



*Please file this Supplement to the AZ529, Arizona's Education Savings Plan – Bank Plan Disclosure Statement with your records.*

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**SUPPLEMENT DATED OCTOBER 2021 TO THE  
AZ529, ARIZONA'S EDUCATION SAVINGS PLAN – Bank Plan (AZ529 – BANK PLAN)  
DISCLOSURE STATEMENT DATED DECEMBER 15, 2011**

This Supplement describes important changes and updates to the Bank Plan and supersedes all previous Supplements inconsistent with the information provided in this Supplement. You should review this information carefully and keep it together with your current copy of the AZ529-Bank Plan Disclosure Statement. Unless otherwise defined, terms used in this supplement have the same meaning as those terms defined in the Disclosure Statement. Any information in the Disclosure Statement inconsistent with the information provided in this Supplement is superseded by the information in this Supplement.

**IMPORTANT UPDATE: No Further Investments**

**Effective November 1, 2021**, the Bank Plan will no longer solicit or accept new investors nor allow the purchase of new products from current account owners. The AZ529, Arizona's Education Savings Plan continues to offer investments through Fidelity Investments to residents and non-residents of Arizona who wish to save for future education costs. However, unlike investments through the AZ529-Bank Plan (Bank Plan), investments may not be covered by FDIC insurance unless investors and current account owners choose the Fidelity Bank Deposit Portfolio, the underlying deposits of which are eligible for FDIC insurance. For more information, please visit: <https://www.fidelity.com/529-plans/arizona>. College Savings Bank will continue to provide services to the Bank Plan including investment management, customer service and recordkeeping.

**NOTE: The Bank Plan will accept new contributions into existing investments from current account owners until February 1, 2022.** After February 1, 2022, new contributions from current account owners will no longer be accepted. The Bank Plan will continue to service all CD products through their respective maturity dates. Upon maturity of a CD product, it will be converted into an Honors Savings Account unless otherwise directed by a current Account Owner or the Arizona State Treasurer's Office (ASTO). The Bank Plan will continue to service Honors Savings Accounts until at least November 30, 2022, which is the Transition Date. The Bank Plan will transition management and service of all existing Honors Savings Accounts by the Transition Date to Fidelity Investments as directed by ASTO with the Fidelity Bank Deposit Portfolio being the default option.

This supplement describes the resulting changes to your Account and provides additional updated information regarding the Bank Plan.

**1. The Section entitled "Frequently Asked Questions" is replaced in its entirety as follows:**

**What is the AZ529-Bank Plan?** The AZ529-Bank Plan is a Qualified Tuition Program sponsored by the State of Arizona and administered by the Arizona State Treasurer's Office (ASTO). The Arizona State Board of Investment (BOI) is Trustee of the Plan and Plan Trust. College Savings Bank, a Division of NexBank (CSB or the Bank Plan) provides administrative, Account servicing, and investment management services to the Plan. The Bank Plan is designed to help individuals and families save for education in a tax-advantaged way. Investments through the Bank Plan are FDIC insured 529 products.

**Is the Bank Plan open to new enrollments or the purchase of new products?** As of November 1, 2021, the Bank Plan is no longer accepting new enrollments or contributions to new CDs or Honors Savings Accounts. If you are a current Account Owner, your options at the maturity of a CD held in your Account have changed. Please see **Information About the CD Options: CD Option and Honors Account Profiles** below in **section 6** for more details.

**Is the Bank Plan open to new contributions towards existing products?** Until February 1, 2022, the Bank Plan will accept new contributions to existing Accounts. After February 1, 2022, the Bank Plan will not accept contributions towards existing accounts. If you are a current Account Owner, your options at the maturity of a CD held in your Account have changed. Please see **Information About the CD Options: CD Option and Honors Account Profiles** below in **section 6** for more details.

**What are the fees associated with the Bank Plan?** The Bank Plan does not charge fees to Account Owners or Accounts for maintaining or contributing to an existing Account. We may charge fees for certain types of transactions, such as withdrawals from fixed rate CDs prior to maturity. Please see CD **Early Withdrawal** below in **section 7** for more details.

