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The Education Plan® Participation Agreement

February 26, 2018

ARTICLE I—INTRODUCTION

This Participation Agreement describes the terms and conditions of The Education Plan® (the "Plan") within The Education Plan Trust of New Mexico ("Trust"), as authorized by N.M. Stat. Ann. Sec. 21-21K-3 et seq. ("Statute"), which has been designed to comply with the requirements of a qualified tuition program under Section 529 of the Internal Revenue Code of 1986, as amended ("Code"). The Plan is established and maintained pursuant to New Mexico state law so that persons may save in a tax-advantaged manner for the purpose of meeting the Qualified Higher Education Expenses of the Designated Beneficiary at Eligible Educational Institutions.

As a result of federal tax law changes signed into law on December 22, 2017, the definition of Qualified Higher Education Expenses has been expanded to include tuition expenses for K-12 Schools. K-12 Schools are elementary or secondary public, private, or religious schools. Effective January 1, 2018, this expansion of Qualifi ed Higher Education Expenses, permits Account Owners to withdraw up to $10,000 for tuition expenses from a 529 college savings account for K-12 Schools free of federal income taxes. This limitation applies on a per-student basis, rather than a per-account basis. Although an individual may be the designated benefi ciary of multiple accounts, that individual may receive a maximum of $10,000 in distributions free of federal tax, regardless of whether the funds are distributed from multiple accounts. Before using the Plan to save for tuition expenses at K-12 Schools, or making withdrawals from the Plan for tuition expenses at K-12 Schools, Account Owners should consider that the Investment Portfolios within the Plan were designed for college savers (e.g., persons saving for undergraduate and graduate school) not saving for tuition expenses at K-12 Schools, and therefore Account Owners should take into account their investment horizon before making contributions to the Plan.

Under current New Mexico tax law, contributions to the New Mexico 529 plans by a New Mexico individual taxpayer may be deducted for New Mexico individual income tax purposes. In certain circumstances, the amounts deducted may be recaptured in subsequent years. Despite the new federal law changes for tuition expenses for K-12 Schools, it is possible that such K-12 tuition expenses will not constitute Qualified Higher Education Expenses under the New Mexico tax code, thereby resulting in a recapture of any deduction related to amounts distributed for such K-12 tuition expenses. In addition, amounts previously deducted for New Mexico income tax purposes will be recaptured if they are distributed from a New Mexico 529 plan account to a Qualified ABLE program, including the ABLE program offered in the State of New Mexico (notwithstanding that such a transfer is a Qualified Withdrawal for federal tax purposes). Account Owners who are New Mexico taxpayers should consult their own tax advisors before making withdrawals from a New Mexico 529 plan for K-12 tuition expenses or transferring funds from a New Mexico 529 Plan to a Qualified ABLE Program.

The recent federal tax law changes also permit transfers from a 529 account to an account in a Qualified ABLE Program made before January 1, 2026, without subjecting the transferred amount to federal income tax on earnings, provided certain conditions are met. ABLE accounts are subject to an annual contribution limit (currently $15,000). Transfers from a 529 account that cause the ABLE account to exceed the $15,000 limit will be subject to federal tax. This provision applies to 529-to-ABLE transfers made after December 22, 2017.

As of the date of this Plan Description, the IRS has not issued regulations on the recent tax law changes. Therefore, the information presented is based on a good faith interpretation of the statutory language. If, and when, material updates become available we will update the Plan's website and this Plan Description. The Account Owner, not the Plan or the Program Manager, will be responsible for any losses or taxes arising from the use of the Plan for tuition expenses at K-12 Schools. Please consult with your tax advisor for more information. New Mexico state laws and the federal tax laws are subject to change, and none of The Education Trust Board of New Mexico ("Board" or, when applicable, the "Trustee"), the Trust, OFI Private Investments Inc., a subsidiary of OppenheimerFunds, Inc. (the "Program Manager") or its affiliates makes any representations that such state laws or federal tax laws will not be changed or repealed.

Once an application ("Enrollment Application") for an Account is completed by the applicant ("Account Owner") and the minimum initial Contribution required to fund an Account is made by the Account Owner and both are accepted by the Board or an agent designated by the Board, a Confirmation will be delivered to the Account Owner. Account assets will be held, subject to the Statute and the Code, for the exclusive benefit of the Account Owner and the beneficiary designated by the Account Owner ("Designated Beneficiary").

The Trustee has engaged the Program Manager to provide administrative, investment, management, recordkeeping, and related services to the Board and the Trust in connection with the Plan. OppenheimerFunds Distributor, Inc. (the "Program Distributor") is the sole distributor of the Plan and provides marketing services to the Board. **The Enrollment Application signed by the Account Owner and returned to the Program Manager or an agent designated by the Program Manager, this Participation Agreement and the Plan disclosure statement ("Plan Description"), as each may be amended and supplemented from time to time, constitute the contract between the Account Owner, the Trust, and the Board governing the Account.**

The Board may modify this Participation Agreement at any time to the extent necessary to assure compliance with applicable state or federal laws or regulations or to preserve the favorable tax treatment of the Plan or the favorable tax treatment of interests of Account Owners or Designated Beneficiaries therein. The Statute and any rules adopted by the Board ("Program Rules") are available for inspection at the Board's office. Any Account Owner or other interested party may receive a copy of the Statute and the Program Rules from the Program Manager upon request.

Nothing in this Participation Agreement shall be interpreted as a promise or guarantee that a Designated Beneficiary: (1) will be admitted to any educational institution; (2) will be allowed to continue enrollment at any institution after admission; (3) will graduate or receive a degree from any institution; (4) will have his/her Qualified Higher Education Expenses covered in full by amounts invested by an Account Owner; (5) will be treated as a state resident of any state for tuition or any other purpose; (6) will receive any particular treatment under applicable federal or state financial aid programs; or (7) will receive any part of or treatment from financial aid programs of any institution. In addition, nothing in this Participation Agreement shall be interpreted as a promise or guarantee of income on, or protection of principal of, any Account. See Article III of this Participation Agreement.

Capitalized terms used but not defined in this Participation Agreement shall have the same meaning as in the Plan Description, as amended and supplemented from time to time.

ARTICLE II—PARTICIPATION IN THE PLAN

1. Establishing an Account. In order to participate in the Plan, an Account Owner must designate on the Enrollment Application the name, address, Taxpayer Identification number ("TIN") and the date of birth of the Designated Beneficiary. The Account Owner must also (i) provide the Account Owner's TIN, a valid United States address and date of birth and (ii) indicate the Portfolio(s) selected, and provide such other information as may be required by the Board from time to time. Acceptable forms of TINs include social security numbers ("SSN"), Individual Taxpayer Identification Numbers ("ITIN") and Employer Identification Numbers ("EIN") depending on the account registration type. The Account Owner must be at least 18 years of age.

2. Contributions to Accounts.

(a) *Minimum Initial Contribution.* The minimum initial Contribution required to open an Account is $25. The initial Contribution may be allocated among as many Portfolios as the Account Owner desires, provided that the minimum initial Contribution per Portfolio is $25.

(b) *Additional Contributions.* Additional Contributions of $25 or more may be made at any time, subject to the maximum limits on Contributions described below. Any Contribution to an Account by a contributor who is not the Account Owner becomes the property of the Account Owner. Any additional Contributions made for a Designated Beneficiary will go into the Portfolio(s) originally selected by the Account Owner absent instructions to allocate future Contributions to a new Portfolio. If an Account is opened but not funded within 90 days of opening, the Program Manager reserves the right to close the Account, thereby terminating the Account.

(c) *Right to Refuse Contributions.* A Contribution, rollover or transfer may be refused if the Board or the Program Manager reasonably believes that (i) the purpose is for other than funding the Qualified Higher Education Expenses of the Designated Beneficiary of an Account, (ii) there appears to be an abuse of the Plan, or (iii) such transaction is unlawful. The Plan may not be able to determine that a specific Contribution, rollover or transfer is for other than funding the Qualified Higher Education Expenses of a Designated Beneficiary, or abusive or unlawful. The Plan therefore makes no representation that all such Contributions, rollovers or transfers can or will be rejected.

3. Acceptable Contribution Methods. Contributions to an Account may be made by check, automatic payment from the Account Owner's bank account or other financial institution, electronic funds transfer, federal funds wire or payroll deduction if the Account Owner's employer offers this option and is able to meet the Program Manager's operational and administrative requirements, or any other method permitted by the Statute and the Code. Contributions by money order will not be accepted. An authorization form is included as part of the Enrollment Application. An authorization to make automatic payments will remain in effect until the Program Manager has received notification of its termination. Account Owners or the Program Manager may terminate automatic payments at any time. Any termination of automatic payments authorization initiated by an Account Owner must be made by writing the Program Manager, by calling the Program Manager, or by completing the appropriate section online and will become effective as soon as the Program Manager has had a reasonable amount of time to implement the change. All Contributions must be in cash. The Program Manager cannot accept securities or other property. Rollover contributions to an Account from another qualified tuition plan must be accompanied by the Rollover/Change of Trustee Form and any other required documentation.

4. Maximum Permissible Account Balance. Currently, the maximum aggregate Account balance per Designated Beneficiary is $500,000 and, once such maximum balance is reached, no further Contributions for the benefit of the same Designated Beneficiary will be allowed, although the Account balance may continue to increase due to appreciation of its holdings. All Accounts for the same Designated Beneficiary within the New Mexico 529 Program will be combined for purposes of determining whether the maximum Account balance has been reached, even if those Accounts have different Account Owners. This maximum balance amount may be recalculated or adjusted by the Board at any time based on the estimated cost of Qualified Higher Education Expenses in accordance with applicable tax rules. The Board has established the maximum account balance limit for the New Mexico 529 Program designed to ensure that Contributions in the New Mexico 529 Program on behalf of a Designated Beneficiary do not exceed the amount necessary to provide for such Designated Beneficiary's Qualified Higher Education Expenses in accordance with applicable tax rules. Contributions made when those limits have been reached will not be accepted and will be returned to the contributor. Contribution of the maximum amount, however, does not guarantee that the Account balance will be adequate to cover the Qualified Higher Education Expenses of a particular Designated Beneficiary.

5. Designation of Designated Beneficiary; Change of Designated Beneficiary. At the time of enrollment, the Account Owner (other than state or local governments or tax-exempt organizations described in Section 501(c)(3) of the Code) must designate a beneficiary for the Account. There may be only one Account Owner and one Designated Beneficiary per Account. The Account Owner may change the Designated Beneficiary of the Account named on the Enrollment Application, provided the new Designated Beneficiary is a Member of the Family, within the meaning of the Code, of the current Designated Beneficiary. To change a Designated Beneficiary, the Account Owner must complete and sign an Account Maintenance Form. The change will be effective when the Program Manager has received and processed the Account Maintenance Form. A change of Designated Beneficiary will result in the assignment of a new Account number and may result in the reallocation of the Account's assets to another Portfolio. A change of Designated Beneficiary also may have federal gift tax and generation-skipping transfer ("GST") tax implications. You should consult your tax advisor regarding this matter.

6. Limited Investment Direction. No Account Owner, Designated Beneficiary or contributor may direct the investment of any Contributions or any earnings thereon either directly or indirectly, other than to select from the available Portfolios prior to a Contribution. In addition, Account Owners may not choose the Underlying Investments in which a Portfolio invests. However, the federal tax rules, as of the date this Participation Agreement was printed, allow Account Owners to move Contributions or any earnings thereon from one or more Portfolios to one or more other Portfolios for all Accounts for the same Designated Beneficiary in the New Mexico 529 Program either (i) twice per calendar year or (ii) when the Account Owner changes the Designated Beneficiary from the existing Designated Beneficiary to a Member of the Family of the existing Designated Beneficiary (such transfer will be free from income tax and the 10% additional federal tax on earnings, but may result in gift or GST tax consequences). In the event that future tax rules governing investment discretion with respect to qualified tuition programs provide greater investment flexibility for the participants of qualified tuition programs, it is the intent of the Board to adjust the New Mexico 529 Program's rules accordingly. However, to the extent future tax rules are more restrictive than those described in this Participation Agreement or the Plan Description, both shall be deemed to be automatically amended to reflect such more restrictive rules. No interest in an Account or any portion thereof shall be used as security for a loan.

7. No Ownership Interest in Underlying Investments. Although Account Owners will have an interest in a specified Portfolio(s), Account Owners do not have a direct beneficial interest in the underlying mutual funds and other investments held by the Portfolio(s), and therefore, Account Owners do not have the rights of an owner or shareholder of such mutual funds or other investments.

8. Account Owner Instructions. The Program Manager may accept and rely conclusively on any instructions or other communications reasonably believed to have been given by an Account Owner or another authorized person and may assume that the authority of any other authorized person continues in effect until the Program Manager receives written notice to the contrary.

ARTICLE III—INVESTMENTS AND WITHDRAWALS

1. No Guarantee of Income or Principal, No Insurance.

(a) Account investment returns will vary. In addition, there can be no assurance that an Account will be sufficient to cover Qualified Higher Education Expenses of the Designated Beneficiary.

(b) An Account will fluctuate in value and may be worth more or less than the amounts contributed at any given time. An investment in the Portfolios, like any investment, has risks, including, but not limited to, those described in the Plan Description under the heading "PLAN AND PORTFOLIO RISKS." Portfolio values will rise and fall and there is a risk you could lose all or part of your money by investing your Account in a Portfolio. There can be no assurance that a Portfolio, or an Underlying Investment in which a Portfolio invests, will achieve its objective. **Plan Accounts are not bank deposits, are not insured by the Federal Deposit Insurance Corporation or the National Credit Union Association, are not debt or obligations of, or guaranteed by, any bank or other financial institution or the Plan, The Education Trust Board of New Mexico or its members, The Education Plan Trust of New Mexico, the State of New Mexico, OFI Private Investments Inc., OppenheimerFunds Distributor, Inc. or any financial advisor.**

2. No Guarantee of Future Performance. How a Portfolio, or an Underlying Investment in which a Portfolio invests, has performed in the past is not necessarily an indication of how it will perform in the future.

3. Qualified Withdrawals from Accounts. The Account Owner may direct distributions from an Account for the Qualified Higher Education Expenses of the Designated Beneficiary by providing the Program Manager a Withdrawal Form in writing and any additional required documentation (subject to a 5 business day hold following each Contribution), by calling the Program Manager or by completing the appropriate section online. Distributions may be used at any Eligible Institution of

Higher Education ("Eligible Educational Institution"). Generally, this includes any accredited two-year or four-year college or university in the United States or abroad that is eligible to participate in certain federal student fi nancial aid programs, as well as certain accredited proprietary or vocational schools that are eligible to participate in federal student financial aid programs and certain specified military academies. Distributions may also be applied toward graduate or professional school costs at an Eligible Educational Institution. Before using the Plan to save for tuition expenses at K-12 Schools, or making withdrawals from the Plan for tuition expenses at K-12 Schools, Account Owners should consider that the Investment Portfolios within the Plan were designed for college savers (e.g., persons saving for undergraduate and graduate school) not saving for tuition expenses at K-12 Schools, and therefore Account Owners should take into account their investment horizon before making contributions to the Plan.

Under current New Mexico tax law, contributions to the New Mexico 529 plans by a New Mexico individual taxpayer may be deducted for New Mexico individual income tax purposes. In certain circumstances, the amounts deducted may be recaptured in subsequent years. Despite the new federal law changes for tuition expenses for K-12 Schools, it is possible that such K-12 tuition expenses will not constitute Qualifi ed Higher Education Expenses under the New Mexico tax code, thereby resulting in a recapture of any deduction related to amounts distributed for such K-12 tuition expenses. In addition, amounts previously deducted for New Mexico income tax purposes will be recaptured if they are distributed from a New Mexico 529 plan account to a Qualifi ed ABLE program, including the ABLE program offered in the State of New Mexico (notwithstanding that such a transfer is a Qualifi ed Withdrawal for federal tax purposes). Account Owners who are New Mexico taxpayers should consult their own tax advisors before making withdrawals from a New Mexico 529 plan for K-12 tuition expenses or transferring funds from a New Mexico 529 Plan to a Qualified ABLE Program.

The recent federal tax law changes also permit transfers from a 529 account to an account in a Qualified ABLE Program made before January 1, 2026, without subjecting the transferred amount to federal income tax on earnings, provided certain conditions are met. ABLE accounts are subject to an annual contribution limit (currently $15,000). Transfers from a 529 account that cause the ABLE account to exceed the $15,000 limit will be subject to federal tax. This provision applies to 529-to-ABLE transfers made after December 22, 2017.

As of the date of this Plan Description, the IRS has not issued regulations on the recent tax law changes. Therefore, the information presented is based on a good faith interpretation of the statutory language. If, and when, material updates become available we will update the Plan's website and this Plan Description. The Account Owner, not the Plan or the Program Manager, will be responsible for any losses or taxes arising from the use of the Plan for tuition expenses at K-12 Schools. Please consult with your tax advisor for more information.

4. Nonqualified Withdrawals from Accounts. An Account Owner may request a Nonqualified Withdrawal from an Account (subject to a 5 business day hold following each Contribution). A Nonqualified Withdrawal will be subject to an additional 10% federal tax on the earnings portion of the distribution, and such earnings will also be subject to ordinary federal and any applicable state income taxation as well as the recapture of all previous New Mexico tax deductions taken for Contributions to an Account. Other penalties may also apply to a Nonqualified Withdrawal.

5. Other Withdrawals from Accounts. An Account Owner may authorize distributions from the Account as a result of the Designated Beneficiary's death, disability, receipt of a scholarship or attendance at a qualifying military academy. Withdrawals due to the Designated Beneficiary's death, disability, receipt of a scholarship or attendance at a qualifying military academy will not be subject to the additional 10% federal tax on earnings, but the earnings portion of such withdrawals will be subject to income taxes at the ordinary federal income tax rates. State taxes may also apply. Scholarship distributions are limited to the amount of the scholarship received by the Designated Beneficiary.

6. Recontributions. If you request a distribution to pay the Qualified Higher Education Expenses of the Designated Beneficiary and the Designated Beneficiary receives a refund of any payment of Qualified Higher Education Expenses from an Eligible Educational Institution, the amount withdrawn will not be includible in income to the extent it is recontributed to an Account for which the Designated Beneficiary is the beneficiary, but only to the extent such recontribution is made not later than 60 days after the date of such refund and does not exceed the refunded amount. You are responsible for identifying to the Program Manager any contribution to an Account that qualifies for the treatment described in this paragraph and for certifying to the Program Manager that the conditions for such treatment have been satisfied.

7. Miscellaneous. None of the Board, the Trust, the Plan, or the Program Manager or its affiliates is responsible for payment of any Qualified Higher Education Expenses that exceed the current balance of an Account at the time a distribution is requested.

ARTICLE IV—AMENDMENT AND TERMINATION

1. General. The Account Owner or the Board may terminate an Account at any time.

2. Distribution of Remaining Account Balance. If the Account is terminated, the remaining Account balance will be distributed to the Account Owner and the Contributions and earnings thereon will be subject to federal and any applicable state income tax, the 10% additional federal tax and the recapture of all previous New Mexico tax deductions taken for Contributions related to Nonqualified Withdrawals. Any such distribution shall be construed and administered to comply in all respects with any applicable state or federal statutes or regulations, including, but not limited to, Section 529 of the Code or its applicable regulations, Internal Revenue Service ("IRS") guidance interpreting Section 529 of the Code, New Mexico law, or applicable rules promulgated by the Board. Any such distribution shall be issued in a lump sum net of any fees due to the Program Manager within 90 days from the date of the termination request.

3. Amendment or Termination by the Board.

(a) If the Board or Program Manager finds that the Account Owner or a Designated Beneficiary has provided false or misleading information to the Board or an Eligible Educational Institution with respect to an Account, the Board may terminate the Account and assess a penalty against the Account. If an Account is so terminated, the remaining Account balance will be distributed to the Account Owner and the Contributions and earnings thereon will be subject to federal and any applicable state income tax, the 10% additional federal tax and the recapture of all previous New Mexico tax deductions taken for Contributions related to Nonqualified Withdrawals.

(b) The Board may at any time: (i) amend the Plan or this Participation Agreement by giving written notice to the Account Owner, which amendment shall be effective upon the date specified in the notice; or (ii) terminate the Plan or this Participation Agreement or cause a distribution to be made from an Account to satisfy applicable laws, including anti-money laundering laws, by giving the Account Owner written notice of any such termination. No provision of this Participation Agreement can be amended or waived except in writing signed by an authorized representative of the Board. A termination of the Plan or this Participation Agreement or such distribution from an Account by the Board may result in a Nonqualified Withdrawal, unless certain exceptions apply, for which tax on the earnings portion thereof and penalties may be assessed. Nothing contained in the Participation Agreement or the Plan Description is an agreement or representation by the Board or any other person that it will continue to maintain the Trust indefinitely.

