Advisor Class	5.57%	11.04%	—	—	—	9.72%	03/05/19

WITH SALES CHARGES	Average Annual Total Return as of September 30, 2020						
Trust Portfolio	Year-to-Date Total Return as of 9/30/2020	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date[2]
Franklin Age-Based Moderate Allocations[3]							
Age 9–10 Years							
Class A	-0.84%	3.24%	4.00%	5.41%	5.34%	—	04/23/10
Class C	3.25%	7.41%	5.16%	5.81%	5.16%	—	04/23/10
Advisor Class	5.10%	9.53%	6.24%	6.78%	6.02%	—	04/23/10
Age 11-12 Years							
Class A	-1.41%	1.82%	—	—	—	3.75%	03/05/19
Class C	2.75%	5.85%	—	—	—	6.68%	03/05/19
Advisor Class	4.55%	7.97%	—	—	—	7.78%	03/05/19
Age 13–14 Years							
Class A	-0.06%	2.08%	3.02%	3.80%	3.62%	—	04/23/10
Class C	2.27%	4.30%	3.55%	3.82%	3.25%	—	04/23/10
Advisor Class	4.08%	6.38%	4.61%	4.79%	4.11%	—	04/23/10
Age 15-16 Years							
Class A	-0.55%	0.65%	—	—	—	2.79%	03/05/19
Class C	1.78%	2.78%	—	—	—	4.52%	03/05/19
Advisor Class	3.52%	4.81%	—	—	—	5.57%	03/05/19
Age 17-18 Years							
Class A	-1.46%	-1.23%	1.06%	1.68%	1.62%	—	04/23/10
Class C	0.80%	0.89%	1.56%	1.68%	1.24%	—	04/23/10
Advisor Class	2.61%	2.94%	2.60%	2.62%	2.09%	—	04/23/10
Age 19+Years							
Class A	-1.96%	-1.69%	—	—	—	0.67%	03/05/19
Class C	0.37%	0.37%	—	—	—	2.40%	03/05/19
Advisor Class	2.03%	2.33%	—	—	—	3.40%	03/05/19
Franklin Age-Based Conservative Allocations[3]							
Newborn–4 Years Portfolio							
Class A	-1.14%	2.91%	4.05%	5.40%	5.42%	—	04/23/10
Class C	3.26%	7.35%	5.30%	5.83%	5.24%	—	04/23/10
Advisor Class	4.80%	9.20%	6.30%	6.78%	6.11%	—	04/23/10
Age 5-8 Years							
Class A	-1.32%	1.82%	—	—	—	3.63%	03/05/19
Class C	2.66%	5.77%	—	—	—	6.49%	03/05/19
Advisor Class	4.56%	7.88%	—	—	—	7.66%	03/05/19
Age 9–10 Years							
Class A	0.00%	2.25%	3.04%	3.85%	3.79%	—	04/23/10
Class C	2.37%	4.45%	3.60%	3.86%	3.40%	—	04/23/10
Advisor Class	4.15%	6.50%	4.64%	4.81%	4.28%	—	04/23/10
Age 11-12 Years							
Class A	-0.64%	0.56%	—	—	—	2.61%	03/05/19
Class C	1.69%	2.68%	—	—	—	4.40%	03/05/19
Advisor Class	3.43%	4.72%	—	—	—	5.45%	03/05/19
Age 13–14 Years							
Class A	-1.54%	-1.31%	1.04%	1.64%	1.54%	—	04/23/10
Class C	0.80%	0.80%	1.57%	1.65%	1.18%	—	04/23/10
Advisor Class	2.54%	2.87%	2.58%	2.59%	2.02%	—	04/23/10

WITH SALES CHARGES	Average Annual Total Return as of September 30, 2020						
Trust Portfolio	Year-to-Date Total Return as of 9/30/2020	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date[2]
Franklin Age-Based Conservative Allocations[3]							
Age 15-16 Years							
Class A	-2.06%	-1.78%	—	—	—	0.55%	03/05/19
Class C	0.17%	0.27%	—	—	—	2.27%	03/05/19
Advisor Class	2.03%	2.33%	—	—	—	3.34%	03/05/19
Age 17-18 Years							
Class A	-1.12%	-0.84%	0.80%	0.93%	0.36%	—	04/23/10
Class C	-0.38%	-0.38%	0.83%	0.65%	-0.16%	—	04/23/10
Advisor Class	1.33%	1.62%	1.88%	1.59%	0.68%	—	04/23/10
Age 19+Years							
Class A	-1.63%	-1.45%	—	—	—	0.00%	03/05/19
Class C	-1.00%	-0.90%	—	—	—	0.70%	03/05/19
Advisor Class	0.79%	1.08%	—	—	—	1.71%	03/05/19
INDIVIDUAL PORTFOLIOS							
GLOBAL STYLE							
Franklin Mutual Global Discovery 529 Portfolio							
Class A	-24.72%	-19.14%	-5.75%	1.06%	—	0.17%	10/08/14
Class C	-21.64%	-15.98%	-4.71%	1.45%	—	0.35%	10/08/14
Advisor Class	-20.22%	-14.25%	-3.75%	2.37%	—	1.25%	10/08/14
Templeton Growth 529 Portfolio							
Class A	-13.96%	-7.09%	-4.72%	2.24%	4.43%	—	03/31/03
Class C	-10.37%	-3.38%	-3.64%	2.63%	4.23%	—	03/28/03
Advisor Class	-8.78%	-1.43%	-2.63%	3.59%	5.11%	—	03/31/03
GROWTH STYLE							
Franklin Growth 529 Portfolio[5]							
Class A	9.20%	17.95%	13.72%	14.82%	13.44%	—	04/22/03
Class C	13.89%	22.85%	15.02%	15.27%	13.22%	—	04/01/03
Advisor Class	15.75%	25.14%	16.18%	16.32%	14.18%	—	04/22/03
Franklin Small-Mid Cap Growth 529 Portfolio							
Class A	24.99%	35.54%	18.00%	14.79%	13.11%	—	03/28/03
Class C	30.53%	41.36%	19.36%	15.23%	12.91%	—	03/28/03
Advisor Class	32.54%	43.81%	20.57%	16.29%	13.85%	—	03/28/03
VALUE STYLE							
Franklin Mutual Shares 529 Portfolio							
Class A	-23.43%	-18.24%	-4.67%	1.79%	5.22%	—	03/31/03
Class C	-20.22%	-15.00%	-3.58%	2.19%	5.03%	—	03/28/03
Advisor Class	-18.82%	-13.29%	-2.61%	3.12%	5.91%	—	03/31/03
INTERNATIONAL INCOME STYLE							
Templeton Global Bond 529 Portfolio							
Class A	-8.71%	-7.50%	-3.20%	0.44%	—	-1.06%	10/08/14
Class C	-6.71%	-5.47%	-2.71%	0.46%	—	-1.19%	10/08/14
Advisor Class	-5.12%	-3.73%	-1.77%	1.36%	—	-0.30%	10/08/14

WITH SALES CHARGES		Average Annual Total Return as of September 30, 2020					
Trust Portfolio	Year-to-Date Total Return as of 9/30/2020	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date[2]
INCOME STYLE							
Franklin Income 529 Portfolio							
Class A	-11.00%	-7.92%	-0.80%	4.15%	4.78%	—	04/07/03
Class C	-8.96%	-6.01%	-0.27%	4.17%	4.39%	—	03/28/03
Advisor Class	-7.37%	-4.12%	0.73%	5.12%	5.26%	—	04/07/03
Franklin U.S. Government 529 Portfolio[4]							
Class A	0.00%	0.00%	1.32%	0.79%	—	0.66%	10/08/14
Class C	0.00%	0.97%	1.32%	0.79%	—	0.66%	10/08/14
INDEX STYLE							
S&P 500 Index 529 Portfolio							
Class A	-0.65%	8.09%	9.53%	12.18%	12.35%	—	04/08/03
Class C	3.52%	12.51%	10.78%	12.62%	12.15%	—	04/01/03
Advisor Class	5.31%	14.66%	11.89%	13.63%	13.08%	—	04/08/03
WITHOUT SALES CHARGES							
OBJECTIVE-BASED ASSET ALLOCATIONS							
Franklin Founding Funds 529 Portfolio							
Class A	-11.84%	-6.51%	-1.68%	3.83%	5.41%	—	06/27/05
Class C	-12.34%	-7.19%	-2.42%	3.05%	4.61%	—	06/27/05
Advisor Class	-11.67%	-6.27%	-1.43%	3.99%	5.49%	—	06/27/05
Franklin Corefolio® 529 Portfolio							
Class A	3.50%	11.68%	7.86%	10.10%	9.84%	—	03/25/03
Class C	2.89%	10.83%	7.04%	9.28%	9.01%	—	03/31/03
Advisor Class	3.68%	11.94%	8.13%	10.27%	9.92%	—	03/25/03
Franklin Growth Allocation 529 Portfolio							
Class A	5.68%	14.44%	8.77%	10.35%	9.65%	—	03/25/03
Class C	5.10%	13.60%	7.97%	9.52%	8.85%	—	03/28/03
Advisor Class	5.88%	14.73%	9.05%	10.54%	9.75%	—	03/25/03
Franklin Growth & Income Allocation 529 Portfolio							
Class A	4.98%	9.36%	6.10%	6.67%	6.04%	—	03/25/03
Class C	4.38%	8.55%	5.31%	5.87%	5.25%	—	04/25/03
Advisor Class	5.16%	9.64%	6.37%	6.84%	6.13%	—	03/25/03
Franklin Income Allocation 529 Portfolio							
Class A	2.36%	2.61%	2.38%	2.43%	1.97%	—	04/08/03
Class C	1.71%	1.78%	1.60%	1.65%	1.20%	—	03/31/03
Advisor Class	2.53%	2.84%	2.62%	2.60%	2.05%	—	04/08/03
AGE-BASED ALLOCATIONS							
Franklin Age-Based Growth Allocations[3]							
Newborn–4 Years Portfolio							
Class A	5.14%	13.83%	8.75%	10.37%	9.67%	—	03/26/03
Class C	4.55%	13.02%	7.97%	9.56%	8.86%	—	03/31/03
Advisor Class	5.32%	14.13%	9.02%	10.56%	9.77%	—	03/26/03

WITHOUT SALES CHARGES		Average Annual Total Return as of September 30, 2020					
Trust Portfolio	Year-to-Date Total Return as of 9/30/2020	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date[2]
Franklin Age-Based Growth Allocations[3]							
Age 5-8 Years							
Class A	5.78%	13.45%	—	—	—	11.64%	03/05/19
Class C	5.19%	12.55%	—	—	—	10.80%	03/05/19
Advisor Class	5.95%	13.62%	—	—	—	11.88%	03/05/19
Age 9-10 Years							
Class A	5.67%	12.17%	7.64%	8.61%	7.91%	—	03/26/03
Class C	5.09%	11.34%	6.85%	7.80%	7.11%	—	03/31/03
Advisor Class	5.90%	12.46%	7.92%	8.79%	8.00%	—	03/26/03
Age 11-12 Years							
Class A	5.11%	10.56%	—	—	—	9.42%	03/05/19
Class C	4.59%	9.73%	—	—	—	8.63%	03/05/19
Advisor Class	5.37%	10.93%	—	—	—	9.72%	03/05/19
Age 13-14 Years							
Class A	4.84%	9.24%	5.98%	6.61%	6.04%	—	03/31/03
Class C	4.23%	8.38%	5.17%	5.81%	5.24%	—	04/09/03
Advisor Class	5.05%	9.52%	6.23%	6.78%	6.12%	—	03/31/03
Age 15-16 Years							
Class A	4.38%	7.70%	—	—	—	7.41%	03/05/19
Class C	3.85%	6.96%	—	—	—	6.62%	03/05/19
Advisor Class	4.66%	8.08%	—	—	—	7.72%	03/05/19
Age 17-18 Years							
Class A	3.88%	6.14%	4.31%	4.64%	4.09%	—	05/05/03
Class C	3.35%	5.40%	3.53%	3.86%	3.32%	—	04/09/03
Advisor Class	4.09%	6.45%	4.58%	4.81%	4.18%	—	05/05/03
Age 19 +Years							
Class A	3.53%	4.73%	—	—	—	5.32%	03/05/19
Class C	2.88%	3.88%	—	—	—	4.52%	03/05/19
Advisor Class	3.61%	4.91%	—	—	—	5.63%	03/05/19
Franklin Age-Based Moderate Allocations[3]							
Newborn–4 Years							
Class A	5.38%	11.87%	7.67%	8.64%	7.87%	—	04/23/10
Class C	4.79%	10.99%	6.89%	7.84%	7.07%	—	04/23/10
Advisor Class	5.57%	12.14%	7.97%	8.83%	7.97%	—	04/23/10
Age 5-8 Years							
Class A	5.21%	10.57%	—	—	—	9.35%	03/05/19
Class C	4.60%	9.85%	—	—	—	8.57%	03/05/19
Advisor Class	5.57%	11.04%	—	—	—	9.72%	03/05/19
Age 9–10 Years							
Class A	4.91%	9.23%	5.98%	6.62%	5.94%	—	04/23/10
Class C	4.25%	8.41%	5.16%	5.81%	5.16%	—	04/23/10
Advisor Class	5.10%	9.53%	6.24%	6.78%	6.02%	—	04/23/10