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

**How does the State income tax deduction work for the Bank Plan?** If you are an Arizona taxpayer, for tax year 2021 and after, you are entitled to a deduction of up to \$2,000 per beneficiary per year for an individual taxpayer and \$4,000 per beneficiary per year for married taxpayers filing jointly, to adjusted gross income in computing your Arizona state income tax, based on eligible contributions to the Bank Plan. To be eligible, the contribution must be made to an Account owned by you, your spouse, or your child or stepchild if your child or stepchild is an Arizona resident. As of November 1, 2021, the Bank Plan will no longer accept contributions to new Accounts. However, the Bank Plan will accept new contributions to existing Accounts until February 1, 2022. Arizona taxpayers, are still eligible to take the deduction for any contributions made during the calendar year to your Account prior to February 1, 2022. For additional information, please see **Certain State Tax Considerations** on page **21**.

**Is my Bank Plan Account guaranteed?** Although your Account is not guaranteed, it is insured on a pass-through basis by the FDIC up to the maximum amount set by federal law, currently \$250,000. Under this insurance, your interest in the insurable balance of a CollegeSure® CD, Fixed Rate CD or Honors Savings Account held pursuant to the Plan will be added to any other deposits you hold in the same right and capacity at the Bank and insured up to the maximum amount. Under applicable FDIC regulations, Accounts that have the same Account Owner and beneficiary relationship will be deemed to be held in the same right and capacity and will be combined for purposes of the \$250,000 limitation. Separate deposit insurance for Accounts with the same Account Owner and Beneficiary may also be available in certain limited circumstances. Please contact a Client Service Representative at 1.800.888.2723 for additional information. Interest that accrues on a Fixed Rate CD or CollegeSure® CD is also covered by FDIC deposit insurance, subject to these same limitations. Please see **Information About the CD Options** starting on page **14**.

**Can I change my CD Options?** Federal law allows investment exchanges up to two times per calendar year per Beneficiary. Because no new CDs will be issued under the Bank Plan as of November 1, 2021, you may not change CD Options. However, if you want to change 529 plan investments you may rollover your assets to an account with AZ529, Arizona's Education Savings Plan through Fidelity Investments or a 529 plan sponsored by another state, including plans which offer FDIC insured products such as the Fidelity Bank Deposit Portfolio. For more information, please visit: <https://www.fidelity.com/529-plans/arizona>.

Rollovers to another qualified 529 savings plan may be considered an investment exchange and could count against your twice per year limit. A rollover to a 529 plan sponsored by another state may be considered a Qualified Distribution or a Non-Qualified Distribution. In addition, you may need to liquidate a CD or CDs (Early Withdrawal Penalties will apply) to complete a rollover and rollovers may result in a loss of FDIC coverage and/or result in additional fees. For more information, see **Certain Federal Tax Considerations** starting on page **19**. If you have multiple CD Options for a Beneficiary, all changes involving that Beneficiary for the calendar year must be requested on the same day. For more information on making changes to your Account, see **Maintaining and Making Changes to Your Account** below in **section 10**.

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

**Can I use my Account for Apprenticeship Program Expense and Education Loan Repayments?** Yes. On December 20, 2019, the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act) was signed into law. The SECURE Act amended Section 529 of the Code to permit withdrawals from 529 plan accounts to pay Apprenticeship Program Expenses and to make Education Loan Repayments. Under Arizona law, contributions that will be used to pay Apprenticeship Program

Expenses and, for the tax year beginning January 1, 2019 Education Loan Repayments, are eligible for the Arizona income tax deduction. For additional information, please see **Certain State Tax Considerations starting on page 21.**

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

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

- Use assets in your Account to pay any tuition and required fees not covered by the scholarship or grant;
- Apply assets in your Account toward other Qualified Expenses such as certain room and board expenses and books;
- Change the Beneficiary to a Member of the Family of your child;
- Keep any unused funds in your Account to pay for future Qualified Expenses, including graduate school; or
- Withdraw any unused funds up to the amount of the scholarship or grant without being subject to a 10% additional federal tax penalty (Distribution Tax). Income taxes on earnings, however, will apply.

