SUPPLEMENT DATED OCTOBER 2026, TO NEW YORK'S 529 COLLEGE SAVINGS PROGRAM *DIRECT PLAN* DISCLOSURE BOOKLET AND TUITION SAVINGS AGREEMENT DATED SEPTEMBER 30, 2021

This Supplement describes important changes and amends the Disclosure Booklet and Tuition Savings Agreement dated September 30, 2021 (Disclosure Booklet). You should read this Supplement in conjunction with the Disclosure Booklet. Capitalized terms not otherwise defined have the same meaning as that term used in the Disclosure Booklet. Please keep this Supplement with your *Direct Plan* documents.

ADDITION OF TARGET ENROLLMENT 2045 PORTFOLIO AND RETIREMENT OF TARGET ENROLLMENT 2023 PORTFOLIO

Target Enrollment Portfolio 2045. On or about December 11, 2026, the Target Enrollment 2045 Portfolio will be added to the *Direct Plan's* suite of Target Enrollment Portfolios.

Target Enrollment 2023 Portfolio Transition. On or about December 11, 2026, the assets in the Target Enrollment 2023 Portfolio will be automatically exchanged into the Commencement Portfolio and the Target Enrollment 2023 Portfolio will be retired (the "Transition").

To implement the Transition, please note the following:

- The Target Enrollment 2023 Portfolio will not be available after 4:00 p.m. Eastern time on Thursday, December 10, 2026.
- Contributions to the Target Enrollment 2023 Portfolio that would normally be processed on Friday, December 11, 2026, will be processed on that date to the Commencement Portfolio. All future contributions that would have previously been directed to the Target Enrollment 2023 Portfolio will be redirected to the Commencement Portfolio.
- All transaction requests, other than contributions, involving the Target Enrollment 2023 Portfolio that would normally be processed on Friday, December 11, 2026, will be held and processed to the Commencement Portfolio on Monday, December 14, 2026. These transactions will receive Monday's trade date.
- We will send a confirmation for the Transition.
- The Transition will not count toward the twice per calendar year limit for the reallocation of assets.

Accordingly, effective December 11, 2026, the following changes are made to the Disclosure Booklet.

1. All references to the Target Enrollment 2023 Portfolio are removed from the Disclosure Booklet.

2. The following replaces the Fee Structure table on page 19 of the Disclosure Booklet.

Portfolio	Estimated Underlying Fund Fee[1]	State Fee[2]	Program Management Fee[3]	Total Annual Asset-Based Fee	Annual Account Maintenance Fee
TARGET ENROLLMENT PORTFOLIOS					
Target Enrollment 2045 Portfolio	0.02%	None	0.09%	0.11%	None
Target Enrollment 2044 Portfolio	0.02	None	0.09	0.11	None
Target Enrollment 2043 Portfolio	0.02	None	0.09	0.11	None
Target Enrollment 2042 Portfolio	0.02	None	0.09	0.11	None
Target Enrollment 2041 Portfolio	0.02	None	0.09	0.11	None
Target Enrollment 2040 Portfolio	0.02	None	0.09	0.11	None
Target Enrollment 2039 Portfolio	0.02	None	0.09	0.11	None
Target Enrollment 2038 Portfolio	0.02	None	0.09	0.11	None
Target Enrollment 2037 Portfolio	0.02	None	0.09	0.11	None
Target Enrollment 2036 Portfolio	0.02	None	0.09	0.11	None
Target Enrollment 2035 Portfolio	0.02	None	0.09	0.11	None

Portfolio	Estimated Underlying Fund Fee[1]	State Fee[2]	Program Management Fee[3]	Total Annual Asset-Based Fee	Annual Account Maintenance Fee
Target Enrollment 2034 Portfolio	0.02	None	0.09	0.11	None
Target Enrollment 2033 Portfolio	0.02	None	0.09	0.11	None
Target Enrollment 2032 Portfolio	0.02	None	0.09	0.11	None
Target Enrollment 2031 Portfolio	0.02	None	0.09	0.11	None
Target Enrollment 2030 Portfolio	0.02	None	0.09	0.11	None
Target Enrollment 2029 Portfolio	0.02	None	0.09	0.11	None
Target Enrollment 2028 Portfolio	0.02	None	0.09	0.11	None
Target Enrollment 2027 Portfolio	0.02	None	0.09	0.11	None
Target Enrollment 2026 Portfolio	0.02	None	0.09	0.11	None
Target Enrollment 2025 Portfolio	0.02	None	0.09	0.11	None
Target Enrollment 2024 Portfolio	0.02	None	0.09	0.11	None
Commencement Portfolio	0.02	None	0.09	0.11	None
INDIVIDUAL PORTFOLIOS					
Global Equity Portfolio	0.02%	None	0.09%	0.11%	None
Growth Portfolio	0.02	None	0.09	0.11	None
Moderate Growth Portfolio	0.02	None	0.09	0.11	None
Conservative Growth Portfolio	0.02	None	0.09	0.11	None
Income Portfolio	0.02	None	0.09	0.11	None
Conservative Income Portfolio	0.02	None	0.09	0.11	None
U.S. Stock Market Index Portfolio	0.01	None	0.10	0.11	None
International Stock Market Index Portfolio	0.05	None	0.06	0.11	None
Developed Markets Index Portfolio	0.02	None	0.09	0.11	None
Growth Stock Index Portfolio	0.03	None	0.08	0.11	None
Mid-Cap Stock Index Portfolio	0.02	None	0.09	0.11	None
Small-Cap Stock Index Portfolio	0.02	None	0.09	0.11	None
Value Stock Index Portfolio	0.03	None	0.08	0.11	None
Social Index Portfolio	0.03	None	0.08	0.11	None
Bond Market Index Portfolio	0.02	None	0.09	0.11	None
International Bond Market Index Portfolio	0.03	None	0.08	0.11	None
Short-Term Bond Market Portfolio	0.02	None	0.09	0.11	None
Interest Accumulation Portfolio	0.03	None	0.08	0.11	None

1. Estimated Underlying Fund Fees reflect each Underlying Fund's expense ratio disclosed in its most recent prospectus as of April 28, 2026. Expenses for multiple-fund Portfolios represent a weighted average of the expenses of the Portfolio's Underlying Funds. The fees and expenses of the Underlying Funds may change. Estimated Underlying Fund Fees for the Income Portfolio and the Interest Accumulation Portfolio may include a stable value wrap fee of between 0.140% and 0.145%, which could reduce the returns of the Portfolios. The wrap fee, if any, is deducted from the total assets held by the Underlying Fund prior to the determination of each day's Portfolio Unit price. This fee could reduce the returns of the Portfolios.
2. No separate fee is charged to Accounts by the Program Administrators. The Program Manager and Investment Manager pay a monthly fee to the Program Administrators to help pay the costs of administering the Program. This payment is not deducted from any Accounts.
3. Vanguard and Ascensus have agreed to a specific formula for the allocation of the Program Management Fee.

3. As of December 11, 2026, the following allocations for the 2045 Target Enrollment Portfolio are added to the Target Enrollment Chart previously supplemented in November 2023:

Target Enrollment Portfolio	Total Stock Market Index Fund	Total International Stock Index Fund	Total Bond Market II Index Fund	Total International Bond Index Fund	Short-Term Reserves Account
Target Enrollment 2045	57.00%	38.00%	3.50%	1.50%	0.00%

Note: The current allocations for each Target Enrollment Portfolio are available at: **https://www.nysaves.org/home/which-investments/target-enrollment-portfolios.html**.

UNDERLYING FUND AND BENCHMARK NAME CHANGES

On July 29, 2026, the following Underlying Funds were renamed as indicated:

FORMER UNDERYLING FUND NAME	NEW UNDERLYING FUND NAME
Vanguard Total Stock Market Index Fund	Vanguard Morningstar Total Stock Market Index Fund
Vanguard Value Index Fund	Vanguard Morningstar Value Index Fund
Vanguard Growth Index Fund	Vanguard Morningstar Growth Index Fund
Vanguard Mid-Cap Index Fund	Vanguard Morningstar Mid-Cap Index Fund
Vanguard Small-Cap Index Fund	Vanguard Morningstar Small-Cap Index Fund

Also on July 29, 2026, the following benchmark indices were renamed as indicated:

FORMER INDEX NAME	NEW INDEX NAME
CRSP US Total Market Index	Morningstar US Total Market Index
CRSP US Large Cap Value Index	Morningstar US Large Cap Value Index
CSRP US Large Cap Growth Index	Morningstar US Large Cap Growth Index
CRSP US Mid Cap Index	Morningstar US Mid Cap Index
CRSP US Small Cap Index	Morningstar US Small Cap Index

Accordingly, all references in the Disclosure Booklet to the former Underlying Fund names and the former benchmark names are replaced with the new names. These changes reflect name changes only and do not affect the Underlying Fund's investment objectives, strategies, or policies or the construction or methodology of the benchmarks.

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FEDERAL CHANGES TO QUALIFIED EDUCATION EXPENSES

On July 4, 2025, HR 1 was signed into law, amending the definition of Qualified Higher Education Expenses in Section 529 of the Code to include expenses in addition to tuition related to elementary and secondary school attendance and certain Qualified Postsecondary Credentialing Expenses. These changes are effective July 5, 2025.

Effective January 1, 2026, the law increases the annual limit for K-12 Expenses to $20,000 and eliminates the sunset provisions related to rollovers from a Qualified Tuition Program to a Qualified ABLE Program.

Please note that the New York State Department of Taxation and Finance (DTF) has not yet determined whether a distribution to pay for the expanded Qualified Higher Education Expenses or Credentialing Expenses in Section 529 would be considered a New York Qualified Withdrawal or New York Nonqualified Withdrawal.

REVISIONS TO THE DISCLOSURE BOOKLET

1. All references to "K-12 Tuition Expenses" in the Disclosure Booklet are replaced with "K-12 Expenses"

2. The paragraph entitled "About New York's 529 College Savings Program; Direct Plan" on page 4 of the Disclosure Booklet is replaced in its entirety as follows:

About New York's 529 College Savings Program *Direct Plan*

Offered by New York State, the *Direct Plan* lets you save for education by investing in a tax-advantaged way. Through your Account, you select and then contribute to one or more of the Investment Options included in the *Direct Plan*. Any investment earnings will grow tax-deferred and your withdrawals from the Account are federally and New York State tax-free, provided the money is used for Qualified Higher Education Expenses at Eligible Educational Institutions, Apprenticeship Program Expenses, Qualified Loan Repayments, Roth IRA Rollovers, or ABLE Rollover Distributions. Under federal law but not New York State law, a distribution used to pay for K–12 tuition up to $10,000 annually (this amount increases to $20,000 effective January 1, 2026), is also tax-free when certain conditions are met.

DTF has determined that K-12 tuition expenses are not New York State Qualified Withdrawals. However, DTF has not yet determined whether a distribution to pay K–12 Expenses other than K-12 tuition or Credentialing Expenses are considered New York Qualified Withdrawals or New York Nonqualified Withdrawals.

3. The sections entitled "New York Qualified Withdrawals," "Federal Qualified Withdrawals," and "New York Nonqualified Withdrawals" on page 14 of the Disclosure Booklet are replaced in their entirety as follows:

New York Qualified Withdrawals

To be considered a New York Qualified Withdrawal, the proceeds must be used for the Qualified Higher Education Expenses of your Beneficiary at an Eligible Educational Institution, Apprenticeship Program Expenses, Qualified Loan Repayments, Roth IRA Rollovers or ABLE Rollover Distributions. See *Section 2. Withdrawals for K-12 Expenses, Apprenticeship Programs, Credentialing Expenses, Qualified Loan Repayments, and Roth IRA Rollovers*.

Under current law, the earnings portion of a New York Qualified Withdrawal is not subject to New York State taxes, and the earnings portion is not subject to federal income taxation.

Federal Qualified Withdrawals

To be considered a Federal Qualified Withdrawal, the proceeds must be used for your Beneficiary's Qualified Higher Education Expenses, K-12 Expenses up to $10,000 annually (this amount increases to

$20,000 annually effective January 1, 2026), Apprenticeship Program Expenses, Credentialing Expenses, a Qualified Loan Repayment, or a Roth IRA Rollover when certain conditions are met.

Under current law, the earnings portion of a Federal Qualified Withdrawal used to pay Qualified Higher Education Expenses of the Beneficiary at an Eligible Educational Institution, for Apprenticeship Program Expenses, to make a Qualified Loan Repayment, for Roth IRA Rollovers, or for ABLE Rollover Distributions is not subject to New York State taxes or federal income taxation.

However, DTF has determined that a K-12 tuition expense is a New York Nonqualified Withdrawal. DTF has not yet determined whether a distribution to pay K–12 Expenses other than K-12 tuition or Credentialing Expenses are considered New York Qualified Withdrawals or New York Nonqualified Withdrawals.

New York Nonqualified Withdrawals

A New York Nonqualified Withdrawal is any withdrawal other than:

- New York Qualified Withdrawal.
- A withdrawal because of the death or Disability of your Beneficiary.
- A withdrawal because of the receipt of a Qualified Scholarship (to the extent the amount withdrawn does not exceed the amount of the scholarship) or attendance at a military academy by your Beneficiary.
- A transfer of assets to the credit of another Beneficiary within the Program, as long as the other Beneficiary is a Member of the Family of the prior Beneficiary. See *Section 2. Your Account—Maintaining Your Account—Substituting Beneficiaries*.

The earnings portion of a New York Nonqualified Withdrawal is treated as income to the recipient and thus subject to New York State income taxes and, in certain cases, the Federal Penalty. For New York taxpayers, earnings and the portion of the distribution attributable to contributions for which a New York State tax deduction was previously taken will be subject to New York personal income tax. See *Section 7. Important Tax Information—New York State Tax Information*.

4. The section entitled "Withdrawals for K-12 Tuition Expenses, Apprenticeship Programs, Qualified Loan Repayments, and Roth IRA Rollovers" on page 15 of the Disclosure Booklet is changed to "Withdrawals for K-12 Expenses, Apprenticeship Program Expenses, Credentialing Expenses, Qualified Loan Repayments, and Roth IRA Rollovers" and is replaced in its entirety as follows:

K-12 Expenses. Under federal law, you may withdraw funds from your Account to pay K–12 Expenses. For federal tax purposes, a distribution to pay K–12 Expenses is considered a Federal Qualified Withdrawal and is, therefore, free from federal taxes and the Federal Penalty.

Credentialing Expenses. Under federal law, you may withdraw funds from your Account to pay Credentialing Expenses. For federal tax purposes, a distribution to pay Credentialing Expenses is considered a Federal Qualified Withdrawal and is, therefore, free from federal taxes and the Federal Penalty.

Apprenticeship Program Expenses. Under federal law, a withdrawal for fees, books, supplies, and equipment required for the participation of a Beneficiary in an Apprenticeship Program registered and certified with the Secretary of Labor under Section 1 of the National Apprenticeship Act (29 U.S.C. 50) is considered a Federal Qualified Withdrawal and is, therefore, free from federal taxes and the Federal Penalty.

Qualified Loan Repayments. Under federal law, a withdrawal to pay principal or interest on any qualified education loan, as defined in section 221(d) of the Code, for the Beneficiary or a sibling of the Beneficiary, up to a lifetime total of $10,000 per individual, is considered a Federal Qualified Withdrawal and is, therefore, free from federal taxes and the Federal Penalty. Please note that if you make a Qualified Loan Repayment withdrawal from your Account, you may not also take a federal income tax deduction for any interest included in that Qualified Loan Repayment.

New York State Treatment. If you are a New York State taxpayer, the distributions for K-12 tuition are considered New York Nonqualified Withdrawals. DTF has not yet determined whether a distribution to pay K–12 Expenses other than K-12 tuition or Credentialing Expenses are considered New York Qualified Withdrawals or New York Nonqualified Withdrawals.

5. The section entitled "ABLE Rollover Distribution" on page 17 of the Disclosure Booklet is replaced in its entirety as follows:

ABLE Rollover Distributions

You may roll over all or part of the balance of your Account to a Qualified ABLE Program account within 60 days of the withdrawal from your Account without incurring any federal income tax or the Federal Penalty in either of these situations:

- The rollover is to an account for the same Beneficiary.

• The rollover is for a new eligible Beneficiary who is a Member of the Family of the original Beneficiary.

An ABLE Rollover Distribution cannot exceed the annual contribution limit in Section 529A(b)(2)(B)(i) of the Code. The state tax treatment of rollovers is determined by each individual state. ABLE Rollover Distributions are not subject to New York State taxes or penalties. See *Section 7. Important Tax Information—New York State Tax Information*. You should consult a tax advisor prior to initiating an ABLE Rollover Distribution.

6. The Section entitled ABLE Rollover Distributions on page 37 of the Disclosure Booklet is replaced in its entirety as follows:

ABLE Rollover Distributions

You may also transfer all or part of the money in your Account to an account in a Qualified ABLE Program without adverse federal income tax consequences (and no Federal Penalty). The ABLE Rollover Distribution must:

- Be completed within 60 days of the withdrawal from your Account;
- Be to an account for the same Beneficiary or a new Beneficiary who is a Member of the Family of the original Beneficiary; and
- Not exceed the annual contribution limit in Section 529A(b)(2)(B)(i) of the Code.

7. The sections entitled "Withdrawals Not Subject to New York Taxation" and "Withdrawals Subject to New York Taxation" on page 39 of the Disclosure Booklet are replaced in their entirety as follows:

Withdrawals Not Subject to New York Taxation

New York Qualified Withdrawals, withdrawals because of the Death or Disability of your Beneficiary, withdrawals because of the receipt of a Qualified Scholarship (to the extent the amount withdrawn does not exceed the amount of the scholarship) or attendance at a military academy by your Beneficiary, or a transfer of assets to the credit of a Member of the Family of the prior Beneficiary are not includable in computing your or your Beneficiary's New York State taxable income.

New York Qualified Withdrawals are withdrawals used to pay a Beneficiary's Qualified Higher Education Expenses, Apprenticeship Program Expenses, Qualified Loan Repayments, for Roth IRA Rollovers, and for ABLE Rollover Distributions. DTF has determined that a K-12 tuition expense is not a New York Qualified Withdrawal. However, DTF has not yet determined whether a distribution to pay K–12 Expenses other than K-12 tuition or Credentialing Expenses is considered a New York Qualified Withdrawal or a New York Nonqualified Withdrawal.

Withdrawals Subject to New York Taxation

New York Nonqualified Withdrawals, including withdrawals used to pay a K-12 tuition expense, and withdrawals because of a Qualified Scholarship received by your Beneficiary or attendance at a military academy, to the extent the amount withdrawn exceeds the amount of the scholarship, will be includable in computing your New York State taxable income for the year in which you make the withdrawal. Certain New York Nonqualified Withdrawals are also subject to recapture of any New York State tax benefits that have accrued on contributions. This does not include any portion of that withdrawal attributable to contributions to your Account that were not previously deducted from your New York State personal income taxes. See *New York State Tax Information* beginning on page 38.

DTF has not yet determined whether a distribution to pay K–12 Expenses other than K-12 tuition or Credentialing Expenses is considered a New York Qualified Withdrawal or a New York Nonqualified Withdrawal.

8. The following definitions in the Glossary beginning on page 43 of the Disclosure Booklet are replaced in their entirety as follows:

ABLE Rollover Distribution: A distribution to an account in a Qualified ABLE Program for the same Beneficiary or a Member of the Family of the Beneficiary. Any distribution must not exceed the annual contribution limit in Section 529A(b)(2)(B)(i) of the Code and be contributed to the Qualified ABLE Program within 60 days after receiving the distribution.

Federal Qualified Withdrawal: A withdrawal from an Account that is used to pay Qualified Higher Education Expenses, K–12 Expenses up to $10,000 annually (this amount increases to $20,000 effective January 1, 2026), Apprenticeship Program Expenses, Credentialing Expenses, to make a Qualified Loan Repayment, or to make a Roth IRA Rollover.

New York Nonqualified Withdrawals: A withdrawal from an Account that is not one of the following:

- A New York Qualified Withdrawal.

- A withdrawal because of the Death or Disability of your Beneficiary.
- A withdrawal because of the receipt of a Qualified Scholarship or attendance at a military academy by your Beneficiary (to the extent the amount withdrawn does not exceed the amount of the scholarship).
- A transfer of assets to the credit of another Beneficiary within the Program, as long as the other Beneficiary is a Member of the Family of the prior Beneficiary.

DTF has determined that K-12 tuition expenses are New York Nonqualified Withdrawals. However, DTF has not yet determined whether a distribution to pay K–12 Expenses other than K-12 tuition or Credentialing Expenses are considered New York Qualified Withdrawals or New York Nonqualified Withdrawals.

New York Qualified Withdrawal: A withdrawal from an Account that is used to pay the Qualified Higher Education Expenses or the Apprenticeship Program Expenses of a Beneficiary, or make a Qualified Loan Repayment, a Roth IRA Rollover, or an ABLE Rollover Distribution.

DTF has determined that K-12 tuition expenses are New York Nonqualified Withdrawals. However, DTF has not yet determined whether a distribution to pay K–12 Expenses other than K-12 tuition or Credentialing Expenses are considered New York Qualified Withdrawals or New York Nonqualified Withdrawals.

9. The definition of "K-12 Tuition Expenses" in the Glossary on page 44 of the Disclosure Booklet is replaced in its entirety as follows:

K–12 Expenses: The following expenses in connection with enrollment or attendance at an elementary or a secondary (K–12) public, private, or religious school are considered federal qualified higher education expenses:

- Tuition.
- Curriculum and curricular materials.
- Books or other instructional materials.
- Online educational materials.
- Tutoring or educational classes outside the home, but only if the tutor or instructor is not related to the Beneficiary and is either a licensed teacher in any state, has taught at an Eligible Educational Institution, or is a subject matter expert in the relevant subject.
- Fees for a nationally standardized norm-referenced achievement test, an advanced placement examination, or any examinations related to college or university admission.
- Fees for dual enrollment for an institution of higher education.
- Educational therapies for students with disabilities provided by a licensed or accredited practitioner or provider, including occupational, behavioral, physical, and speech-language therapies.

DTF has determined that K-12 tuition expenses are New York Nonqualified Withdrawals. However, DTF has not yet determined whether a distribution to pay K–12 Expenses other than K-12 tuition is considered a New York Qualified Withdrawal or a New York Nonqualified Withdrawal.

10. The following definitions are added to the Glossary beginning on page 43 of the Disclosure Booklet as follows:

Credentialing Expenses: Qualified postsecondary credentialing expenses as defined in Section 529(f) of the Code, which include:

- Tuition, fees, books, supplies, and equipment required for the enrollment or attendance of a beneficiary in a Recognized Postsecondary Credential Program, or any other expense incurred in connection with enrollment in or attendance at a Recognized Postsecondary Credential Program if the expense would, if incurred in connection with enrollment or attendance at an Eligible Educational Institution, be covered under bullets 1, 2 and/or 4 of the definition of Qualified Higher Education Expenses.
- Fees for testing if required to obtain or maintain a Recognized Postsecondary Credential.
- Fees for continuing education if required to maintain a Recognized Postsecondary Credential.

DTF has not yet determined whether a distribution to pay Credentialing Expenses is considered a New York Qualified Withdrawal or a New York Nonqualified Withdrawal. You should consult with a tax advisor if you have questions about what qualifies as a Credentialing Expense.

Recognized Postsecondary Credential:

- A credential that is industry-recognized and is:
  - Any postsecondary employment credential issued by a program that is accredited by the **Institute for Credentialing Excellence**, the **National Commission on Certifying Agencies**, or the **American National Standards Institute**

- Any postsecondary employment credential that is included in the **Credentialing Opportunities On-Line (COOL)** directory of credentialing programs maintained by the Department of Defense or by any branch of the Armed Forces.
- Any postsecondary employment credential identified by the Secretary of the Treasury, after consultation with the Secretary of Labor, as being industry recognized.
- Any certificate of completion of an apprenticeship that is registered and certified with the Secretary of Labor under the National Apprenticeship Act; 50 Stat. 664, chapter 663; 29 U.S.C. 50 et seq.
- Any occupational or professional license issued or recognized by a state or the federal government and any certification that satisfies a condition for obtaining the license.
- Any recognized postsecondary credential as defined in section 3(52) of the Workforce Innovation and Opportunity Act (WIOA) provided through a WIOA Recognized Postsecondary Credential Program. Section 3(52) defines a recognized postsecondary credential as "a credential consisting of an industry-recognized certificate or certification, a certificate of completion of an apprenticeship, a license recognized by the state involved or federal government, or an associate or baccalaureate degree).

Recognized Postsecondary Credential Program: Any program to obtain a Recognized Postsecondary Credential if:

- The program is on a state list prepared under Section 122(d) of WIOA. Each state provides its own list of programs designed to comply with WIOA. For example, you can find a list of eligible training providers for New York at **https://apps.labor.ny.gov/ETPL_V2/home.xhtml**.
- The program is listed in the public directory of the Web Enabled Approval Management System (WEAMS) of the Veterans Benefits Administration. You can find more information about these programs at **https://inquiry.vba.va.gov/weamspub/buildSearchInstitutionCriteria.do**.
- An examination is required to obtain or maintain a credential. The exam must be developed or administered by an organization widely recognized as providing reputable credentials in the occupation the exam relates to. The organization must also recognize the program as providing training or education that prepares the individual to take the exam.
- The program is identified by the U.S. Secretary of the Treasury after consultation with the U.S. Secretary of Labor.

ADDITION OF TARGET ENROLLMENT 2044 PORTFOLIO

On or about November 7, 2025, the Target Enrollment 2044 Portfolio will be added to the *Direct Plan*'s suite of Target Enrollment Portfolios and the following changes are made to the Disclosure Booklet.

11. As of November 7, 2025, the following Investment Option is added to the Fee Structure table on page 19:

Portfolio	Estimated Underlying Fund Fee[1]	State Fee[2]	Program Management Fee[3]	Total Annual Asset-Based Fee[4]	Annual Account Maintenance Fee
TARGET ENROLLMENT PORTFOLIOS					
Target Enrollment 2044 Portfolio	0.03%	None	0.08%	0.11%	None

12. As of November 7, 2025, the following allocations for the 2044 Target Enrollment Portfolio are added to the Target Enrollment Chart previously supplemented in November 2023:

Target Enrollment Portfolio	Total Stock Market Index Fund	Total International Stock Index Fund	Total Bond Market II Index Fund	Total International Bond Index Fund	Short-Term Reserves Account
Target Enrollment 2044	57.00%	38.00%	3.50%	1.50%	0.00%

Note: The current allocations for each Target Enrollment Portfolio are available at: **https://www.nysaves.org/home/which-investments/target-enrollment-portfolios.html**

SUPPLEMENT DATED MAY 2025, TO NEW YORK'S 529 COLLEGE SAVINGS PROGRAM *DIRECT PLAN* DISCLOSURE BOOKLET AND TUITION SAVINGS AGREEMENT DATED SEPTEMBER 30, 2021

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ANNUAL FEE AND EXPENSE RATIO REDUCTIONS

Effective May 6, 2025, the Annual Asset-Based Fee is reduced to 0.11%. In addition, the Fee Structure table on page 19 of the Disclosure Booklet reflects changes to applicable estimated underlying fund fees.

1. References to the Annual Asset-Based Fee of "0.12%" found on pages 4, 18, and 19 of the Disclosure Booklet are replaced with "0.11%."

2. The section entitled "What's Inside – Fees" on page 4 of the Disclosure Booklet is replaced with:

We charge an asset-based fee as a percentage of the total assets you invest in each Portfolio, but we do not charge a sales commission or an annual fee. The asset-based fee covers investment management and program management services. As of the date of this Disclosure Booklet, the Annual Asset-Based Fee is 0.11%. This translates into an annual cost of $1.10 for every $1,000 in your Account. As an Account Owner, you indirectly bear a pro-rata share of the Annual Asset-Based Fee. The fee reduces the return you will receive from investing in the Direct Plan. Fees are described in greater detail in this section.

3. As of May 6, 2025, the following replaces the Fee Structure table on page 19 of the Disclosure Booklet.

Portfolio	Estimated Underlying Fund Fee[1]	State Fee[2]	Program Management Fee[3]	Total Annual Asset-Based Fee[4]	Annual Account Maintenance Fee
TARGET ENROLLMENT PORTFOLIOS					
Target Enrollment 2043 Portfolio	0.03%	None	0.08%	0.11%	None
Target Enrollment 2042 Portfolio	0.03	None	0.08	0.11	None
Target Enrollment 2041 Portfolio	0.03	None	0.08	0.11	None
Target Enrollment 2040 Portfolio	0.03	None	0.08	0.11	None
Target Enrollment 2039 Portfolio	0.03	None	0.08	0.11	None
Target Enrollment 2038 Portfolio	0.03	None	0.08	0.11	None
Target Enrollment 2037 Portfolio	0.03	None	0.08	0.11	None
Target Enrollment 2036 Portfolio	0.03	None	0.08	0.11	None
Target Enrollment 2035 Portfolio	0.03	None	0.08	0.11	None
Target Enrollment 2034 Portfolio	0.03	None	0.08	0.11	None
Target Enrollment 2033 Portfolio	0.03	None	0.08	0.11	None
Target Enrollment 2032 Portfolio	0.03	None	0.08	0.11	None
Target Enrollment 2031 Portfolio	0.03	None	0.08	0.11	None
Target Enrollment 2030 Portfolio	0.03	None	0.08	0.11	None
Target Enrollment 2029 Portfolio	0.03	None	0.08	0.11	None
Target Enrollment 2028 Portfolio	0.03	None	0.08	0.11	None
Target Enrollment 2027 Portfolio	0.03	None	0.08	0.11	None
Target Enrollment 2026 Portfolio	0.03	None	0.08	0.11	None
Target Enrollment 2025 Portfolio	0.03	None	0.08	0.11	None

Portfolio	Estimated Underlying Fund Fee[1]	State Fee[2]	Program Management Fee[3]	Total Annual Asset-Based Fee[4]	Annual Account Maintenance Fee
Target Enrollment 2024 Portfolio	0.03	None	0.08	0.11	None
Target Enrollment 2023 Portfolio	0.03	None	0.08	0.11	None
Commencement Portfolio	0.03	None	0.08	0.11	None
INDIVIDUAL PORTFOLIOS					
Global Equity Portfolio	0.02%	None	0.09%	0.11%	None
Growth Portfolio	0.03	None	0.08	0.11	None
Moderate Growth Portfolio	0.03	None	0.08	0.11	None
Conservative Growth Portfolio	0.03	None	0.08	0.11	None
Income Portfolio	0.03	None	0.08	0.11	None
Conservative Income Portfolio	0.03	None	0.08	0.11	None
U.S. Stock Market Index Portfolio	0.01	None	0.10	.011	None
International Stock Market Index Portfolio	0.05	None	0.06	0.11	None
Developed Markets Index Portfolio	0.02	None	0.09	0.11	None
Growth Stock Index Portfolio	0.04	None	0.07	0.11	None
Mid-Cap Stock Index Portfolio	0.03	None	0.08	0.11	None
Small-Cap Stock Index Portfolio	0.03	None	0.08	0.11	None
Value Stock Index Portfolio	0.04	None	0.07	0.11	None
Social Index Portfolio	0.07	None	0.04	0.11	None
Bond Market Index Portfolio	0.02	None	0.09	0.11	None
International Bond Market Index Portfolio	0.06	None	0.05	0.11	None
Short-Term Bond Market Portfolio	0.04	None	0.07	0.11	None
Interest Accumulation Portfolio	0.03	None	0.08	0.11	None

1. Estimated Underlying Fund Fees reflect each Underlying Fund's expense ratio disclosed in its most recent prospectus as of February 28, 2025. Expenses for multiple-fund Portfolios represent a weighted average of the expenses of the Portfolio's Underlying Funds. The fees and expenses of the Underlying Funds may change. Estimated Underlying Fund Fees for the Income Portfolio and the Interest Accumulation Portfolio may include a stable value wrap fee of between 0.14% and 0.16%, which could reduce the returns of the Portfolios. The wrap fee, if any, is deducted from the total assets held by the Underlying Fund prior to the determination of each day's Portfolio Unit price. This fee could reduce the returns of the Portfolios.
2. No separate fee is charged to Accounts by the Program Administrators. The Program Manager and Investment Manager pay a monthly fee to the Program Administrators to help pay the costs of administering the Program. This payment is not deducted from any Accounts.
3. Vanguard and Ascensus have agreed to a specific formula for the allocation of the Program Management Fee.
4. Total Annual Asset-Based Fee as of May 6, 2025.

4. As of May 6, 2025, the following replaces the "Approximate Cost of a $10,000 Investment in Each Investment Option (assuming a return of 5% per year)" table on page 19 of the Disclosure Booklet:

1 year	3 years	5 years	10 years
$11	$35	$62	$141

5. In addition, the Program's Management Agreement with the Program Manager has been extended. Any reference to the Management Agreement terminating in or on "May 2025," "May 6, 2025," or "2025" is replaced with "May 2027," "May 6, 2027," or "May 2027," respectively.

SUPPLEMENT DATED JANUARY 2025, TO NEW YORK'S 529 COLLEGE SAVINGS PROGRAM *DIRECT PLAN* DISCLOSURE BOOKLET AND TUITION SAVINGS AGREEMENT DATED SEPTEMBER 30, 2021

This Supplement describes important changes and amends the Disclosure Booklet and Tuition Savings Agreement dated September 30, 2021 (Disclosure Booklet). You should read this Supplement in conjunction with the Disclosure Booklet. Capitalized terms not otherwise defined have the same meaning as that term used in the Disclosure Booklet. Please keep this Supplement with your Direct Plan documents.

INCREASE TO THE FEDERAL ANNUAL EXCLUSION FOR GIFTS

As of January 1, 2025, the federal annual gift tax exclusion increased to $19,000 for a single individual, $38,000 for married couples making a proper election. For 529 Plans, contributions of up to $95,000 for a single contributor (or $190,000 for married couples making a proper election) can be made in a single year and applied **against the annual gift tax exclusion equally over a five-year period. Accordingly, all references to the exclusion of contributions** from federal gift tax found throughout the Disclosure Booklet are updated to reflect these increased amounts.

1. ***The following replaces the first paragraph under "Federal Gift and Estate Taxes" on page 38 of the Disclosure Booklet:***

   Federal Gift and Estate Taxes

   If your contributions, together with any other gifts to the Beneficiary, do not exceed $19,000 per year ($38,000 for married couples making a proper election), no gift tax will be imposed for that year. Gifts of up to $95,000 can be made in a single year ($190,000 for married couples making a proper election) for a Beneficiary, and you may elect to apply the contribution against the annual exclusion equally over a five-year period. This allows you to move assets into tax-deferred investments and out of your estate more quickly.

2. ***The following replaces the highlighted section entitled "Federal Gift Tax Exemption" on page 38 of the Disclosure Booklet:***

   Federal Gift Tax Exemption

   In 2025, you can contribute up to $19,000 a year ($38,000 if married and making the split-gift election) to the Direct Plan without incurring federal gift taxes. This amount is periodically adjusted for inflation.

FUND RISK ADDITIONS

1. ***The Investment Risks section of the U.S. Stock Market Index Portfolio found in the Individual Portfolio Options section starting on page 26 of the Disclosure Booklet is deleted and replaced in its entirety with the following:***

   "Investment Risks

   The Portfolio is subject to stock market risk, index sampling risk, nondiversification risk and sector risk."

2. ***The Investment Risks sections of the Global Equity, Growth, Moderate Growth, Conservative Growth, Conservative Income, and Income Portfolios found in the Individual Portfolio Options section starting on page 26 of the Disclosure Booklet are amended to included "Sector risk" as an additional risk to which the Portfolios are subject.***

3. ***The Investment Risks section of the Target Enrollment Portfolios found in the Individual Portfolio Options section starting on page 26 of the Disclosure Booklet is deleted and replaced in its entirety with the following:***

   "Investment Risks

   The Portfolios are subject to the risks of the Funds that are stock funds, which include stock market risk, country/regional risk, currency risk, nondiversification risk, sector risk and emerging markets risk; and the risks of the Funds that are bond funds, which include interest rate risk, income risk, prepayment risk, extension risk, call risk, credit risk, country/regional risk, liquidity risk, currency risk, currency and currency hedging risk, and derivatives risk. The Portfolios are also indirectly subject to investment style risk and index sampling risk."