WITHOUT SALES CHARGES		Average Annual Total Return as of September 30, 2020					
Trust Portfolio	Year-to-Date Total Return as of 9/30/2020	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date[2]
Franklin Age-Based Moderate Allocations[3]							
Age 11-12 Years							
Class A	4.38%	7.79%	—	—	—	7.53%	03/05/19
Class C	3.75%	6.85%	—	—	—	6.68%	03/05/19
Advisor Class	4.55%	7.97%	—	—	—	7.78%	03/05/19
Age 13–14 Years							
Class A	3.84%	6.09%	4.35%	4.60%	4.02%	—	04/23/10
Class C	3.27%	5.30%	3.55%	3.82%	3.25%	—	04/23/10
Advisor Class	4.08%	6.38%	4.61%	4.79%	4.11%	—	04/23/10
Age 15-16 Years							
Class A	3.33%	4.53%	—	—	—	5.32%	03/05/19
Class C	2.78%	3.78%	—	—	—	4.52%	03/05/19
Advisor Class	3.52%	4.81%	—	—	—	5.57%	03/05/19
Age 17–18 Years							
Class A	2.39%	2.63%	2.36%	2.46%	2.01%	—	04/23/10
Class C	1.80%	1.89%	1.56%	1.68%	1.24%	—	04/23/10
Advisor Class	2.61%	2.94%	2.60%	2.62%	2.09%	—	04/23/10
Age 19 +Years							
Class A	1.84%	2.14%	—	—	—	3.15%	03/05/19
Class C	1.37%	1.37%	—	—	—	2.40%	03/05/19
Advisor Class	2.03%	2.33%	—	—	—	3.40%	03/05/19
Franklin Age-Based Conservative Allocations[3]							
Newborn–4 Years							
Class A	4.61%	8.91%	6.03%	6.61%	6.02%	—	04/23/10
Class C	4.26%	8.35%	5.30%	5.83%	5.24%	—	04/23/10
Advisor Class	4.80%	9.20%	6.30%	6.78%	6.11%	—	04/23/10
Age 5-8 Years							
Class A	4.38%	7.70%	—	—	—	7.41%	03/05/19
Class C	3.66%	6.77%	—	—	—	6.49%	03/05/19
Advisor Class	4.56%	7.88%	—	—	—	7.66%	03/05/19
Age 9–10 Years							
Class A	3.92%	6.20%	4.38%	4.64%	4.19%	—	04/23/10
Class C	3.37%	5.45%	3.60%	3.86%	3.40%	—	04/23/10
Advisor Class	4.15%	6.50%	4.64%	4.81%	4.28%	—	04/23/10
Age 11-12 Years							
Class A	3.24%	4.44%	—	—	—	5.14%	03/05/19
Class C	2.69%	3.68%	—	—	—	4.40%	03/05/19
Advisor Class	3.43%	4.72%	—	—	—	5.45%	03/05/19
Age 13–14 Years							
Class A	2.32%	2.56%	2.34%	2.41%	1.93%	—	04/23/10
Class C	1.80%	1.80%	1.57%	1.65%	1.18%	—	04/23/10
Advisor Class	2.54%	2.87%	2.58%	2.59%	2.02%	—	04/23/10
Age 15-16 Years							
Class A	1.75%	2.04%	—	—	—	3.03%	03/05/19
Class C	1.17%	1.27%	—	—	—	2.27%	03/05/19
Advisor Class	2.03%	2.33%	—	—	—	3.34%	03/05/19

WITHOUT SALES CHARGES	Average Annual Total Return as of September 30, 2020						
Trust Portfolio	Year-to-Date Total Return as of 9/30/2020	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date[2]
Franklin Age-Based Conservative Allocations[3]							
Age 17 -18 Years							
Class A	1.15%	1.44%	1.56%	1.40%	0.59%	—	04/23/10
Class C	0.62%	0.62%	0.83%	0.65%	-0.16%	—	04/23/10
Advisor Class	1.33%	1.62%	1.88%	1.59%	0.68%	—	04/23/10
Age 19 + Years							
Class A	0.59%	0.79%	—	—	—	1.46%	03/05/19
Class C	0.00%	0.10%	—	—	—	0.70%	03/05/19
Advisor Class	0.79%	1.08%	—	—	—	1.71%	03/05/19
INDIVIDUAL PORTFOLIOS							
GLOBAL STYLE							
Franklin Mutual Global Discovery 529 Portfolio							
Class A	-20.34%	-14.41%	-3.97%	2.22%	—	1.12%	10/08/14
Class C	-20.85%	-15.13%	-4.71%	1.45%	—	0.35%	10/08/14
Advisor Class	-20.22%	-14.25%	-3.75%	2.37%	—	1.25%	10/08/14
Templeton Growth 529 Portfolio							
Class A	-8.95%	-1.67%	-2.91%	3.40%	5.02%	—	03/31/03
Class C	-9.46%	-2.41%	-3.64%	2.63%	4.23%	—	03/28/03
Advisor Class	-8.78%	-1.43%	-2.63%	3.59%	5.11%	—	03/31/03
GROWTH STYLE							
Franklin Growth 529 Portfolio[5]							
Class A	15.57%	24.81%	15.88%	16.13%	14.08%	—	04/22/03
Class C	14.89%	23.85%	15.02%	15.27%	13.22%	—	04/01/03
Advisor Class	15.75%	25.14%	16.18%	16.32%	14.18%	—	04/22/03
Franklin Small-Mid Cap Growth 529 Portfolio							
Class A	32.26%	43.42%	20.25%	16.09%	13.75%	—	03/28/03
Class C	31.53%	42.36%	19.36%	15.23%	12.91%	—	03/28/03
Advisor Class	32.54%	43.81%	20.57%	16.29%	13.85%	—	03/28/03
VALUE STYLE							
Franklin Mutual Shares 529 Portfolio							
Class A	-18.97%	-13.49%	-2.85%	2.95%	5.82%	—	03/31/03
Class C	-19.42%	-14.14%	-3.58%	2.19%	5.03%	—	03/28/03
Advisor Class	-18.82%	-13.29%	-2.61%	3.12%	5.91%	—	03/31/03
INTERNATIONAL INCOME STYLE							
Templeton Global Bond 529 Portfolio							
Class A	-5.16%	-3.85%	-1.97%	1.21%	—	-0.42%	10/08/14
Class C	-5.77%	-4.51%	-2.71%	0.46%	—	-1.19%	10/08/14
Advisor Class	-5.12%	-3.73%	-1.77%	1.36%	—	-0.30%	10/08/14
INCOME STYLE							
Franklin Income 529 Portfolio							
Class A	-7.54%	-4.35%	0.47%	4.95%	5.17%	—	04/07/03
Class C	-8.04%	-5.06%	-0.27%	4.17%	4.39%	—	03/28/03
Advisor Class	-7.37%	-4.12%	073%	5.12%	5.26%	—	04/07/03

WITHOUT SALES CHARGES		Average Annual Total Return as of September 30, 2020					
Trust Portfolio	Year-to-Date Total Return as of 9/30/2020	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date[2]
Franklin U.S. Government 529 Portfolio[4]							
Class A	0.00%	0.00%	1.32%	0.79%	—	0.66%	10/08/14
Class C	0.00%	0.97%	1.32%	0.79%	—	0.66%	10/08/14
INDEX STYLE							
S&P 500 Index 529 Portfolio							
Class A	5.13%	14.38%	11.62%	13.45%	12.99%	—	04/08/03
Class C	4.52%	13.51%	10.78%	12.62%	12.15%	—	04/01/03
Advisor Class	5.31%	14.66%	11.89%	13.63%	13.08%	—	04/08/03

1. The inception date of each Trust Portfolio for a particular share class is the date on which shares of such share class were first issued.
2. Performance prior to May 6, 2009, reflects investment in Franklin Capital Growth Fund rather than Franklin Flex Cap Growth Fund, which replaced it until August 16, 2016, when it was consolidated into Franklin Growth Opportunities Fund.
3. Performance prior to May 6, 2009 reflects an allocation of 25% of portfolio assets to Franklin Capital Growth Fund. From May 6, 2009, to July 14, 2010, that allocation was replaced by an allocation to Franklin Growth Fund; during that time the portfolio had an allocation of 50% of its assets to that fund. Beginning on July 15, 2010, half of the portfolio's allocation to Franklin Growth Fund was replaced with an allocation to Franklin Flex Cap Growth Fund, so that the portfolio allocated 25% of its assets to each of four funds. As of August 16, 2016, Franklin Flex Cap Growth Fund was consolidated into Franklin Growth Opportunities Fund.
4. Prior to May 6, 2009, the Trust Portfolio: (i) was named Franklin Capital Growth 529 Portfolio; (ii) invested in the Franklin Capital Growth Fund instead of the Franklin Growth Fund; and (iii) had a different investment strategy. Performance prior to May 6, 2009, reflects investment in the Franklin Capital Growth Fund.
5. Non-Qualified Distributions from the Program generally are subject to ordinary federal income taxes on earnings and a 10% additional federal tax on earnings, as well as possible state taxes. Performance does not reflect any taxes payable in connection with Non-Qualified Distributions, or, if applicable, Qualified Distributions. Expense or fee waivers and/or reimbursements applicable to Underlying Funds in which certain Trust Portfolios invest may have increased past performance for such Trust Portfolios relative to their performance if such waivers or reimbursements had not been provided. For periods prior to April 1, 2014, the performance (other than in the case of the Franklin U.S. Government Money 529 Portfolio) reflects a Program Management Fee of 0.40% per annum; such fee was reduced to 0.25% as of April 1, 2014. Historic performance does not reflect a $25 annual Account fee applicable to certain Accounts prior to April 1, 2014, when such Account fee was discontinued.
6. The inception date of each Trust Portfolio for a particular share class is the date on which shares of such share class were first issued.
7. Performance prior to May 6, 2009, reflects investment in Franklin Capital Growth Fund rather than Franklin Flex Cap Growth Fund, which replaced it until August 16, 2016, when it was consolidated into Franklin Growth Opportunities Fund.
8. Performance prior to May 6, 2009 reflects an allocation of 25% of portfolio assets to Franklin Capital Growth Fund. From May 6, 2009, to July 14, 2010, that allocation was replaced by an allocation to Franklin Growth Fund; during that time the portfolio had an allocation of 50% of its assets to that fund. Beginning on July 15, 2010, half of the portfolio's allocation to Franklin Growth Fund was replaced with an allocation to Franklin Flex Cap Growth Fund, so that the portfolio allocated 25% of its assets to each of four funds. As of August 16, 2016, Franklin Flex Cap Growth Fund was consolidated into Franklin Growth Opportunities Fund.
9. Prior to May 6, 2009, the Trust Portfolio: (i) was named Franklin Capital Growth 529 Portfolio; (ii) invested in the Franklin Capital Growth Fund instead of the Franklin Growth Fund; and (iii) had a different investment strategy. Performance prior to May 6, 2009, reflects investment in the Franklin Capital Growth Fund.

Appendix C

Description of Mutual Funds in Which Trust Portfolio Assets May Be Invested

Set forth below is a summary of the investment goals and main strategies of the mutual funds and ETFs (each of which is referred to as the "Fund" or "Underlying Fund") in which one or more of the Trust Portfolios invest. The summary also identifies some of the main types of risk to which the Underlying Funds may be subject, which are described in the Investor Handbook under "Risk Factors – Specific Investment Risks." The information set forth below has been summarized for inclusion herein by the Program Manager from the most current prospectus available for the applicable mutual fund or ETF as of the date this Investor Handbook was sent to print. Neither HESAA nor the Program Manager has independently verified the information contained in any such mutual fund or ETF prospectus and no representation is made by HESAA or the Program Manager as to its accuracy or completeness. Additional information regarding each of the Underlying Funds, and the risks associated with such Funds, is set forth in each Fund's prospectus and statement of additional information ("SAI"). Copies of the Underlying Fund prospectuses, SAIs, annual and semiannual shareholder reports and performance information can be obtained from Financial Advisors or by calling Franklin Templeton toll free at (866) 362-1597. No offer is made in this Investor Handbook of shares of any of the Underlying Funds.

