CONNECTICUT HIGHER EDUCATION TRUST

DIRECT PLAN
DISCLOSURE BOOKLET
AND
PARTICIPATION AGREEMENT

JANUARY 31, 2019

ADMINISTRATOR:
THE TREASURER OF THE STATE OF CONNECTICUT

DISTRIBUTOR:
TIAA-CREF INDIVIDUAL & INSTITUTIONAL SERVICES, LLC

DIRECT PLAN MANAGER:
TIAA-CREF TUITION FINANCING, INC.

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Please keep this Disclosure Booklet and the Participation Agreement with your other records about the direct-sold plan of the Connecticut Higher Education Trust (the "**Direct Plan**"). Investing is an important decision. You should read and understand this Disclosure Booklet before you make contributions to the Direct Plan.

You should rely only on the information contained in this Disclosure Booklet and the attached Participation Agreement. No person is authorized to provide information that is different from the information contained in this Disclosure Booklet and the attached Participation Agreement. The information in this Disclosure Booklet is subject to change without notice.

This Disclosure Booklet does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of a security in the Direct Plan by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

If you or your intended beneficiary reside in a state other than Connecticut or have taxable income in a state other than Connecticut, it is important for you to note that if that other state has established a qualified tuition program under Section 529 of the Internal Revenue Code (a "529 Plan"), such state may offer favorable state tax or other benefits such as financial aid, scholarship funds and protection from creditors that are available only if you invest in that state's 529 Plan. Those benefits, if any, should be one of the many appropriately weighted factors you consider before making a decision to invest in the Direct Plan. You should consult with a qualified advisor or review the offering document for that state's 529 Plan to find out more about any such benefits (including any applicable limitations) and to learn how they may apply to your specific circumstances.

An account in the Direct Plan should be used only to save for qualified education expenses of a designated beneficiary. Accounts in the Direct Plan are not intended for use and should not be used by any taxpayer for the purpose of evading federal or state taxes or tax penalties. **The tax information contained in this Disclosure Booklet was written to support the promotion and marketing of the Direct Plan and was neither written nor intended to be used and cannot be used by any taxpayer for the purpose of avoiding federal or state taxes or tax penalties. Taxpayers should consult with a qualified advisor to seek tax advice based on their own particular circumstances.**

None of the State of Connecticut, the Connecticut Higher Education Trust (the "Trust"), the Direct Plan, the Treasurer of the State of Connecticut (the "Trustee"), the Federal Deposit Insurance Corporation, nor any other government agency or entity, nor any of the service providers to the Direct Plan insure any Account or guarantee any rate of return or any interest on any contribution to the Direct Plan. Your account may lose value.

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Introduction to the Direct Plan

The Connecticut Higher Education Trust (the "**Trust**"), Connecticut's qualified tuition program, was established to promote and enhance the affordability and accessibility of higher education for residents of Connecticut. While the Trust is intended primarily as a savings and investment vehicle for college expenses, withdrawals may be made on a qualified basis to pay for primary and secondary school tuition expenses, subject to certain limitations. The Trust is administered by the Connecticut State Treasurer as the Trustee of the Connecticut Higher Education Trust. The Trust consists of two components: the Direct Plan, which is offered directly by the State of Connecticut, and the Advisor Plan (the "**Advisor Plan**"), which can be purchased only through financial advisors. The Trust is intended to meet the requirements of a qualified tuition program under Internal Revenue Code ("**IRC**") Section 529 ("**Section 529**"). The Trust is authorized by sections 3-22e to 3-22o of the Connecticut General Statutes (as the same may be amended, the "**Statute**"). Under the Statute, the Trustee has the power and authority to enter into contracts for program management services, adopt regulations for the administration of the Trust and establish investment policies for the Trust.

The Direct Plan and the Advisor Plan consist of different investment options and are subject to different fees and expenses. This Disclosure Booklet is only about the Direct Plan. For more information about the Advisor Plan, please contact your broker or financial advisor.

To contact the Direct Plan and to obtain forms related to your Account in the Direct Plan:

Visit the Direct Plan's **website** at www.aboutchet.com;

Call the Direct Plan toll-free at **1-888-799-CHET (2438)**; or

Write to the Connecticut Higher Education Trust at PO Box 150499, Hartford, CT 06115-0499

Overview of the Direct Plan

This section provides summary information about the Direct Plan, but it is important that you read the entire Disclosure Booklet for detailed information. Capitalized terms used in this section are defined in "Frequently Used Terms" or elsewhere in this Disclosure Booklet.

Feature	Description	Additional Information
State Administrator	The Treasurer of the State of Connecticut as Trustee of the Trust (the "**Trustee**").	*Administration of the Direct Plan*, page 32.
Direct Plan Manager	TIAA-CREF Tuition Financing, Inc. (the "**Direct Plan Manager"** or "**TFI**").	*The Direct Plan Manager*, page 32.
Eligible Account Owner	Any U.S. citizen or resident alien with a valid Social Security number or taxpayer identification number. Certain types of entities with a valid taxpayer identification number may also open an Account (additional restrictions may apply to such Accounts).	*Opening an Account*, page 4.
Eligible Beneficiary	Any U.S. citizen or resident alien with a valid Social Security number or taxpayer identification number.	*Opening an Account*, page 4.
Minimum Contribution	The minimum initial and subsequent contribution amount is $25 per Investment Option ($15 per Investment Option via payroll deduction).	*Contributions*, page 5.
Current Maximum Account Balance	$300,000 for all accounts in the Direct Plan, as well as any amounts held in the Advisor Plan for the same Beneficiary.	*Contributions*, page 6.
Qualified Withdrawals	Withdrawals from an Account used to pay for the Qualified Higher Education Expenses of the Beneficiary. These withdrawals are tax free.	*Withdrawals*, page 32.
Investment Options	• **Three** age-based options designed for saving for college. • **Eleven** risk-based options: ○ Four of the risk-based options invest in index funds. ○ Seven of the risk-based options invest primarily in actively managed mutual funds, in a combination of index funds and actively managed mutual funds, or in a funding agreement.	*Investment Options*, page 10. For information about performance, see *Past Performance*, page 29.
Changing Investment Strategy for Amounts Previously Contributed	Once you have contributed to your Account (or an account in the Advisor Plan) and selected Investment Option(s) in which to invest your contribution, you may move these amounts to a different Investment Option(s) (or to investment options in the Advisor Plan) only twice per calendar year, or if you change the Beneficiary on your Account to a Member of the Family of the previous Beneficiary.	*Making Changes to Your Account*, page 5.
Federal Tax Benefits	• Earnings accrue free of federal income tax. • Qualified Withdrawals are not subject to federal income tax including the Additional Tax. • No federal gift tax on contributions of up to $75,000 (single filer) and $150,000 (married couple electing to split gifts) if prorated over five years. • Contributions are generally considered completed gifts to the Beneficiary for federal gift and estate tax purposes.	*Federal Tax Information*, page 33.
Connecticut Tax Treatment	• Earnings accrue free of Connecticut income tax. • Qualified Withdrawals are not subject to Connecticut income tax. • Contributions are deductible for Connecticut income tax purposes up to $5,000 per year for a single return or $10,000 per year for a joint return. • **Connecticut tax benefits related to the Direct Plan are available only to Connecticut taxpayers.**	*Connecticut Tax Information*, page 36.

Feature	Description	Additional Information
Direct Plan Fees	For the services provided to it, the Direct Plan pays: • to the Direct Plan Manager, a plan management fee at the annual rate of 0.12% of the average daily net assets of the Direct Plan (excluding any assets in the Principal Plus Interest Option); and • to the Trustee, an administrative fee at the annual rate of 0.01% of the average daily net assets of the Direct Plan (excluding any assets in the Principal Plus Interest Option).	*Direct Plan Fees*, page 7.
Risks of Investing in the Direct Plan	• Assets in an Account are not guaranteed or insured. • The value of your Account may decrease. You could lose money, including amounts you contributed. • Federal or Connecticut tax law changes could negatively affect the Direct Plan. • Fees could increase. • The Trustee may terminate, add or merge Investment Options, change the investments in which an Investment Option invests, or change allocations to those investments. • Contributions to an Account may adversely affect the Beneficiary's eligibility for financial aid or other benefits.	*Risks of Investing in the Direct Plan*, page 27.

Frequently Used Terms

For your convenience, certain frequently used terms are defined below.

Account	An account in the Direct Plan.
Account Owner/You	The individual or entity that opens or becomes an owner of an Account in the Direct Plan.
Additional Tax	A 10% additional federal tax imposed on the earnings portion of a Non-Qualified Withdrawal.
Beneficiary	The beneficiary for an Account as designated by you, the Account Owner.
Eligible Educational Institutions	Any college, university, vocational school or other postsecondary educational institution eligible to participate in a student aid program administered by the U.S. Department of Education. This includes virtually all accredited public, nonprofit and proprietary (privately owned profit-making) postsecondary institutions. The educational institution should be able to tell you if it is an eligible educational institution. Certain educational institutions located outside the United States also participate in the U.S. Department of Education's Federal Student Aid (FSA) programs.
Investment Options	The Direct Plan investment options in which you may invest your contributions.
Member of the Family	A person related to the Beneficiary as follows: (1) a child or a descendant of a child; (2) a brother, sister, stepbrother or stepsister; (3) the father or mother, or an ancestor of either; (4) a stepfather or stepmother; (5) a son or daughter of a brother or sister; (6) a brother or sister of the father or mother; (7) a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law or sister-in-law; (8) the spouse of any of the foregoing individuals or the spouse of the Beneficiary; or (9) a first cousin of the Beneficiary. For this purpose, a child includes a legally adopted child and a stepson or stepdaughter, and a brother or sister includes a half-brother or half-sister.
Non-Qualified Withdrawal	Any withdrawal from an Account that does not meet the requirements of being: (1) a Qualified Withdrawal; (2) a Taxable Withdrawal; or (3) a Qualified Rollover.
Qualified Higher Education Expenses	Generally, tuition, fees, books, supplies, and equipment required for the enrollment or attendance of a Beneficiary at an Eligible Educational Institution; certain room and board expenses; the cost of computer or peripheral equipment, certain software, and internet access and related services if used primarily by the Beneficiary during any of the years the Beneficiary is enrolled at an Eligible Educational Institution; and certain expenses for special needs services. Except where otherwise noticed, any reference to Qualified Higher Education Expenses also includes a reference to tuition in connection with enrollment or attendance at a primary (i.e., elementary school) or secondary (i.e.,

	middle school or high school) public, private, or religious school up to a maximum of $10,000 of distributions for such tuition expenses per taxable year per Beneficiary from all 529 Plans.
Qualified Rollover	A transfer of funds from an Account: (1) to an account in another state's 529 plan for the same Beneficiary, provided that it has been at least 12 months from the date of a previous transfer to a 529 Plan for that Beneficiary; (2) to an account in another state's 529 plan (or an Account in the Direct Plan for a new Beneficiary), provided that the new Beneficiary is a Member of the Family of the previous Beneficiary; or (3) to a Section 529A Qualified ABLE Program ("ABLE") account for the same Beneficiary, or a Member of the Family thereof, subject to certain restrictions.
Qualified Withdrawal	Any withdrawal from an Account used to pay for the Qualified Higher Education Expenses of the Beneficiary.
Taxable Withdrawal	Any withdrawal from an Account that is: (1) paid to a beneficiary of, or the estate of, the Beneficiary on or after the Beneficiary's death; (2) attributable to the permanent disability of the Beneficiary; (3) made on account of the receipt by the Beneficiary of a scholarship award or veterans' or other nontaxable educational assistance (other than gifts or inheritances), but only to the extent of such scholarship or assistance; (4) made on account of the Beneficiary's attendance at a military academy, but only to the extent of the costs of education attributable to such attendance; or (5) equal to the amount of the Beneficiary's relevant Qualified Higher Education Expenses that is taken into account in determining the Beneficiary's American Opportunity Credit or Lifetime Learning Credit.
Unit	An ownership interest in an Investment Option that is purchased by making a contribution to an Account.

Opening an Account

Account Application. To open an Account, you need to complete and sign a Direct Plan application (the "**Application**"). Your signature on the Application indicates your agreement to and acceptance of all terms in this Disclosure Booklet and in the attached Participation Agreement between you and the Trust. On your Application, you need to designate a Beneficiary for the Account and select the Investment Option(s) in which you want to invest your contributions.

To obtain an Application and enrollment kit, call or write to the Direct Plan (contact information is located on page 1 and the back cover of this Disclosure Booklet) or go to the Direct Plan's website. You may complete and submit the Application online (only available for individuals) or you may mail a completed Application to the Direct Plan. After the Direct Plan receives your completed Application in good order, including a check or authorization for your initial contribution, the Direct Plan will open an Account for you.

To open an Account, you need to provide your name, address, Social Security number or taxpayer identification number, and other information that will allow the Direct Plan to identify you, such as your telephone number. The address you provide must be a permanent U.S. address and not a post office box and, in order to continue to make contributions, your account must always have a permanent U.S. address associated with it. Until you provide the required information, the Direct Plan will not be able to open your Account. There may be only one Account Owner per Account.

Account Ownership. To be an Account Owner, you must be:

- A U.S. citizen or resident alien with a valid Social Security number or taxpayer identification number.
- A trust, corporation or certain other type of entity with a taxpayer identification number.
- An organization described in Section 501(c)(3) of the IRC with a valid taxpayer identification number.
- A state or local government (or agency or instrumentality).
- A custodian for minors under the Uniform Gift to Minors Act or Uniform Transfer to Minors Act ("**UGMA/UTMA**") with a valid Social Security number or taxpayer identification number.

Accounts opened by entities, Section 501(c)(3) organizations, state and local governments, trusts or UGMA/UTMA custodians are subject to additional restrictions and must provide documentation evidencing the legal status of the entity and the authorization of the representative to open an Account and to request Account transactions. UGMA/UTMA custodians are also subject to certain limitations on their ability to make changes to, and transfers to and from, such Accounts. UGMA/UTMA custodians and trust representatives should consult with a qualified advisor about the tax and legal consequences of opening an Account and their rights and responsibilities as custodians or representatives.

Selecting a Beneficiary. You must designate a Beneficiary on your Application (unless you are a state or local government or a 501(c)(3) tax-exempt organization establishing a scholarship account). Anyone with a valid Social Security number or taxpayer identification number can be the Beneficiary, including you. You do not need to be related to the Beneficiary. There may be only one Beneficiary on your Account.

You may establish only one Account for each Beneficiary.

Choosing Investment Options. The Direct Plan offers multiple Investment Options. On the Application, you must select the Investment Option(s) in which you want to invest your contributions. You may select one or a combination of the Investment Options, subject to the minimum initial contribution amount per Investment Option. (For minimum initial contribution amounts, see the Overview table in the front of this Disclosure Booklet.) If you select more than one Investment Option, you must designate what portion of your contribution should be invested in each Investment Option. See "Investment Options" for summaries of the Investment Options offered under the Direct Plan.

Effective August 8, 2014, the Investment Option(s) you select and the percentage of your contribution to be allocated to each Investment Option as indicated on your Application will be the allocation instructions for all future contributions made to your Account by any method (except payroll deduction) ("**Allocation Instructions**"). If you opened your Account prior to August 8, 2014, and you have not submitted Allocation Instructions for your Account for future contributions, you can submit Allocation Instructions at any time online, by telephone or by submitting the appropriate Direct Plan form. You can change your Allocation Instructions at any time online, by telephone or by submitting the appropriate Direct Plan form.

Designating a Contingent Account Owner. On the Application, you may designate a person to be the contingent Account Owner in the event of your death. Only Account Owners who are individuals are able to make such a designation.

Making Changes to Your Account

Changing Your Beneficiary. After you open an Account, you may change your Beneficiary by completing the appropriate Direct Plan form. Please refer to the Tax Information section of this Disclosure Booklet for potential federal income tax consequences of a change in Beneficiary.

Changing Investment Strategy for Future Contributions. You may change your Allocation Instructions for future contributions at any time online, by telephone or by submitting the appropriate Direct Plan form.

Changing Investment Strategy for Previously Contributed Amounts. You may move all or a portion of amounts previously contributed to your Account to different Investment Options only twice per calendar year, or if you change the Beneficiary on your Account to a Member of the Family of the previous Beneficiary.

Please keep in mind that this restriction applies to all accounts in the Trust, so if you have an account in each of the Direct Plan and the Advisor Plan for the same Beneficiary, an exchange of amounts previously contributed among investment options in either of these accounts counts against your twice-per-year exchange limit. An exchange from investment options in one plan within the Trust to investment options in another plan in the Trust for the same Beneficiary also counts against your twice-per-year exchange limit. However, changes within both plans that are submitted on the same day will count as a single exchange.

Transfers (including when there is a change of Beneficiary) from the Principal Plus Interest Option to the Money Market Option are not permitted. If this restriction changes, you will be notified of any such change.

Adding or Changing the Contingent Account Owner. You may change or add a contingent Account Owner on your Account at any time by completing the appropriate Direct Plan form. You should consult with a qualified advisor regarding the possible tax and legal consequences of making such a change.

Transfer of Account Ownership. You may transfer the ownership of your Account to another individual or entity that is eligible to be an Account Owner by submitting the appropriate Direct Plan form. You do not need to change the Beneficiary if you transfer Account ownership. A transfer of the ownership of an Account will be effective only if the assignment is irrevocable and transfers all rights, title and interest in the Account. Certain types of Account Owners that are not individuals may be subject to restrictions on their ability to transfer ownership of the Account. You should consult with a qualified advisor regarding the possible tax and legal consequences of transferring ownership of an Account.

Contributions

Who May Contribute. Anyone (including your friends and family) may make a contribution to your Account. A person, other than the Account Owner, who contributes to an Account will not retain any rights with respect to such contribution—for example, only the Account Owner may give investment instructions for contributions or request withdrawals from the Account.

Contribution Minimums. The minimum initial and subsequent contribution to an Account is $25 in each Investment Option selected or $15 per pay period per Investment Option selected if you contribute using payroll deduction.

Methods of Contribution. Contributions to an Account, which must be in U.S. dollars, may be made:

- By check drawn on a banking institution located in the United States.
- By recurring automatic fund transfers from a checking or savings account.
- With a one-time electronic funds transfer from a checking or savings account.

- Through payroll deduction.
- With an incoming rollover from another state's 529 Plan, or from within the Trust from an account for a different Beneficiary.
- With redemption proceeds from a Coverdell Education Savings Account ("**Coverdell ESA**") or a "qualified United States savings bond" described in IRC Section 135 ("**qualified U.S. savings bond**").

Impermissible Methods of Contribution. The Direct Plan cannot accept contributions made by cash, starter check, traveler's check, credit card, convenience check or money order.

Checks. Checks should be made payable to the "Connecticut Higher Education Trust." Personal checks, bank drafts, tellers' checks, cashier's checks and checks issued by a financial institution or brokerage firm payable to the Account Owner and endorsed over to the Direct Plan by the Account Owner are permitted, as are third-party personal checks up to $10,000 that are endorsed over to the Direct Plan. If you opened your Account prior to August 8, 2014, and you have not submitted Allocation Instructions for your Account for future contributions, with each contribution by check, you will need to tell the Direct Plan in which Investment Option(s) your contribution should be invested and how much of the contribution should be invested in each Investment Option.

Automatic Contribution Plan. You may authorize the Direct Plan to periodically debit your checking or savings account on your Application or, after your Account is opened, by submitting the appropriate Direct Plan form or contacting the Direct Plan by mail, telephone or online. You may change or stop this automatic debit at any time by completing the appropriate Direct Plan form or contacting the Direct Plan by mail, telephone or online.

