



OFFICE OF THE
ARIZONA STATE TREASURER



KIMBERLY YEE
TREASURER

October 18, 2021

Dear Valued Customer,

As Arizona State Treasurer and Administrator of AZ529, Arizona's Education Savings Plan, I am writing to notify you of important transition changes pertaining to the AZ529 Bank Plan offered by College Savings Bank (CSB), a Division of NexBank. CSB has been a contracted AZ529 program manager and valued State of Arizona partner since AZ529 was first created and launched in 1999. Arizona state law prohibits any AZ529 program manager contract from exceeding a maximum term of seven years. State law further gives the Arizona State Treasurer's Office (ASTO), as AZ529 Administrator, the authority to enter into contracts with selected financial institutions as program managers subject to the approval of the Arizona State Board of Investment (BOI) as AZ529 Trustee. The State of Arizona's current program manager contract with CSB was initiated on October 24, 2016, for a five-year term ending October 23, 2021, and a two-year extension option was available if approved by the BOI. On April 15, 2021, ASTO sent a letter to CSB inviting them to exercise the two-year extension, subject to BOI approval. Following this letter, NexBank, CSB's parent company, indicated they no longer desire to offer 529 savings products after their current AZ529 contract expires.

As a result of NexBank's decision, on September 28, 2021, the BOI approved and ASTO entered into a transition services agreement with CSB. As a result of this agreement, the following will occur:

- CSB will continue to service all CD products through their respective maturity dates.
- CSB will not solicit or accept new investors after November 1, 2021, nor allow the purchase of new products from current account owners. Additionally, new contributions to existing accounts will no longer be accepted after February 1, 2022. Any CSB CD products that mature between November 1, 2021, and November 30, 2022, will be automatically converted to Honors Savings Accounts, unless otherwise directed by the Accounts owners.
- CSB will service all Honors Savings Accounts until at least November 30, 2022, when management will be transitioned to Fidelity Investments. Additional information will be provided to you prior to the transition.
- The BOI has approved the Fidelity Bank Deposit Portfolio product, which carries FDIC insurance, as the default replacement vehicle for CSB Honors Savings Account assets that are transferred. Account owners will also have the option of: 1) transferring their Honors Savings Account assets to another AZ529 product offered by Fidelity Investments, with or without FDIC coverage; or 2) rolling over their Honors Savings Account assets to another state's 529 plan, including plans offering FDIC-insured products.

Your cooperation and understanding are greatly appreciated as this important transition occurs. Attached is the formal disclosure form from CSB. If you have any questions or require my Office's assistance, please contact us at 602-542-7529 or via e-mail at AZ529@aztreasury.gov. For CSB account specific questions, please call 1-800-888-2723.

Sincerely,

A handwritten signature in black ink, appearing to read "Kimberly Yee".

The Honorable Kimberly Yee
Arizona State Treasurer