ARTICLE V—CHANGE OF DESIGNATED BENEFICIARY, CHANGE OF ACCOUNT OWNER, ACCOUNT TRANSFERS AND ROLLOVERS

1. Change of Designated Beneficiary. At any time, the Account Owner may change the Designated Beneficiary of an Account as provided in Article II, Section 5 of this Participation Agreement.

2. Change of Account Owner. All requests to transfer ownership of an Account must be submitted in writing and include: (i) the Account number; (ii) the guaranteed signature of the Account Owner; and (iii) such other information as the Board may require from time to time. An Account Owner may designate a Successor Account Owner who, subject to rules established by the Board and upon receipt of the proper documentation by the Program Manager, will become the Account Owner upon the death of the original Account Owner or if the original Account Owner validly disclaims his/her interest in the Account. A transfer of ownership of an Account to a new Account Owner may have legal and income, gift, estate and GST tax implications. Please consult your tax advisor regarding this matter.

3. Account Transfers.

(a) Section 529 of the Code provides that all or a portion of an account with a qualified tuition program may be rolled over to an account with another qualified tuition program in a different state, or before January 1, 2026 to a Qualified ABLE Program without subjecting the transferred amount to federal income tax on earnings, provided certain conditions are met. In order for the transfer of funds to be a qualified rollover so as not to incur taxes and penalties, the funds from the first account must be deposited into the new account within 60 days from the distribution from the first account, and either (i) there must be a change of Designated Beneficiary to a Member of the Family of the existing Designated Beneficiary or (ii) the transfer must be to any qualified tuition program for the same Designated Beneficiary, and in the case of a qualified tuition program, the transfer cannot occur within 12 months from the date of a previous transfer from another qualified tuition program for that Designated Beneficiary. In order to roll over an Account to another qualified tuition program or a Qualified ABLE Program, the Account Owner must complete and submit a Rollover/Change of Trustee Form.

(b) In the event of a rollover request, the amount to be rolled over will be (i) the principal portion of all Contributions made, plus the investment gains on the Account, less (ii) investment losses on the Account, if any, withdrawals, if any, and any penalties, fees or charges as determined by the Board. Any rollovers to another state's Section 529 Plan, or a Qualifi ed ABLE Program including the ABLE program offered in the State of New Mexico (notwithstanding that such a transfer is a Qualifi ed Withdrawal for federal tax purposes) will be subject to the recapture of previous New Mexico tax deductions taken for Contributions to the Account.

(c) Any rollover shall be construed and administered to comply in all respects with any applicable state or federal statutes or regulations, including, but not limited to Section 529 of the Code or its applicable regulations, IRS guidance interpreting Section 529 of the Code, New Mexico law, and applicable rules promulgated by the Board.

(d) As of the date of this Plan Description, the IRS has not issued regulations on the recent tax law changes. Therefore, the information presented is based on a good faith interpretation of the statutory language. Please consult with your tax advisor for more information. If, and when, material updates become available we will update the Plan's website and this Plan Description.

4. Miscellaneous. No interest in all or any portion of an Account may be used as security for any loan. Similarly, an Account Owner or Designated Beneficiary may not borrow, assign or transfer any asset in an Account, except as provided in this Participation Agreement. Upon the death of an Account Owner, if a Successor Account Owner is duly appointed, the Account will be transferred to the Successor Account Owner as described in the Plan Description. If no Successor Account Owner is appointed, the deceased's estate will become the Account Owner.

ARTICLE VI—FEES AND EXPENSES

1. General. Certain fees and expenses will be charged against the assets of the Portfolios to pay for the costs of managing and administering the Plan and the Accounts. These fees and expenses may be changed or waived, and the Board may add new fees or expenses at any time.

2. Daily Charges and Underlying Investment Fees and Expenses. Each Portfolio will be subject to a daily charge for certain ongoing Plan Fees (including the Program Management Fee and Board Administrative Fee), as described in the Plan Description. In addition, each of the Underlying Investments in which Portfolios invest has separate investment management fees and other expenses. Accounts will indirectly bear such Underlying Investment management fees and other expenses.

3. Transaction-based Fees. An Account may be subject to fees for certain transactions, charged in the amounts and as described in the Plan Description.

4. Other Fees and Expenses. An Account may be subject to other fees and expenses as directed by the Board and as described in the Plan Description.

ARTICLE VII—GENERAL PROVISIONS

1. Necessity of Qualification. The Account Owner understands and acknowledges that the Plan intends to operate so as to qualify for favorable federal tax treatment under Section 529 of the Code. Because this qualification is vital to the Plan and the beneficial tax treatment of Account Owners and Designated Beneficiaries, the Board may amend the New Mexico 529 Program, the Plan and/or this Participation Agreement at any time if the Board decides that a change is needed to meet the requirements of Section 529 of the Code or its applicable regulations, IRS guidance interpreting Section 529 of the Code, New Mexico law, or applicable rules promulgated by the Board. The Board may modify this Participation Agreement to the extent necessary to assure compliance with applicable state or federal laws or regulations or to preserve the favorable tax treatment of the Plan or the favorable tax treatment of interests of Account Owners or Designated Beneficiaries therein. The Program Manager shall promptly notify the Account Owner of such amendments, and the Account Owner agrees to be bound thereby unless the Account Owner promptly notifies the Program Manager of the Account Owner's intent to terminate the Account.

2. Account Owner Representations.

(a) The Account Owner acknowledges that: (i) the Account Owner has received and read the Plan Description prior to making each investment decision, (ii) the Account Owner agrees that the terms of the Plan Description are incorporated into this Participation Agreement as if they were set forth in this Participation Agreement, and (iii) the Plan's risks have been taken into consideration in making each investment decision.

(b) The Account Owner acknowledges that he/she is opening the Account for the purpose of meeting the Qualified Higher Education Expenses of the Designated Beneficiary of the Account and he/she is not opening or using the Account for the purpose of evading federal or state taxes or tax penalties.

(c) The Account Owner understands that: (i) the state(s) where he/she or his/her Designated Beneficiary reside or pay taxes may offer one or more direct sold, advisor/broker sold or prepaid tuition plans under Section 529 of the Code (each, an "In-State Plan"); and (ii) such In-State Plans may offer him/her state income tax or other benefits not available to him/her through the Plan. The Plan Description, this Participation Agreement and the other forms approved for use in connection with the Plan do not address taxes imposed by a state other than New Mexico, or the applicability of state or local taxes other than the New Mexico income tax to the Plan, the Trust, his/her participation in the Plan, his/her investment in the Trust or his/her Account.

(d) The Account Owner has considered investing in an In-State Plan and consulted with his/her tax advisor regarding the state tax consequences of investing in the Plan if realizing state or local income tax or other benefits are important to him/her.

(e) The Account Owner has considered: (i) the availability of alternative education savings and investment programs including other Section 529 Plans available through the Program Distributor or otherwise; (ii) the identity and contract term of the Program Manager; (iii) the impact an investment in the Plan may have on eligibility for federal and state financial aid and non-educational benefits, such as Medicaid; (iv) the risks and other considerations of investing in the Plan; (v) limitations on Contributions, withdrawals and transfers among the Portfolios; (vi) the Plan's fees and expenses; and (vii) the federal, state and local, income, estate, gift and GST tax implications of investing in the Plan.

(f) The Account Owner acknowledges that the intended tax advantages for the Account may be affected by future changes in tax laws, regulations or rules.

(g) The Account Owner understands that a change in federal or state law or regulations governing the Plan, or court decisions, may have adverse tax and other consequences to the Account Owner. The Account Owner should consider the potential effect such a change in law could have on the Account Owner's investments under the Plan before establishing an Account.

(h) The Account Owner understands that: (i) each of the Plan's Portfolios may not be suitable for him/her and/or the Designated Beneficiary and (ii) the Plan may not be suitable for all investors as a means of investing for Qualified Higher Education Expenses. In addition, the Account Owner understands that the Plan's Portfolios were designed for college savers (e.g., persons saving for undergraduate and graduate schools) and, therefore, the Account Owner must take into account his or her investment horizon before making contributions to the Plan for tuition expenses at K-12 Schools.

(i) The Account Owner understands that the Account Owner will not receive any advice or opinion regarding the suitability of any Portfolio or Trust interests from the Board, Program Manager or Program Distributor or any representative of the Board, Program Manager or Program Distributor.

(j) The Account Owner understands that: (i) any Portfolio may at any time be merged, terminated, reorganized or cease accepting new Contributions without consent or notice; (ii) any such action affecting a Portfolio may result in contributions being reinvested in a Portfolio different from the Portfolio in which contributions were originally invested; (iii) the Board and the Program Manager may at any time terminate or modify the Portfolio fee structures; and (iv) the Board may modify Underlying Investments at any time.

(k) If the Account Owner is establishing an Account as a custodian for a minor under a state's Uniform Gifts to Minors Act or Uniform Transfers to Minors Act ("UGMA/UTMA"), the Account Owner understands and agrees that he/she assumes responsibility for any adverse consequences resulting from the establishment of the Account.

(l) If a legal entity is establishing the Account, the individual executing the Participation Agreement represents that: (i) the entity is the Account Owner; (ii) the individual executing the Participation Agreement is duly authorized to act for the entity; (iii) the Plan Description may not discuss tax consequences and other aspects of the Plan of particular relevance to the entity and individuals having an interest therein; and (iv) the entity has consulted with and relied on a professional advisor, as deemed appropriate by the entity, before becoming an Account Owner.

(m) The Account Owner acknowledges that OFI Private Investments Inc. will not necessarily continue as Program Manager for the entire period this Account is open and that the Board may in the future retain different investment manager(s) to manage all or part of the Plan whether or not OFI Private Investments Inc. is still the Program Manager. The Account Owner further acknowledges that there is no assurance that the terms and conditions of the current Participation Agreement would continue without material change, and that there are, accordingly, various potential consequences that the Account Owner acknowledges they should take into consideration including changes in the current management fee. (A successor Program Manager may request that a new Participation Agreement be executed.)

(n) The Account Owner understands that in order to help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an Account. When an Account Owner opens an Account, the Program Manager and/or the Board will ask for the Account Owner's name, address, date of birth, SSN and other information that will allow the Program Manager and the Board to identify the Account Owner. The Program Manager or the Board may also ask to see the Account Owner's driver's license or other identifying documents.

(o) The Account Owner has been given an opportunity, within a reasonable time prior to signing this Participation Agreement, to ask questions of representatives of the Board and the Program Manager and receive satisfactory answers concerning (i) an investment in the Plan, (ii) the terms and the conditions of the Plan and the Trust, (iii) the particular Investment Option(s) that may be selected, (iv) the Plan Description, this Participation Agreement, and the Enrollment Application, (v) other 529 Plans offered by the Board, and the investment options and costs associated with such plans, and (vi) his/her ability to obtain such additional information that may be necessary to verify the accuracy of any information furnished.

(p) The Account Owner has not relied on any representations or other information, whether oral or written, and whether made by any agent or representative of the Board, the Program Manager, or otherwise, other than as set forth in the Plan Description (including any applicable supplement to the Plan Description) and in this Participation Agreement.

(q) The Account Owner has accurately and truthfully completed the Enrollment Application. Any other documentation that he/she has furnished or subsequently furnishes in connection with the opening or maintenance of, or any withdrawals from, his/her Account is or will be accurate, truthful, and complete, including the age indicated for the Designated Beneficiary.

(r) The Account Owner acknowledges that his/her Account may be considered dormant if for a designated period of time there is no activity on the Account and the Plan is not able to make contact with the Account Owner. Dormant accounts are subject to states' unclaimed property laws.

3. Separate Accounting. The New Mexico 529 Program shall provide a separate accounting for each Designated Beneficiary.

4. Factual Determinations. All factual determinations regarding an Account Owner's or Designated Beneficiary's residency, disability, the existence of hardship, and any other factual determinations regarding Accounts will be made by the Board based on the available facts and circumstances of each case.

5. Notices. All notices, changes, options and elections requested by an Account Owner must be in writing, signed by the Account Owner, and acceptable to the Program Manager. The Program Manager is not responsible for the accuracy of such documentation.

6. Governing Law. This Participation Agreement shall be construed in accordance with the laws of the State of New Mexico and applicable federal law, including Section 529 of the Code. Venue for any action between the Account Owner or the Designated Beneficiary and the Board arising from or relating to the Plan, Accounts or the Participation Agreement shall be in a state or federal court located in Santa Fe, New Mexico.

7. Severability. In the event any clause or portion of this Participation Agreement is found to be invalid or unenforceable by a court of competent jurisdiction, that clause or portion shall be severed from this Participation Agreement and the remainder of this Participation Agreement shall continue in full force and effect as if such clause or portion had never been included.

8. Amendments. The Board may, at any time, and from time to time, amend this Participation Agreement, and the Account Owner shall be considered to have consented to such amendment, to the extent such amendment is for the purpose of assuring compliance with applicable state or federal laws or regulations or to preserve the continued favorable tax treatment of the New Mexico 529 Program, or the Plan Description, or suspend or terminate the Plan, the Trust or the New Mexico 529 Program, but your Account assets may not thereby be diverted from the exclusive benefit of the Account Owner and/or the Designated Beneficiary.

9. Reports and Statements. The Program Manager will send the Account Owner, quarterly statements that show the value of each Account's activity during the previous quarter and cumulative activity for the year. An Account Owner has 60 days to notify the Program Manager of any errors on any Account confirmation or on transactions indicated on each statement for the immediately previous calendar quarter. If the Account Owner does not write to the Program Manager to object to information relating to activity in the Account during the previous quarter as presented in such statement regarding the immediately prior quarter's activity within 60 days after the statement has been sent to the Account Owner, the Account Owner will be considered to have approved it and to have released the Board, the Program Manager and the Program Distributor from all responsibility for matters covered by the statement. If applicable, the Program Manager will provide tax reporting as required under the Act, the Code, and any applicable regulations. The Account Owner will continue to be responsible for filing his or her federal, state and local tax returns and any other reports required by law.

10. Extraordinary Events. The Board and the Program Manager shall not be liable for losses caused directly or indirectly by government restrictions, exchange or market rulings, suspension of trading, war, acts of terrorism, strikes or other conditions beyond their control.

11. Communications. For purposes of this Participation Agreement, communications will be sent to the Account Owner at the permanent address that is specified in the Enrollment Application or at such other permanent address that the Account Owner gives to the Program Manager in writing. All communications so sent will be deemed to be given to the Account Owner personally upon such sending, whether or not the Account Owner actually receives them. Account Owners are responsible for alerting the Program Manager to any change of address.

12. Complete Agreement. This Participation Agreement, and the Plan Description that is hereby incorporated into this Participation Agreement, is the complete and exclusive statement of the agreement between the parties hereto, which supersedes any prior agreement, oral or written, and any other communications between the parties hereto relating to the subject matter of this Participation Agreement. This Participation Agreement is offered by the Board and will be deemed a binding agreement upon acceptance by the Trustee of the Account Owner's Enrollment Application. The Account Owner has not relied on any representations or other information, whether oral or written, other than as set forth in the Plan Description and in this Participation Agreement.

the education plan®

Save today for your child's tomorrow

The Education Plan® Plan Description

February 26, 2018

An Overview of The Education Plan®

This Plan Description contains a summary of the terms of The Education Plan (the "Plan") and the Participation Agreement. This Plan Description forms a part of, and is incorporated into, the Participation Agreement. This Plan Description includes the addenda and appendixes attached hereto. Please read this document and the Participation Agreement carefully before you invest or send funds. Additional copies of these materials may be obtained from The Education Plan at **www.theeducationplan.com** or by calling **1.877.EdPlan8 (1.877.337.5268)**.

The Plan has been established and is maintained by The Education Trust Board of New Mexico ("Board" or, when applicable, the "Trustee"). OFI Private Investments Inc., a subsidiary of OppenheimerFunds, Inc., is the Program Manager of the Plan. OppenheimerFunds Distributor, Inc. is the sole distributor of the Plan.

No dealer, broker, salesperson or other person has been authorized to provide any information or to make any representations other than those contained in this Plan Description. If given or made, such other information or representations must not be relied upon.

Statements contained in this Plan Description or in the Participation Agreement, which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts. The information and expressions of opinion herein are subject to change without notice. Neither delivery of this Plan Description or the rest of the Participation Agreement, nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of The Education Plan or The Education Plan Trust of New Mexico ("Trust") since the date of this Plan Description.

The consequences to an Account Owner or Designated Beneficiary of an investment in the Plan vary depending on their state of residence. An Account Owner should consider, before investing, whether the Account Owner's or the Designated Beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in the home state's qualified tuition program. Any state-based benefit offered with respect to a particular Section 529 Plan should be one of the many appropriately weighted factors to be considered in making an investment decision. An investor should consult with his or her financial, tax or other adviser to learn more about how state based benefits (including any limitations) would apply to his or her specific circumstances and may also wish to contact his or her home state or any other Section 529 Plan to learn more about the features, benefits and limitations of that state's Section 529 Plan.

Plan Accounts are not bank deposits, are not insured by the Federal Deposit Insurance Corporation or the National Credit Union Association, are not debt or obligations of, or guaranteed by, any bank or other financial institution or the Plan, The Education Trust Board of New Mexico or its members, The Education Plan Trust of New Mexico, the State of New Mexico, OFI Private Investments Inc., OppenheimerFunds Distributor, Inc. or any financial advisor. Investment in the Plan involves investment risk, including the possible loss of the principal amount invested.

The Plan is intended to be used only to save for Qualified Higher Education Expenses at Eligible Educational Instutitions. The Plan is not intended to be used, nor should it be used, by any taxpayer for the purpose of evading federal or state taxes or tax penalties. A taxpayer should seek tax advice based on the taxpayer's particular circumstances from an independent, qualified tax advisor.

Account owners should periodically assess, and if appropriate, adjust their investment choices with their time horizon, risk tolerance and investment objectives in mind.

PLAN HIGHLIGHTS

These Plan Highlights only summarize features of the Plan. More detailed information about the Plan, including establishing an Account, the Portfolios, fees and expenses, investment risks and tax consequences, are described in the pages that follow. Please read this entire Plan Description and the Participation Agreement before investing and keep them for future reference.

You should rely only on the information contained in the Plan Description. No one is authorized to provide information that is different from the information contained herein.

Minimum Contribution to Open an Account

(See "CONTRIBUTIONS—Minimum Initial Contributions" on page 14 for details.)

- All Portfolios—$25
- Contributions must be made in "cash form" by check, Automatic Investment Plan ("AIP"), payroll deduction through a participating employer who is able to meet the Program Manager's operational and administrative requirements, electronic funds transfer or federal funds wire.

Minimum Initial Contribution per Portfolio

(See "CONTRIBUTIONS—Minimum Initial Contributions" on page 14 for details.)

- More than one of the Plan's Portfolios may be selected for an Account; however, there is a minimum initial Contribution per Portfolio of $25.

Maximum Account Balance

(See "CONTRIBUTIONS—Maximum Account Balance" on page 14 for details.)

- $500,000 aggregate balance for all New Mexico 529 Program accounts (including Plan Accounts) for the same beneficiary.

Eligible Account Owners

(See "THE APPLICATION PROCESS" on page 12 for details.)

- No New Mexico residency requirement.
- Persons must be at least 18 years of age and have a valid Taxpayer Identification number that is accepted by the Program Manager and United States address.
- State or local government, or a tax-exempt organization described in Section 501(c)(3) of the Code.
- Custodian of an UGMA/UTMA account.
- Trusts or corporations with a valid Taxpayer Identification Number.
- The Account Owner can designate a successor Account Owner who becomes the owner of the Account in the event of the Account Owner's death or if the original Account Owner validly disclaims his/her interest in the Account.

Designated Beneficiary

(See "THE APPLICATION PROCESS" on page 12 for details.)

- No age limit for the Designated Beneficiary.
- Must have a valid Taxpayer Identification number that is accepted by the Program Manager.
- Does not need to be related to the Account Owner or reside in the United States.
- The Account Owner and the Designated Beneficiary for an Account may be the same.
- The Plan does not permit a change of the Designated Beneficiary to a person who is not a Member of the Family of the current Designated Beneficiary.

School Limits

(See "WITHDRAWALS—Qualified Higher Education Expenses—*Eligible Educational Institutions*" on page 37 for details.)

- Account balances may be used at most accredited post-secondary schools in the United States or abroad.Despite the new federal law changes expanding the definition of Qualified Higher Education Expenses to include tuition expenses for K-12 Schools, it is possible that such K-12 tuition expenses will not constitute Qualified Higher Education Expenses under the New Mexico tax code, thereby resulting in a recapture of any deduction related to amounts distributed for such K-12 tuition expenses.

Tax Advantages under Current Law

(See "TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS" on page 39 for details.)

- State tax deduction for New Mexico residents (subject to recapture under certain circumstances); earnings tax deferred.
- Tax-deferred growth for federal tax purposes.