Franklin Floating Rate Daily Access Fund

• Investment Goals and Main Strategies

This Fund's investment goal is to achieve a high level of current income. Its secondary goal is preservation of income

The Fund normally invests at least 80% of its net assets in income-producing floating interest rate corporate loans and corporate debt securities made to or issued by U.S. companies, non-U.S. entities and U.S. subsidiaries of non-U.S. entities. Floating interest rates vary with and are periodically adjusted to a generally recognized base interest rate such as the London Interbank Offered Rate (LIBOR) or the Prime Rate. The Fund may invest in companies whose financial condition is troubled or uncertain and that may be involved in bankruptcy proceedings, reorganizations or financial restructurings. Under normal market conditions, the Fund may invest up to 25% of its net assets in floating rate investments that are rated below B- by an NRSRO or, if unrated, are determined to be of comparable quality by the Fund's investment manager.

The Fund may invest in "covenant lite" loans and debt securities. Covenant lite loans or securities, which have varied terms and conditions, may have tranches that contain fewer or no maintenance financial covenants. The Fund may experience relatively greater difficulty or delays in enforcing its rights on its holdings of certain covenant lite loans and debt securities than its holdings of loans or securities with maintenance financial covenants.

The Fund may invest in complex fixed income securities, including collateralized loan obligations (CLOs).

The Fund currently limits its investments in debt obligations of non-U.S. entities to no more than 25% of its total assets. The Fund currently does not intend to invest more than 25% of its net assets in the obligations of borrowers in any single industry, except that, under normal market conditions, the Fund invests more than 25% of its net assets in debt obligations of companies operating in the industry group consisting of financial institutions and their holding companies, including commercial banks, thrift institutions, insurance companies and finance companies. In addition to the Fund's main investments, the Fund may invest up to 20% of its net assets in certain other types of debt obligations or securities, including other secured, second lien, subordinated or unsecured corporate loans and corporate debt securities, and fixed rate obligations of U.S. companies, non-U.S. entities and U.S. subsidiaries of non-U.S. entities.

Main Risks

This Fund is subject to the following types of main investment risks, among others, described in the Investor Handbook under "Risk Factors – Specific Investment Risks": collateralized debt obligations (CDOs)/collateralized loan obligations (CLOs), credit, foreign securities, high-yield debt securities, interest rate, and liquidity.

Franklin Growth Fund

• Investment Goals and Main Strategies

This Fund's investment goal is capital appreciation.

Under normal market conditions, the Fund invests substantially in the equity securities of companies that are leaders in their industries. Although the Fund normally invests substantially in the equity securities (principally common stocks) of U.S.-based large and medium market capitalization companies, it may invest in companies in new and emerging industries where growth is expected to be above average and may invest up to 25% of its assets in smaller companies. Although the Fund's investment manager searches for investments across a large number of sectors, from time to time, based on economic conditions, the Fund may have significant positions in particular sectors including technology, health care and industrials.

• Main Risks

This Fund is subject to the following types of main investment risks, among others, described in the Investor Handbook under "Risk Factors – Specific Investment Risks": equity securities, focus, and smaller and midsize companies.

Franklin Growth Opportunities Fund

Investment Goals and Main Strategies

This Fund's investment goal is capital appreciation.

Under normal market conditions, the Fund invests predominantly in equity securities of companies demonstrating accelerating growth, increasing profitability, or above average growth or growth potential as compared with the overall economy. A portion to a significant amount of the Fund's investments may be in smaller and midsize companies. The Fund, from time to time, may have significant positions in particular sectors, such as information technology (including technology equipment and hardware, technology services, software and internet services) healthcare and consumer discretionary. The Fund may make private investments in companies whose securities are not publicly traded (including companies that have not yet issued securities publicly in an initial public offering ("IPO")), often in the form of private placements.

- **Main Risks**

This Fund is subject to the following types of main investment risks, among others, described in the Investor Handbook under "Risk Factors – Specific Investment Risks": equity securities, focus, liquidity, private company/private placement risk and small and mid-capitalization companies.

Franklin High Income Fund

• Investment Goals and Main Strategies

This Fund's investment goal is to earn a high level of current income. Its secondary goal is to seek capital appreciation to the extent it is possible and consistent with the Fund's principal goal.

Under normal market conditions, the Fund invests predominantly in high yield, lower-rated debt securities. Lower-rated securities generally pay higher yields than more highly rated securities to compensate investors for the higher risk. These securities include bonds, notes, debentures, convertible securities and senior and subordinated debt securities. The Fund may also invest in preferred stock. The Fund may invest up to 100% of its total assets in debt securities that are rated below investment grade, also known as "junk bonds." Investment grade debt securities are rated in one of the top four ratings categories by at least one independent rating agency such as Standard & Poor's (S&P) and Moody's Investors Service (Moody's). The Fund may buy both rated and unrated debt securities. The Fund may also invest in defaulted debt securities and in securities issued by issuers in any foreign country, developed or developing.

• Main Risks

This Fund is subject to the following types of main investment risks, among others, described in the Investor Handbook under "Risk Factors – Specific Investment Risks": credit, focus, foreign securities, high-yield debt securities, interest rate, and liquidity.

Franklin Income Fund

• Investment Goals and Main Strategies

This Fund's investment goal is to maximize income while maintaining prospects for capital appreciation.

Under normal market conditions, the Fund invests in a diversified portfolio of debt and equity securities. The equity securities in which the Fund invests consist primarily of common stocks, including those with dividend yields the Fund's investment manager believes are attractive. Debt securities include all varieties of fixed, floating and variable rate instruments, including secured and unsecured bonds, bonds convertible into common stock, senior floating rate and term loans, mortgage-backed securities and other asset-backed securities, debentures, and shorter term instruments. Bonds investments may include U.S. and foreign corporate debt, U.S. Treasuries and foreign government bonds. The Fund may invest up to 100% of its total assets in debt securities that are rated below investment grade (also known as "junk bonds"), including a portion in defaulted securities. The Fund maintains the flexibility to invest in securities of companies from a variety of sectors, but from time to time, based on economic conditions, the Fund may have significant investments in particular sectors. The Fund may also invest up to 25% of its assets in foreign securities, either directly or through depositary receipts.

The Fund may, from time to time, use a variety of equity-related derivatives and complex equity securities, interest rate-related derivatives, including interest rate swaps and interest rate and/or bond futures contracts (including U.S. Treasury futures contracts), currency-related derivatives, such as forward foreign currency exchange contracts, currency futures contracts, currency swaps and currency options, and credit-related derivatives, such as credit default swaps and options on credit default swaps. The use of such derivative transactions may allow the Fund to obtain net long or net short exposures to selected markets, interest rates, countries or durations.

• Main Risks

This Fund is subject to the following types of main investment risks, among others, described in the Investor Handbook under "Risk Factors – Specific Investment Risks": credit, derivative instruments, equity-linked notes, focus, foreign securities, high-yield debt securities, and interest rate.

Franklin International Growth Fund

• Investment Goals and Main Strategies

This Fund's investment goal is long-term capital appreciation

Under normal market conditions, the Fund invests predominantly in equity securities, primarily common stock, of mid- and large-capitalization companies located outside the U.S., including developing or emerging market countries. The Fund may invest up to 20% of its net assets in emerging market countries. Mid- and large-capitalization companies are generally companies with market capitalizations of greater than$2 billion. The Fund, from time to time, may have significant investments in a particular sector or country.

• Main Risks

This Fund is subject to the following types of main investment risks, among others, described in the Investor Handbook under "Risk Factors – Specific Investment Risks": emerging and developing market countries, equity securities, focus, foreign securities, and small and mid-capitalization companies.

Franklin International Small Cap Fund

• Investment Goals and Main Strategies

This Fund's investment goal is long-term capital appreciation.

Under normal market conditions, the Fund invests at least 80% of its net assets in a diversified portfolio of marketable equity and equity-related securities of smaller international companies. The equity securities in which the Fund primarily invests are common stock. The Fund's investment manager generally intends to maintain a more focused portfolio consisting of approximately 25-45 securities. The Fund may invest a portion of its assets in emerging markets securities and may, from time to time, have significant investments in a particular sector or country.

• Main Risks

This Fund is subject to the following types of main investment risks, among others, described in the Investor Handbook under "Risk Factors – Specific Investment Risks": developing and emerging market countries, equity securities, focus, foreign securities, liquidity, and small and mid-capitalization companies.

Franklin Mutual European Fund

• Investment Goals and Main Strategies

This Fund's principal investment goal is capital appreciation, which may occasionally be short-term. Its secondary goal is income.

Under normal market conditions, the Fund invests at least 80% of its net assets in securities of European companies that the Fund's investment manager believes are available at market prices less than their value based on certain recognized or objective criteria (intrinsic value). Following this value-oriented strategy, the Fund invests primarily in undervalued equity securities. To a lesser extent, the Fund also invests in merger arbitrage securities and the debt and equity of distressed companies.

The Fund normally invests in securities from at least five different countries, although, from time to time, it may invest all of its assets in a single country. The Fund may invest in securities of issuers from emerging markets. The Fund also may invest up to 20% of its total assets in securities of U.S. issuers and in securities of issuers from the Middle East and the remaining regions of the world.

The Fund regularly attempts to hedge (protect) against currency risks, largely using currency forward contracts and currency futures contracts (including currency index futures contracts) when, in the Fund's investment manager's opinion, it would be advantageous to the Fund to do so. The Fund may also, from time to time, attempt to hedge against market risk using a variety of derivatives.

• Main Risks

This Fund is subject to the following types of main investment risks, among others, described in the Investor Handbook under "Risk Factors – Specific Investment Risks": derivative instruments, equity securities, focus, foreign securities, liquidity and smaller and mid-capitalization companies.

Franklin Mutual Global Discovery Fund

• Investment Goals and Main Strategies

This Fund's investment goal is capital appreciation.

Under normal market conditions, the Fund invests primarily in equity securities (including securities convertible into, or that the Fund's investment manager expects to be exchanged for, common or preferred stock) of U.S. and foreign companies that the Fund's investment manager believes are available at market prices less than their value based on certain recognized or objective criteria (intrinsic value). To a lesser extent, the Fund also invests in merger arbitrage securities and the debt and equity of distressed companies.

The Fund currently invests the equity portion of its portfolio predominantly in mid- and large-cap companies, with the remaining portion of its equity portfolio in smaller companies. The Fund may invest substantially and potentially up to 100% of its assets in foreign securities and participations in foreign government debt. The Fund presently does not intend to invest more than a portion (no more than 25%) of its assets in securities of issuers located in emerging market countries. The Fund regularly attempts to hedge (protect) against currency risks, largely using currency forward contracts and currency futures contracts (including currency index futures contracts) when, in the Fund's investment manager's opinion, it would be advantageous to the Fund to do so. The Fund may also, from time to time, attempt to hedge against market risk using a variety of derivatives.

- **Main Risks**

This Fund is subject to the following types of main investment risks, among others, described in the Investor Handbook under “Risk Factors – Specific Investment Risks”: derivative instruments, equity securities, focus, foreign securities, liquidity, and small and mid-capitalization companies.

Franklin Mutual Shares Fund

• Investment Goals and Main Strategies

This Fund’s investment goal is capital appreciation, which may occasionally be short term. Its secondary goal is income.

Under normal market conditions, the Fund invests primarily in equity securities (including securities convertible into, or that the Fund’s investment manager expects to be exchanged for, common or preferred stock) of U.S. and foreign companies that the Fund’s investment manager believes are available at market prices less than their value based on certain recognized or objective criteria (intrinsic value). To a lesser extent, the Fund also invests in merger arbitrage securities and the debt and equity of distressed companies.

The Fund may invest a significant portion (up to 35%) of its assets in foreign securities and participations in foreign government debt. The Fund generally invests the equity portion of its portfolio primarily to predominantly in companies with market capitalizations greater than$5 billion, with a portion in smaller companies. The Fund regularly attempts to hedge (protect) against currency risks, largely using currency forward contracts and currency futures contracts (including currency index futures contracts) when, in the Fund’s investment manager’s opinion, it would be advantageous to the Fund to do so. The Fund may also, from time to time, attempt to hedge against market risk using a variety of derivatives.

• Main Risks

This Fund is subject to the following types of main investment risks, among others, described in the Investor Handbook under “Risk Factors – Specific Investment Risks”: derivative instruments, equity securities, focus, foreign securities, liquidity, and small and mid-capitalization companies.

Franklin Rising Dividends Fund

• Investment Goals and Main Strategies

This Fund's investment goal is long-term capital appreciation. Preservation of capital, while not a primary goal, is also an important consideration.

Under normal market conditions, the Fund invests at least 80% of its net assets in investments of companies that have paid consistently rising dividends. The Fund invests predominantly in equity securities, primarily common stock. Companies that have paid consistently rising dividends include those companies that currently pay dividends on their common stocks and have maintained or increased their dividend rate during the last four consecutive years.

The Fund typically invests the rest of its assets in equity securities of companies that pay dividends but do not meet all of these criteria. The Fund may invest up to 25% of its total assets in foreign securities.

• Main Risks

This Fund is subject to the following types of main investment risks, among others, described in the Investor Handbook under "Risk Factors – Specific Investment Risks": equity securities, focus, foreign securities, and smaller and mid-capitalization companies.