One-Time Electronic Funds Transfer. You may authorize the Direct Plan to debit your checking or savings account on your Application or, after your Account is opened, by completing the appropriate Direct Plan form or by contacting the Direct Plan by mail, telephone or online. If you opened your Account prior to August 8, 2014, and you have not submitted Allocation Instructions for your Account for future contributions, with each contribution by a one-time electronic funds transfer, you will need to tell the Direct Plan in which Investment Option(s) your contribution should be invested and how much of the contribution should be invested in each Investment Option.

Payroll Deduction. You may be able to make automatic contributions to your Account through payroll deduction if your employer offers such a service. Please check with your employer for more information and to see whether you are eligible to contribute to the Direct Plan through payroll deduction. If eligible, you will also need to complete the appropriate Direct Plan form and notify your employer to start such deductions. You can change or stop such deductions by contacting your employer and the Direct Plan.

Incoming Rollovers. You may roll over funds from an account in another state's 529 Plan to an Account in the Direct Plan or from an Account in the Direct Plan to another Account in the Direct Plan for a new Beneficiary. Incoming rollovers may be direct or indirect. Direct rollovers involve the transfer of funds directly from an account in another state's 529 Plan (or from an Account in the Direct Plan for a different Beneficiary) to your Account. Indirect rollovers involve the transfer of funds from an account in another state's 529 Plan (or from an Account in the Direct Plan for a different Beneficiary) to the Account Owner, who then contributes the funds to an Account within 60 days of the withdrawal from the previous account.

Each incoming rollover contribution to an Account in the Direct Plan must be accompanied by a basis and earnings statement from the distributing 529 Plan that shows the earnings portion of the contribution. If the Direct Plan does not receive this documentation, the entire amount of the rollover contribution will be treated as earnings.

Intra-Trust Rollover from an Account in the Direct Plan to an Account for a New Beneficiary. You may also roll over funds from an Account in the Direct Plan or an account in the Advisor Plan to an Account in the Direct Plan or an account in the Advisor Plan for a new Beneficiary without adverse federal income tax consequences if the new Beneficiary is a Member of the Family of the previous Beneficiary.

Redemption Proceeds from Coverdell ESA or Qualified U.S. Savings Bond. You may be able to contribute amounts from the redemption of a Coverdell ESA or qualified U.S. savings bond to an Account without adverse federal tax consequences. If you are contributing amounts from a Coverdell ESA, you must submit an account statement issued by the financial institution that acted as trustee or custodian of the Coverdell ESA that shows the principal and earnings portions of the redemption proceeds. If you are contributing amounts from a savings bond, you must submit an account statement or Internal Revenue Service ("**IRS**") Form 1099-INT issued by the financial institution that redeemed the bonds showing the interest portion of the redemption proceeds.

Maximum Account Balance. Currently, the maximum account balance for all Accounts in the Direct Plan, as well as any amounts held in the Advisor Plan for the same Beneficiary, is $300,000. Any contribution that would cause the account balance(s) for a Beneficiary to exceed the maximum account balance will be rejected by the Direct Plan and returned. It is possible that increases in market value could cause amounts in an Account(s) to exceed the maximum account balance limit. In this case, the amount in excess of the maximum could remain in the Account(s), and earnings may continue to accrue, but no new contributions would be accepted.

Unit Value

The Direct Plan will credit contributions to, or deduct withdrawals from, your Account at the Unit value of the applicable Investment Option determined on the day the Account transaction request is received in good order before the close of regular trading on the New York Stock Exchange ("**NYSE**") (usually 4:00 p.m., Eastern time). Contribution or withdrawal requests received after the close of regular trading or on a day when the NYSE is not open will be credited to your Account at the Unit value next determined.

The value of a Unit in each Investment Option is computed by dividing (a) the Investment Option's assets minus its liabilities by (b) the number of outstanding Units of such Investment Option.

Investments in the Principal Plus Interest Option earn a rate of interest at the declared rate then in effect, which will be compounded daily and will be credited to Accounts on a daily basis.

Direct Plan Fees

The following table describes the Direct Plan's current fees. The Trustee reserves the right to change the fees and/or to impose additional fees in the future.

Fee Table

Investment Option	Direct Plan Manager Fee (1)(2)	Administrative Fee(1)(3)	Estimated Underlying Mutual Fund Expenses(4)	Total Annual Asset-Based Fees(5)
Conservative Managed Allocation Option				
Age Band 0–4 years	0.12%	0.01%	0.25%	0.38%
Age Band 5–8 years	0.12%	0.01%	0.25%	0.38%
Age Band 9–10 years	0.12%	0.01%	0.27%	0.40%
Age Band 11–12 years	0.12%	0.01%	0.29%	0.42%
Age Band 13–14 years	0.12%	0.01%	0.30%	0.43%
Age Band 15 years	0.12%	0.01%	0.26%	0.39%
Age Band 16 years	0.12%	0.01%	0.19%	0.32%
Age Band 17 years	0.12%	0.01%	0.17%	0.30%
Age Band 18 years and over	0.12%	0.01%	0.08%	0.21%
Moderate Managed Allocation Option				
Age Band 0–4 years	0.12%	0.01%	0.20%	0.33%
Age Band 5–8 years	0.12%	0.01%	0.21%	0.34%
Age Band 9–10 years	0.12%	0.01%	0.26%	0.39%
Age Band 11–12 years	0.12%	0.01%	0.26%	0.39%
Age Band 13–14 years	0.12%	0.01%	0.26%	0.39%
Age Band 15 years	0.12%	0.01%	0.26%	0.39%
Age Band 16 years	0.12%	0.01%	0.25%	0.38%
Age Band 17 years	0.12%	0.01%	0.23%	0.36%
Age Band 18 years and over	0.12%	0.01%	0.18%	0.31%
Aggressive Managed Allocation Option				
Age Band 0–4 years	0.12%	0.01%	0.16%	0.29%
Age Band 5–8 years	0.12%	0.01%	0.17%	0.30%
Age Band 9–10 years	0.12%	0.01%	0.18%	0.31%
Age Band 11–12 years	0.12%	0.01%	0.20%	0.33%
Age Band 13–14 years	0.12%	0.01%	0.22%	0.35%
Age Band 15 years	0.12%	0.01%	0.24%	0.37%

Investment Option	Direct Plan Manager Fee (1)(2)	Administrative Fee(1)(3)	Estimated Underlying Mutual Fund Expenses(4)	Total Annual Asset-Based Fees(5)
Age Band 16 years	0.12%	0.01%	0.25%	0.38%
Age Band 17 years	0.12%	0.01%	0.23%	0.36%
Age Band 18 years and over	0.12%	0.01%	0.21%	0.34%
Global Equity Index Option	0.12%	0.01%	0.08%	0.21%
Global Tactical Asset Allocation Option	0.12%	0.01%	1.01%	1.14%
International Equity Index Option	0.12%	0.01%	0.06%	0.19%
Active Global Equity Option	0.12%	0.01%	0.56%	0.69%
U.S. Equity Index Option	0.12%	0.01%	0.05%	0.18%
High Equity Balanced Option	0.12%	0.01%	0.16%	0.29%
Active Fixed-Income Option	0.12%	0.01%	0.48%	0.61%
Social Choice Option	0.12%	0.01%	0.18%	0.31%
Index Fixed-Income Option	0.12%	0.01%	0.12%	0.25%
Money Market Option(6)	0.12%	0.01%	0.15%	0.28%
Principal Plus Interest Option(7)	N/A	N/A	N/A	N/A

(1) Although the Direct Plan Manager Fee and the Administrative Fee are deducted from an Investment Option (with the exception of the Principal Plus Interest Option), not from your Account, each Account in the Investment Option indirectly bears its pro rata share of the Direct Plan Manager Fee and the Administrative Fee, as these fees reduce the Investment Option's return.

(2) Each Investment Option (with the exception of the Principal Plus Interest Option) pays the Direct Plan Manager a fee at an annual rate of 0.12% (12 basis points) of the average daily net assets of the Investment Option. The Direct Plan Manager fee is subject to further reductions if total assets in the Direct Plan reach certain levels.

(3) For its services administering the Direct Plan, each Investment Option (with the exception of the Principal Plus Interest Option) pays to the Trustee an Administrative Fee at an annual rate of 0.01% of the average daily net assets of the Investment Option.

(4) The percentages set forth in this column are based on the expense ratios of the mutual funds in which an Investment Option invests. The amounts are calculated using the expense ratio reported in each mutual fund's most recent prospectus available prior to the printing of this Disclosure Booklet weighted according to the Investment Option's allocation among the mutual funds in which it invests. Although these expenses are not deducted from an Investment Option's assets, each Investment Option (other than the Principal Plus Interest Option) indirectly bears its pro rata share of the expenses of the mutual funds in which it invests, as these expenses reduce such mutual fund's return.

(5) These figures represent the estimated weighted annual expense ratios of the mutual funds in which the Investment Options invest plus the Administrative Fee and the fee paid to the Direct Plan Manager.

(6) Effective August 1, 2011, the Direct Plan Manager and the Trustee have agreed to voluntarily waive the Money Market Option's Direct Plan Manager Fee and Administrative Fee, respectively, in an attempt to maintain at least a 0.00% return for this Investment Option. The Direct Plan Manager and the Trustee may discontinue the waiver at any time without notice. Please note that after the waivers, the net return for the Money Market Option may still be negative.

(7) The Principal Plus Interest Option does not pay a Direct Plan Manager Fee or Administrative Fee. TIAA-CREF Life Insurance Company ("TIAA-CREF Life"), the issuer of the funding agreement in which this Investment Option invests and an affiliate of TFI, makes payments to TFI, as Plan Manager. TIAA-CREF Life also pays the Trustee a fee equal to 0.01% of the average daily net assets held by the Principal Plus Interest Option. These payments, among many other factors, are considered by the issuer when determining the interest rate(s) credited under the funding agreement.

Investment Cost Example. The example in the following table is intended to help you compare the cost of investing in the different Investment Options over various periods of time. This example assumes that:

- You invest $10,000 in an Investment Option for the time periods shown below.
- Your investment has a 5% compounded return each year.
- You withdraw your entire investment from the Investment Option at the end of the specified periods for Qualified Higher Education Expenses.
- Total Annual Asset-Based Fees remain the same as those shown in the Fee Table above.

Although your actual costs may be higher or lower, based on the above assumptions, your costs would be:

	APPROXIMATE COST OF $10,000 INVESTMENT			
INVESTMENT OPTIONS	**1 Year**	**3 Years**	**5 Years**	**10 Years**
Conservative Managed Allocation Option				
Age Band 0–4 years	$39	$122	$214	$481
Age Band 5–8 years	$39	$122	$214	$481
Age Band 9–10 years	$41	$129	$225	$506
Age Band 11–12 years	$43	$135	$236	$531
Age Band 13–14 years	$44	$138	$241	$543
Age Band 15 years	$40	$126	$219	$494
Age Band 16 years	$33	$103	$180	$406
Age Band 17 years	$31	$97	$169	$381
Age Band 18 years and over	$22	$68	$118	$268
Moderate Managed Allocation Option				
Age Band 0–4 years	$34	$106	$186	$419
Age Band 5–8 years	$35	$109	$191	$431
Age Band 9–10 years	$40	$126	$219	$494
Age Band 11–12 years	$40	$126	$219	$494
Age Band 13–14 years	$40	$126	$219	$494
Age Band 15 years	$40	$126	$219	$494
Age Band 16 years	$39	$122	$214	$481
Age Band 17 years	$37	$116	$202	$456
Age Band 18 years and over	$32	$100	$174	$394
Aggressive Managed Allocation Option				
Age Band 0–4 years	$30	$93	$163	$369
Age Band 5–8 years	$31	$97	$169	$381
Age Band 9–10 years	$32	$100	$174	$394
Age Band 11–12 years	$34	$106	$186	$419
Age Band 13–14 years	$36	$113	$197	$444
Age Band 15 years	$38	$119	$208	$469
Age Band 16 years	$39	$122	$214	$481
Age Band 17 years	$37	$116	$202	$456
Age Band 18 years and over	$35	$109	$191	$431
Global Equity Index Option	$22	$68	$118	$268
Global Tactical Asset Allocation Option	$117	$364	$631	$1,392
International Equity Index Option	$19	$61	$107	$243
Active Global Equity Option	$71	$221	$385	$861
U.S. Equity Index Option	$18	$58	$102	$230
High Equity Balanced Option	$30	$93	$163	$369

	APPROXIMATE COST OF $10,000 INVESTMENT			
INVESTMENT OPTIONS	**1 Year**	**3 Years**	**5 Years**	**10 Years**
Active Fixed-Income Option	$63	$196	$341	$764
Social Choice Option	$32	$100	$174	$394
Index Fixed-Income Option	$26	$81	$141	$318
Money Market Option	$29	$90	$158	$356
Principal Plus Interest Option	N/A	N/A	N/A	N/A

Investment Options

Choosing Your Investment Options. This section describes each Investment Option offered in the Direct Plan and the risks associated with an investment in such Investment Option.

The Trustee approves and authorizes each Investment Option, the investments in which each Investment Option invests and the allocations among those investments. The Trustee may add or remove Investment Options and change the allocations or the investments in which an Investment Option invests at any time.

You should consider a periodic assessment of your Investment Option selections to determine whether such selections are consistent with your current investment time horizon, education savings goals, risk tolerance and investment objectives. See "Making Changes to Your Account" for information about changing your Investment Option selections.

Investments of the Investment Options. Each Investment Option invests in one or more mutual funds or in a funding agreement. **Please keep in mind that you will not own shares of any of these mutual funds, nor will you own any interest in a funding agreement.** Instead, you will own interests in the Direct Plan.

Information about the Funding Agreement and the Mutual Funds in which the Investment Options Invest. Information about the funding agreement is contained in this Disclosure Booklet. Information about the investment objective, strategies and risks of each mutual fund in which an Investment Option invests is available in the mutual fund's current prospectus and statement of additional information. You can request a copy of the current prospectus, the statement of additional information, or the most recent semiannual or annual report of each such mutual fund by:

- calling 1-800-223-1200 or visiting www.tiaa-cref.org/public/prospectuses for the TIAA-CREF funds (the investment advisor to the TIAA-CREF funds is Teachers Advisors, Inc., an affiliate of the Direct Plan Manager);
- calling 1-800-441-7762 or visiting www.blackrock.com for the BlackRock Strategic Income Opportunities Portfolio;
- calling 1-512-306-7400 or visiting www.dimensional.com for the DFA Emerging Markets Core Equity Portfolio and the DFA World ex U.S. Core Equity Portfolio;
- calling 1-800-242-0134 or visiting www.ssga.com for the State Street Institutional Small-Cap Equity Fund;
- calling 1-800-241-4671 or visiting www.mwamllc.com for the MetWest Total Return Bond Fund;
- calling 1-800-342-5236 or visiting www.franklintempleton.com/prospectus for the Templeton Global Bond Fund;
- calling 1-877-435-8105 or visiting www.hardingloevnerfunds.com for the Harding Loevner International Equity Portfolio;
- calling 1-888-87-PIMCO or visiting www.investments.pimco.com/prospectuses for the PIMCO All Asset Fund;
- calling 1-800-662-7447 or visiting www.vanguard.com/prospectus for the Vanguard Funds; or
- calling 1-800-638-8790 or visiting www.troweprice.com/prospectus for the T. Rowe Price funds.

Risk Information. The risks of investing in each Investment Option are identified within the Investment Option description below. An explanation of these risks is in the section immediately following the last Investment Option description.

Age-Based Investment Options

Investment Objective. The Managed Allocation Options are designed for Account Owners who are saving for the college education of the Beneficiary. Each Managed Allocation Option seeks to match the investment objective and level of risk to the investment horizon by taking into account the Beneficiary's current age and the number of years before the Beneficiary turns 18 and is expected to enter college.

Investment Strategy. Depending on the Beneficiary's age, contributions to these Investment Options will be placed in one of nine age bands, each of which has a different investment objective and investment strategy. As discussed below, the age bands for younger Beneficiaries seek a favorable long-term return by investing primarily in mutual funds that invest in equity securities, which typically have a higher level of risk but may have greater potential for returns than mutual funds that invest primarily in debt securities. As a Beneficiary nears college age, the age bands allocate less to mutual funds that invest primarily in equity securities and allocate more heavily to mutual funds that invest primarily in debt securities, which typically have a lower level of risk than mutual funds that invest primarily in equity securities, and in a funding agreement to preserve capital.

As the Beneficiary ages, assets in your Account that are attributable to the Managed Allocation Options are moved from one age band to the next on the first "Rolling Date" following the Beneficiary's fifth, ninth, eleventh, thirteenth, fifteenth, sixteenth, seventeenth, and eighteenth birthdays. The Rolling Dates are March 20, June 20, September 20 and August 20 (or the first business day thereafter).

With respect to each of the Managed Allocation Options, the percentage of each age band's assets allocated to each mutual fund and to the funding agreement is set forth in the tables below.

To varying degrees, the age bands invest in certain mutual funds that invest primarily in equity securities. As a Beneficiary ages, an age band's investment in these mutual funds will generally decrease. Through these mutual funds, an age band intends to indirectly allocate varying percentages of its assets most predominately to:

- equity securities of U.S. companies across all capitalization ranges;
- equity securities of foreign issuers across all capitalization ranges, including foreign issuers located in developed and emerging market countries; and
- stocks of publicly traded equity real estate investment trusts ("**REITs**") and other real estate-related investments.

Also to varying degrees, the age bands invest in certain mutual funds that invest primarily in fixed-income or other types of debt securities. As a Beneficiary ages, an age band's investment in these mutual funds will generally increase.

Through these mutual funds, an age band intends to indirectly allocate varying percentages of its assets most predominately to:

- debt securities of U.S. issuers, including government and private sector entities, of any maturity or credit rating;
- debt securities of foreign issuers, including government and private sector entities located in developed and emerging market countries, of any maturity or credit rating;
- a wide spectrum of investment-grade debt securities, including but not limited to: corporate bonds, government securities, and mortgage-backed and asset-backed securities;
- lower-rated or unrated higher-yielding fixed-income securities, such as bonds rated below investment grade (i.e., "high-yield" or "junk" bonds);
- inflation-indexed securities, including debt securities the principal values of which increase or decrease based on changes in the Consumer Price Index for All Urban Consumers over the life of the securities (typically U.S. Treasury Inflation-Indexed Securities, but also including other inflation-linked bonds that are issued or guaranteed by U.S. or non-U.S. public or private sector entities);
- a combination of other domestic and foreign fixed-income investments, including, but not limited to: mortgages and other loans, floating and variable rate obligations, municipal obligations, zero coupon securities, non-dollar denominated bonds, debentures, notes, collateralized debt obligations, loan participations and assignments; and
- fixed-income securities with equity features and, to a lesser extent, equity securities, such as preferred stocks, convertible securities and securities of exchange-traded funds.

In addition to the investments described above, certain of the age bands for older Beneficiaries will also invest in a funding agreement that is substantially the same as the funding agreement in which the Principal Plus Interest Option invests 100% of its assets. (See Principal Plus Interest Option for a description of the funding agreement.)

Through its investment in mutual funds, a small percentage of an age band's assets may be indirectly allocated to derivative instruments and structured products that are linked to or derive their value from an underlying security, asset, commodity, rate or currency.