- No federal or New Mexico income tax on withdrawals used to pay Qualified Higher Education Expenses. Withdrawals for tuition expenses for K-12 Schools may be subject to recapture of amounts previously deducted for New Mexico Income tax purposes.
- No federal gift or generation skipping transfer tax on Contributions up to $75,000 ($150,000 for spouses electing to split gifts)—prorated over five years.
- Contributions are considered completed gifts for federal gift and estate tax purposes.
- Contributions are not included in the Account Owner's estate for federal estate tax purposes (subject to certain restrictions if the five year averaging election is made).
- An Account Owner should consider, before investing, whether the Account Owner's or the Designated Beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in the home state's qualified tuition program.

Withdrawals

(See "WITHDRAWALS—Qualified Withdrawals" on page 36 and "WITHDRAWALS—Nonqualified Withdrawals" on page 38 for details.)

- Account balances used with limitations to pay for tuition, room and board, supplies, and equipment required for enrollment or attendance by a Designated Beneficiary at any Eligible Educational Institution in the U.S. or abroad (including expenses for special needs services for a special needs beneficiary incurred in connection with such attendance) along with expenses for the purchase of computer and any related peripheral equipment, computer software, or Internet access and related services subject to certain conditions will be considered a Qualified Withdrawal.
- If a withdrawal is made to pay for Qualified Higher Education Expenses for a Designated Beneficiary and the Designated Beneficiary receives a refund from the Eligible Educational Institution, the amount withdrawn will not be treated as a Nonqualified Withdrawal to the extent that amounts are recontributed to a Section 529 plan account for that Designated Beneficiary no more than 60 days after the date of the refund and the recontributed amount does not exceed the amount of the refund.
- Account balances which are withdrawn and used for purposes other than a Qualified Withdrawal generally are considered a Nonqualified Withdrawal subject to federal and state income taxes and may be subject to an additional 10% federal tax.

Fees and Expenses

(See "PLAN FEES AND EXPENSES" on page 31 for details.)

Total Annual Asset-based Plan Fees (including Underlying Investment expenses and Plan Fees) range from 0.26% to 0.51% for the Age Based and Custom Choice Portfolios and from 0.15% to 0.16% for the Age Based and Custom Choice Index Portfolios.

- Other fees and charges may apply.

Investment Options

(See "INVESTMENT OPTIONS" on page 18 and Appendix A for details.)

- Upon opening an Account, the Account Owner must select an Investment Option or Options.
- Age Based Approach—Automatic asset allocation changes based upon Designated Beneficiary's age.
- Custom Choice Approach—Design your own asset allocation across the risk/reward spectrum.
- The Investment Option for an Account may be changed for any reason two times during a calendar year or with a permissible change of the Designated Beneficiary.

Certain Risk Factors

(See "PLAN AND PORTFOLIO RISKS" on page 43 for details.)

- Account assets are not guaranteed, and an Account may lose money.
- Federal and state tax laws may change.
- Investment Options, asset allocations, Underlying Investments, fees and expenses may change.
- Contributions to an Account may affect the eligibility of the Designated Beneficiary or the Account Owner for federal and state benefits (e.g., financial aid).
- The Program Manager of the Plan may change.

Portfolio Performance

(See "PORTFOLIO PERFORMANCE INFORMATION" on page 28 for details.)

- Historical Portfolio performance information as of December 31, 2017 is included in this Plan Description.
- Past Portfolio performance is not indicative of future Portfolio performance.
- Performance information for the Portfolios is updated monthly on the Plan website at **www.theeducationplan.com**.

Plan Administrator

(See "INTRODUCTION" on page 10 for details.)

- Education Trust Board of New Mexico

Service Providers

(See "INTRODUCTION," "RIGHTS OF THE BOARD," "INVESTMENT OPTIONS" and "PLAN AND PORTFOLIO RISKS—Plan Risks—*Potential Plan Adjustments*" on pages 10, 18, 18 and 43 respectively, for details.)

- OFI Private Investments Inc. ("Program Manager") provides investment management, administrative, recordkeeping and transfer agency services for the Plan.
- OppenheimerFunds Distributor, Inc. ("Program Distributor") is the Plan's distributor and provides marketing services to the Board.
- OppenheimerFunds, Inc. (an affiliate of the Program Manager) and The Vanguard Group, Inc. ("Vanguard") each serves as investment manager for certain Underlying Investments in which the Portfolios in the Plan invest.
- The term of the program management agreement among the Board, the Program Manager and the Program Distributor ends on June 30, 2020, subject to possible extension or early termination.
- All information provided to the Plan is treated confidentially. This Plan Description includes the Privacy Policy of the Program Manager and Program Distributor for the benefit of the Plan participants.

Special Benefits for New Mexico Residents

(See "SPECIAL BENEFITS AVAILABLE TO NEW MEXICO RESIDENTS" and "TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS—State Tax Treatment for New Mexico Taxpayers" on pages 12 and 42 for details.)

- All earnings of a New Mexico Account Owner or Designated Beneficiary from an investment in the Plan are exempt from New Mexico individual income taxes, subject to exceptions.
- Contributions by a New Mexico individual taxpayer may be deducted from net income for New Mexico individual income tax purposes, subject to limitations and recapture under certain circumstances.

Contact Information

The Education Plan
P.O. Box 173691
Denver, CO 80217
www.theeducationplan.com
1.877.EdPlan8 (1.877.337.5268)

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or passed upon the adequacy of this Plan Description or the Participation Agreement. Any representation to the contrary is a criminal offense.

Information in this Plan Description is believed to be accurate as of the printing of this Plan Description and is subject to change without notice.

Plan Accounts are not bank deposits, are not insured by the Federal Deposit Insurance Corporation or the National Credit Union Association, are not debt or obligations of, or guaranteed by, any bank or other financial institution or the Plan, The Education Trust Board of New Mexico or its members, the Education Plan Trust of New Mexico, the State of New Mexico, OFI Private Investments Inc., OppenheimerFunds Distributor, Inc. or any financial advisor. Investment in the Plan involves investment risk, including the possible loss of the principal amount invested.

The New Mexico income tax deduction, as described in this Plan Description, is only available to New Mexico taxpayers. If you are not a New Mexico taxpayer, depending upon the laws of your home state or the home state of your Designated Beneficiary, favorable state tax treatment or other benefits offered by such home state for investing in Section 529 Plans may be available only if you invest in your home state's Section 529 plan. Any state-based benefit offered with respect to a particular Section 529 Plan should be one of many appropriately weighted factors considered in making an investment decision. You should consult with your financial, tax or other advisor to learn more about how state-based benefits (including any limitations) would apply to your specific circumstances. You also may wish to contact your home state or other Section 529 Plans to learn more about the features, benefits and limitations of that state's Section 529 Plans. In addition, some states may offer an income tax deduction to any qualified tuition program. Consult a tax advisor for more information.

Account Owners and Designated Beneficiaries do not have access or rights to any assets of the State of New Mexico or any assets of the Trust other than assets credited to the Account of that Account Owner for that Designated Beneficiary. (See "PLAN AND PORTFOLIO RISKS" on page 43 for details.)

PRIVACY POLICY OF THE PROGRAM MANAGER AND PROGRAM DISTRIBUTOR

As an Account Owner of the Plan, you are entitled to know how we protect your personal information and how we limit its disclosure.

Information Sources

We obtain nonpublic personal information about our Account Owners and Designated Beneficiaries from the following sources:

- Applications or other forms
- When you create a user ID and password for online Account access
- When you enroll in our electronic document delivery service
- Your transactions with us, our affiliates or others
- When you set up challenge questions to reset your password online
- A software program on the Plan's website, often referred to as a "cookie," which indicates which parts of our site you've visited

If you visit **www.theeducationplan.com** and do not log on to the secure Account information areas, we do not obtain any personal information about you. When you do log on to a secure area, we do obtain your user ID and password to identify you. We also use this information to provide you with products and services you have requested and assist you in other ways.

We do not collect personal information through the Plan's website unless you willingly provide it to us, either directly by email or in those areas of the website that request information. In order to update your personal information (including your mailing address, email address and telephone number), you must first log on and visit the "Your Account" section and select the "Maintenance" menu.

If you have set your browser to warn you before accepting cookies, you will receive the warning message with each cookie. You can refuse cookies by turning them off in your browser. However, doing so may limit your access to certain sections of the Plan's website.

We use cookies to help us improve and manage the Plan's website. For example, cookies help us recognize new versus repeat visitors to the site, track the pages visited, and enable some special features on the website. This data helps us provide a better service for the Plan's website visitors.

Protection of Information

We do not disclose non-public personal information about current or former Account Owners and Designated Beneficiaries to anyone, except as permitted by law.

Right of Refusal

We will not disclose your personal information to unaffiliated third parties (except as permitted by law), unless you, the person who provides the information or the person who is the subject of the information gives express written consent to such disclosure.

Internet Security and Encryption

In general, the email services provided by the Plan's website are encrypted and provide a secure and private means of communication with us. To protect your own privacy, confidential and/or personal information should only be communicated via email when you are advised that you are using a secure website.

As a security measure, we do not include personal or Account information in nonsecure emails, and we advise you not to send such information to us in nonsecure emails. Instead, you may take advantage of the secure features of the Plan's website to encrypt your email correspondence. To do this, you will need to use a browser that supports Secure Sockets Layer (SSL) protocol.

We do not guarantee or warrant that any part of the Plan's website, including files available for download, are free of viruses or other harmful code. It is your responsibility to take appropriate precautions, such as use of an antivirus software package, to protect your computer hardware and software.

- All transactions are secured by SSL and 256-bit encryption. SSL is used to establish a secure connection between your PC and the Plan server. It transmits information in an encrypted and scrambled format
- Encryption is achieved through an electronic scrambling technology that uses a "key" to code and then decode the data. Encryption acts like the cable converter box you may have on your television set. It scrambles data with a secret code so that no one can make sense of it while it is being transmitted. When the data reaches its destination, the same software unscrambles the data
- You can exit the secure area by either closing your browser, or for added security, you can use the log out button before you close your browser

Other Security Measures

We maintain physical, electronic and procedural safeguards to protect your personal Account information. Our employees and agents have access to that information only so that they may offer you products or provide services, for example, when responding to your Account questions. Please refer to the terms and conditions for Account Owner online access.

How You Can Help

You can also do your part to keep your Account information private and to prevent unauthorized transactions. If you obtain a user ID and password for your Account, do not allow it to be used by anyone else. Also, take special precautions when accessing your Account on a computer used by others.

Who We Are

This joint notice describes the Privacy Policy of OFI Private Investments Inc. and OppenheimerFunds Distributor, Inc. as the Program Manager and Distributor, respectively, of the Plan. This notice was last updated on November 30, 2017. In the event it is updated or changed, we will post an updated notice on the Plan's website. If you have any questions about this Privacy Policy, write to us at **P.O. Box 173691, Denver, CO 80217**, email us by clicking on the "Contact Us" section of the Plan's website at **www.theeducationplan.com** or call us at **1.877.EdPlan8 (1.877.337.5268)**.

Table of Contents

DEFINITIONS OF KEY TERMS

Set forth below are definitions of certain key terms used in this Plan Description. Other terms are defined elsewhere in this document.

Account means an account established by an Account Owner pursuant to a Participation Agreement for purposes of investing in one or more Portfolios. An investment in certain Portfolios may require the opening of a separate Account. Please contact the Program Manager at **www.theeducationplan.com** or by calling **1.877.EdPlan8 (1.877.337.5268)**.

Account Owner means the individual or entity establishing an Account or any successor to such individual or entity. References in this document to "you" mean you in your capacity as the Account Owner.

Age Based Portfolio means a Plan Portfolio which invests in a combination of Underlying Investments in accordance with a target asset allocation specified for such Portfolio based on the ages of Designated Beneficiaries specified for such Portfolio.

AIP means an automatic investment plan including automatic payments from the Account Owner's bank account or other financial institution or through payroll deductions.

Board means The Education Trust Board of New Mexico, which is the trustee of the Trust.

Code means the Internal Revenue Code of 1986, as amended.

Contribution means an amount invested in an Account.

Coverdell ESA means a Coverdell Education Savings Account.

Custom Choice Portfolio means a Portfolio the assets of which are invested in a combination of Underlying Investments in accordance with a fixed asset allocation specified for such Portfolio.

Designated Beneficiary means the individual whose Qualified Higher Education Expenses are expected to be paid from the Account or, for Accounts owned by a state or local government or qualifying tax-exempt organization (otherwise known as a 501(c)(3) entity) as part of its operation of a scholarship program, the recipient of a scholarship.

EFT means electronic funds transfer.

Eligible Educational Institutions mean accredited post-secondary educational institutions offering credit toward a bachelor's degree, an associate's degree, a graduate level or professional degree, or another recognized post-secondary credential, which are eligible to participate in certain federal student financial aid programs. Certain proprietary institutions, foreign institutions and post-secondary vocational institutions are included, as are certain specified military academies.

K-12 Schools means elementary or secondary public, private, or religious schools.

Investment Managers means OppenheimerFunds, Inc. (an affiliate of the Program Manager) and The Vanguard Group, Inc. who each serves as investment manager for certain Underlying Investment(s) in which a particular Portfolio of the Plan invests.

IRS means the Internal Revenue Service.

Member of the Family means the Designated Beneficiary's:

- son or daughter, or a descendant of either
- stepson or stepdaughter
- brother, sister, stepbrother or stepsister
- the 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
- the spouse of the Designated Beneficiary or any of the foregoing individuals or
- first cousin

For purposes of determining who is a "Member of the Family," a legally adopted child of an individual shall be treated as the child of such individual by blood. The terms "brother" and "sister" include half-brothers and half-sisters.

New Mexico 529 Program means the Section 529 program administered by the Board, including the Plan.

Nonqualified Withdrawal means any withdrawal from an Account that is not a Qualified Withdrawal or an Other Withdrawal.

Other Withdrawal means

- A withdrawal by reason of the death (if paid to the Designated Beneficiary's estate) or disability (within the meaning of Section 72(m)(7) of the Code) of the Designated Beneficiary of the Account;
- A withdrawal by reason of the Designated Beneficiary's receipt of a qualified scholarship (to the extent of the scholarship amount);
- A withdrawal by reason of the Designated Beneficiary's attendance at certain specified military academies;

- A withdrawal used to pay expenses that would be Qualified Higher Education Expenses but for the use of Education Tax Credits with respect to such expenses as allowed under federal income tax law; or
- A qualifying rollover distribution that is rolled into another state's Section 529 Plan or Qualified ABLE Program with appropriate documentation, or a qualifying transfer to the credit of another beneficiary within the New Mexico 529 Program.

Participation Agreement means the contract between the Account Owner and the Board, which establishes the Account and the obligations of the Board and the Account Owner.

Plan means The Education Plan®.

Plan Description means the then current The Education Plan® Plan Description.

Portfolio means a Plan portfolio, which invests in Underlying Investment(s), that the Board may authorize the Plan to offer and in which the Plan invests Contributions and earnings thereon.

Program Distributor means OppenheimerFunds Distributor, Inc., which serves as Program Distributor of the Plan.

Program Manager means OFI Private Investments Inc. which serves as Program Manager of the Plan.

Program Parties means the State of New Mexico, the Board, the New Mexico 529 Program, the Plan, the Trust, the Program Manager and the Program Distributor.

Qualified Higher Education Expenses means, as defined by Section 529(e)(3) of the Code, tuition, fees, books, supplies, and equipment required for the enrollment or attendance of a Designated Beneficiary at an Eligible Educational Institution, as well as expenses for special needs services in the case of a special needs beneficiary who incurs such expenses in connection with enrollment or attendance at an Eligible Educational Institution. The term also includes an amount for the room and board incurred by a Designated Beneficiary while attending an Eligible Educational Institution at least half-time (as defined for purposes of Section 529 of the Code). The limit for annual room and board expense for on and off campus housing is the allowance included in the "cost of attendance" at the Eligible Educational Institution, or, if greater, the actual amount charged by the Eligible Educational Institution for room and board costs for the applicable period. Effective for taxable years beginning after December 31, 2014, Qualified Higher Education Expenses also include expenses for the purchase of computer and any related peripheral equipment, computer software, or Internet access and related services, if such equipment, software, or services are to be used primarily by the Designated Beneficiary during any of the years the Designated Beneficiary is enrolled at an Eligible Educational Institution regardless of whether such technology or equipment is required by the Eligible Educational Institution. Computer software means any program designed to cause a computer to perform a desired function. Such term does not include any database or similar item unless the database or item is in the public domain and is incidental to the operation of otherwise qualifying computer software. Computer software designed for sports, games, or hobbies is not included unless this software is predominantly educational in nature.

As a result of federal tax law changes signed into law on December 22, 2017, the definition of Qualified Higher Education Expenses has been expanded to include tuition expenses for K-12 Schools. K-12 Schools are elementary or secondary public, private, or religious schools. This expansion of Qualified Higher Education Expenses, permits Account owners to withdraw up to $10,000 for tuition expenses for K-12 Schools free of federal taxes. (See "Qualified Higher Education Expenses" on page 37 for details).

The Account Owner, not the Plan or the Program Manager, will be responsible for any losses or taxes arising from the use of the Plan for tuition expenses at K-12 Schools. Please consult with your tax advisor for more information.

Qualified ABLE Program means a program established under Section 529A of the Code to permit savings for the qualified disability expenses of the designated beneficiary of the account.

Qualified Withdrawal means a withdrawal from an Account that is used to pay the Qualified Higher Education Expenses of the Designated Beneficiary.

Section 529 Plan means a qualified tuition program established under and operated in accordance with Section 529 of the Code.

Successor Account Owner means the individual or entity designated by the Account Owner to assume ownership of the Account in the event the Account Owner dies or is legally incapacitated while there is still money in the Account.

Trust means the Education Plan Trust of New Mexico.

UGMA/UTMA means the Uniform Gifts to Minors Act or Uniform Transfers to Minors Act of any state.

Underlying Investment(s) means the one or more mutual funds or other investment vehicles in which assets of the Portfolios are invested.

INTRODUCTION

The Education Trust Board of New Mexico (the "Board") administers The Education Plan (the "Plan"), a college savings plan within The Education Plan Trust of New Mexico (the "Trust"), a New Mexico trust established pursuant to the laws of the State of New Mexico, to hold the assets of the Plan. The Plan is designed to operate in accordance with Section 529 of the

Internal Revenue Code of 1986, as amended (the "Code") and promote savings for Qualified Higher Education Expenses at Eligible Educational Institutions. Federal tax benefits that are afforded under Section 529 of the Code and potential state tax benefits enhance the value of investing in the Plan.

The Plan provides Account Owners with the opportunity to help save for Qualified Higher Education Expenses in a tax-advantaged manner and to invest through the approach that best suits the Account Owner.

As of the date of this Plan Description, the New Mexico 529 Program administered by the Board includes the Plan described in this Plan Description and Scholar's Edge® that is offered through financial advisors and described in a separate plan description.

The IRS has issued proposed regulations under Section 529 of the Code, but has not yet issued final regulations thereunder. Additionally, the proposed regulations do not reflect changes made to Section 529 or guidance issued by the IRS since their promulgation. The Plan as described in this Plan Description is operated so as to comply with Section 529 of the Code as currently in effect. However, the Plan's operations may need to be modified to comply with final regulations, when issued, and such final regulations may alter the tax treatment of Account Owners as discussed herein.

When considering an investment in the Plan, you should be aware that the federal or state laws affecting your investment may change or expire while your Account is open. (See "TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS" on page 39 and "PLAN AND PORTFOLIO RISKS—Plan Risks—Status of Federal and State Law and Regulations Governing the Plan" on page 44 for details.) The Board also may amend the Plan at any time if the Board determines that such an amendment is necessary to maintain qualification under Section 529 of the Code or is otherwise desirable.

The rate of return on Accounts, if any, may be less than the rate of increase in the costs of Qualified Higher Education Expenses over the same period. There are no performance guarantees with the Plan and the value of your Account may fluctuate over time.

Investments under the Plan are not guaranteed or insured by the Federal Deposit Insurance Corporation or other governmental agency, or by the Program Parties or any other entity. No one can predict the returns from the Portfolios, or the Underlying Investments in which the Portfolios invest. Past performance of any Portfolio or Underlying Investment is no guarantee of future results.

Although money contributed to the Plan will be allocated to Portfolios that invest in mutual funds, neither the Trust, the Plan, nor any of the Plan's Portfolios is a mutual fund. An investment in the Plan is an investment in municipal fund securities that are offered and issued by the Trust. These securities are not registered with the United States Securities and Exchange Commission ("SEC") or any state, nor are the Trust, the Plan, or the Plan's Portfolios registered as investment companies with the SEC or any state.

The Program Manager and the Program Distributor

The Board has retained OFI Private Investments Inc. (the "Program Manager") to administer and manage the investment and reinvestment of the Trust assets in accordance with the Board's investment policies and subject to the Board's approval. The Program Manager also provides other services relating to establishing accounts for Account Owners and keeping records for the Plan. The Trust assets shall be invested in the Portfolios and the Portfolios shall invest in the Underlying Investments recommended by the Program Manager and approved by the Board. OppenheimerFunds Distributor, Inc. (the "Program Distributor"), an affiliate of the Program Manager, is the distributor of interests in the Plan and provides marketing services to the Board. The Program Manager and the Program Distributor act on behalf of the Board, Trustee of the Trust, subject to the terms of a Program Management Agreement that expires on June 30, 2020.