**Can I change the Beneficiary of my Account?** Yes. You can transfer your Account to a Member of the Family of the Beneficiary without incurring taxes or penalties. Member of the Family currently includes: Child or Stepchild, Sibling, Stepsibling or Half sibling, Parent or Stepparent, Grandparent, Grandchild, Niece or Nephew, Aunt or Uncle, First Cousin, Mother- or Father-in-law, Son- or Daughter-in-law, Brother or Sister-in-law, Spouse of any individual listed (except first cousin). A Uniform Gifts or Uniform Transfers to Minors Act account (UGMA/UTMA) Custodian will not be permitted to change the designated beneficiary on an Account.

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

**What if the Beneficiary or I move out of Arizona after I opened my Account?** Your Beneficiary can still use the Account to attend any Eligible Educational Institution. However, if you move out of State and no longer pay Arizona income tax, you will no longer be eligible to receive the Arizona State tax deduction benefit.

**What if I experience a financial hardship and need to withdraw the funds for a purpose other than college expenses?** You may request a distribution at any time. If the funds are not used for Qualified Expenses (a Non-Qualified Distribution), federal and applicable state income taxes, plus the Distribution Tax, will apply to any earnings portion of your distribution. In addition, Early Withdrawal Penalties may apply. For details about specific tax and other penalties, please read **Information About the CD Options: CD Option and Honors Account Profiles** referenced below in section 6, **Certain Federal Tax Considerations** starting on page 19 and **Certain State Tax Considerations** on page 21.

**Is the Bank Plan the only 529 Plan sponsored by the State of Arizona?** No. In addition to the Bank Plan, the AZ529, Arizona's Education Savings Plan also sponsors a 529 Plan offered through Fidelity Investments. For additional information on AZ529, please contact them at [www.az529.gov](http://www.az529.gov) or call 1.602.542.7529. For additional information on the AZ529 Plan offered by Fidelity Investments, please call 1-800-544-1262 or visit: <https://www.fidelity.com/529-plans/arizona> In addition, AZ529 sponsors an advisor-sold 529 Plan offered through Ivy Investments. However, the Ivy InvestEd 529 requires an account owner to work through a financial advisor. For additional information on the Ivy InvestEd 529 Plan, please call 1-800-544-1262 or visit: <https://www.ivyinvestments.com/ivy-invested-529-plan>

**What if I already have a 529 plan? Can I transfer my Account to the Bank Plan?** Because the Bank Plan is closed to new Accounts and new contributions towards new products, we cannot accept a rollover of an account with another Qualified Tuition Program into the Bank Plan as a new enrollment. However, rollovers into existing accounts (for the same beneficiary) are accepted until February 1, 2022. The AZ529, Arizona's Education Savings Plan offered through Fidelity Investments does accept rollovers of accounts from other 529 plans. For additional information contact AZ529, Arizona's Education Savings Plan at [www.az529.gov](http://www.az529.gov) or call 1.602.542.7529. To make a transfer or rollover from another 529 account to a Fidelity 529 account, please use the "Rollover Request - 529 College Savings Plan" form. You can get this form by calling 1-800-544-1262 or by clicking on the "Customer Service" tab at <https://www.fidelity.com/529-plans/arizona>. Please be aware that not all states permit direct rollovers from Qualified Tuition Programs. In addition, there may be state income tax consequences (and in some cases state-imposed penalties) resulting from a rollover out of another state's Qualified Tuition Program.

**What are the risks involved in investing in the Bank Plan?**

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

### Where can I find additional forms?

To obtain forms relating to the Bank Plan, visit the Plan website at <https://collegesavings.com/csbcms/Literature-Forms/Materials-and-Forms> or call 800.888.2723, Monday through Friday, 9 a.m. to 6 p.m. Eastern Time.