Investment Risks. Because the Managed Allocation Options invest in multiple mutual funds that, taken together, invest in a diversified portfolio of securities, the Managed Allocation Options are subject to the following risks to varying degrees: Active Management Risk; Call Risk; Collateralized Debt Obligations Risk; Commodities-Related Investments Risk; Convertible Securities Risk; Corporate Loans Risk; Credit Risk; Currency Management Strategies Risk; Debt Securities Risk; Derivatives Risk; Downgrade Risk; Emerging Markets Risk; Extension Risk; Fixed-Income Foreign Investment Risk; Floating and Variable Rate Securities Risk; Foreign Investment Risk; High Portfolio Turnover Risk; Income Risk; Income Volatility Risk; Index Risk; Interest Rate Risk; Investments in Other Investment Companies Risk; Issuer Risk; Large-Cap Risk; Leverage Risk; Liquidity Risk; Market Risk; Market Volatility, Liquidity and Valuation Risk; Mid-Cap Risk; Mortgage- and Asset-Backed Securities Risk; Municipal Securities Risk; Non-Investment-Grade Securities Risk; Preferred Securities Risk; Prepayment Risk; Real Estate Investing Risk; Regional Risk; Repurchase Agreements and Purchase and Sale Contracts Risk; Reverse Repurchase Agreements Risk; Securities Lending Risk; Senior Loan Risk; Short Sales Risk; Small-Cap Risk; Sovereign Debt

Securities Risk; Special Risks for Inflation-Indexed Bonds; Subsidiary Risk; Treasury Obligations Risk; U.S. Government Mortgage-Related Securities Risk; U.S. Government Securities Risk; Value Investing Risk; and Zero Coupon Securities Risk. Through its investment in the funding agreement, each Managed Allocation Option is also subject to Funding Agreement Risk.

The age bands for younger Beneficiaries are generally subject to the investment risks associated with the underlying equity mutual funds more so than are the age bands for older Beneficiaries. Such risks include: Derivatives Risk; Emerging Markets Risk; Foreign Investment Risk; Index Risk; Interest Rate Risk; Issuer Risk; Large-Cap Risk; Liquidity Risk; Market Risk; Mid-Cap Risk; Real Estate Investing Risk; Securities Lending Risk; Small-Cap Risk; and Value Investing Risk.

Likewise, the age bands for older Beneficiaries are generally subject to the investment risks associated with the underlying debt mutual funds more so than are the age bands for younger Beneficiaries. Such risks include: Active Management Risk; Call Risk; Collateralized Debt Obligations Risk; Commodities-Related Investments Risk; Convertible Securities Risk; Corporate Loans Risk; Credit Risk; Currency Management Strategies Risk; Debt Securities Risk; Derivatives Risk; Downgrade Risk; Emerging Markets Risk; Extension Risk; Fixed-Income Foreign Investment Risk; Floating and Variable Rate Securities Risk; Foreign Investment Risk; High Portfolio Turnover Risk; Income Volatility Risk; Income Risk; Index Risk; Interest Rate Risk; Municipal Securities Risk; Non-Investment-Grade Securities Risk; Prepayment Risk; Repurchase Agreements and Purchase and Sale Contracts Risk; Reverse Repurchase Agreements Risk; Senior Loan Risk; Special Risks for Inflation-Indexed Bonds; Sovereign Debt Securities Risk; Treasury Obligations Risk; U.S. Government Mortgage-Related Securities Risk; U.S. Government Securities Risk; and Zero Coupon Securities Risk.

Conservative Managed Allocation Option
(Risk level shifts from aggressive to conservative as the Beneficiary ages)

Each age band in the Conservative Managed Allocation Option will invest more heavily in conservative investments than the corresponding age band within the Moderate or Aggressive Managed Allocation Options. The mutual funds and funding agreement to which each age band in the Conservative Managed Allocation Option is allocated are:

Age Bands	TIAA-CREF Equity Index Fund (TIEIX)	TIAA-CREF Int'l Equity Index Fund (TCIEX)	DFA Emerging Markets Core Equity Portfolio (DFCEX)	Vanguard Real Estate Index Fund (VGSNX)	TIAA-CREF Bond Index Fund (TBIIX)	TIAA-CREF Inflation-Linked Bond Fund (TIILX)	BlackRock Strategic Income Opportunities Fund (BSIKX)	TIAA-CREF High Yield Fund (TIHYX)	Templeton Global Bond Fund (TGBAX)	T-C Life Funding Agreement
0-4 Years	21.00%	16.00%	5.00%	8.00%	13.00%	15.00%	13.00%	8.00%	1.00%	0.00%
5-8 Years	19.00%	15.00%	4.00%	7.00%	15.00%	15.00%	14.00%	8.00%	1.00%	2.00%
9-10 Years	16.00%	12.00%	3.00%	6.00%	17.00%	15.00%	15.00%	8.00%	3.00%	5.00%
11-12 Years	12.00%	9.00%	2.00%	5.00%	20.00%	15.00%	16.00%	8.00%	5.00%	8.00%
13-14 Years	10.00%	7.00%	2.00%	4.00%	19.00%	15.00%	17.00%	8.00%	6.00%	12.00%
15 Years	7.00%	5.00%	2.00%	3.00%	17.00%	15.00%	15.00%	7.00%	4.00%	25.00%
16 Years	6.00%	4.00%	2.00%	2.00%	14.00%	13.00%	10.00%	5.00%	3.00%	41.00%
17 Years	4.00%	3.00%	1.00%	1.00%	12.00%	13.00%	9.00%	4.00%	3.00%	50.00%
18 and Over	2.00%	1.00%	0.00%	1.00%	8.00%	8.00%	4.00%	3.00%	0.00%	73.00%

Moderate Managed Allocation Option
(Risk level shifts from aggressive to conservative as the Beneficiary ages)

Each age band in the Moderate Managed Allocation Option will invest more heavily in mutual funds that invest in equity securities than the corresponding age band within the Conservative Managed Allocation Option, but less heavily in such mutual funds than the Aggressive Managed Allocation Option. Furthermore, each age band in the Moderate Managed Allocation Option will invest more heavily in conservative investments than the corresponding age band with the Aggressive Managed Allocation Option, but less heavily than the Conservative Managed Allocation Option.
The mutual funds and funding agreement to which each age band in the Moderate Managed Allocation Option is allocated are:

Age Bands	TIAA-CREF Equity Index Fund (TIEIX)	TIAA-CREF Int'l Equity Index Fund (TCIEX)	DFA Emerging Markets Core Equity Portfolio (DFCEX)	Vanguard Real Estate Index Fund (VGSNX)	TIAA-CREF Bond Index Fund (TBIIX)	TIAA-CREF Inflation-Linked Bond Fund (TIILX)	BlackRock Strategic Income Opportunities Fund (BSIKX)	TIAA-CREF High Yield Fund (TIHYX)	Templeton Global Bond Fund (TGBAX)	T-C Life Funding Agreement
0-4 Years	33.00%	25.00%	8.00%	12.00%	4.00%	2.00%	11.00%	5.00%	0.00%	0.00%
5-8 Years	28.00%	22.00%	7.00%	10.00%	9.00%	8.00%	11.00%	5.00%	0.00%	0.00%
9-10 Years	23.00%	17.00%	6.00%	9.00%	13.00%	10.00%	12.00%	5.00%	5.00%	0.00%
11-12 Years	20.00%	15.00%	5.00%	7.00%	17.00%	15.00%	13.00%	5.00%	3.00%	0.00%
13-14 Years	16.00%	12.00%	4.00%	6.00%	24.00%	15.00%	13.00%	5.00%	3.00%	2.00%
15 Years	14.00%	10.00%	4.00%	6.00%	25.00%	15.00%	13.00%	5.00%	3.00%	5.00%
16 Years	12.00%	9.00%	3.00%	5.00%	23.00%	15.00%	13.00%	6.00%	3.00%	11.00%
17 Years	10.00%	8.00%	2.00%	4.00%	17.00%	15.00%	13.00%	6.00%	3.00%	22.00%
18 and Over	7.00%	5.00%	2.00%	3.00%	6.00%	15.00%	10.00%	6.00%	2.00%	44.00%

Aggressive Managed Allocation Option
(Risk level shifts from aggressive to conservative as the Beneficiary ages)

Each age band in the Aggressive Managed Allocation Option will invest more heavily in mutual funds that invest in equity securities than the corresponding age band within the Conservative or Moderate Managed Allocation Options, but less heavily in conservative investments than the Conservative Managed Allocation Option and the Moderate Managed Allocation Option. The mutual funds and funding agreement to which each age band in the Aggressive Managed Allocation Option is allocated are:

Age Bands	TIAA-CREF Equity Index Fund (TIEIX)	TIAA-CREF Int'l Equity Index Fund (TCIEX)	DFA Emerging Markets Core Equity Portfolio (DFCEX)	Vanguard Real Estate Index Fund (VGSNX)	TIAA-CREF Bond Index Fund (TBIIX)	TIAA-CREF Inflation-Linked Bond Fund (TIILX)	BlackRock Strategic Income Opportunities Fund (BSIKX)	TIAA-CREF High Yield Fund (TIHYX)	Templeton Global Bond Fund (TGBAX)	T-C Life Funding Agreement
0-4 Years	39.00%	31.00%	8.00%	9.00%	2.00%	1.00%	6.00%	4.00%	0.00%	0.00%
5-8 Years	37.00%	29.00%	7.00%	8.00%	3.00%	5.00%	7.00%	4.00%	0.00%	0.00%
9-10 Years	35.00%	27.00%	7.00%	8.00%	4.00%	7.00%	8.00%	4.00%	0.00%	0.00%
11-12 Years	31.00%	25.00%	6.00%	7.00%	8.00%	9.00%	10.00%	4.00%	0.00%	0.00%
13-14 Years	27.00%	22.00%	5.00%	6.00%	10.00%	14.00%	11.00%	5.00%	0.00%	0.00%
15 Years	24.00%	19.00%	5.00%	5.00%	12.00%	15.00%	14.00%	6.00%	0.00%	0.00%
16 Years	20.00%	16.00%	4.00%	5.00%	20.00%	15.00%	14.00%	6.00%	0.00%	0.00%
17 Years	18.00%	13.00%	3.00%	4.00%	25.00%	14.00%	14.00%	4.00%	0.00%	5.00%
18 and Over	14.00%	11.00%	3.00%	3.00%	14.00%	12.00%	12.00%	4.00%	2.00%	25.00%

Risk-Based Investment Options

These Investment Options are intended for Participants who prefer to select an Investment Option (or several Investment Options) with a fixed risk level rather than a risk level that changes as the Beneficiary ages. Each of these Investment Options invests in one or more mutual funds or in a funding agreement, and each Investment Option has a different investment objective and investment strategy and is subject to different investment risks as summarized below.

Global Equity Index Option (Risk level — Aggressive)

Investment Objective. This Investment Option seeks to provide a favorable long-term total return, mainly through capital appreciation.

Investment Strategy. This Investment Option invests its assets in index mutual funds that primarily invest in equity securities of U.S. companies and foreign issuers. The mutual funds in which this Investment Option is invested are:

TIAA-CREF International Equity Index Fund (TCIEX)	44.00%
TIAA-CREF Equity Index Fund (TIEIX)	43.00%
TIAA-CREF Emerging Markets Equity Index Fund (TEQLX)	13.00%

Through its investments in these three mutual funds, this Investment Option intends to indirectly allocate its assets predominantly to:

- equity securities of large- and mid-capitalization foreign issuers, including foreign issuers located in developed and emerging market countries; and
- equity securities of U.S. companies across all capitalization ranges.

Investment Risks. Because the Global Equity Index Option invests in multiple mutual funds that, taken together, invest in a diversified portfolio of securities, it is subject to the following risks to varying degrees: Emerging Markets Risk; Foreign Investment Risk; Index Risk; Issuer Risk; Large-Cap Risk; Liquidity Risk; Market Risk; Mid-Cap Risk; and Small-Cap Risk.

Global Tactical Asset Allocation Option
(Risk level — Aggressive)

Investment Objective. This Investment Option seeks a favorable long-term total return.

Investment Strategy. This Investment Option invests 100% of its assets in an actively managed mutual fund structured as a fund of funds that invests in other actively managed or smart beta funds (including mutual funds or exchange-traded funds). Effective January 31, 2019, this Investment Option no longer invests in the GMO Benchmark-Free Allocation Series Fund and instead invests in:

PIMCO All Asset Fund (PAAIX)	100%

Through its investment in this mutual fund, this Investment Option intends to indirectly allocate its assets to securities associated with any asset class, country sector and capitalization range.

Investment Risks. The Global Tactical Asset Allocation Option is subject to the following risks to varying degrees: Active Management Risk; Allocation Risk; Arbitrage Risk; Call Risk; Commodities-Related Investments Risk; Convertible Securities Risk; Credit Risk; Currency Risk; Derivatives Risk; Emerging Markets Risk; Equity Risk; Exchange-Traded Fund Risk; Foreign Investment Risk; Futures Contracts Risk; Index Risk; Interest Rate Risk; Investment in Other Investment Companies Risk; Issuer Risk; Leverage Risk; Liquidity Risk; Market Risk; Market Trading Risk; Model Risk; Mortgage- and Asset-Backed Securities Risk; Municipal Project-Specific Risk; Municipal Securities Risk; Non-Investment-Grade Securities Risk; Real Estate Investing Risk; Short Sales Risk; Small-Cap Risk; Sovereign Debt Securities Risk; Subsidiary Risk; Tax Risk; Tracking Error Risk; and Value Investing Risk.

International Equity Index Option
(Risk level — Aggressive)

Investment Objective. This Investment Option seeks a favorable long-term total return, mainly through capital appreciation.

Investment Strategy. This Investment Option invests 100% of its assets in an index fund that primarily invests in equity securities of foreign issuers. The mutual fund in which this Investment Option is invested is:

TIAA-CREF International Equity Index Fund (TCIEX)	100%

Through its investment in this mutual fund, this Investment Option intends to indirectly allocate its assets predominately to equity securities of large- and mid-capitalization foreign issuers, including foreign issuers located in developed and emerging market countries.

Investment Risks. This Investment Option is subject to the following risks to varying degrees: Foreign Investment Risk; Index Risk; Issuer Risk; Large-Cap Risk; Liquidity Risk; Market Risk; and Mid-Cap Risk.

Active Global Equity Option (Risk level — Aggressive)

Investment Objective. This Investment Option seeks to provide a favorable long-term total return mainly through capital appreciation and, to a lesser extent, current income.

Investment Strategy. This Investment Option invests its assets in actively managed mutual funds that primarily invest in equity securities. As of January 31, 2019, the GMO International Equity Allocation Series Fund is no longer an underlying fund for this Investment Option, and the mutual funds in which this Investment Option is invested are:

Harding Loevner International Equity Portfolio (HLIZX)	30.00%
TIAA-CREF Growth & Income Fund (TIGRX)	22.00%
DFA World ex U.S. Core Equity Portfolio (DFWIX)	20.00%
T. Rowe Price Institutional Large-Cap Growth Fund (TRLGX)	10.50%
T. Rowe Price Institutional Large-Cap Value Fund (TILCX)	10.50%
State Street Institutional Small-Cap Equity Fund (SIVIX)	4.00%
Vanguard Mid-Cap Index Fund (VMCIX)	3.00%

Through its investments in these seven mutual funds, this Investment Option intends to indirectly allocate its assets predominantly to:

- equity securities of foreign issuers across all capitalization ranges, including foreign issuers located in developed and emerging market countries; and

- equity securities of U.S. companies across all capitalization ranges.

In addition, a small percentage of this Investment Option's assets may be indirectly allocated to debt securities of U.S. companies and foreign issuers of any maturity or credit quality, derivative instruments, U.S. Treasury and other U.S. government securities, and money market mutual funds and high-quality, short-term securities.

Investment Risks. Because the Active Global Equity Option invests in multiple mutual funds that, taken together, invest in a diversified portfolio of securities, the Active Global Equity Option is subject to the following risks to varying degrees: Active Management Risk; Allocation Risk; Counterparty Risk; Credit Risk; Currency Risk; Cyber Security Risk; Derivatives Risk; Emerging Markets Risk; Fixed-Income Investments Market Risk; Focused Investment Risk; Foreign Investment Risk; Growth Investing Risk; Interest Rate Risk; Investments in Other Investment Companies Risk; Issuer Risk; Large-Cap Risk; Large Shareholder Risk; Leverage Risk; Liquidity Risk; Market Disruption and Geopolitical Risk; Market Risk; Mid-Cap Risk; Multi-Style Management Risk; Participation Notes Risk; Sector Concentration Risk; Securities Lending Risk; Short Sales Risk; Small-Cap Risk; and Value Investing Risk.

U.S. Equity Index Option (Risk level — Aggressive)

Investment Objective. This Investment Option seeks to provide a favorable long-term total return, mainly through capital appreciation.

Investment Strategy. This Investment Option invests 100% of its assets in an index fund that primarily invests in equity securities of U.S. companies. The mutual fund in which this Investment Option is invested is:

TIAA-CREF Equity Index Fund (TIEIX)	100%

Through its investment in this mutual fund, this Investment Option intends to indirectly allocate its assets predominantly to equity securities of U.S. companies across all capitalization ranges.

Investment Risks. The U.S. Equity Index Option is subject to the following risks to varying degrees: Index Risk; Issuer Risk; Large-Cap Risk; Liquidity Risk; Market Risk; Mid-Cap Risk; and Small-Cap Risk.

High Equity Balanced Option (Risk level — Aggressive)

Investment Objective. This Investment Option seeks to provide a favorable long-term total return through both capital appreciation and current income.

Investment Strategy. This Investment Option invests its assets in mutual funds that primarily invest in equity or debt securities. The mutual funds in which this Investment Option is invested are:

TIAA-CREF International Equity Index Fund (TCIEX)	32.00%
TIAA-CREF S&P 500 Index Fund (TISPX)	30.00%
TIAA-CREF Bond Index Fund (TBIIX)	13.00%
DFA Emerging Markets Core Equity Portfolio (DFCEX)	8.00%
TIAA-CREF Inflation-Linked Bond Fund (TIILX)	4.00%
State Street Institutional Small-Cap Equity Fund (SIVIX)	3.60%
Vanguard Mid-Cap Index Fund (VMCIX)	6.40%
Templeton Global Bond Fund (TGBAX)	3.00%

Through its investments in these eight mutual funds, this Investment Option intends to indirectly allocate its assets predominately to:

- equity securities of U.S. companies across all capitalization ranges;
- equity securities of foreign issuers across all capitalization ranges, including foreign issuers located in developed and emerging market countries;
- debt securities of U.S. issuers, including government and private sector entities, of any maturity or credit rating;
- debt securities of foreign issuers, including government and private sector entities located in developed and emerging market countries, of any maturity or credit rating;
- a wide spectrum of investment-grade debt securities, including but not limited to: corporate bonds, government securities, and mortgage-backed and asset-backed securities;
- lower-rated or unrated higher-yielding fixed-income securities such as bonds rated below investment grade (i.e., "high-yield" or "junk" bonds);
- inflation-indexed securities, including debt securities the principal values of which increase or decrease based on changes in the Consumer Price Index for All Urban Consumers over the life of the securities (typically U.S. Treasury Inflation-Indexed Securities, but also including other inflation-linked bonds that are issued or guaranteed by U.S. or non-U.S. public or private sector entities);
- money market securities and other short-term, high-quality securities; and
- derivative instruments and structured products that are linked to or derive their value from an underlying security, asset, commodity, rate or currency.