Additional information about the Program Manager and Program Distributor is available at **www.theeducationplan.com** or by calling **1.877.EdPlan8 (1.877.337.5268)**.

Investment Managers

OppenheimerFunds, Inc. (an affiliate of the Program Manager) and The Vanguard Group, Inc. ("Vanguard") each serves as investment manager for certain Underlying Investment(s) in which a particular Portfolio of the Plan invests. The board of trustees and/or investment manager for a particular Underlying Investment, and not the Program Manager (in its capacity as a service provider to the Plan), manage and operate and determine the investment policies of the Underlying Investment. (See Appendix A for more information about the Underlying Investments in which a Portfolio invests.)

The Board

The Plan is maintained by the State of New Mexico and is administered by the Board. The Board, which serves as trustee of the Trust, has the authority to appoint a Program Manager, adopt rules and regulations to implement and administer the Plan and the Trust, and establish investment policies for the Trust. The Plan is implemented in part pursuant to a declaration of trust (the "Declaration of Trust") adopted by the Board. The Declaration of Trust governs the terms of the Trust and the respective obligations of the Program Manager and its affiliated service providers and the Board. The Trust assets are maintained separately from other plans within the New Mexico 529 Program and assets of the State of New Mexico.

Additional information about the Board is available at **www.theeducationplan.com** or by calling **1.877.EdPlan8 (1.877.337.5268)**.

SPECIAL BENEFITS AVAILABLE TO NEW MEXICO RESIDENTS

Special Tax Benefits for New Mexico State Taxpayers:

- All earnings of a New Mexico Account Owner or Designated Beneficiary from an investment in the Plan are exempt from New Mexico individual income taxes, subject to exceptions
- Contributions by a New Mexico individual taxpayer may be deducted from net income for New Mexico individual income tax purposes, subject to limitations and recapture under certain circumstances.

(For more information see "TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS—State Tax Treatment for New Mexico Taxpayers" on page 42.)

THE APPLICATION PROCESS

The Account Owner must be a United States citizen or resident alien at least 18 years of age with a valid Social Security Number or Individual Taxpayer Identification number and United States address or, a state or local government, a tax-exempt organization described in Section 501(c)(3) of the Code, or another type of legal entity, such as a trust or a corporation, with a valid Taxpayer Identification number ("TIN"), and United States address. To open an Account, the Account Owner must complete and sign an Enrollment Application that is accepted by the Program Manager and any other documents required by the Board or the Program Manager. Acceptable forms of TINs include social security numbers ("SSN"), Individual Taxpayer Identification Numbers ("ITIN") and Employer Identification Numbers ("EIN") depending on the account registration type. By signing the Enrollment Application, you will agree to the terms of the Account, the Participation Agreement and the Plan as set forth in this Plan Description. Completed Enrollment Applications must be sent to the Program Manager. At the time of enrollment, the Account Owner (other than state or local governments or tax-exempt organizations described in Section 501(c)(3) of the Code) must designate a beneficiary for the Account who must have a valid TIN. An Account Owner who supplies an Individual Taxpayer Identification number either for him or herself or the Designated Beneficiary may be subject to additional policies and procedures implemented by the Program Manager to comply with applicable law.

The Designated Beneficiary

There may be only one Account Owner and one Designated Beneficiary per Account. The Designated Beneficiary is not required to be related to the Account Owner or to reside in the United States. One Account Owner may have multiple Accounts for different beneficiaries within the Plan. Also, different Account Owners may have Accounts for a single Designated Beneficiary within the Plan. An individual may establish an Account and designate himself/herself as the Designated Beneficiary. There is no age limit for the Designated Beneficiary.

Successor Account Owners

An Account Owner may name a Successor Account Owner to assume control of the Account in the event of the original Account Owner's death or if the original Account Owner validly disclaims his/her interest in the Account. For the Successor Account Owner to assume control of the Account, the Program Manager must receive from the Successor Account Owner the following documentation in good order: (i) an Enrollment Application and (ii) a letter requesting the Account be re-registered to the Successor Account Owner along with any other documentation required by the Program Manager.

If on the death of the Account Owner the Account Owner has not designated a Successor Account Owner, the deceased's estate will become the Account Owner.

How to Change Account Owner. All requests to transfer ownership of an Account must be submitted to the Program Manager in writing and include: (i) the Account number; (ii) the guaranteed signature of the Account Owner; and (iii) such other information as the Board or the Program Manager may require from time to time.

Control of the Account

The Account and all rights under the Participation Agreement belong to you as Account Owner and not to the Designated Beneficiary. You retain control of how and when Account assets are used. You may change the Designated Beneficiary if the proposed Designated Beneficiary is a Member of the Family of the Designated Beneficiary to be replaced. Special rules apply to Accounts established by UGMA/UTMA custodian Account Owners. You may also take withdrawals from the Account subject to applicable federal and state taxes on earnings.

Investments in the Plan

Your Account represents an investment in a security issued by the Trust (an "Interest"), and this Interest is being distributed by the Program Distributor through an agreement with the Board.

Investors should consider the structure of the Plan and the different investment strategies employed by and risks of each Portfolio before opening an Account.

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, OR WITH ANY STATE SECURITIES COMMISSIONS. (See "ADDITIONAL INFORMATION—Securities Laws Applicable to the Trust" on page 53 for details.)

UGMA/UTMA Custodial Accounts

An Account Owner who is the custodian of an account established or being opened under a state's UGMA/UTMA may be able to open an Account in his or her custodial capacity, depending on the laws of that state. These types of Accounts involve additional restrictions that do not apply to other types of Section 529 Plan accounts. A custodian using UGMA/UTMA funds to establish an Account must indicate that the Account is custodial by checking the appropriate box on the enrollment application. None of the Program Parties will be liable for any consequences related to a custodian's improper use, transfer or characterization of custodial funds. UGMA/UTMA custodians must establish Accounts in their custodial capacity separate from any Accounts they may hold in their individual capacity in order to contribute UGMA/UTMA property to an Account. Because the Designated Beneficiary of an Account under the UGMA/UTMA is the owner of the Account, any tax consequences from a withdrawal from an Account will be imposed on the Designated Beneficiary, and not the UGMA/UTMA custodian Account Owner. The UGMA/UTMA custodian will assume Account Owner responsibilities until the Designated Beneficiary reaches the age of majority under the applicable UGMA/UTMA statute, at which point the Designated Beneficiary will assume Account Owner responsibilities.

In general, UGMA/UTMA Custodial Accounts are subject to the following additional requirements and restrictions:

- The UGMA/UTMA custodian will be permitted to make withdrawals only in accordance with the rules applicable to withdrawals under the applicable UGMA/UTMA and the Plan;
- The Designated Beneficiary must notify the Plan when the custodianship terminates and the Designated Beneficiary is legally entitled to take control of the Account. Custodians or Designated Beneficiaries will need to complete certain forms to document the termination of the custodianship. Upon completion of the registration change, the Designated Beneficiary will be registered as the Account Owner and will become subject to the provisions of the Plan applicable to non-UGMA/UTMA Account Owners.
- An UGMA/UTMA custodian may not change the Account Owner or Designated Beneficiary of the Account or transfer assets to another beneficiary, except as may be permitted by applicable law.

A custodian can be changed on an UGMA/UTMA account by providing supporting documentation in writing from the current custodian or submitting a valid court order appointing another person as the custodian. The new custodian must complete an Enrollment Application.

All UGMA/UTMA Account assets are treated by the Plan as subject to the UGMA/UTMA. Moreover, because only Contributions made in "cash form" via check or ACH may be used to open an Account in the Plan, non-cash assets held by an UGMA/UTMA account will have to be liquidated, resulting in a taxable event to the beneficiary. Please consult a tax professional to determine how to transfer an existing UGMA/UTMA account, and what the implications of such a transfer may be for your specific situation.

Personal Information

Establishment of an Account is subject to acceptance by the Program Manager, including the verification of an Account Owner's identity and other information in compliance with the requirements of the USA PATRIOT Act and other applicable law. If an Account Owner does not provide the information as requested on the Enrollment Application, the Program Manager may refuse to open an Account for the Account Owner. If reasonable efforts to verify this information are unsuccessful, the Program Manager may take certain actions regarding the Account without prior notice to the Account Owner, including among others, rejecting Contributions and withdrawal and transfer requests, suspending Account services or closing the Account. Units redeemed as a result of closing an Account will be valued at the Units' net asset value next calculated after the Program Manager closes the Account. The risk of market loss, tax implications and any other expenses, as a result of the liquidation, will be solely the Account Owner's responsibility.

ALLOCATION OF CONTRIBUTIONS

At the time of enrollment, the Account Owner must choose the initial Portfolio(s) for the Account and, if two or more Portfolios are chosen, the allocation of the initial Contribution among those Portfolios. Subsequent Contributions will also be invested in selected Portfolio(s), according to a designated allocation, until the Account Owner instructs the Program Manager otherwise, by making a new Portfolio selection and/or designating a new allocation, with respect to new Contributions. Although Account Owners may choose to invest new Contributions in any of the Plan's Portfolios, they may only change how previous Contributions (and any earnings thereon) have been allocated among the available Portfolio options for all Accounts for the same Designated Beneficiary twice per calendar year or upon a change of Designated Beneficiary. If, at the time of enrollment, the Account Owner has not chosen a Portfolio, the Board has determined that the initial Contribution will be invested in the Balanced Track of the appropriate Index Age Based Portfolio according to the Designated Beneficiary's age.

CONTRIBUTIONS

Contributions received in good order prior to the close of the New York Stock Exchange ("NYSE"), normally 4:00 p.m. Eastern time, will be processed on the same business day, and on the next succeeding business day if the transaction request is received after the close of the NYSE. Contributions will be credited to an Account only if the documentation received is complete and correct and the Contribution satisfies the requirements set forth both in the Participation Agreement and in this

Plan Description. The investments through an Account are priced based on the price in effect for the Underlying Investments at the close of the market (generally 4:00 p.m. Eastern Time) on the date the Contribution is processed and credited to such Account.

A Contribution, rollover or transfer may be refused if the Board or the Program Manager reasonably believes that (i) the purpose is for other than funding the Qualified Higher Education Expenses of the Designated Beneficiary of an Account, (ii) there appears to be an abuse of the Plan, or (iii) such transaction is unlawful. The Plan may not be able to determine that a specific Contribution, rollover or transfer is for other than funding the Qualified Higher Education Expenses of a Designated Beneficiary, abusive or unlawful. The Plan therefore makes no representation that all such Contributions, rollovers or transfers can or will be rejected.

Third-party Contributions

Individuals (including the Designated Beneficiary) or entities who are not the Account Owner may make Contributions to an Account; however, the Account Owner will retain control over the Account (including the ability to make withdrawals) and will have control over the monies contributed by such third-party contributors. Such Contributions will be allocated in accordance with the Account Owner's elected investment allocation and may have gift or other tax consequences. (See "TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS—Federal Gift and Estate Taxes" on page 42 for details.)

Minimum Initial Contributions

The required minimum initial Contribution to an Account is $25 and the minimum amount for each subsequent Contribution is $25. The Program Manager needs a minimum of five (5) business days to process changes to, or to stop, Contributions made by Automatic Investment Plan (AIP).

Maximum Account Balance

Contributions to an Account will be permitted if the aggregate balance, including the proposed Contribution amount, of all New Mexico 529 Program accounts (including Plan Accounts) for the same Designated Beneficiary (regardless of Account Owner) does not exceed $500,000. Pursuant to Section 529 of the Code, the Board sets the maximum account balance limit for all Accounts for a Designated Beneficiary.

The Board expects to evaluate the maximum account balance limit periodically. Accounts that have reached the maximum account balance limit may continue to increase in value depending on market fluctuation. While not now expected, it is possible that federal tax law might impose different limits on maximum account balances in the future.

Excess Contributions

The Program Manager may return all or any part of a Contribution, rollover or transfer that would cause the aggregate balance of all Accounts for a particular Designated Beneficiary (regardless of Account Owner) to exceed the maximum account balance limit ("Excess Contribution").

Methods of Contribution

Contributions must be made in "cash form" by check, AIP, payroll deduction through a participating employer who is able to meet the Program Manager's operational and administrative requirements (you should verify with your employer that the employer is willing and able to process Contributions through payroll direct deposit), EFT or federal funds wire. No securities will be accepted. Contributions by money order will not be accepted. Third party checks are subject to review by the Program Manager. Account Owners making an initial Contribution by check must send at least $25 with their enrollment application. Checks must be made payable to "The Education Plan."

Automatic Investment Plan (AIP)

Account Owners may authorize the Plan to perform periodic automatic debits from a checking or savings account at another financial institution to execute Contributions to their Accounts. To initiate an AIP, Account Owners must either (i) complete the Automatic Investment Plan section of the enrollment application and submit a voided bank check or preprinted savings account deposit form, or (ii) (if the Account has been established) submit to the Program Manager an Account Change Request Form and a voided bank check or preprinted savings account deposit form or (iii) complete the applicable section online at **www.theeducationplan.com**. If your Account and checking or savings accounts differ in owners, please contact the Program Manager by calling **1.866.529. SAVE (1.866.529.7283)** to determine signature requirements as additional verification may be required. Automatic Contributions must be at least $25 per Portfolio. An authorization to perform automatic periodic Contributions will remain in effect until the Program Manager has received notification of its termination. Changes to, or termination of, an AIP must occur at least five (5) business days before the cycle date. The cycle date is the day of the month you designate on which the investment is regularly scheduled to occur. Normally, the debit will be made 2 business days prior to the cycle dates you selected. If no date is indicated, debits will be made on the 10th of the month. Account Owners or the Plan may terminate enrollment in the Plan's AIP at any time. If the AIP is drawn from a bank account registered to an owner who is not the Account Owner, that person may also terminate the AIP at any time. There is no charge for enrolling in the Plan's AIP. Use of AIP does not assure either a profit or protect against a loss in a declining market. Please contact the Program Manager for details if you wish to set up an AIP from a third party bank account. Information about the Plan's AIP is available from your financial advisor or the Program Manager.

Payroll Deduction

An Account Owner may make an automatic periodic Contribution to his or her Account(s) by an electronic funds transfer in connection with a payroll deduction relationship between the Account Owner and the Account Owner's employer, but only if their employer offers such a service and is able to meet the Program Manager's operational and administrative requirements. You should verify with your employer that the employer is willing and able to process Contributions through payroll direct deposit. The initial and minimum subsequent payroll deduction Contribution is $25 per month provided that the $25 monthly minimum Contribution per Portfolio is met. Any adjustments to payroll deduction Contributions must be made through the Account Owner's employer and not the Program Manager.

Electronic Funds Transfer (EFT)

To activate this option, an Account Owner must either (i) select it on the Enrollment Application and submit a voided bank check or preprinted deposit form, (ii) (if the Account has been established) submit an Account Change Request Form to the Plan and a voided bank check or preprinted deposit form, or (ii) complete the applicable sections online at www.scholarsedge529.com. If the Account and checking or savings account differ in owners, please contact the Program Manager by calling 1.866.529. SAVE (1.866.529.7283) to determine signature requirements as additional verification may be required.

Transfers within Plan for New Designated Beneficiary

An Account Owner may make a transfer to a an Account for the benefit of a new Designated Beneficiary without imposition of federal income tax or the additional 10% federal tax on earnings, if such transfer is made either directly or indirectly within sixty (60) days of distribution from the originating Account into an Account for a new Designated Beneficiary who is a Member of the Family of the existing Designated Beneficiary. This type of transfer may have gift or generation skipping transfer tax implications. Please consult your tax advisor regarding this matter.

Transfers within Plan for the Same Designated Beneficiary

An Account Owner may make a transfer within the Plan for the benefit of the same Designated Beneficiary. If the funds are transferred directly between Plan Portfolios, the transfer will be treated as a nontaxable investment reallocation allowable twice per calendar year, not as a rollover or transfer. However, if an Account Owner takes a distribution (i.e., receives a withdrawal check from the originating Account), the withdrawal will be treated as a Nonqualified Withdrawal subject to federal and applicable state income tax, the additional 10% federal tax on earnings and the recapture of all previous New Mexico tax deductions taken for Contributions related to such withdrawal, even if the amount is subsequently redeposited (and the new Contribution to the receiving Account may have gift or other tax consequences).

Transfer into an Account from Another Plan Within the New Mexico 529 Program for the Benefit of a New Designated Beneficiary

An Account Owner may make a transfer to an Account registered to that Account Owner with funds from an account in another plan within the New Mexico 529 Program for the benefit of a new Designated Beneficiary without imposition of federal income tax or the additional 10% federal tax on earnings, if such transfer is made either directly or indirectly within sixty (60) days of distribution from the originating account into an Account for a new Designated Beneficiary who is a Member of the Family of the existing Designated Beneficiary.

Transfer into an Account from Another Plan Within the New Mexico 529 Program for the Benefit of the Same Designated Beneficiary

A transfer by an Account Owner into an Account from an account in another plan registered to that Account Owner within the New Mexico 529 Program for the benefit of the same Designated Beneficiary will be treated as a nontaxable investment reallocation allowable twice per calendar year, not as a rollover or transfer. However, if an Account Owner takes a distribution (i.e., receives a withdrawal check from the originating account), the withdrawal will be treated as a Nonqualified Withdrawal subject to federal and applicable state income tax, the additional 10% federal tax on earnings and the recapture of all previous New Mexico tax deductions taken for Contributions related to such withdrawal even if the amounts are subsequently redeposited (and the new Contribution to the receiving Account may have gift or other tax consequences).

Rollovers from Another State's Section 529 Plan

An Account Owner may, under certain circumstances, roll over all or part of the balance of an account in another state's Section 529 Plan to an Account in the Plan without subjecting the rollover amount to federal income tax. (See "TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS" on page 39 for details.)

Rollovers from Coverdell ESAs and Series EE and Series I Bonds

Tax-free transfers into an Account may be made from a Coverdell ESA or in connection with the redemption of Series EE or Series I United States savings bonds under certain circumstances. (See "TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS" on page 39 for details.)

REQUIRED INFORMATION UPON CERTAIN CONTRIBUTIONS TO THE PLAN

When making a Contribution to an Account through a transfer from a Coverdell ESA, a redemption of Series EE and Series I United States savings bonds, a rollover from another Section 529 Plan or a transfer from another plan within the New Mexico 529 Program, the contributor must indicate the source of the Contribution and provide the Program Manager with the following documentation within 60 days of the Contribution, as applicable:

- In the case of a Contribution from a Coverdell ESA, an account statement issued by the financial institution that acted as custodian of the Coverdell ESA that shows basis and earnings in the Coverdell ESA.
- In the case of a Contribution from the redemption of a Series EE or Series I United States savings bond, an account statement or IRS Form 1099-INT issued by the financial institution that processed the bond redemption showing interest from the redemption of the bond.
- In the case of a rollover Contribution from another state's Section 529 Plan, a statement issued by the distributing plan that shows the earnings portion of the distribution. In the case of any direct transfer from another plan within the New Mexico 529 Program, the distributing plan must provide the Plan a statement that shows the earnings portion of the distribution.

Unless and until the Program Manager receives the documentation described above, as applicable, the Plan will treat the entire amount of the Contribution as earnings in the Account upon receiving the distribution. If the rollover amount is withdrawn before the Program Manager has received the information above showing the basis portion of the amount, the Account Owner will be responsible for making any necessary tax adjustments.

CONTRIBUTION POLICIES AND RELATED FEES

Following receipt of Contributions by check or by transfer of funds electronically, the Plan reserves the right, subject to applicable law, to prohibit withdrawals of those funds (or their equivalent) for up to 10 business days.

Account Transactions

Transaction requests (Contributions to Accounts, withdrawal requests, and exchanges among Portfolios) received in good order prior to the close of the New York Stock Exchange ("NYSE"), normally 4:00 p.m. Eastern time, will be processed on the same business day, and on the next succeeding business day if the transaction request is received after the close of the NYSE. Excess Contributions will not be invested. (See "Excess Contributions" on page 14 for details.) Notwithstanding the above, generally a one-time EFT Contribution will be processed on the business day before the day the bank debit occurs and AIP contributions will be processed three business days after the bank debit occurs. All dividends and distributions paid by the Underlying Investments in which the Portfolios invest will be reinvested in the applicable Underlying Investments and will not be paid directly to each Account Owner.

Confirmations, Statements and Reporting

Confirmations will be provided, either via mail or electronic delivery if elected by the Account Owner, for any activity in an Account, except for activity related to an AIP, Systematic Exchange Feature or Systematic Withdrawal. Account Owners will receive quarterly statements as well as an annual summary of all Account activity for the calendar year. An Account Owner has 60 days to notify the Program Manager of any errors on any Account confirmation, statement or report.