### How do I contact the Plan?

**Phone:** 800.888.2723

Monday through Friday, 9 a.m. to 6 p.m. Eastern time

**Online:** [www.collegesavings.com/arizona](http://www.collegesavings.com/arizona)

**E-mail:** [info@collegesavings.com](mailto:info@collegesavings.com)

**Fax:** 214.481.1289

### Regular Mail:

College Savings Bank, a Division of NexBank

2515 McKinney Avenue, Suite 1100

Dallas, Texas 75201

## 2. The section entitled “Establishing An Account” is renamed “Information About your Account” and replaced in its entirety as follows:

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

A qualified individual in his or her capacity as a Custodian under a UGMA/UTMA may hold an Account for a minor and designate the minor as the Account Owner and Beneficiary. The UGMA/UTMA Custodian will control the Account until the Beneficiary reaches the age of majority under the applicable UGMA/UTMA statute, at which time, the Beneficiary may take control of the Account. The UGMA/UTMA Custodian will not be permitted to change the Beneficiary. A scholarship Account may be maintained only by a state or local government, or a charitable organization qualifying under section 501(c)(3) of the Code. A Beneficiary does not need to be named when a scholarship Account is opened.

**Opening an Account.** Effective November 1, 2021, new Accounts may not be opened in the Bank Plan.

**Selecting a Beneficiary.** You can hold an Account for your benefit, for your child, grandchild, spouse, another relative, or even someone not related to you. Each Account can have only one (1) Beneficiary at any time. However, you may have multiple Accounts for different Beneficiaries. Also, different Account Owners may have an Account for the same Beneficiary within the Plan. The Beneficiary may be of any age; however, the Beneficiary must be an individual and not a trust or other entity. A Beneficiary does not have to be named on the Enrollment Form when the Account Owner is a tax exempt organization, as defined in the Code, and the Account has been established as a general scholarship fund.

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

**Successor account owner/custodian.** You may designate a Successor Account Owner (to the extent permissible under applicable law) to succeed to all of your rights, title, and interest in your Account upon your death. You can make this designation online, or in writing. We must receive and process your request before the Successor Account Owner/ Custodian designation can be effective. You may revoke the designation of a Successor Account Owner/Custodian at any time by submitting a Successor Account Owner Designation Form. Forms may be obtained from our website at <https://collegesavings.com/csbcms/Literature-Forms/Materials-and-Forms> or by calling us at 1.800.888.2723. If your Account is jointly owned, the surviving Account Owner will become the sole owner of the Account upon the death of the other Joint Account Owner.

**Multiple Accounts.** You may hold multiple Accounts and an individual may be the Beneficiary of more than one (1) Account. Balances in multiple Accounts (including other 529 plans sponsored by AZ529, Arizona’s Education Saving Plan) with the same Beneficiary are aggregated for purposes of monitoring the Maximum Account Balance. See **Contributing to Your Account: Maximum Account Balance** on page 10.

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

**Account Statements.** We will send you a monthly statement that will include the Account balance, as well as all contributions, distributions and earnings that occurred during the preceding month. This schedule is subject to change in the sole discretion of the Bank Plan.

**3. The section entitled Contributions is replaced in its entirety as follows:**

**Maximum Account Balance.** Maximum Account Balance. You can contribute up to a Maximum Account Balance of \$519,000 (accurate and effective as of October 1, 2021) for each Beneficiary. The aggregate market value of all accounts for the same Beneficiary under all Qualified Tuition Programs sponsored by the State are counted toward the Maximum Account Balance regardless of the Account Owner. Earnings may cause the account balances for any one Beneficiary to exceed \$519,000 and no further contributions will be allowed at that point. If a contribution is made to an Account that would cause the aggregate balance of all accounts to exceed the Maximum Account Balance, all or a portion of the contribution amount will be returned to you or the contributor. If you are enrolled in an ACH Plan, the ACH Plan will be discontinued.

Effective February 1, 2022, you may no longer make contributions to your existing Account.

**4. The paragraph for the section entitled “Plan Risk Factors” is replaced in its entirety as follows:**

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

**5. The section entitled “Information About The CD Options” is replaced in its entirety as follows:**

**INFORMATION ABOUT THE CD OPTIONS**

In this Section, you will find information about the CD Options, including a discussion of the CollegeSure® CD, Fixed Rate CDs and the CollegeSure® HONORS Savings Accounts. If you have questions about any of the investment-related information in this Section you should call a Client Service Representative at 1.800.888.2723.