SUPPLEMENT DATED OCTOBER 2024, TO NEW YORK'S 529 COLLEGE SAVINGS PROGRAM *DIRECT PLAN* DISCLOSURE BOOKLET AND TUITION SAVINGS AGREEMENT DATED SEPTEMBER 30, 2021

This Supplement describes important changes and amends the Disclosure Booklet and Tuition Savings Agreement dated September 30, 2021 (Disclosure Booklet). You should read this Supplement in conjunction with the Disclosure Booklet. Capitalized terms not otherwise defined have the same meaning as that term used in the Disclosure Booklet. Please keep this Supplement with your *Direct Plan* documents.

IMPORTANT UPDATES

We will begin offering five new Investment Options in November and New York law has been amended to add Qualified Loan Repayments and Roth IRA Rollovers as New York Qualified Withdrawals.

COMING SOON!

New investment options are coming to the New York 529 College Savings Program *Direct Plan*.

On or about November 22, 2024, we will enhance our investment menu by providing you with new options to invest for your education savings needs. These new investment options will give you access to more segments of the markets at the same low cost, enabling you to further diversify your education savings account. We're adding five new Portfolio options, including the 2043 Target Enrollment Portfolio, and expanding Individual Portfolios that invest in more than one fund to align their asset allocation with what we believe to be a more effective mix of stocks, bonds, and cash. We're also renaming two and closing one of the Individual Portfolios. Please see the details below.

ADDITION OF NEW PORTFOLIOS

New Portfolios:

- U.S. Stock Market Index Portfolio
- International Stock Market Index Portfolio
- Short-Term Bond Market Index Portfolio
- International Bond Market Index Portfolio
- Conservative Growth Portfolio
- Target Enrollment 2043 Portfolio

MULTI-FUND PORTFOLIO CHANGES

Current Allocation			Future Allocation		
Portfolio	**Asset Allocation (Stock/Bond/Cash)**		**Portfolio**	**Asset Allocation (Stock/Bond/Cash)**	**Change Summary**
Aggressive Growth Portfolio	100%/0%/0%	›	Global Equity Portfolio	100%/0%/0%	Portfolio name change only.
Growth Portfolio	75%/25%/0%	›	Growth Portfolio	80%/20%/0%	5% increase in stock allocation. 5% decrease in bond allocation.
Moderate Growth Portfolio	50%/50%/0%	›	Moderate Growth Portfolio	60/%40%/0%	10% increase in stock allocation. 10% decrease in bond allocation.
		›	Conservative Growth Portfolio (new)	40%/60%/0%	Exchanging 50% of your existing Moderate Growth Portfolio balance into this new Portfolio.
Conservative Growth Portfolio (changing)	25%/75%/0%	›	Income Portfolio	20%/80%/0%	5% decrease in stock allocation. 5% increase in bond allocation. Portfolio name change.
Income Portfolio	0%/75%/25%	›	Conservative Income Portfolio	0%/75%/25%	Portfolio name change only.

If you are currently invested in the **Moderate Growth Portfolio**, after the transition, your Portfolio will be split as shown in the chart above—50% of the assets exchanging into the newly allocated Moderate Growth Portfolio, and 50% exchanging into the newly allocated Conservative Growth Portfolio. This exchange will keep your current asset allocation of 50% stocks and 50% bonds the same. Unless you would like to make changes, all future contributions you make will be split between the Moderate Growth and Conservative Growth Portfolios. Any odd percentages left over will remain in the Moderate Growth Portfolio. You can change your future contribution allocations at any time.

CLOSING OF A PORTFOLIO

The Inflation-Protected Securities Portfolio will be closing. All assets from this portfolio will be exchanged into the Bond Market Index Portfolio.

PORTFOLIO TRANSITION TIMELINE

All transaction requests (excluding contributions), involving the **Inflation-Protected Securities Portfolio** that would normally be processed on Friday, November 22, 2024, will be held and processed on Monday, November 25, 2024. All transaction requests involving the **Moderate Growth Portfolio** that would normally be processed on Friday, November 22, 2024, will be held and processed on Monday, November 25, 2024. These transactions will receive Monday's trade date. We will not send a confirmation of the transition; however, you can view the information online, and the transactions will be captured in your Q4 statement, which will be generated in early January 2025. Your Portfolio will convert automatically, won't be considered a taxable event, and won't count as one of your two allowed annual investment exchanges.

Contributions directed to the **Inflation-Protected Securities Portfolio** that would normally be processed on Friday, November 22, 2024, will be redirected to the **Bond Market Index Portfolio** and processed with Friday's trade date. All future contributions that would have previously been directed to the **Inflation- Protected Securities Portfolio** will be redirected to the **Bond Market Index Portfolio**.

Contributions directed to the **Moderate Growth Portfolio** that would normally be processed on Friday, November 22, 2024, will be split and redirected to the **Moderate Growth** and new **Conservative Growth Portfolios** and processed with Monday's trade date.

TRANSITION FAQS

What do I need to do to prepare for the transition?
Nothing, unless you're invested in the Inflation-Protected Securities Portfolio and don't want to be automatically transitioned to the Bond Market Index Portfolio, or invested in the Moderate Growth Portfolio and don't want to be invested in the Moderate Growth Portfolio and the Conservative Growth Portfolio. In each case, you'll want to exchange to another Portfolio prior to 4 p.m. on November 21, 2024, if you have not already used both of your two allowed annual investment exchanges.

If I'm invested in the Inflation-Protected Securities Portfolio, can I exchange out of it before or after the transition?
You can exchange either before or after the transition. If you do decide to make an exchange, this will count as one of your two investment exchanges for the year.

What if I request a change or withdrawal on the day of the transition?
All transaction requests, other than contributions in the Inflation-Protected Securities Portfolio, and all transaction requests in the Moderate Growth Portfolio that would normally be processed on Friday, November 22, 2024, will be held and processed on Monday, November 25, 2024, using the Portfolio net asset values as of Monday, November 25, 2024.

WE'RE HERE FOR YOU

If you have any questions about the upcoming changes to the *Direct Plan*, please call **877-NYSAVES (877-697-2837)** to talk to one of our education savings specialists, Monday through Friday from 8 a.m. to 8 p.m., Eastern time.

UPDATES TO THE DISCLOSURE BOOKLET

INVESTMENT OPTION CHANGES

1. ***As of November 22, 2024, all references to the Inflation-Protected Securities Portfolio are removed from the Disclosure Booklet. In addition, the following Portfolio descriptions are added to the Individual Portfolio Options section of the Disclosure Booklet, beginning on page 26.***

U.S. STOCK MARKET INDEX PORTFOLIO

Investment Objective
The Portfolio seeks to track the performance of a benchmark index that measures the investment return of the overall stock market.

Investment Strategy
The Portfolio invests 100% of its assets in Vanguard Total Stock Market Index Fund, which employs an indexing investment approach designed to track the performance of the CRSP US Total Market Index, which represents approximately 100% of the investable U.S. stock market and includes large-, mid-, small-, and micro-cap stocks regularly traded on the New York Stock Exchange and Nasdaq.

100% Vanguard Total Stock Market Index Fund

Investment Risks
The Portfolio is subject to stock market risk and index sampling risk.

INTERNATIONAL STOCK MARKET INDEX PORTFOLIO

Investment Objective
The Portfolio seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in developed and emerging markets, excluding the United States.

Investment Strategy
The Portfolio invests 100% of its assets in Vanguard Total International Stock Index Fund, which employs an indexing investment approach designed to track the performance of the FTSE Global All Cap ex US Index, a float-adjusted market-capitalization-weighted index designed to measure equity market performance of companies located in developed and emerging markets, excluding the United States. The Fund invests all, or substantially all, of its assets in the common stocks included in its target index.

100% Vanguard Total International Stock Index Fund

Investment Risks
The Portfolio is subject to stock market risk, investment style risk, country/regional risk, currency risk, emerging markets risk, and index replicating risk.

INTERNATIONAL BOND MARKET INDEX PORTFOLIO

Investment Objective
The Portfolio seeks to track the performance of a benchmark index that measures the investment return of non-U.S.-dollar-denominated investment-grade bonds.

Investment Strategy
The Portfolio invests 100% of its assets in Vanguard Total International Bond Index Fund, which employs an indexing investment approach designed to track the performance of the Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged), a broad-based measure of the global, investment-grade, fixed-rate debt markets. The index includes government, government agency, corporate, and securitized non-U.S.-investment-grade fixed income investments, all issued in currencies other than the U.S. dollar and with maturities of more than one year. The index is market value-weighted and capped to comply with investment company diversification standards of the Code. The index methodology is not designed to satisfy the diversification requirements of the Investment Company Act of 1940. To minimize the currency risk associated with investment in bonds denominated in currencies other than the U.S. dollar, the Fund will attempt to hedge its currency exposures.

100% Vanguard Total International Bond Index Fund

Investment Risks
The Portfolio is subject to interest rate risk, income risk, credit risk, call risk, country/regional risk, nondiversification risk, currency hedging risk, and index sampling risk.

SHORT-TERM BOND INDEX PORTFOLIO

Investment Objective
The Portfolio seeks to track the performance of a market-weighted bond index with a short-term dollar-weighted average maturity.

Investment Strategy
The Portfolio invests 100% of its assets in Vanguard Short-Term Bond Index Fund, which employs an indexing investment approach designed to track the performance of the Bloomberg 1–5 Year U.S. Government/Credit Float Adjusted Index. This index includes all medium and larger issues of U.S. government, investment-grade corporate, and investment-grade international dollar-denominated bonds that have maturities of between 1 and 5 years and are publicly issued.

100% Vanguard Short-Term Bond Index Fund

Investment Risks
The Portfolio is subject to investment rate risk, income risk, credit risk, call risk, credit risk, liquidity risk, and index sampling risk.

CONSERVATIVE GROWTH PORTFOLIO

Investment Objective
The Portfolio seeks to provide a high level of current income and low capital appreciation.

Investment Strategy
The Portfolio invests in two Vanguard bond index funds and two Vanguard stock index funds, resulting in an allocation of its assets to investment-grade U.S. bonds, investment-grade non-U.S. bonds, U.S. stocks, and non-U.S. stocks. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

42% Vanguard Total Bond Market II Index Fund

18% Vanguard Total International Bond Index Fund

24% Vanguard Total Stock Market Index Fund

16% Vanguard Total International Stock Index Fund

Investment Risks
The Portfolio is subject to the risks of the underlying bond Funds, including interest rate risk, income risk, prepayment risk, extension risk, call risk, credit risk, country/regional risk, liquidity risk, currency and currency hedging risk, derivatives risk, stock market risk, currency risk, emerging markets risk, investment style risk, index sampling risk, index replicating risk, and nondiversification risk.

2. ***As of November 22, 2024, the following Investment Options are added to the Fee Structure table on page 19:***

Portfolio	Estimated Underlying Fund Fee	State Fee	Program Management Fee	Total Annual Asset-Based Fee	Annual Account Maintenance Fee
Target Enrollment 2043 Portfolio	0.03%	None	0.09%	0.12%	None
U.S. Stock Market Index Portfolio	0.01%	None	0.11%	0.12%	None
International Stock Market Index Portfolio	0.05%	None	0.07%	0.12%	None
International Bond Market Index Portfolio	0.07%	None	0.05%	0.12%	None
Short-Term Bond Market Portfolio	0.05%	None	0.07%	0.12%	None
Conservative Income Portfolio	0.04%	None	0.08%	0.12%	None

3. ***As of November 22, 2024, the following allocations for the 2043 Target Enrollment Portfolio are added to the Target Enrollment Chart previously supplemented in November 2023:***

Target Enrollment Portfolio	Total Stock Market Index Fund	Total International Stock Index Fund	Total Bond Market II Index Fund	Total International Bond Index Fund	Short-Term Reserves Account
Target Enrollment 2043	57.00%	38.00%	3.50%	1.50%	0.00%

QUALIFIED LOAN REPAYMENTS AND ROTH IRA ROLLOVER TREATMENT

Effective September 5, 2024, New York State law is amended to include distributions for Qualified Loan Repayments and Roth IRA Rollovers as New York Qualified Withdrawals. Accordingly, distributions for Qualified Loan Repayments and Roth IRA Rollovers made on or after this date will have no New York State tax impact. Accordingly, the following changes are made to the Disclosure Booklet:

4. ***The paragraph entitled "About New York's 529 College Savings Program; Direct Plan" on page 4 of the Disclosure Booklet is replaced in its entirety as follows:***

About New York's 529 College Savings Program ***Direct Plan***
Offered by New York State, the *Direct Plan* lets you save for education by investing in a tax-advantaged way. Through your Account, you select and then contribute to one or more of the Investment Options included in the *Direct Plan*. Any investment earnings will grow tax-deferred and your withdrawals from the Account are federally and New York State tax-free, provided the money is used for Qualified Higher Education Expenses at Eligible Educational Institutions, Apprenticeship Program Expenses, Qualified Loan Repayments, Roth IRA Rollovers, or ABLE Rollover Distributions. Under federal law but not New York State law, a distribution used to pay for K–12 Tuition Expenses (up to $10,000 annually), is also tax-free when certain conditions are met.

5. ***The sections entitled "New York Qualified Withdrawals" and "Federal Qualified Withdrawals" on page 14 of the Disclosure Booklet are replaced in their entirety as follows:***

New York Qualified Withdrawals
To be considered a New York Qualified Withdrawal, the proceeds must be used for the Qualified Higher Education Expenses of your Beneficiary at an Eligible Educational Institution, Apprenticeship Program Expenses, Qualified Loan Repayments, Roth IRA Rollovers or ABLE Rollover Distributions. An Eligible Educational Institution does not include an elementary or a secondary school. Accordingly, withdrawals for K-12 Tuition Expenses are considered New York Nonqualified Withdrawals. *See Section 2. Withdrawals for K-12 Tuition Expenses, Apprenticeship Programs, Qualified Loan Repayments, and Roth IRA Rollovers.*

Under current law, the earnings portion of a New York Qualified Withdrawal is not subject to New York State taxes, and the earnings portion is not subject to federal income taxation.

Federal Qualified Withdrawals
To be considered a Federal Qualified Withdrawal, the proceeds must be used for your Beneficiary's Qualified Higher Education Expenses, K-12 Tuition Expenses (up to $10,000 annually), Apprenticeship Program Expenses, a Qualified Loan Repayment, or a Roth IRA Rollover when certain conditions are met.

Under current law, the earnings portion of a Federal Qualified Withdrawal used to pay Qualified Higher Education Expenses of the Beneficiary at an Eligible Educational Institution, for Apprenticeship Program Expenses, to make a Qualified Loan Repayment, for Roth IRA Rollovers, or for ABLE Rollover Distributions is not subject to New York State taxes or federal income taxation. However, if a Federal Qualified Withdrawal is used to pay K-12 Tuition Expenses, and you are a New York State taxpayer, the distribution is **not** considered a New York Qualified Withdrawal and will require the recapture of any New York State tax benefits that have accrued on contributions.

6. ***The paragraph entitled "New York State Treatment" in the section entitled "Withdrawals for K-12 Tuition Expenses, Apprenticeship Programs, Qualified Loan Repayments, and Roth IRA Rollovers" on page 15 of the Disclosure Booklet is replaced in its entirety as follows:***

New York State Treatment. If you are a New York State taxpayer, the distributions for K-12 Tuition Expenses are considered New York Nonqualified Withdrawals and will require the recapture of any New York State tax benefits that have accrued on contributions.

7. ***The sections entitled "Withdrawals Not Subject to New York Taxation" and "Withdrawals Subject to New York Taxation" on page 39 of the Disclosure Booklet are replaced in their entirety as follows:***

Withdrawals Not Subject to New York Taxation
New York Qualified Withdrawals and withdrawals because of the Death or Disability of your Beneficiary are not includable in computing your or your Beneficiary's New York State taxable income.

New York Qualified Withdrawals are withdrawals used to pay a Beneficiary's Qualified Higher Education Expenses, Apprenticeship Program Expenses, Qualified Loan Repayments, for Roth IRA Rollovers, and for ABLE Rollover Distributions. This does not include K-12 Tuition Expenses, as these are considered New York Nonqualified Withdrawals and are treated as described below.

Withdrawals Subject to New York Taxation
New York Nonqualified Withdrawals, including withdrawals used to pay K-12 Tuition Expenses, and withdrawals because of a Qualified Scholarship received by your Beneficiary or attendance at a military academy, to the extent the amount withdrawn exceeds the amount of the scholarship, will be includable in computing your New York State taxable income for the year in which you make the withdrawal. This does not include any portion of that withdrawal attributable to contributions to your Account that were not previously deducted from your New York State personal income taxes.

8. ***The definition of "New York Nonqualified Withdrawals" and "New York Qualified Withdrawal" in the Glossary beginning on page 43 of the Disclosure Booklet are replaced in their entirety as follows:***

New York Nonqualified Withdrawals: A withdrawal from an Account that is not one of the following:

- A New York Qualified Withdrawal.
- A withdrawal because of the Death or Disability of your Beneficiary.
- A withdrawal because of the receipt of a Qualified Scholarship or attendance at a military academy by your Beneficiary (to the extent the amount withdrawn does not exceed the amount of the scholarship).
- A transfer of assets to the credit of another Beneficiary within the Program, as long as the other Beneficiary is a Member of the Family of the prior Beneficiary.

If you are a New York State taxpayer, a Federal Qualified Withdrawal where the proceeds are used to pay K-12 Tuition Expenses is considered a New York Nonqualified Withdrawal, and the withdrawal will require the recapture of any New York State tax benefits that have accrued on contributions.

New York Qualified Withdrawal: A withdrawal from an Account that is used to pay the Qualified Higher Education Expenses or Apprenticeship Program Expenses of a Beneficiary, or make a Qualified Loan Repayment, a Roth IRA Rollover, or an ABLE Rollover Distribution for a Beneficiary.

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SUPPLEMENT DATED MARCH 2024, TO NEW YORK'S 529 COLLEGE SAVINGS PROGRAM *DIRECT PLAN* DISCLOSURE BOOKLET AND TUITION SAVINGS AGREEMENT DATED SEPTEMBER 30, 2021

This Supplement describes important changes and amends the Disclosure Booklet and Tuition Savings Agreement dated September 30, 2021 (Disclosure Booklet). You should read this Supplement in conjunction with the Disclosure Booklet. Capitalized terms not otherwise defined have the same meaning as that term used in the Disclosure Booklet. Please keep this Supplement with your *Direct Plan* documents.

IMPORTANT UPDATES

The benchmark name for the Vanguard FTSE Index Fund has changed from "FTSE4Good US Select Index" to "FTSE US Choice Index." However, there has been no change to the fund's holdings or investment objective.

Certain Underlying Fund fees are changing. However, the Total Annual Asset-Based Fee remains the same for all Investment Options.

Finally, Federal Student Aid has a new website address where you can obtain information on Eligible Educational Institutions.

Accordingly, the following changes are made to the Disclosure Booklet as of the date of this Supplement, unless otherwise noted:

1. Effective February 6, 2024, the section entitled "Social Index Portfolio" included on page 2 of the Supplement dated September 30, 2022 is hereby replaced in its entirety as follows:

SOCIAL INDEX PORTFOLIO

The Portfolio seeks to track the performance of a benchmark index that measures the investment return of large- and mid-capitalization stocks.	The Portfolio invests 100% of its assets in the Vanguard FTSE Social Index Fund, which employs an indexing investment approach designed to track the performance of the FTSE US Choice Index.
The Portfolio is subject to stock market risk, and ESG investing risk.	The index, which is market-capitalization weighted, is composed of large- and mid-cap stocks of companies that are screened for certain environmental, social, and corporate governance (ESG) criteria by the index sponsor, which is independent of Vanguard. The FTSE US Choice Index excludes the stocks of companies that FTSE Russell (FTSE) determines engage in, have a specified level of involvement in, and/or derive threshold amounts of revenue from certain activities or business segments related to the following: adult entertainment, alcohol, tobacco, cannabis, gambling, chemical and biological weapons, cluster munitions, anti-personnel landmines, nuclear weapons, conventional military weapons, civilian firearms, nuclear power, and coal, oil, or gas. The level or type of involvement in, or amount of revenue earned from, certain activities or business segments that lead to exclusion by FTSE can vary from one activity or business segment to another. The index methodology also excludes the stocks of companies that, as FTSE determines based on its internal assessment, do not meet certain labor, human rights, environmental, and anti-corruption standards as defined by the United Nations Global Compact Principles, as well as companies that do not meet certain diversity criteria.

2. As of February 27, 2024, the following replaces the Fee Structure table on page 19 of the Disclosure Booklet.

Portfolio	Estimated Underlying Fund Fee[1]	State Fee[2]	Program Management Fee[3]	Total Annual Asset-Based Fee[4]	Annual Account Maintenance Fee
TARGET ENROLLMENT PORTFOLIOS					
Target Enrollment 2042 Portfolio	0.03%	None	0.09%	0.12%	None
Target Enrollment 2041 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2040 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2039 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2038 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2037 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2036 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2035 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2034 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2033 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2032 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2031 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2030 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2029 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2028 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2027 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2026 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2025 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2024 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2023 Portfolio	0.03	None	0.09	0.12	None
Commencement Portfolio	0.03	None	0.09	0.12	None
INDIVIDUAL PORTFOLIOS					
Aggressive Growth Portfolio	0.03%	None	0.09%	0.12%	None
Growth Portfolio	0.03	None	0.09	0.12	None
Moderate Growth Portfolio	0.03	None	0.09	0.12	None
Conservative Growth Portfolio	0.03	None	0.09	0.12	None
Income Portfolio	0.04	None	0.08	0.12	None
Interest Accumulation Portfolio	0.03	None	0.09	0.12	None
Developed Markets Index Portfolio	0.04	None	0.08	0.12	None
Growth Stock Index Portfolio	0.04	None	0.08	0.12	None
Mid-Cap Stock Index Portfolio	0.03	None	0.09	0.12	None
Small-Cap Stock Index Portfolio	0.03	None	0.09	0.12	None
Value Stock Index Portfolio	0.04	None	0.08	0.12	None
Social Index Portfolio	0.12	None	None	0.12	None
Bond Market Index Portfolio	0.03	None	0.09	0.12	None
Inflation-Protected Securities Portfolio	0.07	None	0.05	0.12	None

1. Estimated Underlying Fund Fees reflect each Underlying Fund's expense ratio disclosed in its most recent prospectus as of February 27, 2024. Expenses for multiple-fund Portfolios represent a weighted average of the expenses of the Portfolio's Underlying Funds. The fees and expenses of the Underlying Funds may change. Estimated Underlying Fund Fees for the Income Portfolio and the Interest Accumulation Portfolio may include a stable value wrap fee of between 0.15% and 0.17%, which could reduce the returns of the Portfolios. The wrap fee, if any, is deducted from the total assets held by the Underlying Fund prior to the determination of each day's Portfolio Unit price. This fee could reduce the returns of the Portfolios.
2. No separate fee is charged to Accounts by the Program Administrators. The Program Manager and Investment Manager pay a monthly fee to the Program Administrators to help pay the costs of administering the Program. This payment is not deducted from any Accounts.
3. Vanguard and Ascensus have agreed to a specific formula for the allocation of the Program Management Fee.
4. Total Annual Asset-Based Fee as of February 27, 2024.

3. All references to "fafsa.ed.gov" are hereby replaced by "studentaid.gov."

SUPPLEMENT DATED JANUARY 2024, TO NEW YORK'S 529 COLLEGE SAVINGS PROGRAM *DIRECT PLAN* DISCLOSURE BOOKLET AND TUITION SAVINGS AGREEMENT DATED SEPTEMBER 30, 2021

This Supplement describes important changes and amends the Disclosure Booklet and Tuition Savings Agreement dated September 30, 2021 (Disclosure Booklet). You should read this Supplement in conjunction with the Disclosure Booklet. Capitalized terms not otherwise defined have the same meaning as that term used in the Disclosure Booklet. Please keep this Supplement with your *Direct Plan* documents.

FEDERAL LEGISLATION EXPANDS USE OF 529 PLANS

The SECURE 2.0 Act of 2022 (the "SECURE 2.0 Act") was signed into federal law in December 2022. In addition to several significant retirement savings related enhancements, the SECURE 2.0 Act revises Section 529 of the Internal Revenue Code. Beginning January 1, 2024, rollovers will be permitted from a 529 plan account to a Roth IRA without incurring federal income tax or penalties, subject to specific conditions set forth in this Supplement.

Under New York statute, however, the New York Department of Taxation and Finance (DTF) has issued guidance that a New York Qualified Withdrawal does **not** include a rollover from an Account to a Roth IRA. Any such rollover will be considered a New York Nonqualified Withdrawal and will require the recapture of any New York State tax benefits that had accrued on contributions. Therefore, rollovers from a 529 plan account to a Roth IRA may result in adverse New York State tax consequences even if the rollover qualifies for favorable federal tax treatment. Account Owners in other states should seek guidance from the state in which they pay tax.

Accordingly, the following changes are made to the Disclosure Booklet:

1. The paragraph entitled "About New York's 529 College Savings Program; Direct Plan" on page 4 of the Disclosure Booklet is replaced in its entirety as follows:

About New York's 529 College Savings Program *Direct Plan*

Offered by New York State, the *Direct Plan* lets you save for education by investing in a tax-advantaged way. Through your Account, you select and then contribute to one or more of the Investment Options included in the *Direct Plan*. Any investment earnings will grow tax-deferred and your withdrawals from the Account are federally and New York State tax-free, provided the money is used for Qualified Higher Education Expenses at Eligible Educational Institutions or for Apprenticeship Program Expenses. Under federal law but not New York State law, a distribution used to pay for K–12 Tuition Expenses (up to $10,000 annually), Qualified Loan Repayments, and Roth IRA Rollovers are also tax-free when certain conditions are met.

2. The sections entitled "New York Qualified Withdrawals" and "Federal Qualified Withdrawals" on page 14 of the Disclosure Booklet are replaced in their entirety as follows:

New York Qualified Withdrawals

To be considered a New York Qualified Withdrawal, the proceeds must be used for the Qualified Higher Education Expenses of your Beneficiary at an Eligible Educational Institution or for Apprenticeship Program Expenses. An Eligible Educational Institution does not include an elementary or secondary school. Accordingly, withdrawals for K–12 Tuition Expenses are considered New York Nonqualified Withdrawals. In addition, Qualified Loan Repayments and Roth IRA Rollovers are also considered New York Nonqualified Withdrawals. See *Section 2. Withdrawals for K–12 Tuition Expenses, Apprenticeship Programs, Qualified Loan Repayments, and Roth IRA Rollovers*.

Under current law, the earnings portion of a New York Qualified Withdrawal is not subject to New York State taxes and the earnings portion is not subject to federal income taxation.

Federal Qualified Withdrawals

To be considered a Federal Qualified Withdrawal, the proceeds must be used for your Beneficiary's Qualified Higher Education Expenses, K–12 Tuition Expenses (up to $10,000 annually), Apprenticeship Program Expenses, a Qualified Loan Repayment, or a Roth IRA Rollover when certain conditions are met.

Under current law, the earnings portion of a Federal Qualified Withdrawal used to pay Qualified Higher Education Expenses of the Beneficiary at an Eligible Educational Institution or for Apprenticeship Program Expenses is not subject to New York State taxes or federal income taxation. However, if a Federal Qualified Withdrawal is used to pay K–12 Tuition Expenses, to make a Qualified Loan Repayment, or to make a Roth IRA Rollover and you are a New York State taxpayer, the distribution is **not** considered a New York Qualified Withdrawal and will require the

recapture of any New York State tax benefits that have accrued on contributions.

3. The section heading entitled "Withdrawals for K–12 Tuition Expenses, Apprenticeship Programs, and Qualified Loan Repayments" on page 15 of the Disclosure Booklet is replaced with "Withdrawals for K–12 Tuition Expenses, Apprenticeship Programs, Qualified Loan Repayments, and Roth IRA Rollovers".

4. The following paragraph is added to the section entitled "Withdrawals for K–12 Tuition Expenses, Apprenticeship Programs, Qualified Loan Repayments, and Roth IRA Rollovers" on page 15 of the Disclosure Booklet as the fourth paragraph:

Rollovers to a Roth IRA. Under federal law, a withdrawal for the purpose of a Roth IRA Rollover, provided certain conditions are met, is considered a Federal Qualified Withdrawal and is, therefore, free from federal taxes and the Federal Penalty.

5. The paragraph entitled "New York State Treatment" in the section entitled "Withdrawals for K–12 Tuition Expenses, Apprenticeship Programs, Qualified Loan Repayments, and Roth IRA Rollovers" on page 15 of the Disclosure Booklet is replaced in its entirety as follows:

New York State Treatment. If you are a New York State taxpayer, the distributions for K–12 Tuition Expenses, Qualified Loan Repayments, and Roth IRA Rollovers are considered New York Nonqualified Withdrawals and will require the recapture of any New York State tax benefits that have accrued on contributions.

6. The paragraph entitled "Direct Plan Investment Options Not Designed for Elementary and Secondary School Tuition Expenses or Qualified Loan Repayments" on page 22 of the Disclosure Booklet is replaced in its entirety as follows:

***Direct Plan* Investment Options Not Designed for Elementary and Secondary School Tuition Expenses, Qualified Loan Repayments, or Roth IRA Rollovers**

The Investment Options we offer through the *Direct Plan* have been designed exclusively for you to save for postsecondary higher education expenses. They have not been designed to assist you in reaching your K–12 Tuition Expense savings, Qualified Loan Repayment goals, or retirement savings goals. Specifically, the Target Enrollment Portfolios are designed for Account Owners seeking to automatically invest in progressively more conservative Portfolios as their Beneficiary approaches college age. The time horizons and withdrawal periods of the Target Enrollment Portfolios may not match those needed to meet your K–12 Tuition Expense savings, Qualified Loan Repayment goals, or retirement savings goals, which may be significantly shorter or longer. In addition, if you are saving for K–12 Tuition Expenses, to make Qualified Loan Repayments or to make Roth IRA Rollovers and wish to invest in the Individual Portfolios, please note that these Portfolios are composed of fixed investments. This means that your assets will remain invested in that Portfolio until you direct us to move them to a different Portfolio.

7. The second paragraph under the section entitled "Investment Time Horizons for Different Savings Goals" on page 23 of the Disclosure Booklet is replaced in its entirety as follows:

When determining whether to save for K–12 Tuition Expenses, Qualified Loan Repayments, or a Roth IRA Rollover, the Target Enrollment Portfolios are designed for college savings time horizons and withdrawal periods and not for K–12 Tuition Expense, Qualified Loan Repayment, or retirement savings time horizons, which may be shorter or longer.

8. The following section is added immediately following the section entitled "ABLE Rollover Distributions" on page 37 of the Disclosure Booklet:

Roth IRA Rollovers. In certain circumstances, you may rollover the assets in your Account to a Roth IRA account maintained for the benefit of the Beneficiary of your Account up to a lifetime limit of $35,000. A Roth IRA Rollover can only be made from an Account that has been maintained for at least the 15-year period ending on the Rollover Date. In addition, the Roth IRA Rollover cannot exceed the total amount contributed to the Account, and earnings on those contributions, before the 5- year period ending on the Rollover Date. Additional restrictions may apply under the federal Roth IRA rules and guidance.

It is important that you keep all records regarding contributions and earnings made to your Account. You can access your Account records online at **nysaves.org** or by calling us at 1-877-697-2837 to help determine your Account's eligibility to initiate a Roth IRA Rollover.

It is also important to understand the federal and state requirements, rules and guidance regarding Roth IRAs, including contribution and income limits. You should consult with your financial professional or tax advisor regarding the applicability of Roth IRA Rollovers to your personal situation. To request a Roth IRA Rollover, please submit the appropriate form to the Plan.

9. The sections entitled "Withdrawals Not Subject to New York Taxation" and "Withdrawals Subject to New York Taxation" on page 39 of the Disclosure Booklet are replaced in their entirety as follows:

Withdrawals Not Subject to New York Taxation

New York Qualified Withdrawals and withdrawals because of the death or Disability of your Beneficiary are not includable in computing your or your Beneficiary's New York State taxable income.

New York Qualified Withdrawals are withdrawals used to pay a Beneficiary's Qualified Higher Education Expenses and Apprenticeship Program Expenses. This does not include K–12 Tuition Expenses, Qualified Loan Repayments, or Roth IRA Rollovers as these are considered New York Nonqualified Withdrawals and are treated as described below.

Withdrawals Subject to New York Taxation

New York Nonqualified Withdrawals, including withdrawals used to pay K–12 Tuition Expenses, Qualified Loan Repayments, or Roth IRA Rollovers; and withdrawals because of a Qualified Scholarship received by your Beneficiary or attendance at a military academy, to the extent the amount withdrawn exceeds the amount of the scholarship, will be includable in computing your New York State taxable income for the year in which you make the withdrawal. This does not include any portion of that withdrawal attributable to contributions to your Account that were not previously deducted from your New York State personal income taxes.

10. The Glossary definitions of "Federal Qualified Withdrawal" and "New York Nonqualified Withdrawals" on page 44 of the Disclosure Booklet are replaced in their entirety as follows:

Federal Qualified Withdrawal: A withdrawal from an Account that is used to pay Qualified Higher Education Expenses, K–12 Tuition Expenses (up to $10,000 annually), to make a Qualified Loan Repayment, or to make a Roth IRA Rollover.

New York Nonqualified Withdrawals: A withdrawal from an Account that is not one of the following:

- A New York Qualified Withdrawal.
- A withdrawal because of the death or Disability of your Beneficiary.
- A withdrawal because of the receipt of a Qualified Scholarship or attendance at a military academy by your Beneficiary (to the extent the amount withdrawn does not exceed the amount of the scholarship).
- A transfer of assets to the credit of another Beneficiary within the Program, as long as the other Beneficiary is a Member of the Family of the prior Beneficiary.

If you are a New York State taxpayer, a Federal Qualified Withdrawal where the proceeds are used to pay K–12 Tuition Expenses, to make a Qualified Loan Repayment, or to make a Roth IRA Rollover is considered a New York Nonqualified Withdrawal, and the withdrawal will require the recapture of any New York State tax benefits that have accrued on contributions.

11. The following definitions are added to the section entitled "Section 10. Glossary" beginning on page 43 of the Disclosure Booklet:

Roth IRA Rollover: A direct rollover from an Account to a Roth IRA account maintained for the benefit of the same Beneficiary. A Roth IRA Rollover is subject to specific conditions including the following:

- The Account must be maintained for at least the 15-year period ending on the Roth Rollover Date;
- A Roth IRA Rollover cannot exceed the total amount contributed to the Account, and earnings on those contributions, before the 5- year period ending on the Roth Rollover Date;
- A Roth IRA Rollover is limited by the Beneficiary's contribution limit for the taxable year for all individual retirement plans; and
- A lifetime maximum of $35,000 per Beneficiary.

The IRS may issue guidance that may impact Roth IRA Rollovers. Additional restrictions may also apply under the federal Roth IRA rules and guidance.

Roth Rollover Date. The date of the distribution from a *Direct Plan* Account to a Roth IRA account for the same Beneficiary.

INCREASE TO THE FEDERAL ANNUAL EXCLUSION FOR GIFTS

As of January 1, 2024, the federal annual gift tax exclusion increased to $18,000 for a single individual, $36,000 for married couples making a proper election. For 529 Plans, contributions of up to $90,000 for a single contributor (or $180,000 for married couples making a proper election) can be made in a single year and applied against the annual gift tax exclusion equally over a five-year period. Accordingly, all references to the exclusion of contributions from federal gift tax found throughout the Disclosure Booklet are updated to reflect these increased amounts.

1. The following replaces the first paragraph under "Federal Gift and Estate Taxes" on page 38 of the Disclosure Booklet:

Federal Gift and Estate Taxes

If your contributions, together with any other gifts to the Beneficiary, do not exceed $18,000 per year ($36,000 for married couples making a proper election), no gift tax will be imposed for that year. Gifts of up to $90,000 can be made in a single year ($180,000 for married couples making a proper election) for a Beneficiary, and you may elect to apply the contribution against the annual exclusion equally over a five-year period. This allows you to move assets into tax-deferred investments and out of your estate more quickly.