Franklin Small-Mid Cap Growth Fund

• Investment Goals and Main Strategies

This Fund's investment goal is long-term capital growth.

Under normal market conditions, the Fund invests at least 80% of its net assets in the equity securities of small-capitalization (small-cap) and mid-capitalization (mid-cap) companies. The Fund, from time to time, may have significant positions in particular sectors such as information technology (including technology services and technology equipment and hardware), consumer discretionary, healthcare and industrials. The Fund may make private investments in companies whose securities are not publicly traded (including companies that have not yet issued securities publicly in an initial public offering ("IPO")), often in the form of private placements.

• Main Risks

This Fund is subject to the following types of main investment risks, among others, described in the Investor Handbook under "Risk Factors – Specific Investment Risks": focus, equity securities, liquidity, private company/private placement risk, and small and mid-capitalization companies.

Franklin Strategic Income Fund

• Investment Goals and Main Strategies

This Fund's principal investment goal is to earn a high level of current income. Its secondary goal is capital appreciation over the long term.

Under normal market conditions, the Fund invests at least 65% of its assets in U.S. and foreign debt securities, including those in emerging markets. The Fund shifts its investments among various classes of debt securities and at any given time may have a substantial amount of its assets invested in any class of debt security.

The Fund may invest up to 100% of its assets in high yield, lower-quality debt securities (also known as "junk bonds"). The Fund may invest a portion of its assets in marketplace loans to consumers and small and mid-sized enterprises or companies (SMEs), which may include loans for individual leases, that may be originated through online lending platforms. The Fund may invest in many different securities issued or guaranteed by the U.S. government or by non-U.S. governments, or their respective agencies or instrumentalities, including mortgage-backed securities and inflation-indexed securities issued by the U.S. Treasury. The Fund may also invest a small portion of its assets directly in mortgage loans.

For purposes of pursuing its investment goals, the Fund regularly enters into various currency-related transactions involving derivative instruments. The Fund also regularly enters into interest rate and credit-related transactions involving derivative instruments. The Fund may invest a significant portion of its assets in complex fixed income securities, such as collateralized debt obligations ("CDOs").

• Main Risks

This Fund is subject to the following types of main investment risks, among others, described in the Investor Handbook under "Risk Factors – Specific Investment Risks": collateralized debt obligations (CDOs)/collateralized loan obligations (CLOs), credit, currency management strategies, derivative instruments, developing and emerging market countries, focus, foreign securities, high-yield debt securities, inflation, interest rate, and liquidity.

Franklin Total Return Fund

• Investment Goals and Main Strategies

This Fund's principal investment goal is high level of current income, consistent with preservation of capital. Its secondary goal is capital appreciation over the long term.

Under normal market conditions, the Fund invests primarily in debt securities, which may be represented by derivative investments that provide exposure to debt securities such as futures, options and swap agreements. The debt securities in which the Fund may invest include government and corporate debt securities, mortgage- and asset-backed securities, floating interest rate corporate loans and debt securities and municipal securities. Under normal market conditions, the Fund invests primarily in investment grade debt securities and in unrated securities that the Fund's investment manager deems are of comparable quality.

The Fund also may invest up to 20% of its total assets in non-investment grade securities, including up to 5% in securities rated lower than B- by S&P Global Ratings (S&P) or Moody's Investors Services (Moody's), which may include defaulted securities. Excluding derivatives, the Fund invests no more than 33% of its total assets in non-investment grade debt securities, including no more than 5% in securities rated lower than B- by S&P or Moody's, which may include defaulted securities. The Fund's investments in marketplace loans are not subject to the 5% limitations described above.

The Fund may invest up to 25% of its total assets in foreign securities, including up to 20% of its total assets in non-U.S. dollar denominated securities and up to 10% of its total assets in emerging market securities. The Fund may invest a portion of its assets in marketplace loans to consumers and small and mid-sized enterprises or companies (SMEs), which may include loans for individual leases, that may be originated through online lending platforms. The Fund may invest in many different securities issued or guaranteed by the U.S. government or by non-U.S. governments, or their respective agencies or instrumentalities, including mortgage-backed securities and inflation-indexed securities issued by the U.S. Treasury. The Fund may also invest a small portion of its assets directly in mortgage loans.

To pursue its investment goals, the Fund regularly enters into various derivative transactions, including currency forwards, currency, interest rate/bond futures contracts and options on interest rate futures contracts, and swap agreements, including interest rate, fixed income total return, currency and credit default swaps, and options on interest rate and credit default swap agreements. The Fund may invest in mortgage dollar rolls. In a mortgage dollar roll, the Fund sells mortgage-backed securities for delivery in the current month and simultaneously contracts to repurchase substantially similar (same type, coupon, and maturity) securities on a specified future date. The Fund may invest a significant portion of its assets in complex fixed income securities, such as collateralized debt obligations ("CDOs").

Main Risks

This Fund is subject to the following types of main investment risks, among others, described in the Investor Handbook under "Risk Factors – Specific Investment Risks": collateralized debt obligations (CDOs)/collateralized loan obligations (CLOs), credit, currency management strategies, developing and emerging market countries, derivative instruments, foreign securities, high-yield debt securities, interest rate, investing in underlying investment companies, liquidity, and mortgage dollar rolls.

Franklin U.S. Government Securities Fund

• Investment Goals and Main Strategies

This Fund's investment goal is income.

Under normal market conditions, the Fund invests at least 80% of its net assets in U.S. government securities. The Fund presently invests substantially all of its assets in Government National Mortgage Association obligations (Ginnie Maes). Ginnie Maes represent an ownership interest in mortgage loans pooled together for sale to investors to finance purchases of homes. The mortgage loans may have either fixed or adjustable interest rates. As the underlying mortgage loans are paid off, Ginnie Maes provide investors with monthly payments of interest and principal as well as any unscheduled prepayments on the underlying mortgage loans. Ginnie Maes carry a guarantee as to the timely repayment of principal and interest that is backed by the full faith and credit of the U.S. government. The full faith and credit guarantee does not apply to the market prices and yields of the Ginnie Maes or to the net asset value or performance of the Fund, which will vary with changes in interest rates and other market conditions.

• Main Risks

This Fund is subject to the following types of main investment risks, among others, described in the Investor Handbook under “Risk Factors – Specific Investment Risks”: credit and interest rate.

Franklin U.S. Government Money Fund

• Investment Goals and Main Strategies

This Fund’s investment goal is to provide investors with as high a level of current income as is consistent with the preservation of shareholders’ capital and liquidity. The Fund also tries to maintain a stable $1.00 share price.

The Fund is a “feeder fund” that invests, through the U.S. Government Money Market Portfolio (the “Master Portfolio”), at least 99.5% of its total assets in Government securities, cash and repurchase agreements collateralized fully by Government securities or cash. For purposes of this policy, “Government securities” means any securities issued or guaranteed as to principal or interest by the United States, or by a person controlled or supervised by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States; or any certificate of deposit for any of the foregoing. Government securities include those issued by government agencies or instrumentalities, such as the Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Federal Home Loan Banks and Federal Farm Credit Banks, whose securities are neither issued nor guaranteed by the U.S. Government. The Fund intends to be a “Government money market fund,” as such term is defined in or interpreted under Rule 2a-7 under the Investment Company Act of 1940. Shareholders will be given at least 60 days’ advance notice of any change to the 99.5% policy.

The Fund invests, through the Master Portfolio, in U.S. government securities, which may include fixed, floating and variable rate securities, and repurchase agreements, which are agreements by the Fund to buy Government securities and then to sell the securities back on an agreed upon date (generally, less than seven days) at a higher price, which reflects prevailing short-term interest rates.

• Main Risks

This Fund is subject to the following types of main investment risks, among others, described in the Investor Handbook under "Risk Factors – Specific Investment Risks": credit, interest rate, and U.S. government securities.

Franklin Utilities Fund

• Investment Goals and Main Strategies

This Fund's investment goals are capital appreciation and current income.

Under normal market conditions, the Fund invests at least 80% of its net assets in the securities of public utilities companies. These are companies that provide electricity, natural gas, water, and communications services to the public and companies that provide services to public utilities companies. The Fund concentrates (invests more than 25% of its total assets) in companies operating in the utilities industry. The Fund invests primarily in equity securities, which consist mainly of common stocks. The Fund searches for the best return opportunities available in the global utilities arena with a specific focus on the U.S. electricity and gas sector.

• Main Risks

This Fund is subject to the following types of main investment risks, among others, described in the Investor Handbook under "Risk Factors – Specific Investment Risks": focus.

iShares Core S&P 500 ETF

• Investment Goals and Main Strategies

This Fund seeks to track the investment results of the S&P 500 (the "Underlying Index"), which measures the performance of the large-capitalization sector of the U.S. equity market, as determined by S&P Dow Jones Indices LLC (the "Index Provider" or "SPDJI"). As of March 31, 2020, the Underlying Index included approximately 80% of the market capitalization of all publicly-traded U.S. equity securities. The securities in the Underlying Index are weighted based on the float-adjusted market value of their outstanding shares.

The Fund's investment manager, BlackRock Fund Advisors ("BFA") uses a "passive" or indexing approach to try to achieve the Fund's investment objective. Indexing may eliminate the chance that the Fund will substantially outperform the Underlying Index but also may reduce some of the risks of active management, such as poor security selection. BFA uses a representative sampling indexing strategy to manage the Fund. "Representative sampling" is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to that of an applicable underlying index. The Fund may or may not hold all of the securities in the Underlying Index. The Fund generally invests at least 90% of its assets in securities of the Underlying Index and in depositary receipts representing securities of the Underlying Index. The Fund may invest the remainder of its assets in certain futures, options and swap contracts, cash and cash equivalents, including shares of money market funds advised by BFA or its affiliates, as well as in securities not included in the Underlying Index, but which BFA believes will help the Fund track the Underlying Index. The Fund may lend securities representing up to one-third of the value of the Fund's total assets (including the value of any collateral received).

• Main Risks

This Fund is subject to the following types of main investment risks, among others, described in the Investor Handbook under "Risk Factors – Specific Investment Risks": cybersecurity, equity securities, index-related, and securities lending.

Money Market Portfolio

• Investment Goals and Main Strategies

This Fund's investment goal is to provide investors with as high a level of current income as is consistent with the preservation of shareholders' capital and liquidity. The Fund also tries to maintain a stable $1.00 share price.

The Fund is a "feeder fund" that invests, through the U.S. Government Money Market Portfolio (the "Master Portfolio"), at least 99.5% of its total assets in Government securities, cash and repurchase agreements collateralized fully by Government securities or cash. For purposes of this policy, "Government securities" means any securities issued or guaranteed as to principal or interest by the United States, or by a person controlled or supervised by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States; or any certificate of deposit for any of the foregoing. Government securities include those issued by government agencies or instrumentalities, such as the Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Federal Home Loan Banks and Federal Farm Credit Banks, whose securities are neither issued nor guaranteed by the U.S. Government. The Fund intends to be a "Government money market fund," as such term is defined in or interpreted under Rule 2a-7 under the Investment Company Act of 1940. Shareholders will be given at least 60 days' advance notice of any change to the 99.5% policy.

The Fund invests, through the Master Portfolio, in U.S. government securities, which may include fixed, floating and variable rate securities, and repurchase agreements, which are agreements by the Fund to buy Government securities and then to sell the securities back on an agreed upon date (generally, less than seven days) at a higher price, which reflects prevailing short-term interest rates.

• Main Risks

This Fund is subject to the following types of main investment risks, among others, described in the Investor Handbook under "Risk Factors – Specific Investment Risks": credit, interest rate, and U.S. government securities.

Templeton Foreign Fund

• Investment Goals and Main Strategies

This Fund's investment goal is long-term capital growth.

Under normal market conditions, the Fund invests at least 80% of its net assets in foreign securities. These securities are predominantly equity securities of companies located outside the U.S., including developing markets. The Fund may, from time to time, engage in currency-related derivatives. The Fund may also use a variety of equity-related derivatives.

• Main Risks

This Fund is subject to the following types of main investment risks, among others, described in the Investor Handbook under "Risk Factors – Specific Investment Risks": currency management strategies, derivative instruments, developing and emerging market countries, equity securities, focus, foreign securities, liquidity, and smaller and mid-capitalization companies.

Templeton Global Bond Fund

• Investment Goals and Main Strategies

The Fund's investment goal is current income with capital appreciation and growth of income.

Under normal market conditions, the Fund invests at least 80% of its net assets in "bonds." For purposes of the Fund's 80% policy, bonds include derivative instruments or other investments that have economic characteristics similar to bonds. The Fund invests predominantly in bonds issued by governments, government-related entities and government agencies located around the world. Bonds may be denominated and issued in the local currency or in another currency. The Fund may also invest in securities or structured products that are linked to or derive their value from another security, asset or currency of any nation. In addition, the Fund's assets are invested in issuers located in at least three countries (including the U.S.). The Fund may invest without limit in developing markets.