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

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

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

**Changing CD Options.** Once your CD Option is selected for a particular contribution, IRS guidance provides that you can move money or transfer from one CD Option to another 529 plan investment option twice per calendar year for the same Beneficiary. However, because no new CDs will be issued under the Bank Plan as of November 1, 2021, you may not change one CD Option for another CD Option in the Bank Plan. However, if you want to change 529 plan investments you may liquidate your CD or CDs (Early Withdrawal Penalties may apply) and rollover your assets to another 529 option offered by AZ529, Arizona’s Education Savings Plan or another state. Such a rollover could result in loss of FDIC coverage and may incur additional fees. Moving your assets to another 529 plan may be considered an investment exchange and could count against your twice per year limit. A

rollover to another 529 plan may be considered a Qualified Distribution or a Non-Qualified Distribution. For more information, see **Certain Federal Tax Considerations** starting on page 19. If you have multiple CD Options for a Beneficiary, all changes involving that Beneficiary for the calendar year must be requested on the same day. Please note that upon maturation of a CD product, that product will automatically transition into an Honors Savings Account unless alternative directions are received.

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

**6. The section entitled “CD Option Profiles” is replaced in its entirety as follows:**

**CD OPTION AND HONORS ACCOUNT PROFILES**

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

**Issuer.** All CDs and Honors Savings Accounts are issued by College Savings Bank, a Division of NexBank (CSB), a state chartered bank duly organized, validly existing and in good standing under the laws of the State of Texas. CSB’s deposits are insured up to applicable statutory limits by the FDIC. Each CD and Honors Savings Account is governed by the statutes, rules and regulations of the State of Texas and the FDIC; CSB’s certificate of incorporation and by-laws; the regulations, rules and practices adopted by CSB; and general savings bank practices.

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

**Minimum Deposit Amounts.** For each fixed rate option and Honors Savings Account, the minimum initial contribution is \$250. You may contribute as little as \$25 per month using an ACH Plan or \$25 per pay period using payroll deduction (if your employer offers this service). **Effective November 1, 2021, CSB will no longer accept contributions towards a new fixed rate CD or Honors Savings Account. Also, effective February 1, 2022, CSB will no longer accept contributions towards existing accounts.** For additional information on the Savings Account and distribution options, see the **CollegeSure® Honors Savings Account Terms and Conditions**. Interest rates on CSB products are published online at [www.collegesavings.com/arizona](http://www.collegesavings.com/arizona).

**7. The section entitled FIXED RATE CD on page 18 of the Disclosure Statement and as Supplemented September 2016 is replaced in its entirety as follows:**

**Important Update:** New Fixed Rate CD Accounts are no longer offered effective November 1, 2021, the Bank Plan will no longer be open to the purchase of new products from current or new account owners. Fixed rate CDs issued prior to November 1, 2021 will remain outstanding until their stated maturity date under the terms and conditions detailed below.

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

**Maturities Available:**

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

**Minimum Contribution Amounts; ACH and Payroll Deductions.** The minimum initial contribution for a Fixed Rate CD is \$250. Additional contributions of \$25 may be made to existing CDs under the same terms and conditions as the original CD.

Additionally, the maturity date of any additional contributions will match the maturity date of the existing CD. I.

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

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

**ACH Plan and Payroll Deduction.** Effective February 1, 2022, all ACH Plan and/or payroll deduction contributions will be discontinued.

**Options at Maturity.** The Fixed Rate CD does not automatically renew. We will provide written notification at least 60 days before the Maturity Date. You must provide written instructions at least 14 days prior to the Maturity Date if you would like the proceeds upon maturity of the Fixed Rate CD to be invested other than in accordance with the default action described below. If you provide instructions in good order, funds will be disbursed from your Account no later than the first Business Day following the Maturity Date.