2. The following replaces the highlighted section entitled "Federal Gift Tax Exemption" on page 38 of the Disclosure Booklet:

Federal Gift Tax Exemption

In 2024, you can contribute up to $18,000 a year ($36,000 if married and making the split-gift election) to the *Direct Plan* without incurring federal gift taxes. This amount is periodically adjusted for inflation.

SUPPLEMENT DATED NOVEMBER 2023, TO NEW YORK'S 529 COLLEGE SAVINGS PROGRAM *DIRECT PLAN* DISCLOSURE BOOKLET AND TUITION SAVINGS AGREEMENT DATED SEPTEMBER 30, 2021

This Supplement describes important changes and amends the Disclosure Booklet and Tuition Savings Agreement dated September 30, 2021 (Disclosure Booklet). You should read this Supplement in conjunction with the Disclosure Booklet. Capitalized terms not otherwise defined have the same meaning as that term used in the Disclosure Booklet. Please keep this Supplement with your *Direct Plan* documents.

ADDITION OF TARGET ENROLLMENT 2042 PORTFOLIO

This past July, we launched Target Enrollment Portfolios to the *Direct Plan* investment lineup. We have designed the investment options to allow you to select a Portfolio based upon your risk tolerance and your Beneficiary's anticipated year of enrollment in school or an eligible program. Every year a new Target Enrollment Portfolio is added to the Portfolios offered by the Plan.

On or about November 17, 2023, the Target Enrollment 2042 Portfolio will be added to the *Direct Plan*'s suite of Target Enrollment Portfolios and the following changes are made to the Disclosure Booklet.

1. On pages 4, 6, and 23, references to "20 Target Enrollment Portfolios" and "Target Enrollment Portfolios (20 options)" are, respectively, replaced with "21 Target Enrollment Portfolios" and "Target Enrollment Portfolios (21 options)."

2. The following replaces the Fee Structure table on page 19 of the Disclosure Booklet:

Portfolio	Estimated Underlying Fund Fee[1]	State Fee[2]	Program Management Fee[3]	Total Annual Asset-Based Fee[4]	Annual Account Maintenance Fee
TARGET ENROLLMENT PORTFOLIOS					
Target Enrollment 2042 Portfolio	0.02%	None	0.10%	0.12%	None
Target Enrollment 2041 Portfolio	0.02	None	0.10	0.12	None
Target Enrollment 2040 Portfolio	0.02	None	0.10	0.12	None
Target Enrollment 2039 Portfolio	0.02	None	0.10	0.12	None
Target Enrollment 2038 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2037 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2036 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2035 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2034 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2033 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2032 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2031 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2030 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2029 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2028 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2027 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2026 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2025 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2024 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2023 Portfolio	0.03	None	0.09	0.12	None
Commencement Portfolio	0.03	None	0.09	0.12	None

Portfolio	Estimated Underlying Fund Fee[1]	State Fee[2]	Program Management Fee[3]	Total Annual Asset-Based Fee[4]	Annual Account Maintenance Fee
INDIVIDUAL PORTFOLIOS					
Aggressive Growth Portfolio	0.02%	None	0.10%	0.12%	None
Growth Portfolio	0.03	None	0.09	0.12	None
Moderate Growth Portfolio	0.03	None	0.09	0.12	None
Conservative Growth Portfolio	0.03	None	0.09	0.12	None
Income Portfolio	0.04	None	0.08	0.12	None
Interest Accumulation Portfolio	0.03	None	0.09	0.12	None
Developed Markets Index Portfolio	0.04	None	0.08	0.12	None
Growth Stock Index Portfolio	0.04	None	0.08	0.12	None
Mid-Cap Stock Index Portfolio	0.03	None	0.09	0.12	None
Small-Cap Stock Index Portfolio	0.03	None	0.09	0.12	None
Value Stock Index Portfolio	0.04	None	0.08	0.12	None
Social Index Portfolio	0.12	None	None	0.12	None
Bond Market Index Portfolio	0.03	None	0.09	0.12	None
Inflation-Protected Securities Portfolio	0.07	None	0.05	0.12	None

1. Estimated Underlying Fund Fees reflect each Underlying Fund's expense ratio disclosed in its most recent prospectus as of April 28, 2023. Expenses for multiple-fund Portfolios represent a weighted average of the expenses of the Portfolio's Underlying Funds. The fees and expenses of the Underlying Funds may change. Estimated Underlying Fund Fees for the Income Portfolio and the Interest Accumulation Portfolio may include a stable value wrap fee of between 0.15% and 0.17%, which could reduce the returns of the Portfolios. The wrap fee, if any, is deducted from the total assets held by the Underlying Fund prior to the determination of each day's Portfolio Unit price. This fee could reduce the returns of the Portfolios.
2. No separate fee is charged to Accounts by the Program Administrators. The Program Manager and Investment Manager pay a monthly fee to the Program Administrators to help pay the costs of administering the Program. This payment is not deducted from any Accounts.
3. Vanguard and Ascensus have agreed to a specific formula for the allocation of the Program Management Fee.
4. Total Annual Asset-Based Fee as of November 17, 2023.

3. The following Target Enrollment Chart will replace the chart found on page 25.

The following chart represents the asset allocation to each Underlying Fund for each Target Enrollment Portfolio as of **November 17, 2023**.

Target Enrollment Portfolio	Total Stock Market Index Fund	Total International Stock Index Fund	Total Bond Market II Index Fund	Total International Bond Index Fund	Short-Term Reserves Account
Target Enrollment 2042	57.00%	38.00%	3.50%	1.50%	0.00%
Target Enrollment 2041	57.00%	38.00%	3.50%	1.50%	0.00%
Target Enrollment 2040	57.00%	38.00%	3.50%	1.50%	0.00%
Target Enrollment 2039	55.80%	37.20%	4.90%	2.10%	0.00%
Target Enrollment 2038	53.40%	35.60%	7.70%	3.30%	0.00%
Target Enrollment 2037	51.00%	34.00%	10.50%	4.50%	0.00%
Target Enrollment 2036	48.00%	32.00%	14.00%	6.00%	0.00%
Target Enrollment 2035	44.40%	29.60%	18.20%	7.80%	0.00%
Target Enrollment 2034	40.80%	27.20%	22.40%	9.60%	0.00%
Target Enrollment 2033	37.20%	24.80%	26.60%	11.40%	0.00%
Target Enrollment 2032	34.20%	22.80%	30.10%	12.90%	0.00%
Target Enrollment 2031	31.80%	21.20%	32.90%	14.10%	0.00%
Target Enrollment 2030	29.40%	19.60%	35.70%	15.30%	0.00%
Target Enrollment 2029	25.58%	17.05%	37.80%	16.20%	3.37%
Target Enrollment 2028	20.57%	13.72%	38.96%	16.70%	10.05%
Target Enrollment 2027	16.77%	11.19%	38.75%	16.61%	16.68%
Target Enrollment 2026	14.06%	9.37%	37.24%	15.96%	23.37%
Target Enrollment 2025	12.17%	8.12%	34.76%	14.90%	30.05%
Target Enrollment 2024	11.01%	7.35%	31.47%	13.49%	36.68%
Target Enrollment 2023	9.85%	6.57%	28.18%	12.08%	43.32%
Commencement Portfolio	6.96%	4.64%	19.88%	8.52%	60.00%

SUPPLEMENT DATED JULY 2023 TO NEW YORK'S 529 COLLEGE SAVINGS PROGRAM *DIRECT PLAN* DISCLOSURE BOOKLET AND TUITION SAVINGS AGREEMENT DATED SEPTEMBER 30, 2021

This Supplement describes important changes and amends the Disclosure Booklet and Tuition Savings Agreement dated September 30, 2021 (Disclosure Booklet). You should read this Supplement in conjunction with the Disclosure Booklet. Capitalized terms not otherwise defined have the same meaning as that term used in the Disclosure Booklet. Please keep this Supplement with your *Direct Plan* documents.

INTRODUCING NEW TARGET ENROLLMENT PORTFOLIOS

New York's 529 College Savings *Direct Plan* is excited to announce that effective on or about July 28, 2023 New York's 529 Age-Based Options will be replaced by Target Enrollment Portfolios. With the current Age-Based Options, your assets move to a different Portfolio as the Beneficiary ages. Under the new Target Enrollment Portfolios, however, the target allocations of the Portfolio will change as your Beneficiary approaches the date they are expected to enroll in school or an eligible program. This change provides for more frequent and smoother adjustments to your asset allocation over time as your Beneficiary approaches enrollment.

During this transition timeframe, New York's 529 *Direct Plan* will be unable to process any account transactions or account changes, including withdrawals, contributions, and investment option changes, online or by phone as set forth below:

DATES	EVENTS
Thursday, July 27, 2023, 4 p.m.– Monday, July 31, 2023, 8 a.m.	Blackout period **Important:** During this time, you won't be able to initiate or request any Account transactions or Account changes, including withdrawals, contributions, or Investment Option changes, online or by phone. Transaction requests received after 4 p.m., Eastern time, on Thursday, July 27, 2023, and up until market close on Friday, July 28, 2023, will be processed on Monday, July 31, using Portfolio net asset values as of Monday, July 31, 2023.
Friday, July 28, 2023 – Sunday, July 30, 2023	Account assets are transferred from existing Age-Based Options to the Target Enrollment Portfolios.
Monday, July 31, 2023	The transition from Age-Based Options to Target Enrollment Portfolios is complete. Normal service will resume at 8 a.m. Eastern time.

MAPPING OF AGE-BASED OPTIONS TO TARGET ENROLLMENT PORTFOLIOS

The following charts show the mapping of your existing Age-Based Option to your new Target Enrollment Portfolio. The mapping is based on the age of your Beneficiary and your current Age-Based Option – conservative, moderate, or aggressive. Your assets will be moved in accordance with the schedule listed above.

CONSERVATIVE AGE-BASED OPTION

Designated Beneficiary Date of Birth	New Portfolio
12/01/2022—07/28/2023	Target Enrollment 2035
12/01/2021—11/30/2022	Target Enrollment 2034
12/01/2020—11/30/2021	Target Enrollment 2033
12/01/2019—11/30/2020	Target Enrollment 2032
12/01/2018—11/30/2019	Target Enrollment 2031
12/01/2017—11/30/2018	Target Enrollment 2030
12/01/2016—11/30/2017	Target Enrollment 2029
12/01/2015—11/30/2016	Target Enrollment 2028
12/01/2014—11/30/2015	Target Enrollment 2027
12/01/2013—11/30/2014	Target Enrollment 2026
12/01/2012—11/30/2013	Target Enrollment 2025
12/01/2011—11/30/2012	Target Enrollment 2024
12/01/2010—11/30/2011	Target Enrollment 2023
12/01/2009—11/30/2010	Income Portfolio
12/01/2008—11/30/2009	Income Portfolio
12/01/2007—11/30/2008	Income Portfolio
12/01/2006—11/30/2007	Income Portfolio
11/30/2006 or Earlier	Interest Accumulation Portfolio

MODERATE AGE-BASED OPTION

Designated Beneficiary Date of Birth	New Portfolio
12/01/2022—07/28/2023	Target Enrollment 2041
12/01/2021—11/30/2022	Target Enrollment 2040
12/01/2020—11/30/2021	Target Enrollment 2039
12/01/2019—11/30/2020	Target Enrollment 2038
12/01/2018—11/30/2019	Target Enrollment 2037
12/01/2017—11/30/2018	Target Enrollment 2036
12/01/2016—11/30/2017	Target Enrollment 2035
12/01/2015—11/30/2016	Target Enrollment 2034
12/01/2014—11/30/2015	Target Enrollment 2033
12/01/2013—11/30/2014	Target Enrollment 2032
12/01/2012—11/30/2013	Target Enrollment 2031
12/01/2011—11/30/2012	Target Enrollment 2030
12/01/2010—11/30/2011	Target Enrollment 2029
12/01/2009—11/30/2010	Target Enrollment 2028
12/01/2008—11/30/2009	Target Enrollment 2027
12/01/2007—11/30/2008	Target Enrollment 2026
12/01/2006—11/30/2007	Target Enrollment 2025
11/30/2006 or Earlier	Income Portfolio

AGGRESSIVE AGE-BASED OPTION

Designated Beneficiary Date of Birth	New Portfolio
12/01/2022—07/28/2023	Target Enrollment 2041
12/01/2021—11/30/2022	Target Enrollment 2041
12/01/2020—11/30/2021	Target Enrollment 2041
12/01/2019—11/30/2020	Target Enrollment 2041
12/01/2018—11/30/2019	Target Enrollment 2040
12/01/2017—11/30/2018	Target Enrollment 2039
12/01/2016—11/30/2017	Target Enrollment 2038
12/01/2015—11/30/2016	Target Enrollment 2037
12/01/2014—11/30/2015	Target Enrollment 2036
12/01/2013—11/30/2014	Target Enrollment 2035
12/01/2012—11/30/2013	Target Enrollment 2034
12/01/2011—11/30/2012	Target Enrollment 2033
12/01/2010—11/30/2011	Target Enrollment 2032
12/01/2009—11/30/2010	Target Enrollment 2031
12/01/2008—11/30/2009	Target Enrollment 2030
12/01/2007—11/30/2008	Target Enrollment 2029
12/01/2006—11/30/2007	Target Enrollment 2028
12/01/2005—11/30/2006	Target Enrollment 2027
12/01/2004—11/30/2005	Target Enrollment 2026
11/30/2004 or Earlier	Commencement Portfolio

Accordingly, effective July 28, 2023, the following changes are made to the Disclosure Booklet:

1. All references to the term "Age-Based Option" and "Age-Based Option(s)" are replaced with references to the term "Target Enrollment Portfolio" and "Target Enrollment Portfolio(s)" respectively.

*2. The following text and bullet point replaces the existing text and first bullet point in the **Investment Options** section on page 4:*

In this section, you will find information about your Investment Options, including a discussion of Target Enrollment Portfolios and the Individual Portfolios.

- You can choose from among 20 **Target Enrollment Portfolios**, in which target allocations of the Portfolio automatically adjust to more conservative allocations as your Beneficiary approaches the date they are expected to enroll in school or an eligible program.

*3. The following replaces the bullet points under the **Choose Investment Options** section on page 6:*

- Target Enrollment Portfolios (20 options). The asset allocation of money invested in any of the Target Enrollment Portfolios is automatically adjusted over time to become more conservative as your Beneficiary approaches the year in which you intend to use the funds.
- Individual Portfolios (14 options). The asset allocation of money invested in any of the Individual Portfolios is static; it does not change over time.

4. The following Note under "Substituting Beneficiaries" on page 11 is removed:

Note: If you are invested in an Age-Based Option and you choose not to reallocate your assets, your new Beneficiary will automatically be moved to a Portfolio within the Age-Based Option that corresponds with his or her age.

5. The "Confirmations and Statements" section on page 12 is amended to remove the reference to "the automatic movement of account assets to a more conservative Age-Based Option as your Beneficiary ages" and the last bullet, "Automatic transfers of Account assets to more conservative Age-Based Options."

6. Effective July 28, 2023, the following replaces the fee table on page 19:

Fee Structure

The following table shows total fees charged to each Portfolio in the *Direct Plan*. The annualized Underlying Fund Fee and Program Management Fee added together equal the Total Annual Asset-Based Fee.

		Annual Asset-Based Fee			**Additional Investor Expenses**
Portfolio	Estimated Underlying Fund Fee[1]	State Fee[2]	Program Management Fee[3]	Total Annual Asset-Based Fee[4]	Annual Account Maintenance Fee
TARGET ENROLLMENT PORTFOLIOS					
Target Enrollment 2041 Portfolio	0.02%	None	0.10%	0.12%	None
Target Enrollment 2040 Portfolio	0.02	None	0.10	0.12	None
Target Enrollment 2039 Portfolio	0.02	None	0.10	0.12	None
Target Enrollment 2038 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2037 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2036 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2035 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2034 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2033 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2032 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2031 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2030 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2029 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2028 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2027 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2026 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2025 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2024 Portfolio	0.03	None	0.09	0.12	None
Target Enrollment 2023 Portfolio	0.03	None	0.09	0.12	None
Commencement Portfolio	0.03	None	0.09	0.12	None
INDIVIDUAL PORTFOLIOS					
Aggressive Growth Portfolio	0.02	None	0.10	0.12	None
Growth Portfolio	0.03	None	0.09	0.12	None
Moderate Growth Portfolio	0.03	None	0.09	0.12	None
Conservative Growth Portfolio	0.03	None	0.09	0.12	None
Income Portfolio	0.04	None	0.08	0.12	None
Interest Accumulation Portfolio	0.03	None	0.09	0.12	None
Developed Markets Index Portfolio	0.04	None	0.08	0.12	None

Growth Stock Index Portfolio	0.04	None	0.08	0.12	None
Mid-Cap Stock Index Portfolio	0.03	None	0.09	0.12	None
Small-Cap Stock Index Portfolio	0.03	None	0.09	0.12	None
Value Stock Index Portfolio	0.04	None	0.08	0.12	None
Social Index Portfolio	0.12	None	None	0.12	None
Bond Market Index Portfolio	0.03	None	0.09	0.12	None
Inflation-Protected Securities Portfolio	0.07	None	0.05	0.12	None

*7. The following replaces the highlighted box titled **Investments at a Glance** on page 23.*

Currently you can select from:

- 20 Target Enrollment Portfolios that automatically become more conservative as you near the enrollment date.
- 14 Individual Portfolios that invest in stock funds, bond funds, insurance company funding agreements, and combinations of those funds.

*8. The following replaces the **Age-Based Options** section on page 23.*

Target Enrollment Portfolios

You can choose from among twenty Target Enrollment Portfolios, in which target allocations of the Portfolio automatically adjust to more conservative allocations as your Beneficiary approaches the date they are expected to enroll in school or an eligible program. Consider the Target Enrollment Portfolio that best reflects the year in which your Beneficiary approaches their enrollment date. You can also choose a Target Enrollment Portfolio that is more or less aggressive than the Portfolio that best matches your Beneficiary's enrollment date.

*9. The following replaces the first sentence under the **Individual Portfolio Options** section on page 23.*

You can choose from among 14 Individual Portfolios, which invest in stock funds, bond funds, insurance company funding agreements, and combinations thereof.

*10. The following replaces **Age-Based Options** on page 24.*

Target Enrollment Portfolios

The Target Enrollment Portfolios are a simplified approach to college investing. We have designed these investment options to allow you to select a Portfolio based upon your risk tolerance and your Beneficiary's anticipated year of enrollment in school or an eligible program. For example, if you expect your Beneficiary to attend college beginning in the year 2036, you may consider the Target Enrollment 2036 Portfolio. You may also consider a Target Enrollment Portfolio with an earlier target enrollment date if you are a more conservative investor, or a Target Enrollment Portfolio with a later target enrollment date if you are a more aggressive investor. The asset allocation of the money invested in these Investment Options is automatically adjusted quarterly over time to become more conservative as the Beneficiary's year of enrollment draws nearer. Portfolios are rebalanced on a quarterly basis to ensure that they are allocated as close to the target allocations as possible.

The Commencement Portfolio's allocation to stocks, bonds and short-term investments is the most conservative Target Enrollment Portfolio. As such, this Portfolio seeks to minimize risk and will remain at a static asset allocation for the duration because it's already at its most conservative phase. All other Target Enrollment Portfolios are expected to have the same allocation to stocks, bonds, and short-term investments within 4 years after their designated enrollment year.

Every year, a new Target Enrollment Portfolio will be created and assets of the oldest Target Enrollment Portfolio are transferred into the Commencement Portfolio. Portfolios with higher allocations to bonds and short-term investments tend to be less volatile than those with higher stock allocations. Less-volatile Portfolios generally will not decline as far when stock markets go down, but they also generally will not appreciate in value as much when stock markets go up. There is no assurance that any Portfolio will reach its goal.

*11. The following Target Enrollment chart will replace the **Age-Based Options** chart found on page 25.*

The following chart represents the asset allocation to each Underlying Fund for each Target Enrollment Portfolio **as of the date of this Supplement**.

	Target Enrollment Portfolio	Total Stock Market Index Fund	Total International Stock Index Fund	Total Bond Market II Index Fund	Total International Bond Index Fund	Short-Term Reserves Account
	Target Enrollment 2041	57.00%	38.00%	3.50%	1.50%	0.00%
	Target Enrollment 2040	57.00%	38.00%	3.50%	1.50%	0.00%
	Target Enrollment 2039	56.40%	37.60%	4.20%	1.80%	0.00%
	Target Enrollment 2038	54.00%	36.00%	7.00%	3.00%	0.00%
	Target Enrollment 2037	51.60%	34.40%	9.80%	4.20%	0.00%
	Target Enrollment 2036	48.90%	32.60%	12.95%	5.55%	0.00%
	Target Enrollment 2035	45.30%	30.20%	17.15%	7.35%	0.00%
	Target Enrollment 2034	41.70%	27.80%	21.35%	9.15%	0.00%
	Target Enrollment 2033	38.10%	25.40%	25.55%	10.95%	0.00%
	Target Enrollment 2032	34.80%	23.20%	29.40%	12.60%	0.00%
	Target Enrollment 2031	32.40%	21.60%	32.20%	13.80%	0.00%
	Target Enrollment 2030	30.00%	20.00%	35.00%	15.00%	0.00%
	Target Enrollment 2029	26.89%	17.93%	37.45%	16.05%	1.68%
	Target Enrollment 2028	21.77%	14.51%	38.73%	16.60%	8.39%
	Target Enrollment 2027	17.48%	11.66%	39.08%	16.75%	15.03%
	Target Enrollment 2026	14.71%	9.81%	37.66%	16.14%	21.68%
	Target Enrollment 2025	12.47%	8.31%	35.58%	15.25%	28.39%
	Target Enrollment 2024	11.30%	7.54%	32.29%	13.84%	35.03%
	Target Enrollment 2023	10.14%	6.77%	29.00%	12.43%	41.66%
	Commencement Portfolio	6.96%	4.64%	19.88%	8.52%	60.00%

12. *The **"Age-Based Options"** title on page 26 is deleted and replaced with **"Individual Portfolio Options"** and the following portfolios are removed from the section: Aggressive Portfolio, Blended Growth Portfolio, Disciplined Growth Portfolio, Conservative Portfolio, Balanced Income Portfolio, Conservative Income Portfolio. The following is then added prior to the **"Portfolio Strategy Summaries"** section:*

Target Enrollment Portfolios

Investment Objective

The Target Enrollment Portfolios seek to provide capital appreciation and current income consistent with their current asset allocation (see chart above for individual Portfolio allocations). The objective of these options becomes more focused on capital preservation and income as they approach their target date. The Target Enrollment Portfolios are more likely to meet their goals if each Underlying Fund in which each Target Enrollment Portfolio invests achieves its stated investment objectives.

Investment Strategy

The Target Enrollment Portfolios allocate their assets among the Underlying Funds. These options seek to provide a diversified allocation to broad asset classes, including domestic and international stocks and bonds. The allocations to the asset classes and the Underlying Funds are expected to change, reducing exposure to stocks, and increasing exposure to fixed income and cash equivalents, becoming more conservative over time as the Beneficiary's target enrollment year approaches. The Underlying Funds will rebalance on a quarterly basis until reaching the Commencement Portfolio.

Through an investment in **Vanguard Institutional Total Stock Market Index Fund**, the Portfolios indirectly invest in U.S. stocks. The Fund employs an indexing investment approach designed to track the performance of the CRSP US Total Market Index, which represents approximately 100% of the investable U.S. stock market and includes large-, mid-, small-, and micro-cap stocks regularly traded on the New York Stock Exchange and Nasdaq.

Through an investment in **Vanguard Total International Stock Market Index Fund**, the Portfolios indirectly invest in international stocks. The Fund employs an indexing investment approach designed to track the performance of the FTSE Global All Cap ex US Index, a float-adjusted market-capitalization weighted index designed to measure equity market performance of companies located in developed and emerging markets, excluding the United States.

Through an investment in **Vanguard Total Bond Market II Index Fund**, the Portfolios indirectly invest in a broadly diversified collection of securities that, in the aggregate, approximates the Bloomberg U.S. Aggregate Float Adjusted Index in terms of key risk factors and other characteristics. The index measures a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and 3 asset-backed securities—all with maturities of more than 1 year. The Fund seeks to maintain a dollar-weighted average maturity consistent with that of its index.

Through an investment in **Vanguard Total International Bond Index Fund**, the Portfolios indirectly invest in government, government agency, corporate, and securitized non-U.S. investment-grade fixed income investments, all issued in currencies other than the U.S. dollar and with maturities of more than 1 year. The Fund employs an indexing investment approach designed to track the performance of the Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged), which provides a broad-based measure of the global, investment-grade, fixed-rate debt markets. The Fund invests by sampling the index, meaning that it holds a range of securities that, in the aggregate, approximates the full index in terms of key risk factors and other characteristics. To minimize the currency risk associated with investment in bonds denominated in currencies other than the U.S. dollar, the Fund will attempt to hedge its foreign currency exposure in order to correlate to the returns of its index, which is U.S. dollar hedged. The Fund maintains a dollar-weighted average maturity consistent with that of the index.

Through an investment in **Vanguard Short-Term Reserves Account**, the Portfolios indirectly invest in funding agreements issued by one or more insurance companies, synthetic investment contracts (SICs), and shares of Vanguard Federal Money Market Fund. Funding agreements and SICs are interest-bearing contracts that are structured to preserve principal and accumulate interest earnings over the life of the investment. Funding agreements generally pay interest at a fixed interest rate and have fixed maturity dates that normally range from 2 to 5 years. SICs pay a variable interest rate and have an average duration range between 2 and 5 years. The Federal Money Market Fund invests primarily in high-quality, short term money market instruments issued by the U.S. government and its agencies and instrumentalities.

Note: Vanguard Short-Term Reserves Account's investments in Vanguard Federal Money Market Fund are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Federal Money Market Fund seeks to preserve the value of the investment at $1 per share, it cannot guarantee that it will do so. It is possible that Vanguard Short-Term Reserves Account may lose money by investing in the Fund. The Vanguard Group, Inc., has no legal obligation to provide financial support to the Fund, and there should be no expectation that the sponsor will provide financial support to the Fund at any time.

Investment Risks

The Portfolios are subject to the risks of the Funds that are stock funds, which include stock market risk, country/regional risk, currency risk, and emerging markets risk; and the risks of the Funds that are bond funds, which include interest rate risk, income risk, prepayment risk, extension risk, call risk, credit risk, country/regional risk, liquidity risk, currency risk, currency and currency hedging risk, and derivatives risk. The Portfolios are also indirectly subject to investment style risk, index sampling risk, and nondiversification risk.

13. References to the following portfolios in the "Portfolio Strategy Summaries" Section on page 30 are removed: Aggressive, Blended Growth, Disciplined Growth, Conservative, Balanced Income, Conservative Income.

14. The first paragraph of the Individual Portfolios section on page 31 is replaced with the following:

These Portfolios are available as standalone options and, as such, do not change as the Beneficiary ages. Please see above for those descriptions.

*15. The references in the tables on pages 31-33 to **"See the description under Age-Based Options"** are hereby deleted for each of the Aggressive Growth Portfolio, the Moderate Growth Portfolio, the Growth Portfolio, the Conservative Growth Portfolio, the Income Portfolio and the Interest Accumulation Portfolio, and replaced with **"See the description under Individual Portfolio Options above."***

16. The last paragraph on page 34, is deleted and replaced with the following:

The assets in your Current Portfolio may have been invested in the Current Portfolio for all or only a portion of the period reported in the performance table shown on the next page. Thus, your personal performance may differ from the performance for a Portfolio as shown in the table based on the timing and amount of your investments.

17. The Program's Management Agreement with the Program Manager has been extended. Any reference to the Management Agreement terminating in "May 2023," "May 6, 2023," or "2023" is replaced with "May 2025."

SUPPLEMENT DATED JANUARY 1, 2023 TO NEW YORK'S 529 COLLEGE SAVINGS PROGRAM *DIRECT PLAN* DISCLOSURE BOOKLET AND TUITION SAVINGS AGREEMENT DATED SEPTEMBER 30, 2021

This Supplement describes important changes and amends the Disclosure Booklet and Tuition Savings Agreement dated September 30, 2021 (Disclosure Booklet). You should read this Supplement in conjunction with the Disclosure Booklet. Please keep this Supplement with your *Direct Plan* documents.

INCREASE TO THE FEDERAL ANNUAL EXCLUSION FOR GIFTS

As of January 1, 2023, the federal annual gift tax exclusion increased to $17,000 for a single individual, $34,000 for married couples making a proper election. For 529 Plans, contributions of up to $85,000 for a single contributor (or $170,000 for married couples making a proper election) can be made in a single year and applied against the annual gift tax exclusion equally over a five-year period. Accordingly, all references to the exclusion of contributions from federal gift tax found throughout the Disclosure Booklet are updated to reflect these increased amounts.

1. The following replaces the first paragraph under "Federal Gift and Estate Taxes" on page 38 of the Disclosure Booklet:

Federal Gift and Estate Taxes

If your contributions, together with any other gifts to the Beneficiary, do not exceed $17,000 per year ($34,000 for married couples making a proper election), no gift tax will be imposed for that year. Gifts of up to $85,000 can be made in a single year ($170,000 for married couples making a proper election) for a Beneficiary, and you may elect to apply the contribution against the annual exclusion equally over a five-year period. This allows you to move assets into tax-deferred investments and out of your estate more quickly.

2. The following replaces the highlighted section entitled "Federal Gift Tax Exemption" on page 38 of the Disclosure Booklet:

Federal Gift Tax Exemption

In 2023, you can contribute up to $17,000 a year ($34,000 if married and making the split-gift election) to the *Direct Plan* without incurring federal gift taxes. This amount is periodically adjusted for inflation.

SUPPLEMENT DATED SEPTEMBER 30, 2022 TO NEW YORK'S 529 COLLEGE SAVINGS PROGRAM *DIRECT PLAN* DISCLOSURE BOOKLET AND TUITION SAVINGS AGREEMENT DATED SEPTEMBER 30, 2021

This Supplement describes important changes and amends the Disclosure Booklet and Tuition Savings Agreement dated September 30, 2021 (Disclosure Booklet). You should read this Supplement in conjunction with the Disclosure Booklet. Capitalized terms not otherwise defined have the same meaning as that term used in the Disclosure Booklet. Please keep this Supplement with your *Direct Plan* documents.

ADDITION OF SOCIAL INDEX PORTFOLIO TO THE *DIRECT PLAN* INVESTMENT LINEUP

The Social Index Portfolio has been added as a standalone Investment Option to the *Direct Plan*. Accordingly, effective September 30, 2022, the following changes are made to the Disclosure Booklet:

1. The following is added to the Fee Structure table on page 19 of the Disclosure Booklet:

Portfolio	Estimated Underlying Fund Fee[1]	State Fee[2]	Program Management Fee[3]	Total Annual Asset-Based Fee[4]	Annual Account Maintenance Fee
Social Index Portfolio	0.12%	None	None	0.12%	None

2. The Social Index Portfolio is added to the list of Stock Portfolios included in the section entitled "Individual Portfolio Options" on page 26 of the Disclosure Booklet.

3. The following is added to the section entitled "Individual Portfolios - Stock Portfolios" on page 31 of the Disclosure Booklet:

SOCIAL INDEX PORTFOLIO	
The Portfolio seeks to track the performance of a benchmark index that measures the investment return of large- and mid-capitalization stocks.	The Portfolio invests 100% of its assets in the Vanguard FTSE Social Index Fund, which employs an indexing investment approach designed to track the performance of the FTSE4Good US Select Index.
The Portfolio is subject to stock market risk, and ESG investing risk.	The index, which is market-capitalization weighted, is composed of large- and mid-cap stocks of companies that are screened for certain environmental, social, and corporate governance (ESG) criteria by the index sponsor, which is independent of Vanguard. The FTSE4Good US Select Index excludes the stocks of companies that FTSE Russell (FTSE) determines engage in, have a specified level of involvement in, and/or derive threshold amounts of revenue from certain activities or business segments related to the following: adult entertainment, alcohol, tobacco, cannabis, gambling, chemical and biological weapons, cluster munitions, anti-personnel landmines, nuclear weapons, conventional military weapons, civilian firearms, nuclear power, and coal, oil, or gas. The level or type of involvement in, or amount of revenue earned from, certain activities or business segments that lead to exclusion by FTSE can vary from one activity or business segment to another. The index methodology also excludes the stocks of companies that, as FTSE determines based on its internal assessment, do not meet certain labor, human rights, environmental, and anti-corruption standards as defined by the United Nations Global Compact Principles, as well as companies that do not meet certain diversity criteria.

SUPPLEMENT DATED JUNE 2022 TO NEW YORK'S 529 COLLEGE SAVINGS PROGRAM *DIRECT PLAN* DISCLOSURE BOOKLET AND TUITION SAVINGS AGREEMENT DATED SEPTEMBER 30, 2021

This Supplement describes important changes and amends the Disclosure Booklet and Tuition Savings Agreement dated September 30, 2021 (Disclosure Booklet). You should read this Supplement in conjunction with the Disclosure Booklet. Capitalized terms not otherwise defined have the same meaning as that term used in the Disclosure Booklet. Please keep this Supplement with your *Direct Plan* documents.

ADDITION OF APPRENTICESHIP PROGRAMS TO NEW YORK QUALIFIED HIGHER EDUCATION EXPENSES

In December 2019, Internal Revenue Code Section 529 was amended to allow 529 Plan account owners to withdraw assets to pay for Apprenticeship Program Expenses with no federal tax impact. Under New York State law, these distributions to pay Apprenticeship Program Expenses were considered New York Nonqualified Withdrawals and required the recapture of any New York State tax benefits that had accrued on contributions.

Effective April 9, 2022, New York State law was amended to include distributions to pay Apprenticeship Program Expenses as qualified withdrawals. Accordingly, distributions for Apprenticeship Program Expenses made on or after this date will have no New York State tax impact.

Accordingly, the following changes are made to the Disclosure Booklet:

1. The paragraph entitled "About New York's 529 College Savings Program; Direct Plan" on page 4 of the Disclosure Booklet is replaced in its entirety as follows:

About New York's 529 College Savings Program *Direct Plan*

Offered by New York State, the *Direct Plan* lets you save for education by investing in a tax-advantaged way. Through your Account, you select and then contribute to one or more of the 16 Investment Options included in the *Direct Plan*. Any investment earnings will grow tax-deferred and your withdrawals from the Account are federally and New York State tax-free, provided the money is used for Qualified Higher Education Expenses at Eligible Educational Institutions or for Apprenticeship Program Expenses. Under federal law but not New York State law, a distribution used to pay for K–12 Tuition Expenses (up to $10,000 annually) or Qualified Loan Repayments is also tax-free.

2. The sections entitled "New York Qualified Withdrawals" and "Federal Qualified Withdrawals" on page 14 of the Disclosure Booklet are replaced in their entirety as follows:

New York Qualified Withdrawals

To be considered a New York Qualified Withdrawal, the proceeds must be used for the Qualified Higher Education Expenses of your Beneficiary at an Eligible Educational Institution or for Apprenticeship Program Expenses. An Eligible Educational Institution does not include an elementary or secondary school. Accordingly, withdrawals for K–12 Tuition Expenses are considered New York Nonqualified Withdrawals. Qualified Loan Repayments are also considered New York Nonqualified Withdrawals. *See Section 2. Withdrawals for K–12 Tuition Expenses, and Qualified Loan Repayments.*

Under current law, the earnings portion of a New York Qualified Withdrawal is not subject to New York State taxes and the earnings portion is not subject to federal income taxation.

Federal Qualified Withdrawals

To be considered a Federal Qualified Withdrawal, the proceeds must be used for your Beneficiary's Qualified Higher Education Expenses, K–12 Tuition Expenses (up to $10,000 annually), Apprenticeship Program Expenses, or a Qualified Loan Repayment. Under current law, the earnings portion of a Federal Qualified Withdrawal used to pay Qualified Higher Education Expenses of the Beneficiary at an Eligible Educational Institution or for Apprenticeship Program Expenses is not subject to New York State taxes or federal income taxation. However, if a Federal Qualified Withdrawal is used to pay K–12 Tuition Expenses or to make a Qualified Loan Repayment and you are a New York State taxpayer, the distribution is not considered a New York Qualified Withdrawal and will require the recapture of any New York State tax benefits that have accrued on contributions.