Investment Risks. Because the High Equity Balanced Option invests in multiple mutual funds that, taken together, invest in a diversified portfolio of securities, it is subject to the following risks to varying degrees: Active Management Risk; Allocation Risk; Call Risk; Credit Risk; Currency Risk; Currency Management Strategies Risk; Derivatives Risk; Downgrade Risk; Emerging Markets Risk; Extension Risk; Fixed-Income Foreign Investment Risk; Foreign Investment Risk;

Growth Investing Risk; Income Risk; Income Volatility Risk; Index Risk; Interest Rate Risk; Issuer Risk; Large-Cap Risk; Liquidity Risk; Market Risk; Market Volatility, Liquidity and Valuation Risk; Mid-Cap Risk; Multi-Style Management Risk; Non-Investment-Grade Securities Risk; Prepayment Risk; Regional Risk; Securities Lending Risk; Small-Cap Risk; Sovereign Debt Securities Risk; Special Risks for Inflation-Indexed Bonds; U.S. Government Securities Risk; and Value Investing Risk.

Active Fixed-Income Option (Risk level — Moderate)

Investment Objective. This Investment Option seeks to provide favorable long-term total return.

Investment Strategy. This Investment Option invests its assets in actively managed mutual funds that invest in a wide range of fixed-income securities. The mutual funds in which this Investment Option is invested are:

Metropolitan West Total Return Bond Fund (MWTSX)	50.00%
BlackRock Strategic Income Opportunities Fund (BSIKX)	20.00%
Templeton Global Bond Fund (TGBAX)	10.00%
TIAA-CREF High-Yield Fund (TIHYX)	10.00%
TIAA-CREF Inflation-Linked Bond Fund (TIILX)	10.00%

Through its investments in these five mutual funds, this Investment Option intends to indirectly allocate its assets predominantly to:

- debt securities of U.S. issuers, including government and private sector entities, of any maturity or credit rating;
- debt securities of foreign issuers, including government and private sector entities located in developed and emerging market countries, of any maturity or credit rating;
- a wide spectrum of investment-grade debt securities, including but not limited to: corporate bonds, government securities, and mortgage-backed and asset-backed securities;
- lower-rated or unrated higher-yielding fixed-income securities, such as bonds rated below investment grade (i.e., "high-yield" or "junk" bonds);
- inflation-indexed securities, including debt securities the principal values of which increase or decrease based on changes in the Consumer Price Index for All Urban Consumers over the life of the securities (typically U.S. Treasury Inflation-Indexed Securities, but also including other inflation-linked bonds that are issued or guaranteed by U.S. or non-U.S. public or private sector entities);
- a combination of other domestic and foreign fixed-income investments, including but not limited to: mortgages and other loans, floating and variable rate obligations, municipal obligations, zero coupon securities, non-dollar denominated bonds, debentures, collateralized debt obligations, loan participations and assignments, and notes;
- fixed-income securities with equity features and, to a lesser extent, equity securities, such as preferred stock, convertible securities and securities of exchange-traded funds;
- money market securities and other short-term, high-quality securities; and
- derivative instruments and structured products that are linked to or derive their value from another security, asset, commodity or currency of any nation.

Investment Risks. Because the Active Fixed-Income Option invests in multiple mutual funds that, taken together, invest in a diversified portfolio of securities, it is subject to the following risks to varying degrees: Active Management Risk; Call Risk; Credit Risk; Collateralized Debt Obligations Risk; Commodities-Related Investments Risk; Convertible Securities Risk; Corporate Loans Risk; Currency Management Strategies Risk; Currency Risk; Debt Securities Risk; Derivatives Risk; Emerging Markets Risk; Extension Risk; Fixed-Income Foreign Investment Risk; Floating and Variable Rate Securities Risk; Foreign Investment Risk; High Portfolio Turnover Risk; Income Risk; Income Volatility Risk; Interest Rate Risk; Investment in Other Investment Companies Risk; Issuer Risk; Leverage Risk; Liquidity Risk; Market Risk; Market Volatility, Liquidity and Valuation Risk; Mortgage- and Asset-Backed Securities Risk; Municipal Securities Risk; Preferred Securities Risk; Non-Investment-Grade Securities Risk; Prepayment Risk; Real Estate Investing Risk; Regional Risk; Repurchase Agreements and Purchase and Sale Contracts Risk; Reverse Repurchase Agreements Risk; Senior Loan Risk; Short Sales Risk; Small-Cap Risk; Sovereign Debt Securities Risk; Special Risks for Inflation-Indexed Bonds; Subsidiary Risk; Swap Agreements Risk; Treasury Obligations Risk; U.S. Government Mortgage-Related Securities Risk; U.S. Government Securities Risk; and Zero Coupon Securities Risk.

Social Choice Option (Risk level — Aggressive)

Investment Objective. This Investment Option seeks to provide a favorable long-term total return while giving special consideration to certain environmental, social and governance criteria.

Investment Strategy. This Investment Option invests 100% of its assets in one actively managed mutual fund that invests primarily in equity securities. The mutual fund in which this Investment Option is invested is:

TIAA-CREF Social Choice Equity Fund (TISCX)	100%

Through its investment in this mutual fund, this Investment Option intends to indirectly allocate its assets predominantly to securities, primarily equity securities, of companies across all capitalization ranges (including a small percentage of foreign companies) that meet certain criteria on matters related to topics such as climate change, human rights and business ethics, among others. This Investment Option's assets may also be indirectly allocated to U.S. government and non-U.S. government securities.

Investment Risks. The Social Choice Option is subject to the following risks to varying degrees: Active Management Risk; Foreign Investment Risk; Large-Cap Risk; Liquidity Risk; Issuer Risk; Market Risk; Mid-Cap Risk; Quantitative Analysis Risk; Small-Cap Risk; and Social Criteria Risk.

Index Fixed-Income Option (Risk level — Moderate)

Investment Objective. This Investment Option seeks a favorable long-term return, mainly from current income.

Investment Strategy. This Investment Option invests 100% of its assets in an index fund that primarily invests in debt securities. The mutual fund in which this Investment Option is invested is:

TIAA-CREF Bond Index Fund (TBIIX)	100%

Through its investment in this mutual fund, this Investment Option intends to indirectly allocate its assets predominately to a wide spectrum of public, investment-grade, taxable debt securities denominated in U.S. dollars including government securities, as well as asset- and mortgage-backed securities. A small percentage of this Investment Option's assets may be indirectly allocated to debt securities that are unrated or below investment grade.

Investment Risks. The Index Fixed-Income Option is subject to the following risks to varying degrees: Call Risk; Credit Risk; Downgrade Risk; Extension Risk; Fixed-Income Foreign Investment Risk; Income Volatility Risk; Index Risk; Interest Rate Risk; Issuer Risk; Liquidity Risk; Market Volatility, Liquidity and Valuation Risk; Prepayment Risk; and U.S. Government Securities Risk.

Money Market Option (Risk level — Conservative)

Investment Objective. This Investment Option seeks to provide current income consistent with the preservation of capital.

Investment Strategy. This Investment Option invests 100% of its assets in a government money market fund. The mutual fund in which this Investment Option is invested is:

TIAA-CREF Money Market Fund (TCIXX)	100%

Through its investment in this mutual fund, this Investment Option intends to indirectly allocate its assets predominately to cash, U.S. government securities and/or repurchase agreements that are collateralized fully by cash or U.S. government securities.

Investment Risks. The Money Market Option is subject to the following risks to varying degrees: Active Management Risk; Credit Risk; Current Income Risk; Floating and Variable Rate Securities Risk; Income Volatility Risk; Interest Rate Risk; Issuer Risk; Liquidity Risk; Market Volatility, Liquidity and Valuation Risk; and U.S. Government Securities Risk.

Principal Plus Interest Option
(Risk level — Conservative)

Investment Objective. This Investment Option seeks to preserve capital and provide a stable return.

Investment Strategy. The assets in this Investment Option are allocated to the funding agreement issued by TIAA-CREF Life, which is an affiliate of TFI, to the Trust, which is the policyholder under the funding agreement. The funding agreement provides a minimum guaranteed rate of return on the amounts allocated to it by the Investment Option. The minimum effective annual interest rate will be neither less than 1% nor greater than 3% at any time. The guarantee is made by the insurance company to the policyholder, not to Account Owners. In addition to the guaranteed rate of interest to the policyholder, the funding agreement allows for the possibility that additional interest may be credited as declared periodically by TIAA-CREF Life. The rate of any additional interest is declared in advance for a period of up to 12 months and is not guaranteed for any future periods. The current effective annual interest rate applicable to the funding agreement will be posted on the Direct Plan's website.

The funding agreement to which this Investment Option is allocated is:

TIAA-CREF Life Funding Agreement	100%

Investment Risks. Through its investment in a funding agreement, the Principal Plus Interest Option is subject to Funding Agreement Risk.

Explanation of Investment Risks of the Investment Options

Active Management Risk – The risk that a mutual fund's investment adviser's risk analyses or judgments about the attractiveness, value or potential appreciation of investments may prove incorrect and, consequently, the investment adviser's strategy, investment selection or trading execution may not produce the desired results and may cause the fund to underperform relative to its benchmark index or mutual funds with similar investment objectives, investment strategies or benchmarks. To the extent that a mutual fund's investments vary from the composition of its benchmark index, the fund's performance could potentially vary from the index's performance to a greater extent than if the fund merely attempted to replicate the index. Some mutual funds may use quantitative analyses or models as part of their investment process. Quantitative analyses and models may not accurately predict future market movements or characteristics, and any errors or limitations in those analyses and models could adversely affect a mutual fund's performance. Legislative, regulatory or tax restrictions, policies or developments may affect the investment techniques available to a mutual fund's investment adviser.

Allocation Risk – The risk that a mutual fund's investment adviser may not allocate the fund's assets among strategies, asset classes or investment management styles in an optimal manner, if, among other reasons, it does not correctly assess the attractiveness of a strategy, asset class or an investment style, and that this could cause the fund to lose money. A fund could miss attractive investment opportunities by underweighting markets that subsequently experience significant returns and could lose value by overweighting markets that subsequently experience significant declines.

Arbitrage Risk – The risk that securities purchased pursuant to an arbitrage strategy intended to take advantage of a perceived relationship between the value of two securities may not perform as expected.

Call Risk – The risk that, during periods of falling interest rates, an issuer may call (or repay) a fixed-income security prior to maturity, resulting in a decline in a mutual fund's income. If an issuer calls a security that a mutual fund has invested in, the fund may not recoup the full amount of its initial investment and may be forced to reinvest in lower-yielding securities, securities with greater credit risks or securities with other, less favorable features.

Collateralized Debt Obligations Risk – In addition to the typical risks associated with fixed-income securities and asset-backed securities, collateralized debt obligations ("CDOs") 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 risk that the collateral may default or decline in value or be downgraded, if rated by a nationally recognized statistical rating organization; (iii) a mutual fund may invest in tranches of CDOs that are subordinate to other tranches; (iv) the structure and complexity of the transaction and the legal documents could lead to disputes among investors regarding the characterization of proceeds; (v) the investment return achieved by a mutual fund could be significantly different than those predicted by financial models; (vi) the lack of a readily available secondary market for CDOs; (vii) risk of forced "fire sale" liquidation due to technical defaults such as coverage test failures; and (viii) the CDO's manager may perform poorly. In addition, investments in CDOs may be characterized by a mutual fund as illiquid securities.

Commodities-Related Investments Risk – Commodities prices can be extremely volatile, and exposure to commodities and the commodities markets can cause the value of a mutual fund's shares to decline or fluctuate in a rapid and unpredictable manner, thus subjecting the fund to greater volatility than investments in traditional securities. The value of commodity-linked derivative investments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments.

Convertible Securities Risk – The market value of a convertible security performs like that of a regular debt security; that is, if market interest rates rise, the value of a convertible security usually falls. In addition, convertible securities are subject to the risk that the issuer will not be able to pay interest or dividends when due, and their market value may change based on changes in the issuer's credit rating or the market's perception of the issuer's creditworthiness. Since it derives a portion of its value from the common stock into which it may be converted, a convertible security is also subject to the same types of market and issuer risks that apply to the underlying common stock.

Corporate Loans Risk – Commercial banks and other financial institutions or institutional investors make corporate loans to companies that need capital to grow or restructure. Borrowers generally pay interest on corporate loans at rates that change in response to changes in market interest rates, such as the London Interbank Offered Rate or the prime rates of U.S. banks. As a result, the value of corporate loan investments is generally less exposed to the adverse effects of shifts in market interest rates than investments that pay a fixed rate of interest. The market for corporate loans may be subject to irregular trading activity and wide bid/ask spreads. In addition, transactions in corporate loans may settle on a delayed basis. As a result, the proceeds from the sale of corporate loans may not be readily available to make additional investments or to meet a mutual fund's redemption obligations. To the extent the extended settlement process gives rise to short-term liquidity needs, a mutual fund may hold additional cash, sell investments or temporarily borrow from banks and other lenders.

Counterparty Risk – A mutual fund runs the risk that the counterparty to a derivatives contract, a clearing member used by the fund to hold a cleared derivatives contract, or a borrower of the fund's securities will be unable or unwilling to make timely settlement payments, return the fund's margin or otherwise honor its obligations.

Credit Risk (a type of Issuer Risk) – The issuer or guarantor of fixed-income investments, or the counterparty of a derivatives instrument contract or repurchase agreement, may not be able or willing (or is perceived to be unable or unwilling) to meet interest or principal payments, in whole or in part, when the payments become due or to otherwise honor its obligations in a timely manner. The market price of a fixed-income investment will normally decline as a result of the issuer's, guarantor's or obligor's failure to meet its payment obligations, or in anticipation of such failure. Changes in an issuer's financial strength or in an investment's credit rating may also affect an investment's value. Below-investment-grade investments have speculative characteristics, and changes in economic conditions or other circumstances are more likely to impair the ability of issuers of those investments to make principal and interest payments than issuers of investment-grade investments. The degree of credit risk depends on both the financial condition of the issuer and the terms of the obligation.

Currency Management Strategies Risk – Currency management strategies may substantially change a mutual fund's exposure to currency exchange rates and could result in losses to the fund if currencies do not perform as the investment manager expects. In addition, currency management strategies, to the extent that they reduce a mutual fund's exposure to currency risks, may also reduce the fund's ability to benefit from favorable changes in currency exchange rates. Using currency management strategies for purposes other than hedging further may increase a mutual 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.

Currency Risk – Fluctuations in currency exchange rates can adversely affect the market value of a mutual fund's foreign (non-U.S.) currency holdings or of investments denominated in foreign currencies or that receive revenues in, or that otherwise have exposure to, foreign currencies. If a foreign currency weakens against the U.S. dollar, the U.S. dollar value of an investment denominated in that currency would also decline. Foreign currencies may experience steady or sudden devaluation relative to the U.S. dollar. To the extent that a mutual fund's net asset value is determined on the basis of U.S. dollars, if the local currency of a foreign market depreciates against the U.S. dollar, a shareholder may lose money even if the foreign market prices of the mutual fund's holdings rise.

Current Income Risk – The risk that the income the Fund receives may fall as a result of a decline in interest rates. In a low or negative interest rate environment, the Fund may not be able to achieve a positive or zero yield or maintain a stable net asset value of $1.00 per share.

Cyber Security Risk – A mutual fund and its service providers' use of Internet, technology and information systems may expose the mutual fund to potential risks linked to cyber security breaches of those technological or information systems. Cyber security breaches, amongst other things, could allow an unauthorized party to gain access to proprietary information, customer data or fund assets, or cause the mutual fund and/or its service providers to suffer data corruption or lose operational functionality.

Debt Securities Risk – Debt securities, such as bonds, involve interest rate risk, credit risk, extension risk and prepayment risk, among other things.

Derivatives Risk – Derivatives are instruments, such as futures, options, swaps, credit default swaps, forwards and foreign currency forward contracts, whose values are derived from that of underlying currencies, securities, assets, rates or indices. The risks associated with investing in derivatives may be different and greater than the risks associated with directly investing in the underlying instruments. Changes in the value of a derivative may not correlate perfectly with the underlying instrument. Derivatives involve costs and can create economic leverage in a mutual fund's portfolio, which may result in significant volatility and cause the fund to participate in losses in an amount that significantly exceeds the fund's initial investment. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment. Other risks may include market, interest rate, credit and management risk, as well as risks associated with illiquidity, mispricing or improper valuation. The possible lack of a liquid secondary market for derivatives and the resulting inability of a mutual fund to sell or otherwise close a derivatives position could expose the fund to losses and could make derivatives more difficult for the fund to value accurately. Valuation may be more difficult in times of market turmoil since many investors and market makers may be reluctant to purchase complex instruments or quote prices for them. Over-the-counter ("OTC") derivatives are also subject to the risk that a counterparty to the transaction will not fulfill its contractual obligations to the other party, as many of the protections afforded to centrally cleared derivative transactions might not be available for OTC derivatives. For derivatives traded on an exchange or through a central counterparty, credit risk resides with the mutual fund's clearing broker, or the clearinghouse itself, rather than with a counterparty in an OTC derivative transaction. The successful use of derivatives will usually depend on the ability of a mutual fund's investment adviser to accurately forecast movements in the market relating to the underlying instrument. Should a market or markets, or prices of particular classes of investments, move in an unexpected manner, especially in unusual or extreme market conditions, a mutual fund may not achieve the anticipated benefits of the transaction, and it may realize losses, which could be significant. Derivatives used for hedging purposes are sometimes subject to imperfect matching between the derivative and the underlying instrument, and there can be no assurance that a mutual fund's hedging transactions will be effective. Changes in laws or regulations or tax treatment of derivatives may make the use of derivative instruments more costly, may limit a mutual fund's ability to employ certain strategies that use derivative instruments and/or may adversely affect the value of derivative instruments and a mutual fund's performance.

Downgrade Risk – The risk that securities are subsequently downgraded should a mutual fund's investment adviser and/or rating agencies believe the issuer's business outlook or creditworthiness has deteriorated.

Distressed Company Risk – The risk that securities of distressed companies may be subject to greater levels of credit, issuer and liquidity risk than a portfolio that does not invest in such securities. Securities of distressed companies include both debt and equity securities. Debt securities of distressed companies are considered predominantly speculative with respect to the issuers' continuing ability to make principal and interest payments.

Emerging Markets Risk – The risk of foreign investment often increases in countries with emerging markets. For example, these countries may have more unstable governments than developed countries, and their economies may be based on only a few industries. Emerging markets tend to develop unevenly and may never fully develop. Their financial markets may be very small, so share prices of financial instruments in emerging market countries may be volatile and difficult to determine, and the markets may be expensive to trade in. Financial instruments of issuers in these countries may be less liquid than those of issuers in more developed countries. Investments in emerging markets may be considered speculative. A mutual fund's investments in securities of issuers in 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, economic 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. There may be a greater risk of default associated with emerging market debt. Emerging markets are more likely to experience hyperinflation and currency devaluations, which adversely affect returns to U.S. investors. In addition, foreign investors such as U.S. mutual funds are subject to a variety of special restrictions in many emerging markets countries. Frontier market countries generally have smaller economies or less developed capital markets and, as a result, the risks of investing in emerging market countries are magnified in frontier market countries.

Equity Risk – The risk that the value of equity securities, such as common stocks and preferred securities, may decline due to general market conditions which are not specifically related to a particular company or to factors affecting a particular industry or industries. Equity securities generally have greater price volatility than fixed-income securities.

Exchange-Traded Fund Risk – The risk that an exchange-traded fund may not track the performance of the index it is designed to track, among other reasons, because of exchange rules, market prices of shares of an exchange-traded fund may fluctuate rapidly and materially, or shares of an exchange-traded fund may trade significantly above or below net asset value, any of which may cause losses.

Extension Risk – The risk that, during periods of rising interest rates, borrowers may pay off their debt obligations later than expected, preventing a mutual fund from reinvesting principal proceeds at higher interest rates and resulting in less income than potentially available. This may also cause securities considered short or intermediate term to become longer-term securities that fluctuate more widely in response to changes in interest rates than shorter-term securities.