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

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

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

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

Please note any actions other than taking a Qualified or Non-Qualified Distribution or a default action stated above could be considered one of your two allowable calendar year investment exchange as per 529 plan rules. Therefore, subject to restrictions described in **Maintaining and Making Changes to Your Account** on page 23. A rollover into another 529 plan could result in loss of FDIC coverage and may incur additional fees.

**Early Withdrawal.** Upon 14 days prior written notice, you may take a Qualified or Non-Qualified Distribution, in whole or in part. Withdrawals prior to the Maturity Date are subject to an Early Withdrawal Penalty equal to three (3) months of interest. The APY applied to a Fixed Rate CD assumes the funds remain on deposit until the Maturity Date. An early withdrawal will reduce earnings.

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

#### **8. The paragraph entitled “Options at Maturity” of the section entitled “CollegeSure® CD” is replaced in its entirety as follows:**

**Options at Maturity.** We will provide written notification at least 60 days before the Maturity Date. You must provide written instructions at least 14 days prior to the Maturity Date if you would like the proceeds upon maturity of the CollegeSure® CD to be invested other than in accordance with the default action described below. If you provide instructions in good order, funds will be disbursed from your Account no later than the first Exchange Business Day following the Maturity Date.

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

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

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

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

Please note any actions other than taking a Qualified or Non-Qualified Distribution or a default action stated above could be considered one of your two allowable calendar year investment exchange as per 529 plan rules. Therefore, subject to restrictions described in **Maintaining and Making Changes to Your Account** on page 23. A rollover into another 529 plan could result in loss of FDIC coverage and may incur additional fees.

**9. The paragraph entitled “Non-Arizona Taxpayers” of the section entitled “Certain State Tax Considerations” is replaced in its entirety as follows:**

**Non-Arizona Taxpayers.** If you or your Beneficiary, as applicable, are not an Arizona taxpayer, consider before investing whether your or the Beneficiary’s home state offers a Qualified Tuition Program that provides its taxpayers with favorable state tax and other benefits that may only be available through investment in the home state’s Qualified Tuition Program, and which are not available through an investment in the AZ529 Bank Plan. You may wish to contact your home state’s Qualified Tuition Program(s), or any other Qualified Tuition Program, to learn more about those plans’ features, benefits and limitations. Keep in mind that state-based benefits should be one of many appropriately weighted factors to be considered when making an investment decision.

In addition, since different states have different tax provisions, if you or your Beneficiary, as applicable, are not an Arizona taxpayer, you should consult your own state’s tax laws or your tax advisor for more information on your state’s taxation of Non-Qualified and other distributions. *Please consult your financial, tax, or other advisor to learn more about how state-based benefits (or any limitations) would apply to your specific circumstances.*

**10. The section entitled “Maintaining and Making Changes to your Account” is replaced in its entirety as follows:**

**MAINTAINING AND MAKING CHANGES TO YOUR ACCOUNT**

**Options for Unused Contributions; Changing a Beneficiary, Transferring Assets to Another of Your Accounts.** Your Beneficiary may choose not to attend an Eligible Educational Institution or may not use all the money in your Account. In either case, you may name a new Beneficiary or take a distribution of your Account assets. Any Non-Qualified Distribution from your Account will be subject to applicable income taxes and the Distribution Tax. See **Withdrawals and Account Termination** starting on page 21. In addition, any distribution from your Account prior to the Maturity Date of the applicable CD may be subject to an Early Withdrawal Penalty. See **Information About the CD Options: CD Option and Honors Account Profiles** referenced above in section 6.

You can change your Beneficiary at any time. To avoid negative tax consequences, the new Beneficiary must be a Member of the Family of the original Beneficiary. Any change of the Beneficiary to a person who is not a Member of the Family of the current Beneficiary is treated as a Non-Qualified Distribution subject to applicable federal and state income taxes as well as the Distribution Tax. An Account Owner who is an UGMA/UTMA custodian will not be able to change the Beneficiary of the Account, except as may be permitted under the applicable UGMA/UTMA law. See **Contributing to Your Account: Moving Assets from an UGMA/UTMA Account** on page 9

To initiate a change of Beneficiary, you must complete and submit a Change of Beneficiary Form. Contact Client Services at 800-888-2723 for additional information. The change will be made upon our receipt and acceptance of the signed, properly completed form(s) in good order. We reserve the right to suspend the processing of a Beneficiary transfer if CSB suspects that the transfer is intended to avoid the Plan’s exchange and reallocation limits and/or the tax laws. Also, a Beneficiary change or transfer of assets may be denied or limited if it causes one or more Accounts to exceed the Maximum Account Balance for a Beneficiary. The CDs in which your CD Option invests will not change if you change Beneficiaries.