3. The paragraph entitled "New York State Treatment" in the section entitled "Withdrawals for K–12 Tuition Expenses, Apprenticeship Programs, and Qualified Loan Repayments" on page 15 of the Disclosure Booklet is replaced in its entirety as follows:

New York State Treatment. If you are a New York State taxpayer, the distributions for K–12 Tuition Expenses and Qualified Loan Repayments are considered New York Nonqualified Withdrawals and will require the recapture of any New York State tax benefits that have accrued on contributions.

4. The sections entitled "Withdrawals Not Subject to New York Taxation" and "Withdrawals Subject to New York Taxation" on page 39 of the Disclosure Booklet are replaced in their entirety as follows:

Withdrawals Not Subject to New York Taxation

New York Qualified Withdrawals and withdrawals because of the death or Disability of your Beneficiary are not includable in computing your or your Beneficiary's New York State taxable income.

New York Qualified Withdrawals are withdrawals used to pay a Beneficiary's Qualified Higher Education Expenses and Apprenticeship Program Expenses. This does not include K–12 Tuition Expenses or Qualified Loan Repayments, as these are considered New York Nonqualified Withdrawals and are treated as described below.

Withdrawals Subject to New York Taxation

New York Nonqualified Withdrawals, including withdrawals used to pay K–12 Tuition Expenses or Qualified Loan Repayments; and withdrawals because of a Qualified Scholarship received by your Beneficiary or attendance at a military academy will be includable in computing your New York State taxable income for the year in which you make the withdrawal. This does not include any portion of that withdrawal attributable to contributions to your Account that were not previously deducted from your New York State personal income taxes.

5. The definitions of "New York Nonqualified Withdrawals" and "New York Qualified Withdrawal" on page 44 of the Disclosure Booklet are replaced in their entirety as follows:

New York Nonqualified Withdrawals: A withdrawal from an Account that is not one of the following:

- A New York Qualified Withdrawal.
- A withdrawal because of the death or Disability of your Beneficiary.
- A withdrawal because of the receipt of a Qualified Scholarship or attendance at a military academy by your Beneficiary (to the extent the amount withdrawn does not exceed the amount of the scholarship).
- A transfer of assets to the credit of another Beneficiary within the Program, as long as the other Beneficiary is a Member of the Family of the prior Beneficiary.

If you are a New York State taxpayer, a Federal Qualified Withdrawal where the proceeds are used to pay K–12 Tuition Expenses or to make a Qualified Loan Repayment is considered a New York Nonqualified Withdrawal, and the withdrawal will require the recapture of any New York State tax benefits that have accrued on contributions.

New York Qualified Withdrawal: A withdrawal from an Account that is used to pay the Qualified Higher Education Expenses or the Apprenticeship Program Expenses of a Beneficiary.

CHANGES TO OPTIONAL CONVENIENCE FEE CONDITIONS

The second paragraph under the heading "Other Program Charges, Fees, or Penalties" on page 18 of the Disclosure Booklet is replaced in its entirety as follows:

We will report optional convenience fees (e.g., for priority delivery, as applicable, and electronic payment to schools (where available) as withdrawals on Form 1099-Q. Such fees may be considered Federal Nonqualified Withdrawals and New York Nonqualified Withdrawals. You should consult your tax advisor regarding calculating and reporting any tax liability as applicable.

SUPPLEMENT DATED APRIL 2022 TO NEW YORK'S 529 COLLEGE SAVINGS PROGRAM *DIRECT PLAN* DISCLOSURE BOOKLET AND TUITION SAVINGS AGREEMENT DATED SEPTEMBER 30, 2021

This Supplement describes important changes and amends the Disclosure Booklet and Tuition Savings Agreement dated September 30, 2021 (Disclosure Booklet). You should read this Supplement in conjunction with the Disclosure Booklet. Please keep this Supplement with your *Direct Plan* documents.

INCREASE TO THE FEDERAL ANNUAL EXCLUSION FOR GIFTS

As of January 1, 2022, the federal annual gift tax exclusion increased to $16,000 for a single individual, $32,000 for married couples making a proper election. For 529 Plans, contributions of up to $80,000 for a single contributor (or $160,000 for married couples making a proper election) can be made in a single year and applied against the annual gift tax exclusion equally over a five-year period. Accordingly, all references to the exclusion of contributions from federal gift tax found throughout the Disclosure Booklet are updated to reflect these increased amounts.

1. The following replaces the first paragraph under "Federal Gift and Estate Taxes" on page 38 of the Disclosure Booklet:

Federal Gift and Estate Taxes

If your contributions, together with any other gifts to the Beneficiary, do not exceed $16,000 per year ($32,000 for married couples making a proper election), no gift tax will be imposed for that year. Gifts of up to $80,000 can be made in a single year ($160,000 for married couples making a proper election) for a Beneficiary, and you may elect to apply the contribution against the annual exclusion equally over a five-year period. This allows you to move assets into tax-deferred investments and out of your estate more quickly.

2. The following replaces the highlighted section entitled "Federal Gift Tax Exemption" on page 38 of the Disclosure Booklet:

Federal Gift Tax Exemption

In 2022, you can contribute up to $16,000 a year ($32,000 if married and making the split-gift election) to the *Direct Plan* without incurring federal gift taxes. This amount is periodically adjusted for inflation.

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Direct Plan Disclosure Booklet and Tuition Savings Agreement

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Please Retain This Disclosure Booklet

This Disclosure Booklet—including the Tuition Savings Agreement and other supplements distributed from time to time—contains information about New York's 529 College Savings Program *Direct Plan* (*Direct Plan*). It describes the risks associated with, and the terms and conditions of, investing in the *Direct Plan*. It should be read carefully and retained for your future reference.

The information contained in this Disclosure Booklet is authorized by the Office of the Comptroller of the State of New York (the Comptroller) and the New York State Higher Education Services Corporation (HESC). The Comptroller and HESC serve together as the Program Administrators of the *Direct Plan*.

Information other than what is contained in this Disclosure Booklet must not be relied upon as having been authorized by the Program Administrators.

This Disclosure Booklet has been identified by the Program Administrators as the Offering Materials (as defined in the College Savings Plans Network Disclosure Principles, as may be amended or restated from time to time) intended to provide substantive disclosure of the terms and conditions of an investment in the *Direct Plan*. This Disclosure Booklet is designed to comply with the College Savings Plans Network Disclosure Principles.

New York's 529 College Savings Program currently includes two separate 529 plans. The *Direct Plan* is sold directly by the Program. You may also participate in New York's 529 Advisor-Guided College Savings Program (Advisor-Guided Plan), which is sold exclusively through financial professionals and has different investment options and higher fees and expenses as well as financial professional compensation.

This Disclosure Booklet Supersedes Any Prior Booklets

This Disclosure Booklet is dated September 30, 2021, and supersedes all previously distributed Disclosure Booklets, including any supplements. No person should rely upon any previously distributed Disclosure Booklet or supplement after the date of this Disclosure Booklet. Information contained in this Disclosure Booklet is believed by the Program Administrators to be accurate as of its date but is not guaranteed by the Program Administrators and is subject to change without notice.

Investments Are Not Guaranteed or Insured

None of the United States; the State of New York; the Comptroller; HESC; any agency or instrumentality of the federal government or of the State of New York; any fund established by the State of New York or through operation of New York State law for the benefit of insurance contracts or policies generally; Ascensus Broker Dealer Services, LLC, or any of its affiliates; The Vanguard Group, Inc., or any of its affiliates; any agent, representative, or subcontractor retained in connection with the Program; or any other person makes any guarantee of, insures, or has any legal or moral obligation to insure either the ultimate payout of all or any portion of the amount contributed to an Account or any investment return, or an investment return at any particular level, on an Account.

Investments in the *Direct Plan* are not guaranteed or insured by the *Direct Plan*, the Program Administrators, the Federal Deposit Insurance Corporation (FDIC), or any other entity. The value of your Account will depend on market conditions and the performance of the Investment Options you select. Investments in the *Direct Plan* can go up or down in value, and you could lose money by investing in the *Direct Plan*.

Tax Disclaimer

This Disclosure Booklet is not intended to constitute, nor does it constitute, legal or tax advice. This Disclosure Booklet was developed to support the marketing of the *Direct Plan* and cannot be relied upon for purposes of avoiding the payment of federal, state, or local taxes or penalties. You should consult your legal or tax advisor about the impact of these rules on your individual situation.

State Tax and Other Benefits

If you are not a New York State taxpayer, before investing, consider whether your or the Beneficiary's home state offers a 529 plan that provides its taxpayers with favorable state tax or other state benefits that may only be available through investment in that state's 529 plan, and which are not available through investment in the *Direct Plan*. Other state benefits may include financial aid, scholarship funds, and protection from creditors. Since different states have different tax provisions, this Disclosure Booklet contains limited information about the state tax consequences of investing in the *Direct Plan*. Therefore, please consult your financial, tax, or other advisor to learn more about how state-based benefits (or any limitations) would apply to your specific circumstances. You also may wish to contact your home state's 529 plan(s), or any other 529 plan, to learn more about those plan 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.

Spanish Language Version

A Spanish-translated version of this Disclosure Booklet will be made available by visiting **nysaves.org/espanol** or by contacting us by mail at New York's 529 College Savings Program *Direct Plan*, P.O. Box 55440, Boston, MA 02205-8323, or by phone at **877-NYSAVES** (877-697-2837).

Contents

Section 1. Introduction and Summary 4

Section 2. Your Account 6

Opening Your Account 6
- How to Open an Account 6
- Choose Investment Options 6

Contributing to Your Account 7
- Spousal Contribution 8
- Minimum Contributions 8
- Maximum Account Balance 8
- Allocation of Contributions 8
- Recurring Contributions 8
- Electronic Bank Transfer (EBT) 9
- Contributions by Check 9
- Contributions by Payroll Deduction 9
- Ugift® 9
- Upromise® 9
- Contributions From an Education Savings Account or Qualified U.S. Savings Bond 10
- Contributions From UGMA/UTMA Custodial Accounts 10

Maintaining Your Account 11
- Substituting Beneficiaries 11
- Change of Account Ownership 11
- Changing Your Investment Options 11
- Unused Account Assets 12
- Confirmations and Statements 12
- Safeguarding Your Account 13
- Affirmative Duty to Promptly Notify Us of Errors 13

Withdrawing From Your Account 13
- Paying Educational Institutions 13
- Change of Address 13
- Withdrawals: Qualified and Nonqualified 14
- New York Qualified Withdrawals 14
- Federal Qualified Withdrawals 14
- New York Nonqualified Withdrawals 14
- Federal Nonqualified Withdrawals 14
- Qualified Higher Education Expenses 15
- Eligible Educational Institutions 15
- Refunds From Eligible Educational Institutions 15
- Withdrawals Exempt From the Federal Penalty 16
- Death of Your Beneficiary 16
- Disability of Your Beneficiary 16
- Receipt of a Qualified Scholarship/Attendance at a Military Academy 16
- Rollovers to Other 529 Plans 16
- ABLE Rollover Distributions 17
- Transfer Assets to Another Beneficiary Within the Program 17
- Refunded Distribution 17
- Records Retention 17

Section 3. Fees 18
- Total Annual Asset-Based Fee 18
- Float Income 18
- Other Program Charges, Fees, or Penalties 18
- Fee Structure 19
- Investment Cost Example 19

Section 4. Risks 20
- No Guarantee of Principal or Earnings; No Insurance 20
- Market Uncertainties and Other Events 20
- Inflation 20
- No Suitability Determination 20
- Not a Direct Investment in Mutual Funds or Registered Securities 20
- Uncertainty of Tax Consequences 21
- No Indemnification 21
- Eligibility for Financial Aid 22
- No Guarantee That Investments Will Cover Education-Related Expenses 22
- Education Savings and Investment Alternatives 22
- No Guarantee of Admission to Any Institution and Related Matters 22
- Medicaid and Other Federal and State Noneducational Benefits 22
- *Direct Plan* Investment Options Not Designed for Elementary and Secondary School Tuition Expenses or Qualified Loan Repayments 22

Section 5. Investment Options 23
- Summary of Investment Options 23
- Age-Based Options 23
- Individual Portfolio Options 23
- Investment Time Horizons for Different Savings Goals 23
- Requesting Additional Information About the Underlying Funds 23

Age-Based Options 24

Individual Portfolio Options 26

Portfolio Descriptions 26

Age-Based Options 26

Portfolio Strategy Summaries 30

Individual Portfolios 31
- Stock Portfolios 31
- Balanced Portfolios 32
- Bond Portfolios 32
- Short-Term Investment Portfolio 33

Section 6. Performance Information 34

Section 7. Important Tax Information 36

Federal Tax Information 36

New York State Tax Information 38

Section 8. Plan Governance 40

Who's Who in the Program 40
- Legal and Other Contractual Matters 41

Section 9. Protections and Limitations 42

Creditor Protection Under U.S. and New York State Law 42

No Assignments or Pledges 42

Certain Rights of the Program Administrators 42

Account Restrictions 42

Section 10. Glossary 43

Section 11. The *Direct Plan*'s Privacy Policy 47

New York State Personal Privacy Protection Law Notice 47

Section 12. New York's College Savings Program *Direct Plan* 48

Tuition Savings Agreement 48

Getting Started

Opening an Account in the *Direct Plan* is easy. Just follow these steps:

1. Read this Disclosure Booklet in its entirety and save it for future reference. It contains important information you should review before opening an Account, including information about the benefits and risks of investing.

2. Gather your information:
    a. Your Social Security number or Individual Taxpayer Identification number and date of birth.
    b. Your permanent address.
    c. Your Beneficiary's Social Security number or Individual Taxpayer Identification number and date of birth.
    d. Your email address.
    e. Your checking or savings account number and your bank's routing number (if you want to contribute electronically with a bank transfer).

3. Go to **nysaves.org** and click **Open an Account**. The easy-to-follow directions will guide you through the enrollment process. Enrolling online is fast, convenient, and secure. In as little as ten minutes, you can be fully signed up and saving for your Beneficiary's higher education. Or, if you prefer, you can complete and mail the Enrollment Application that is downloadable from the **Forms** section of our website.

If you would like to open an Account, request an Enrollment Application or other forms, or have other questions about the *Direct Plan*, visit us at **nysaves.org** or call us toll-free at **877-NYSAVES** (877-697-2837). You may also address questions and requests in writing to: New York's 529 College Savings Program *Direct Plan*, P.O. Box 55440, Boston, MA 02205-8323. A Spanish-translated version of this Disclosure Booklet is available by visiting **nysaves.org/espanol** or by contacting the number or address provided above.

Section 1. Introduction and Summary

For many families and individuals, paying the cost of higher education seems like a big challenge. The *Direct Plan* is designed to help you meet that challenge with a tax-advantaged Account.

This Disclosure Booklet contains important information that can help you decide whether to open an Account in the *Direct Plan*. You can find the key terms used throughout this Disclosure Booklet in the "Glossary," beginning on page 43.

This introduction and summary provide highlights of the features of the *Direct Plan* and tells you the section and page number where you can find more complete information about each topic.

About New York's 529 College Savings Program

Direct Plan

Offered by New York State, the *Direct Plan* lets you save for education by investing in a tax-advantaged way. Through your Account, you select and then contribute to one or more of the 16 Investment Options included in the *Direct Plan*. Any investment earnings will grow tax-deferred and your withdrawals from the Account are federally and New York State tax-free, provided the money is used for Qualified Higher Education Expenses at Eligible Educational Institutions. Under federal law but not New York State law, a distribution used to pay for K–12 Tuition Expenses (up to $10,000 annually), Apprenticeship Program Expenses, or Qualified Loan Repayments is also tax-free.

What's Inside

Your Account (page 6)

This section explains how to open an Account in the *Direct Plan*, choose a Beneficiary, choose your Investment Options, designate a Successor Account Owner, and contribute money to an Account. This section also explains how you can maintain or make changes to your Account, how to receive gift contributions to your Account, how to use your Account to pay for Qualified Higher Education Expenses, and how the Upromise rewards program works.

Fees (page 18)

We charge an asset-based fee as a percentage of the total assets you invest in each Portfolio, but we do not charge a sales commission or an annual fee. The asset-based fee covers investment management and program management services. As of the date of this Disclosure Booklet, the Annual Asset-Based Fee is 0.12%. This translates into an annual cost of $1.20 for every $1,000 in your Account. As an Account Owner, you indirectly bear a pro-rata share of the Annual Asset-Based Fee. The fee reduces the return you will receive from investing in the *Direct Plan*. Fees are described in greater detail in this section.

Risks (page 20)

In addition to the investment risks of the Portfolios, there are certain risks relating to the *Direct Plan* you should be aware of before opening an Account or making a contribution. In this section, we discuss some of these key risks. You should consult a qualified tax or financial professional before making a contribution. Specific investment risks are discussed in Section 5. Investment Options.

Investment Options (page 23)

In this section, you will find information about your Investment Options, including a discussion of the Age-Based Options and the Individual Portfolios.

- You can choose from among three ***Age-Based Options***, which automatically move your assets to progressively more conservative Portfolios as your Beneficiary approaches college age. You can select the option—conservative, moderate, or aggressive—that best reflects your risk tolerance.
- You can choose from among various ***Individual Portfolios***, which invest in stock funds, bond funds, insurance company funding agreements, and combinations thereof. If you choose an Individual Portfolio, your money will remain in that Portfolio until you instruct us to move it.

You should consider the information carefully before choosing to invest in one or more of these Investment Options. Information related to each Portfolio's strategy and risks has been provided by Vanguard and has not been independently verified by the Program Administrators, who make no representation as to the information's accuracy or completeness.

You may change your Investment Options for balances currently in your *Direct Plan* Account up to two times per calendar year or if you change your Beneficiary. You can apply new contributions to your existing Portfolio selections or to new Portfolios.

Performance Information (page 34)

In this section, we show the performance of the Portfolios in the *Direct Plan* over various periods. Performance information is also routinely updated on our website at nysaves.org.

Important Tax Information (page 36)

This section summarizes some of the federal and New York State tax consequences of investing in the *Direct Plan*. However, this is not an exhaustive discussion and is not intended as individual tax advice.

Plan Governance (page 40)

The section summarizes the administration of the *Direct Plan*.

- **The Trust:** A statutory trust created by the New York State Legislature specifically for the purpose of holding and investing the Program's assets.

- **The Program:** The New York State College Choice Tuition Savings Program, which consists of the *Direct Plan* and the Advisor-Guided Plan.
- **Program Administrators:** The Comptroller and HESC.
- **Program Manager:** Ascensus Broker Dealer Services, LLC.
- **Investment Manager:** The Vanguard Group, Inc.
- **Custodian:** The Bank of New York Mellon.

Protections and Limitations (page 42)

In this section, you will learn about the rights and obligations associated with your Account, considerations related to changes to your Account, and state and federal laws.

Glossary (Page 43)

This section provides definitions of terms contained in this Disclosure Booklet. Note that terms defined in the glossary (other than you, we, our, and us) appear with initial capital letters when referenced in this document.

The Direct Plan's Privacy Policy (page 47)

This section contains information about which parties may request your personal information, who is responsible for maintaining that information, and how the *Direct Plan* will use your personal information.

New York's College Savings Program Direct Plan Tuition Savings Agreement (page 48)

This section details your rights and responsibilities in connection with your enrollment in the *Direct Plan*. You must review this Agreement in detail prior to completing an Enrollment Application. Upon enrolling in the *Direct Plan*, you will be prompted to acknowledge your understanding of and agreement with the terms, conditions, and information contained in this Disclosure Booklet and the Agreement.

Section 2. Your Account

This section explains the steps for Opening Your Account, Contributing to Your Account, Maintaining Your Account, and Withdrawing From Your Account.

Opening Your Account

Who Can Participate

To become an Account Owner in the *Direct Plan* you must be one of the following:

- A U.S. citizen or resident alien.
- A fiduciary or agent for a trust, an estate, a corporation, a company, a partnership, or an association.

We require each Account Owner to have a Social Security number or Individual Taxpayer Identification number and provide a U.S. permanent street address that is not a post office box.

Minors may become Account Owners; however, a parent or guardian must complete the Enrollment Application on their behalf. An emancipated minor must submit a court order as well as any other documentation that we request, establishing that he or she is empowered to enter into a contract without the ability to revoke that contract based on age.

You do not have to be a New York State resident to be an Account Owner or a Beneficiary, and there are no income restrictions.

No Residency Restriction

You and your Beneficiary don't need to be New York State residents to open a *Direct Plan* Account.

How to Open an Account

To open an Account, you must complete and submit an Enrollment Application. You can do this in one of three ways:

- Online: Complete the Enrollment Application at nysaves.org.
- By mail: Complete, sign, and mail an Enrollment Application to New York's 529 College Savings Program *Direct Plan*, P.O. Box 55440, Boston, MA 02205-8323.
- By phone: Call **877-NYSAVES** (877-697-2837).

By signing the Enrollment Application online or in the paper format, you agree that your Account is subject to the terms and conditions of the then-current Tuition Savings Agreement as well as to the information about the *Direct Plan* in this Disclosure Booklet. We reserve the right to hold you liable in the event you intentionally provide inaccurate information in connection with your Account.

You may choose to open an Account with the assistance of a financial professional, who would generally charge a fee for this service. You must consent and agree to authorize your financial professional to access your Account and perform certain transactions on your behalf on the appropriate Plan form. The Plan and its authorized representatives, at their discretion, may terminate your financial professional's authority to access your Account.

Questions?

If you have any questions about setting up your Account, you can get additional information online at nysaves.org or by calling **877-NYSAVES** (877-697-2837).

Once you set up your Account, only you control how that Account's assets are invested and used. Although contributions to the *Direct Plan* are considered completed gifts to your Beneficiary for federal gift, generation-skipping, and estate tax purposes, a Beneficiary who is not the Account Owner has no control over the assets in the Account. See *Designate a Successor Account Owner* later in this section.

Choose a Beneficiary

You will need to select a Beneficiary for the Account on your Enrollment Application. Your Beneficiary is the future student. Your Beneficiary must be a U.S. citizen or resident alien with a valid Social Security number or Individual Taxpayer Identification number.

Other considerations when selecting a Beneficiary:

- Your Beneficiary can be of any age—newborn to adult.
- You may select only one Beneficiary per Account.
- You do not have to be related to your Beneficiary.
- You may select yourself as the Beneficiary.

Choose Investment Options

You may select from a number of Investment Options, which fall into two categories:

- Age-Based Options (three options). The asset allocation of money invested in any of the Age-Based Options is automatically adjusted over time to become more conservative as your Beneficiary approaches college age. The Age-Based Options are designed for college savings and may not be appropriate for those saving for primary or secondary education.
- Individual Portfolios (13 options). The asset allocation of money invested in any of the Individual Portfolios is static; it does not change over time.

You may choose up to five Investment Options per contribution, and you must allocate a minimum of 5% of the contribution to each Investment Option you choose. For details about the *Direct Plan*'s Investment Options, including investment objectives, strategies, risks, and performance, see *Section 5. Investment Options*.

Designate a Successor Account Owner

You should consider designating a Successor Account Owner who will become the Account Owner if you die. If you designate a Successor Account Owner, that person will take over your rights, title, and interest in an Account (including the right to change your Beneficiary) upon your death.

If you have not designated a Successor Account Owner, ownership of your Account and all rights related to your Account will be determined upon your death as provided in applicable laws for wills, estates, and intestate succession. If you are concerned with assuring who would exercise control over your Account upon your death, you should designate a Successor Account Owner or consult a qualified estate planning professional.

If you do not initially designate a Successor Account Owner but later decide to do so, or if you wish to revoke or change a designation, you may make the change online at **nysaves.org**, by phone at **877-NYSAVES** (877-697-2837), or by mailing the appropriate form to the *Direct Plan*. The change will become effective after your instructions have been received and processed.

Choose a Successor

Designating a successor now will assist in making an ownership transfer of your Account to your named successor more efficient.

The Successor Account Owner will be required to submit to us one of the following:

- A certified copy of a death certificate sufficiently identifying you by name and Social Security number or Individual Taxpayer Identification number.
- Other proof recognized under applicable law and acceptable to the Program Administrators before taking any action regarding the Account following your death. To complete the transfer, your Successor Account Owner must also complete a new Enrollment Application after your death.

You should consult with a qualified tax advisor about the potential tax and legal consequences of a change in Account Owner. See *Section 7. Important Tax Information—Federal Gift and Estate Taxes* for additional information.

Contributing to Your Account

You may contribute to your *Direct Plan* Account by any of the following methods: Recurring Contributions, electronic bank transfer, check, money order up to $100, payroll deduction (if your employer permits payroll deduction), transfer from a Upromise account, Qualified Rollovers from a non-Program 529 plan, transfer from another Account in the *Direct Plan* or the Advisor-Guided Plan, transfer from an education savings account, or redemption of a Qualified U.S. Savings Bond. We also accept contributions from custodial accounts under the Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act (UGMA/UTMA). You may also receive a gift contribution through Ugift. Some of these methods are discussed in detail later in this section.

Ways to Contribute to Your *Direct Plan* Account	Recurring Contributions Link your bank account and the *Direct Plan* to schedule automatic transfers on a recurring basis.	Electronic Bank Transfer (EBT) Link your bank account to the *Direct Plan* for electronic transfer from your checking or savings account.	Check or Money Order (money order subject to $100 limit) Send a check or money order payable to "New York's 529 College Savings Program *Direct Plan*" to P.O. Box 55440, Boston, MA 02205-8323.	Payroll Deduction Link your *Direct Plan* Account to your employer so a set amount is taken out of your paycheck each pay period.
Upromise Link your *Direct Plan* Account to the Upromise rewards program to earn a percentage of what you spend on eligible everyday purchases.	Ugift Give a unique code to your family and friends and allow them to contribute to your *Direct Plan* Account.	Incoming Rollover Transfer assets from a 529 plan outside the Program to your *Direct Plan* Account.	Contribution From Education Savings Account or Qualified U.S. Savings Bond Contribute to the *Direct Plan* from an education savings account or by selling a Qualified U.S. Savings Bond.	Contribution From UGMA/UTMA Contribute assets from an UGMA/UTMA account to your *Direct Plan* Account.

Third-Party Contributions

Others can make contributions to your Account as well. However, only you, as the Account Owner, can control how the Account's assets are invested and used. Contributions made by a third party may not be deductible from New York State taxable income.

Spousal Contribution

Your spouse can contribute to your Account, and those contributions may be eligible for the New York State tax deduction if you file a joint New York State income tax return. However, if a contribution check is from your spouse's individual bank account and not an account held jointly with you, we will generally treat it as a contribution made by a third party, and it may not be deductible from New York State taxable income by you or your spouse.

Please contact the New York State Department of Taxation and Finance (DTF) to see if the contribution qualifies for a deduction.

Minimum Contributions

There is no Minimum Contribution when opening an Account or adding to an existing Account. However, there is a minimum transfer amount when investing through Upromise. In addition, gift contributions through Ugift must be at least $1.

No Minimum Contribution

There is no minimum required to open a *Direct Plan* Account.

Maximum Account Balance

There is no limit on the growth of Accounts. However, you will not be permitted to make contributions to any Account for a Beneficiary if the aggregate Account balance, including the proposed contributions and *Direct Plan* and Advisor-Guided Plan Accounts for that Beneficiary regardless of Account Owner, would exceed the "Maximum Account Balance." This limit is determined periodically by the Program Administrators in compliance with federal requirements. The Maximum Account Balance is currently $520,000. If your Account has reached the Maximum Account Balance, it may continue to accrue earnings, but additional contributions will not be accepted and will be returned to you or rejected. The Maximum Account Balance is based on the aggregate market value of the Account(s) for a Beneficiary plus the amount of total withdrawals, and not solely on the aggregate contributions made to the Account(s). If, however, the market value of such Account(s) falls below the Maximum Account Balance because of market fluctuations and not as a result of withdrawals from the Account(s), additional contributions will be accepted not in excess of the Maximum Account Balance. We may, in our discretion, refuse to accept a proposed contribution if we determine that accepting the contribution would not comply with federal or New York State requirements. None of the Plan Officials will be responsible for any loss, damage, or expense incurred in connection with a rejected or returned contribution. In the future, the Maximum Account Balance might be reduced under certain circumstances. To determine periodically whether the Maximum Account Balance has changed, log on to **nysaves.org**.

Impermissible Methods of Contributing

We will not accept contributions made by cash, money order over $100, credit card, traveler's check, starter check, check drawn on banks located outside the U.S., check not in U.S. dollars, third-party personal check in an amount greater than $10,000, check dated earlier than 180 days before the date of receipt, postdated check, check with unclear instructions, or any other check we deem unacceptable. We also will not accept contributions made with stocks, securities, or other noncash assets.

Allocation of Contributions

You will be asked to designate on your Enrollment Application how you want your contributions allocated. You may invest all of your assets in one Investment Option or allocate your contributions among up to five different Investment Options.

For example, you may choose five Individual Portfolios or one Age-Based Option and four Individual Portfolios. Regardless of how many Investment Options you select, you must allocate a minimum of 5% of your contributions to each. For example, you could choose three Investment Options and allocate your contributions 60%/35%/5%.

Any contribution will be invested in accordance with the standing instructions you have provided for your Account unless you specify different allocation instructions for a particular contribution. You may change your instructions with respect to future contributions at any time: online at **nysaves.org**, by phone at **877-NYSAVES** (877-697-2837), or by submitting the appropriate form to the *Direct Plan*.

Recurring Contributions

You may contribute to your Account through periodic automated debits from a checking or savings account if your bank is a member of the Automated Clearing House, subject to certain processing restrictions. To initiate a Recurring Contribution during enrollment, you must complete the appropriate section of the Enrollment Application. Paper-based Enrollment Applications must be accompanied by appropriate checking or savings account information. You also may set up a Recurring Contribution after an Account has been established, either online at **nysaves.org** or by submitting the appropriate form.

There is no charge for establishing or maintaining Recurring Contributions. Your bank account will be debited on the day you designate, or the 10th of each month if no designation is made, provided the day is a regular business day. If the day you designate falls on a weekend or a holiday, the debit for your Recurring Contribution will occur on the next business day.

Your trade date (or the date your purchase is effective) will be the business day prior to your designated date. If you indicate a start date that is within the first four days of the month, there is a chance your investment will be credited on

the last business day of the previous month. Please note that Recurring Contributions with a debit date of January 1, 2, 3, or 4 will be credited in the same year as the debit date.

Authorization to perform Recurring Contributions will remain in effect until we receive notification of its change or termination. Either you or we may terminate your Recurring Contributions at any time. To be effective, we must receive a change to, or termination of, your Recurring Contributions at least five business days before the next debit is scheduled to be deducted from your bank account, and such change or termination is not effective until we receive and process the new instruction.

If your Recurring Contribution cannot be processed because the bank account on which it is drawn contains insufficient funds or because of incomplete or inaccurate information, or if the transaction would violate processing restrictions, we reserve the right to suspend the processing of future Recurring Contributions.

A program of regular investment cannot ensure a profit or protect against a loss.

Electronic Bank Transfer (EBT)

You may contribute to your Account by authorizing us to withdraw money by EBT from your bank checking or savings account, subject to certain processing restrictions. To authorize an EBT, you must be the account owner of the bank account and must provide certain information about the account from which funds will be withdrawn (the same information required to establish a Recurring Contribution).

Once you have provided that information, you may request an EBT from the designated bank account to your Account, online at **nysaves.org** or by phone at **877-NYSAVES** (877-697-2837).

There is no charge for requesting an EBT. If your EBT cannot be processed because the bank account on which it is drawn contains insufficient funds or because of incomplete or inaccurate information, or if the transaction would violate processing restrictions, we reserve the right to suspend processing of future EBT contributions.

We may place a limit on the total dollar amount per day you may contribute to an Account by EBT. Contributions in excess of such limit will be rejected or returned. If you plan to contribute a large dollar amount to your Account by EBT, you may want to contact the *Direct Plan* to inquire about the current limit prior to making your contribution.

Contributions by Check

Please make all checks payable to "New York's 529 College Savings Program *Direct Plan*" and send them to the following address: P.O. Box 55440, Boston, MA 02205-8323. For established Accounts, please include your Account number on the check. Family and friends are permitted to contribute directly to your existing Account by making checks payable to "New York's 529 College Savings Program *Direct Plan*."

Family and friends may also contribute by check through Ugift as described in this section. Any check that is made payable to you or your Beneficiary that you or your Beneficiary then endorse to the *Direct Plan* cannot exceed $10,000. Contributions to an Account by third parties are not generally deductible from New York State taxable income by the third party or the Account Owner. Please contact the DTF to see if the contribution qualifies for a deduction.

Contributions by Payroll Deduction

You may be eligible to make automatic contributions to your Account through payroll deduction, provided your employer has agreed to offer this service.

Contributions by payroll deduction will be permitted only from employers able to meet the *Direct Plan*'s operational and administrative requirements for payroll deductions.

Please check with your employer to see whether you are eligible to contribute to the *Direct Plan* through payroll deduction.

Ugift®

You may invite family and friends to contribute to your Account through Ugift, a *Direct Plan* feature, to provide a gift to your Beneficiary. You provide a unique contribution code to selected family and friends, and gift givers can either contribute online through a onetime or recurring electronic bank transfer or by mailing in a gift contribution coupon with a check made payable to "Ugift—New York's 529 College Savings Program *Direct Plan*."

Gift contributions received in good order will be held for approximately five business days before being transferred to your Account. Those made through Ugift are subject to the Maximum Account Balance and daily contribution limit requirements of the *Direct Plan*. Gift contributions will be invested according to the allocation on file for your Account at the time the contribution is transferred. There may be potential tax consequences of gift contributions to your Account. You and the gift giver should consult a tax advisor about your particular circumstances. For more information about Ugift, visit **nysaves.org** or call us at **877-NYSAVES** (877-697-2837).

Upromise®

We make saving for college easier with Upromise, a rewards service that gives back a percentage of your eligible spending with hundreds of America's leading companies as college savings. Once you enroll in the *Direct Plan*, your Account can be linked to your Upromise account so that rewards savings accumulated in your Upromise account are automatically transferred to your Account on a periodic basis, subject to a minimum transfer amount. Go to upromise.com for more information on transfer minimums. You may be eligible to deduct all or a portion of your rewards savings transferred to your Account from your New York State adjusted gross income.

Upromise is offered by Upromise, Inc., and this Disclosure Booklet is not intended to provide detailed information concerning the service. Upromise is administered in accordance with the terms and procedures set forth in the Upromise Member Agreement (as amended from time to time), which is available on the Upromise website. If you want more information about Upromise, please visit upromise.com.

Incoming Rollover Contributions

You can contribute to your Account with money transferred from a 529 plan outside of the Program without adverse tax consequences if certain requirements are met. This transaction is known as a "Qualified Rollover." You may roll over assets from an account in a non-Program 529 plan to your Account for the same Beneficiary without federal income tax consequences (including the Federal Penalty) if the rollover does not occur within 12 months from the date of a previous rollover to a Qualified Tuition Program for the same Beneficiary. You may also roll over money from a non-Program 529 plan to your Account without federal income tax consequences at any time when you change Beneficiaries provided that the new Beneficiary is a "Member of the Family" of the old Beneficiary as described in *Section 2. Your Account—Maintaining Your Account—Substituting Beneficiaries*. A 529 plan rollover that does not meet these criteria will be considered both a Federal Nonqualified Withdrawal and a New York Nonqualified Withdrawal that is subject to federal and applicable state income tax and the Federal Penalty. See *Section 2. Your Account—Withdrawing From Your Account* and *Section 7. Important Tax Information*.

Incoming rollovers can be direct or indirect. Direct Rollovers involve the transfer of money from a 529 plan outside of the Program directly to the Program. Indirect Rollovers involve the transfer of money from an account in a 529 plan outside of the Program to the Account Owner, who then contributes the money to an Account in the Program. To be a Qualified Rollover and avoid federal income tax consequences, money you receive in an Indirect Rollover must be contributed to your Account within 60 days of the withdrawal. If you are a New York taxpayer, you may be eligible to deduct all or a portion of the rollover from your New York State adjusted gross income. See *Section 7. Important Tax Information*. You should be aware that not all 529 plans outside of the Program permit Direct Rollovers. In addition, there may be state income tax consequences (and in some cases penalties) resulting from a rollover out of a state's 529 plan.