The Fund is a "non-diversified" fund, which means it generally invests a greater portion of its assets in the securities of one or more issuers and invests overall in a smaller number of issuers than a diversified fund. The Fund may invest up to 25% of its total assets in bonds that are rated below investment grade or, if unrated determined by the Fund's investment manager to be of comparable quality. Generally, lower rated securities pay higher yields than more highly rated securities to compensate investors for the higher risk.

For purposes of pursuing its investment goals, the Fund regularly enters into various currency related transactions involving derivative instruments. The results of such transactions may represent, from time to time, a large component of the Fund's investment returns. The use of these derivative transactions may allow the Fund to obtain net long or net negative (short) exposure to selected currencies. The Fund may also enter into various other transactions involving derivatives, including interest rate/bond futures and swap agreements (which may include interest rate and credit default swaps).

• Main Risks

This Fund is subject to the following types of main investment risks, among others, described in the Investor Handbook under "Risk Factors – Specific Investment Risks": credit, currency management strategies, derivative instruments, developing and emerging market countries, focus, foreign securities, high-yield debt securities, interest rate, liquidity, and non-diversification.

Templeton Growth Fund, Inc.

• Investment Goals and Main Strategies

This Fund's investment goal is long-term capital growth.

Under normal market conditions, the Fund invests primarily in the equity securities of companies located anywhere in the world, including developing markets. The Fund may invest in companies of any size, including small and medium capitalization companies. Although the Fund seeks investments across a number of regions, countries and sectors, from time to time, based on economic conditions, the Fund may have significant positions in particular regions, countries or sectors. The Fund may also use a variety of equity-related derivatives, which may include equity futures and equity index futures.

• Main Risks

This Fund is subject to the following types of main investment risks, among others, described in the Investor Handbook under "Risk Factors – Specific Investment Risks": derivative instruments, developing and emerging markets, equity securities, focus, foreign securities, liquidity, and smaller and mid-capitalization companies.

Appendix D

NJBEST Scholarship Regulations

The NJBEST Scholarship is provided by the New Jersey Higher Education Student Assistance Authority. The State regulations with respect to the NJBEST scholarship are set forth below.

New Jersey Administrative Code
Title 9a. Higher education
Chapter 10. Student Loan and College Savings Programs
Subchapter 7. Policy Governing New Jersey Better Educational Savings Trust (NJBEST) Program

9A: 10-7.15 Eligibility for NJBEST scholarship

(a) An additional amount of $500.00, subject to appropriations available therefore, shall be credited toward the qualified higher education expenses of a designated beneficiary at the time of a qualified withdrawal provided:

1. The contributor demonstrates to the satisfaction of the Authority that the contributor participated in the program by making and not withdrawing a qualifying minimum initial deposit of $1,200.00 or that qualifying minimum annual contributions of $300.00 for a designated beneficiary were made by persons based on the time periods for crediting these contributions in (a) i through iii below. In all cases involving the eligibility of a designated beneficiary for an NJBEST scholarship, the Authority reserves the right to make the final determination as to whether contributions have met the time periods as stated in this paragraph for participation in the NJBEST Program.

    i. For students enrolling for the first time in the fall semester of an academic year, the first contribution to NJBEST must have been credited to the contributor's account more than 48 months prior to September 1st of that academic year;

    ii. For students enrolling for the first time in the spring semester of an academic year, the first contribution to NJBEST must have been credited to the contributor's account more than 48 months prior to February 1st of that academic year; or

    iii. For students enrolling for the first time in any trimester of an academic year at an institution operating on a trimester or other academic schedule, the first contribution to NJBEST must have been credited to the contributor's account more than 48 months prior to the first day of the month in which the student is first enrolled.

iv. First time enrollment is defined as the first time a student enrolls on either a full- or half-time basis at any institution of post-secondary education. Students who have previously attended another institution of post-secondary education are not first time student, for semester schools, if a student's first term of enrollment is for the summer or winter term, the scholarship is awarded for the succeeding fall or spring semester.

2. The designated beneficiary in (a) above demonstrates his or her undergraduate attendance or enrollment in a higher education institution in this State by submitting a certification by the higher education institution at the time of initial attendance or enrollment;

   i. With respect to proprietary institutions, undergraduate attendance or enrollment must be in a degree granting program licensed or approved by the Commission on Higher Education; and

3. Either the contributor, if a person, or the designated beneficiary demonstrates to the satisfaction of the Authority that the contributor or designated beneficiary is a New Jersey resident. Residence for purposes of the NJBEST scholarship is defined in N.J.A.C. 9A:10-7.4(a.)4.

(b) For every two additional years in which the minimum annual contribution of$300.00 is deposited in the account of a designated beneficiary, an additional amount of$250.00, up to a maximum scholarship of $1,500.00, subject to appropriations available therefor, shall be credited toward the qualified higher education expenses of a designated beneficiary at the time of a qualified withdrawal provided the requirements of (a)2 and 3 above are met.

(c) The additional amounts provided under (a) and (b) above shall meet the requirements of a qualified scholarship within the meaning of section 117 of the Federal Internal Revenue Code of 1986, 26 U.S.C. § 117, for a designated beneficiary satisfying the requirements of (a) or (a) and (b) above.

(d) A designated beneficiary satisfying the requirements of (a) or (a) and (b) above shall not be eligible to receive more than one such additional amount provided under (a) or (a) and (b) above.

(e) A student must be enrolled at least half-time in a higher education institution to be eligible for an NJBEST scholarship.

APPENDIX E

FINANCIAL PROFESSIONAL SALES CHARGE DISCOUNTS AND WAIVERS

Specific Financial Professionals may have different policies and procedures than the Program regarding the availability of initial sales charge waivers or reductions or contingent deferred sales charge waivers; exchanges or conversions between classes of Trust Shares; Account investment minimums; and minimum Account balances. In all instances, it is the contributor’s or Account Owner’s responsibility to notify the Program or the applicable Financial Professional at the time of contribution to or withdrawal from an Account of any relationship or other facts qualifying the purchase or redemption of Trust Shares for sales charge waivers or discounts. For waivers and discounts not available through a particular Financial Professional, contributors or Account Owners will have to purchase Trust Shares directly from the Program or through another Financial Professional to receive such waivers or discounts. Please see the section of the Investor Handbook entitled “Fees and Expenses” for more information on sales charges and waivers available for different classes of Trust Shares.

The information in this Appendix is part of, and incorporated into, the Investor Handbook.

EDWARD D. JONES & CO., L.P. (“EDWARD JONES”)

Policies Regarding Transactions Through Edward Jones

The following information has been provided by Edward Jones:

Effective on or after December 1, 2020, the following information supersedes prior information with respect to transactions and positions held in 529 Plan units through an Edward Jones system. Clients of Edward Jones (also referred to as "shareholders") purchasing Trust Shares on the Edward Jones commission platform are eligible only for the following sales charge discounts (also referred to as "breakpoints") and waivers, which can differ from discounts and waivers described elsewhere in the Investor Handbook or applicable to purchases of Trust Shares through another Financial Intermediary. In all instances, it is the shareholder's responsibility to inform Edward Jones at the time of purchase of any relationship, holdings of Franklin Templeton and Legg Mason mutual funds (including holdings of 529 Plans where Franklin Templeton or Legg Mason serve as the primary distributor) or other facts qualifying the purchaser for discounts or waivers. Edward Jones can ask for documentation of such circumstance. For purposes of this disclosure, “shareholders” include Franklin Templeton 529 College Savings Plan Account Owners, a Franklin Templeton 529 College Savings Plan Portfolio shall be considered a fund and a Franklin Templeton mutual fund, and units of Franklin Templeton 529 College Savings Plan Portfolios shall be considered “shares” and “fund shares.” Shareholders should contact Edward Jones if they have questions regarding their eligibility for these discounts and waivers.

Breakpoints

- Breakpoint pricing, otherwise known as volume pricing, at dollar thresholds as described in the Investor Handbook.

Rights of Accumulation ("ROA")

- The applicable sales charge on a purchase of Class A Trust Shares is determined by taking into account all share classes (except certain money market funds and any assets held in group retirement plans) of the Program and of Franklin Templeton and Legg Mason mutual funds held by the shareholder or in an account grouped by Edward Jones with other accounts for the purpose of providing certain pricing considerations ("pricing groups"). This includes all share classes held on the Edward Jones platform and/or held on another platform. The inclusion of eligible fund family assets in the ROA calculation is dependent on the shareholder notifying Edward Jones of such assets at the time of calculation. Money market funds are included only if such shares were sold with a sales charge at the time of purchase or acquired in exchange for shares purchased with a sales charge.
- ROA is determined by calculating the higher of cost minus redemptions or market value (current shares x NAV).

Letter of Intent ("LOI")

- Through a LOI, shareholders can receive the sales charge and breakpoint discounts for purchases shareholders intend to make over a 13-month period from the date Edward Jones receives the LOI. The LOI is determined by calculating the higher of cost or market value of qualifying holdings at LOI initiation in combination with the value that the shareholder intends to buy over a 13-month period to calculate the frontend sales charge and any breakpoint discounts. Each purchase the shareholder makes during that 13-month period will receive the sales charge and breakpoint discount that applies to the total amount. The inclusion of Trust Shares and eligible fund family assets in the LOI calculation is dependent on the shareholder notifying Edward Jones of such assets at the time of calculation. Purchases made before the LOI is received by Edward Jones are not adjusted under the LOI and will not reduce the sales charge previously paid. Sales charges will be adjusted if LOI is not met.

Sales Charge Waivers

Sales charges are waived for the following shareholders and in the following situations:

- Associates of Edward Jones and its affiliates and their family members who are in the same pricing group (as determined by Edward Jones under its policies and procedures) as the associate. This waiver will continue for the remainder of the associate's life if the associate retires from Edward Jones in good-standing and remains in good standing pursuant to Edward Jones' policies and procedures.
- Shares purchased within 60 days of the liquidation of Trust Shares in the same share class and the same account.
- Shares exchanged into Class A shares from another share class so long as the exchange is into the same Trust Portfolio and was initiated at the discretion of Edward Jones. Edward Jones is responsible for any remaining continuing deferred

sales charge (CDSC) due to the Program. Any future purchases are subject to the applicable sales charge as disclosed in the Investor Handbook.

- Exchanges from Class C shares to Class A shares of the Trust Portfolio, generally, in the 84^{th} month following the anniversary of the purchase date or earlier at the discretion of Edward Jones.
- Purchases of Class A shares through a rollover from another 529 Plan.
- Purchases made for recontribution of refunded amounts.

Contingent Deferred Sales Charge ("CDSC") Waivers

If the shareholder purchases Trust Shares that are subject to a CDSC and those shares are redeemed before the CDSC is expired, the shareholder is responsible to pay the CDSC except in the following conditions:

- The death or disability of the shareholder or beneficiary
- Shares acquired through NAV reinstatement

<u>Other Important Information Regarding Transactions Through Edward Jones</u>

Minimum Purchase Amounts

• Initial purchase minimum: $250
• Subsequent purchase minimum: none

Exchanging Trust Share Classes

• At any time it deems necessary, Edward Jones has the authority to exchange at NAV a shareholder's holdings in a Trust Portfolio to Class A Trust Shares.

Age-Based Trust Portfolio Investments for Shareholders Purchasing Trust Shares through an Edward Jones Account

• For shareholders investing in Age-Based Trust Portfolios in a Financial Advisor Omnibus Account through the Edward Jones commission platform, the Age-Based Portfolio Transfers to the next Age-Based Investment 529 Portfolio which occur as the Beneficiary ages will occur, when applicable, during the month following the month the Beneficiary reaches the age for which the next Age-Based Investment 529 Portfolio is designed.

Account Maintenance Fees

• For accounts held in omnibus by Edward Jones, the annual account maintenance fees are waived.

Business Continuity Planning Information Notice

At Franklin Templeton Investments ("FTI" and "we"/"our" in this notice), we recognize how heavily our clients rely on our services. We also recognize that the unexpected can and does occur, from simple outages to major incidents affecting multiple sites. We have successfully supported critical business activities during disruptions of normal business processes from both natural and man-made disasters, including hurricanes, fires, September 11th and other events. We want you to know that we have plans in place to help safeguard your assets and protect vital account information in the event of a business disruption.

Franklin Templeton Investments and its affiliated companies, including Fiduciary Trust Company International, Franklin/Templeton Distributors, Inc., Templeton/Franklin Investment Services, Inc., and Franklin Templeton Financial Services Corp., ("Franklin Templeton") have Crisis Management, Business Continuity and technology Disaster Recovery plans. In addition, Franklin Templeton Investments has dedicated business continuity planners on staff to assist in preparing and testing of plans.