Account Owners can securely access and manage their Account information—including quarterly statements, confirmations, and tax forms—24 hours a day at **www.theeducationplan.com** once an online user ID and password has been created. If an Account Owner opens an Account online, the Plan requires a user ID and password to be selected right away. If an Account Owner opens an Account by submitting a paper application, a user ID and password may be established at **www.theeducationplan.com**. The Plan maintains physical, electronic and procedural safeguards that are reasonably designed to protect your personal account information. You can also do your part to keep your account information private and to prevent unauthorized transactions. If you obtain a user ID and password for your Account, do not allow it to be used by anyone else. Also, take special precautions when accessing your Account on a computer used by others. We advise you not to send personal or account information to us in non-secure emails. Instead, you may take advantage of the secure features of our website to encrypt your email correspondence.

Protecting Your Account

The Plan uses reasonable procedures to confirm that transaction requests are genuine. The Account Owner may be responsible for losses resulting from fraudulent or unauthorized instructions received by the Program Manager provided the Program Manager reasonably believes the instructions were genuine. To safeguard your Account, please keep your Account information confidential. Contact the Program Manager immediately if you believe there is a discrepancy between a transaction you performed and the confirmation statement you received, or if you believe someone has obtained unauthorized access to your Account.

SYSTEMATIC EXCHANGE FEATURE

The Plan allows Account Owners the ability to take advantage of dollar cost averaging via periodic Systematic Exchanges. Account Owners may choose an originating Portfolio and designate a destination Portfolio into which specified dollar amounts (a minimum of $25 per Portfolio) will be transferred on a monthly or quarterly basis. Account Owners must have at least $1,000 in the originating Portfolio to start the Systematic Exchange. An election to invest previously invested Account assets pursuant to the Plan's Systematic Exchange Feature will be considered use of one of the Account Owner's twice-per-calendar year Account reallocation.

OWNERSHIP OF ACCOUNT ASSETS

Any individual (including the Designated Beneficiary) or entity may make Contributions to an Account. Only the Account Owner will receive confirmation of Account transactions. The Account Owner owns all Contributions made to an Account as well as all earnings credited to the Account. Individuals (such as the Designated Beneficiary) or entities other than the Account Owner that contribute funds to an Account will have no subsequent control over the Contributions. Only the Account Owner may direct transfers, rollovers, investment changes (as permitted under federal law), withdrawals and changes in the Designated Beneficiary. Special rules apply to Accounts established by UGMA/UTMA custodian Account Owners. The Designated Beneficiary has no control over the assets of the Account and may not direct withdrawals from the Account, unless he or she is also the Account Owner.

CERTAIN TRANSFERS PROHIBITED

No Account may be used as collateral for any purpose by an Account Owner or a Designated Beneficiary, including collateral for any loan. Any attempted use of an Account as collateral is void. An Account Owner may not assign or transfer any interest in any Account (except through a change in Account Owner or Designated Beneficiary in accordance with the Plan's rules). Any attempted assignment or transfer of such an interest in violation of this provision is void. No interest in an Account or any portion thereof shall be used as security for a loan.

NO ASSIGNMENTS OR PLEDGES

Neither an Account nor any portion thereof may be assigned, transferred or pledged as security for a loan (including, but not limited to, a loan used to make Contributions to the Account) or otherwise either by the Account Owner or by the Designated Beneficiary. Any pledge of an interest in an Account will be of no force and effect.

BANKRUPTCY AND RELATED MATTERS

Federal Creditor Protection. The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 provides protection in federal bankruptcy proceedings for many Section 529 Plan accounts. Generally, your Account will be protected if the Designated Beneficiary is your child, stepchild, grandchild, or stepgrandchild (including a child, stepchild, grandchild, or stepgrandchild through adoption or foster care) subject to the following limits:

- Contributions made to all Section 529 Plan accounts for the same Designated Beneficiary at least 720 days before a federal bankruptcy filing are completely protected;
- Contributions made to all Section 529 Plan accounts for the same Designated Beneficiary more than 365 days but less than 720 days before a federal bankruptcy filing are protected up to $6,425; and
- Contributions made to all Section 529 Plan accounts for the same Designated Beneficiary less than 365 days before a federal bankruptcy filing are not protected against creditor claims in federal bankruptcy proceedings.

New Mexico Creditor Protection. New Mexico law provides creditor protection for your Account assets.

The applicable state law for Account Owners who are not New Mexico residents may also offer creditor protections. Such state law creditor protections may not be enforceable or available to exempt an Account Owner's interest in an Account in such Account Owner's federal bankruptcy proceedings. None of the Program Parties makes any representations or warranties regarding protection from creditors. You should consult a legal advisor regarding state creditor protection law, federal bankruptcy law and your particular circumstances.

SUCCESSOR ACCOUNT OWNER

An Account Owner may designate a Successor Account Owner to succeed to all of the current Account Owner's rights, titles and interest in an Account (including the right to change the Designated Beneficiary) upon the death or if the original Account Owner validly disclaims his/her interest in the Account of the current Account Owner. Such designation must either be on the original Enrollment Application or submitted in writing to the Program Manager and is not effective until it is received and processed by the Program Manager upon receipt of the proper documentation. If on the death of the Account Owner the Account Owner has not designated a successor Account Owner, the deceased's estate will become the Account Owner. The Successor Account Owner or Executor will be required to provide the Program Manager with a copy of a death certificate in the case of the death of the Account Owner and such other information, including Account opening documentation, as the Program Manager requires prior to taking any action regarding the Account. Special rules apply to UGMA/UTMA Accounts. The designation of a Successor Account Owner may be revoked or changed at any time by the Account Owner by submitting an Account Maintenance Form to the Program Manager. All other requests to transfer ownership to a Successor Account Owner (i.e., other than at the death of the Account Owner if previously indicated on the enrollment application) must be submitted in writing. A transfer of ownership of an Account does not require a change of the Designated Beneficiary. Please contact the Program Manager by calling **1.877.EdPlan8 (1.877.337.5268)** for information needed to change the ownership of an Account. A transfer of ownership of an Account may have income, gift, estate or generation skipping transfer ("GST") tax consequences. Account Owners should consult a tax advisor regarding tax issues that might arise on a transfer of Account Ownership.

RIGHTS OF THE BOARD

- The Board reserves the right at any time, and without consent of or notice to Account Owners or Designated Beneficiaries, among other things, to:
- Refuse, change, discontinue or temporarily suspend accepting Contributions, rollovers or transfers and processing withdrawal requests;
- Delay sending out the proceeds of a withdrawal request for up to five business days;
- Change the Plan's fees and expenses;
- Change the maximum account balance limit;
- Add, subtract, terminate or merge Portfolios, or change the Portfolios included in the Age Based Approach, the asset allocation of the Portfolios, or the Underlying Investments in which any Portfolio invests;
- Terminate an Account and/or assess a penalty against the Account if the Board determines that the Account Owner or the Designated Beneficiary has provided false or misleading information to the Board, the Program Manager, the Program Distributor, or an Eligible Educational Institution;
- Terminate the Program management agreement and replace the Program Manager and Program Distributor:
- Amend the Declaration of Trust, the Participation Agreement, this Plan Description and the Enrollment Application; and
- Suspend or terminate the Trust without any action on the part of the Account Owners or Designated Beneficiaries by giving written notice of such action to Account Owners, so long as after the action the assets in the Account are still held for the exclusive benefit of the Account Owner and the Designated Beneficiary.

INVESTMENT OPTIONS

General

All information contained in this Section has been provided by OppenheimerFunds and Vanguard. Such information has not been independently verified by the Board and no representation is made by the Board as to its accuracy or completeness. No Underlying Investment's financial information is included in this Plan Description.

Account Owners, at the time of enrollment, must select an investment approach or combination thereof. Once an Account Owner selects an investment approach, he or she can select either a blended or index strategy:

- Age Based Approach
  - Age Based Portfolios
  - Two risk-based tracks
    - Blended Growth Track
    - Blended Balanced Track
  - Index Age Based Portfolios
  - Two risk-based tracks
    - Growth Track
    - Balanced Track
- Custom Choice Approach
  - Custom Choice Portfolios
  - Index Custom Choice Portfolios

Contributions to the Plan are invested in Portfolios selected by the Account Owner. The Board has designed each Portfolio with a different investment objective and asset allocation mix because investors have different investment goals, savings needs, investment time horizons, risk tolerances and financial and tax situations. Each Portfolio invests in one or more Underlying Investments. The actual mix of assets in Portfolios that invest in more than one Underlying Investment will vary over time due to market performance and will be rebalanced at least quarterly in order to maintain the Portfolio's target asset allocation. Portfolios with higher allocations in fixed income and money market Underlying Investments tend to be less volatile than those with higher equity Underlying Investment allocations. In seeking to meet the investment objective of each Portfolio, the Underlying Investments, target asset allocations to individual Underlying Investments and their weightings may be changed by the Program Manager in response to changing market or economic conditions, subject to the Board's approval and without prior notice to Account Owners. The Program Manager will allocate each Portfolio's assets among Underlying Investments within the guidelines of each Portfolio's investment objective. None of the Portfolios is designed to provide any particular total return over any particular time period or investment time horizon. Account Owners own interests in a Portfolio; they do not have a direct beneficial interest in the Underlying Investments. Because the Portfolios have different investment objectives, Account Owners have the opportunity to diversify their investment in the Plan. When investing in the Plan, an Account Owner should consider, among other factors, when Contributions will be made to the Account, the Contribution amounts, the time Contributions will be held in the Account before withdrawals are directed, other resources expected to be available to fund the Designated Beneficiary's Qualified Higher Education Expenses, the age of the Designated Beneficiary and the limited ability to change investment options for Contributions (and any earnings thereon) that have already been invested in an Account. There is no assurance that the strategy of any Portfolio will be successful. Participation in the Plan is not considered to be part of an investment advisory service.

The Board reserves the right, from time to time, to change the investment objectives and policies of the Portfolios, to change the type and number of Portfolios that are available, and to change or eliminate target allocations and/or Underlying Investments at its discretion, or take other actions that may result in a Portfolio not being fully invested and/or holding a portion of its assets in cash or cash equivalent investments for a period of time, without prior notice to Account Owners. In addition, from time to time a Portfolio may not be fully invested and may hold a limited amount of cash as needed to avoid overdrafts due to redemption requests, securities settlements or other situations.

All dividends and distributions paid by the Underlying Investments in which the Portfolios invest will be reinvested in the applicable Underlying Investments and will not be paid directly to each Account Owner. Account Owners and Designated Beneficiaries will have no voting rights (and will receive no information with respect to voting) with respect to shares of any Underlying Investment held by any Portfolio. All voting decisions with respect to shares of the Underlying Investments will be made by the Board.

Under federal tax law, once a Portfolio selection has been made, an Account Owner may only change how previous Contributions (and any earnings thereon) have been allocated among the available Portfolio options for all Accounts for the same Designated Beneficiary twice per calendar year or upon a change of the Designated Beneficiary. The Portfolios are not insured or guaranteed by the Program Parties or the Investment Managers or their respective affiliates, or the Federal Deposit Insurance Corporation or any government agency. Under New Mexico law, neither the New Mexico 529 Program, the Board, any member of the Board or the State of New Mexico insures any Account or guarantees any rate of return or any interest rate on any Contribution, and neither the New Mexico 529 Program, the Board, any member of the Board or the State of New Mexico is liable for any loss incurred by any person as a result of participating in the New Mexico 529 Program. An Account may fluctuate in value and may be worth more or less than the amounts contributed at any given time.

Age Based Approach

If an Account Owner selects the Age Based Approach, Contributions are invested in a Portfolio based upon the current age of the Designated Beneficiary. As the Designated Beneficiary gets older and moves into the next age group, the existing Account balance and new Contributions will automatically be invested into the next Portfolio in the Age Based Approach. Account Owners may choose between two different risk tracks – Growth and Balanced – based on, among other factors, the Account Owner's investing time horizon, investment goals and objectives, and tolerance for market volatility and investment risk. The Growth and Balanced tracks will allow an Account Owner to invest his or her assets in Portfolios that correspond to a particular risk track and to the current age of the Designated Beneficiary. The Portfolios are designed for college savers (e.g., persons savings for undergraduate and graduate school), not saving for tuition expenses at K-12 Schools. If you choose to invest to cover the cost of tuition expenses for K-12 Schools. you should keep in mind your investment horizon.

Prior to February 23, 2018, the Plan offered an Aggressive Age Based track. On February 23, 2018, the Aggressive Age Based track will be terminated and Account assets invested therein will be automatically redeemed and reinvested in the appropriate Age Based Portfolio in the Growth Age Based Track in accordance with the age of the Designated Beneficiary, without any fees payable by you. *Because the exchange of Account assets from the Age Based Portfolios in the Aggressive track to the Age Based Portfolios in the Growth track are not changes directed by Account Owners, such exchanges will not be considered as one of the two permissible allocation changes of existing Account assets for calendar year 2018.*

In the Age Based Approach, Accounts for younger Designated Beneficiaries will be invested in a Portfolio that seeks to capitalize on the longer investment time frame and maximize returns. As time passes and the Designated Beneficiary approaches college age, investments are automatically moved to more conservative Portfolios that seek to preserve capital as the expected time for disbursement approaches. In the designated years, the movement between Portfolios will take place automatically on or about the Designated Beneficiary's date of birth or the next business day in the case of a weekend or holiday. At that time, Units of such Portfolio will be exchanged for an equal dollar value of Units of the next Portfolio in the sequence. This process will continue until Units are exchanged for an equal dollar value of Units in the last Portfolio in the chosen track, in which assets will remain invested until withdrawn or until an investment change occurs.

Please note that the age ranges in the table below indicate the ages of the Designated Beneficiaries for whom such Portfolio may be appropriate; they do not refer to the number of years remaining until a typical Designated Beneficiary is expected to need such assets for Qualified Higher Education Expenses. It is expected that assets invested in the Age Based Portfolios will not be withdrawn from an Account to pay for Qualified Higher Education Expenses until such assets are invested in the last Portfolio in the applicable Age Based Portfolio track. There is no guarantee that investing in the Age Based Portfolios will insure investment gain, or protect against investment losses over time.

If the Designated Beneficiary is likely to need Portfolio assets at an earlier or later date than a typical Designated Beneficiary is expected to need Portfolio assets, you may want to consider whether the Age Based Portfolios are appropriate for your Designated Beneficiary. The Program Manager relies on your representations as to the age of the Designated Beneficiary to allocate your assets to a particular Portfolio at the outset.

The Age Based Approach consists of Age Based Portfolios and Index Age Based Portfolios.

Age Based Portfolios

The Age Based Portfolios offer a combination of index and actively managed investments in one portfolio in order to take advantage of the potential outperformance of actively managed investments, which are designed to attempt to beat the performance of a major market index over the long-term, and the lower fees of index investments. The investment objective of each Age Based Portfolio is as follows:

Age Based Portfolio 100 invests in equity and alternative investments to seek capital appreciation. This Portfolio seeks long-term growth with a target allocation of 96% equity and 4% alternative investments.

Age Based Portfolio 90 invests in a combination of equity, alternative and fixed income investments in order to seek the Portfolio's objective of capital appreciation and income. This Portfolio seeks growth by investing in an asset allocation weighted toward equity investments over fixed income investments. This Portfolio has a target allocation of 87% equity, 3% alternative and 10% fixed income investments.

Age Based Portfolio 80 invests in a combination of equity, alternative and fixed income investments in order to seek the Portfolio's objectives of capital appreciation and income. This Portfolio seeks growth by investing in an asset allocation weighted toward equity investments over fixed income investments. This Portfolio has a target allocation of 77% equity, 3% alternatives and 20% fixed income investments.

Age Based Portfolio 70 invests in a combination of equity, alternative and fixed income investments in order to seek the Portfolio's objective of capital appreciation and income. This Portfolio seeks growth by investing in an asset allocation weighted toward equity investments over fixed income investments. This Portfolio has a target allocation of 68% equity, 2% alternative and 30% fixed income investments.

Age Based Portfolio 60 invests in a combination of equity, alternative and fixed income investments in order to seek the Portfolio's objectives of capital appreciation and income. This Portfolio seeks moderate growth by investing in a balanced asset allocation weighted toward equity investments over fixed income investments. This Portfolio has a target allocation of 58% equity, 2% alternative and 40% fixed income investments.

Age Based Portfolio 50 invests in a combination of equity, fixed income, and money market investments in order to seek the Portfolio's objective of capital appreciation and income. This Portfolio seeks moderate growth by investing in an asset allocation weighted equally between equity investments over fixed income investments. This Portfolio has a target allocation of 48% equity, 2% alternative, 45% fixed income and 5% money market investments.

Age Based Portfolio 40 invests in a combination of equity, alternative, fixed income and money market investments in order to seek the Portfolio's objectives of capital appreciation and income. This Portfolio seeks conservative growth by investing in a balanced asset allocation weighted toward fixed income investments over equity investments. This Portfolio has a target allocation of 38% equity, 2% alternative, 53% fixed income and 7% money market investments.

Age Based Portfolio 30 invests in a combination of equity, alternative, fixed income and money market investments in order to seek the Portfolio's objectives of capital appreciation and income. This Portfolio seeks conservative growth by investing in a balanced asset allocation weighted toward fixed income investments over equity investments. This Portfolio has a target allocation of 29% equity, 1% alternative, 60% fixed income and 10% money market investments.

Age Based Portfolio 20 invests in a combination of equity, alternative, fixed income and money market investments in order to seek the Portfolio's objectives of income and conservative appreciation. This Portfolio seeks preservation of capital with minimal growth by investing primarily in fixed income investments in an effort to maintain stability. The target allocation is 19% equity, 1% alternative, 70% fixed income and 10% money market investments.

Age Based Portfolio 10 invests in a combination of equity, alternative, fixed income and money market investments in order to seek the Portfolio's objectives of income and principal protection. This Portfolio seeks preservation of capital with growth as a secondary objective, investing primarily in fixed income investments to maintain stability. The target allocation is 9% equity, 1% alternative, 77% fixed income and 13% money market investments.

Age Based Portfolio 5 invests in a combination of equity, fixed income and money market investments in order to seek the Portfolio's objectives of income and principal protection. This Portfolio seeks preservation of capital with growth as a secondary objective, investing primarily in fixed income investments to maintain stability. The target allocation is 6% equity, 79% fixed income and 15% money market investments.

Age Based Low Duration Fixed Income Portfolio invests in a combination of fixed income and money market investments in order to seek the Portfolio's primary objective of preservation of capital. This Portfolio seeks income as a secondary objective. This Portfolio invests primarily in limited term fixed income investments to maintain stability. The target allocation is 85% fixed income and 15% money market investments.

Index Age Based Portfolios

The Index Age Based Portfolios are designed to generate returns that closely mirror the performance of a major market index over the long term. These portfolios are able to keep transaction costs and other expenses low because they are passively managed, meaning that the securities currently held in the benchmark index determine your investments.

Index Age Based Portfolio 100 invests in equity and alternative investments to seek capital appreciation. This Portfolio seeks long-term growth with a target allocation of 95% equity and 5% alternative investments.

Index Age Based Portfolio 90 invests in a combination of equity, alternative and fixed income investments in order to seek the Portfolio's objective of capital appreciation and income. This Portfolio seeks growth by investing in an asset allocation weighted toward equity investments over fixed income investments. This Portfolio has a target allocation of 86% equity, 4% alternative and 10% fixed income investments.

Index Age Based Portfolio 80 invests in a combination of equity, alternative and fixed income investments in order to seek the Portfolio's objective of capital appreciation and income. This Portfolio seeks growth by investing in an asset allocation weighted toward equity investments over fixed income investments. This Portfolio has a target allocation of 77% equity, 3% alternative and 20% fixed income investments.

Index Age Based Portfolio 70 invests in a combination of equity, alternative and fixed income investments in order to seek the Portfolio's objective of capital appreciation and income. This Portfolio seeks growth by investing in an asset allocation weighted toward equity investments over fixed income investments. This Portfolio has a target allocation of 68% equity, 2% alternative and 30% fixed income investments.

Index Age Based Portfolio 60 invests in a combination of equity, alternative and fixed income investments in order to seek the Portfolio's objectives of capital appreciation and income. This Portfolio seeks moderate growth by investing in a balanced asset allocation weighted toward equity investments over fixed income investments. This Portfolio has a target allocation of 58% equity, 2% alternative and 40% fixed income investments.

Index Age Based Portfolio 50 invests in a combination of equity, alternative, fixed income and money market investments in order to seek the Portfolio's objective of capital appreciation and income. This Portfolio seeks moderate growth by investing in an asset allocation weighted equally between equity investments over fixed income investments. This Portfolio has a target allocation of 48% equity, 2% alternative, 45% fixed income investments and 5% money market.

Index Age Based Portfolio 40 invests in a combination of equity, alternative, fixed income and money market investments in order to seek the Portfolio's objectives of capital appreciation and income. This Portfolio seeks conservative growth by investing in a balanced asset allocation weighted toward fixed income investments over equity investments. This Portfolio has a target allocation of 38% equity, 2% alternative, 53% fixed income and 7% money market investments.