You can roll over assets to the Program, directly (if permitted by your current 529 plan) or indirectly, either as an initial contribution when you open an Account or as an additional contribution to an existing Account. When making a rollover, you will need to provide us with documentation from the distributing 529 plan account indicating the portion of the withdrawal attributable to earnings.

Until we receive this documentation, the entire amount of the rollover will be treated as earnings, which would be subject to taxation as a Federal and New York Nonqualified Withdrawal. See *Section 7. Important Tax Information*.

Contributions From an Education Savings Account or Qualified U.S. Savings Bond

You can contribute to your Account with proceeds from the sale of assets held in an education savings account described in Section 530 of the Code (i.e., a Coverdell Education Savings Account) or a Qualified U.S. Savings Bond. You will need to provide us with the following documentation:

- For assets from an education savings account, an account statement or other documentation from the custodial financial institution showing the total amount contributed and the proportion of the assets that represents earnings.
- For assets obtained by redeeming a Qualified U.S. Savings Bond, an account statement, Form 1099-INT, or other documentation from the financial institution that redeemed the bond showing the proportion of the assets that represents earnings.

Until we receive this documentation, the entire amount of the contribution will be treated as earnings, which would be subject to taxation as a Federal and New York Nonqualified Withdrawal. See *Section 7. Important Tax Information*.

Contributions From UGMA/UTMA Custodial Accounts

If you are the custodian of an UGMA/UTMA account, you may be able to open an Account using custodial assets previously held in the UGMA/UTMA account, subject to the laws of the state where you opened the UGMA/UTMA account. As custodian, you will act as the Account Owner and you may incur capital gains (or losses) from the sale of noncash assets held in the UGMA/UTMA account. You should consult a qualified tax advisor with respect to the contribution of UGMA/UTMA custodial assets and the implications of such a contribution. As an UGMA/UTMA custodian, you should consider the following:

- You may make withdrawals from the Account only as permitted under applicable UGMA/UTMA law as in effect in the state under which the UGMA/UTMA account was established, and under the policies and rules of the *Direct Plan*.
- You may not select a new Beneficiary (directly or by means of a Qualified Rollover) except as permitted under applicable UGMA/UTMA law.
- You should not change the Account Owner to anyone other than a successor custodian during the term of the custodial account under applicable UGMA/UTMA law.
- When the custodianship terminates, your Beneficiary is legally entitled to take control of the Account. The custodian must then direct the Plan to transfer ownership of the Account to the Beneficiary.
- If the custodian fails to direct the Plan to transfer ownership of the Account when your Beneficiary is legally entitled to take control of the Account assets, we may freeze the Account and/or refuse to allow the custodian to transact on the Account. Some UGMA/UTMA laws allow for more than one age at which the custodianship terminates ("Age of Termination"). The Plan may freeze the Account based on the youngest allowable Age of Termination of the custodianship according to the UGMA/UTMA laws where the custodianship account was established, based on the Plan's records. The custodian may be required to provide documentation to the Plan if the Age of Termination of the custodianship account is other than the youngest allowable age under the applicable UMGA/UTMA law or if the applicable UGMA/UTMA law differs from Plan records.

- You should consider whether additional contributions of money not previously gifted to the Beneficiary under UGMA/UTMA should be made to a separate and noncustodial Account (a noncustodial Account will allow the Account Owner to retain control of the assets and make Beneficiary changes).
- The Plan Officials are not liable for any consequences related to an UGMA/UTMA custodian's improper use, transfer, or characterization of custodial funds.

Maintaining Your Account

Once you set up your *Direct Plan* Account, you may access it 24 hours a day by logging on to **nysaves.org**. You will be able to view your Account statements, transaction confirmations, and other personal correspondence. You may also make changes to your Account, including substituting your Beneficiary and changing your Investment Options. If you have additional questions or need assistance, you can call **877-NYSAVES** (877-697-2837).

Switching Beneficiaries

To avoid a taxable event, the new Beneficiary must be a Member of the Family of the former Beneficiary.

Substituting Beneficiaries

You can change your Beneficiary at any time, except for UGMA/UTMA 529 accounts. To avoid adverse tax consequences, the new Beneficiary must be a Member of the Family of the current Beneficiary. (For the definition of Member of the Family, see *Section 10. Glossary.*)

Any change of your Beneficiary to a person who is not a Member of the Family of your Beneficiary is treated as both a Federal and a New York Nonqualified Withdrawal subject to applicable federal and state income taxes as well as the Federal Penalty. There may also be federal and state gift tax, estate tax, or generation-skipping transfer tax consequences in connection with changing the Beneficiary of your Account. You should consult a qualified tax advisor. For more details, see *Section 7. Important Tax Information—Federal Gift and Estate Taxes*.

You can change your Beneficiary by going online at **nysaves.org** or by mailing the appropriate form to the *Direct Plan*. If you already established an Account for the new Beneficiary, you may process a Beneficiary change online or by phone at **877-NYSAVES** (877-697-2837). At the time you change your Beneficiary, you may also reallocate assets in the Account to a different mix of Investment Options.

You may not change your Beneficiary or transfer funds between Accounts if the resulting total balance of all Accounts for the new Beneficiary, including the newly designated Account or newly transferred assets, would exceed the Maximum Account Balance. See *Section 2. Your Account—Contributing to Your Account—Maximum*.

Note: If you are invested in an Age-Based Option and you choose not to reallocate your assets, your new Beneficiary will automatically be moved to a Portfolio within the Age-Based Option that corresponds with his or her age. However, the overall risk level of the Portfolio will remain consistent with the Investment Option you previously selected—conservative, moderate, or aggressive.

Change of Account Ownership

You can transfer ownership of your Account balance to a new Account Owner at any time. After the transfer is complete, the new Account Owner will have sole control of the assets you have chosen to transfer. Once you transfer all the assets in your Account to a new Account Owner, your Account will be closed.

To make the change, you need to submit the *Direct Plan*'s Change of Ownership Form. If you are transferring ownership of more than one Account, you will need to submit a separate form for each Account. In addition, if the new Account Owner does not already have an Account for your Beneficiary, he or she must submit an Enrollment Application. Forms can be downloaded at **nysaves.org**. For questions about the forms, you can also call us at **877-NYSAVES** (877-697-2837) on business days from 8 a.m. to 8 p.m., Eastern time.

If the new Account Owner takes one of the following types of withdrawals, he or she will be liable for New York State income tax on any amount you previously deducted: New York Nonqualified Withdrawals, withdrawals because of Qualified Scholarships, and rollovers to a 529 plan account outside of the Program. The new Account Owner is liable for the tax even if he or she is not a New York State taxpayer. Therefore, in order to complete the transfer, you must certify that you have disclosed to the new Account Owner any previous New York State tax deductions taken for contributions made to the Account. A transfer of control of your Account may also have adverse income or gift tax consequences. You should contact a qualified tax advisor regarding the application of federal, state, and local tax law to your circumstances before transferring ownership of an Account.

Making Changes to Your Account

You can change your Investment Options online, by phone, or by mailing the appropriate form. You can make these changes twice per calendar year.

Changing Your Investment Options

Should your investment goals or needs change, you have the flexibility to move the assets in your existing Account to a different mix of Investment Options within the *Direct Plan*. You can change your Investment Options twice per calendar year. This reallocation of assets in your Account is considered an Investment Exchange and is not subject to federal and state taxes or to the Federal Penalty. You can initiate this transaction online at **nysaves.org**, by mailing the appropriate form, or by calling **877-NYSAVES** (877-697-2837). In addition, a transfer of assets between the *Direct Plan* and the Advisor-Guided Plan is considered an Investment Exchange.

For Accounts invested in Age-Based Options, the automatic reallocation of assets based on the age of your Beneficiary is **not** considered one of your twice-per-calendar-year Investment Exchanges.

In addition, changing the asset allocation of your existing Account through an Investment Exchange will not automatically change the allocation of future contributions to that Account. You must change that allocation separately. You can reallocate future contributions among Investment Options at any time.

For example, if you want to change your Investment Option from the Aggressive Growth Portfolio to the Moderate Growth Portfolio, you can only do so twice per calendar year. However, you could change the amount of future allocations to the Moderate Growth Portfolio, or any other Portfolio you hold, as often as you would like.

What if My Beneficiary Does Not Go to College or Use the Account Assets?

If your Beneficiary does not go to college or use the Account assets for college, you may do one of the following:

- Keep all or a portion of the remaining assets in the Account to pay future Qualified Higher Education Expenses, such as graduate or professional school expenses, for the existing Beneficiary.
- Change your Beneficiary to a Member of the Family of the existing Beneficiary.
- Withdraw all or a portion of the remaining assets.

Unused Account Assets

If assets remain in your Account after your Beneficiary has completed (or decided not to complete) higher education, you may exercise one or more of the following options:

- Keep the funds in the Account, where they can continue to be invested and grow tax-deferred. The money in your Account will be available if your Beneficiary decides to attend college or a trade or technical school, or needs the funds for graduate school or other higher education.
- Transfer the balance, without being subject to federal income taxes or the Federal Penalty, to an eligible Member of the Family of your Beneficiary.
- Withdraw the money and use it for noneducational purposes. (However, your earnings would be subject to federal income tax and the Federal Penalty, as well as state and local income taxes. New York State taxpayers may also be subject to recapture of previously taken state tax benefits.

The first two options should not result in federal and New York State income tax liabilities. The third option will be considered a Federal and New York Nonqualified Withdrawal, subject to applicable New York State and federal income tax, including the Federal Penalty. New York State taxpayers may also be subject to recapture of previously taken state tax benefits that have accrued on contributions to the Account.

Under certain circumstances, if—for a period of at least three years after your Beneficiary attains the age of 18 years—there has been no activity in your Account and attempts to reach you at the contact address provided are unsuccessful, your Account may be considered abandoned. Abandoned Accounts of Account Owners who reside in New York State may be liquidated and reported to the New York State Comptroller's Office of Unclaimed Funds. Abandoned Accounts of Account Owners who reside outside of New York State will be handled according to the laws of the Account Owner's state of residence.

Confirmations and Statements

You will receive confirmations for any activity in your Account, except for Recurring Contribution transactions, payroll deduction transactions, the automatic movement of Account assets to a more conservative Age-Based Option as your Beneficiary ages, and transfers from a Upromise account to your Account, all of which will be confirmed on a quarterly basis.

You will receive quarterly Account statements to reflect financial transactions only if you have made any of the following financial transactions within the quarter:

- Contributions made to your Account.
- Withdrawals made from your Account.
- Investment Exchanges.
- Changes to contribution percentages among selected Investment Options in your Account.
- Automatic transfers of Account assets to more conservative Age-Based Options.

The total value of your Account at the end of the quarter will also be included in your quarterly Account statement. You will receive an annual Account statement even if you have made no financial transactions within the year.

We periodically match and update the addresses of record for each Account against a change-of-address database maintained by the U.S. Postal Service to reduce the possibility that items sent by first-class mail, such as Account statements, will be undeliverable.

You can securely access your Account information, including quarterly statements and transaction confirmations, 24 hours a day at **nysaves.org** by obtaining an online username, password, and security image. You can also choose to receive all of your account statements and transaction confirmations electronically.

If you enroll online, you will be required to select a username and password. If you enroll by mail or by phone, you will be able to set up online Account access and obtain a username and password at **nysaves.org**.

You are expected to regularly and promptly review all transaction confirmations, Account statements, and any email or paper correspondence sent by the *Direct Plan*. Contact us immediately if you believe someone has obtained unauthorized access to your Account or if you believe there is a discrepancy between a transaction you requested and your transaction confirmation.

Safeguarding Your Account

To safeguard your Account, it is important that you keep your Account information confidential, including your username and password. We have implemented reasonable processes, procedures, and internal controls to confirm that transaction requests are genuine, but these measures do not guarantee that fraudulent or unauthorized instructions received by the *Direct Plan* will be detected.

Neither the Program nor any of its Plan Officials will be responsible for losses resulting from fraudulent or unauthorized instructions received by the *Direct Plan*, provided we reasonably believed the instructions were genuine. For more information about how we protect your information and important information about how you can protect your information, see the **Security** link on nysaves.org.

Affirmative Duty to Promptly Notify Us of Errors

If you receive a confirmation that you believe contains an error or does not accurately reflect your authorized instructions—e.g., the amount invested differs from the amount contributed or the contribution was not invested in the particular Investment Option(s) you selected—you must promptly notify us of the error. If you do not notify us within ten business days of the mailing of the confirmation at issue, you will be considered to have approved the information in the confirmation and to have released the Program and its Plan Officials from all responsibility for matters covered by the confirmation. Moreover, any liability due to such an error resulting from participation in the *Direct Plan* for which the Program or any Plan Officials are determined to be responsible shall be limited to an amount equal to gains due to market movement that would have resulted from the transaction during the ten-day time period in which you should have acted.

Withdrawing From Your Account

You may request a withdrawal from your Account at any time online at nysaves.org, by mailing the appropriate form, or by calling **877-NYSAVES** (877-697-2837).

If your request is in good order, please allow seven to ten business days for the withdrawal to reach you, your Beneficiary, or the Eligible Educational Institution, as applicable.

If you have made a withdrawal request for funds recently contributed to your Account, we will not withdraw those funds until they have been collected. It may take up to seven business days for us to collect contributions by check, Recurring Contribution, or electronic bank transfer (EBT).

In addition, you may not make withdrawals by EBT for 15 calendar days after bank information has been added or edited.

A New York Qualified Withdrawal can be paid by check to the Account Owner or Beneficiary, via Automated Clearing House to the Account Owner, or by check directly to an Eligible Educational Institution. We will pay the proceeds of a Federal Nonqualified Withdrawal or New York Nonqualified Withdrawal, and withdrawals because of a Beneficiary's death, Disability, or receipt of a Qualified Scholarship or attendance at a military academy only by check or EBT to the Account Owner.

Estimated Time to Process Withdrawals

Request	Delivery Time
Withdrawals received in good order	7 to 10 business days by check or 2 business days by EBT
Distribution to HESC for transfer to an Eligible Educational Institution	2 to 3 weeks
Withdrawals after a change of address	9 business days plus the delivery time noted above
Withdrawals by EBT after a change in bank information	15 calendar days

Paying Educational Institutions

If you would like to withdraw money from your Account to pay for your Beneficiary's Qualified Higher Education Expenses (other than at a foreign Eligible Educational Institution), we will send the withdrawal directly to the Eligible Educational Institution unless you request that HESC transfer the withdrawal. In keeping with HESC's mission to help students pay for college, HESC can facilitate payments from your Account to an Eligible Educational Institution.

If you request that HESC transfer the withdrawal, we will transfer funds to HESC, and HESC, in turn, will transfer the withdrawal to the applicable Eligible Educational Institution. Please allow two to three weeks for this process.

Account with Multiple Investment Options

When making a withdrawal from an Account invested in more than one Investment Option, you may select the Investment Option or Options from which your funds are to be withdrawn. If you do not designate a particular Investment Option or Options, the withdrawal will be taken proportionately from each of your existing Investment Options. For example, if your Account balance at the time of the withdrawal request was 72% in the Aggressive Growth Portfolio and 28% in the Conservative Growth Portfolio, the total withdrawal would be taken 72% and 28%, respectively, from those two Investment Options. See *Section 2. Your Account—Contributing to Your Account—Allocation of Contributions*.

Change of Address

We will hold withdrawal requests for nine business days following a mailing address change if the withdrawal is made by check to the Account Owner. We will also hold withdrawal requests for nine business days following a change to a Beneficiary's mailing address if the withdrawal is made by check payable to your Beneficiary.

Paying for School—Types of Withdrawals

Withdrawals are classified by the IRS and the State of New York as Qualified or Nonqualified.

Types of Withdrawals

There are four types of withdrawals:

- New York Qualified Withdrawals
- Federal Qualified Withdrawals
- New York Nonqualified Withdrawals
- Federal Nonqualified Withdrawals

Withdrawals: Qualified and Nonqualified

The IRS and the State of New York classify withdrawals as either Qualified or Nonqualified.

New York Qualified Withdrawals

To be considered a New York Qualified Withdrawal, the proceeds must be used for the Qualified Higher Education Expenses of your Beneficiary at an Eligible Educational Institution. An Eligible Educational Institution does not include an elementary or secondary school or an Apprenticeship Program. Accordingly, withdrawals for K–12 Tuition Expenses and Apprenticeship Program Expenses are considered New York Nonqualified Withdrawals. Qualified Loan Repayments are also considered New York Nonqualified Withdrawals. See *Section 2. Withdrawals for K–12 Tuition Expenses, Apprenticeship Programs, and Qualified Loan Repayments*.

Under current law, the earnings portion of a New York Qualified Withdrawal is not subject to New York State taxes and the earnings portion is not subject to federal income taxation.

Federal Qualified Withdrawals

To be considered a Federal Qualified Withdrawal, the proceeds must be used for your Beneficiary's Qualified Higher Education Expenses, K–12 Tuition Expenses (up to $10,000 annually), Apprenticeship Program Expenses, or a Qualified Loan Repayment.

Under current law, the earnings portion of a Federal Qualified Withdrawal used to pay Qualified Higher Education Expenses of the Beneficiary at an Eligible Educational Institution is not subject to New York State taxes or federal income taxation. However, if a Federal Qualified Withdrawal is used to pay K–12 Tuition Expenses or Apprenticeship Program Expenses or to make a Qualified Loan Repayment and you are a New York State taxpayer, the distribution is not considered a New York Qualified Withdrawal and will require the recapture of any New York State tax benefits that have accrued on contributions.

New York Nonqualified Withdrawals

A New York Nonqualified Withdrawal is any withdrawal other than:

- A New York Qualified Withdrawal.
- A withdrawal because of the death or Disability of your Beneficiary.
- A withdrawal because of the receipt of a Qualified Scholarship (to the extent the amount withdrawn does not exceed the amount of the scholarship) or attendance at a military academy by your Beneficiary.
- An ABLE Rollover Distribution.
- A transfer of assets to the credit of another Beneficiary within the Program, as long as the other Beneficiary is a Member of the Family of the prior Beneficiary. See *Section 2. Your Account—Maintaining Your Account—Substituting Beneficiaries*.

The earnings portion of a New York Nonqualified Withdrawal is treated as income to the recipient and thus subject to New York State income taxes and, in certain cases, the Federal Penalty. For New York taxpayers, earnings and the portion of the distribution attributable to contributions for which a New York State tax deduction was previously taken will be subject to New York personal income tax. See *Section 7. Important Tax Information—New York State Tax Information*.

Federal Nonqualified Withdrawals

In general, a Federal Nonqualified Withdrawal is any withdrawal other than:

- A Federal Qualified Withdrawal.
- A withdrawal because of the death or Disability of your Beneficiary.
- A withdrawal because of the receipt of a Qualified Scholarship (to the extent the amount withdrawn does not exceed the amount of the scholarship) or attendance at a military academy by your Beneficiary (to the extent the amount withdrawn does not exceed the cost of attendance).
- A Qualified Rollover to a 529 plan outside of the Program.
- An ABLE Rollover Distribution.
- A transfer of assets to the credit of another Beneficiary, as long as the other Beneficiary is a Member of the Family of the prior Beneficiary. See *Section 2. Your Account—Maintaining Your Account—Substituting Beneficiaries*.

The earnings portion of a Federal Nonqualified Withdrawal is treated as income to the recipient and thus subject to applicable federal and state income taxes and the Federal Penalty. For New York taxpayers, earnings and the portion of the distribution attributable to contributions for which a New York State tax deduction was previously taken will be subject to New York personal income tax.

As discussed below, there are certain withdrawals that are subject to federal income taxes but are exempt from the Federal Penalty.

Each of these exceptions is discussed in more detail in *Withdrawals Exempt From the Federal Penalty* later in this section.

Withdrawals for K–12 Tuition Expenses, Apprenticeship Programs, and Qualified Loan Repayments

K–12 Tuition Expenses. Under federal law, you may withdraw funds from your Account to pay K–12 Tuition Expenses. For federal tax purposes, a distribution to pay K–12 Tuition Expenses up to $10,000 annually is considered a Federal Qualified Withdrawal and is, therefore, free from federal taxes and the Federal Penalty.

Apprenticeship Programs. Under federal law, a withdrawal for fees, books, supplies, and equipment required for the participation of a Beneficiary in an Apprenticeship Program registered and certified with the Secretary of Labor under Section 1 of the National Apprenticeship Act (29 U.S.C. 50) is considered a Federal Qualified Withdrawal and is, therefore, free from federal taxes and the Federal Penalty.

Qualified Loan Repayments. Under federal law, a withdrawal to pay principal or interest on any qualified education loan, as defined in section 221(d) of the Code, for the Beneficiary or a sibling of the Beneficiary, up to a lifetime total of $10,000 per individual, is considered a Federal Qualified Withdrawal and is, therefore, free from federal taxes and the Federal Penalty. Please note that if you make a Qualified Loan Repayment withdrawal from your Account, you may not also take a federal income tax deduction for any interest included in that Qualified Loan Repayment.

New York State Treatment. If you are a New York State taxpayer, the distributions for K–12 Tuition Expenses, Apprenticeship Program Expenses, and Qualified Loan Repayments are considered New York Nonqualified Withdrawals and will require the recapture of any New York State tax benefits that have accrued on contributions.

Qualified Higher Education Expenses

You may withdraw from your Account without incurring additional taxes or penalties as long as the proceeds are used for Qualified Higher Education Expenses of your Beneficiary including:

- Tuition, fees, and the cost of books, supplies, and equipment required for the enrollment or attendance of your Beneficiary at an Eligible Educational Institution.
- Expenses for the purchase of computer or certain peripheral equipment under the control of the computer (e.g., printers); internet access and related services; and certain computer software if the equipment, software, or services are to be used primarily by your Beneficiary during any of the years the Beneficiary is enrolled at an Eligible Educational Institution.
- In the case of a special needs Beneficiary, expenses for special needs services incurred in connection with enrollment or attendance at an Eligible Educational Institution.
- Certain costs of room and board incurred while attending an Eligible Educational Institution at least half-time.

Room and board expenses may be treated as a Qualified Higher Education Expense only if your Beneficiary is enrolled at least half-time. Half-time is generally defined as half of a full-time academic workload based on the standard used by the institution where your Beneficiary is enrolled; the institution's standard must be no less than that required by the Department of Education's federal student financial aid standard. Room and board expenses submitted to the Program must be consistent with the room and board allowance calculated by the Eligible Educational Institution. The allowance is the "cost of attendance" estimated by the school for purposes of determining federal education assistance eligibility for that year.

If your Beneficiary lives in housing owned or operated by the school, room and board cost may not exceed the greater of the "cost of attendance" and the actual invoice amount charged by the school to the Beneficiary.

A Beneficiary does not have to be enrolled at least half-time to use a Federal Qualified Withdrawal or New York Qualified Withdrawal, as applicable, to pay for expenses relating to tuition, fees, books, supplies, equipment, eligible computer-related expenses, or special needs services.

Eligible Educational Institutions

Eligible Educational Institutions include accredited postsecondary educational institutions in the United States and certain foreign institutions offering credit toward an associate's degree, a bachelor's degree, a graduate level or professional degree, or another recognized postsecondary credential, and certain postsecondary vocational and proprietary institutions. To be an Eligible Educational Institution for purposes of Section 529 of the Code, an institution must be eligible to participate in U.S. Department of Education federal student financial aid and student loan programs. Go to fafsa.ed.gov to see a list of all Eligible Educational Institutions.

Refunds From Eligible Educational Institutions

If you receive a refund of any Qualified Higher Education Expenses from an Eligible Educational Institution that were originally paid from money withdrawn from your Account, you have some options on how you can use the refunded amount:

- Pay for Qualified Higher Education Expenses incurred by your Beneficiary in the same calendar year.
- Recontribute the refunded amount to the Account or another 529 plan account for the same Beneficiary for whom the refund was made within 60 days of the date of the refund. The recontributed amount cannot exceed the amount of the refund. This is considered a Refunded Distribution. Additional requirements may apply. Keep in mind that while the earnings portion of a Refunded Distribution would not be subject to federal income tax or the Federal Penalty, it is subject to New York State tax. See *Section 7. Important Tax Information—New York State Tax Information*.
- If the refund is not considered a Refunded Distribution, roll over the refunded money to a 529 account in another 529 plan for the same Beneficiary within 60 days of the date the money was withdrawn from your Account. This option is not allowed if a rollover was performed in the past 12 months for the Beneficiary. Keep in mind that while the earnings portion of the refunded money would not be

subject to federal income tax or the Federal Penalty, it is subject to New York State tax. See *Section 7. Important Tax Information—New York State Tax Information*.

- Roll over the money to an Account or a 529 account in another 529 plan for another Beneficiary within 60 days of the date the assets were withdrawn from your Account. If you select this option, you will also need to provide a signed letter of instruction letting us know that this is an Indirect Rollover. To avoid adverse federal income tax consequences, the new Beneficiary must be a Member of the Family of the prior Beneficiary. Keep in mind that while the earnings portion of the refunded money would not be subject to federal income tax or the Federal Penalty, it is subject to New York State tax. See *Section 7. Important Tax Information—New York State Tax Information*. Also note that only one Qualified Rollover can be completed per Beneficiary every 12 months. For additional information about rollovers, see *Section 2. Your Account—Contributing to Your Account—Incoming Rollover Contributions*.
- If the refund is not considered a Refunded Distribution, treat the refund as a Federal and New York State Nonqualified Withdrawal and either keep the funds or return them to your Account as a new contribution. Even if you return the money to your Account, the earnings portion of the Federal and New York State Nonqualified Withdrawals is subject to applicable federal, state, and local income taxes, including the Federal Penalty on the earnings and possible recapture of state income tax deductions.

You should also discuss the tax implications of refunds and recontributions with a tax advisor.

Withdrawals Exempt From the Federal Penalty

The following withdrawals are subject to federal income taxes but are exempt from the Federal Penalty.

Death of Your Beneficiary

If your Beneficiary dies, you may select a new Beneficiary, withdraw all or a portion of the Account balance, or authorize all or a portion of the Account balance to be withdrawn and paid to the estate of your Beneficiary.

Withdrawals that are paid to the estate of your Beneficiary will not be subject to the Federal Penalty, but the earnings portions will be subject to any applicable federal income tax at the recipient's tax rate.

If you select a new Beneficiary who is a Member of the Family of the former Beneficiary, you will not owe any additional federal or New York State income tax or the Federal Penalty. See *Section 2. Your Account—Maintaining Your Account—Substituting Beneficiaries*.

Withdrawals because of the death of a Beneficiary are not included in computing the New York State taxable income of either the Account Owner or your Beneficiary.

Disability of Your Beneficiary

If your Beneficiary becomes Disabled, you can do the following:

- Select a new Beneficiary.
- Withdraw all or a portion of the Account balance.
- Authorize all or a portion of the Account balance to be withdrawn and paid to your Beneficiary.

Withdrawals because of your Beneficiary's Disability will not be subject to the Federal Penalty, but the earnings portions will be subject to any applicable federal income tax at the recipient's tax rate. However, these withdrawals will not be subject to New York State income tax for either the Account Owner or your Beneficiary.

If you select a new Beneficiary who is a Member of the Family of the former Beneficiary, you will not owe any additional federal or New York State income tax or the Federal Penalty. See *Section 2. Your Account—Maintaining Your Account—Substituting Beneficiaries*.

Receipt of a Qualified Scholarship/Attendance at a Military Academy

If your Beneficiary receives a Qualified Scholarship or attends a military academy, you may choose one of the following actions:

- Select a new Beneficiary. If you select a new Beneficiary who is a Member of the Family of the former Beneficiary, you will not owe any additional federal or New York State income tax or the Federal Penalty. See *Section 2. Your Account—Maintaining Your Account—Substituting Beneficiaries*.
- Withdraw from the Account up to the amount of the Qualified Scholarship, or in the case of attendance at a military academy, up to the cost of advanced education attributable to that attendance. The entire amount of a withdrawal because of a Qualified Scholarship or attendance at a military academy is includable in computing the New York State taxable income of the Account Owner (other than the portion of any withdrawal that was not previously deducted from New York State personal income tax).
- Authorize all or a portion of the Account balance to be withdrawn and paid to your Beneficiary without imposition of the Federal Penalty. However, the earnings portion will be subject to recapture of New York State tax deductions previously taken.

You should consult a qualified educational or tax advisor to determine whether a particular payment or benefit constitutes a Qualified Scholarship.

Withdrawals Exempt From Federal Income Taxes and the Federal Penalty

In addition to Federal Qualified Withdrawals, the following withdrawals are exempt from federal income taxes and the Federal Penalty.

Rollovers to Other 529 Plans
You may roll over all or part of the balance of your *Direct Plan* Account to a 529 plan outside of the Program within 60 days of withdrawal without incurring any federal income tax or the Federal Penalty if:

- The rollover is to an account for the same Beneficiary and the Beneficiary did not receive another rollover within the past 12 months.
- The rollover is for a new Beneficiary who is a Member of the Family of the prior Beneficiary.

For New York State taxpayers, Qualified Rollovers will be subject to New York State income taxes on the earnings portion, as well as the recapture of any previous New York State tax deductions taken for contributions to the Account. See *Section 7. Important Tax Information—New York State Tax Information*. You should consult a tax advisor prior to initiating a rollover.

ABLE Rollover Distributions
You may roll over all or part of the balance of your Account to a Qualified ABLE Program account within 60 days of the withdrawal from your Account without incurring any federal income tax or the Federal Penalty in either of these situations:

- The rollover is to an account for the same Beneficiary.
- The rollover is for a new eligible Beneficiary who is a Member of the Family of the original Beneficiary.

Any rollover must be made before January 1, 2026, and cannot exceed the annual contribution limit in Section 529A(b)(2)(B)(i) of the Code.

The state tax treatment of rollovers is determined by each individual state. ABLE Rollover Distributions are not subject to New York State taxes or penalties. See *Section 7. Important Tax Information—New York State Tax Information*. You should consult a tax advisor prior to initiating an ABLE Rollover Distribution.

Transfer Assets to Another Beneficiary Within the Program
If you transfer assets within the Program from one Beneficiary's Account to another, as long as the new Beneficiary is a Member of the Family of the old Beneficiary, the transfer will be treated as a nontaxable transfer of assets for federal and New York State income tax purposes. A transfer will be permitted only to the extent that the total balance of all Accounts for the benefit of the new Beneficiary, including the transfer, would not exceed the Maximum Account Balance. See *Section 2. Your Account—Maintaining Your Account—Substituting Beneficiaries*.

Refunded Distribution
As discussed above, a refund received from an Eligible Educational Institution that qualifies as a Refunded Distribution will not be subject to federal income tax or the Federal Penalty. However, a Refunded Distribution is subject to New York State income tax. See *Section 7. Important Tax Information—New York State Tax Information*.

Records Retention

Under current federal and state tax laws, you are responsible for obtaining and retaining records, invoices, or other documents and information that are adequate to substantiate:

- Particular expenses that you claim to be Qualified Higher Education Expenses, K–12 Tuition Expenses, Apprenticeship Program Expenses, or a Qualified Loan Repayment.
- The death or Disability of a Beneficiary or receipt of a Qualified Scholarship by a Beneficiary.
- The earnings component of and compliance with the timing requirements applicable to Qualified Rollovers.
- The earnings component of contributions funded from Qualified U.S. Savings Bonds or education savings accounts.
- Refunded Contributions.

The Program has no responsibility to provide, or to assist you in obtaining, such documentation.

Section 3. Fees

We have established fees and other charges relating to the *Direct Plan*. These fees may change from time to time. Any changes will be included in subsequent Disclosure Booklets or supplements. The fees are described and illustrated below.

Total Annual Asset-Based Fee

Each Portfolio has a Total Annual Asset-Based Fee, which includes both administrative and investment management costs. This fee is a percentage of the assets in each Portfolio and is charged against those assets. The *Direct Plan* currently charges an Annual Asset-Based Fee of 0.12%.

The Total Annual Asset-Based Fee is composed of the following:

- **Underlying Fund Fee.** This fee includes investment advisory fees, administrative costs, and other expenses of the Underlying Funds in your Portfolio, which are paid to Vanguard.
- **Program Management Fee.** This fee is paid to the Program Manager and the Investment Manager to cover the expenses of administering and managing the *Direct Plan*. This fee is accrued daily and is factored into the pricing of each Portfolio's Unit.

As an Account Owner, you indirectly bear a pro-rata share of the Underlying Fund Fee and the Program Management Fee. These fees reduce the return you will receive from investing in the *Direct Plan*.

Float Income

The Program Manager may receive indirect compensation for the custodial services that it provides to your Account. This compensation, known as "float" income, is paid by the financial organization at which the Program Manager maintains "clearing accounts" or by the investments in which the Program Manager invests in those clearing accounts. Float income may arise from interest that is earned on Account contributions or distributions during the time these assets are held by the Program Manager in clearing accounts but are not invested in an Investment Option. For example, if you request a distribution and receive the distribution check but do not cash it for several days, some interest may be earned while your funds remain in the clearing account. These clearing accounts generally earn interest at a rate between the money market rate and that of U.S. Treasury notes. The interest paid on each of these transactions is typically small, and it is likely to represent a minor portion of the overall compensation received by the Program Manager.

Other Program Charges, Fees, or Penalties

Except for the Program Management Fee and the convenience fees described below, there is currently no charge, fee, or penalty imposed by the Program for opening or maintaining any Account. There are no additional fees for any transactions in any Account, any withdrawals from an Account, or any transfers to or from a 529 plan outside of the Program. However, we may impose additional charges, fees, or penalties in the future. Any brokerage fees or expenses for trading assets within an Underlying Fund will be borne by the Underlying Fund.

We will report optional convenience fees (e.g., for priority delivery, as applicable) as withdrawals on Form 1099-Q. Such fees may be considered Federal Nonqualified Withdrawals and New York Nonqualified Withdrawals. You should consult your tax advisor regarding calculating and reporting any tax liability as applicable.

Fee Structure

The following table shows total fees charged to each Portfolio in the *Direct Plan*. The estimated Underlying Fund Fee and Program Management Fee added together equal the Total Annual Asset-Based Fee.

	Annual Asset-Based Fee				Additional Investor Expenses
Portfolio	Estimated Underlying Fund Fee[1]	State Fee[2]	Program Management Fee[3]	Total Annual Asset-Based Fee[4]	Annual Account Maintenance Fee
Aggressive Growth Portfolio	0.03%	None	0.09%	0.12%	None
Aggressive Portfolio	0.03	None	0.09	0.12	None
Growth Portfolio	0.03	None	0.09	0.12	None
Blended Growth Portfolio	0.03	None	0.09	0.12	None
Moderate Growth Portfolio	0.03	None	0.09	0.12	None
Disciplined Growth Portfolio	0.03	None	0.09	0.12	None
Conservative Growth Portfolio	0.03	None	0.09	0.12	None
Conservative Portfolio	0.03	None	0.09	0.12	None
Income Portfolio	0.04	None	0.08	0.12	None
Balanced Income Portfolio	0.03	None	0.09	0.12	None
Conservative Income Portfolio	0.03	None	0.09	0.12	None
Interest Accumulation Portfolio	0.03	None	0.09	0.12	None
Developed Markets Index Portfolio	0.04	None	0.08	0.12	None
Growth Stock Index Portfolio	0.04	None	0.08	0.12	None
Mid-Cap Stock Index Portfolio	0.03	None	0.09	0.12	None
Small-Cap Stock Index Portfolio	0.03	None	0.09	0.12	None
Value Stock Index Portfolio	0.04	None	0.08	0.12	None
Bond Market Index Portfolio	0.03	None	0.09	0.12	None
Inflation-Protected Securities Portfolio	0.07	None	0.05	0.12	None

1Estimated Underlying Fund Fees reflect each Underlying Fund's expense ratio disclosed in its most recent prospectus as of June 30, 2021. Expenses for multiple-fund Portfolios represent a weighted average of the expenses of the Portfolio's Underlying Funds. The fees and expenses of the Underlying Funds may change. Estimated Underlying Fund Fees for the Income Portfolio and the Interest Accumulation Portfolio may include a stable value wrap fee of between 0.15% and 0.17%, which could reduce the returns of the Portfolios. The wrap fee, if any, is deducted from the total assets held by the Underlying Fund prior to the determination of each day's Portfolio Unit price. This fee could reduce the returns of the Portfolios.