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



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

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

**Twice Per Calendar Year Investment Exchange.** Federal law allows you to change investments in a 529 plan for each Beneficiary twice per calendar year. However, effective November 1, 2021, you may not initiate an investment exchange within the Bank Plan towards a new Fixed Rate CD. You might, however, have the ability to make an investment exchange by initiating a rollover out of the Bank Plan into another 529 plan or 529 plan option. Moving your assets to another account could be considered an investment exchange and might count against your twice per year limit. Please note that upon maturation of a CD product, that product will automatically transition into an Honors Savings Account unless alternative directions are received.

Qualified Distribution or a Non-Qualified Distribution. Rollovers to the Investment Plan or another 529 plan could result in loss of FDIC coverage and may incur additional fees. For more information, see **Certain Federal Tax Considerations** starting on page 19. If you choose to make an exchange and, thereby terminate an existing CD Option prior to its Maturity Date, you will be subject to an Early Withdrawal Penalty.

**11. The paragraph entitled “Program Manager” in the section entitled “Plan Governance and Administration is replaced in its entirety as follows:**

**Operational Agreement.** The AZ529-Bank Plan is a Qualified Tuition Program sponsored by the State of Arizona and administered by the Arizona State Treasurer’s Office (ASTO). The Arizona State Board of Investment (BOI) is Trustee of the Plan and Plan Trust. College Savings Bank, a Division of NexBank (CSB or the Bank Plan) provides administrative, Account servicing, and investment management services to the Bank Plan. The Bank Plan is designed to help individuals and families save for education in a tax-advantaged way. Investments through the Bank Plan are FDIC insured 529 products

The ASTO has contracted CSB to provide certain administrative, Account servicing, and investment management services to the Bank Plan. The agreement between the ASTO and the Bank is now effective and will terminate once CSB no longer holds any Arizona 529 assets and no longer provides services to any AZ 529 product. The Bank, its assets and liabilities, and its financial statements are regularly examined by federal and state auditors. The Bank’s federally filed financial statements are available quarterly at <https://www.fdic.gov/regulations/resources/call/index.html> by searching for the NexBank’s FDIC Certificate Number (#27041).

**12. The paragraph entitled “Claims; Disputes” in the section entitled “General Provisions and Important Notices” is replaced in its entirety as follows:**

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

Account to pay any fees, expenses or liabilities owed to the Trustee, the Trust, the Bank, or certain other entities performing services related to the Plan.

**13. The following defined terms are deleted from the section entitled Glossary:**

Management Agreement  
Program Manager

**14. The following defined terms included in the section entitled Glossary are updated as follows:**

**Maximum Account Balance:** The maximum aggregate balance of all accounts for the same Beneficiary in Qualified Tuition Programs sponsored by the State of Arizona, as established by the ASTO from time to time, as required by Section 529 of the Code. The current Maximum Contribution Limit is \$519,000.

**Plan Officials:** The State of Arizona, the BOI, ASTO, any other agency of the State, CSB, and any other counsel, advisor, or consultant retained by, or on behalf of, those entities and any affiliate, employee, officer, official, or agent of those entities.