Index Age Based Portfolio 30 invests in a combination of equity, alternative, fixed income and money market investments in order to seek the Portfolio's objectives of capital appreciation and income. This Portfolio seeks conservative growth by investing in a balanced asset allocation weighted toward fixed income investments over equity investments. This Portfolio has a target allocation of 28% equity, 2% alternative, 60% fixed income and 10% money market investments.

Index Age Based Portfolio 20 invests in a combination of equity, alternative, fixed income and money market investments in order to seek the Portfolio's objectives of income and conservative appreciation. This Portfolio seeks preservation of capital with minimal growth by investing primarily in fixed income investments in an effort to maintain stability. The target allocation is 19% equity, 1% alternative, 70% fixed income and 10% money market investments.

Index Age Based Portfolio 10 invests in a combination of equity, alternative, fixed income and money market investments in order to seek the Portfolio's objectives of income and principal protection. This Portfolio seeks preservation of capital with growth as a secondary objective, investing primarily in fixed income investments to maintain stability. The target allocation is 9% equity, 1% alternative, 77% fixed income and 13% money market investments.

Index Age Based Portfolio 5 invests in a combination of equity, fixed income and money market investments in order to seek the Portfolio's objectives of income and principal protection. This Portfolio seeks preservation of capital with growth as a secondary objective, investing primarily in fixed income investments to maintain stability. The target allocation is 6% equity, 79% fixed income and 15% money market investments.

Index Age Based Low Duration Fixed Income Portfolio invests in a combination of fixed income and money market investments in order to seek the Portfolio's primary objective of preservation of capital. This Portfolio seeks income as a secondary objective. This Portfolio invests primarily in short term fixed income investments to maintain stability. The target allocation is 85% fixed income and 15% money market investments.

Closure and Termination of Certain Age Based Portfolios. The Age Based Fixed Income Portfolio and Index Age Based Fixed Income Portfolio will be terminated by the Plan on February 23, 2018 and Account assets invested in the Age Based Fixed Income Portfolio will be automatically redeemed and reinvested in the Age Based Low Duration Fixed Income Portfolio and Account assets invested in the Index Age Based Fixed Income Portfolio will be automatically redeemed and reinvested in the Index Age Based Low Duration Fixed Income Portfolio without any fees payable by you. *Because the exchange of your Account assets from the Age Based Fixed Income Portfolio to the Age Based Low Duration Fixed Income Portfolio or* *the Index Age Based Fixed Income Portfolio to the Index Age Based Low Duration Portfolio are not changes directed by Account Owners neither will be considered as one of the two permissible allocation changes of existing Account assets for calendar year 2018.*

Custom Choice Approach

Account Owners who prefer to select a Portfolio for its asset allocation target may do so through the Custom Choice Approach instead of having it selected for you under the Age Based Approach. Selection of Portfolios under the Custom Choice Approach allows Account Owners to select a combination of Portfolios. While the asset allocations for the Custom Choice Portfolios are not expected to vary, the Underlying Investments in which the Portfolios invest will be reviewed at least annually and may change. If you invest in the Custom Choice Approach, your money will remain in the Portfolio(s) of choice until you instruct the Plan to move it to another investment approach or Portfolio. None of the Portfolios are designed to provide any particular total return over any particular time period or investment time horizon. The Portfolios are designed for college savers (e.g., persons savings for undergraduate and graduate school), not saving for tuition expenses for K-12 Schools. If you choose to invest to cover the cost of tuition expenses for K-12 Schools. you should keep in mind your investment horizon.

Custom Choice Portfolios

The Custom Choice Portfolios offer a combination of index and actively managed investments in one portfolio in order to take advantage of the potential outperformance of actively managed investments which are designed to attempt to beat the performance of a major market index over the long-term, and the lower fees of index investments. The investment objective of each Custom Choice Portfolios is as follows:

Portfolio 100 invests all in equity and alternative investments to seek capital appreciation. This Portfolio seeks long-term growth with a target allocation of 96% equity and 4% alternative investments.

Portfolio 90 invests in a combination of equity, alternative and fixed income investments in order to seek the Portfolio's objective of capital appreciation and income. This Portfolio seeks growth by investing in an asset allocation weighted toward equity investments over fixed income investments. This Portfolio has a target allocation of 87% equity, 3% alternative and 10% fixed income investments.

Portfolio 80 invests in a combination of equity, alternative and fixed income investments in order to seek the Portfolio's objectives of capital appreciation and income. This Portfolio seeks growth by investing in an asset allocation weighted toward equity investments over fixed income investments. This Portfolio has a target allocation of 77% equity, 3% alternative and 20% fixed income investments.

Portfolio 70 invests in a combination of equity, alternative and fixed income investments in order to seek the Portfolio's objective of capital appreciation and income. This Portfolio seeks growth by investing in an asset allocation weighted toward equity investments over fixed income investments. This Portfolio has a target allocation of 68% equity, 2% alternative and 30% fixed income investments.

Portfolio 60 invests in a combination of equity, alternative and fixed income investments in order to seek the Portfolio's objectives of capital appreciation and income. This Portfolio seeks moderate growth by investing in a balanced asset allocation weighted toward equity investments over fixed income investments. This Portfolio has a target allocation of 58% equity, 2% alternative and 40% fixed income investments.

Portfolio 50 invests in a combination of equity, alternative, fixed income and money market investments in order to seek the Portfolio's objective of capital appreciation and income. This Portfolio seeks moderate growth by investing in an asset allocation weighted equally between equity investments over fixed income investments. This Portfolio has a target allocation of 48% equity, 2% alternative, 45% fixed income and 5% money market investments.

Portfolio 40 invests in a combination of equity, alternative, fixed income and money market investments in order to seek the Portfolio's objectives of capital appreciation and income. This Portfolio seeks conservative growth by investing in a balanced asset allocation weighted toward fixed income investments over equity investments. This Portfolio has a target allocation of 38% equity, 2% alternative, 53% fixed income and 7% money market investments.

Portfolio 30 invests in a combination of equity, alternative, fixed income and money market investments in order to seek the Portfolio's objectives of capital appreciation and income. This Portfolio seeks conservative growth by investing in a balanced asset allocation weighted toward fixed income investments over equity investments. This Portfolio has a target allocation of 29% equity, 1% alternative, 60% fixed income and 10% money market investments.

Portfolio 20 invests in a combination of equity, alternative, fixed income and money market investments in order to seek the Portfolio's objectives of income and conservative appreciation. This Portfolio seeks preservation of capital with minimal growth by investing primarily in fixed income investments in an effort to maintain stability. The target allocation is 19% equity, 1% alternative, 70% fixed income and 10% money market investments.

Portfolio 10 invests in a combination of equity, alternative, fixed income and money market investments in order to seek the Portfolio's objectives of income and principal protection. This Portfolio seeks preservation of capital with growth as a secondary objective, investing primarily in fixed income investments to maintain stability. The target allocation is 9% equity, 1% alternatives, 77% fixed income and 13% money market investments.

Portfolio 5 invests in a combination of equity, fixed income and money market investments in order to seek the Portfolio's objectives of income and principal protection. This Portfolio seeks preservation of capital with growth as a secondary objective, investing primarily in fixed income investments to maintain stability. The target allocation is 6% equity, 79% fixed income and 16% money market investments.

Short Term Yield Portfolio invests in money market investments in order to seek the Portfolio's objectives of maximum stability and principal protection. The target allocation is 100% Oppenheimer Institutional Government Money Market Fund.

Fixed Income Portfolio invests in a combination of fixed income and money market investments in order to seek the Portfolio's primary objective of income. This Portfolio seeks preservation of capital as a secondary objective. This Portfolio invests primarily in fixed income investments to maintain stability. The target allocation is 85% fixed income and 15% money market investments.

Low Duration Fixed Income Portfolio invests in a combination of fixed income and money market investments in order to seek the Portfolio's primary objective of preservation of capital. This Portfolio seeks income as a secondary objective. This Portfolio invests primarily in limited term fixed income investments to maintain stability. The target allocation is 85% fixed income and 15% money market investments.

Index Custom Choice Portfolios

The Index Custom Choice Portfolios are designed to generate returns that closely mirror the performance of a major market index over the long term. These portfolios are able to keep transaction costs and other expenses low because they are passively managed, meaning that the securities currently held in the benchmark index determine your investments.

The investment objective of each Index Custom Choice Portfolio is as follows:

Index Portfolio 100 invests in equity and alternative investments to seek capital appreciation. This Portfolio seeks long-term growth with a target allocation of 95% equity and 5% alternatives investments.

Index Portfolio 90 invests in a combination of equity, alternative and fixed income investments in order to seek the Portfolio's objective of capital appreciation and income. This Portfolio seeks growth by investing in an asset allocation weighted toward equity investments over fixed income investments. This Portfolio has a target allocation of 86% equity, 4% alternative and 10% fixed income investments.

Index Portfolio 80 invests in a combination of equity, alternative and fixed income investments in order to seek the Portfolio's objective of capital appreciation and income. This Portfolio seeks growth by investing in an asset allocation weighted toward equity investments over fixed income investments. This Portfolio has a target allocation of 77% equity, 3% alternative and 20% fixed income investments.

Index Portfolio 70 invests in a combination of equity, alternative and fixed income investments in order to seek the Portfolio's objective of capital appreciation and income. This Portfolio seeks growth by investing in an asset allocation weighted toward equity investments over fixed income investments. This Portfolio has a target allocation of 68% equity, 2% alternative and 30% fixed income investments.

Index Portfolio 60 invests in a combination of equity, alternative and fixed income investments in order to seek the Portfolio's objectives of capital appreciation and income. This Portfolio seeks moderate growth by investing in a balanced asset allocation weighted toward equity investments over fixed income investments. This Portfolio has a target allocation of 58% equity, 2% alternative and 40% fixed income investments.

Index Portfolio 50 invests in a combination of equity, fixed income and money market investments in order to seek the Portfolio's objective of capital appreciation and income. This Portfolio seeks moderate growth by investing in an asset allocation weighted equally between equity investments over fixed income investments. This Portfolio has a target allocation of 48% equity, 2% alternative, 45% fixed income and 5% money market investments.

Index Portfolio 40 invests in a combination of equity, fixed income and money market investments in order to seek the Portfolio's objectives of capital appreciation and income. This Portfolio seeks conservative growth by investing in a balanced asset allocation weighted toward fixed income investments over equity investments. This Portfolio has a target allocation of 38% equity, 2% alternative, 53% fixed income and 7% money market investments.

Index Portfolio 30 invests in a combination of equity, alternative, fixed income and money market investments in order to seek the Portfolio's objectives of capital appreciation and income. This Portfolio seeks conservative growth by investing in a balanced asset allocation weighted toward fixed income investments over equity investments. This Portfolio has a target allocation of 28% equity, 2% alternative, 60% fixed income and 10% money market investments.

Index Portfolio 20 invests in a combination of equity, alternative, fixed income and money market investments in order to seek the Portfolio's objectives of income and conservative appreciation. This Portfolio seeks preservation of capital with minimal growth by investing primarily in fixed income investments in an effort to maintain stability. The target allocation is 19% equity, 1% alternative, 70% fixed income and 10% money market investments.

Index Portfolio 10 invests in a combination of equity, alternative, fixed income and money market investments in order to seek the Portfolio's objectives of income and principal protection. This Portfolio seeks preservation of capital with growth as a secondary objective, investing primarily in fixed income investments to maintain stability. The target allocation is 9% equity, 1% alternative, 77% fixed income and 13% money market investments.

Index Portfolio 5 invests in a combination of equity, fixed income and money market investments in order to seek the Portfolio's objectives of income and principal protection. This Portfolio seeks preservation of capital with growth as a secondary objective, investing primarily in fixed income investments to maintain stability. The target allocation is 6% equity, 79% fixed income and 5% money market investments.

Index Fixed Income Portfolio invests in a combination of fixed income and money market investments in order to seek the Portfolio's primary objective of income. This Portfolio seeks preservation of capital as a secondary objective. This Portfolio invests primarily in fixed income investments to maintain stability. The target allocation is 85% fixed income and 15% money market investments.

Index Low Duration Fixed Income Portfolio invests in a combination of fixed income and money market investments in order to seek the Portfolio's primary objective of preservation of capital. This Portfolio seeks income as a secondary objective. This Portfolio invests primarily in short term fixed income investments to maintain stability. The target allocation is 85% fixed income and 15% money market investments.

Underlying Investments and Target Allocations

The following chart describes the Underlying Investments and target allocations for the Custom Choice Portfolios and the Age Based Portfolios. See "PLAN AND PORTFOLIO RISKS—Principal Investment Risks of the Underlying Investments" on page 45 and Appendix A for more detailed information regarding the investment risks and objectives of the Underlying Investments.

Age Based and Custom Choice Portfolios

Underlying Investments[1] and Target Allocations														
Custom Choice Portfolios	Portfolio 100[2]	Portfolio 90[2]	Portfolio 80[2]	Portfolio 70[2]	Portfolio 60[2]	Portfolio 50[2]	Portfolio 40[2]	Portfolio 30[2]	Portfolio 20[2]	Portfolio 10[2]	Portfolio 5[2]	Low Duration Fixed Income Portfolio	Fixed Income Portfolio	Short Term Yield Portfolio
Age Based Portfolios	Age Based Portfolio 100[2]	Age Based Portfolio 90[2]	Age Based Portfolio 80[2]	Age Based Portfolio 70[2]	Age Based Portfolio 60[2]	Age Based Portfolio 50[2]	Age Based Portfolio 40[2]	Age Based Portfolio 30[2]	Age Based Portfolio 20[2]	Age Based Portfolio 10[2]	Age Based Portfolio 5[2]	Low Duration Fixed Income Portfolio		
Blended Growth Track	*Ages 0-2*	*Ages 3-4*	*Ages 5-6*	*Ages 7-8*	*Ages 9-10*	*Ages 11-12*	*Ages 13-14*	*Ages 15-16*	*Ages 17-18*	*Ages 19+*				
Blended Balanced Track				*Ages 0-2*	*Ages 3-4*	*Ages 5-6*	*Ages 7-8*	*Ages 9-10*	*Ages 11-12*	*Ages 13-14*	*Ages 15-16*	*Ages 17+*		
Vanguard Total Stock Market Index Fund	20.0%	19.0%	18.0%	16.0%	12.0%	10.0%	8.0%	6.0%	5.0%	2.0%	1.0%	0.0%	0.0%	0.0%
Oppenheimer Value Fund	7.0	6.0	5.0	5.0	5.0	4.0	3.0	3.0	2.0	1.0	0.5	0.0	0.0	0.0
Oppenheimer Main Street Fund	12.0	11.0	9.0	8.0	7.0	6.0	5.0	4.0	3.0	2.0	1.5	0.0	0.0	0.0
Vanguard Extended Market Index Fund	10.0	9.0	8.0	7.0	7.0	6.0	5.0	3.0	2.0	1.0	1.0	0.0	0.0	0.0
Oppenheimer Main Street Mid Cap Fund	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Oppenheimer Main Street Small Cap Fund	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Oppenheimer Global Fund	10.0	9.0	8.0	7.0	6.0	5.0	4.0	3.0	1.0	0.0	0.0	0.0	0.0	0.0
Oppenheimer International Growth Fund	14.0	13.0	12.0	10.0	8.0	7.0	6.0	4.0	2.0	1.0	1.0	0.0	0.0	0.0
Oppenheimer Developing Markets Fund	4.0	3.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0
Vanguard Developed Markets Index Fund	12.0	11.0	10.0	9.0	8.0	7.0	5.0	4.0	3.0	2.0	1.0	0.0	0.0	0.0
Oppenheimer Real Estate Fund	4.0	3.0	3.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0
Vanguard Total Bond Market Index Fund	0.0	9.0	10.0	15.0	20.0	25.0	20.0	20.0	20.0	20.0	18.0	5.0	25.0	0.0
Oppenheimer Limited-Term Bond Fund	0.0	0.0	3.0	5.0	8.0	8.0	13.0	15.0	18.5	21.0	22.0	28.0	20.0	0.0
Oppenheimer Limited-Term Government Fund	0.0	0.0	3.0	5.0	8.0	8.0	13.0	15.0	18.5	21.0	22.0	27.0	20.0	0.0
Oppenheimer Senior Floating Rate Fund	0.0	1.0	4.0	5.0	4.0	4.0	4.0	4.0	3.0	2.0	2.0	0.0	0.0	0.0
Vanguard Short-Term Inflation-Protected Securities Fund	0.0	0.0	0.0	0.0	0.0	0.0	3.0	6.0	10.0	13.0	15.0	25.0	20.0	0.0

Underlying Investments[1] and Target Allocations

Custom Choice Portfolios	Portfolio 100[2]	Portfolio 90[2]	Portfolio 80[2]	Portfolio 70[2]	Portfolio 60[2]	Portfolio 50[2]	Portfolio 40[2]	Portfolio 30[2]	Portfolio 20[2]	Portfolio 10[2]	Portfolio 5[2]	Low Duration Fixed Income Portfolio	Fixed Income Portfolio	Short Term Yield Portfolio
Age Based Portfolios	Age Based Portfolio 100[2]	Age Based Portfolio 90[2]	Age Based Portfolio 80[2]	Age Based Portfolio 70[2]	Age Based Portfolio 60[2]	Age Based Portfolio 50[2]	Age Based Portfolio 40[2]	Age Based Portfolio 30[2]	Age Based Portfolio 20[2]	Age Based Portfolio 10[2]	Age Based Portfolio 5[2]	Low Duration Fixed Income Portfolio		
Blended Growth Track	*Ages 0-2*	*Ages 3-4*	*Ages 5-6*	*Ages 7-8*	*Ages 9-10*	*Ages 11-12*	*Ages 13-14*	*Ages 15-16*	*Ages 17-18*	*Ages 19+*				
Blended Balanced Track				*Ages 0-2*	*Ages 3-4*	*Ages 5-6*	*Ages 7-8*	*Ages 9-10*	*Ages 11-12*	*Ages 13-14*	*Ages 15-16*	*Ages 17+*		
Oppenheimer Institutional Government Money Market Fund[4]	0.0	0.0	0.0	0.0	0.0	5.0	7.0	10.0	10.0	13.0	15.0	15.0	15.0	100.0
Total Equity	**96.0**	**87.0**	**77.0**	**68.0**	**58.0**	**48.0**	**38.0**	**29.0**	**19.0**	**9.0**	**6.0**	**0.0**	**0.0**	**0.0**
Total Alternative	**4.0**	**3.0**	**3.0**	**2.0**	**2.0**	**2.0**	**2.0**	**1.0**	**1.0**	**1.0**	**0.0**	**0.0**	**0.0**	**0.0**
Total Fixed Income/Short-Term Marketable Securities	**0.0**	**10.0**	**20.0**	**30.0**	**40.0**	**50.0**	**60.0**	**70.0**	**80.0**	**90.0**	**94.0**	**100.0**	**100.0**	**100.0**
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

1. Portfolios that invest in Oppenheimer mutual funds purchase Class I shares or Class L shares in the case of Oppenheimer Institutional Government Money Market Fund. Portfolios that invest in the Vanguard funds, purchase the Institutional class of shares.

2. A Portfolio's investment in the Oppenheimer Institutional Government Money Market Fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. Although the fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

The following chart describes the Underlying Investments and target allocations for the Index Custom Choice Portfolios and the Index Age Based Portfolios. See "PLAN AND PORTFOLIO RISKS—Principal Investment Risks of the Underlying Investments" on page 45 and Appendix A for more detailed information regarding the investment risks and objectives of the Underlying Investments.