Fixed-Income Foreign Investment Risk – Investment in fixed-income securities or financial instruments of foreign issuers involves increased risks due to adverse issuer, political, regulatory, currency, market or economic developments. These developments may impact the ability of a foreign debt issuer to make timely and ultimate payments on its debt obligations to a mutual fund or impair a mutual fund's ability to enforce its rights against the foreign debt issuer. These risks are heightened in emerging or developing markets. Foreign investments may also be less liquid and more difficult to value than investments in U.S. issuers.

Fixed-Income Investments Market Risk – The market price of a fixed-income investment can decline due to market-related factors, including rising interest rates and widening credit spreads, or decreased liquidity due to market uncertainty about the value of a fixed-income investment (or class of fixed-income investments).

Floating and Variable Rate Securities Risk – Floating and variable rate securities provide for a periodic adjustment in the interest rate paid on the securities. The rate adjustment intervals may be regular and range from daily up to annually, or may be based on an event, such as a change in the prime rate. Floating and variable rate securities may be subject to greater liquidity risk than other debt securities, meaning that there may be limitations on a mutual fund's ability to sell the securities at any given time. Such securities also may lose value.

Foreign Investment Risk – Foreign markets can be more volatile than U.S. markets due to increased risks of adverse issuer, political, diplomatic, social, regulatory, currency, market or economic developments. Foreign investments may also be less liquid, smaller, less regulated, more difficult to value and subject to greater price volatility and perform differently than financial instruments of U.S. issuers. There may also be less publicly available information about a foreign issuer. Foreign markets may be subject to the risks of unfavorable government actions, including nationalization, expropriation or confiscatory taxation, currency blockages, and political changes or diplomatic developments. Changes in foreign currency exchange rates can affect the value of a mutual fund's portfolio. Foreign banks and securities depositories may be recently organized or new to the foreign custody business and may be subject to only limited or no regulatory oversight. Many foreign governments do not supervise and regulate stock exchanges, brokers and the sale of securities to the same extent as does the United States and may not have laws to protect investors that are comparable to U.S. securities laws. The governments of certain countries may prohibit or impose substantial restrictions on foreign investments in their capital markets or in certain industries. A mutual fund may need a license to invest directly in securities traded in non-U.S. securities markets, and any such fund is subject to the risk that it could not invest if its license were terminated or suspended. Foreign markets may have different reporting, accounting and auditing standards than U.S. markets. Settlement and clearance procedures in certain foreign markets may result in delays in payment for or delivery of securities not typically associated with settlement and clearance of U.S. investments. Transactions in non-U.S. securities generally involve higher commission rates, transfer taxes and custodial costs than similar transactions in U.S. securities, and investments in non-U.S. securities may be subject to additional taxation. The economies of certain foreign markets may not compare favorably with the economy of the United States with respect to such issues as growth of gross national product, reinvestment of capital, resources and balance of payments position. The risk of loss and volatility have increased in recent periods and may continue because of high levels of debt and other economic distress in various countries, including some in Europe. Attempted solutions such as austerity or stimulus measures and governmental regulation also may increase the risk of loss and volatility in securities markets. Foreign investment risk may be heightened in emerging or developing markets. An issuer domiciled in a developed country may be similarly affected by these developing country risks to the extent that the issuer conducts a significant percentage of its business in developing countries.

Funding Agreement Risk – The risk that TIAA-CREF Life could fail to perform its obligations under the funding agreement for financial or other reasons.

Futures Contracts Risk – The risk of loss to a mutual fund resulting from its use of futures contracts is potentially unlimited. Futures markets are highly volatile, and the use of futures contracts may increase the volatility of a mutual fund's net asset value. A liquid secondary market may not exist for any particular futures contract at any particular time, and a mutual fund might be unable to affect closing transactions to terminate its exposure to the contract. When a mutual fund uses futures contracts for hedging purposes, it runs the risk that changes in the prices of the contracts will not correlate perfectly with changes in the securities, index or other asset underlying the contracts or movements in the prices of the mutual fund's investments that are the subject of the hedge. In addition, a mutual fund may be unable to re-enter or may be delayed in recovering margin or other amounts deposited with a futures commission merchant or futures clearinghouse. Foreign futures contracts are often less liquid and more volatile than U.S. contracts.

Growth Investing Risk (a type of Style Risk) – A mutual fund's growth approach to investing could cause it to underperform other stock funds that employ a different investment style. Due to their relatively high valuations, growth stocks are typically more volatile than value stocks, are more sensitive to investor perceptions of the issuing company's growth potential, and may experience a larger decline on a forecast of lower earnings, or a negative event or market development, than would a value stock. Growth stocks may be more volatile than the overall stock market. A stock with growth characteristics may also lack dividends that can help cushion its share price in a declining market. Growth-oriented mutual funds will typically underperform when value investing is in favor.

High Portfolio Turnover Risk – High portfolio turnover (more than 100%) of a mutual fund's securities may result in increased transaction costs to the fund, including brokerage commissions, dealer mark-ups and other transaction costs on the sale of the securities and on reinvestment in other securities. The sale of a mutual fund's portfolio securities may result in the realization and/or distribution to shareholders of higher capital gains or losses as compared to a fund with less active trading policies. These effects of higher-than-normal portfolio turnover may adversely affect fund performance and may cause higher levels of current tax liability to shareholders of the fund. In addition, investment in mortgage dollar rolls and participation in TBA transactions may significantly increase a mutual fund's portfolio turnover rate. A TBA transaction is a method of trading mortgage-backed securities where the buyer and seller agree upon general trade parameters such as agency, settlement date, par amount and price at the time the contract is entered into, but the mortgage-backed securities are delivered in the future, generally 30 days later.

Income Risk – A mutual fund's distributions to shareholders may decline when prevailing interest rates fall, when the fund experiences defaults on debt securities it holds, or when the fund realizes a loss upon the sale of a debt security.

Income Volatility Risk – The risk that the level of current income from a portfolio of fixed-income investments may decline in certain interest rate environments.

Index Risk – The risk that a mutual fund's performance may not correspond to its benchmark index for any period of time and may underperform such index or the overall financial market. Additionally, to the extent that the fund's investments vary from the composition of its benchmark index, the fund's performance could potentially vary from the index's performance to a greater extent than if the fund merely attempted to replicate the index. An index mutual fund's target index (and therefore the fund) may be heavily weighted in a small number of holdings, in which case the fund's performance may be hurt disproportionately by the poor performance of relatively few investments.

Interest Rate Risk (a type of Market Risk) – The market values of bonds and other fixed-income investments change in response to interest rate changes and other factors. Interest rate risk is the risk that prices of bonds and other fixed-income investments (including U.S. government securities) will increase as interest rates fall and decrease as interest rates rise, and that REIT stock prices overall will decline and the cost of borrowing for REITs will increase because of rising interest rates. The income a mutual fund receives may fall as a result of a decline in interest rates. Fixed-rate investments with longer maturities or durations are more sensitive to interest rate changes. Interest rate risk is heightened to the extent a mutual fund invests in longer duration fixed-income investments and during periods when prevailing interest rates are low or negative. Changing interest rates could have unpredictable effects on the markets and may expose fixed-income and related markets to heightened volatility. Interest rate changes are influenced by a number of factors including government policy, monetary policy, inflation expectations, perceptions of risk, and supply and demand. To the extent a mutual fund invests in fixed-income investments that may be prepaid at the option of the obligor (such as mortgage-backed securities), the sensitivity of such investments to changes in interest rates may increase (to the detriment of the fund) when interest rates rise. Moreover, because rates on certain floating-rate debt securities typically reset only periodically, changes in prevailing interest rates (and particularly sudden and significant changes) can be expected to cause some fluctuations in the net asset value of a mutual fund to the extent that it invests in floating-rate debt securities. Interest rates in the United States and in certain foreign markets have been at or near historic lows, which may increase a mutual fund's exposure to risks associated with rising interest rates. Although governmental financial regulators, including the U.S. Federal Reserve, have taken steps to maintain historically low interest rates, the U.S. Federal Reserve recently raised interest rates slightly. It is possible there will be less governmental action in the future to maintain low interest rates or that action will be taken to raise interest rates further, which may have unpredictable effects on markets and a mutual fund's investments.

Investment in Other Investment Companies Risk – To the extent that a mutual fund invests in other investment companies, shareholders bear both their proportionate share of expenses in the mutual fund (including management and advisory fees) and, indirectly, the expenses of the other investment companies. Shareholders will also be indirectly exposed to the investment risks associated with the investment companies in which the mutual fund invests, including the risk that those investment companies will not perform as expected.

Issuer Risk (often called Financial Risk) – The risk that the value of a security may decline for a reason directly related to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services. Also, the risk that an issuer's earnings prospects and overall financial position will deteriorate, causing a decline in the value of the issuer's financial instruments over short or extended periods of time.

Large-Cap Risk – The risk that large-capitalization companies are more mature and may grow more slowly than the economy as a whole and tend to go in and out of favor based on market and economic conditions. Securities issued by large-cap companies tend to be less volatile than securities issued by smaller companies. However, larger companies may not be able to attain the high growth rates of successful smaller companies, especially during strong economic periods, and may be unable to respond as quickly to competitive challenges.

Large Shareholder Risk – To the extent that a large number of shares of a mutual fund are held by a single shareholder (e.g., an institutional investor or financial intermediary), that fund is subject to the risk that a redemption by that shareholder of all or a large portion of its fund shares will require the fund to sell securities at disadvantageous prices or otherwise disrupt the fund's operations.

Leverage Risk – Some transactions may give rise to a form of economic leverage. These transactions may involve, among others, derivatives, short sales and securities lending, and may expose a mutual fund to greater risk and increase its costs. The use of leverage may cause a mutual fund to liquidate portfolio positions when it may not be advantageous to do so to satisfy its obligations or to meet any required asset segregation requirements. Increases and decreases in the value of a mutual fund's portfolio will be magnified when the fund uses leverage. Leverage increases a mutual fund's losses when the value of its investments (including derivatives) declines. In addition, a mutual fund's portfolio will be leveraged if it exercises its right to delay payment on a redemption, and losses will result if the value of the fund's assets declines between the time a redemption request is deemed to be received by the fund and the time the fund liquidates assets to meet redemption requests.

Liquidity Risk – The risk that investments may be difficult to sell for the value at which they are carried, if at all, or at any price within the desired time frame. From time to time, the trading market for a particular security or other investment in which a mutual fund invests may become less liquid or even illiquid. Reduced liquidity will have an adverse impact on a mutual fund's ability to sell such securities or other investments when necessary to meet the fund's liquidity needs, which may arise or increase in response to a specific economic event or because the fund's investment adviser wishes to purchase particular investments or believes that a higher level of liquidity would be advantageous. A mutual fund's investments in illiquid securities may reduce the returns of the fund because it may be difficult to sell the illiquid securities at an advantageous time or price. Market prices for illiquid securities or other investments may be volatile. Liquid investments may become illiquid after purchase by a fund, particularly during periods of market turmoil. Illiquid investments may be harder to value, especially in changing markets. Over recent years, the fixed-income markets have grown more than the ability of dealers to make markets, which can further constrain liquidity and increase the volatility of portfolio valuations. High levels of redemptions in bond funds in response to market conditions could cause greater losses as a result. Regulations may further constrain the ability of market participants to create liquidity, particularly in times of increased market volatility. To the extent that a mutual fund's principal investment strategies involve derivatives or securities with substantial market and/or credit risk, the fund may tend to have the greatest exposure to liquidity risk. Liquidity risk may be magnified in a rising interest rate environment or other circumstances where investor redemptions from fixed-income mutual funds may be higher than normal.

Market Disruption and Geopolitical Risk – Geopolitical and other events may disrupt securities markets and adversely affect global economies and markets. Those events, as well as other changes in non-U.S. and U.S. economic and political conditions, could adversely affect the value of a mutual fund's investments.

Market Risk – The market values of portfolio investments held by a mutual fund may fall rapidly or unpredictably due to a variety of factors, including changing economic, political or market conditions. Market risk may affect a single issuer, industry or sector of the economy, or it may affect the market as a whole. Stocks generally fluctuate in value more than bonds and may decline significantly over short time periods. There is a chance that stock prices overall will decline because stock markets tend to move in cycles, with periods of rising and falling prices. The market value of a security or other investment may be reduced by market activity or other results of supply and demand unrelated to the issuer. When there are more sellers than buyers, prices tend to fall. Likewise, when there are more buyers than sellers, prices tend to rise. Negative conditions and price declines may occur unexpectedly and dramatically. A mutual fund could be forced to sell portfolio securities at an inopportune time in order to meet unusually large or frequent redemption requests in times of overall market turmoil or declining prices.

Market Trading Risk – The risk that an active secondary trading market for shares of an exchange-traded fund does not continue once developed, that such fund may not continue to meet a listing exchange's trading or listing requirements, or that such fund's shares trade at prices other than the fund's net asset value.

Market Volatility, Liquidity and Valuation Risk (types of Market Risk) – The risk that volatile or dramatic reductions in trading activity make it difficult for a mutual fund to properly value its investments and that the fund may not be able to purchase or sell an investment at an attractive price, if at all.

Merger Arbitrage Risk – If a mutual fund purchases securities in anticipation of a proposed merger, exchange offer, tender offer or other similar transaction, and that transaction later appears unlikely to be consummated or, in fact, is not consummated or is delayed, the market price of the securities purchased by the fund is likely to decline sharply, resulting in losses to the fund. The risk/reward payout of merger arbitrage strategies typically is asymmetric, with the losses in failed transactions often far exceeding the gains in successful transactions. Merger arbitrage strategies are subject to the risk of overall market movements, and a mutual fund may experience losses even if a transaction is consummated.

Mid-Cap Risk – The risk that the stocks of mid-capitalization companies often experience greater price volatility, lower trading volume and less liquidity than the stocks of larger, more established companies. Returns from mid-cap stocks may trail returns from the overall stock market. Historically, mid-cap stocks have been more volatile in price than the large-cap stocks that dominate the overall market, and they often perform quite differently. Midsize companies tend to have greater stock volatility because, among other things, these companies are more sensitive to changing economic conditions.

Model Risk – The risk that a mutual fund's investment models used in making investment allocation decisions, and the indexation methodologies used in constructing an underlying index for a mutual fund that seeks to track the investment results of such underlying index, may not adequately take into account certain factors and may result in a decline in the value of an investment in the mutual fund.

Mortgage- and Asset-Backed Securities Risk – Mortgage- and asset-backed securities represent interests in "pools" of mortgages or other assets, including consumer loans or receivables held in trust. Mortgage- and asset-backed securities are subject to credit, interest rate, prepayment and extension risks. The market price of mortgage- and asset-backed securities, like that of other fixed-income investments with complex structures, can decline due to a number of factors, including market uncertainty about their credit quality and the reliability of their payment streams. These securities also are subject to risk of default on the underlying mortgage or asset, particularly during periods of economic downturn. Small movements in interest rates (both increases and decreases) may quickly and significantly reduce the value of certain mortgage-backed securities. There is a risk that the impairment of the value of the collateral underlying a mortgage- or asset-backed security in which a mutual fund invests, such as non-payment of loans, will result in a reduction in the value of the security.

Multi-Style Management Risk – The risk that, because portions of a mutual fund's assets are managed by different sub-advisers using different investment styles, the fund could engage in overlapping security transactions, potentially leading to the fund holding a more concentrated position in these securities. A mutual fund could also take opposite positions in securities of the same issuer, which may lead to higher transaction costs compared to a fund using a single investment style.

Municipal Project Specific Risk – The risk that a mutual fund may be more sensitive to adverse economic, business or political developments if it invests a substantial portion of its assets in the bonds of specific projects (such as those relating to education, health care, housing, transportation and utilities), industrial development bonds, or in bonds from issuers in a single state.

Municipal Securities Risk – The risks of investing in municipal securities include the ability of the issuer to repay the obligation, the relative lack of information about certain issuers of municipal securities and the possibility of future legislative changes which could affect the market for and value of municipal securities. These risks include:

- General Obligation Bonds Risks **–** Timely payments depend on the issuer's credit quality, ability to raise tax revenues and ability to maintain an adequate tax base.
- Revenue Bonds Risks **–** These payments depend on the money earned by the particular facility or class of facilities, or the amount of revenues derived from another source.
- Private Activity Bonds Risks **–** Municipalities and other public authorities issue private activity bonds to finance development of industrial facilities for use by a private enterprise. The private enterprise pays the principal and interest on the bond, and the issuer does not pledge its faith, credit and taxing power for repayment.
- Moral Obligation Bonds Risks **–** Moral obligation bonds are generally issued by special purpose public authorities of a state or municipality. If the issuer is unable to meet its obligations, repayment of these bonds becomes a moral commitment, but not a legal obligation, of the state or municipality.
- Municipal Notes Risks **–** Municipal notes are shorter-term municipal debt obligations. If there is a shortfall in the anticipated proceeds, the notes may not be fully repaid and a mutual fund may lose money.
- Municipal Lease Obligations Risks **–** In a municipal lease obligation, the issuer agrees to make payments when due on the lease obligation. Although the issuer does not pledge its unlimited taxing power for payment of the lease obligation, the lease obligation is secured by the leased property.
- Tax-Exempt Status Risk **–** If the municipal bonds in which a mutual fund invests or payments by a mutual fund are ultimately determined not to be tax-exempt, the mutual fund and its shareholders may be subject to substantial tax liabilities.

Non-Investment-Grade Securities Risk – Issuers of non-investment-grade securities, which are usually called "high-yield" or "junk bonds," are typically in weaker financial health, and such securities can be harder to value and sell, and their prices can be more volatile than more highly rated securities. Non-investment-grade securities generally have higher rates of interest, but they also involve greater risk of default than do securities of a higher-quality rating. In addition, unrated securities may be less liquid than comparable rated securities, and there is a risk that a mutual fund's investment adviser may not accurately evaluate the security's comparative credit rating. Non-investment-grade 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, issuers of non-investment-grade 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 securities generally fluctuate more than those of higher credit quality.

Participation Notes Risk – Participation notes are issued by banks, or broker/dealers, or their affiliates and are designed to replicate the return of a particular underlying equity or debt security, currency or market. When the participation note matures, the issuer of the participation note will pay to, or receive from, a mutual fund the difference between the nominal value of the underlying instrument at the time of purchase and that instrument's value at maturity. Participation notes involve the same risks associated with a direct investment in the underlying security, currency or market. In addition, participation notes involve counterparty risk because a mutual fund has no rights under participation notes against the issuer(s) of the underlying security(ies) and must rely on the creditworthiness of the issuer of the participation note.

Preferred Securities Risk – Preferred securities may pay fixed or adjustable rates of return. Preferred securities are subject to issuer-specific and market risks applicable generally to equity securities. In addition, a company's preferred securities generally pay dividends only after the company makes required payments to holders of its bonds and other debt. For this reason, the value of preferred securities will usually react more strongly than bonds and other debt to actual or perceived changes in the company's financial condition or prospects. Preferred securities of smaller companies may be more vulnerable to adverse developments than preferred securities of larger companies.

Prepayment Risk – The risk that, during periods of falling interest rates, borrowers may pay off their debt obligations sooner than expected, forcing a mutual fund to reinvest the unanticipated proceeds at lower interest rates and resulting in a decline in income.

Quantitative Analysis Risk – The risk that stocks selected using quantitative modeling and analysis could perform differently from the market as a whole.