Franklin Templeton Investments (FTI) Contingency Planning Guidelines

Franklin Templeton plans are developed around specific corporate-wide guidelines. As such, FTI has developed plans that include the ability to recover from various situations including but not limited to unplanned evacuations, power outages, fire, severe weather, intentional acts, and facilities failures that may cause interruptions to our business. Our plans address the ability to recover critical functions according to their time criticality. In order to maintain secure and effective plans, FTI does not provide the specific details in this notice, but you should be aware that FTI's corporate disaster recovery planning includes the following:

• Identification and recovery of mission critical systems to include telecommunications.

• Replication, backup and recovery for critical information.

• Alternate and redundant communications between Franklin Templeton and its customers.

• Alternate communications with and alternate locations for employees.

• Regulatory reporting and communications with regulators.

• Review of financial and operational risks.

Franklin Templeton Investments Contingency Planning and Business Recovery

Franklin Templeton actively identifies and seeks to mitigate risks to reduce potential issues and their impact. In the event of an outage or other site-specific problems, Franklin Templeton has plans in place to support recovery of its critical business systems and functions. In addition to the guidelines stated above, Franklin Templeton's recovery plans also include the following:

• **Designated Contingency Sites and Seamless Client Contact** – There are pre-established and tested processes for rerouting of critical telephone and computer systems. Customers should experience minimal downtime in their ability to contact Franklin

Templeton. Within a minimal period of time, customers would be able to re-attempt contact via FTI's published toll free telephone numbers, or the FTI website.

• **Access to Your Funds** – An outage should not impact your ability to have access to your available funds, as Franklin Templeton Investments business continuity plans are designed to help ensure sustained service. However, factors outside Franklin Templeton's control, such as the market closure following the September 11 tragedy, may impact our ability to service our customers.

Please note that Franklin Templeton Investments' Business Continuity Plans are reviewed and tested as necessary, and at least annually, to ensure they account for technology, business and regulatory changes. The plans are subject to change, and material changes to our approach will be reflected in an updated "Business Continuity Planning Information Notice" that will be posted on our website at franklintempleton.com. You may obtain a current written copy of this notice by contacting a Franklin Templeton representative.

FRANKLIN TEMPLETON PRIVACY NOTICE

Your Privacy Is Our Priority

Franklin Templeton Distributors, Inc. ("FTDI" and "we"/"us" in this notice) is committed to safeguarding information provided to us by investors in the Franklin Templeton 529 College Savings Plan and the NJBEST 529 College Savings Plan (together referred to as the "Program"). This notice is designed to provide you with a summary of the non-public personal information we may collect and maintain about current or former investors, our policy regarding the use of that information, and the measures we take to safeguard the information. We do not sell non-public personal information to anyone and only share it as described in this notice.

Information We Collect

If you invest in the Program directly through FTDI you provide us with your non-public personal information. We collect and use this information to service your accounts and respond to your requests. The non-public personal information we collect falls into the following categories:

- Information we receive from you on applications or other forms, whether we receive the form in writing or electronically. For example, this information includes your name, address, tax identification number, birth date, investment selection, beneficiary information, and possibly your personal bank account information and/or email address if you have provided that information.

- Information about your transactions and account history within the Program. This category also includes your communications to us concerning your investments.

- Information collected from you online, such as your IP address and data gathered from your browsing activity and location. (For example, we may use cookies to collect device and browser information so our website recognizes your online preferences and device information.) Our website contains more information about cookies and ways you may choose to limit them.

- Other general information that we may obtain about you such as demographic information.

Disclosure Policy

To better service your accounts and process transactions or services you've requested, we may share non-public personal information with other Franklin Templeton companies. From time to time we may also send you information about products/services offered by other Franklin Templeton companies although we will not share your non-public personal information with these companies without first offering you the opportunity to prevent that sharing. We will only share non-public personal information with outside parties in the limited circumstances permitted by law. For example, this includes situations where we need to share information with companies who work on our behalf to service or maintain your account or process transactions you have requested, when the disclosure is to companies assisting us with our own marketing efforts, when the disclosure is to a party representing you, or when required by law (for example, in response to legal process). Additionally, we will ensure that any outside companies working on our behalf, or with whom we have joint marketing agreements, are under contractual obligations to protect the confidentiality of your information, and to use it only to provide the services we have asked them to perform.

Confidentiality and Security

Our employees are required to follow procedures with respect to maintaining the confidentiality of our investors' non-public personal information. Additionally, we maintain physical, electronic, and procedural safeguards to protect the information. This includes performing ongoing evaluations of our systems containing investor information and making changes when appropriate. At any time, you may contact us for a copy of this notice at (866) 362-1597.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NOTICE OF PRIVACY POLICY

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

The New Jersey Higher Education Student Assistance Authority's (HESAA) mission includes, in part, providing New Jersey students and families with financial resources such as loans, grants, scholarships and college savings programs to assist students in achieving their educational goals.

Protecting the privacy of your personal information is important to us at HESAA. We respect your right to privacy and recognize our obligation to keep information about you secure and confidential. We do not sell or share information about you with outside marketers.

Federal legislation requires us to provide you with this notice about our privacy policy. This means personal Information about you which identifies you, and that is not available from public sources.

HESAA's Privacy Policy

FACTS	**WHAT DOES: NJ Higher Education Student Assistance Authority ("HESAA") 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 you have with us. This information can include: ▪ Social Security number, income and assets ▪ Account balances and payment history ▪ Account transactions, 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 customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons HESAA chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does HESAA share?	Can you limit this sharing?
For our everyday business purposes— such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	YES	No
For our marketing purposes— to offer our products and services to you	YES	No
For joint marketing with other financial companies	No	We Don't Share
For our affiliates' everyday business purposes— information about your transactions and experiences	YES	No
For our affiliates' everyday business purposes— information about your creditworthiness	No	We Don't Share
For nonaffiliates to market to you	No	We Don't Share

Questions?	Call (609) 584-4480 or go to www.hesaa.org

Who we are

Who is providing this notice?	This Privacy Notice is being provided by the State of New Jersey Higher Education Student Assistance Authority "HESAA".

What we do

How does HESAA protect my personal information?	To protect your personal 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.
How does HESAA collect my personal information?	We collect your personal information, for example, when you: ■ Apply for a loan or give us your contact information ■ Open an account or pay your bills ■ Provide employment information We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only: ■ Sharing for affiliates' everyday business purposes—information about your creditworthiness ■ Affiliates from using your information to market to you ■ Sharing for nonaffiliates to market to you State laws and individual companies may give you additional rights to limit sharing.

Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. ■ *Our affiliates include other State of New Jersey government agencies, authorities, boards and commissions.*
Nonaffiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. ■ *HESAA does not share with nonaffiliates so they can market to you.*
Joint marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. ■ *HESSA doesn't jointly market.*

00256133

FRANKLIN TEMPLETON

Franklin Templeton Distributors, Inc.
One Franklin Parkway
San Mateo, CA 94403-1906
(800) 818-4030
franklintempleton.com

HESAA
Higher Education Student Assistance Authority

Notice from Franklin Templeton Distributors, Inc.

Franklin Templeton Distributors, Inc. is registered with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board (the “MSRB”). The website address for the MSRB is: www.msrb.org. A brochure is available to customers on the MSRB’s website that describes the protections that may be provided by MSRB rules as well as how to file a complaint with an appropriate regulatory authority.

529 HNDBK 12/20

FRANKLIN TEMPLETON

Click to Print Application

529 COLLEGE SAVINGS PLAN
ACCOUNT APPLICATION

IMPORTANT INFORMATION:

- **You or your financial professional can now open certain new accounts online. Visit franklintempleton.com for more details.**
- Complete this application to establish a Franklin Templeton 529 College Savings Plan Account.
- A separate application MUST be completed for each Plan Account established by an Account Owner, including a Plan Account established for a different Beneficiary.
- **PLEASE NOTE:** The state in which the Account Owner, Beneficiary, or (if applicable) Third-Party Contributor resides may have a 529 Plan that offers tax and other benefits exclusively to residents who participate in that state's plan. Please make sure you discuss all options with your financial professional prior to investing.
- **IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT.** To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, we will ask for your name, address, date of birth and other information that will allow us to identify you. **If you fail to provide all requested information, it may delay or prevent us from opening an account and making your requested investment(s), and if after your account is open we are unable to verify the information you provide, we may close your account.**

If completing by hand, please print clearly in CAPITAL LETTERS using blue or black ink.

If applicable, provide any Franklin Templeton case number(s) related to your request: ____________

1 ACCOUNT OWNER INFORMATION

- Provide information about the Account Owner who will control the Plan Account for the Beneficiary.
- **Required for the Account Owner: Full name, Social Security number (or ITIN),[1] date of birth and street address (include any APT, BLDG, STE number).**
- If the Account Owner is a Custodianship/Trust, provide the full name, Social Security number and date of birth for the Trustee authorized to act on behalf of the Custodianship/Trust.

Account Owner/Trustee first name | M.I. | Last name | Suffix | SSN/ITIN | Date of birth (mm/dd/yyyy)

Street address of residence (no P.O. Box address) | City | State | ZIP

Mailing address (if different from above) | City | State | ZIP

Email address[2] | Primary phone number ( ) | Alternate phone number ( )

Select your employment status: ☐ Employed ☐ Self-Employed ☐ Retired ☐ Not Employed

Occupation Title | Employer name

Employer address | City | State | ZIP

Check below, if applicable:

☐ **The account will be opened as an UGMA/UTMA 529.**[3] Please provide the state where the UGMA/UTMA account was established: State ____

☐ **The account will be opened as a Custodianship/Trust:**

Custodian/Trust name | Custodian/Trust TIN

IMPORTANT: When establishing a trust account, provide photocopies of the trust document: title, signature, and trustee pages.

1. You must provide your U.S. Taxpayer Identification Number (TIN); a TIN includes the Social Security number (SSN), an IRS Individual Taxpayer Identification Number (ITIN) or an Employer Identification Number (EIN).
2. If you currently receive any electronic communications/documents from Franklin Templeton, future communications/documents will be sent to the email address provided on this form, replacing any prior email address on file.
3. Any additional contributions made to a 529 Plan Account opened with assets transferred or rolled over from an UGMA/UTMA account will be subject to the ownership laws of the state where the UGMA/UTMA was established. There may be advantages to directing subsequent contributions to a separate 529 Plan Account. Please see the *Investor Handbook* for more information.

(continued)

2 BENEFICIARY INFORMATION

Beneficiary first name | M.I. | Last name | Suffix | SSN/ITIN | Date of birth (mm/dd/yyyy)

Street address of residence
(if different from Account Owner address – no P.O. Box address) | City | State | ZIP

Relationship, if any, between the Beneficiary and the Account Owner:
☐ Family Member ☐ Self ☐ Other (specify relationship)

3 SUCCESSOR ACCOUNT OWNER INFORMATION (optional)

You may name a Successor Account Owner, unless your Plan Account is funded with proceeds from an UGMA/UTMA account or a trust is named as the Account Owner. The Successor Account Owner must be age 18 or older and takes the place of the Account Owner only in the event of the Account Owner's death and has all the rights and responsibilities of the original Account Owner with regard to the Plan Account, including the ability to make deposits to the Plan Account, the right to make withdrawals from the Plan Account, the right to change the Beneficiary of the Plan Account, and the responsibility for the Account Owner's tax liability in the event of a withdrawal. See the *Investor Handbook* for details.

Successor Account Owner first name | M.I. | Last name | Suffix | SSN/ITIN | Date of birth (mm/dd/yyyy)

Email address | Primary phone number ( )

Street address of residence
(if different from Account Owner address – no P.O. Box address) | City | State | ZIP

OR

Trust Name | Trust date (mm/dd/yyyy)

4 ELECTRONIC DELIVERY (eDELIVERY)

Complete this section to select your electronic delivery options. **IMPORTANT: Your email address is required in Section 1.**

- If you select an eDelivery option below, you will receive an email in order to complete the eDelivery enrollment process or update your current eDelivery elections.
- When you complete the eDelivery enrollment process, statements, notifications[4] and/or tax documents will be sent to the email address provided in Section 1. If you do not complete the eDelivery enrollment process by accepting the Electronic Delivery Agreement, we will send statements, notifications[4] and tax documents to your mailing address.
- If you do not select an eDelivery option, statements, notifications[4] and tax documents will be sent based on your current eDelivery elections. If no eDelivery elections are on file for you, we will send statements, notifications[4] and tax documents to your mailing address.

Select ALL that apply:

☐ I want eDelivery of my statements and notifications[4]
☐ I want eDelivery of my tax documents

5 BANK INFORMATION FOR ELECTRONIC SERVICES

Please establish electronic transfers to or from my bank account. Only one bank account can be linked to my Franklin Templeton account(s) for purchases and redemptions. If my bank or credit union is not an Automated Clearing House (ACH) member, this service is not available.