2 No separate fee is charged to Accounts by the Program Administrators. The Program Manager and Investment Manager pay a monthly fee to the Program Administrators to help pay the costs of administering the Program. This payment is not deducted from any Accounts.

3 Vanguard and Ascensus have agreed to a specific formula for the allocation of the Program Management Fee.

4 Total Annual Asset-Based Fee as of September 30, 2021.

Investment Cost Example

The following example is intended to help you compare the cost of investing in the *Direct Plan* over different time periods. The costs are the same for each Portfolio. It illustrates the hypothetical expenses that you would incur over various periods if you invest $10,000 in a Portfolio. This example assumes that a Portfolio provides a return of 5% a year, and that the Portfolio's Total Annual Asset-Based Fee (currently 0.12%) remains the same. The results apply whether or not the investment is redeemed at the end of the period, but they do not take into account any redemption that is considered a Federal or a New York Nonqualified Withdrawal, or otherwise subject to federal or state income taxes, or any penalties. See *Section 2. Your Account—Withdrawing From Your Account*.

Approximate Cost of a $10,000 Investment in Each Investment Option (assuming a return of 5% per year)

1 Year	3 Years	5 Years	10 Years
$12	$39	$68	$154

This example does not represent actual expenses or performance from the past or in the future. Actual future expenses may be higher or lower than those shown. The rate is not guaranteed.

Section 4. Risks

In addition to the investment risks of the Portfolios, there are certain risks relating to the *Direct Plan* you should be aware of before opening an Account or making a contribution. In this section, we will discuss some of these key risks. You should consult a qualified tax or financial professional before making a contribution. Investment risks are discussed in *Section 5. Investment Options*.

No Guarantee of Principal or Earnings; No Insurance

The value of your Account may increase or decrease over time based on the performance of the Portfolio(s) you select. It is possible that, at any given time, your Account's value may be less than the total amount contributed. Neither the *Direct Plan* nor any of its Plan Officials makes any guarantee of, insures, or has any legal or moral obligation to insure either the ultimate payout of all or any portion of the amount contributed to an Account or any investment return, or an investment return at any particular level, on an Account. *Direct Plan* Accounts are not bank deposits and are not insured or guaranteed by the FDIC or any other federal or state government agency.

Market Uncertainties and Other Events

As a result of market uncertainties, the overall market value of your Account may exhibit volatility and could be subject to wide fluctuations in response to factors, including but not limited to regulatory or legislative changes, worldwide political uncertainties, and general economic conditions (such as inflation and unemployment rates), acts of God, acts of civil or military authority, acts of government, accidents, environmental disasters, natural disasters or events, fires, floods, earthquakes, hurricanes, explosions, lightning, suspensions of trading, epidemics, pandemics, public health crises, quarantines, wars, acts of war (whether war is declared or not), terrorism, threats of terrorism, insurrections, embargoes, cyberattacks, riots, strikes, lockouts or other labor disturbances, disruptions of supply chains, civil unrest, revolutions, power or other mechanical failures, loss or malfunction of utilities or communications services, delays or stoppage of postal or courier services, delays in or stoppages of transportation, and any other events or circumstances beyond our reasonable control whether similar or dissimilar to any of the foregoing (all enumerated and described events in this section individually and collectively, "Force Majeure").

All of these factors may cause the value of your Account to decrease (realized or unrealized losses) regardless of our performance or any systematic investing on your part.

Inflation

Increases in the cost of living or the cost of higher education may reduce or eliminate the value of the returns of your Account.

Limited Investment Direction

You may not direct how a Portfolio's assets are invested. The ongoing management of *Direct Plan* investments is the responsibility of the Comptroller, Ascensus, and Vanguard. In addition, you are limited under federal law in your ability to change the investment allocation for previous contributions and earnings.

Limited Liquidity

Investment in the Program involves the risk of reduced liquidity regarding your investment. Once you open an Account for your Beneficiary, the circumstances under which funds may be withdrawn without federal and state tax liability are limited.

The tax liabilities can include the Federal Penalty and, for New York State taxpayers, recapture of New York State income tax deductions. See *Section 7. Important Tax Information*.

No Suitability Determination

The *Direct Plan* and its Plan Officials make no representations regarding the suitability of the *Direct Plan*'s Investment Options for any particular investor. Other types of investments and other types of education savings vehicles may be more appropriate depending on your personal circumstances. Please consult your tax or investment advisor for more information.

Not a Direct Investment in Mutual Funds or Registered Securities

Money you contribute to your Account will be invested in Portfolios that hold Vanguard mutual funds. However, the Trust, the *Direct Plan*, and the *Direct Plan*'s Portfolios are not mutual funds. An investment in the Program is an investment in municipal fund securities that are issued and offered by the Trust. These securities are not registered with the U.S. Securities and Exchange Commission (SEC) or any state, nor are the Trust, the Program, or the Program's Portfolios registered as investment companies with the SEC or any state.

Potential Changes to the Program, Program Manager, and Investment Manager

The Program Administrators reserve the right, in their sole discretion, to discontinue the *Direct Plan* or to change any aspect of the *Direct Plan*. For example, the Program Administrators may change the *Direct Plan*'s fees and charges; add, subtract, or merge Portfolios; close a Portfolio to new investors; or change the Underlying Fund(s) of a Portfolio. Depending on the nature of the change, you may be required to participate in, or be prohibited from participating in, the change with respect to an Account you opened before the change. Limitations imposed by New York State law may require the Portfolios to invest assets differently from the manner described in *Section 5. Investment Options*. This, in turn, may affect the ability of the Portfolios to achieve their investment objectives.

Under New York State law, the Comptroller and HESC must solicit competitive bids for a new Program Manager whose appointment would be effective at the scheduled termination of the current Management Agreement with Ascensus Broker Dealer Services, LLC, in May 2023. In certain circumstances Ascensus Broker Dealer Services, LLC, may cease to be the Program Manager, or Vanguard may cease to be the Investment Manager, before the scheduled termination date—e.g., as a result of a material breach of the Management Agreement by Ascensus Broker Dealer Services, LLC.

Under the Management Agreement and certain related agreements, the Program Administrators may hire new or additional entities in the future to manage all or part of the *Direct Plan*'s assets. See *Section 8. Plan Governance*.

If a new Program Manager is selected, you might have to establish new Accounts in order to make additional contributions to the Program. The fee and compensation structure applicable to a new Program Manager, or that applicable to Ascensus Broker Dealer Services, LLC, under a new Management Agreement, might be different from the Program Management Fee currently charged. Additionally, a successor Investment Manager may achieve different investment results than would have been achieved by Vanguard, even if managing similar investment options.

Uncertainty of Tax Consequences

Federal and New York State law and regulations governing the administration of 529 plans could change in the future. The United States Department of the Treasury (Treasury Department) has issued proposed regulations under Section 529 of the Code (Proposed Regulations), an advance notice of proposed rulemaking describing new proposed regulations that will be issued under Section 529 (Advance Notice) and, in conjunction with the Internal Revenue Service (IRS), has published certain notices and other guidance with respect to the anticipated modification of the Proposed Regulations (Notices). As of the date of this Disclosure Booklet, taxpayers may rely upon the Proposed Regulations and the Notices until final regulations are issued or other further action is taken by the Treasury Department. The Proposed Regulations and the Notices do not, however, provide guidance on certain aspects of the *Direct Plan*.

It is uncertain when the Treasury Department may issue final regulations or, if it does, to what extent such final regulations will differ from the Proposed Regulations and Notices. Other administrative guidance or court decisions might be issued that could adversely affect the federal tax consequences with respect to the *Direct Plan* or to contributions to, or withdrawals from, your Account. Congress could also amend Section 529 of the Code or other federal law in a way that would materially change or eliminate the federal tax treatment described above. If necessary, the Comptroller, HESC, and the Program Manager intend to modify the *Direct Plan* according to applicable law for the *Direct Plan* to meet the requirements of Section 529. If the *Direct Plan*, as currently structured or as subsequently modified, does not meet the requirements of Section 529 for any reason, the tax consequences to Account Owners and Beneficiaries are uncertain. Therefore, it is possible that you could be subject to taxes on undistributed earnings in your Account, as well as to other adverse tax consequences. You may wish to consider consulting a qualified tax advisor.

The Program received a ruling from the IRS on May 30, 2001, providing that the Program, as then operated, satisfied the requirements for exemption from federal income tax as a Qualified Tuition Program described in Section 529 of the Code. There can be no assurance that this ruling is applicable to the *Direct Plan* as currently operated. In addition, changes in the law governing any of the federal and state tax consequences described in this Disclosure Booklet might require material changes to the *Direct Plan*'s operations in order for the anticipated federal and New York State tax consequences to apply.

The New York State tax matters discussed in this Disclosure Booklet are based on opinions of the DTF. DTF's opinions are based on the conclusion that the *Direct Plan* is a Qualified Tuition Program within the meaning of Section 529 of the Code. There can be no assurance that there will not be subsequent official interpretations or court decisions that could adversely affect the New York State tax consequences for you and your Beneficiary or that the federal law or the New York State statutes governing aspects of the *Direct Plan* may not be amended in a way that could materially alter or eliminate those consequences. See *Section 7. Important Tax Information*.

No Indemnification

The Program, Ascensus, and Vanguard will not indemnify any Account Owner or Beneficiary against losses or other claims arising from the official or unofficial acts, negligent or otherwise, of the Program Administrators or State employees.

Cybersecurity Risk

The *Direct Plan* relies significantly upon the computer systems of its service providers. Therefore, the *Direct Plan* could be susceptible to operational and information security risks resulting from cyber threats and cyberattacks that may adversely affect your Account and cause it to lose value. For example, cyber threats and cyberattacks may interfere with your ability to access your Account, make contributions or exchanges, or request and receive distributions; they may also impede trading and/or impact the ability to calculate net asset values; cyber threats and cyberattacks may also result in the unauthorized disclosure and use of the personally identifiable information of an Account Owner, Beneficiary, and others. Cybersecurity risks include security or privacy incidents, such as human error, unauthorized release, theft, misuse, corruption, and destruction of Account data maintained online or digitally by the *Direct Plan*. Cybersecurity risks also include denial of service, viruses, malware, hacking, bugs, security vulnerabilities in software, attacks on technology operations, and other disruptions that could impede the *Direct Plan*'s ability to maintain routine operations. Although the *Direct Plan*'s service providers undertake efforts to protect their computer systems from cyber threats and cyberattacks, which include internal processes and technological defenses that are preventative in nature, and other controls designed to provide a multilayered security posture, there are no

guarantees that the *Direct Plan* or your Account will avoid losses due to cyber threats or cyberattacks or other information security breaches in the future.

Eligibility for Financial Aid

Being the Account Owner or Beneficiary of an Account may adversely affect your eligibility for financial aid.

In making decisions about eligibility for financial aid programs offered by the U.S. government and the amount of aid required, the U.S. Department of Education takes into consideration a variety of factors, including the assets owned by the student (i.e., your Beneficiary) and the assets owned by the student's parents. The U.S. Department of Education generally expects the student to spend a substantially larger portion of his or her own assets on educational expenses than the parents. For purposes of these federal programs, available balances in a 529 plan account are treated as an asset of (a) the student if the student is an independent student, or (b) the parent if the student is a dependent student, regardless of whether the owner of the 529 plan account is the student or the parent. In addition, a distribution from a 529 plan may be considered income to your Beneficiary in calculating eligibility for the school year following the distribution.

With respect to financial aid programs offered by educational institutions and other nonfederal sources, the effect of being the Account Owner or Beneficiary of an Account varies from institution to institution. Accordingly, no generalizations can be made about the effect of being the Account Owner or Beneficiary of an Account on the student's eligibility for financial aid, or the amount of aid the student may qualify for, from these sources.

Under New York State law, assets in an Account are not taken into consideration in determining the eligibility of your Beneficiary or the Account Owner for financial aid under any New York State-administered financial aid programs.

The federal and nonfederal financial aid program treatments of assets in the *Direct Plan* are subject to change at any time. You should, therefore, check and periodically monitor the applicable laws and other official guidance, as well as particular *Direct Plan* and institutional rules and requirements, to determine the impact of your Account on eligibility under particular financial aid programs.

No Guarantee That Investments Will Cover Education-Related Expenses

There is no guarantee that the money in your Account will be sufficient to cover all of your Beneficiary's higher education expenses, even if contributions are made in the maximum allowable amount for your Beneficiary. The future rate of increase in higher education expenses is uncertain and could exceed the rate of investment return earned by any or all of the Portfolios over any relevant period.

Education Savings and Investment Alternatives

There are many 529 plans other than the *Direct Plan*, including the Advisor-Guided Plan and other education savings investment alternatives. These plans offer education savings and investment alternatives that differ from those available in the *Direct Plan*. Other 529 plans, and other investment alternatives, may offer state tax and other benefits not available under the *Direct Plan*. These 529 plans and other investment alternatives may have different tax and other consequences, may have different eligibility and other requirements, and may charge fees and expenses that may be more or less than those charged by the *Direct Plan*. You should consider other investment alternatives before opening an Account in the *Direct Plan*.

No Guarantee of Admission to Any Institution and Related Matters

There is no guarantee or commitment from the Plan Officials, or any other person, that:

- A Beneficiary will be admitted to any institution or program (including any Eligible Educational Institution).
- Upon admission to an institution or program, the institution or program will permit a Beneficiary to continue to attend.
- A Beneficiary will graduate or receive a degree from any institution, or complete a program of instruction.

New York State residency for a Beneficiary will not be established for tax status, financial aid eligibility, or any other purpose merely because of his or her designation as a Beneficiary of an Account.

Medicaid and Other Federal and State Noneducational Benefits

The effect of an Account on eligibility for Medicaid or other state and federal benefits is uncertain. It is possible that an Account will be viewed as a "countable resource" in determining an individual's financial eligibility for Medicaid. Withdrawals from an Account during certain periods also may have the effect of delaying the disbursement of Medicaid payments. You should consult a qualified advisor to determine how your Account may affect eligibility for Medicaid or other state and federal noneducational benefits.

Direct Plan Investment Options Not Designed for Elementary and Secondary School Tuition Expenses or Qualified Loan Repayments

The Investment Options we offer through the *Direct Plan* have been designed exclusively for you to save for postsecondary higher education expenses. They have not been designed to assist you in reaching your K–12 Tuition Expense savings or Qualified Loan Repayment goals. Specifically, the Age-Based Options are designed for Account Owners seeking to automatically invest in progressively more conservative Portfolios as their Beneficiary approaches college age. The time horizons and withdrawal periods of the Age-Based Options may not match those needed to meet your K–12 Tuition Expense savings or Qualified Loan Repayment goals, which may be significantly shorter. In addition, if you are saving for K–12 Tuition Expenses or to make Qualified Loan Repayments and wish to invest in the Individual Portfolios, please note that these Portfolios are composed of fixed investments. This means that your assets will remain invested in that Portfolio until you direct us to move them to a different Portfolio.

Section 5. Investment Options

In this section, you will find information about your Investment Options, including a discussion of the Age-Based Options and the Individual Portfolios. You should consider the information carefully before choosing to invest in one or more of these Investment Options.

Information related to each Portfolio's strategy and risks has been provided by Vanguard and has not been independently verified by the Program Administrators, who make no representation as to the information's accuracy or completeness.

Summary of Investment Options

The *Direct Plan* offers multiple Investment Options intended to help you save for Qualified Higher Education Expenses. Each Investment Option corresponds to a Portfolio or series of Portfolios, and each Portfolio invests your contributions in one or more Underlying Funds managed by Vanguard.

Please keep in mind that as an Account Owner, you will not directly own shares of or interests in the Underlying Funds.

Investments—at a Glance

Currently, you can select from:

- 3 Age-Based Options that become more conservative as your Beneficiary nears college age.
- 13 Individual Portfolios that invest in stock funds, bond funds, insurance company funding agreements, and combinations of those funds.

Age-Based Options

You can choose from among three Age-Based Options, which automatically move your assets to progressively more conservative Portfolios as your Beneficiary approaches college age. You can select the option—conservative, moderate, or aggressive—that best reflects your risk tolerance.

Individual Portfolio Options

You can choose from among 13 Individual Portfolios, which invest in stock funds, bond funds, insurance company funding agreements, and combinations thereof. If you choose an Individual Portfolio, your money will remain in that Portfolio until you instruct us to move it.

Changes to Investment Options, Program Manager, and Investment Manager

The Program Administrators reserve the right to change, at any time and without prior notice, the Investment Options, the Portfolios included in the Age-Based Options, the asset allocation of the Individual Portfolios, or the Underlying Funds in which the Portfolios invest.

In accordance with the Management Agreement and certain related agreements, the Program Administrators reserve the right to change the Program Manager and the Investment Manager. See *Section 4. Risks—Potential Changes to the Program, Program Manager, and Investment Manager.*

Investment Time Horizons for Different Savings Goals

Please note that the investment time horizon for college investing is expected to be very short relative to that for retirement investing (i.e., 5 to 20 years versus 30 to 60 years). Also, the need for liquidity during the withdrawal phase (to pay for certain educational expenses) generally is very important. You should seriously consider the level of risk you wish to assume, your investment time horizon, and other factors important to you before you select Investment Options. You should periodically assess and, if appropriate, adjust your investment choices with the same factors in mind.

When determining whether to save for K–12 Tuition Expenses or Qualified Loan Repayments, the Age-Based Options are designed for college savings time horizons and withdrawal periods and not for K–12 Tuition Expense or Qualified Loan Repayment time horizons, which may be shorter.

Note also that none of the Plan Officials can offer any assurance that the recommended asset allocations will maximize returns, minimize risk, or be the appropriate allocation in all circumstances for every investor who has a particular time horizon or risk tolerance.

Requesting Additional Information About the Underlying Funds

Your contributions to a Portfolio will be invested in one or more of the Underlying Funds. Please keep in mind that you will not own shares of or interests in the Underlying Funds. Instead, you will own interests in the Trust. Additional information about the investment strategies and risks of each Underlying Fund, except for Vanguard Short-Term Reserves Account, is available in its 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 an Underlying Fund by visiting Vanguard's website at vanguard.com or by calling **877-NYSAVES** (877-697-2837). Information about Vanguard Total Bond Market II Index Fund can be found on vanguard.com. Vanguard Short-Term Reserves Account is not a mutual fund. Therefore, there is no prospectus or statement of additional information available. However, information about Vanguard Short-Term Reserves Account can be found later in this section under *Portfolio Descriptions—Interest Accumulation Portfolio.*

The Target Indexes of the Underlying Funds May Change

All of the Underlying Funds, except Vanguard Inflation-Protected Securities Fund and Vanguard Short-Term Reserves Account, are index funds. Each index fund reserves the right to substitute a different index for the index it currently tracks if the current index is discontinued, if the Underlying Fund's agreement with the sponsor of its target index is terminated, or for any other reason determined in good faith by the Underlying Fund's board of trustees. In any of these situations, a substitute index would measure the same market segment as the current index.

Age-Based Options

You may choose from the following three Age-Based Options:

- Conservative Age-Based Option
- Moderate Age-Based Option
- Aggressive Age-Based Option

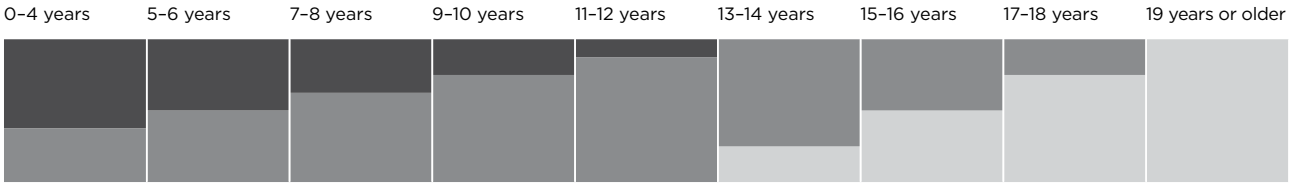
These Age-Based Options are designed to take into account a Beneficiary's age and your investing time horizon—i.e., the number of years before your Beneficiary is expected to attend college. Within the Age-Based Options, you may invest, according to your risk tolerance, in a conservative, a moderate, or an aggressive asset allocation. In general, for younger Beneficiaries, the Age-Based Options will be invested in Portfolios that are more heavily weighted in stocks to take advantage of the relatively long period of investment in order to try to maximize returns. As time passes, Account assets are automatically moved to more conservative Portfolios in an attempt to preserve capital as your Beneficiary approaches college age. We have designed the *Direct Plan* for you to closely match the Age-Based Options to your Beneficiary's age range. However, you may choose different Age-Based Options depending on your individual circumstances.

As shown in the table on the following page, for any particular age group, the Conservative Age-Based Option usually has a higher concentration of assets in bond funds and/or short-term reserves than does the Moderate Age-Based Option. The same is true for the Moderate Age-Based Option in comparison with the Aggressive Age-Based Option. Portfolios with higher allocations to bond funds and short-term reserves tend to be less volatile than those with higher stock allocations. Less-volatile Portfolios generally will not decline as much when stock markets go down but also will not appreciate in value as much when stock markets go up. Each of the Portfolios included in the Age-Based Options invests in a combination of Underlying Funds in the percentages shown in the table. Certain of these Portfolios are also offered as Individual Portfolios. For a description of each of these Portfolios, see *Individual Portfolio Options* later in this section.

With the Age-Based Options, we automatically exchange assets from one Portfolio to another as your Beneficiary ages. The exchange takes place annually during the month following the month of your Beneficiary's birth date, according to the following schedule:

Conservative Option

AGE OF BENEFICIARY



0–4 years	5–6 years	7–8 years	9–10 years	11–12 years	13–14 years	15–16 years	17–18 years	19 years or older
Blended Growth Portfolio 62.5% Stocks 37.5% Bonds	**Moderate Growth Portfolio** 50% Stocks 50% Bonds	**Disciplined Growth Portfolio** 37.5% Stocks 62.5% Bonds	**Conservative Growth Portfolio** 25% Stocks 75% Bonds	**Conservative Portfolio** 12.5% Stocks 87.5% Bonds	**Income Portfolio** 75% Bonds 25% Short-Term Reserves	**Balanced Income Portfolio** 50% Bonds 50% Short-Term Reserves	**Conservative Income Portfolio** 25% Bonds 75% Short-Term Reserves	**Interest Accumulation Portfolio** 100% Short-Term Reserves

Moderate Option

AGE OF BENEFICIARY

0–4 years	5–6 years	7–8 years	9–10 years	11–12 years	13–14 years	15–16 years	17–18 years	19 years or older
Aggressive Portfolio 87.5% Stocks 12.5% Bonds	**Growth Portfolio** 75% Stocks 25% Bonds	**Blended Growth Portfolio** 62.5% Stocks 37.5% Bonds	**Moderate Growth Portfolio** 50% Stocks 50% Bonds	**Disciplined Growth Portfolio** 37.5% Stocks 62.5% Bonds	**Conservative Growth Portfolio** 25% Stocks 75% Bonds	**Conservative Portfolio** 12.5% Stocks 87.5% Bonds	**Income Portfolio** 75% Bonds 25% Short-Term Reserves	**Income Portfolio** 75% Bonds 25% Short-Term Reserves

Aggressive Option

AGE OF BENEFICIARY

0–4 years	5–6 years	7–8 years	9–10 years	11–12 years	13–14 years	15–16 years	17–18 years	19 years or older
Aggressive Growth Portfolio 100% Stocks	**Aggressive Portfolio** 87.5% Stocks 12.5% Bonds	**Aggressive Portfolio** 87.5% Stocks 12.5% Bonds	**Growth Portfolio** 75% Stocks 25% Bonds	**Blended Growth Portfolio** 62.5% Stocks 37.5% Bonds	**Moderate Growth Portfolio** 50% Stocks 50% Bonds	**Disciplined Growth Portfolio** 37.5% Stocks 62.5% Bonds	**Conservative Growth Portfolio** 25% Stocks 75% Bonds	**Conservative Portfolio** 12.5% Stocks 87.5% Bonds

● Stocks ● Bonds ● Short-term reserves

Individual Portfolio Options

Unlike the Age-Based Options, the Individual Portfolios do not change asset allocations as your Beneficiary ages. Instead, the asset allocation of each Portfolio remains fixed over time.

If you choose to invest in Individual Portfolios that have a significant weighting in stocks, you should consider moving your assets to more conservative Portfolios as your Beneficiary approaches college age. Please note that there are limitations on your ability to move assets from one Portfolio to another. You can make changes to your Investment Options or allocation percentages twice per calendar year per Beneficiary. Additional changes or a transfer of assets within a calendar year may be subject to federal, state, and other taxes.

The Individual Portfolios consist of five Multi-Fund Individual Portfolios, which invest in multiple Underlying Funds, and eight Single-Fund Individual Portfolios, each of which invests in a single Underlying Fund.

Stock Portfolios

- Aggressive Growth Portfolio*
- Developed Markets Index Portfolio
- Growth Stock Index Portfolio
- Mid-Cap Stock Index Portfolio
- Small-Cap Stock Index Portfolio
- Value Stock Index Portfolio

Balanced Portfolios

- Conservative Growth Portfolio*
- Growth Portfolio*
- Moderate Growth Portfolio*

Bond Portfolios

- Bond Market Index Portfolio
- Income Portfolio*
- Inflation-Protected Securities Portfolio

Short-Term Investment Portfolios

- Interest Accumulation Portfolio

Portfolio Descriptions

The following profiles highlight the investment objective, strategy, and a summary of the main risks of each Portfolio. The Portfolios are more likely to meet their goals if each Underlying Fund in which each Portfolio invests achieves its stated investment objectives.

Age-Based Options

Aggressive Growth Portfolio

The Portfolio seeks to provide capital appreciation.

The Portfolio invests in two Vanguard stock index funds, resulting in an allocation of its assets to U.S. stocks and non-U.S. stocks. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

- 60% Vanguard Total Stock Market Index Fund
- 40% Vanguard Total International Stock Index Fund

Investment Risks

The Portfolio is subject to stock market risk, country/regional risk, currency risk, emerging markets risk, investment style risk, index sampling risk, and nondiversification risk.

Aggressive Portfolio

The Portfolio seeks to provide capital appreciation and low to moderate current income.

The Portfolio invests in two Vanguard stock index funds and two Vanguard bond index funds, resulting in an allocation of its assets to U.S. stocks, non-U.S. stocks, investment-grade U.S. bonds, and investment-grade non-U.S. bonds. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

- 52.5% Vanguard Total Stock Market Index Fund
- 35% Vanguard Total International Stock Index Fund
- 8.75% Vanguard Total Bond Market II Index Fund
- 3.75% Vanguard Total International Bond Index Fund

Investment Risks

The Portfolio is proportionately subject to the risks of the underlying stock funds, including stock market risk, country/regional risk, currency risk, and emerging markets risk; and the risks of the underlying bond funds, including interest rate risk, income risk, prepayment risk, extension risk, call risk, credit risk, country/regional risk, liquidity risk, currency and currency hedging risk, and derivatives risk. The Portfolio is also subject to investment style risk, index sampling risk, and nondiversification risk.

*Multi-Fund Portfolio.

Growth Portfolio

The Portfolio seeks to provide a high level of capital appreciation and low current income.

The Portfolio invests in two Vanguard stock index funds and two Vanguard bond index funds, resulting in an allocation of its assets to U.S. stocks, non-U.S. stocks, investment-grade U.S. bonds, and investment-grade non-U.S. bonds. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

- 45% Vanguard Total Stock Market Index Fund
- 30% Vanguard Total International Stock Index Fund
- 17.5% Vanguard Total Bond Market II Index Fund
- 7.5% Vanguard Total International Bond Index Fund

Investment Risks

The Portfolio is proportionately subject to the risks of the underlying stock funds, including stock market risk, country/regional risk, currency risk, and emerging markets risk; and the risks of the underlying bond funds, including interest rate risk, income risk, prepayment risk, extension risk, call risk, credit risk, country/regional risk, liquidity risk, currency and currency hedging risk, and derivatives risk. The Portfolio is also subject to investment style risk, index sampling risk, and nondiversification risk.

Blended Growth Portfolio

The Portfolio seeks to provide a moderate level of capital appreciation along with current income.

The Portfolio invests in two Vanguard stock index funds and two Vanguard bond index funds, resulting in an allocation of its assets to U.S. stocks, non-U.S. stocks, investment-grade U.S. bonds, and investment-grade non-U.S. bonds. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

- 37.5% Vanguard Total Stock Market Index Fund
- 25% Vanguard Total International Stock Index Fund
- 26.25% Vanguard Total Bond Market II Index Fund
- 11.25% Vanguard Total International Bond Index Fund

Investment Risks

The Portfolio is proportionately subject to the risks of the underlying stock funds, including stock market risk, country/regional risk, currency risk, and emerging markets risk; and the risks of the underlying bond funds, including interest rate risk, income risk, prepayment risk, extension risk, call risk, credit risk, country/regional risk, liquidity risk, currency and currency hedging risk, and derivatives risk. The Portfolio is also subject to investment style risk, index sampling risk, and nondiversification risk.

Moderate Growth Portfolio

The Portfolio seeks to provide capital appreciation and current income.

The Portfolio invests in two Vanguard stock index funds and two Vanguard bond index funds, resulting in an allocation of its assets to U.S. stocks, non-U.S. stocks, investment-grade U.S. bonds, and investment-grade non-U.S. bonds. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

- 30% Vanguard Total Stock Market Index Fund
- 20% Vanguard Total International Stock Index Fund
- 35% Vanguard Total Bond Market II Index Fund
- 15% Vanguard Total International Bond Index Fund

Investment Risks

The Portfolio is proportionately subject to the risks of the underlying stock funds, including stock market risk, country/regional risk, currency risk, and emerging markets risk; and the risks of the underlying bond funds, including interest rate risk, income risk, prepayment risk, extension risk, call risk, credit risk, country/regional risk, liquidity risk, currency and currency hedging risk, and derivatives risk. The Portfolio is also subject to investment style risk, index sampling risk, and nondiversification risk.

Disciplined Growth Portfolio

The Portfolio seeks to provide a moderate level of current income along with capital appreciation.

The Portfolio invests in two Vanguard stock index funds and two Vanguard bond index funds, resulting in an allocation of its assets to U.S. stocks, non-U.S. stocks, investment-grade U.S. bonds, and investment-grade non-U.S. bonds. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

- 22.5% Vanguard Total Stock Market Index Fund
- 15% Vanguard Total International Stock Index Fund
- 43.75% Vanguard Total Bond Market II Index Fund
- 18.75% Vanguard Total International Bond Index Fund

Investment Risks

The Portfolio is subject to the risks of the underlying bond funds, including interest rate risk, income risk, prepayment risk, extension risk, call risk, credit risk, country/regional risk, liquidity risk, currency and currency hedging risk, and derivatives risk; and the risks of the underlying stock funds, including stock market risk, country/regional risk, currency risk, and emerging markets risk. The Portfolio is also subject to investment style risk, index sampling risk, and nondiversification risk.

Conservative Growth Portfolio

The Portfolio seeks to provide a high level of current income and low capital appreciation.

The Portfolio invests in two Vanguard bond index funds and two Vanguard stock index funds, resulting in an allocation of its assets to investment-grade U.S. bonds, investment-grade non-U.S. bonds, U.S. stocks, and non-U.S. stocks. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

- 52.5% Vanguard Total Bond Market II Index Fund
- 22.5% Vanguard Total International Bond Index Fund
- 15% Vanguard Total Stock Market Index Fund
- 10% Vanguard Total International Stock Index Fund

Investment Risks

The Portfolio is subject to the risks of the underlying bond funds, including interest rate risk, income risk, prepayment risk, extension risk, call risk, credit risk, country/regional risk, liquidity risk, currency and currency hedging risk, and derivatives risk; and the risks of the underlying stock funds, including stock market risk, country/regional risk, currency risk, and emerging markets risk. The Portfolio is also subject to investment style risk, index sampling risk, and nondiversification risk.

Conservative Portfolio

The Portfolio seeks to provide a high level of current income and low capital appreciation.

The Portfolio invests in two Vanguard stock index funds and two Vanguard bond index funds, resulting in an allocation of its assets to U.S. stocks, non-U.S. stocks, investment-grade U.S. bonds, and investment-grade non-U.S. bonds. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

- 7.5% Vanguard Total Stock Market Index Fund
- 5% Vanguard Total International Stock Index Fund
- 61.25% Vanguard Total Bond Market II Index Fund
- 26.25% Vanguard Total International Bond Index Fund

Investment Risks

The Portfolio is subject to the risks of the underlying bond funds, including interest rate risk, income risk, prepayment risk, extension risk, call risk, credit risk, country/regional risk, liquidity risk, currency and currency hedging risk, and derivatives risk; and the risks of the underlying stock funds, including stock market risk, country/regional risk, currency risk, and emerging markets risk. The Portfolio is also subject to investment style risk, index sampling risk, and nondiversification risk.

Income Portfolio

The Portfolio seeks to provide current income.

The Portfolio invests in three Vanguard bond funds and one Vanguard short-term reserves account, resulting in an allocation of its assets to investment-grade U.S. bonds, investment-grade non-U.S. bonds, and short-term investments. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

- 34.5% Vanguard Total Bond Market II Index Fund
- 18% Vanguard Short-Term Inflation-Protected Securities Index Fund
- 22.5% Vanguard Total International Bond Index Fund
- 25% Vanguard Short-Term Reserves Account

Investment Risks

The Portfolio is proportionately subject to the risks of the underlying funds, including interest rate risk, income risk, prepayment risk, extension risk, call risk, credit risk, country/regional risk, liquidity risk, currency and currency hedging risk, derivatives risk, income fluctuation risk, index sampling risk, and manager risk.

The Income Portfolio invests in Vanguard Short-Term Reserves Account, which in turn invests in Vanguard Federal Money Market Fund. Vanguard Short-Term Reserves Account's investment in the Federal Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Federal Money Market Fund seeks to preserve the value of the investment at $1 per share, it is possible that Vanguard Short-Term Reserves Account may lose money by investing in the Fund. The contracts held by the Short-Term Reserves Account are not guaranteed by the U.S. government, Vanguard, the Program, the State of New York, or the Program Administrators. Funding agreements are backed by the financial strength of the insurance companies that issue the contracts. The Portfolio may lose value if an insurance company is unable to make interest or principal payments when due.

Balanced Income Portfolio

The Portfolio seeks to provide current income.

The Portfolio invests in three Vanguard bond index funds and one Vanguard short-term reserves account, resulting in an allocation of its assets to investment-grade U.S. bonds, investment-grade non-U.S. bonds, and short-term investments. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

- 23% Vanguard Total Bond Market II Index Fund
- 12% Vanguard Short-Term Inflation-Protected Securities Index Fund
- 15% Vanguard Total International Bond Index Fund
- 50% Vanguard Short-Term Reserves Account

Investment Risks

The Portfolio is proportionately subject to the risks of the underlying funds, including interest rate risk, income risk, prepayment risk, extension risk, call risk, credit risk, country/regional risk, liquidity risk, currency and currency hedging risk, derivatives risk, income fluctuation risk, index sampling risk, and manager risk.

Conservative Income Portfolio

The Portfolio seeks income consistent with preservation of principal with a low level of current income.

The Portfolio invests in three Vanguard bond index funds and one Vanguard short-term reserves account, resulting in an allocation of its assets to investment-grade U.S. bonds, investment-grade non-U.S. bonds, and short-term investments. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

- 11.5% Vanguard Total Bond Market II Index Fund
- 6% Vanguard Short-Term Inflation-Protected Securities Index Fund
- 7.5% Vanguard Total International Bond Index Fund
- 75% Vanguard Short-Term Reserves Account

Investment Risks

The Portfolio is proportionately subject to the risks of the underlying funds, including interest rate risk, income risk, prepayment risk, extension risk, call risk, credit risk, country/regional risk, liquidity risk, currency and currency hedging risk, derivatives risk, income fluctuation risk, index sampling risk, and manager risk.