Real Estate Investing Risk – The main risk of real estate-related securities, including stocks of REITs, and real estate-linked derivative instruments is that the value of the underlying real estate may go down. Many factors may affect real estate values. These factors include losses from casualty or condemnation, and changes in local and general economic conditions, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes, and the costs of owning, maintaining and improving real estate. The availability of mortgages and changes in interest rates may also affect real estate values. If a mutual fund's real estate-related investments are concentrated in one geographic area or in one property type, the fund will be particularly subject to the risks associated with that area or property type. There is also a risk that the returns from the stocks of REITs and other real estate-related investments—which typically are small- or mid-capitalization stocks—will trail returns from the overall stock market. Historically, REIT stocks have performed quite differently from the overall market.

Regional Risk – Adverse conditions in a certain region or country can adversely affect securities of issuers in other countries whose economies appear to be unrelated. To the extent that a mutual fund invests a significant portion of its assets in a specific geographic region or a particular country, the fund will generally have more exposure to the specific regional or country economic risks. In the event of economic or political turmoil or a deterioration of diplomatic relations in a region or country where a substantial portion of a mutual fund's assets are invested, the fund may experience substantial illiquidity or reduction in the value of the fund's investments.

Repurchase Agreements and Purchase and Sale Contracts Risk – If the other party to a repurchase agreement or purchase and sale contract defaults on its obligation under the agreement, a mutual fund may suffer delays and incur costs or lose money in exercising its rights under the agreement. If the seller fails to repurchase the security in either situation and the market value of the security declines, the fund may lose money.

Reverse Repurchase Agreements Risk – Reverse repurchase agreements involve the sale of securities held by a mutual fund with an agreement to repurchase the securities at an agreed-upon price, date and interest payment. Reverse repurchase agreements involve the risk that the other party may fail to return the securities in a timely manner or at all. A mutual fund could lose money if it is unable to recover the securities and the value of the collateral held by the fund, including the value of the investments made with cash collateral, is less than the value of securities. These events could also trigger adverse tax consequences for a mutual fund.

Sector Concentration Risk – At times, a mutual fund may have a significant portion of its assets invested in securities of companies conducting business in a broadly related group of industries within an economic sector. Companies in the same economic sector may be similarly affected by economic or market events, making the fund more vulnerable to unfavorable developments in that economic sector than funds that invest more broadly.

Securities Lending Risk – Securities lending involves the risk that the borrower may fail to return the securities in a timely manner or at all. As a result, a mutual fund that lends its securities may lose money and there may be a delay in recovering the loaned securities. The fund could also lose money if it does not recover the securities and/or the value of the collateral falls, including the value of investments made with cash collateral. Securities lending also may have certain adverse tax consequences for a mutual fund.

Senior Loan Risk – Many senior loans present credit risk comparable to high-yield securities. The liquidation of the collateral backing a senior loan may not satisfy a borrower's obligation to a mutual fund in the event of non-payment of scheduled interest or principal. Senior loans also expose a mutual fund to call risk and liquidity risk. The secondary market for senior loans can be limited. Trades can be infrequent and the values for senior loans may experience volatility. In some cases, negotiations for the sale or settlement of senior loans may require weeks to complete, which may impair a mutual fund's ability to raise cash to satisfy redemptions, pay dividends, pay expenses or to take advantage of other investment opportunities in a timely manner. If an issuer of a senior loan prepays or redeems the loan prior to maturity, a mutual fund may have to reinvest the proceeds in other senior loans or instruments that may pay lower interest rates.

Short Sales Risk – A mutual fund may incur a loss as a result of a short sale if the price of the security increases between the date of the short sale and the date on which the fund replaces the security sold short. Short sales are speculative investments that will cause a mutual fund to lose money if the value of a security does not go down as the mutual fund's investment adviser expects. The risk of loss is theoretically unlimited if the value of the security sold short continues to increase. In addition, the use of borrowing and short sales may cause a mutual fund to have higher expenses (especially interest and dividend expenses) than those of other mutual funds. There is also the risk that the third party to the short sale will not fulfill its contractual obligations, causing a loss to the mutual fund. To the extent that a mutual fund invests in derivatives, the fund may create short investment exposure by taking a derivative position in which the value of the derivative moves in the opposite direction from the price of an underlying asset, pool of assets, rate, currency or index. The risks of loss associated with derivatives that provide short investment exposure and short sales of securities are theoretically unlimited.

Small-Cap Risk – The risk that the stocks of small-capitalization companies often experience greater price volatility than large- or mid-sized companies because small-cap companies are often newer or less established than larger companies and are likely to have more limited managerial and financial resources, product lines and markets. In general, smaller-capitalization companies are also more vulnerable than larger companies to adverse business or economic developments, and they may lack the competitive strength of larger companies and may have inexperienced managers or depend on a few key employees. Securities of small-cap companies are often less liquid than securities of larger companies as a result of there being a smaller market for their securities, which can have an adverse effect on the pricing of these securities and on the ability to sell these securities when a mutual fund's investment adviser deems it appropriate.

Social Criteria Risk – The risk that because a mutual fund's social criteria exclude securities of certain issuers for nonfinancial reasons, the fund may forgo some market opportunities available to funds that don't use these criteria.

Sovereign Debt Securities Risk – Sovereign debt securities are subject to various risks in addition to those relating to debt securities and foreign securities generally, including, but not limited to, the risk that a governmental entity may be unwilling or unable to pay interest and repay principal on its sovereign debt, or otherwise meet its obligations when due because of cash flow problems, insufficient foreign reserves, the relative size of the debt service burden to the economy as a whole, the government's policy toward principal international lenders such as the International Monetary Fund, or the political considerations to which the government may be subject. If a sovereign debtor defaults (or threatens to default) on its sovereign debt obligations, the indebtedness may be restructured. Some sovereign debtors have in the past been able to restructure their debt payments without the approval of some or all debt holders or to declare moratoria on payments. In the event of a default on sovereign debt, a mutual fund may also have limited legal recourse against the defaulting government entity.

Special Risks for Inflation-Indexed Bonds – The risk that interest payments on, or market values of, inflation-indexed investments decline because of a decline in inflation (or deflation) or changes in investors' and/or the market's inflation expectations. In addition, inflation indices may not reflect the true rate of inflation.

Subsidiary Risk – By investing in a subsidiary, a mutual fund is indirectly exposed to the risks associated with the subsidiary's investments. There can be no assurance that the investment objective of a mutual fund's subsidiary will be achieved. A mutual fund's subsidiary may not be registered under the Investment Company Act and, thus, may not be subject to all the investor protections of the Investment Company Act. Changes in the laws of the United States or the jurisdiction in which a mutual fund's subsidiary is organized, or adverse determinations by regulatory authorities related to the application of current tax laws or other laws, could result in the inability of the subsidiary to operate as intended and could adversely affect the mutual fund.

Swap Agreements Risk – The risk of using swaps, which, in addition to risks applicable to derivatives generally, includes: (i) the inability to assign a swap contract without the consent of the counterparty; (ii) potential default of the counterparty to a swap for those not traded through a central counterparty; (iii) absence of a liquid secondary market for any particular swap at any time; and (iv) possible inability of a mutual fund to close out a swap transaction at a time that otherwise would be favorable for it to do so.

Tax Risk – The risk that the tax treatment of swap agreements and other derivative instruments, such as commodity-linked derivative instruments, including commodity index-linked notes, swap agreements, commodity options, futures, and options on futures, may be affected by future regulatory or legislative changes that could affect whether income from such investments is "qualifying income" under Subchapter M of the Internal Revenue Code, or otherwise affect the character, timing and/or amount of a mutual fund's taxable income or gains and distributions.

Tracking Error Risk – The risk that the portfolio of a mutual fund that seeks to track the investment results of an underlying index may not closely track the underlying index for a number of reasons. A mutual fund incurs operating expenses, which are not applicable to the underlying index, and the costs of buying and selling securities, especially when rebalancing the mutual fund's portfolio to reflect changes in the composition of the underlying index. Performance of a mutual fund and its underlying index may vary due to asset valuation differences and differences between the mutual fund's portfolio and the underlying index due to legal restrictions, cost or liquidity restraints. The risk that performance of a mutual fund and its underlying index may vary may be heightened during periods of increased market volatility or other unusual market conditions. In addition, a mutual fund’s use of a representative sampling approach may cause the fund to be less correlated to the return of the underlying index than if the fund held all of the securities in the underlying index.

Treasury Obligations Risk – Direct obligations of the U.S. Treasury have historically involved little risk of loss of principal if held to maturity. However, due to fluctuations in interest rates, the market value of such securities may vary during the period shareholders own shares of a mutual fund.

U.S. Government Mortgage-Related Securities Risk – There are a number of important differences among the agencies and instrumentalities of the U.S. government that issue mortgage-related securities and among the securities that they issue. Mortgage-related securities guaranteed by the Government National Mortgage Association (“GNMA”) are guaranteed as to the timely payment of principal and interest by GNMA and such guarantee is backed by the full faith and credit of the United States. GNMA securities also are supported by the right of GNMA to borrow funds from the U.S. Treasury to make payments under its guarantee. Mortgage-related securities issued by Fannie Mae or Freddie Mac are solely the obligations of Fannie Mae or Freddie Mac, as the case may be, and are not backed by or entitled to the full faith and credit of the United States but are supported by the right of the issuer to borrow from the Treasury.

U.S. Government Securities Risk – Securities issued by the U.S. government or one of its agencies, instrumentalities or sponsored enterprises may receive varying levels of support from the U.S. government, which could affect a mutual fund’s ability to recover should they default. To the extent a fund invests significantly in securities issued or guaranteed by the U.S. government or its agencies, instrumentalities or sponsored enterprises, any market movements, regulatory changes or changes in political or economic conditions that affect the securities of the U.S. government or its agencies or instrumentalities in which a fund invests may have a significant impact on the fund’s performance. Investments in securities issued by the U.S. government or one of its agencies, instrumentalities or sponsored enterprises that are not supported by the full faith and credit of the U.S. government involve credit risk greater than investments in other types of U.S. government securities.

Value Investing Risk – Value stocks may perform differently from the market as a whole, and following a value-oriented investment strategy may cause a mutual fund to at times underperform equity funds that use other investment strategies. Value-oriented mutual funds will typically underperform when growth investing is in favor. Undervalued stocks may not realize their perceived value for extended periods of time or may never realize their perceived value, and a stock judged to be undervalued may actually be appropriately priced at a low level. Value stocks may respond differently to market and other developments than other types of stocks.

Zero Coupon Securities Risk – While interest payments are not made on zero coupon securities, holders of such securities are deemed to have received income (“phantom income”) annually, notwithstanding that cash may not be received currently. The effect of owning instruments that do not make current interest payments is that a fixed yield is earned not only on the original investment but also, in effect, on all discount accretion during the life of the obligations. This implicit reinvestment of earnings at a fixed rate eliminates the risk of being unable to invest distributions at a rate as high as the implicit yield on the zero coupon bond, but at the same time eliminates the holder’s ability to reinvest at higher rates in the future. For this reason, some of these securities may be subject to substantially greater price fluctuations during periods of changing market interest rates than are comparable securities that pay interest currently. Longer-term zero coupon bonds are more exposed to interest rate risk than shorter-term zero coupon bonds. These investments benefit the issuer by mitigating its need for cash to meet debt service, but also require a higher rate of return to attract investors who are willing to defer receipt of cash.

Risks of Investing in the Direct Plan

Investment Risks. Through its investments, an Investment Option is subject to one or more of the investment risks summarized above. The value of your Account may increase or decrease over time based on the performance of the Investment Options you selected. There is a risk that you could lose part or all of the value of your Account and that your Account may be worth less than the total amount contributed to it.

No Guarantee of Attendance. There is no guarantee that a Beneficiary will be accepted for admission to an Eligible Educational Institution or to a primary or secondary school, or, if admitted, will graduate or receive a degree, or otherwise be permitted to continue to be enrolled at an Eligible Educational Institution or primary or secondary school.

No Guarantee of Costs. Increases in Qualified Higher Education Expenses could exceed the rate of return of the Investment Options over the same time period. Even if the combination of the value of all Accounts in the Direct Plan and the Advisor Plan for a Beneficiary reaches the maximum account balance limit, those funds may not be sufficient to pay all Qualified Higher Education Expenses of the Beneficiary.

Changes in Law. Changes to federal or Connecticut laws, including Section 529, may adversely impact the Direct Plan. For example, Congress could amend Section 529 or other federal law in a manner that would materially change or eliminate the federal tax treatment described in this Disclosure Booklet. The State of Connecticut could also make changes to Connecticut tax law that could materially affect the Connecticut tax treatment of the Direct Plan. In addition, the U.S. Department of the Treasury has issued proposed regulations addressing certain aspects of Section 529, but has not issued final regulations. Final regulations, if issued, may differ from the proposed regulations and may apply retroactively. Other administrative guidance or court decisions may be issued that could affect the tax treatment described in this Disclosure Booklet.

Not an Investment in Mutual Funds or Registered Securities. Although certain Investment Options invest in mutual funds, neither the Direct Plan nor any of the Direct Plan's Investment Options is a mutual fund. An investment in the Direct Plan is considered an investment in municipal fund securities that are issued and offered by the State of Connecticut. These securities are not registered with the U.S. Securities and Exchange Commission ("**SEC**") or any state, nor are the Direct Plan or any of the Direct Plan's Investment Options registered as investment companies with the SEC or any state.

Potential Direct Plan Changes, including Change of the Direct Plan Manager. The Trustee may change or terminate the Direct Plan. For example, the Trustee could change the Direct Plan's fees, add or close an Investment Option, change the investments of the Investment Options, or change the Direct Plan Manager. In certain circumstances, the Trustee may terminate your participation in the Direct Plan and close your Account. Depending on the change, you may be required to participate, or be prohibited from participating, in the change if your Account was established prior to the change. If the Trustee changes the Direct Plan Manager, your Account may automatically be invested in new investment options or you may need to open a new Account in the Direct Plan to make future contributions on behalf of your Beneficiary. There is no guarantee that such a change would be without tax implications or that Direct Plan investment options in the future will be similar to those described in this Disclosure Booklet. Certain Direct Plan transactions, such as those that relate to changing the Direct Plan Manager, could result in the assets of the Direct Plan being temporarily held in cash. Certain Direct Plan transactions could also result in additional expenses or could negatively impact the performance of the Investment Options.

Potential Impact on Financial Aid. The eligibility of your Beneficiary for financial aid will depend upon the circumstances of the Beneficiary's family at the time the Beneficiary enrolls in school, as well as on the policies of the governmental agencies, school or private organizations to which the Beneficiary or the Beneficiary's family applies for financial assistance. Because saving for the expenses of education will increase the financial resources available to the Beneficiary, there will most likely be some effect on the Beneficiary's eligibility. However, because these policies vary at different institutions and can change over time, it is not possible to predict how the federal financial aid program, state or local government, private organizations or the school to which your Beneficiary applies will treat your Account.

Medicaid Eligibility. The eligibility of an Account Owner for Medicaid assistance could be impacted by the Account Owner's ownership of an education savings account in a 529 Plan. Medicaid laws and regulations may change and you should consult with a qualified advisor regarding your particular situation.

Suitability; Investment Alternatives. None of the State of Connecticut, the Trust, the Direct Plan, the Trustee, nor the Direct Plan Manager makes any representations regarding the suitability of any Investment Options for any particular investor or the appropriateness of the Direct Plan as an investment vehicle to save for Qualified Higher Education Expenses. Other types of investments may be more appropriate depending upon your residence, financial condition, tax situation, risk tolerance or the age of the Beneficiary. Various 529 Plans other than the Direct Plan, including programs designed to provide prepaid college tuition, are currently available, as are other investment alternatives. The investments, fees, expenses, eligibility requirements, tax and other consequences and features of these alternatives may differ from those of the Direct Plan. Before investing in the Direct Plan, you may wish to consider alternative savings vehicles and you should consult with a qualified advisor to discuss your options.

No Insurance or Guarantee. None of the State of Connecticut, the Trustee, the Direct Plan, the Federal Deposit Insurance Corporation, any other government agency or entity, nor any of the service providers to the Direct Plan insure any Account or guarantee any rate of return or any interest on any contribution to the Direct Plan.

Past Performance

The following tables show the returns of each Investment Option over the time period(s) indicated. (For purposes of this discussion, each Age Band in the Managed Allocation Options is considered a separate Investment Option.)

The tables below compare the average annual total return of an Investment Option (after deducting fees and expenses) to the returns of a benchmark. The benchmark included in the tables combines the benchmark(s) for the underlying investment(s) in which an Investment Option invests weighted according to the allocations to those underlying investments(s) and adjusted to reflect any changes in the allocations and/or the benchmark(s) during the relevant time period. Benchmarks are not available for investment, are not managed, and do not reflect the fees or expenses of investing.

The performance data shown below represents past performance. Past performance is not a guarantee of future results. Performance may be substantially affected over time by changes in the allocations and/or investments in which each Investment Option invests. Investment returns and the principal value will fluctuate so that your Account, when redeemed, may be worth more or less than the amounts contributed to your Account.

For monthly performance information, visit the Direct Plan's website or call the Direct Plan.