- These bank instructions will be established for purchases, automatic investment plan transfers and redemptions.
- Any bank account owner who is not an owner of the Franklin Templeton 529 College Savings Plan Account must sign in Section 11.
- No checks? Include a preprinted savings account deposit slip or letter from your bank, on its letterhead and signed by an officer. The deposit slip or letter must include the bank account registration, account number, account type and bank routing number. Do not staple to the application. Handwritten information on the savings deposit slip or bank letterhead is not acceptable.

Select ONE of the following options:

☐ Use my enclosed letter from my bank.
☐ Use my enclosed preprinted voided check.
☐ Use my enclosed preprinted checking deposit slip.
☐ Use my enclosed preprinted savings deposit slip.
☐ Use my enclosed personal investment check. (If more than one investment check is enclosed, please provide the appropriate bank information below.)

Bank routing number (9 digits) | Bank account number

4. Notifications may include transaction confirmations, prospectuses, shareholder reports, proxy materials, 529 handbook and other notifications.

6 INITIAL INVESTMENT

The total minimum investment is **$250** per Plan Account or a minimum of **$25** if the Plan Account(s) will be funded by Automatic Investment Plan.
How would you like to make your initial investment? **SELECT ALL THAT APPLY:**

☐ A. One-time electronic purchase from the bank account identified in Section 5. $

☐ B. Automatic Investment Plan (Complete Sections 5 and 8).

☐ C. Payroll Deduction Direct Deposit.
- **Return a completed *529 Payroll Deduction Form* with your 529 Application**

☐ D. By Check – Make check(s) payable to Franklin Templeton 529 College Savings Plan or the name of the portfolio. $

☐ E. Rollover/Transfer from another 529 Program, Coverdell ESA, Series EE or I Savings Bond, UGMA/UTMA or other investment and instructing Franklin Templeton to contact my prior program's manager or the custodian of my investment to transfer my contribution.
- **Return a completed *529 Rollover/Transfer Request Form* with your 529 Application**

☐ F. I am enclosing a check from another 529 Program, Coverdell ESA, Series EE or I Savings Bond, UGMA/UTMA Custodial Account, for rollover/transfer into my Franklin Templeton 529 Plan Account. (Endorse check from prior program or make new check payable to "Franklin Templeton 529 College Savings Plan.") You may complete only one rollover/transfer contribution per Beneficiary within a 12-month period.
- **If you select F, specify the source of your rollover/transfer by selecting ALL that apply below**

529 PROGRAM/COVERDELL ESA	UGMA/UTMA ACCOUNT (NOT INCLUDING UGMA/UTMA-REGISTERED 529 PROGRAM ACCOUNTS)	SERIES EE OR I SAVINGS BOND or OTHER INVESTMENTS
☐ I am funding this Plan Account with assets from another Section 529 Program or Coverdell ESA. ☐ Some or all of my existing Section 529 Program assets came from an UGMA/UTMA established in the State of ____________________.	☐ I am funding this Plan Account with assets from an UGMA/UTMA that was established for the same Beneficiary listed in Section 2 of this application. UGMA/UTMA was established in the State of ____________________.	☐ I am funding this Plan Account with assets from a qualified Series EE or I Savings Bond. ☐ I am funding this Plan Account with assets from other investments.
☐ The **Beneficiary is the same** for both programs. ☐ The **Beneficiary is different** but is a **qualified "member of the family"** of the previous Beneficiary.	**NOTE:** Special Considerations are related to transfers from UGMA/UTMA accounts. Please see the *Investor Handbook* for more information.	**EE or I Savings Bond:** Provide a copy of Form 1099-INT or an account statement from the prior financial institution showing the breakdown of principal and earnings for the intended investment transfer.

IMPORTANT: Provide a copy of an account statement from the prior financial institution that shows the breakdown of investment portion and earnings if rollover/transfer contribution is from a 529 Program or Coverdell ESA.

INFORMATION CONCERNING BREAKDOWN OF PRINCIPAL AND EARNINGS

The earnings portion of amounts distributed from another 529 Program or Coverdell ESA must be treated as earnings in the Plan Account. Unless otherwise permitted in connection with interest treated as taxable income in the year of the transfer, any amount of interest accrued on Series EE or I Savings Bonds must be treated as earnings in the Plan Account. Please provide the required documentation to evidence the breakdown of investment portion and earnings of the investment you are rolling over. If you do not provide a breakdown of your contribution by investment portion and earnings portion, the entire amount of the contribution may be treated as earnings that may be taxable upon withdrawal.

7 INVESTMENT OPTIONS

- Your initial contribution to your Plan Account will be invested in the Trust portfolio(s) based on the allocation selection below.
- **If no share class is specified, Class A Trust shares will be purchased.**
- **You must have a broker-dealer to purchase Class C Trust shares. To designate a broker-dealer, complete Section 12.**
- Additional portfolios can also be selected/set up at a later date by filling out a *529 Account Revision Form*. See the *Investor Handbook* for details.
- The Franklin U.S. Government Money 529 Portfolio is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency and it is possible to lose money by investing in the portfolio.

$250 MINIMUM INITIAL INVESTMENT IF YOU DO NOT ESTABLISH AN AUTOMATIC INVESTMENT ($25 MINIMUM PER PORTFOLIO SELECTED) IN SECTION 8 OF THIS APPLICATION.

NOTE: Minimum Initial Investment not applicable to Payroll Deduction

Investment Option	Share Class A	C	Adv	Allocation or Percentage	
Age-Based Asset Allocations The Age-Based Asset Allocations have been designed for savings intended for qualified higher education (i.e. college) expenses, not for elementary or secondary education tuition expenses.					
Franklin Conservative Allocation 529 Portfolio (age-based)	☐	☐	☐	$ ________	________ %
Franklin Moderate Allocation 529 Portfolio (age-based)	☐	☐	☐	$ ________	________ %
Franklin Growth Allocation 529 Portfolio (age-based)	☐	☐	☐	$ ________	________ %
Objective-Based Asset Allocations					
Franklin Corefolio® 529 Portfolio	☐	☐	☐	$ ________	________ %
Franklin Founding Funds 529 Portfolio	☐	☐	☐	$ ________	________ %
Franklin Growth Allocation 529 Portfolio	☐	☐	☐	$ ________	________ %
Franklin Growth & Income Allocation 529 Portfolio	☐	☐	☐	$ ________	________ %
Franklin Income Allocation 529 Portfolio	☐	☐	☐	$ ________	________ %

Investment Option	Share Class A	C	Adv	Allocation or Percentage	
Individual Portfolios					
Franklin Growth 529 Portfolio	☐	☐	☐	$ ________	________ %
Franklin Income 529 Portfolio	☐	☐	☐	$ ________	________ %
Franklin Mutual Global Discovery 529 Portfolio	☐	☐	☐	$ ________	________ %
Franklin Mutual Shares 529 Portfolio	☐	☐	☐	$ ________	________ %
Franklin Small-Mid Cap Growth 529 Portfolio	☐	☐	☐	$ ________	________ %
Templeton Global Bond 529 Portfolio	☐	☐	☐	$ ________	________ %
Templeton Growth 529 Portfolio	☐	☐	☐	$ ________	________ %
S&P 500 Index 529 Portfolio	☐	☐	☐	$ ________	________ %
Franklin U.S. Government Money 529 Portfolio	☐	☐		$ ________	________ %
TOTAL (must equal dollar amount of contribution or electronic contribution)				$ 0.00	100%

(continued)

8 AUTOMATIC INVESTMENT PLAN

Complete this section to establish an automatic investment plan directly FROM a bank account TO your Franklin Templeton 529 College Savings Plan portfolio(s).

- Franklin Templeton may take up to 15 days to establish your automatic investment. $25 investment minimum per portfolio.
- If Frequency and Investment Date are not selected, we will default to monthly on the 20th.
- If the Investment Date falls on a non-business day, the transaction will be made on the following business day.
- Select only one investment date, unless you select twice a month as the frequency.
- If you select twice a month as the frequency, the selected dates must be at least 10 days apart. If you do not select two dates or select dates that are not 10 days apart, we will default to the 1st and the 15th.

Select ONE of the following:

☐ Apply to all portfolio(s) selected in Section 7. $ ________ per portfolio. Specify your start month, frequency and investment date below.

START MONTH	FREQUENCY (select one)		INVESTMENT DATE		
	☐ monthly	☐ quarterly	☐ 1st	☐ 10th	☐ 20th
	☐ twice a month	☐ annually	☐ 5th	☐ 15th	☐ 25th

OR

☐ Specify a different start month, frequency and investment date(s) for only the portfolio(s) listed below.

SHARE CLASS	PORTFOLIO NAME OR PORTFOLIO NUMBER	AMOUNT	START MONTH	FREQUENCY (select one)	INVESTMENT DATE
☐ A ☐ C ☐ Adv		$		☐ monthly ☐ quarterly ☐ twice a month ☐ annually	☐ 1st ☐ 10th ☐ 20th ☐ 5th ☐ 15th ☐ 25th
☐ A ☐ C ☐ Adv		$		☐ monthly ☐ quarterly ☐ twice a month ☐ annually	☐ 1st ☐ 10th ☐ 20th ☐ 5th ☐ 15th ☐ 25th
☐ A ☐ C ☐ Adv		$		☐ monthly ☐ quarterly ☐ twice a month ☐ annually	☐ 1st ☐ 10th ☐ 20th ☐ 5th ☐ 15th ☐ 25th
☐ A ☐ C ☐ Adv		$		☐ monthly ☐ quarterly ☐ twice a month ☐ annually	☐ 1st ☐ 10th ☐ 20th ☐ 5th ☐ 15th ☐ 25th
☐ A ☐ C ☐ Adv		$		☐ monthly ☐ quarterly ☐ twice a month ☐ annually	☐ 1st ☐ 10th ☐ 20th ☐ 5th ☐ 15th ☐ 25th

9 SALES CHARGE REDUCTIONS FOR CLASS A TRUST SHARES

Franklin Templeton offers two ways for you to combine your current purchase of Class A Trust shares with other existing Franklin Templeton fund share holdings that might enable you to qualify for a lower sales charge with your current purchase. You can qualify for a lower sales charge when you reach certain "sales charge breakpoints." This quantity discount information is available at franklintempleton.com by clicking the "Investments and Solutions" tab and then choosing "Quantity Discounts for Class A Shares."

☐ **CUMULATIVE QUANTITY DISCOUNT FOR CLASS A TRUST SHARES** (Please provide statement copies for any Franklin Templeton mutual fund holdings that are not held directly with Franklin Templeton.)

I have reviewed the cumulative quantity discount provision of the *Investor Handbook* and understand that I can combine the amount of my current purchase of Class A Trust shares with any existing holdings that the *Investor Handbook* describes as "cumulative quantity discount eligible shares" to determine if I can qualify for a reduced sales charge breakpoint. I also understand that if there are any existing cumulative quantity discount eligible shares that I want combined with my current purchase, I must identify the account(s) in which they are held below or they will not be considered in determining if my current purchase qualifies for a reduced sales charge breakpoint.

I have reviewed the *Investor Handbook* (or web page noted above) and believe that cumulative quantity discount eligible shares are held in the following account(s).

Fund-account number(s)	Cumulative value of eligible shares
	$

☐ **LETTER OF INTENT FOR CLASS A TRUST SHARES**

I intend to purchase additional shares issued by one or more Franklin Templeton funds or portfolios over a 13-month period following my initial purchase in order to be eligible for a sales charge discount on my purchase of Class A Trust shares. I agree to the terms of the Letter of Intent described in the *Investor Handbook* and applicable prospectus(es) and grant Franklin Distributors, LLC a security interest in the shares to be reserved. Although I am not obligated to do so, the aggregate amount of Franklin Templeton Class A and Class A Trust shares I intend to purchase over the 13-month period will be in an aggregate amount at least equal to:

☐ $50,000[5] ☐ $100,000 ☐ $250,000 ☐ $500,000 ☐ $1,000,000[5]

List the Franklin Templeton fund-account numbers that should be included in your Letter of Intent.

10 ONLINE AND TELEPHONE PRIVILEGES

You and your financial professional automatically have the convenience of Online and Telephone Exchange and Redemption privileges unless you check below. If bank information is identified in Section 5, you and your financial professional have the convenience of Online and Telephone Purchases and Redemptions via electronic funds transfer, UNLESS you check below. You cannot opt out of telephone privileges and opt in for online privileges, or vice versa. Review your *Investor Handbook* for a discussion of these privileges.

☐ I do **NOT** want Online and Telephone Exchange Privileges.
☐ I do **NOT** want Online and Telephone Redemption Privileges (if you decline this privilege, the Online and Telephone Purchase Privileges will not be available).
☐ I do **NOT** want Online and Telephone Purchase Privileges (if you decline this privilege and accept the Online and Telephone Redemption Privileges, redemptions will only be available by check).