Interest Accumulation Portfolio

The Portfolio seeks income consistent with the preservation of principal.

The Portfolio invests its assets in a Vanguard short-term reserves account:

- 100% Vanguard Short-Term Reserves Account

Investment Risks

The Portfolio is subject to income risk, manager risk, and credit risk.

The Interest Accumulation Portfolio invests in Vanguard Short-Term Reserves Account, which in turn invests in Vanguard Federal Money Market Fund. Vanguard Short-Term Reserves Account's investment in the Federal Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Federal Money Market Fund seeks to preserve the value of the investment at $1 per share, it is possible that Vanguard Short-Term Reserves Account may lose money by investing in the Fund. The contracts held by the Short-Term Reserves Account are not guaranteed by the U.S. government, Vanguard, the Program, the State of New York, or the Program Administrators. Funding agreements are backed by the financial strength of the insurance companies that issue the contracts. The Portfolio may lose value if an insurance company is unable to make interest or principal payments when due.

Portfolio Strategy Summaries

Aggressive Growth, Aggressive, Growth, Blended Growth, Moderate Growth, Disciplined Growth, Conservative Growth, and Conservative Portfolios

Through their investment in Vanguard Total Stock Market Index Fund, the Portfolios indirectly invest in U.S. stocks. The Fund employs an indexing investment approach designed to track the performance of the CRSP US Total Market Index, which represents approximately 100% of the investable U.S. stock market and includes large-, mid-, small-, and micro-cap stocks regularly traded on the NYSE and Nasdaq. The Fund invests by sampling the index, meaning it holds a broadly diversified collection of securities that, in the aggregate, approximates the full index in terms of key characteristics. These key characteristics include industry weightings and market capitalization, as well as certain financial measures, such as price/earnings ratio and dividend yield.

Through their investment in Vanguard Total International Stock Index Fund, the Portfolios indirectly invest in international stocks. The Fund employs an indexing investment approach designed to track the performance of the FTSE Global All Cap ex US Index, a float-adjusted, market-capitalization-weighted index designed to measure equity market performance of companies located in developed and emerging markets, excluding the United States. The Fund invests all, or substantially all, of its assets in the common stocks included in its target index.

Aggressive, Growth, Blended Growth, Moderate Growth, Disciplined Growth, Conservative Growth, Conservative, Income, Balanced Income, and Conservative Income Portfolios

Through their investment in Vanguard Total Bond Market II Index Fund, the Portfolios also indirectly invest in U.S. bonds. The Fund employs an indexing investment approach designed to track the performance of the Bloomberg Barclays U.S. Aggregate Float Adjusted Index. This index represents a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities—all with maturities of more than one year. The Fund invests by sampling the index, meaning that it holds a broadly diversified collection of securities that, in the aggregate, approximates the full index in terms of key risk factors and characteristics. All of the Fund's investments will be selected through the sampling process, and at least 80% of the Fund's assets will be invested in bonds held in the index. The Fund maintains a dollar-weighted average maturity consistent with that of the index, which generally ranges between five and ten years.

Through their investment in Vanguard Total International Bond Index Fund, the Portfolios also indirectly invest in international bonds. The Fund employs an indexing investment approach designed to track the performance of the Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged), which provides a broad-based measure of the global, investment-grade, fixed-rate debt markets. The index includes government, government agency, corporate, and securitized non-U.S. investment-grade fixed income investments, all issued in currencies other than the U.S. dollar and with maturities of more than one year. The index methodology is not designed to satisfy the diversification requirements of the Investment Company Act of 1940. The Fund will attempt to hedge its foreign currency exposure, primarily through the use of foreign currency exchange forward contracts, in order to correlate to the returns of the index, which is U.S. dollar hedged. Such hedging is intended to minimize the currency risk associated with investment in bonds denominated in currencies other than the U.S. dollar. The Fund invests by sampling the index, meaning that it holds a range of securities that, in the aggregate, approximates the full index in terms of key risk factors and other characteristics. All of the Fund's investments will be selected through the sampling process and, under normal circumstances, at least 80% of the Fund's assets will be invested in bonds included in the index. The Fund maintains a dollar-weighted average maturity consistent with that of the index, which generally ranges between five and ten years.

Income, Balanced Income, and Conservative Income Portfolios

Through their investment in Vanguard Short-Term Inflation-Protected Securities Index Fund, the Portfolios indirectly invest in short-term investments. The Fund employs an indexing investment approach designed to track the performance of the Bloomberg Barclays U.S. Treasury Inflation-Protected Securities (TIPS) 0–5 Year Index. The index is a market-capitalization-weighted index that includes all inflation-protected public obligations issued by the U.S. Treasury with remaining maturities of less than five years. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the securities that make up the index, holding each security in approximately the same proportion as its weighting in the index. The Fund maintains a dollar-weighted average maturity consistent with that of the target index, which generally does not exceed three years.

Income, Balanced Income, Conservative Income, and Interest Accumulation Portfolios

Through their investment in Vanguard Short-Term Reserves Account, the Portfolios indirectly invest in funding agreements issued by one or more insurance companies, synthetic investment contracts, and shares of Vanguard Federal Money Market Fund. Funding agreements are interest-bearing contracts that are structured to preserve principal and accumulate interest earnings over the life of the investment. The agreements pay interest at a fixed minimum rate and have fixed maturity dates that normally range from two to five years.

Individual Portfolios

These Portfolios are available as standalone options and, as such, do not change as the Beneficiary ages. Several are also available as Age-Based Options. Please see above for those descriptions.

Stock Portfolios

Portfolio, Investment Objective, and Risks	Portfolio Strategy Summary
AGGRESSIVE GROWTH PORTFOLIO	
See the description under *Age-Based Options* above.	See the description under *Age-Based Options* on page 26.
DEVELOPED MARKETS INDEX PORTFOLIO	
The Portfolio seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in Canada and the major markets of Europe and the Pacific region. The Portfolio is subject to stock market risk, country/regional risk, investment style risk, and currency risk.	The Portfolio invests 100% of its assets in Vanguard Developed Markets Index Fund, which employs an indexing investment approach designed to track the performance of the FTSE Developed All Cap ex US Index. The FTSE Developed All Cap ex US Index is a market-capitalization-weighted index that is made up of approximately 3,885 common stocks of large-, mid-, and small-cap companies located in Canada and the major markets of Europe and the Pacific region. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.
GROWTH STOCK INDEX PORTFOLIO	
The Portfolio seeks to track the performance of a benchmark index that measures the investment return of large-capitalization growth stocks. The Portfolio is subject to stock market risk, investment style risk, and nondiversification risk.	The Portfolio invests 100% of its assets in Vanguard Growth Index Fund, which employs an indexing investment approach designed to track the performance of the CRSP US Large Cap Growth Index, a broadly diversified index predominantly made up of growth stocks of large U.S. companies. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.
MID-CAP STOCK INDEX PORTFOLIO	
The Portfolio seeks to track the performance of a benchmark index that measures the investment return of mid-capitalization stocks. The Portfolio primarily is subject to stock market risk and investment style risk.	The Portfolio invests 100% of its assets in Vanguard Mid-Cap Index Fund, which employs an indexing investment approach designed to track the performance of the CRSP US Mid Cap Index, a broadly diversified index of stocks of mid-size U.S. companies. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.
SMALL-CAP STOCK INDEX PORTFOLIO	
The Portfolio seeks to track the performance of a benchmark index that measures the investment return of small-capitalization stocks. The Portfolio is subject to stock market risk and investment style risk.	The Portfolio invests 100% of its assets in Vanguard Small-Cap Index Fund, which employs an indexing investment approach designed to track the performance of the CRSP US Small Cap Index, a broadly diversified index of stocks of small U.S. companies. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

Portfolio, Investment Objective, and Risks	Portfolio Strategy Summary
VALUE STOCK INDEX PORTFOLIO	
The Portfolio seeks to track the performance of a benchmark index that measures the investment return of large-capitalization value stocks. The Portfolio is subject to stock market risk and investment style risk.	The Portfolio invests 100% of its assets in Vanguard Value Index Fund, which employs an indexing investment approach designed to track the performance of the CRSP US Large Cap Value Index, a broadly diversified index predominantly made up of value stocks of large U.S. companies. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

Balanced Portfolios

Portfolio, Investment Objective, and Risks	Portfolio Strategy Summary
MODERATE GROWTH PORTFOLIO	
See the description under *Age-Based Options* above.	See the description under *Age-Based Options* on page 27.
GROWTH PORTFOLIO	
See the description under *Age-Based Options* above.	See the description under *Age-Based Options* on page 27.
CONSERVATIVE GROWTH PORTFOLIO	
See the description under *Age-Based Options* above.	See the description under *Age-Based Options* on page 28.

Bond Portfolios

Portfolio, Investment Objective, and Risks	Portfolio Strategy Summary
BOND MARKET INDEX PORTFOLIO	
The Portfolio seeks to track the performance of a broad, market-weighted bond index. The Portfolio is subject to interest rate risk, income risk, prepayment risk, extension risk, call risk, credit risk, index sampling risk, and liquidity risk.	The Portfolio invests 100% of its assets in Vanguard Total Bond Market Index Fund, which employs an indexing investment approach designed to track the performance of the Bloomberg Barclays U.S. Aggregate Float Adjusted Index. This index represents a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities—all with maturities of more than one year. The Fund invests by sampling the index, meaning that it holds a broadly diversified collection of securities that, in the aggregate, approximates the full index in terms of key risk factors and other characteristics. All of the Fund's assets will be selected through the sampling process, and at least 80% of the Fund's assets will be invested in bonds held in the index. The Fund maintains a dollar-weighted average maturity consistent with that of the index, which generally ranges between five and ten years.
INCOME PORTFOLIO	
See the description under *Age-Based Options* above.	See the description under *Age-Based Options* on page 28.

Portfolio, Investment Objective, and Risks	Portfolio Strategy Summary
INFLATION-PROTECTED SECURITIES PORTFOLIO	
The Portfolio seeks to provide inflation protection and income consistent with investment in inflation-indexed securities. The Portfolio is subject to interest rate risk, income fluctuation risk, manager risk, liquidity risk, and derivatives risk.	The Portfolio invests 100% of its assets in Vanguard Inflation-Protected Securities Fund. The Fund invests at least 80% of its assets in inflation-indexed bonds issued by the U.S. government, its agencies and instrumentalities, and corporations. The Fund may invest in bonds of any maturity; however, its dollar-weighted average maturity is expected to be in the range of seven to 20 years. At a minimum, all bonds purchased by the Fund will be rated investment-grade or, if unrated, will be considered by the advisor to be investment-grade. Unlike a conventional bond, whose issuer makes regular fixed interest payments and repays the face value of the bond at maturity, an inflation-indexed security (IIS) provides principal and interest payments that are adjusted over time to reflect a rise (inflation) or a drop (deflation) in the general price level for goods and services. In the event of deflation, the U.S. Treasury has guaranteed that it will repay at least the face value of an IIS issued by the U.S. government. Note: The Inflation-Protected Securities Portfolio seeks to provide protection from inflation (i.e., a rise in the general price level of goods and services), as measured by the Consumer Price Index. It is possible that the costs of higher education may increase at a rate that exceeds the rate of increase of the Consumer Price Index.

Short-Term Investment Portfolio

Portfolio, Investment Objective, and Risks	Portfolio Strategy Summary
INTEREST ACCUMULATION PORTFOLIO	
See the description under *Age-Based Options* above.	See the description under *Age-Based Options* on page 29.

Section 6. Performance Information

In this section, we show the performance of the Portfolios in the *Direct Plan* over various periods. The data used to create the performance table on the following page includes each Portfolio's asset-based fee. See *Section 3. Fees*. **The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' Portfolio Units, when sold, may be worth more or less than their original cost. For performance data current to the most recent month-end, which may be higher or lower than that cited, visit nysaves.org or call 877-NYSAVES** (877-697-2837).

The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index. Benchmark comparative indexes represent unmanaged or average returns on various financial assets, which can be compared with the Portfolios' total returns for the purpose of measuring relative performance. Benchmark index returns reflect no deduction for fees or expenses, which are applicable to Portfolio investments.

Keep in mind that the performance of the Portfolios will differ from the performance of the Underlying Funds, even when a Portfolio invests in only one Underlying Fund. This is primarily because of differences in a Portfolio's Total Annual Asset-Based Fee and the Underlying Fund Fee and differences in the trade dates of Portfolio purchases.

Because the Portfolios have higher fees than the Underlying Funds, over comparable periods of time, all other things being equal, a Portfolio would have lower performance than its comparable Underlying Fund. (Of course, investing in the Underlying Funds does not offer the same tax advantages as investing in the Portfolios.) Performance differences also are caused by differences in the trade dates of Portfolio purchases. When you invest in a Portfolio, you will receive Portfolio Units as of the trade date. The Portfolio will use your money to purchase shares of an Underlying Fund.

However, the trade date for the Portfolio's purchase of the Underlying Fund's shares typically will be one business day after the trade date for your purchase of Portfolio Units.

Depending on the amount of cash flow into or out of the Portfolio and whether the Underlying Fund is going up or down in value, this timing difference will cause the Portfolio's performance either to trail or exceed the Underlying Fund's performance.

If you are invested in an Age-Based Option, the assets in the Portfolio in which you are currently invested (Current Portfolio) will automatically transfer to other Portfolios as your Beneficiary ages and depending on the Age-Based Option you chose. Accordingly, the assets in your Current Portfolio may have been invested in the Current Portfolio for all or only a portion of the period reported in the performance table shown on the next page. Thus, your personal performance may differ from the performance for a Portfolio as shown in the table based on the timing and amount of your investments.

Average Annual Total Returns

For the period ended June 30, 2021

Individual Portfolio/Benchmark	1-Year	3-Year	5-Year	10-Year	Since Portfolio Inception Date[1]	Inception Date
Aggressive Growth Portfolio	41.15%	15.36%	15.45%	13.14%	9.79%	11/14/2003
Benchmark: Aggressive Growth Composite Index[2]	*41.81*	*15.82*	*15.86*	*13.41*	*10.15*	
Aggressive Portfolio	35.24	14.14	—	—	13.00	9/22/2017
Benchmark: Aggressive Composite Index	*35.84*	*14.66*	—	—	*13.49*	
Growth Portfolio	29.70	12.93	12.37	10.80	8.75	11/14/2003
Benchmark: Growth Composite Index[3]	*30.09*	*13.44*	*12.79*	*11.09*	*9.12*	
Blended Growth Portfolio	24.15	11.66	—	—	10.46	9/22/2017
Benchmark: Blended Growth Composite Index	*24.55*	*12.17*	—	—	*10.94*	
Moderate Growth Portfolio	18.94	10.35	9.19	8.35	7.12	11/14/2003
Benchmark: Moderate Growth Composite Index[4]	*19.22*	*10.84*	*9.61*	*8.64*	*7.45*	
Disciplined Growth Portfolio	14.05	9.10	—	—	7.88	9/22/2017
Benchmark: Disciplined Growth Composite Index	*14.09*	*9.46*	—	—	*8.21*	
Conservative Growth Portfolio	8.99	7.64	6.02	5.81	5.36	11/14/2003
Benchmark: Conservative Growth Composite Index[5]	*9.15*	*8.03*	*6.33*	*6.08*	*5.67*	
Conservative Portfolio	4.16	6.25	—	—	5.02	9/22/2017
Benchmark: Conservative Composite Index	*4.39*	*6.56*	—	—	*5.32*	
Income Portfolio	1.33	3.95	2.52	2.50	3.23	11/14/2003
Benchmark: Income Composite Index[6]	*0.99*	*3.86*	*2.47*	*2.52*	*3.47*	
Balanced Income Portfolio	1.46	3.33	—	—	2.81	9/22/2017
Benchmark: Balanced Income Composite Index	*0.67*	*2.97*	—	—	*2.49*	
Conservative Income Portfolio	1.67	2.73	—	—	2.44	9/22/2017
Benchmark: Conservative Income Composite Index	*0.34*	*2.09*	—	—	*1.86*	
Developed Markets Index Portfolio	35.72	9.08	10.82	6.33	9.86	3/26/2009
Benchmark: Spliced Developed Markets Index[7]	*34.74*	*8.92*	*10.96*	*6.33*	*9.55*	
Small-Cap Stock Index Portfolio	56.35	14.65	15.85	12.78	10.94	11/19/2003
Benchmark: Spliced Small Cap Index[8]	*56.47*	*14.73*	*15.94*	*12.87*	*11.15*	
Mid-Cap Stock Index Portfolio	46.77	16.40	15.64	13.02	11.08	11/20/2003
Benchmark: Spliced Mid-Cap Index[9]	*46.93*	*16.51*	*15.78*	*13.16*	*11.48*	
Growth Stock Index Portfolio	42.64	25.20	22.93	17.35	11.95	11/20/2003
Benchmark: Spliced Growth Index[10]	*42.83*	*25.35*	*23.09*	*17.52*	*12.32*	
Value Stock Index Portfolio	41.16	12.76	12.92	12.16	9.14	11/20/2003
Benchmark: Spliced Value Index[11]	*41.31*	*12.86*	*13.05*	*12.31*	*9.52*	
Bond Market Index Portfolio	–0.51	5.29	2.90	3.26	3.84	11/20/2003
Benchmark: Spliced Bloomberg Barclays U.S. Aggregate Float Adjusted Index[12]	*–0.33*	*5.44*	*3.07*	*3.44*	*4.16*	
Inflation-Protected Securities Portfolio	6.45	6.39	3.97	3.28	4.10	11/20/2003
Benchmark: Bloomberg Barclays U.S. Treasury Inflation Protected Securities Index	*6.51*	*6.53*	*4.17*	*3.40*	*4.44*	
Interest Accumulation Portfolio	1.83	2.14	1.85	1.09	1.65	11/14/2003
Benchmark: Institutional Money Market Fund Average[13]	*0.02*	*1.20*	*1.07*	*0.55*	*1.24*	

1 Performance for the Portfolio and its benchmark is calculated since the Portfolio inception date. "Since Inception" returns for less than one year are not annualized.

2 Weighted 70% Spliced Institutional Total Stock Market Index and 30% FTSE Global All Cap ex US Index. The Spliced Institutional Total Stock Market Index consists of the Dow Jones Wilshire 5000 Index through April 8, 2005; the MSCI U.S. Broad Market Index through January 14, 2013; and the CRSP US Total Market Index thereafter.

3 Weighted 52.5% Spliced Institutional Total Stock Market Index, 22.5% FTSE Global All Cap ex US Index, 20% Bloomberg Barclays U.S. Aggregate Float Adjusted Index, and 5% Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged).

4 Weighted 35% Spliced Institutional Total Stock Market Index, 15% FTSE Global All Cap ex US Index, 40% Spliced Bloomberg Barclays U.S. Aggregate Float Adjusted Index, and 10% Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged).

5 Weighted 17.5% Spliced Institutional Total Stock Market Index, 7.5% FTSE Global All Cap ex US Index, 60% Spliced Bloomberg Barclays U.S. Aggregate Float Adjusted Index, and 15% Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged).

6 Weighted 42% Spliced Bloomberg Barclays U.S. Aggregate Float Adjusted Index, 15% Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged), 18% Bloomberg Barclays U.S. 0–5 Year TIPS Index, and 25% Institutional Money Market Funds Average.

7 Consists of the MSCI EAFE Index through May 28, 2013; the FTSE Developed ex North America Index through December 20, 2015; the FTSE Developed All Cap ex US Transition Index through May 31, 2016; and the FTSE Developed All Cap ex US Index thereafter.

8 Consists of the MSCI U.S. Small Cap 1750 Index through January 30, 2013; and the CRSP US Small Cap Index thereafter.

9 Consists of the MSCI U.S. Mid Cap 450 Index through January 30, 2013; and the CRSP US Mid Cap Index thereafter.

10 Consists of the MSCI U.S. Prime Market Growth Index through April 16, 2013; and the CRSP US Large Cap Growth Index thereafter.

11 Consists of the MSCI U.S. Prime Market Value Index through April 16, 2013; and the CRSP US Large Cap Value Index thereafter.

12 Consists of the Barclays U.S. Aggregate Bond Index through December 31, 2009, and the Barclays U.S. Aggregate Float Adjusted Index thereafter.

13 Derived from data provided by Lipper Inc.

Section 7. Important Tax Information

This section summarizes some of the federal and New York State tax consequences of investing in the *Direct Plan*.

We have based the following information on the relevant provisions of the Code; New York State tax law; Proposed Regulations; IRS notices, rulings, and other guidance; opinions of the DTF regarding New York tax matters; and legislative history and interpretations of applicable federal and New York State law existing on the date of this Disclosure Booklet. However, it is possible that Congress, the New York State Legislature, the Treasury Department, the IRS, the DTF, other taxing authorities, or the courts may take actions that would modify the tax law consequences described. Those changes may be retroactive. In addition, if the Treasury Department adopts final regulations, those regulations may alter the tax consequences discussed in this section or may require us to make changes to the *Direct Plan* so that you can take advantage of federal tax benefits. See *Section 4. Risks—Uncertainty of Tax Consequences*.

There is no way to ensure that the IRS or the DTF will accept the conclusions presented in this section or if these conclusions would be upheld in court. Some tax rules are uncertain and their application may vary depending on your particular facts and circumstances.

Please note that this is not an exhaustive discussion and is not intended as individual tax advice. Because it is your responsibility to verify contributions, withdrawals, and transfers, it is important for you to keep all records, invoices, and other documents regarding your Account to support:

- Expenses that you claim to be Qualified Higher Education Expenses, K–12 Tuition Expenses, Apprenticeship Program Expenses, or Qualified Loan Repayments.
- Withdrawals because of the death or Disability of, or receipt of a Qualified Scholarship by, your Beneficiary.
- The earnings component of and compliance with the timing requirements applicable to Qualified Rollovers.
- The earnings component of contributions funded from Qualified U.S. Savings Bonds or education savings accounts.
- Refunded Distributions.

We encourage you to consult a qualified tax advisor regarding the federal and state tax consequences of:

- Opening an Account.
- Contributing money to, or withdrawing money from, your Account.
- Changing Beneficiaries of your Account.
- Transferring money in your Account to another Account, to an account in a 529 plan outside of the Program, or to a Qualified ABLE Program.
- Transferring money in your Account to the Account of another Account Owner.
- Transfers from your Upromise account.

If you are not a New York State taxpayer, consider before investing whether your or your Beneficiary's home state offers a 529 plan that provides its taxpayers with favorable state tax or other benefits that may only be available through investing in your home state's 529 plan, and which are not available through investment in the *Direct Plan*. Other state benefits may include financial aid, scholarship funds, and protection from creditors. Since different states have different tax provisions, this Disclosure Booklet contains limited information about the state tax consequences of investing in the *Direct Plan*. Therefore, please consult your financial, tax, or other advisor to learn more about how state-based benefits (or any limitations) would apply to your specific circumstances. You also may wish to contact your home state's 529 plan(s), or any other 529 plan, to learn more about those plan 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.

Federal Tax Information

Contributions

Under federal law, contributions to your Account are not considered taxable income to your Beneficiary.

Contributions are not deductible for federal income tax purposes, but the income earned on your contributions grows free from federal income tax until you make a withdrawal from your Account. In the event you take a Federal Nonqualified Withdrawal, the income earned on your contributions will be subject to federal income taxation and the Federal Penalty.

Other Contributions and Transfers

You can generally transfer money to your Account without adverse federal income tax consequences if the money is:

- A Refunded Distribution;
- Transferred within 60 days of withdrawal from another Account in the Program, and the Beneficiary of your Account is a Member of the Family of the Beneficiary of the distributing Account;
- A Qualified Rollover from a 529 plan outside of the Program;
- From an education savings account described in Section 530 of the Code (i.e., a Coverdell Education Savings Account); or
- Made up of proceeds from the redemption of a Qualified U.S. Savings Bond described in Section 135 of the Code.

Coordination With Qualified U.S. Savings Bonds

If you redeem a Qualified U.S. Savings Bond and use those funds to make contributions to your Account, you may be allowed to exclude all or a portion of the income from that Qualified U.S. Savings Bond in computing your federal taxable income for the year in which you make the contribution. To qualify:

- You must meet certain age, ownership, and income limitations;

- The Qualified U.S. Savings Bond generally must be issued after 1989; and
- You, your spouse, or your eligible dependent must be the Beneficiary of the Account.

Withdrawals

For federal tax purposes, there are generally two types of withdrawals: Federal Qualified Withdrawals and Federal Nonqualified Withdrawals. These withdrawals comprise the following:

- Principal, which is not taxable when distributed.
- Earnings, if any, which may be subject to federal income tax.

We determine the portion of a withdrawal attributable to contributions and earnings based on IRS rules and report the distribution to the IRS and the recipient on Form 1099-Q. However, we do not report whether the withdrawal is a Federal Qualified Withdrawal or a Federal Nonqualified Withdrawal. The earnings portion of a withdrawal will generally be calculated on an Account-by-Account basis.

If you don't select a specific Investment Option(s) from which to take a withdrawal, the withdrawal will be taken proportionally from all the Investment Options in your Account. If you request that a withdrawal be taken from one or more specific Investment Option(s), the earnings, for tax-reporting purposes, will be calculated based on the earnings of all the Investment Options in your Account.

You are responsible for preparing and filing the appropriate forms when completing your federal income tax return and for paying any applicable tax to the Treasury Department.

The earnings portion of withdrawals that are Federal Qualified Withdrawals, Qualified Rollovers, ABLE Rollover Distributions, and Refunded Distributions is not subject to federal income taxation. The earnings portion of other withdrawals (including Federal Nonqualified Withdrawals, withdrawals made because of the death or Disability of a Beneficiary, the receipt by your Beneficiary of a Qualified Scholarship, and attendance of your Beneficiary at a military academy) are included in computing the federal taxable income of the person taking the withdrawals for the years in which the withdrawals are made.

In addition, the earnings portion of Federal Nonqualified Withdrawals is subject to the Federal Penalty. However, the Federal Penalty does not apply to Federal Qualified Withdrawals, Qualified Rollovers, or the following withdrawals:

- Because of the death or Disability of your Beneficiary.
- Because your Beneficiary received a Qualified Scholarship (as long as the withdrawal does not exceed the amount of the scholarship).
- Because your Beneficiary attends a military academy (as long as the withdrawal does not exceed the estimated cost of attendance).

For additional information about Federal Qualified Withdrawals and federal taxes, see IRS Publication 970.

Qualified Rollovers

You may transfer all or part of the money in your Account to an account in a 529 plan outside of the Program without adverse federal income tax consequences (and no Federal Penalty) if the transfer occurs within 60 days of the withdrawal from your Account and the recipient account is established for the benefit of one of the following:

- A person who is a Member of the Family of the original Beneficiary (See *Section 2. Your Account—Maintaining Your Account—Substituting Beneficiaries*).
- The same Beneficiary, but only if a rollover for the same Beneficiary did not occur within the past 12 months. See *Section 2. Your Account—Contributing to Your Account—Incoming Rollover Contributions*.

ABLE Rollover Distributions

You may also transfer all or part of the money in your Account to an account in a Qualified ABLE Program without adverse federal income tax consequences (and no Federal Penalty). The ABLE Rollover Distribution must:

- Be completed within 60 days of the withdrawal from your Account;
- Be to an account for the same Beneficiary or a new Beneficiary who is a Member of the Family of the original Beneficiary;
- Be made before January 1, 2026; and
- Not exceed the annual contribution limit in Section 529A(b)(2)(B)(i) of the Code.

Transfers Within the Program

Transfers between the *Direct Plan* and the Advisor-Guided Plan are not considered a Qualified Rollover; rather, these types of transfers are considered Investment Exchanges. You can only perform an Investment Exchange twice per calendar year. See *Section 2. Your Account—Maintaining Your Account—Changing Your Investment Options*.

Other Higher Education Expense Benefit Programs

If you have an education savings account under Section 530 of the Code or the American Opportunity Tax Credit and Lifetime Learning Credits under Section 25A of the Code, you must coordinate the tax benefits of those accounts with your *Direct Plan* Account.

Education Savings Accounts

You may contribute money to, or withdraw money from, your Account and an education savings account (i.e., a Coverdell Education Savings Account) in the same year. You cannot, however, count the same expenses as "qualified education expenses" for education savings account purposes and Qualified Higher Education Expenses for 529 plan purposes. If the total withdrawals from both accounts exceed your Beneficiary's Qualified Higher Education Expenses, the recipient of the withdrawal must allocate the higher education expenses between both withdrawals to determine how much may be treated as tax-free under the education savings account and your Account.

American Opportunity Tax Credit and Lifetime Learning Tax Credits

Your participation in or the receipt of benefits from your Account will not be affected by the use of the American Opportunity Tax Credit or Lifetime Learning Tax Credit (if you qualify for these credits) as long as any withdrawal from your Account is not used for the same expenses for which the tax credit was claimed. If a withdrawal from your Account is used for the same expenses for which the tax credit was claimed, the withdrawal or part of the withdrawal may be considered a Federal Nonqualified Withdrawal.

Federal Gift and Estate Taxes

If your contributions, together with any other gifts to the Beneficiary (over and above those made to your Account), do not exceed $15,000 per year ($30,000 for married couples making a proper election), no gift tax will be imposed for that year. Gifts of up to $75,000 can be made in a single year ($150,000 for married couples making a proper election) for a Beneficiary, and you may elect to apply the contribution against the annual exclusion equally over a five-year period. This allows you to move assets into tax-deferred investments and out of your estate more quickly.

Federal Gift Tax Exemption

In 2021, you can contribute up to $15,000 a year ($30,000 if married and making the split-gift election) to the *Direct Plan* without incurring federal gift taxes. This amount is periodically adjusted for inflation.

If you die with assets still remaining in your Account, the Account's value generally will not be included in your estate for federal estate tax purposes, unless you elect the five-year averaging and die before the end of the fifth year. If your Beneficiary dies and assets remain in your Account, the value of your Account may be included in the Beneficiary's estate for federal tax purposes. Further rules regarding gifts and the generation-skipping transfer tax may apply in the case of distributions, changes of Beneficiaries, and other situations. The state law treatment of gift and estate taxes varies; therefore, you should consult with your tax advisor about the specific effect of federal and state (if any) gift tax and generation-skipping transfer tax on your situation.

New York State Tax Information

New York State Tax Deduction for Contributions to the *Direct Plan*

The following New York State tax benefits are available only to New York State taxpayers. If you are not a resident of New York but are a New York State taxpayer, the deduction used in computing New York State taxable income will not be as beneficial to you as it is to New York State residents. We make no representation as to the consequences to you or your Beneficiary of contributions to, earnings on, transfers of, or withdrawals from your Account under the laws of any other state.

Your contributions (or those of your spouse) may be deductible in computing your New York State taxable income for New York State personal income tax purposes up to $5,000 ($10,000 if you are married filing jointly). The tax deduction is calculated based on all contributions to all of your *Direct Plan* and Advisor-Guided Plan Accounts in any taxable year (and only to the extent not deductible or eligible for credit for federal income tax purposes).

If you are married filing separately, a contribution check from your spouse's individual bank account, and not an account held jointly with you, will generally be treated as a contribution made by a third party. Therefore, it may not be deductible from New York State taxable income by you or your spouse.

Please contact the DTF to see if the contribution qualifies for a deduction.

The income earned on your contributions will generally grow free from state income tax until you make a withdrawal from your Account provided you make a New York Qualified Withdrawal.

State Income Tax Benefits

New York State taxpayers can apply up to $5,000 ($10,000 if married filing jointly) toward calculating a state tax deduction on contributions to the *Direct Plan*.

You must make a contribution before the end of a given calendar year for it to be deductible for that calendar year. We will treat your contribution sent by U.S. mail as having been made the year sent if the U.S. Postal Service has postmarked the envelope on or before December 31 of that year. Regardless of the calendar year for which your contribution is deductible, the trade date of the contribution (and thus the price of the Portfolio Units purchased with the contribution) will be determined based on the day we receive the contribution and, with respect to a Recurring Contribution and EBT contributions, on the business day before the bank debit occurs.

If your Recurring Contribution designation date is January 1, 2, 3, or 4, that Recurring Contribution will be treated as having been made in the new calendar year.

Contributions to your Account by a third party are generally not deductible from New York State taxable income by you or the third party. Also, contributions are not includable in computing the New York State taxable income of your Beneficiary for New York State personal income tax purposes. Please contact the DTF to see if the contribution qualifies for a deduction.

Incoming Rollovers; Upromise Transfers

The DTF has advised us that incoming rollover contributions from an account in a 529 plan outside of the Program to an Account that occur within 60 days of the withdrawal, for the benefit of your Beneficiary or a Member of the Family of your Beneficiary, may be deductible up to $5,000 ($10,000 if married filing jointly) in computing your New York State taxable income.

The DTF further advised that Upromise savings transferred to your Account may be deductible in computing your New York State adjusted gross income. You should also consult a qualified tax advisor with respect to the New York State and local tax consequences of transfers from your Upromise account.

Transfers Within the Program

Transfers between the *Direct Plan* and the Advisor-Guided Plan are not considered a Qualified Rollover for New York State tax purposes; rather, these types of transfers are considered Investment Exchanges. You can only perform an Investment Exchange twice per calendar year. See *Section 2. Your Account—Maintaining Your Account—Changing Your Investment Options*.

Withdrawals Not Subject to New York Taxation

New York Qualified Withdrawals and withdrawals because of the death or Disability of your Beneficiary are not includable in computing your or your Beneficiary's New York State taxable income.

New York Qualified Withdrawals are withdrawals used to pay a Beneficiary's Qualified Higher Education Expenses. This does not include K–12 Tuition Expenses, Apprenticeship Program Expenses, or Qualified Loan Repayments, as these are considered New York Nonqualified Withdrawals and are treated as described below.

Withdrawals Subject to New York Taxation

New York Nonqualified Withdrawals, including withdrawals used to pay K–12 Tuition Expenses, Apprenticeship Program Expenses, or Qualified Loan Repayments; and withdrawals because of a Qualified Scholarship received by your Beneficiary or attendance at a military academy will be includable in computing your New York State taxable income for the year in which you make the withdrawal. This does not include any portion of that withdrawal attributable to contributions to your Account that were not previously deducted from your New York State personal income taxes.

Recapture of Income Tax Deduction

If you take a New York Nonqualified Withdrawal, New York law requires the recapture of amounts previously deducted from your New York State personal income tax.

Recontributions

If you withdraw funds and then later recontribute those funds into an Account, including a Refunded Distribution, the withdrawal will be treated as a New York Nonqualified Withdrawal without regard to whether the withdrawal and recontribution result in income for federal tax purposes.

This means that the amount withdrawn will be included in your New York State gross income and is subject to recapture for amounts previously deducted from your New York State personal income tax. However, you may be eligible for a New York State tax deduction for the recontribution to your Account. Please consult a tax advisor regarding your personal circumstances.

Outgoing Rollovers

The Program has received a letter from the DTF advising that all Rollover Distributions from an Account to an account in a 529 plan outside of the Program that occur on or after January 1, 2003, will be treated as New York Nonqualified Withdrawals for New York State tax purposes. This tax treatment applies without regard to whether the Rollover Distribution results in income for federal tax purposes. This means that any portion of the Rollover Distribution that is earnings or for which a previous income deduction was taken will be included in your New York State gross income for that tax year and will be subject to recapture of any previously taken New York State income deductions.

ABLE Rollover Distributions

ABLE Rollover Distributions are not subject to federal or New York State taxes or penalties. However, please consult a qualified tax or investment advisor about your personal circumstances prior to initiating a rollover.

New York Gift and Estate Taxes

New York repealed its gift tax on January 1, 2000. The federal estate tax treatment of Account balances, contributions, withdrawals from Accounts, and changes in your Beneficiary of an Account governs the treatment of these items for New York estate tax purposes. If you are a New York City or City of Yonkers taxpayer, the discussion of tax consequences described above also applies when calculating taxable income for New York City personal income tax and the City of Yonkers resident income tax surcharge.