Conservative Managed Allocation Option

Average Annual Total Returns for the Period Ended December 31, 2018

Age Bands	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date
0–4 years	-5.11%	---	---	---	-1.08%	August 8, 2017
Benchmark	-4.46%	---	---	---	-0.60%	
5–8 years	-4.54%	---	---	---	-0.86%	August 8, 2017
Benchmark	-4.01%	---	---	---	-0.48%	
9–10 years	-3.69%	---	---	---	-0.57%	August 8, 2017
Benchmark	-3.22%	---	---	---	-0.24%	
11–12 years	-2.73%	---	---	---	-0.29%	August 8, 2017
Benchmark	-2.39%	---	---	---	-0.03%	
13–14 years	-2.25%	---	---	---	-0.14%	August 8, 2017
Benchmark	-1.91%	---	---	---	0.12%	
15 years	-1.38%	---	---	---	0.21%	August 8, 2017
Benchmark	-1.18%	---	---	---	0.35%	
16 years	-0.98%	---	---	---	0.43%	August 8, 2017
Benchmark	-0.60%	---	---	---	0.63%	
17 years	-0.20%	---	---	---	0.71%	August 8, 2017
Benchmark	0.00%	---	---	---	0.82%	
18 years and over	0.79%	---	---	---	1.21%	August 8, 2017
Benchmark	1.01%	---	---	---	1.25%	

Moderate Managed Allocation Option

Average Annual Total Returns for the Period Ended December 31, 2018

Age Bands	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date
0–4 years	-7.39%	---	---	---	-1.58%	August 8, 2017
Benchmark	-6.84%	---	---	---	-1.19%	
5–8 years	-6.39%	---	---	---	-1.29%	August 8, 2017
Benchmark	-5.94%	---	---	---	-0.98%	
9–10 years	-5.19%	---	---	---	-1.00%	August 8, 2017
Benchmark	-4.84%	---	---	---	-0.67%	
11–12 years	-4.73%	---	---	---	-0.93%	August 8, 2017
Benchmark	-4.18%	---	---	---	-0.51%	
13–14 years	-3.88%	---	---	---	-0.72%	August 8, 2017
Benchmark	-3.35%	---	---	---	-0.29%	
15 years	-3.41%	---	---	---	-0.57%	August 8, 2017

Age Bands	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date
Benchmark	-2.92%	---	---	---	-0.17%	
16 years	-2.83%	---	---	---	-0.36%	August 8, 2017
Benchmark	-2.41%	---	---	---	-0.02%	
17 years	-2.15%	---	---	---	-0.07%	August 8, 2017
Benchmark	-1.80%	---	---	---	0.20%	
18 years and over	-1.08%	---	---	---	0.43%	August 8, 2017
Benchmark	-0.79%	---	---	---	0.59%	

Aggressive Managed Allocation Option

Average Annual Total Returns for the Period Ended December 31, 2018

Age Bands	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date
0–4 years	-8.18%	---	---	---	-1.72%	August 8, 2017
Benchmark	-7.86%	---	---	---	-1.44%	
5–8 years	-7.65%	---	---	---	-1.58%	August 8, 2017
Benchmark	-7.29%	---	---	---	-1.26%	
9–10 years	-7.28%	---	---	---	-1.44%	August 8, 2017
Benchmark	-6.91%	---	---	---	-1.16%	
11–12 years	-6.57%	---	---	---	-1.29%	August 8, 2017
Benchmark	-6.23%	---	---	---	-1.00%	
13–14 years	-5.83%	---	---	---	-1.08%	August 8, 2017
Benchmark	-5.45%	---	---	---	-0.81%	
15 years	-5.37%	---	---	---	-1.00%	August 8, 2017
Benchmark	-4.87%	---	---	---	-0.66%	
16 years	-4.63%	---	---	---	-0.86%	August 8, 2017
Benchmark	-4.10%	---	---	---	-0.48%	
17 years	-3.68%	---	---	---	-0.43%	August 8, 2017
Benchmark	-3.26%	---	---	---	-0.16%	
18 years and over	-2.73%	---	---	---	-0.07%	August 8, 2017
Benchmark	-2.41%	---	---	---	0.13%	

Risk-Based Investment Options

Average Annual Total Returns for the Period Ended December 31, 2018

Investment Option	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date
Global Equity Index Option	-10.07%	6.33%	3.84%	9.16%	4.78%	June 20, 2006
Benchmark	-10.19%	6.41%	3.92%	9.31%	5.05%	
Global Tactical Asset Allocation Option	-5.57%	3.15%	---	---	0.89%	March 31, 2015
Benchmark	1.92%	2.04%	---	---	1.87%	
International Equity Index Option	-13.41%	3.09%	---	---	0.87%	March 31, 2015

Investment Option	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date
Benchmark	-13.79%	2.87%	---	---	0.78%	
Active Global Equity Option	-10.35%	6.88%	4.47%	---	7.08%	November 22, 2010
Benchmark	-9.80%	6.76%	4.34%	---	7.44%	
U.S. Equity Index Option	-5.36%	8.83%	---	---	6.60%	March 31, 2015
Benchmark	-5.24%	8.97%	---	---	6.74%	
High Equity Balanced Option	-7.96%	5.79%	3.95%	8.47%	4.47%	March 22, 2001
Benchmark	-7.81%	5.73%	3.98%	8.57%	5.10%	
Active Fixed-Income Option	-0.30%	2.70%	2.19%	3.80%	4.03%	June 20, 2006
Benchmark	-0.34%	2.12%	2.02%	3.48%	4.07%	
Social Choice Option	-5.64%	8.91%	6.93%	12.48%	7.10%	November 23, 2007
Benchmark	-5.24%	8.97%	7.91%	13.18%	7.40%	
Index Fixed-Income Option	-0.17%	1.78%	2.26%	---	2.28%	November 22, 2010
Benchmark	0.01%	2.06%	2.52%	---	2.61%	
Money Market Option	1.57%	0.78%	0.47%	0.19%	0.33%	February 19, 2008
Benchmark	1.42%	0.66%	0.40%	0.23%	0.37%	
Principal Plus Interest Option	1.95%	1.77%	1.64%	2.00%	2.76%	March 23, 2001

Withdrawals

Only you, the Account Owner, may request withdrawals from your Account. There are two components of a withdrawal: principal (the amount contributed to the Account) and earnings, if any (the amount of market return or interest earned on amounts contributed). Whether the earnings portion is subject to tax depends on the purpose for which you use the withdrawal proceeds, as summarized below.

You will receive the Unit value next calculated for the Investment Option(s) you choose after the Direct Plan receives your completed withdrawal request in good order. If your Account is invested in more than one Investment Option, you must select the Investment Option(s) from which your funds are to be withdrawn. You will not be able to withdraw a contribution until 10 days after receipt of that contribution by the Direct Plan. Generally, if you make a change to your mailing address or to your banking information on file, or if you transfer the Account to a new Account Owner, no withdrawals may be made from the Account for 30 days after the Direct Plan has received the request form. Additional requirements may apply to withdrawal requests of $100,000 or more.

To request a withdrawal from your Account, complete and mail the appropriate Direct Plan form to the Direct Plan, make a request through the secure portion of the Direct Plan website or call the Direct Plan. Withdrawal proceeds may generally be paid to you, the Beneficiary, an Eligible Educational Institution or another 529 Plan. There are certain limitations as to whom the proceeds may be paid depending on the method of withdrawal request. Potential tax consequences associated with withdrawals are set forth below.

You and your Beneficiary are responsible, under federal and Connecticut tax law, to substantiate your treatment of contributions to, withdrawals from, and other transactions involving your Account. You should retain receipts, invoices and other documents and information adequate to substantiate your treatment of such transactions, including the treatment of expenses as Qualified Higher Education Expenses.

Administration of the Direct Plan

The Direct Plan is a tax-advantaged way to save for Qualified Higher Education Expenses. The Direct Plan was established by the State of Connecticut under Section 529 and the Statute. Pursuant to the Statute, the Trustee administers the Direct Plan, and all purposes, powers and duties of the Direct Plan are vested in and exercised by the Trustee. The Statute permits the Trustee to contract for services necessary for the administration of the Direct Plan.

The Direct Plan Manager

The Trustee selected TFI as the Direct Plan Manager. TFI is a wholly owned, direct subsidiary of Teachers Insurance and Annuity Association of America ("**TIAA**"). TIAA, together with its companion organization, the College Retirement Equities Fund ("**CREF**"), forms one of America's leading financial services organizations and one of the world's largest pension systems, based on assets under management. TIAA-CREF Individual & Institutional Services, LLC ("Services"), a wholly owned, direct subsidiary of TIAA, serves as the primary distributor and underwriter for the Direct Plan and provides certain underwriting and distribution services in furtherance of TFI's marketing plan for the Direct Plan. Services is registered as a broker/dealer under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority.

Management Agreement. TFI and the Trustee entered into an agreement (the "**Management Agreement**") under which TFI provides certain services to the Direct Plan, including investment recommendations, recordkeeping, reporting and marketing. The Management Agreement is set to terminate at the close of business on March 12, 2020.

Other Compensation. TFI may receive payments from the investment advisors or other affiliates of certain mutual funds in which the Investment Options invest for a variety of services that TFI provides, or causes to be provided, to Account Owners who are invested in the Investment Options that invest in the mutual funds. These services include, for example, recordkeeping for Account Owners in the Investment Options, processing of Account Owner transaction requests in the Investment Options, and providing quarterly Account statements. In consideration for these services, TFI receives compensation from investment advisors or other mutual fund affiliates of up to 0.15% of the average annual amount invested by the Investment Options in the underlying investment.

Other Information

Confirmations and Account Statements. You will receive confirmations of Account activity, as well as quarterly and annual Account statements indicating for the applicable time period: (1) contributions to your Account; (2) withdrawals from your Account; (3) the market value of your Account at the beginning and at the end of the period; and (4) earnings, if any, on your Account.

If you receive a confirmation that you believe does not accurately reflect your instructions, or an Account statement that does not accurately reflect information about your Account, you have 60 days from the date of the confirmation or Account statement to notify the Direct Plan of the error. If you do not notify the Direct Plan within that time, you will be deemed to have approved the information in the confirmation or Account statement and to have released the Direct Plan and its service providers from all responsibility for matters covered in the confirmation or Account statement.

You can securely access your Account information any time through the Direct Plan website by obtaining an online user name and password through the website. (Certain entity Accounts and UTMA/UGMA Accounts are not eligible for online access.)

Tax Reports. Annually, the Direct Plan will issue a Form 1099-Q to each distributee for any withdrawal(s) made from an Account in the previous calendar year as required by the IRC. The Direct Plan will also report withdrawals to the IRS and to the State of Connecticut as may be required. Form 1099-Q shows the basis (contributions) and earnings, if any, portion for all withdrawals made from your Account. The Form 1099-Q recipient (which is deemed to be the Account Owner unless the withdrawal is paid to the Beneficiary or an Eligible Educational Institution on behalf of the Beneficiary, in which case the Beneficiary is the recipient) is responsible for determining whether the earnings portion of the withdrawal is taxable, for retaining appropriate documentation to support this determination and for appropriately reporting earnings on his/her federal and Connecticut income tax forms.

Financial Statements. Each year, audited financial statements will be prepared for the Direct Plan. You may request a copy by contacting the Direct Plan.

Continuing Disclosure. To comply with Rule 15c2-12(b)(5) of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the Direct Plan Manager has executed a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") for the benefit of the Account Owners. Under the Continuing Disclosure Certificate, the Direct Plan Manager will provide certain financial information and operating data (the "Annual Information") relating to the Direct Plan and notices of the occurrence of certain enumerated events set forth in the Continuing Disclosure Certificate, if material. The Annual Information will be filed on behalf of the Direct Plan with the Electronic Municipal Market Access system (the "EMMA System") maintained by the Municipal Securities Rulemaking Board (the "MSRB"). Notices of certain enumerated events will also be filed on behalf of the Direct Plan with the MSRB.

Tax Information

The federal tax rules applicable to the Direct Plan are complex and some of the rules have not yet been finalized. Their application to any particular person may vary according to facts and circumstances specific to that person. You should consult with a qualified advisor regarding how the rules apply to your circumstances. Any references to specific dollar amounts or percentages in this section are current only as of the date of this Disclosure Booklet; you should consult with a qualified advisor to learn if the amounts or percentages have been updated.

Federal Tax Information

Contributions. Contributions to an Account generally will not result in taxable income to the Beneficiary. Contributions are made on an after-tax basis. A contributor may not deduct the contribution from income for purposes of determining federal income tax liability.

Incoming Rollovers. You may roll over funds: (i) from an account in another state's 529 Plan to an Account in the Direct Plan for the same Beneficiary without adverse federal income tax consequences, provided that it has been at least 12 months from the date of a previous transfer to a 529 Plan for that Beneficiary; (ii) from an account in another state's 529 Plan to an Account in the Direct Plan for a new Beneficiary, without adverse federal income tax consequences, provided that the new Beneficiary is a Member of the Family of the previous Beneficiary; or (iii) from an Account in the Direct Plan to another Account in the Direct Plan for a new Beneficiary without adverse income tax consequences, provided that the new Beneficiary is a Member of the Family of the previous Beneficiary. If you roll over funds more than once in 12 months without a change in Beneficiary, every rollover after the first will be considered a Taxable Withdrawal or a Non-Qualified Withdrawal, depending on the circumstances. If you roll over funds to a new Beneficiary that is not a Member of the Family of the previous Beneficiary, that will be considered a Taxable Withdrawal or a Non-Qualified Withdrawal, depending on the circumstances.

Beneficiary Change. You may change your Beneficiary to a Member of the Family of the former Beneficiary without adverse federal income tax consequences. Otherwise, the change may be subject to federal income taxes. There also may be federal gift, estate and generation-skipping tax consequences of changing the Beneficiary.

Earnings. Earnings within an Account should not result in taxable income to the Account Owner or Beneficiary while the earnings are retained in the Account.

Withdrawals. All withdrawals are considered as attributable partially to contributions made to the Account and partially to earnings, if any. Only the earnings portion of a withdrawal is ever subject to federal income tax, including the Additional Tax.

The proportion of contributions and earnings for each withdrawal is determined by the Direct Plan based on the relative portions of earnings and contributions as of the withdrawal date for the account from which the withdrawal was made. Each withdrawal you make from your account will fall into one of the following categories:

- Qualified Withdrawal;
- Taxable Withdrawal;
- Qualified Rollover; or
- Non-Qualified Withdrawal.

The federal income tax treatment of each category of withdrawal is described below.

Qualified Withdrawals. To be a Qualified Withdrawal, the withdrawal must be used to pay for the Qualified Higher Education Expenses of the Beneficiary. No portion of a Qualified Withdrawal is subject to federal income tax, including the Additional Tax.

Qualified Higher Education Expenses are defined generally to include certain room and board expenses, the cost of computers, hardware, certain software, and Internet access and related services, and tuition, fees, books, supplies and equipment required for the enrollment or attendance of a Beneficiary at an Eligible Educational Institution, as well as certain additional enrollment and attendance costs of Beneficiaries with special needs. To be treated as Qualified Higher Education Expenses, computers, hardware, software, and Internet access and related services must be used primarily by the Beneficiary while enrolled at an Eligible Educational Institution. Qualified Higher Education Expenses do not include expenses for computer software designed for sports, games or hobbies unless the software is predominantly educational in nature.

The cost of room and board may be treated as Qualified Higher Education Expenses only if it is incurred during an academic period during which the Beneficiary is enrolled or accepted for enrollment in a degree, certificate or other program that leads to a recognized educational credential awarded by an Eligible Educational Institution, and during which the Beneficiary is enrolled at least half-time. (Half-time is defined as half of a full-time academic workload for the course of study the Beneficiary is pursuing based on the standard at the Beneficiary's Eligible Educational Institution.) The amount of room and board expenses that may be treated as a Qualified Higher Education Expense is generally limited to the room and board allowance applicable to a student that is included by the Eligible Educational Institution in its "cost of attendance" for purposes of determining eligibility for federal education assistance for that year. For students living in housing owned or operated by the Eligible Educational Institution, if the actual invoice amount charged by the Eligible Educational Institution for room and board is higher than the "cost of attendance" figure, then the actual invoice amount may be treated as qualified room and board costs.

Except where otherwise noted, any reference to Qualified Higher Education Expenses also includes a reference to tuition in connection with enrollment or attendance at a primary or secondary public, private or religious school, up to a maximum of $10,000 of distributions for such tuition expenses per taxable year per Beneficiary from all Section 529 Programs.

Taxable Withdrawals. A Taxable Withdrawal is a withdrawal from your Account that is: (1) paid to a beneficiary of, or the estate of, the Beneficiary on or after the Beneficiary's death; (2) attributable to the permanent disability of the Beneficiary; (3) made on account of the receipt by the Beneficiary of a scholarship award or veterans' or other nontaxable educational assistance (other than gifts or inheritances), but only to the extent of such scholarship or assistance; or (4) made on account of the Beneficiary's attendance at a military academy, but only to the extent of the costs of education attributable to such attendance; or (5) equal to the amount of the Beneficiary's relevant Qualified Higher Education Expenses that are taken into account in determining the Beneficiary's American Opportunity Credit or Lifetime Learning Credit.

The earnings portion of a Taxable Withdrawal is subject to federal income tax but not to the Additional Tax.

Qualified Rollovers. A Qualified Rollover is a transfer of funds from an Account: (1) to an account in another state's 529 Plan for the same Beneficiary, provided that it has been at least 12 months from the date of a previous transfer to a 529 Plan for that Beneficiary; (2) to an account in another state's 529 Plan (or an Account in the Direct Plan for a new Beneficiary), provided that the new Beneficiary is a Member of the Family of the previous Beneficiary; or (3) to a Section 529A Qualified ABLE Program ("ABLE") account for the same Beneficiary, or a Member of the Family thereof, subject to applicable ABLE contribution limits (distributions from an Account in connection with any such ABLE rollover must occur before January 1, 2026). No portion of a Qualified Rollover is subject to federal income tax, including the Additional Tax.

If you roll over funds more than once in 12 months without a change in Beneficiary, every rollover after the first will be considered a Taxable Withdrawal or a Non-Qualified Withdrawal, depending on the circumstances. If you rollover funds to a new Beneficiary that is not a Member of the Family of the previous Beneficiary, that will be considered a Taxable Withdrawal or a Non-Qualified Withdrawal, depending on the circumstances.

Qualified Rollovers may be direct or indirect. Direct Qualified Rollovers involve the transfer of funds directly from an Account to an account in another state's 529 Plan, to an Account in the Direct Plan for a different Beneficiary, or to an ABLE account for the same or a different Beneficiary. Indirect Qualified Rollovers involve the transfer of funds from an Account to the Account Owner, who then contributes the funds to an account in another state's 529 Plan, to an Account in the Direct Plan for a different Beneficiary, or to an ABLE account for the same or a different Beneficiary. To avoid adverse federal income tax consequences, the funds received by the Account Owner from the rollover must be contributed to the new account, to an Account in the Direct Plan, or to an ABLE account within 60 days of withdrawal from the Account. If the contribution to the new account, an Account in the Direct Plan, or an ABLE account occurs after the 60-day time frame, the rollover will be considered a Taxable Withdrawal or a Non-Qualified Withdrawal, depending on the circumstances.

The 529 Plan of another state and ABLE plans may impose restrictions on or prohibit certain types of incoming rollovers. Be sure to check with the other 529 Plan and/or ABLE plan before requesting an outgoing rollover from the Direct Plan.

Non-Qualified Withdrawals. A Non-Qualified Withdrawal is any withdrawal that is not: (1) a Qualified Withdrawal; (2) a Taxable Withdrawal; or (3) a Qualified Rollover.

The earnings portion of a Non-Qualified Withdrawal is subject to federal income tax, including the Additional Tax.

Refunds of Payments of Qualified Higher Education Expenses. If an Eligible Educational Institution refunds any portion of an amount previously withdrawn from an Account and treated as a Qualified Withdrawal, unless you contribute such amount to a qualified tuition program for the same Beneficiary not later than 60 days after the date of the refund, you may be required to treat the amount of the refund as a Non-Qualified Withdrawal or Taxable Withdrawal (depending on the reason for the refund) for federal income tax purposes. Different treatment may apply if the refund is used to pay other Qualified Higher Education Expenses of the Beneficiary.

Coordination with Other Income Tax Incentives for Education. In addition to the federal income tax benefits provided to Account Owners and Beneficiaries under Section 529, benefits are provided by several other provisions of the IRC for education-related investments or expenditures. These include Coverdell ESAs, Hope Scholarship/American Opportunity Credits, Lifetime Learning Credits and "qualified United States savings bonds" described in IRC Section 135 ("**qualified U.S. savings bonds**"). The available tax benefits for paying Qualified Higher Education Expenses through these programs must be coordinated in order to avoid the duplication of such benefits. Account Owners should consult a qualified tax advisor regarding the interaction under the IRC of the federal income tax education-incentive provisions addressing Account withdrawals.

Federal Gift, Estate and Generation-Skipping Transfer Tax Treatment. The tax treatment summarized in this section is complicated and will vary depending on your individual circumstances. You should consult with a qualified advisor regarding the application of these tax provisions to your particular circumstances.

Contributions to the Direct Plan are generally considered completed gifts for federal tax purposes and, therefore, are potentially subject to federal gift tax. Generally, if a contributor's contributions to an Account for a Beneficiary, together with all other gifts by the contributor to the Beneficiary, are less than the current annual gift tax exclusion amount, no federal gift tax will be imposed on the contributor for gifts to the Beneficiary during that year. This annual exclusion amount is indexed for inflation in $1,000 increments and may therefore increase in future years.

If a contributor's contributions to an Account for a Beneficiary in a single year exceed the current annual gift tax exclusion amount, the contributor may elect to treat up to five times the current annual gift tax exclusion amount as having been made ratably over a five-year period. (For purposes of determining the amount of gifts made by the contributor to that Beneficiary in the four-year period following the year of contribution, the contributor will need to take into account the ratable portion of the Account contribution allocated to that year.)