**We or our:** The Bank Plan, the BOI or ASTO (as Trustee of the Trust), and CSB.

**15. The section entitled “Representations, Warranties, Certifications, and Acknowledgements” is replaced in its entirety as follows:**

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

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

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

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

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

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

1. I have received, read, and understand the terms and conditions of the Disclosure Statement and Enrollment Form and any additional information provided to me by the Plan Officials with respect to the Trust or the Plan.
2. I certify that I am a natural person, at least 18 years of age, and a citizen or a resident of the United States of America, who resides in the United States of America or that I have the requisite authority to enter into this participation agreement and to open an Account on behalf of the Beneficiary. I also certify that the person named as Beneficiary of the Account is a citizen or a resident of the United States of America.
3. I understand that the Plan is intended to be used only to save for qualified higher education expenses.
4. I understand that any contributions credited to my Account will be deemed by the Plan Officials to have been received from me and that contributions by third parties may result in adverse tax or other consequences to me or those third parties.
5. If I am establishing an Account as a custodian for a minor under UGMA/UTMA, I understand and agree that I assume responsibility for any adverse consequences resulting from the establishment, maintenance, or termination of the Account.
6. If I am establishing an Account as a trustee for a trust, I represent that (i) the trustee is the Account Owner; (ii) the individual that has signed the Enrollment Form is duly authorized to act as trustee for the trust; (iii) the Disclosure Statement

may not discuss tax consequences and other aspects of the Plan of particular relevance to the trust and individuals having an interest in the trust; and (iv) the trustee, for the benefit of the trust, has consulted with and relied on a professional advisor, as deemed appropriate by the trustee, before becoming an Account Owner.

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

8. I understand that the College Savings Bank has deposited my contributions, as directed by the Trustee, into the FDIC-insured deposit accounts that I select.

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

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

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

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

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

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

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

16. I understand that so long as College Savings Bank serves as an investment manager to the Trust with respect to the Bank Plan, funds in my Account will be invested in CDs or a savings Account.

17. After I make my initial contribution to a specific CD Option, I will be allowed to direct the further investment of that contribution, subject to any applicable Early Withdrawal Penalties, no more than two (2) times per calendar year.

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

19. I understand that College Savings Bank has the right to provide a Financial Advisor identified by me to the Plan with access to financial and other information regarding my Account.

20. I understand that, unless otherwise provided in a written agreement between me and a Financial Advisor, or between me and the ASTO or College Savings Bank, no part of my participation in the Plan will be considered the provision of an investment advisory service.

21. Except as described in this Disclosure Statement, I will not assign or transfer any interest in my Account. I understand that, except as provided under Arizona law, any attempt to assign or transfer that interest is void.
22. I acknowledge that the Plan intends to qualify for favorable federal tax treatment under the Code. Because this qualification is vital to the Plan, the ASTO may modify the Plan or amend this Disclosure Statement at any time if the ASTO decides that the change is needed to meet the requirements of the Code or the regulations administered by the IRS pursuant to the Code, Arizona State law, or applicable rules or regulations adopted by the ASTO or to ensure the proper administration of the Plan.
23. The Plan Officials, individually and collectively, do not guarantee that my Beneficiary will be accepted as a student by any institution of higher education or other institution of post-secondary education; if accepted, will be permitted to continue as a student; will be treated as a state resident of any state for Qualified Expense purposes; will graduate from any institution of higher education or other institution of postsecondary education; or will achieve any particular treatment under any applicable state or federal financial aid programs; or guarantee any rate of return or benefit for contributions made to my Account.
24. I understand that none of the Plan Officials has any duty to determine or advise me of the legal, investment, tax, or other consequences of my actions, of their actions in following my directions, or of their failing to act in the absence of my directions.
25. The Plan Officials, individually and collectively, are not:
- a. liable for a failure of the Bank Plan to qualify or to remain a Qualified Tuition Program under the Code including any subsequent loss of favorable tax treatment under state or federal law;
  - b. liable for any loss of funds contributed to my Account or for the denial to me or my Beneficiary of a perceived tax or other benefit under the Plan, the Trust or the Enrollment Form; or
  - c. liable for loss caused directly or indirectly by government restrictions, exchange or market rulings, suspension of trading, war, acts of terrorism, strikes, or other conditions beyond their control.
26. My statements, representations, warranties, and covenants will survive the termination of my Account.

Neither the Bank Plan, nor the BOI, nor the ASTO, nor NexBank, nor other organizations participating in the program are providing tax, legal or accounting advice. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal or accounting advice. You should consult your own tax, legal and accounting advisors before engaging in any transaction.