Index Age Based and Index Custom Choice Portfolios

Underlying Investments[1] and Target Allocations													
Index Custom Choice Portfolios	**Portfolio 100[2]**	**Portfolio 90[2]**	**Portfolio 80[2]**	**Portfolio 70[2]**	**Portfolio 60[2]**	**Portfolio 50[2]**	**Portfolio 40[2]**	**Portfolio 30[2]**	**Portfolio 20[2]**	**Portfolio 10[2]**	**Portfolio 5[2]**	**Low Duration Fixed Income Portfolio**	**Fixed Income Portfolio**
Index Age Based Portfolios	**Age Based Portfolio 100[2]**	**Age Based Portfolio 90[2]**	**Age Based Portfolio 80[2]**	**Age Based Portfolio 70[2]**	**Age Based Portfolio 60[2]**	**Age Based Portfolio 50[2]**	**Age Based Portfolio 40[2]**	**Age Based Portfolio 30[2]**	**Age Based Portfolio 20[2]**	**Age Based Portfolio 10[2]**	**Age Based Portfolio 5[2]**	**Low Duration Fixed Income Portfolio**	
Index Growth Track	*Ages 0-2*	*Ages 3-4*	*Ages 5-6*	*Ages 7-8*	*Ages 9-10*	*Ages 11-12*	*Ages 13-14*	*Ages 15-16*	*Ages 17-18*	*Ages 19+*			
Index Balanced Track				*Ages 0-2*	*Ages 3-4*	*Ages 5-6*	*Ages 7-8*	*Ages 9-10*	*Ages 11-12*	*Ages 13-14*	*Ages 15-16*	*Ages 17+*	
Vanguard Total Stock Market Index Fund	60.0%	54.0%	49.0%	43.0%	37.0%	30.0%	24.0%	17.5%	12.0%	6.0%	4.0%	0.0%	0.0%
Vanguard Total International Stock Index Fund	35.0%	32.0%	28.0%	25.0%	21.0%	18.0%	14.0%	10.5%	7.0%	3.0%	2.0%	0.0%	0.0%
Vanguard Real Estate Index Fund[3]	5.0%	4.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	1.0%	1.0%	0.0%	0.0%	0.0%
Vanguard Total Bond Market Index Fund	0.0%	10.0%	10.0%	15.0%	20.0%	25.0%	20.0%	18.0%	18.0%	18.0%	18.0%	5.0%	25.0%
Vanguard Short-Term Bond Index Fund	0.0%	0.0%	10.0%	15.0%	20.0%	20.0%	30.0%	36.0%	42.0%	46.0%	46.0%	55.0%	40.0%
Vanguard Short-Term Inflation-Protected Securities Fund	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.0%	6.0%	10.0%	13.0%	15.0%	25.0%	20.0%
Oppenheimer Institutional Government Money Market Fund[4]	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%	7.0%	10.0%	10.0%	13.0%	15.0%	15.0%	15.0%
Total Equity	**95.0%**	**86.0%**	**77.0%**	**68.0%**	**58.0%**	**48.0%**	**38.0%**	**28.0%**	**19.0%**	**9.0%**	**6.0%**	**0.0%**	**0.0%**
Total Alternative	**5.0%**	**4.0%**	**3.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**1.0%**	**1.0%**	**0.0%**	**0.0%**	**0.0%**
Total Fixed Income/Short-Term Marketable Securities	**0.0%**	**10.0%**	**20.0%**	**30.0%**	**40.0%**	**50.0%**	**60.0%**	**70.0%**	**80.0%**	**90.0%**	**94.0%**	**100.0%**	**100.0%**
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

1. Portfolios that invest in Oppenheimer Institutional Government Money Market Fund purchase Class L shares. Portfolios that invest in the Vanguard funds purchase the Institutional class of shares.
2. A Portfolio's investment in the Oppenheimer Institutional Government Money Market Fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. Although the fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.
3. Prior to September 26, 2017, the Fund was named "Vanguard REIT Index Fund".

Changes in Investment Guidelines or Underlying Investments

From time to time, the Board may change the investment guidelines for the Plan. If such a change so requires, the Program Manager will cause a Portfolio to divest itself of ownership of shares of one or more Underlying Investments. During the transition from one Underlying Investment to another Underlying Investment or transition in program managers, a Portfolio may be temporarily uninvested and lack market exposure to an asset class. During such transition period, a Portfolio may temporarily hold a basket of securities to the extent that the Underlying Investment from which it redeems chooses to satisfy the Portfolio's redemption out of such investment on an in kind basis. In such event, the Program Manager will seek to liquidate the securities received from the Underlying Investment as promptly as practicable so that the proceeds can be promptly invested in the replacement Underlying Investment. The transaction costs associated with such liquidation, as well as any market impact on the value of the securities being liquidated will be borne by the Portfolio and Accounts invested in such Portfolio. An Underlying Investment from which a Portfolio redeems may impose redemption fees. In such event, the Portfolio, and Accounts invested in such Portfolio, will bear such redemption fees.

PORTFOLIO PERFORMANCE INFORMATION

The table that follows presents the Average Annual Total Return and cumulative (since inception) returns for each Portfolio for the periods ended December 31, 2017. The Portfolio performance information represents past performance and is no guarantee of future results. The returns are net of Total Annual Asset-Based Plan Fees (including Underlying Investment expenses and Plan Fees), and do not take into account the $25 Annual Account Maintenance Fee which may be waived for certain Accounts and was discontinued on January 1, 2018, or consider the impact of any potential federal or state taxes. If such amounts were reflected, returns would be less than those shown. Updated Portfolio performance information current to the most recent month-end is available online at **www.theeducationplan.com** or by calling **1.877.EdPlan8 (1.877.337.5268)**. ***Past performance—and especially short-term past performance information—for the Portfolios should not be viewed as an indication of the future performance of any particular Portfolio.***

Because the following Portfolios had not commenced operations prior to the date of this Plan Description, they have no prior performance information. After the Portfolios begin investment operations, performance information will be available online at **www.theeducationplan.com** or by calling **1.877.EdPlan8 (1.877.337.5268)**.

- Age Based Portfolio 90
- Age Based Portfolio 70
- Age Based Portfolio 50
- Age Based Portfolio 30
- Age Based Portfolio 5
- Age Based Index Portfolio 90
- Age Based Index Portfolio 70
- Age Based Index Portfolio 50
- Age Based Index Portfolio 30
- Age Based Index Portfolio 5
- Custom Choice Portfolio 90
- Custom Choice Portfolio 70
- Custom Choice Portfolio 50
- Custom Choice Portfolio 30
- Custom Choice Portfolio 5
- Custom Choice Index Portfolio 90
- Custom Choice Index Portfolio 70
- Custom Choice Index Portfolio 50
- Custom Choice Index Portfolio 30
- Custom Choice Index Portfolio 5

In view of anticipated periodic revisions of allocations and possible changes in the Underlying Investments, the future investment results of any Portfolio cannot be expected, for any period, to be similar to the past performance of any Underlying Investment or group of investments. Performance differences between a Portfolio and its Underlying Investments may also result from differences in the timing of purchases. On days when Contributions are made to an Account, the Portfolios will not use that money to purchase shares of an Underlying Investment until the next business day. This timing difference, depending on how the markets are moving, will cause the Portfolio's performance to either trail or exceed the Underlying Investment's performance.

For information, including performance information, on the underlying Oppenheimer mutual funds in which the Portfolios invest, please visit **www.oppenheimerfunds.com** or call OppenheimerFunds at **1.800.525.7048** and obtain a free prospectus or Annual or Semi-Annual Report. For information, including performance information, on the underlying Vanguard mutual funds in which the Portfolios invest, please visit **www.vanguard.com** or call Vanguard at **1.877.662.7447** and obtain a free prospectus or Annual or Semi-Annual Report.

Average Annual Total Returns[1] (as of December 31, 2017)

Portfolio Name	1-Year	3-Year	5-Year	Since Inception[2]	Inception Date
Age Based Portfolios					
Age Based Portfolio 100	20.03%	9.40%	12.71%	7.26%	2/1/2005
Customized Performance Benchmark[2]	20.15	9.80	13.31	8.15	
Age Based Portfolio 80	16.44	8.03	10.59	6.14	2/1/2005
Customized Performance Benchmark[2]	16.70	8.48	11.20	7.57	
Age Based Portfolio 60	13.02	6.51	8.41	4.95	2/1/2005
Customized Performance Benchmark[2]	13.30	7.07	9.04	6.89	
Age Based Portfolio 40	9.30	4.84	6.02	2.81	2/1/2005
Customized Performance Benchmark[2]	9.41	5.25	6.48	5.68	
Age Based Portfolio 20	5.57	3.08	3.51	2.01	4/15/2005
Customized Performance Benchmark[2]	5.58	3.37	3.91	4.39	
Age Based Portfolio 10	3.46	2.03	2.13	1.28	2/1/2005
Customized Performance Benchmark[2]	3.58	2.24	2.43	3.30	
Age Based Fixed Income Portfolio	1.87	—	—	1.57	8/31/2015
Customized Performance Benchmark[2]	1.77	n/a	n/a	1.57	
Age Based Low Duration Fixed Income Portfolio	1.19	—	—	0.94	8/31/2015
Customized Performance Benchmark[2]	0.64	n/a	n/a	0.58	
Index Age Based Portfolios					
Index Age Based Portfolio 100	21.06	9.94	13.36	11.10	4/8/2010
Customized Performance Benchmark[2]	21.88	10.48	14.06	12.09	
Index Age Based Portfolio 80	17.00	8.28	10.92	10.01	4/7/2010
Customized Performance Benchmark[2]	17.80	8.79	11.56	10.27	
Index Age Based Portfolio 60	13.10	6.47	8.48	8.45	4/8/2010
Customized Performance Benchmark[2]	13.78	7.07	9.05	8.40	
Index Age Based Portfolio 40	9.12	4.65	6.03	6.59	4/6/2010
Customized Performance Benchmark[2]	9.51	5.09	6.34	6.14	
Index Age Based Portfolio 20	5.18	2.81	3.42	4.47	4/9/2010
Customized Performance Benchmark[2]	5.43	3.12	3.66	3.86	
Index Age Based Portfolio 10	3.00	1.68	2.06	3.15	4/7/2010
Customized Performance Benchmark[2]	3.09	1.87	2.09	2.30	
Index Age Based Fixed Income Portfolio	1.77	—	—	1.40	8/31/2015
Customized Performance Benchmark[2]	1.98	n/a	n/a	1.58	
Index Age Based Low Duration Fixed Income Portfolio	0.90	—	—	0.47	8/31/2015
Customized Performance Benchmark[2]	1.07	n/a	n/a	0.91	
Custom Choice Portfolios					
Portfolio 100	20.29	9.46	12.83	7.31	2/1/2005
Customized Performance Benchmark[2]	20.15	9.80	13.31	8.15	
Portfolio 80	16.64	7.99	10.62	6.28	2/1/2005
Customized Performance Benchmark[2]	16.70	8.48	11.20	7.57	
Portfolio 60	13.10	6.53	8.41	4.97	2/1/2005
Customized Performance Benchmark[2]	13.30	7.07	9.04	6.89	
Portfolio 40	9.35	4.85	6.04	2.95	2/1/2005
Customized Performance Benchmark[2]	9.41	5.25	6.48	5.68	
Portfolio 20	5.51	3.06	3.49	1.98	4/15/2005
Customized Performance Benchmark[2]	5.58	3.37	3.91	4.39	
Portfolio 10	3.45	2.00	2.13	1.30	2/1/2005
Customized Performance Benchmark[2]	3.58	2.24	2.43	3.30	
Short Term Yield Portfolio	0.56	0.24	0.14	1.18	2/1/2005
Customized Performance Benchmark[2]	0.57	0.23	0.14	1.11	
Fixed Income Portfolio	1.87	—	—	1.53	8/31/2015
Customized Performance Benchmark[2]	1.77	n/a	n/a	1.57	
Low Duration Fixed Income Portfolio	1.29	—	—	1.02	8/31/2015
Customized Performance Benchmark[2]	0.64	n/a	n/a	0.58	

Portfolio Name	1-Year	3-Year	5-Year	Since Inception[2]	Inception Date
Index Custom Choice Portfolios					
Index Portfolio 100	21.29	10.13	13.53	11.52	4/7/2010
Customized Performance Benchmark[2]	21.88	10.48	14.06	12.09	
Index Portfolio 80	17.15	8.34	11.03	10.04	4/8/2010
Customized Performance Benchmark[2]	17.80	8.79	11.56	10.27	
Index Portfolio 60	13.27	6.56	8.51	8.36	4/8/2010
Customized Performance Benchmark[2]	13.78	7.07	9.05	8.40	
Index Portfolio 40	9.16	4.65	5.97	6.54	4/8/2010
Customized Performance Benchmark[2]	9.51	5.09	6.34	6.14	
Index Portfolio 20	5.09	2.78	3.40	4.48	4/9/2010
Customized Performance Benchmark[2]	5.43	3.12	3.66	3.86	
Index Portfolio 10	2.92	1.69	2.06	3.12	4/9/2010
Customized Performance Benchmark[2]	3.09	1.87	2.09	2.30	
Index Fixed Income Portfolio	1.68	—	—	1.19	8/31/2015
Customized Performance Benchmark[2]	1.98	n/a	n/a	1.58	
Index Low Duration Fixed Income Portfolio	0.89	—	—	0.73	8/31/2015
Customized Performance Benchmark[2]	1.07	n/a	n/a	0.91	

1. Performance data is based on the performance of each Underlying Investment of each Portfolio. Performance data for each Portfolio is based on the total return of a hypothetical account, including the reinvestment of dividends and distributions, net of the Total Annual Asset-Based Plan Fees (including Underlying Investment expenses, Program Management Fees and Board Administrative Fees.)
2. Benchmark returns for the period Since Inception began on February 1, 2005 for all Age Based and Custom Choice Portfolios, except for Age Based Portfolio 20 and Portfolio 20; benchmark returns for these two Portfolios began on May 1, 2005. Benchmark returns all Index Age Based and Index Custom Choice Portfolios began on May 1, 2010. See "UNDERLYING INVESTMENTS AND TARGET ALLOCATIONS—Customized Portfolio Performance Benchmarks" for a list of each Underlying Investment benchmark.

Customized Portfolio Performance Benchmarks

The benchmarks for the Portfolios represent customized composites of market indices for the available Underlying Investments weighted by the relative target asset allocation for such Portfolio.

Investors cannot directly invest in a compilation of benchmark indices.

Underlying Investment	Benchmark
Oppenheimer Value Fund	Russell 1000® Value Index
Oppenheimer International Growth Fund	MSCI® All Country World ex-U.S. Index
Oppenheimer Main Street Fund®	S&P 500® Index
Oppenheimer Institutional Government Money Market Fund	iMoneyNet Government Institutional Index
Oppenheimer Limited-Term Government Fund	Bloomberg Barclays U.S. Government 1-3 Year Bond Index
Oppenheimer Senior Floating Rate Fund	J P Morgan Leveraged Loan Index
Oppenheimer Main Street Mid Cap Fund®	Russell Midcap Index
Vanguard Extended Market Index Fund	S&P Completion Index
Vanguard Total Stock Market Index Fund	CRSP U.S. Total Market Index
Oppenheimer Global Fund	MSCI All Country World Index
Oppenheimer Limited-Term Bond Fund	Bloomberg Barclays US Aggregate 1-3 Year Bond Index
Oppenheimer Main Street Small Cap Fund	Russell 2000 Index
Vanguard Short-Term Bond Index Fund	Bloomberg Barclays US 1-5 Years Government/Credit Float Adjusted Index
Vanguard Total International Stock Index Fund	FTSE Global All Cap ex US Index
Vanguard Total Bond Market Index Fund	Bloomberg Barclays U.S. Aggregate Float Adjusted Index
Vanguard Real Estate Index Fund	MSCI® US Investable Market Real Estate 25/50 Transition Index
Vanguard Short-Term Inflation-Protected Securities Index Fund	Bloomberg Barclays US 0-5 Year TIPS Index
Oppenheimer Developing Markets Fund	MSCI® Emerging Markets Index
Vanguard Developed Markets Index Fund	FTSE Developed All Cap ex US Index
Oppenheimer Real Estate Fund	FTSE NAREIT Equity REITs Index

PLAN FEES AND EXPENSES

Each Account bears certain ongoing Plan fees (including the Program Management Fee and Board Administrative Fee described below) which are charged against the assets of the Portfolios, to provide for the costs associated with the distribution, servicing and administration of the Account. These Plan fees will reduce the value of the Account as they are incurred. Accounts also will indirectly bear fees and expenses of the Underlying Investments in which the Portfolios invest.

In addition, Accounts may also be charged certain fees and expenses, including custodial fees, the fees of independent public accountants for conducting annual audits and other fees and expenses the Board may from time to time impose. The Board may change or add new fees at any time.

Annual Asset-based Charge and Other Fees

Underlying Investment Expenses. Each of the Underlying Investments in which a Portfolio's assets are invested has annual operating expenses, including investment advisory fees (which may be paid to the Program Manager or its affiliates), administrative and other expenses, which will be deducted by the Underlying Investments. These Underlying Investment expenses also include amounts paid to the Program Manager or its affiliates for services as described in "Administrative Services Fees." For a description of such amounts currently paid to the Program Manager and its affiliates, see footnote 4 to the Fee Structure tables below. Each Portfolio will indirectly bear its pro rata share of the fees and expenses of the Underlying Investments in which it invests. The expenses of the Underlying Investments are reflected in the net asset value of each Portfolio. The Underlying Investments purchased by the Portfolios are not subject to any sales charge or distribution fees. The manager and/or the distributor for a particular Underlying Investment may, from time to time, waive payment of a portion of its fees relating to and/or reimburse operating expenses of the applicable Underlying Investment, and may thereafter terminate such waiver without notice.

Program Management Fee. Portfolios are charged a Program Management Fee that is based on a percentage of average daily net assets and is paid on a monthly basis to the Program Manager for Plan administration and investment related services. The Program Management Fee is applied at an annual percentage rate of 0.05% on the assets under management of the Plan. OppenheimerFunds, Inc. and the Investment Managers each receive compensation directly from certain of the Underlying Investments in which the Portfolios invest for serving as the investment adviser of those mutual funds and other Underlying Investments. The Program Manager or its affiliates also receive payment from certain Underlying Investments or their investment managers or distributors for additional services as described in “Administrative Services Fees” and “Other Compensation.”

Administrative Services Fees. Portfolios that invest in certain Underlying Investments are charged fees on the pro-rata portion of their assets that are invested in those investments. These Administrative Services Fees are paid to the Program Manager or its affiliate for various sub-transfer agency and other administrative services with respect to the Portfolio's position in those Underlying Investments and are included in the Underlying Investment expenses in the tables below. For a description of such amounts currently paid to the Program Manager and its affiliates, see footnote 4 to the Fee Structure tables below.

Board Administrative Fee. Portfolios are charged a Board Administrative Fee that is based on a percentage of average daily net assets and paid to the Board. The fees received by the Board are used to administer and market the Plan. Any amounts deemed not necessary for such uses may be used for any purpose related to the New Mexico 529 Program.

The Board currently receives a Board Administrative Fee equal to 0.05% of the average daily net assets in the Plan.

Fee Structure Table—Age Based and Custom Choice Portfolios

	Annual Asset-based Plan Fees			
Age Based Portfolios	Weighted Average Expense Ratio Related to Underlying Investments[1]	Program Management Fee	Board Administrative Fee	Total Annual Asset-based Plan Fees[2]
Age Based Portfolio 100	0.41%	0.05%	0.05%	0.51%
Age Based Portfolio 90	0.37	0.05	0.05	0.47
Age Based Portfolio 80	0.37	0.05	0.05	0.47
Age Based Portfolio 70	0.35	0.05	0.05	0.45
Age Based Portfolio 60	0.34	0.05	0.05	0.44
Age Based Portfolio 50	0.31	0.05	0.05	0.41
Age Based Portfolio 40	0.32	0.05	0.05	0.42
Age Based Portfolio 30	0.30	0.05	0.05	0.40
Age Based Portfolio 20	0.28	0.05	0.05	0.38
Age Based Portfolio 10	0.27	0.05	0.05	0.37
Age Based Portfolio 5	0.26	0.05	0.05	0.36
Age Based Low Duration Fixed Income Portfolio	0.27	0.05	0.05	0.37
Custom Choice Portfolios				
Custom Choice Portfolio 100	0.41	0.05	0.05	0.51
Custom Choice Portfolio 90	0.37	0.05	0.05	0.47
Custom Choice Portfolio 80	0.37	0.05	0.05	0.47
Custom Choice Portfolio 70	0.35	0.05	0.05	0.45
Custom Choice Portfolio 60	0.34	0.05	0.05	0.44
Custom Choice Portfolio 50	0.31	0.05	0.05	0.41
Custom Choice Portfolio 40	0.32	0.05	0.05	0.42
Custom Choice Portfolio 30	0.30	0.05	0.05	0.40
Custom Choice Portfolio 20	0.28	0.05	0.05	0.38
Custom Choice Portfolio 10	0.27	0.05	0.05	0.37
Custom Choice Portfolio 50	0.26	0.05	0.05	0.36
Custom Choice Low Duration Fixed Income Portfolio	0.27	0.05	0.05	0.37
Custom Choice Fixed Income Portfolio	0.22	0.05	0.05	0.32
Custom Choice Short-Term Yield Portfolio[3]	0.16	0.05	0.05	0.26

Fee Structure Table—Index Age Based and Index Custom Choice Portfolios

	Annual Asset-based Plan Fees			
Index Age Based Portfolios	Weighted Average Expense Ratio Related to Underlying Investments[1]	Program Management Fee	Board Administrative Fee	Total Annual Asset-based Plan Fees[2]
Index Age Based Portfolio 100	0.06%	0.05%	0.05%	0.16%
Index Age Based Portfolio 90	0.06	0.05	0.05	0.16
Index Age Based Portfolio 80	0.05	0.05	0.05	0.15
Index Age Based Portfolio 70	0.05	0.05	0.05	0.15
Index Age Based Portfolio 60	0.05	0.05	0.05	0.15
Index Age Based Portfolio 50	0.06	0.05	0.05	0.16
Index Age Based Portfolio 40	0.06	0.05	0.05	0.16
Index Age Based Portfolio 30	0.06	0.05	0.05	0.16
Index Age Based Portfolio 20	0.06	0.05	0.05	0.16
Index Age Based Portfolio 10	0.06	0.05	0.05	0.16
Index Age Based Portfolio 5	0.06	0.05	0.05	0.16
Index Age Based Low Duration Fixed Income Index Portfolio	0.06	0.05	0.05	0.16
Custom Choice Index Portfolios				
Custom Choice Index Portfolio 100	0.06	0.05	0.05	0.16
Custom Choice Index Portfolio 90	0.06	0.05	0.05	0.16
Custom Choice Index Portfolio 80	0.05	0.05	0.05	0.15
Custom Choice Index Portfolio 70	0.05	0.05	0.05	0.15
Custom Choice Index Portfolio 60	0.05	0.05	0.05	0.15
Custom Choice Index Portfolio 50	0.06	0.05	0.05	0.16
Custom Choice Index Portfolio 40	0.06	0.05	0.05	0.16
Custom Choice Index Portfolio 30	0.06	0.05	0.05	0.16
Custom Choice Index Portfolio 20	0.06	0.05	0.05	0.16
Custom Choice Index Portfolio 10	0.06	0.05	0.05	0.16
Custom Choice Index Portfolio 5	0.06	0.05	0.05	0.16
Custom Choice Index Low Duration Fixed Income Portfolio	0.06	0.05	0.05	0.16
Custom Choice Index Fixed Income Portfolio	0.06	0.05	0.05	0.16

1. For Portfolios that invest in more than one Underlying Investment, based on an estimated weighted average of each Underlying Investment's expense ratio, in accordance with the Portfolio's target asset allocation as of November 30, 2017; and for Portfolios that invest in one Underlying Investment, based on most recent expense ratio for the Underlying Investment as of November 30, 2017. Expense ratios of the Underlying Investments include acquired fund fees and expenses, if any. Underlying Investment expenses include investment advisory fees, which may be paid to the Program Manager or its affiliate, Vanguard, administrative and other expenses. Expense ratios of the Underlying Investments may change at any time.
2. Total Annual Asset-based Plan Fees are subject to change at any time and are assessed against assets over the course of the year. See "Investment Cost Chart" for the approximate cost of investing in each of the Plan's Portfolios over 1-, 3-, 5- and 10-year periods.
3. The Program Manager and the Board have agreed to voluntarily waive the Program Management Fee and Board Administrative Fee, respectively (but, in neither case, not below zero) and/or reimburse expenses to the extent necessary to assist the Custom Choice Short-Term Yield Portfolio in attempting to maintain at least a 0.00% return. There is no guarantee that the Custom Choice Short-Term Yield Portfolio will maintain this return. This undertaking may be amended or withdrawn at any time.