In addition, to the extent not previously used, each contributor has a lifetime exemption that will be applied to gifts in excess of the annual exclusion amounts referred to above. This lifetime exemption is adjusted for inflation and therefore may be adjusted in future years. A married couple may elect to split gifts and apply their combined exemption to gifts by either of them. Accordingly, while federal gift tax returns are required for gifts in excess of the annual exclusion amounts referred to above (including gifts that the contributor elects to treat as having been made ratably over a five-year period), no federal gift tax will be due until the lifetime exemption has been used. The top gift tax rate is currently 40%.

Amounts in an Account that are considered completed gifts by the contributor generally will not be included in the contributor's gross estate for federal estate tax purposes. However, if the contributor 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 in which the contributor died) would be includible in computing the contributor's gross estate for federal estate tax purposes. Amounts in an Account at the death of a Beneficiary will be included in the Beneficiary's gross estate for federal estate tax purposes to the extent such amounts are distributed to a beneficiary of, or the estate of, the Beneficiary. Each taxpayer has an estate tax exemption reduced by lifetime taxable gifts. This estate tax exemption is adjusted for inflation and therefore may be adjusted in future years. The top estate tax rate is currently 40%.

A change of the Beneficiary of an Account or a transfer of funds from an Account to an account for another Beneficiary will potentially be subject to federal gift tax if the new Beneficiary is in a younger generation than the generation of the Beneficiary being replaced or is not a Member of the Family of that Beneficiary. In addition, if the new Beneficiary is in a generation two or more generations younger than the generation of the prior Beneficiary, the transfer may be subject to the generation-skipping transfer tax. Each taxpayer has a generation-skipping transfer tax exemption that may be allocated during life or at death. This generation-skipping transfer tax exemption is adjusted for inflation and therefore may be adjusted in future years. The generation-skipping transfer tax rate is currently 40%. Under the proposed regulations under Section 529, these taxes would be imposed on the prior Beneficiary.

The current amount of the annual gift tax exclusion is $15,000 per year ($30,000 for married contributors electing to split gifts). The current lifetime exemption, estate tax exemption, and generation-skipping transfer tax exemption is $11,180,000 for each contributor.

Connecticut Tax Information

The following discussion applies only with respect to Connecticut taxes. Connecticut tax treatment in connection with the Direct Plan applies only to Connecticut taxpayers. You should consult with a qualified advisor regarding the application of Connecticut tax provisions to your particular circumstances. Any references to specific dollar amounts in this section are current only as of the date of this Disclosure Booklet; you should consult with a qualified advisor to learn if the amounts or percentages have been updated.

Contributions. Contributions to an Account are not includible in the income of the designated Beneficiary for Connecticut income tax purposes. In computing Connecticut adjusted gross income, an individual taxpayer may deduct contributions made to all accounts in the Trust during the tax year up to certain maximum amounts whether or not the contributor is the Account Owner. The maximum amount of total contributions to all Accounts in the Direct Plan and accounts in the Advisor Plan that may be deducted in any tax year is $5,000 for those whose filing status under the Connecticut income tax is single, head of household, married filing separately, or civil union filing separately, or $10,000 for those taxpayers whose filing status is married filing jointly, civil union filing jointly, or widow(er) with dependent child. Individuals whose contributions during a tax year exceed these maximum amounts may carry over and deduct the excess amount for the five taxable years following the year the contribution was made as long as the amount deducted does not exceed the maximum allowed in each subsequent year. The annual contribution deduction limit is not a per-designated-Beneficiary limit but rather is an overall limit on how much of the taxpayer's contributions to all accounts in the Trust are deductible for the year. A rollover of funds from another qualified tuition program maintained by another state does not qualify as a contribution eligible for the Connecticut income tax deduction. Deductions may be subject to other conditions or restrictions in accordance with guidance issued by the Connecticut Department of Revenue Services.

Withdrawals. Earnings from the investment of contributions to an Account will not be subject to Connecticut income tax, if at all, until funds are withdrawn in whole or in part from the Account. Generally, a Qualified Withdrawal will not be subject to Connecticut income tax. A designated Beneficiary may claim a deduction (in computing Connecticut adjusted gross income) for the amount of a Taxable Withdrawal or Non-Qualified Withdrawal to the extent the withdrawal is included in the designated Beneficiary's federal gross income. If a Taxable Withdrawal or Non-Qualified Withdrawal is included in the federal gross income of a person other than the designated Beneficiary, that person may not claim a deduction for any portion of that amount when computing Connecticut adjusted gross income. Outgoing rollovers to other 529 Plans that are not taxable for federal income tax purposes also will not be taxable for Connecticut income tax purposes.

Taxes Imposed by Other Jurisdictions. Prospective Account Owners should consider the potential impact of income taxes imposed by jurisdictions other than

Connecticut. It is possible that other state or local taxes apply to withdrawals from or accumulated earnings within the Direct Plan, depending on the residency, domicile or sources of taxable income of the Account Owner or the Beneficiary. Account Owners and Beneficiaries should consult with a qualified advisor regarding the applicability of state or local taxes imposed by other jurisdictions.

Other Information About Your Account

No Pledging of Account Assets. Neither you nor your Beneficiary may use your Account or any portion of your Account as security for a loan.

Protection of your Account in the Event of a Bankruptcy. The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 expressly excludes from an individual debtor's bankruptcy estate (and, therefore, will not be available for distribution to such individual's creditors), certain assets that have been contributed to a 529 Plan account. However, bankruptcy protection for 529 Plan assets is limited and has certain conditions. To be protected, the Account Beneficiary must be (or have been during the taxable year of the contribution) a child, stepchild, grandchild or step-grandchild of the individual who files for bankruptcy protection. In addition, contributions made to all 529 Plan accounts for the same beneficiary (meaning that your Account for a Beneficiary would be aggregated with any other account you have for the same Beneficiary in the Advisor Plan or in a 529 Plan in another state) are protected as follows: (1) there is no protection for any assets that are contributed less than 365 days before the bankruptcy filing; (2) assets are protected in an amount up to $5,850 if they have been contributed between 365 and 720 days before the bankruptcy filing; and (3) assets are fully protected if they have been contributed more than 720 days before the bankruptcy filing. This information is not meant to be individual advice, and you should consult with a qualified advisor concerning your individual circumstances and the applicability of Connecticut law.

APPENDIX I
to the Disclosure Booklet for the Connecticut Higher Education Trust – Direct Plan

Participation Agreement for the Direct Plan
Each term used but not defined in this Participation Agreement has the meaning given to it in the Disclosure Booklet. By signing the Application, you agree to all the terms and conditions in the Disclosure Booklet and in this Participation Agreement. Together, the Application and this Participation Agreement are referred to as the "Agreement."

This Agreement is entered into between you, the Account Owner and the Trust, on behalf of the Direct Plan. The terms and conditions under which your Account in the Direct Plan is offered are contained in this Agreement and the Disclosure Booklet. This Agreement becomes effective when the Direct Plan opens an Account for you.

I hereby acknowledge and agree with and represent and warrant to the Trust as follows:

1. Disclosure Booklet. I read and understand the Disclosure Booklet, this Agreement and the Application. When making a decision to open an Account, I did not rely on any representations or other information, whether oral or written, other than those in the Disclosure Booklet and this Agreement.

2. Purpose for Account. I am opening this Account to provide funds for the Qualified Higher Education Expenses of the Beneficiary.

3. Accurate Information. I represent and warrant that I accurately and truthfully completed the Application and that any other documentation or information I provide or forms I fill out, including withdrawal requests, related to my Account(s) will be true and correct.

4. Account Owner Authority. As the Account Owner, I understand that only I may: (i) provide instructions on how to invest contributions to my Account(s); (ii) direct transfers; (iii) request a rollover; (iv) change the investment strategy of my Account(s) (as permitted by applicable law); (v) change the Beneficiary; or (vi) request withdrawals.

5. Maximum Account Balance. I understand that the amount of any contribution to an Account that would cause the market value of such Account and all other accounts in the Trust (including accounts in the Advisor Plan) for the same Beneficiary to exceed the maximum account balance will be rejected and returned to me. I understand that the Trustee may change the maximum account balance at any time without notice.

6. One Beneficiary per Account. I understand that there may be only one Beneficiary per Account.

7. Incoming Rollovers. If I contribute to my Account using funds from (i) an incoming rollover from another 529 Plan, (ii) a Coverdell ESA, or (iii) the redemption of a qualified U.S. savings bond, I understand that I must so inform the Direct Plan and I must provide acceptable documentation showing the earnings portion of the contribution. If such documentation is not provided, the Direct Plan must treat the entire amount of the contribution as earnings.

8. Allocation Instructions. I understand that on my Application, I must select one or more of the Investment Options in which I want my initial contribution invested. I also must designate what percentage of the contribution made to the Account should be invested in each Investment Option that I select. I understand that effective August 8, 2014, all future contributions to my Account by any method (excluding payroll deduction) will be invested in the Investment Option(s) selected by me on my Application according to the percentages indicated on my Application until I change such Allocation Instructions.

9. No Investment Direction. I understand that all investment decisions for the Direct Plan will be made by the Trustee. Although I must select the Investment Option(s) in which I want contributions to my Account invested, I cannot directly or indirectly select the investments for an Investment Option and an Investment Option's investments may be changed at any time by the Trustee. I also understand that once invested in a particular Investment Option, contributions (and earnings, if any) may be moved to another Investment Option only twice per calendar year or if I change the Beneficiary for that Account.

10. Withdrawals. I understand that once a contribution is made to an Account, my ability to withdraw funds without adverse tax consequences is limited. I understand these restrictions and potential tax liabilities are described in the Disclosure Booklet.

11. Investment Risks. I represent that I reviewed and understand the risks related to investing in the Direct Plan discussed in the Disclosure Booklet. I understand that investment returns are not guaranteed by the State of Connecticut, the Trustee, the Trust, the Direct Plan, the Direct Plan Manager and its subcontractors and affiliates, any vendors, contractors, investment advisors, or investment managers selected by the Trustee or any agents, representatives or successors of the foregoing, and that I assume all investment risk of an investment in the Direct Plan, including the potential liability for taxes and penalties that may be assessable in connection with a withdrawal from my Account(s). I understand that I can lose money by investing in the Direct Plan.

12. No Guarantees. I understand that participation in the Direct Plan does not guarantee that contributions and the investment return, if any, on contributions will be adequate to cover the Qualified Higher Education Expenses of a Beneficiary or that a Beneficiary will be admitted to or permitted to continue to attend an Eligible Educational Institution or any primary or secondary school.

13. Loans. I understand that my Account(s) or any portion of my Account(s) cannot be used as collateral for any loan and that any attempt to do so shall be void.

14. Tax Records. I understand that for tax reporting purposes, I must retain adequate records relating to withdrawals from my Account(s).

15. Transfer of Account Ownership. I understand that if I transfer an Account to any other person, I will cease to have any right, title, claim or interest in the Account and that the transfer is irrevocable.

16. Not an Investor in Underlying Investments. I understand that I am not, by virtue of my investment in an Investment Option of the Direct Plan, a shareholder in or owner of interests in such Investment Option's investments.

17. Changes to Laws. I understand that the Direct Plan is established and maintained by the State of Connecticut pursuant to the Statute and is intended to qualify for certain federal income tax benefits under Section 529. I further understand that qualification under Section 529 is vital and that the Direct Plan may be changed by the State of Connecticut, or the Trustee, at any time if it is determined that such change is required to maintain qualification under Section 529. I also understand that Connecticut and federal laws are subject to change for any reason, sometimes with retroactive effect, and that none of the State of Connecticut, the Trust, the Direct Plan, the Trustee, or any of the service providers to the Direct Plan (including the Direct Plan Manager) makes any representation that such Connecticut or federal laws will not be changed or repealed or that the terms and conditions of the Direct Plan will remain as currently described in the Disclosure Booklet and this Agreement.

18. UGMA/UTMA and Trust Accounts. I understand that if I established the Account in my capacity as custodian for a minor under the Uniform Gifts to Minors Act or Uniform Transfers to Minors Act (UGMA/UTMA) or as the trustee for a trust established for a minor, the Account will be subject to certain specific requirements pursuant to UGMA/UTMA or the trust, as applicable, that I am solely responsible for compliance with such requirements, and I will:

- be required to provide the Direct Plan with an original, signed certificate, a certified copy of material portions of the trust instrument, or a certified copy of a court order that confirms the creation of a trust naming a minor as the trust beneficiary, identifies the trustee and authorizes the trustee to act on behalf of the trust beneficiary;
- not be permitted to change the Beneficiary of the Account either directly or by means of a rollover, except as permitted under UGMA/UTMA or the trust document, as applicable;
- not be permitted to name a successor account owner, or to change ownership of the Account except as permitted under UGMA/UTMA or the trust document, as applicable; and
- be required to notify the Direct Plan when the Beneficiary reaches the age of majority or is otherwise legally authorized to assume ownership of the Account so that the Beneficiary can be registered as the Account Owner and take control of the Account.

19. Legal Entity Account Owner. If I am a person establishing the Account on behalf of a legal entity and I sign the Application and enter into this Agreement for such entity, I represent and warrant that: (i) the entity may legally become, and thereafter be, the Account Owner; (ii) I am duly authorized to act on behalf of/for the entity; (iii) the Disclosure Booklet may not discuss tax consequences and other aspects of the Direct Plan that are relevant to the entity; and (iv) the entity has consulted with and relied on a professional advisor, as deemed appropriate by the entity, before becoming an Account Owner.

20. Indemnification by Me. I recognize that the establishment of any Account will be based on the statements, agreements, representations, and warranties made by me in this Agreement, on Direct Plan forms and in any other communications related to my Account(s). I agree to indemnify the State of Connecticut, the Trust, the Direct Plan, the Trustee, and each of the service providers to the Direct Plan (including the Direct Plan Manager) and any of their affiliates or representatives from and against any and all loss, damage, liability or expense (including the costs of reasonable attorney's fees), to which said entities may be put or which they may incur by reason of, or in connection with, any misstatement or misrepresentation made by me or a Beneficiary in the above mentioned documents or otherwise, any breach by me of the acknowledgments, representations or warranties contained in the Agreement, or any failure by me to fulfill any covenants or obligations in this Agreement. All of my statements, representations or warranties shall survive the termination of this Agreement and this indemnification shall remain enforceable against me, notwithstanding my permitted transfer of ownership of the Account to another person.

21. Termination. I understand that the Trustee may at any time terminate the Direct Plan and/or this Agreement, either of which may cause a distribution to be made from my Account. I further understand that I may be liable for taxes on the earnings, if any, of such a distribution. I understand that I may cancel this Agreement at any time by written notice to the Direct Plan requesting a 100% distribution from my Account.

22. Controlling Law. This Agreement is governed by Connecticut law without regard to principles of conflicts of law.

23. Additional Documentation. I understand that in connection with opening an Account for me, and prior to processing any Account transactions or changes requested by me after an Account is opened, the Direct Plan may ask me to provide additional documentation, and I agree to promptly comply with any such requests.

24. Duties and Rights of the Connecticut Entities and the Service Providers. None of the State of Connecticut, the Trust, the Direct Plan, the Trustee, nor any of the service providers to the Direct Plan (including the Direct Plan Manager) has a duty to perform any action other than those specified in the Agreement or the Disclosure Booklet. The State of Connecticut, the Trust, the Direct Plan, the Trustee, and the service providers to the Direct Plan (including the Direct Plan Manager) may accept and conclusively rely on any instructions or other communications reasonably believed to be from me or a person authorized by me and may assume that the authority of any authorized person continues to be in effect until they receive written notice to the contrary from me. None of the State of Connecticut, the Trust, the Direct Plan, the Trustee, nor any of the service providers to the Direct Plan (including the Direct Plan Manager) has any duty to determine or advise me of the investment, tax, or other consequences of my actions, of their actions in following my directions, or of their failing to act in the absence of my directions. Each of the State of Connecticut, the Trust, the Direct Plan, the Trustee, and each of the service providers to the Direct Plan (including the Direct Plan Manager) is a third-party beneficiary of, and can rely upon and enforce, any of my agreements, representations, and warranties in this Agreement.

APPENDIX II
to the Disclosure Booklet for the Connecticut Higher Education Trust – Direct Plan

Privacy Policy

***Please read this notice carefully.* It gives you important information about how the Direct Plan handles nonpublic personal information it may receive about you in connection with the Direct Plan.**

Information the Direct Plan Collects

Nonpublic personal information about you (which may include your Social Security number or taxpayer identification number) may be obtained in any of the following ways:

- you provide it on the Direct Plan application;
- you provide it on other Direct Plan forms;
- you provide it on the secure portion of the Direct Plan's website; or
- you provide it to complete your requested transactions.

How Your Information Is Used

The Direct Plan does not disclose your personal information to anyone for marketing purposes. The Direct Plan discloses your personal information only to those service providers who need the information to respond to your inquiries and/or to service and maintain your Account. In addition, the Direct Plan or its service providers may be required to disclose your personal information to government agencies and other regulatory bodies (for example, for tax reporting purposes or to report suspicious transactions).

The service providers who receive your personal information may use it to:

- process your Direct Plan transactions;
- provide you with Direct Plan materials; and
- mail you Direct Plan Account statements.

These service providers provide services at the Direct Plan's direction and include fulfillment companies, printing and mailing facilities.

- These service providers are required to keep your personal information confidential and to use it only for providing contractually required services to the Direct Plan.

Security of Your Information

The Direct Plan protects the personal information you provide against unauthorized access, disclosure, alteration, destruction, loss or misuse. Your personal information is protected by physical, electronic and procedural safeguards in accordance with federal and state standards. These safeguards include appropriate procedures for access and use of electronic data, provisions for the secure transmission of sensitive personal information on the Direct Plan's website, and telephone system authentication procedures.

Changes to this Privacy Policy

The Direct Plan will periodically review this Privacy Policy and its related practices and procedures. You will be notified of any material amendments to this Privacy Policy.

Notice About Online Privacy

The personal information that you provide through the Direct Plan's website is handled in the same way as the personal information that you provide by any other means, as described above. This section of the notice gives you additional information about the way in which personal information that is obtained online is handled.

Online Enrollment, Account Information Access and Online Transactions

When you visit the Direct Plan's website, you can go to pages that are open to the general public or log on to protected pages to enroll in the Direct Plan, access information about your Account, or conduct certain transactions related to your Account. Once you have opened an Account in the Direct Plan, access to the secure pages of the Direct Plan's website is permitted only after you have created a user ID and password by supplying your Social Security number or taxpayer identification number and Account number. The user ID and password must be supplied each time you want to access your Account information online. This information serves to verify your identity.

When you enter personal data into the Direct Plan's website (including your Social Security number or taxpayer identification number and your password) to enroll or access your Account information online, you will log on to secure pages where Secure Sockets Layer (SSL) protocol is used to protect information.

To use this section of the Direct Plan's website, you need a browser that supports encryption and dynamic web page construction.

If you provide personal information to effect transactions on the Direct Plan's website, a record of the transactions that you have performed while on the site is retained by the Direct Plan.

Other Personal Information Provided by You on the Direct Plan's Website

If you decide not to enroll online and you want to request that Direct Plan materials be mailed to you, you can click on another section of the Direct Plan's website to provide your name, mailing address and email address. The personal information that you provide on that page of the site will be stored and used to market the Direct Plan more effectively. When you provide this information, Secure Sockets Layer (SSL) protocol is used to protect information.

To contact the Direct Plan and to obtain Direct Plan forms:

Visit the Direct Plan's **website** at www.aboutchet.com;
Call the Direct Plan toll-free at **1-888-799-CHET (2438)**; or
Write to the Direct Plan at PO Box 150499, Hartford, CT 06115-0499.

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