5. Not applicable to all funds/portfolios.

11 AUTHORIZATION AND SIGNATURE

Participants must READ the *Investor Handbook* and the Participation Agreement that is Appendix A of the *Investor Handbook* ("Participation Agreement") and SIGN this section in ink below. Certain capitalized terms are used as defined for purposes of the *Investor Handbook*.

- I understand that this plan is offered and administered by the New Jersey Higher Education Student Assistance Authority (HESAA) and managed and distributed by Franklin Distributors, LLC, an affiliate of Franklin Resources, Inc., which operates as Franklin Templeton. No federal or state guarantee. Principal value may be lost and investing in the plan does not guarantee admission to college or sufficient funds for college. Please refer to the *Investor Handbook* for more complete information.
- *I have read and understand the terms and conditions of the Plan as described in this application and in the* Investor Handbook *and the Participation Agreement as currently in effect. I understand that the Plan may, from time to time, amend the* Investor Handbook *and the Participation Agreement. I agree that my Plan Account will at all times be governed by the terms and conditions contained in the* Investor Handbook *and Participation Agreement, as amended from time to time, which are expressly incorporated by reference into this application.*
- The information provided on this application is true, correct and complete. You may verify this information with others, including third-party credit reporting agencies and databases and U.S. and/or foreign government agencies, and if you are unable to verify my information, you are authorized to close my account by redeeming shares at the then applicable net asset value.
- If I request transfers to or from my bank account identified in Section 5 of this application or at any time, including by telephone, electronically or otherwise, you are authorized to make those requested transfers (and to make, if necessary, adjusting transfers if any amounts are transferred in error). I agree that Franklin Templeton may make additional attempts to debit/credit the account if the initial attempt fails, and if a transfer is denied by the Bank for any reason, Franklin Templeton will discontinue this authorization. I understand that I can end this authorization at any time by notifying you in writing, by telephone or by terminating on franklintempleton.com. If I am an owner of the bank account identified in Section 5 of this application, I certify that my signature alone is sufficient to authorize debits from the bank account.
- To the best of my knowledge the total contributions made to the accounts established under the Program for the Beneficiary do not exceed $305,000 or the cost in current dollars of qualified higher education expenses the Beneficiary is reasonably anticipated to incur, whichever is less.
- I agree that I am responsible for retaining documentation concerning my accounts. I understand that the federal and state tax treatment of amounts withdrawn may be dependent upon the availability of such documentation.
- My property may be transferred to the appropriate state if no activity/communication occurs in the account within the time period specified under my state's unclaimed property laws.
- I understand that the state in which I or my Beneficiary or (if applicable) the Third-Party Contributor resides may have a 529 Plan that offers tax and other benefits to residents that may not be available to investors in the Franklin Templeton 529 College Savings Plan.
- When I call you regarding my shares and account(s) the telephone conversation may be recorded.
- I understand that none of the State of New Jersey, the New Jersey Higher Education Student Assistance Authority (HESAA), Franklin Templeton or any entity affiliated therewith, or any agent or representative retained in connection with the Plan, makes any guarantee of, or has any legal or moral obligation to insure, the ultimate payout of all or any portion of any amount contributed to any Account or that there will be an investment return at any particular level on any Account.
- You are authorized to provide any information about my account(s) to my broker-dealer or financial professional, and my broker-dealer or financial professional is authorized to provide any information about my account(s) to you.
- I will review all account statements and written notifications after each transaction affecting my account upon receipt, and will notify you immediately if there is a discrepancy.
- I hereby certify that I have read the portion of the *Investor Handbook* entitled, "Opening, Maintaining and Contributing to an Account—Transfers and Rollovers" and understand the rules and regulations governing rollover contributions from another Section 529 Program. I also certify that any rollover contribution from another Section 529 Program is being made within 60 days of distribution from the former program and that I have not made a rollover contribution within the past 12 months to an account under the Franklin Templeton 529 College Savings Plan or any other Section 529 Program that has the Beneficiary as its beneficiary.
- I understand that digital communication channels are not necessarily secure. If I do choose to send confidential or sensitive information to you via digital communication channels (e.g. email, chat, text messaging, fax), I am accepting the associated risks related to potential lack of security, such as the possibility that my confidential or sensitive information may be intercepted/accessed by a third party and subsequently used or sold.

FRANKLIN TEMPLETON 529 COLLEGE SAVINGS PLAN ACCOUNT OWNER'S SIGNATURE ONLY

The Account Owner named in Section 1 must sign this application.

X ______________________________ Date ________

Franklin Templeton 529 College Savings Plan Account Owner

BANK ACCOUNT OWNER(S) SIGNATURE(S) ONLY

Any bank account owner who is not an owner of the Franklin Templeton 529 College Savings Plan Account must sign below.

X ______________________ Date ________ X ______________________ Date ________

Bank Account Owner Signature Bank Account Owner Signature

12 BROKER-DEALER USE ONLY

For a broker-dealer to be added to a 529 Plan Account, the broker-dealer must have an effective 529 Plan selling addendum or other 529 Plan selling agreement with Franklin Distributors, LLC ("Distributors"). **This section must be signed by a FINRA registered principal of the firm for the listed securities dealer.**

This application for the purchase of Trust shares complies with the terms of our 529 Plan selling agreement or 529 addendum with Distributors and with the current 529 Plan *Investor Handbook*. We agree to notify Distributors of any purchases of shares which may be eligible for reduced or eliminated charges.

☐ A rollover purchase that will be made to this account is eligible for a waiver of the initial sales charge, in accordance with the terms of the 529 Plan *Investor Handbook* and applicable broker-dealer policy.

SECURITIES DEALER

Dealer name ______________________ Broker identification number ________

SEE NEXT PAGE FOR ADDITIONAL BROKER-DEALER FIELDS

FINANCIAL PROFESSIONAL

First name, middle initial, last name	Suffix	Telephone number
		( )

Email address	Dealer number	Branch number	Representative number

Branch address	City	State	ZIP

X ______________________________ Title ______________

Authorized signature (Registered Principal for the Securities Dealer listed above)

BEFORE YOU SUBMIT...

TO OPEN A 529 ACCOUNT – DID YOU PROVIDE?

- ☐ A typed application or application handwritten in capital letters using blue or black ink.
- ☐ A Franklin Templeton case number related to your request on page 1 (if you were provided with one).

SECTION 1

- ☐ Full first and last name of Account Owner
- ☐ Street address (include any APT, BLDG, STE number)
- ☐ Social Security number/ITIN
- ☐ Date of Birth
- ☐ Email address
- ☐ Employment information
- ☐ Trust title, signature, and trustee pages (if applicable)

SECTION 2

- ☐ Full first and last name of Beneficiary
- ☐ Street address (include any APT, BLDG, STE number)
- ☐ Social Security number/ITIN
- ☐ Date of Birth

SECTION 3

- ☐ Full first and last name of Successor Account Owner
- ☐ Street address (include any APT, BLDG, STE number)
- ☐ Social Security number/ITIN
- ☐ Date of Birth
- ☐ Email address

SECTION 4

- ☐ eDelivery options

SECTION 5

- ☐ Pre-printed voided check, deposit slip or letter from your bank on the bank's letterhead included with your completed application

SECTION 6

- ☐ Select how you will fund the portfolio(s)
- ☐ Completed *529 Payroll Deduction Form* (if applicable)
- ☐ Completed *529 Rollover/Transfer Request Form* (if applicable)

SECTION 8

- ☐ Portfolio name(s)
- ☐ Amount, start month, frequency and investment date for each

SECTION 11

- ☐ The signature of the Account Owner and date signed
- ☐ The signature of the Bank Account Owner(s) and date signed (if applicable)

MAKE A PHOTOCOPY OF THE COMPLETED FORM FOR YOUR RECORDS

EMAIL	FAX	MAIL
• Emails **MUST** include an attachment (PDF preferred) of your request and related case number(s) to be accepted. • If you have not been registered on franklintempleton.com for at least 15 calendar days, call (866) 362-1597 to request a case number to reference in your email. **Financial Professionals:** ftrequests@franklintempleton.com **Shareholders:** shrequests@franklintempleton.com	(855) 891-8377	You may use any of the below mailing addresses: **Regular Mail** • Franklin Templeton 529 College Savings Plan P.O. Box 33090 St. Petersburg, FL 33733-8090 • Franklin Templeton 529 College Savings Plan P.O. Box 997153 Sacramento, CA 95899-7153 **Overnight** • Franklin Templeton 529 College Savings Plan 100 Fountain Parkway N. St. Petersburg, FL 33716-1205 • Franklin Templeton 529 College Savings Plan 3344 Quality Drive Rancho Cordova, CA 95670-7313

FRANKLIN TEMPLETON PRIVACY NOTICE

Your Privacy Is Our Priority

Franklin Distributors, LLC ("FD, LLC" and "we"/"us" in this notice) is committed to safeguarding information provided to us by investors in the Franklin Templeton 529 College Savings Plan and the NJBEST 529 College Savings Plan (together referred to as the "Program"). This notice is designed to provide you with a summary of the non-public personal information we may collect and maintain about current or former investors, our policy regarding the use of that information, and the measures we take to safeguard the information.

Information We Collect

If you invest in the Program directly through FD, LLC, you provide us with your non-public personal information. We collect and use this information to service your accounts and respond to your requests. The non-public personal information we collect falls into the following categories:

- Information we receive from you on applications or other forms, whether we receive the form in writing or electronically. For example, this information includes your name, address, tax identification number, birth date, investment selection, beneficiary information, and possibly your personal bank account information and/or email address if you have provided that information.
- Information about your transactions and account history within the Program. This category also includes your communications to us concerning your investments.
- Other general information that we may obtain about you such as demographic information.

Disclosure Policy

To better service your accounts and process transactions or services you've requested, we may share non-public personal information with other Franklin Templeton companies. From time to time we may also send you information about products/services offered by other Franklin Templeton companies although we will not share your non-public personal information with these companies without first offering you the opportunity to prevent that sharing.

We will only share non-public personal information with outside parties in the limited circumstances permitted by law. For example, this includes situations where we need to share information with companies who work on our behalf to service or maintain your account or process transactions you have requested, when the disclosure is to companies assisting us with our own marketing efforts, when the disclosure is to a party representing you, or when required by law (for example, in response to legal process). Additionally, we will ensure that any outside companies working on our behalf, or with whom we have joint marketing agreements, are under contractual obligations to protect the confidentiality of your information, and to use it only to provide the services we have asked them to perform.

Confidentiality and Security

Our employees are required to follow procedures with respect to maintaining the confidentiality of our investors' non-public personal information. Additionally, we maintain physical, electronic, and procedural safeguards to protect the information. This includes performing ongoing evaluations of our systems containing investor information and making changes when appropriate.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY NOTICE OF PRIVACY POLICY

The New Jersey Higher Education Student Assistance Authority's (HESAA) mission includes, in part, providing New Jersey students and families with financial resources such as loans, grants, scholarships and college savings programs to assist students in achieving their educational goals.

Protecting the privacy of your personal information is important to us at HESAA. We respect your right to privacy and recognize our obligation to keep information about you secure and confidential. We do not sell or share information about you with outside marketers.

Federal legislation requires us to provide you with this notice about our privacy policy. This means personal Information about you which identifies you and that is not available from public sources.

HESAA'S PRIVACY POLICY

WHAT DOES NJ HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY ("HESAA") 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 you have with us. This information can include:

- Social Security number, income and assets
- Account balances and payment history
- Account transactions, 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 customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons HESAA chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does HESAA share?	Can you limit this sharing?
For our everyday business purposes— such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	YES	No
For our marketing purposes— to offer our products and services to you	YES	No
For joint marketing with other financial companies	YES	No
For our affiliates' everyday business purposes— information about your transactions and experiences	YES	No
For our affiliates' everyday business purposes— information about your creditworthiness	No	We Don't Share
For nonaffiliates to market to you	No	We Don't Share

Questions?

Call (609) 584-4480 or go to www.hesaa.org

(continued)

Who we are
Who is providing this notice?

This Privacy Notice is being provided by the State of New Jersey Higher Education Student Assistance Authority.

What we do
How does HESAA protect my personal information?

To protect your personal 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.

How does HESAA collect my personal information?

We collect your personal information, for example, when you:

- Apply for a loan or give us your contact information
- Open an account or pay your bills
- Provide employment information

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

Why can't I limit all sharing?

Federal law gives you the right to limit only:

- Sharing for affiliates' everyday business purposes—information about your creditworthiness
- Affiliates from using your information to market to you
- Sharing for nonaffiliates to market to you

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

Definitions

Affiliates

Companies related by common ownership or control. They can be financial and nonfinancial companies.

- *Our affiliates include other State of New Jersey government agencies, authorities, boards and commissions; financial and nonfinancial companies such as contractors, agents, schools, lenders and the U.S. Department of Education.*

Nonaffiliates

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

- *HESAA does not share with nonaffiliates so they can market to you.*

Joint marketing

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

- *Our joint marketing partners include our contractors, agents and schools.*

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