Other State and Local Tax Information

Prospective Account Owners should consider the potential impact of income taxes imposed by jurisdictions other than New York State, the City of New York, and the City of Yonkers. Other state or local taxes may apply, including gift and estate taxes imposed by other states, depending on the residency or domicile of you or your Beneficiary. Non-New York taxpayers or residents should consult a qualified tax advisor about the applicability, if any, of state or local taxes in other jurisdictions and the applicability of New York State and local income, estate, and gift taxes.

It is possible that a recipient of money withdrawn from the *Direct Plan* may be subject to income tax on those withdrawals by the state where he or she lives or pays taxes. It is also possible that amounts rolled over into the *Direct Plan* from a 529 plan outside of the Program may be subject to a tax imposed on the rollover amount by that other state. You should consult a qualified tax advisor regarding the state tax consequences of participating in the *Direct Plan*.

Section 8. Plan Governance

Who's Who in the Program

The Trust	All money in the Program is held in the Trust. The Comptroller serves as trustee of the Trust and oversees all of its assets.
The Program	The Program consists of the *Direct Plan* and the Advisor-Guided Plan.
Program Administrators	The Comptroller and HESC together are responsible for administering and establishing the rules that govern the Program.
Program Manager	Ascensus Broker Dealer Services, LLC, is responsible for the day-to-day operations of the Program, including recordkeeping.
Investment Manager	The Vanguard Group, Inc., is responsible for managing the investments in the *Direct Plan*.
Custodian	The Bank of New York Mellon Corporation is the custodian of Account assets for the *Direct Plan*.

The Trust

The New York State College Choice Tuition Savings Program Trust Fund (Trust) is a statutory trust created by the New York State Legislature specifically for the purpose of holding and investing the Program's assets. Trust assets are segregated from, and not commingled with, other assets.

Although the Comptroller, as trustee of the Trust, is the legal owner of all Trust investments, these investments are held solely for the benefit of Account Owners. An investment in the *Direct Plan* is an investment in municipal fund securities.

These securities are issued and offered by the Trust. Although money contributed to an Account will be invested in Portfolios that hold mutual funds (among other types of investments), keep in mind that neither the Trust, the *Direct Plan*, nor any of the *Direct Plan*'s Portfolios are mutual funds. An investment in the *Direct Plan* is not an investment in shares of any mutual fund.

The Program

The New York State College Choice Tuition Savings Program currently includes two separate 529 plans. The *Direct Plan* is sold directly by the Program. New York's 529 Advisor-Guided College Savings Program (Advisor-Guided Plan) is sold exclusively through financial professionals. The Vanguard Group, Inc., serves as the Investment Manager for the *Direct Plan*.

J.P. Morgan Investment Management Inc. serves as the Investment Manager for the Advisor-Guided Plan.

Ascensus Broker Dealer Services, LLC, serves as the Program Manager for both plans.

The Program Administrators

The Comptroller and HESC together are the Program Administrators and are responsible for implementing the Program and establishing rules to govern the Program. Generally, the Comptroller and HESC act jointly with respect to the Program. The Comptroller oversees the investment of all assets of the Program, which the Comptroller holds as trustee of the Trust. If requested by an Account Owner, HESC transmits payments to educational institutions and is responsible for related matters. For more information about the Comptroller and HESC, see *The Comptroller and HESC* later in this section.

The Program Manager and the Investment Manager

Ascensus Broker Dealer Services, LLC, and its affiliates (also referred to as "Ascensus") are responsible for the day-to-day operations of the Program.

Pursuant to the Management Agreement, Ascensus Broker Dealer Services, LLC, has overall responsibility for the management, administration, distribution, recordkeeping, and transfer-agency services provided to the Program and is permitted to delegate certain services, including the provision of investment management and distribution services for the *Direct Plan,* to Vanguard. In certain circumstances, Ascensus will also assist Vanguard Marketing Corporation, an affiliate of The Vanguard Group, Inc., with marketing and distribution of the *Direct Plan*.

The Program Manager's term under the Management Agreement extends to May 6, 2023, subject to earlier termination in certain circumstances.

Under the terms of the Management Agreement and certain related agreements, Ascensus and Vanguard are required to treat all Account Owner and Beneficiary information confidentially. Ascensus and Vanguard are prohibited from using or disclosing this information, except as may be necessary to perform their obligations under the terms of the agreements.

Vanguard is responsible for the following:

- Investing the *Direct Plan*'s assets, subject to oversight by the Comptroller.
- Marketing and distributing the *Direct Plan*.
- In certain circumstances, administering services pursuant to the Management Agreement and to certain related agreements between it and Ascensus Broker Dealer Services, LLC.

The Investment Manager's term under the Management Agreement and related subcontracts extends to May 6, 2023, subject to earlier termination in certain circumstances.

The Comptroller and HESC

The Comptroller is the administrative head of the Department of Audit and Control, commonly known as the Office of the State Comptroller. The Comptroller is New York State's chief fiscal officer and auditor and is

responsible, as sole trustee, of the New York State and Local Retirement System and the New York State and Local Police and Fire Retirement System. In addition to administering the Program, the Office of the State Comptroller performs the State of New York's pre- and post-audit functions, monitors and reports on other public entities, and works to ensure that New York State and its local governments are discharging their responsibilities in an efficient, effective, and timely manner.

HESC is an agency of the State of New York created to improve the postsecondary educational opportunities for eligible students of New York State through financial aid and loan programs. In addition to its administration of the Program, HESC coordinates the State of New York's administrative efforts in student financial aid and loan programs with those of the federal government.

Legal and Other Contractual Matters

Compliance With New York Retirement and Social Security Law

The Trust is subject, on an aggregate basis, to the investment limitations set forth in Article 4-A of the New York State Retirement and Social Security Law (Article 4-A), as modified by Article 6 of the New York State Finance Law. Among other things, Article 4-A restricts the amount that the Trust can invest in stocks, either directly or through the Underlying Funds. However, it is possible that Account Owners will allocate their assets among the various Portfolios and among Investment Options available under the Program in such a way that the Trust, in the aggregate, would exceed the statutory limit for stocks.

If this occurs, the Program Administrators will direct that certain Portfolios that invest all or partly in stocks reduce their investment in stocks (and increase their investment in bonds or other securities) to the extent necessary for the Trust to comply in the aggregate with the limitation imposed by Article 4-A on stock investments. If this were to happen, appropriate notice (in Account statements and on **nysaves.org**) would be made to affected Account Owners.

Securities Laws

The staff of the SEC has advised the Comptroller and HESC that it will not recommend any enforcement action to the SEC if, among other things, the Program distributes the interests in the Trust and the Tuition Savings Agreements in reliance upon the exemption from registration provided in Section 3(a)(2) under the Securities Act of 1933, as amended, in reliance on an opinion of counsel to the staff of the SEC to that effect. In addition, the Comptroller and HESC have received a "no action" letter from the New York State Attorney General confirming that the Program may conduct the offering of the Trust interests and the Tuition Savings Agreements in New York without registration under New York State securities laws. The Trust interests and the Tuition Savings Agreements are not required to be registered under the securities or "blue sky" laws of any other state or other jurisdiction; therefore, under current law, interests in the Trust and Tuition Savings Agreements may be offered to individuals in all 50 states and the District of Columbia.

Continuing Disclosure and Financial Audits

Certain financial information and operating data relating to the Trust will be filed by or on behalf of the Trust in electronic form with the Electronic Municipal Market Access (EMMA) system. The Municipal Securities Rulemaking Board (MSRB), as the sole repository for the central filing of electronic municipal securities disclosure, maintains EMMA. Notices of certain enumerated events will be filed by or on behalf of the Trust with the MSRB.

The Program Manager is responsible for preparing annual financial statements for the Trust, which are audited by a nationally recognized firm of independent certified public accountants.

Conflicts With Applicable Law

This Disclosure Booklet is for informational purposes only. In the event of any conflicts between the description of the *Direct Plan* contained here and any requirement of federal or New York State law applicable to the matters addressed here, the legal requirement will prevail over this Disclosure Booklet. Applicable federal or New York State law will govern all matters pertaining to the *Direct Plan* that are not discussed in this Disclosure Booklet.

Information Subject to Change

Statements contained in this Disclosure Booklet that involve estimates, forecasts, or matters of opinion, whether or not so expressly described, are intended solely as such and are not to be construed as representations of fact.

Not an Offer to Sell

This Disclosure Booklet does not constitute an offer to sell or the solicitation of an offer to buy. There will not be any sale of a security described in this Disclosure Booklet by any person in any jurisdiction in which it is unlawful to make an offer, solicitation, or sale.

Custodian Arrangements

The Bank of New York Mellon Corporation is the Custodian of Account assets for the *Direct Plan*.

Section 9. Protections and Limitations

Creditor Protection Under U.S. and New York State Law

Bankruptcy legislation protects certain assets in federal bankruptcy proceedings 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, your Beneficiary must be a child, stepchild, grandchild, or stepgrandchild of the individual who files for bankruptcy protection. In addition, contributions made to all 529 plan accounts for the same Beneficiary are protected subject to the following limits:

- Contributions made less than 365 days before the bankruptcy filing are not protected.
- Contributions made between 365 and 720 days before the bankruptcy filing are protected up to $6,825 (as adjusted for inflation).
- Contributions made more than 720 days before the bankruptcy filing are fully protected.

Under New York State law, an Account Owner's assets are exempt from money judgments as follows:

- Fully exempt if the judgment debtor is the Account Owner and the Beneficiary of the Account, and is a minor.
- Fully exempt if the Account is established in connection with a Qualified Scholarship.
- Otherwise, contributions up to $10,000 are exempt if the judgment debtor is the Account Owner.

This information is not meant to constitute individual tax or bankruptcy advice. Please consult your own advisors concerning your individual circumstances.

No Assignments or Pledges

Neither you nor your Beneficiary can use your *Direct Plan* Account or a portion of the Account as collateral for a loan. The Account cannot be assigned, transferred, or pledged as security for a loan (including, but not limited to, a loan used to make contributions to the Account) either by you or your Beneficiary. However, you can transfer your Account because of the following:

- A change of Beneficiary.
- A transfer within the Program to an Account with the same Beneficiary or a new Beneficiary who is a Member of the Family of the original Beneficiary.
- A rollover to a 529 plan outside of the Program for an account with the same Beneficiary or a new beneficiary who is a Member of the Family of the original Beneficiary.
- A transfer of Account ownership to a new Account Owner.
- A transfer of Account ownership to a Successor Account Owner.

Any pledge of an interest in an Account will be of no force and effect.

Certain Rights of the Program Administrators

The Program Administrators reserve the right to:

- Refuse, change, discontinue, or temporarily suspend Account services, which includes accepting contributions and processing withdrawal requests for any reason including, but not limited to, a closure of the NYSE for any reason other than its usual weekend or holiday closings, any period when trading is restricted by the SEC, or any emergency circumstances.
- Delay sending out the proceeds of a withdrawal request for up to seven days.

Account Restrictions

In addition to rights expressly stated elsewhere in this Disclosure Booklet, we reserve the right to:

- Freeze an Account and/or suspend Account services when the Program has received reasonable notice of a dispute regarding the assets in an Account, including notice of a dispute in Account ownership, or when the Program reasonably believes a fraudulent transaction may occur or has occurred.
- Freeze an Account and/or suspend Account services upon the notification to the Program of the death of an Account Owner until the Program receives required documentation in good order and reasonably believes that it is lawful to transfer Account ownership to the Successor Account Owner.
- Freeze or redeem an Account, without the Account Owner's permission, in cases of threatening conduct or suspicious, fraudulent, or illegal activity.
- Reject a contribution for any reason, including contributions that the Program Manager or the Program Administrators believe are not in the best interest of the *Direct Plan*, a Portfolio, or an Account Owner.

The risk of market loss, tax implications, penalties, and any other expenses as a result of such an Account freeze or redemption will be solely the Account Owner's responsibility.

Section 10. Glossary

The following terms are used throughout this Disclosure Booklet.

ABLE Rollover Distribution: A distribution to an account in a Qualified ABLE Program for the same Beneficiary or a Member of the Family of the Beneficiary. Any distribution must be made before January 1, 2026, not exceed the annual contribution limit in Section 529A(b)(2)(B)(i) of the Code, and be contributed to the Qualified ABLE Program within 60 days after receiving the distribution.

Account: An Account in the *Direct Plan* established by an Account Owner for a Beneficiary.

Account Owner or You: An individual 18 years or older, an emancipated minor (as determined by New York State law), a trust, an estate, a partnership, an association, a company, a corporation, or a qualified custodian under the Uniform Gifts to Minors Act/Uniform Transfers to Minors Act (UGMA/UTMA), who signs an Enrollment Application establishing an Account. In certain cases, the Account Owner and Beneficiary may be the same person.

Advisor-Guided Plan: New York's 529 Advisor-Guided College Savings Program. The Advisor-Guided Plan is sold exclusively through financial professionals and offers investment options that are not available under the *Direct Plan*. The fees and expenses of the Advisor-Guided Plan are higher and include financial professional compensation. Please see ny529advisor.com for more information.

Age-Based Option: An Investment Option in which the asset allocation is based on your Beneficiary's age and becomes more conservative as your Beneficiary gets closer to college age.

Apprenticeship Program Expenses: The cost of fees, books, supplies, or equipment required for a Beneficiary to participate in an apprenticeship program that is registered and certified with the Secretary of Labor under Section 1 of the National Apprenticeship Act.

Ascensus: This term refers collectively or individually, as the case requires, to Ascensus Broker Dealer Services, LLC, Ascensus College Savings Recordkeeping Services, LLC, Ascensus Investment Advisors, LLC, and their affiliates.

Beneficiary: The individual designated by an Account Owner to receive the benefit of an Account.

Code: Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

Comptroller: The Office of the State Comptroller of New York State.

Custodian: An individual who opens an Account on behalf of a minor Beneficiary with assets from an UGMA/UTMA account.

***Direct Plan* or Plan:** New York's 529 College Savings Program *Direct Plan*.

Direct Rollover: The direct transfer of money from a 529 plan outside of the Program to the Program.

Disabled or Disability: Condition of a Beneficiary who is unable to perform any substantial gainful activity because of any medically determinable physical or mental impairment that can be expected to result in death or to be of long-continued and indefinite duration. Medical documentation will be required to verify this condition. See IRS Publication 970, available at irs.gov/publications/p970.

DTF: The New York State Department of Taxation and Finance.

Electronic Bank Transfer (EBT): A service in which an Account Owner authorizes the *Direct Plan* to transfer money from a bank or other financial institution to an Account.

Eligible Educational Institution: An institution as defined in Section 529(e) of the Code. Generally, the term includes accredited postsecondary educational institutions or vocational schools in the United States and some accredited postsecondary educational institutions or vocational schools abroad that offer credit toward a bachelor's degree, an associate's degree, a graduate-level or professional degree, or another recognized postsecondary credential. The institution must be eligible to participate in a student financial aid program under Title IV of the Higher Education Act of 1965 (20 U.S.C. §1088). You can generally determine whether a school is an Eligible Educational Institution by searching for its Federal School Code (identification number for schools eligible for Title IV financial aid programs) at fafsa.ed.gov. An Eligible Educational Institution does not include an elementary or a secondary school.

Enrollment Application: A participation agreement between an Account Owner and the Trust, establishing the obligations of each and prepared in accordance with the provisions of the *Direct Plan*. An Enrollment Application may be completed online or in paper form.

Federal Nonqualified Withdrawals: A withdrawal from an Account that is not one of the following:

- A Federal Qualified Withdrawal.
- A withdrawal paid to a beneficiary of your Beneficiary (or the estate of your Beneficiary) on or after the death of your Beneficiary.
- A withdrawal by reason of the Disability of your Beneficiary.
- A withdrawal by reason of the receipt of a Qualified Scholarship by your Beneficiary (to the extent the amount withdrawn does not exceed the amount of the scholarship).
- A withdrawal by reason of your Beneficiary's attendance at certain specified military academies.
- A withdrawal resulting from the use of education credits as allowed under federal income tax law.
- A Rollover Distribution to another Qualified Tuition Program that is not sponsored by the State of New York in accordance with the Code, with appropriate documentation.

Federal Penalty: A federal tax required by the Code that is equal to 10% of the earnings portion of a Federal Nonqualified Withdrawal.

Federal Qualified Withdrawal: A withdrawal from an Account that is used to pay Qualified Higher Education Expenses, K–12 Tuition Expenses (up to $10,000 annually), or Apprenticeship Program Expenses or to make a Qualified Loan Repayment.

HESC: The New York State Higher Education Services Corporation.

Indirect Rollover: The transfer of money from an account in a 529 plan outside of the Program to the Account Owner, who then contributes the money to an Account in the Program. To avoid federal income tax consequences, money received in an Indirect Rollover must be contributed to your Account within 60 days of the withdrawal and satisfy certain other requirements discussed in this Disclosure Booklet.

Individual Portfolio: Investment Options that are Multi-Fund or Single-Fund Portfolios that do not change as your Beneficiary ages.

Investment Exchange: A reallocation of assets in your Account from one Investment Option to another. You can change your Investment Options twice per calendar year.

Investment Manager: The Vanguard Group, Inc.

Investment Option: The Age-Based Options and Individual Portfolios available for investment in the *Direct Plan*.

IRS: The Internal Revenue Service.

K–12 Tuition Expense: Expenses in connection with enrollment at an elementary or a secondary (K–12) public, private, or religious school. For federal tax purposes, a distribution to pay K–12 Tuition Expenses up to $10,000 annually is considered a Federal Qualified Withdrawal and is, therefore, free from federal taxes and penalties. For New York State law purposes, a distribution to pay K–12 Tuition Expenses is a New York Nonqualified Withdrawal and requires recapture of any New York State tax benefits that accrued on the contributions.

Management Agreement: An agreement among the Comptroller, HESC, Ascensus Broker Dealer Services, LLC, Vanguard, and certain other entities to provide the *Direct Plan* with administrative, Account servicing, marketing and promotion, and investment management services. The Management Agreement is now effective and will terminate in 2023, or earlier, as provided by its terms.

Maximum Account Balance: The maximum aggregate balance of all Accounts for the same Beneficiary in Qualified Tuition Programs sponsored by the State of New York, as established by the Program Administrators from time to time, which will limit the amount of contributions that may be made to Accounts for any one Beneficiary, as required by Section 529 of the Code. The current Maximum Account Balance is $520,000.

Member of the Family: An individual as defined in Section 529(e)(2) of the Code. Generally, this definition includes a Beneficiary's:

- Son, daughter, stepson or stepdaughter, or a descendant of any of them.
- Brother, sister, stepbrother, or stepsister.
- Father or mother, or an ancestor of either.
- Stepfather or stepmother.
- Son or daughter of a brother or sister.
- Brother or sister of the father or mother.
- Son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law.
- Spouse or the spouse of any individual described above.
- First cousin.

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

New York Nonqualified Withdrawals: A withdrawal from an Account that is not one of the following:

- A New York Qualified Withdrawal.
- A withdrawal because of the death or Disability of your Beneficiary.
- A withdrawal because of the receipt of a Qualified Scholarship or attendance at a military academy by your Beneficiary (to the extent the amount withdrawn does not exceed the amount of the scholarship).
- A transfer of assets to the credit of another Beneficiary within the Program, as long as the other Beneficiary is a Member of the Family of the prior Beneficiary.

If you are a New York State taxpayer, a Federal Qualified Withdrawal where the proceeds are used to pay K–12 Tuition Expenses or Apprenticeship Program Expenses or to make a Qualified Loan Repayment is considered a New York Nonqualified Withdrawal, and the withdrawal will require the recapture of any New York State tax benefits that have accrued on contributions.

New York Qualified Withdrawal: A withdrawal from an Account that is used to pay the Qualified Higher Education Expenses of a Beneficiary.

NYSE: The New York Stock Exchange.

Plan Officials: The State of New York, the Program, the Program Administrators, the Trust, any agency or instrumentality of the federal government or the State of New York, any fund established by the State of New York or through operation of New York State law for the benefit of holders of insurance contracts or policies generally, Ascensus (including their respective affiliates and agents), Vanguard (including their respective affiliates and agents), any successor Program Manager or Investment Manager, and any other counsel, advisor, or consultant retained by, or on behalf of, those entities and any employee, officer, official, or agent of those entities.

Portfolio: An investment vehicle that invests in one or more mutual funds or accounts managed by Vanguard. There are two types of Portfolios: Multi-Fund Individual Portfolios and Single-Fund Individual Portfolios.

Portfolio Unit or Unit: An interest in a Portfolio.

Program: The New York State College Choice Tuition Savings Program. The Program includes the *Direct Plan* and the Advisor-Guided Plan. The Advisor-Guided Plan is described in a separate disclosure booklet.

Program Administrators: The Comptroller and HESC.

Program Management Services: The services provided to the Accounts, the Trust, and the *Direct Plan* by the Program Manager and its affiliates, Ascensus College Savings Recordkeeping Services, LLC, and Ascensus Investment Advisors, LLC, pursuant to the terms of the Management Agreement. These services include recordkeeping and other administrative services.

Program Manager: Ascensus Broker Dealer Services, LLC.

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

Qualified Higher Education Expenses: Qualified Higher Education Expenses as defined in Section 529 of the Code, but only to the extent such expenses are incurred by a Beneficiary at an Eligible Educational Institution. Generally, these include the following:

- Tuition, fees, and the costs of textbooks, supplies, and equipment required for the enrollment or attendance of a Beneficiary at an Eligible Educational Institution.
- Expenses for the purchase of computer or certain peripheral equipment under the control of the computer (e.g., printers); internet access and related services; and certain computer software if the equipment, software, or services are to be used primarily by your Beneficiary during any of the years the Beneficiary is enrolled at an Eligible Educational Institution.
- Certain costs of room and board for any academic period during which the Beneficiary is enrolled at least half-time at an Eligible Educational Institution.
- Expenses for a special needs Beneficiary that are necessary in connection with the Beneficiary's enrollment or attendance at an Eligible Educational Institution.

Qualified Loan Repayment: An Account distribution or distributions used to repay a qualified education loan, as defined in Section 221(d) of the Code, of your Beneficiary or your Beneficiary's sibling that do not exceed the federal lifetime limit of $10,000 per individual.

Qualified Rollovers: A transfer of funds from one 529 plan account to another 529 plan account that meets the requirements to avoid adverse federal tax consequences under Section 529 of the Code.

Qualified Scholarship: An educational scholarship allowance or payment given to a student to pay for Qualified Higher Education Expenses.

Qualified Tuition Program: A program designed to allow you to either prepay or contribute to an account established for paying a student's Qualified Higher Education Expenses, K–12 Tuition Expenses, Apprenticeship Program Expenses, or Qualified Loan Repayments. Qualified Tuition Programs, also known as 529 plans, are sponsored by states, state agencies, or educational institutions and are authorized by Section 529 of the Code.

Qualified U.S. Savings Bond: A Qualified U.S. Savings Bond is a series EE bond issued after 1989 or a series I bond. The bond must be issued either in your name (as the sole owner) or in the names of both you and your spouse (as co-owners). The owner must be at least 24 years old before the bond's issue date. The issue date is printed on the front of the savings bond.

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

Refunded Distribution: A withdrawal taken for Qualified Higher Education Expenses that is later refunded by the Eligible Educational Institution and recontributed to a Qualified Tuition Program that meets the following requirements:

- The recontribution does not exceed the amount of the refund from the Eligible Educational Institution.
- The recontribution does not exceed the amount of withdrawals previously taken to pay the Qualified Higher Education Expenses of the Beneficiary.
- The recontribution is made to an account in a Qualified Tuition Program for the same Beneficiary to whom the refund was made.
- The funds are recontributed to a Qualified Tuition Program within 60 days of the date of the refund from the Eligible Educational Institution.

A Refunded Distribution will not be subject to federal income tax or the Federal Penalty. However, it could be subject to recapture of New York State tax deductions.

Rollover Distribution: A withdrawal that is paid to a 529 plan account outside of the Program for the benefit of the same Beneficiary or for the benefit of a Member of the Family of your Beneficiary. Only one Rollover Distribution is allowed in a 12-month period for the same Beneficiary. A rollover to a 529 plan outside of the Program may result in adverse tax consequences.

Successor Account Owner: The person named in the Enrollment Application, or otherwise identified in writing, online, or over the phone to the *Direct Plan*, by the Account Owner to take control of the Account if the Account Owner dies. The Successor Account Owner may be your Beneficiary if your Beneficiary has reached the age of majority.

Total Annual Asset-Based Fee: The total fee you pay for investing in the *Direct Plan*. This fee consists of the Underlying Fund Fee and the Program Management Fee. The Total Annual Asset-Based Fee is deducted from the returns of each Portfolio.

- **Underlying Fund Fee:** This fee includes investment advisory fees, as well as administrative and other expenses, which are paid to Vanguard as applicable.
- **Program Management Fee:** The fee paid to the Program Manager and Investment Manager for administration and management of the *Direct Plan*. This fee is intended to provide all income to the Program Manager necessary to cover the expenses of administering and managing the *Direct Plan*.

Treasury Department: The United States Department of the Treasury.

Trust: The New York State College Choice Tuition Savings Program Trust Fund, as established by the New York State Legislature. When you invest in the *Direct Plan*, you are purchasing Portfolio Units issued by the Trust.

Trustee: The Comptroller of the State of New York is the trustee of the Trust and is the legal owner of all Trust investments.

Tuition Savings Agreement: The document that describes the terms under which you agree to participate in the *Direct Plan*.

Ugift: A program through which you may invite family and friends to contribute to your Account.

UGMA/UTMA: Uniform Gifts to Minors Act/Uniform Transfers to Minors Act.

Underlying Funds or Funds: The mutual funds or other investments that make up the Portfolios.

Upromise: A rewards account where you earn a percentage of what you spend on eligible everyday purchases.

Vanguard: The Vanguard Group, Inc., Vanguard Marketing Corporation, and their affiliates.

We, Our, or Us: The *Direct Plan*, the Program Administrators, and/or the State of New York, as applicable.

Section 11. The *Direct Plan*'s Privacy Policy

New York State Personal Privacy Protection Law Notice

Personal information is being requested from you by the employees, agents, or representatives of the following entities: the Comptroller, HESC, Ascensus, and Vanguard.

Personal information you submit will be maintained in the records of the *Direct Plan*. Ascensus and Vanguard are responsible for maintaining those records. They may be contacted by mail at P.O. Box 55440, Boston, MA 02205-8323 or by phone at **877-NYSAVES** (877-697-2837).

Personal information is collected from you under the authority of the New York State College Choice Tuition Savings Program Act (Article 14-A of the New York Education Law) and Section 529 of the Code. The personal information you submit will be used to maintain records of your contributions to the *Direct Plan* and the earnings on those contributions. It will also be used to process transactions you request. If you decline to submit the requested information, it may be impossible for you to be enrolled in the *Direct Plan* or for us to process transactions you request.

Section 12. New York's College Savings Program *Direct Plan*

Tuition Savings Agreement

I hereby agree with, and represent and warrant to, the Comptroller, as Trustee of the Trust, on behalf of myself and my Beneficiary, as follows. Each capitalized term used but not defined in this Tuition Savings Agreement (Agreement) has the meaning that term has in the Disclosure Booklet:

A. Representations and Warranties:

1. I have accepted, read, and understand the Disclosure Booklet, this Agreement, and the Enrollment Application as currently in effect. I have been given the opportunity to obtain answers to all of my questions concerning the Program, the Trust, the Account, and this Agreement. In making a decision to open an Account and enter into this Agreement, I have not relied upon any representations or other information, whether oral or written, other than as set forth in the Disclosure Booklet and this Agreement.
2. I certify that I am at least 18 years of age and a citizen or a resident of the United States of America. My Beneficiary also is a citizen or a resident of the United States of America.
3. I am opening this Account to provide funds for Qualified Higher Education Expenses, K–12 Tuition Expenses, Apprenticeship Program Expenses of the Beneficiary, or to make Qualified Loan Repayments (collectively, "Educational Expenses").
4. 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 *Direct Plan* and/or the Investment Options in the *Direct Plan* may not be suitable for all investors as a means of saving and investing for education costs. I have determined that an investment in the *Direct Plan* is a suitable investment for me as a means of saving for Educational Expenses.
5. I recognize that investment in the *Direct Plan* involves certain risks, including, but not limited to, those referred to in Section 4 and Section 5 of the Disclosure Booklet, and I understand these risks and have taken them into consideration in making my investment decisions. I understand and agree that there is no guarantee that any investment objectives described in the Disclosure Booklet will be realized and that neither the Plan Officials nor any other person makes any guarantee of, insures, or has any legal or moral obligation to insure either the ultimate payout of all or any portion of the amount contributed to my Account or an investment return at any particular level on my Account.
6. I understand that contributions to a Portfolio will be invested in one or more of the Underlying Funds. I will not own shares of or interests in the Underlying Funds. Instead, I will own interests in the Trust.
7. 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.
8. I understand that the Program Manager has the right to provide a financial professional identified by me to the *Direct Plan* with access to financial and other information regarding my Account.
9. The Plan Officials, individually and collectively, are not liable for: (i) a failure of the *Direct 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; (ii) 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 *Direct Plan*, the Trust, or the Enrollment Application; or (iii) loss caused directly or indirectly by Extraordinary Events.

   I understand and agree that there is no guarantee of or commitment whatsoever from Plan Officials or any other person that: (i) the Beneficiary of my Account will be admitted to any institution or program (including any Eligible Educational Institution); (ii) upon admission to an institution or program, my Beneficiary will be permitted to continue to attend; (iii) my Beneficiary will graduate or receive a degree from any institution or complete a program of instruction; (iv) New York State residency will be created for tax status, financial aid eligibility, or any other purpose for my Beneficiary because the individual is a Beneficiary of an Account; or (v) contributions to my Account plus the earnings thereon will be sufficient to pay educational expenses. I acknowledge that the Beneficiary of my Account has no rights or legal interest with respect to the Account (unless the Account is an UGMA/UTMA account or I am both the Account Owner and Beneficiary).

   I understand and agree that neither I nor my Beneficiary will be permitted to have any role in the selection or retention of the Program Manager or Investment Manager or to direct the investment of my Account other than through my selection of Investment Options and that, once invested in a particular Investment Option, contributions and earnings thereon may only be transferred to another Investment Option twice per calendar year or otherwise when I select a new Beneficiary of my Account.
10. I understand and agree that Ascensus Broker Dealer Services, LLC, may not necessarily continue as Program Manager, and Vanguard may not necessarily continue as Investment Manager, for the entire period that my Account is open, and even if they do, that there is no assurance that the terms and conditions of the current Management Agreement will continue without material change and that there are, accordingly, various potential consequences I should take into consideration as discussed in the Disclosure Booklet under *Section 4. Risks—Potential Changes to the Program, Program Manager, and Investment Manager.*
11. The following sentence is applicable for individuals executing this Agreement in a representative or fiduciary capacity: I have full power and authority to enter into and perform this Agreement on behalf of the individual named as Account Owner. 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 establishing this Account.

12. I understand and acknowledge that I have not been advised by the Plan Officials or any other person to invest, or to refrain from investing, in a particular Investment Option.

13. I acknowledge that I have an affirmative duty to promptly review any and all trade confirmations and Account statements for accuracy and completeness and to promptly notify the *Direct Plan* of any items I believe to be in error. If I do not notify the *Direct Plan* within ten business days of the mailing of the trade confirmation or Account statement at issue, I will be considered to have approved the information therein and to have released the Plan Officials from all responsibility for matters covered by the confirmation or Account statement. Moreover, any liability that is due to such an error resulting from participation in the *Direct Plan* for which the Plan Officials are determined to be responsible shall be limited to an amount equal to gains due to market movement that would have resulted from the transaction during the ten-day time period in which I should have acted.

14. I understand and agree that the Plan Officials shall not be liable for any loss, failure, or delay in performance of each of their obligations related to my Account or any diminution in the value of my Account arising out of or caused, directly or indirectly, by a Force Majeure event.

B. Penalties and Fees: I understand and agree that if I make a Federal Nonqualified Withdrawal, I may be subject to the Federal Penalty on the earnings portion of that withdrawal and that the Federal Penalty will be payable in addition to, and along with, my federal income tax for the year of the Federal Nonqualified Withdrawal. I understand and agree that if I make a New York Nonqualified Withdrawal, I may be subject to the recapture of any New York State tax benefits that had accrued on contributions to my Account. In addition, I understand and agree that I may be subject to other fees, charges, or penalties in the future, as described in the Disclosure Booklet.

I understand that a full or partial rollover of my Account to a non-New York Qualified Tuition Program or a full or partial rollover of my Account to a Qualified ABLE Program that does not meet the requirements of an ABLE Rollover Distribution would be subject to New York State taxes on earnings as well as the recapture of all previous New York State tax deductions taken for contributions to the Account.

C. Necessity of Qualification: I understand that the *Direct Plan* is intended to be a Qualified Tuition Program under Section 529 of the Code and to achieve favorable New York State tax treatment under New York State law. I acknowledge that I am not relying on Plan Officials as my tax consultant or financial planner.

D. Effectiveness of This Agreement: This Agreement shall become effective upon the opening of my Account on the records of the Program.

E. Contributions and Account Balance: I understand and agree that I will not make contributions to my Account in excess of the amount that I believe may be necessary to pay Educational Expenses and that I may not make a contribution to my Account if the aggregate balance, including the proposed contribution, of all Accounts for the same Beneficiary would exceed the Maximum Account Balance to be determined periodically by the Program Administrators in conformance with federal requirements. I also understand and agree that any portion of an attempted contribution to my Account that, along with existing balances of all Accounts for my Beneficiary, would exceed the then-current Maximum Account Balance will be returned to me or rejected.

F. Applicability of Rules and Regulations of the Comptroller and Finality of Decisions and Interpretations: I understand and agree that my Account and this Agreement are subject to those rules and regulations as the Comptroller may promulgate in accordance with New York State law. I also understand and agree that all decisions and interpretations by Plan Officials in connection with the operation of the *Direct Plan* shall be final and binding on each Account Owner, Beneficiary, and any other person affected by those decisions and interpretations.

G. Indemnity: I understand that the establishment of my Account will be based on my agreements, representations, and warranties set forth in this Agreement. I agree to indemnify and hold harmless Plan Officials from and against any and all loss, damage, liability, or expense, including reasonable attorneys' fees, that any of them may incur by reason of, or in connection with, any misstatement or misrepresentation made by me in this Agreement or otherwise with respect to my Account and any breach by me of any of the agreements, representations, or warranties contained in this Agreement. This provision will survive termination of the Agreement.

H. Binding Nature; Third-Party Beneficiaries: The Disclosure Booklet and Tuition Savings Agreement are binding upon me, my heirs, successors, beneficiaries, and permitted assigns. By completing my Enrollment Application, I agree that all of my representations and obligations are for the benefit of the Plan Officials, all of whom can rely upon and enforce my representations and obligations contained in the Disclosure Booklet and my Enrollment Application. Each of the Plan Officials is a third-party beneficiary of, and can rely upon and enforce, any of my agreements, representations, and warranties in this Agreement.

I. Amendment and Termination: The Program Administrators may amend this Agreement or the Disclosure Booklet, and the *Direct Plan* may be suspended or terminated, at any time. But unless it is permitted by law, my Account will continue to benefit my Beneficiary or the Beneficiary selected by my Successor Account Owner.

J. Governing Law: This Agreement is governed by New York State law. I and the Comptroller, as Trustee of the Trust, submit to exclusive jurisdiction of courts in New York State for all legal proceedings arising out of or relating to this Agreement.

K. Survival: I understand and agree that my statements, representations, warranties, and covenants will survive the termination of my Account.

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The Comptroller of the State of New York and the New York State Higher Education Services Corporation are the Program Administrators and are responsible for implementing and administering the *Direct Plan*.

Ascensus Broker Dealer Services, LLC, serves as Program Manager and, in connection with its affiliates, provides recordkeeping and administrative support services and is responsible for day-to-day operations of the *Direct Plan*. The Vanguard Group, Inc., serves as the Investment Manager. Vanguard Marketing Corporation provides marketing and distribution services to the *Direct Plan*.

No guarantee: None of the State of New York, its agencies, the Federal Deposit Insurance Corporation (FDIC), The Vanguard Group, Inc., Ascensus Broker Dealer Services, LLC, nor any of their applicable affiliates insures accounts or guarantees the principal deposited therein or any investment returns on any account of investment portfolio.

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