Other Fees and Charges

Other fees that may be charged to your Account include a returned deposit (check, AIP debit, EFT or telephone purchase) fee, a wire transfer fee, a wire transfer (international) fee, an overnight delivery fee, an overnight delivery (Saturday) fee, an overnight delivery (international) fee, a request for historical statement fee and a rollover to another Section 529 Plan fee. These fees and charges are subject to change without notice. For more information about these fees, please contact the Program Manager at **www.theeducationplan.com** or by calling **1.877.EdPlan8 (1.877.337.5268)**.

Other Compensation

The Program Manager or its affiliates may receive certain payments from certain Underlying Investments or their investment managers or distributors from the Underlying Investment's, investment manager's or distributor's own resources for a variety of services with respect to Plan assets invested in the Underlying Investments. The Program Manager provides various sub-transfer agency and other related administrative services with respect to Underlying Investments positions. These services include, for example, processing purchases, redemptions, and exchanges, dividend reinvestments, consolidated statements, tax reporting, and other recordkeeping. In consideration for these services, the Program Manager or its affiliates receive compensation from the Underlying Investments or their investment managers or distributors of up to 0.30% of the average annual amount invested by the Portfolios in the Underlying Investments. These amounts are not charged to the portfolios.

INVESTMENT COST CHART

The following table compares the approximate cost of investing in the Plan over different periods of time. Your actual costs may be higher or lower. The examples assume:

- A $10,000 investment invested for the time periods shown.
- A 5% annually compounded rate of return on the amount invested throughout the time periods shown.
- The table does not consider the impact of any potential state or federal taxes on the redemption.
- Total Annual Asset-Based Plan Fees (including the weighted average expense ratio of the Underlying Investments) remain the same as those shown above.

Cost of a $10,000 investment in each Portfolio

Age Based Portfolios	1 Year	3 Years	5 Years	10 Years
Age Based Portfolio 100	$52	$164	$286	$642
Age Based Portfolio 90	$48	$151	$264	$593
Age Based Portfolio 80	$48	$151	$264	$593
Age Based Portfolio 70	$46	$145	$253	$568
Age Based Portfolio 60	$45	$142	$247	$556
Age Based Portfolio 50	$42	$132	$230	$519
Age Based Portfolio 40	$43	$135	$236	$531
Age Based Portfolio 30	$41	$129	$225	$506
Age Based Portfolio 20	$39	$122	$214	$481
Age Based Portfolio 10	$38	$119	$208	$469
Age Based Portfolio 5	$37	$116	$202	$456
Age Based Low Duration Fixed Income Portfolio	$38	$119	$208	$469
Custom Choice Portfolios				
Custom Choice Portfolio 100	$52	$164	$286	$642
Custom Choice Portfolio 90	$48	$151	$264	$593
Custom Choice Portfolio 80	$48	$151	$264	$593
Custom Choice Portfolio 70	$46	$145	$253	$568
Custom Choice Portfolio 60	$45	$142	$247	$556
Custom Choice Portfolio 50	$42	$132	$230	$519
Custom Choice Portfolio 40	$43	$135	$236	$531
Custom Choice Portfolio 30	$41	$129	$225	$506
Custom Choice Portfolio 20	$39	$122	$214	$481
Custom Choice Portfolio 10	$38	$119	$208	$469
Custom Choice Portfolio 5	$37	$116	$202	$456
Custom Choice Low Duration Fixed Income Portfolio	$38	$119	$208	$469
Custom Choice Fixed Income Portfolio	$33	$103	$180	$406
Custom Choice Short Term Yield Portfolio	$27	$84	$146	$331
Age Based Index Portfolios				
Index Age Based Portfolio 100	$16	$52	$90	$205
Index Age Based Portfolio 90	$16	$52	$90	$205
Index Age Based Portfolio 80	$15	$48	$85	$192
Index Age Based Portfolio 70	$15	$48	$85	$192
Index Age Based Portfolio 60	$15	$48	$85	$192
Index Age Based Portfolio 50	$16	$52	$90	$205
Index Age Based Portfolio 40	$16	$52	$90	$205
Index Age Based Portfolio 30	$16	$52	$90	$205
Index Age Based Portfolio 20	$16	$52	$90	$205
Index Age Based Portfolio 10	$16	$52	$90	$205
Index Age Based Portfolio 5	$16	$52	$90	$205
Index Age Based Low Duration Fixed Income Portfolio	$16	$52	$90	$205

Custom Choice Index Portfolios	1 Year	3 Years	5 Years	10 Years
Custom Choice Index Portfolio 100	$16	$52	$90	$205
Custom Choice Index Portfolio 90	$16	$52	$90	$205
Custom Choice Index Portfolio 80	$15	$48	$85	$192
Custom Choice Index Portfolio 70	$15	$48	$85	$192
Custom Choice Index Portfolio 60	$15	$48	$85	$192
Custom Choice Index Portfolio 50	$16	$52	$90	$205
Custom Choice Index Portfolio 40	$16	$52	$90	$205
Custom Choice Index Portfolio 30	$16	$52	$90	$205
Custom Choice Index Portfolio 20	$16	$52	$90	$205
Custom Choice Index Portfolio 10	$16	$52	$90	$205
Custom Choice Index Portfolio 5	$16	$52	$90	$205
Custom Choice Index Low Duration Fixed Income Portfolio	$16	$52	$90	$205
Custom Choice Index Fixed Income Portfolio	$16	$52	$90	$205

CHANGING THE DESIGNATED BENEFICIARY

Section 529 of the Code generally allows for changes of the Designated Beneficiary without federal income tax consequences, as long as the new Designated Beneficiary is a Member of the Family of the current Designated Beneficiary. Special rules apply to Accounts established by UGMA/UTMA custodians. In addition, Section 529 provides that no federal gift tax or GST tax will result provided the new Designated Beneficiary is a Member of the Family of the current Designated Beneficiary and is assigned to the same generation as or a higher generation than the current Designated Beneficiary. If the new Designated Beneficiary is assigned to a lower generation than the old Designated Beneficiary, the proposed regulations under Section 529 provide that the change will be treated as a taxable gift from the old Designated Beneficiary to the new Designated Beneficiary. If the new Designated Beneficiary is assigned to a generation which is two or more levels lower than the old Designated Beneficiary, the proposed regulations provide that the change will be subject to GST tax. Any change of the Designated Beneficiary to a person who is not a Member of the Family of the current Designated Beneficiary will be treated as a Nonqualified Withdrawal subject to applicable federal and state income taxes as well as the additional 10% federal tax on earnings (discussed on page 38) and the recapture of all previous New Mexico tax deductions taken for Contributions to the Account (discussed on page 38), followed by a new Contribution for the new Designated Beneficiary for federal gift and GST tax purposes. **The Plan does not permit a change of the Designated Beneficiary to a person who is not a Member of the Family of the current Designated Beneficiary.**

To initiate a change of Designated Beneficiary, the Account Owner must complete and submit an Account Maintenance Form (and any additional required documentation) to the Program Manager. The change will be made upon the Program Manager's acceptance of a properly completed form. There is no fee or charge for changing a Designated Beneficiary.

An Account Owner may choose to reinvest amounts currently held in an Account to any of the available Portfolio(s) when changing the Designated Beneficiary for an Account. Account Owners who have chosen the Age Based Approach should note that the Program Manager will change the particular Portfolio the Account is invested in upon a change in the Designated Beneficiary unless the new Designated Beneficiary is in the same age bracket as the original Designated Beneficiary. This Portfolio change will be made by the Program Manager so that the Portfolio is appropriate for the age of the new Designated Beneficiary.

Member of the Family

For purposes of changing the Designated Beneficiary, the definition of a "Member of the Family" of the Designated Beneficiary is:

- a son or daughter, or a descendant of either;
- a stepson or stepdaughter;
- a brother, sister, stepbrother or stepsister;
- the father or mother, or an ancestor of either;
- a stepfather or stepmother;
- a son or daughter of a brother or sister;
- a brother or sister of the father or mother;
- a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law or sister-in-law;
- the spouse of the Designated Beneficiary or any of the foregoing individuals; or
- a first cousin

For purposes of determining who is a "Member of the Family," a legally adopted child of an individual shall be treated as the child of such individual by blood. The terms "brother" and "sister" include half-brothers and half-sisters.

If a change in Designated Beneficiary would cause a violation of the Maximum Account Balance (as discussed on page 14) with respect to the new Designated Beneficiary, the change will not be permitted.

WITHDRAWALS

Account Owners may make withdrawals from their Accounts or terminate their participation in the Plan at any time by notifying the Program Manager at **www.theeducationplan.com** or by calling **1.877.EdPlan8 (1.877.337.5268)**, although by federal law the earnings portion of Nonqualified Withdrawals will be subject to an additional 10% federal tax on earnings (discussed on page 38), in addition to federal and any applicable state taxes that may otherwise be due. Nonqualified Withdrawals are subject to the recapture of all previous New Mexico tax deductions taken for Contributions (discussed on page 38). In the event of a withdrawal or termination, the net asset value of the withdrawal is calculated at the next close of business of the NYSE after the Program Manager's receipt of a written request received in good order.

Procedures for Withdrawals

You may request a withdrawal from your Account by completing and submitting the appropriate form available from the Program Distributor at **www.theeducationplan.com** or by calling **1.877.EdPlan8 (1.877.337.5268)**. However, the Plan reserves the right, subject to applicable law, to prohibit withdrawals of those funds (or their equivalent) for up to 10 calendar days. Distributions from the Plan will not be processed without valid Social Security Numbers or Taxpayer Identification Numbers TINs.

Payments upon withdrawal will generally be made to the Account Owner or the Designated Beneficiary or Eligible Educational Institution (if designated by the Account Owner) in the form of a check mailed promptly following the receipt of redemption proceeds by the Trust from the Underlying Investments. (See "WITHDRAWALS—Qualified Withdrawals" on page 36 for details.) Checks will be sent only to the address of record of the Account Owner or Designated Beneficiary (if designated by the Account Owner), except in the case of direct payment by the Trust to an Eligible Educational Institution.

A signature guarantee may be required for all withdrawal requests above $100,000. You can obtain a signature guarantee from a bank, securities dealer, securities broker, credit union, savings and loan association, national securities exchange or registered securities association. A notary public seal will not be acceptable.

Systematic Withdrawal Feature

The Plan permits Account Owners to make systematic withdrawals from their Account(s). If any withdrawal check is returned as undeliverable, efforts will be made to locate the Account Owner or Designated Beneficiary based on information available to the Trust.

Qualified Withdrawals

In general, a Qualified Withdrawal is any distribution that is used to pay for the Qualified Higher Education Expenses of a Designated Beneficiary. If a Designated Beneficiary or an Account Owner receives a refund from an Eligible Educational Institution, or otherwise, of amounts paid from an Account, any such refund will generally be a Nonqualified Withdrawal unless: (i) it is used for the Designated Beneficiary's Qualified Higher Education Expenses in the same taxable year; (ii) the refunded amount is rolled over to an Account for another Designated Beneficiary who is a member of the family of the original Designated Beneficiary within 60 days of the withdrawal, or to an account in another Section 529 Plan in accordance with section 529 of the Code; or satisfies the conditions required for a recontribution described below.

If a withdrawal is made to pay for Qualified Higher Education Expenses for a Designated Beneficiary and the Designated Beneficiary receives a refund from the Eligible Educational Institution, the amount withdrawn will not be treated as a Nonqualified Withdrawal to the extent that amounts are recontributed to a Section 529 plan account for that Designated Beneficiary no more than 60 days after the date of the refund and the recontributed amount does not exceed the amount of the refund. The Account Owner is responsible for identifying to the Program Manager any contribution to an Account that qualifies for the treatment described in this paragraph and for certifying to the Program Manager that the conditions for such treatment have been satisfied.

Procedures for Qualified Withdrawls

To make a Qualified Withdrawal from an Account, the Account Owner must complete and submit a Withdrawal Request Form to the Program Manager at **www.theeducationplan.com** or by calling **1.877.EdPlan8 (1.877.337.5268)**.

You may request a withdrawal at any time (subject to a 5 business day hold following each Contribution).

A separate withdrawal form must be submitted for each withdrawal.

At the Account Owner's request, Qualified Withdrawals may be paid to the Account Owner, the Designated Beneficiary or an Eligible Educational Institution or other ways as determined by the Board. Under the Plan, at the direction of the Account Owner, Qualified Withdrawals may be paid in one of three ways: (1) directly to the Eligible Educational Institution; (2) directly to the Account Owner or Designated Beneficiary if the Account Owner or Designated Beneficiary has paid the Qualified Higher Education Expenses and is seeking reimbursement; or (3) directly to the Account Owner or Designated Beneficiary in expectation of payment of Qualified Higher Education Expenses by the Account Owner or Designated Beneficiary.

Please contact the Program Manager at **www.theeducationplan.com** or by calling **1.877.EdPlan8 (1.877.337.5268)** to request a Qualified Withdrawal and to make arrangements for how it will be paid.

Qualified Higher Education Expenses

Qualified Higher Education Expenses currently include tuition, fees, books, supplies and equipment required for the enrollment or attendance of a Designated Beneficiary at an Eligible Educational Institution, as well as expenses for special needs services in the case of a special needs Designated Beneficiary who incurs such expenses in connection with enrollment or attendance at an Eligible Educational Institution. Also included is an amount for the room and board incurred by a Designated Beneficiary while attending an Eligible Educational Institution at least half-time. The limit for annual room and board expense for on and off campus housing is the allowance included in the "cost of attendance" at the Eligible Educational Institution, or, if greater, the actual amount charged by the Eligible Educational Institution for room and board costs for the applicable period. Designated Beneficiaries will be considered to be enrolled at least half-time if they are enrolled for at least half the full-time academic workload for the course of study being pursued as determined under the standards of the Eligible Educational Institution where they are enrolled. The institution's standard for a full-time workload must equal or exceed a standard established by the United States Department of Education under the Higher Education Act of 1965, as in effect on June 7, 2001. A Designated Beneficiary need not be enrolled at least half-time to use a Qualified Withdrawal to pay for expenses relating to tuition, fees, books, supplies, equipment and special needs services.

Qualified Higher Education Expenses also include expenses for the purchase of computer and any related peripheral equipment, computer software, or Internet access and related services, if such equipment, software, or services are to be used primarily by the Designated Beneficiary during any of the years the Designated Beneficiary is enrolled at an Eligible Educational Institution regardless of whether such technology or equipment is required by the Eligible Educational Institution. Computer software means any program designed to cause a computer to perform a desired function. Such term does not include any database or similar item unless the database or item is in the public domain and is incidental to the operation of otherwise qualifying computer software. Computer software designed for sports, games, or hobbies is not included unless this software is predominantly educational in nature.

As a result of federal tax law changes signed into law on December 22, 2017, the definition of Qualified Higher Education Expenses has been expanded to include tuition expenses for K-12 Schools. K-12 Schools are elementary or secondary public, private, or religious schools. Effective January 1, 2018, this expansion of Qualified Higher Education Expenses, permits Account owners to withdraw up to $10,000 for tuition expenses from a 529 college savings account for K-12 Schools free of federal income taxes. This limitation applies on a per-student basis, rather than a per-account basis. Although an individual may be the designated beneficiary of multiple accounts, that individual may receive a maximum of $10,000 in distributions free of federal tax, regardless of whether the funds are distributed from multiple accounts. Before using the Plan to save for tuition expenses at K-12 Schools, or making withdrawals from the Plan for tuition expenses at K-12 Schools, Account Owners should consider that the Investment Portfolios within the Plan were designed for college savers (e.g., persons saving for undergraduate and graduate school) not saving for tuition expenses at K-12 Schools, and therefore Account Owners should take into account their investment horizon before making contributions to the Plan,

Under current New Mexico tax law, contributions to the New Mexico 529 plans by a New Mexico individual taxpayer may be deducted for New Mexico individual income tax purposes. In certain circumstances, the amounts deducted may be recaptured in subsequent years. Despite the new federal law changes for tuition expenses for K-12 Schools, it is possible that such K-12 tuition expenses will not constitute Qualified Higher Education Expenses under the New Mexico tax code, thereby resulting in a recapture of any deduction related to amounts distributed for such K-12 tuition expenses. In addition, amounts previously deducted for New Mexico income tax purposes will be recaptured if they are distributed from a New Mexico 529 plan account to a Qualified ABLE program, including the ABLE program offered in the State of New Mexico (notwithstanding that such a transfer is a Qualified Withdrawal for federal tax purposes). Account Owners who are New Mexico taxpayers should consult their own tax advisors before making withdrawals from a New Mexico 529 plan for K-12 tuition expenses or transferring funds from a New Mexico 529 Plan to a Qualified ABLE Program.

As of the date of this Plan Description, the IRS has not issued regulations on the recent tax law changes. Therefore, the information presented is based on a good faith interpretation of the statutory language. If, and when, material updates become available we will update the Plan's website and this Plan Description. The Account Owner, not the Plan or the Program Manager, will be responsible for any losses or taxes arising from the use of the Plan for tuition expenses at K-12 Schools. Please consult with your tax advisor for more information.

The definition of Qualified Higher Education Expenses may change from time to time if there are changes in the Code or in regulations or regulatory interpretations under the Code. Please contact your legal or tax advisor to determine whether particular expenses are Qualified Higher Education Expenses.

Eligible Educational Institutions

Generally, Eligible Educational Institutions include accredited post-secondary educational institutions offering credit toward an associate's degree, a bachelor's degree, a graduate level or professional degree, or another recognized post-secondary credential, and certain post-secondary vocational and proprietary institutions. Such institutions must be eligible to participate in United States Department of Education student financial aid programs.

The definition of an Eligible Educational Institution may change from time to time if there are changes in the Code or in regulations or regulatory interpretations under the Code. Please contact your legal or tax advisor to determine whether a particular institution is an Eligible Educational Institution.

Education Credits

The use of a Hope Scholarship tax credit (also known as the American Opportunity tax credit for 2012) or Lifetime Learning tax credit (together, "Education Tax Credits") by an Account Owner or Designated Beneficiary will not affect receipt of benefits from an Account as long as any Qualified Withdrawal from the Account is not used for the same expenses for which the Education Tax Credit was claimed.

Nonqualified Withdrawals

A rollover or transfer to any Account for a Designated Beneficiary who is not a "Member of the Family" of the current Designated Beneficiary will be deemed to be a Nonqualified Withdrawal followed by a new Contribution for the new Designated Beneficiary for federal gift and other tax purposes.

In accordance with Section 529 of the Code, the earnings portion of Nonqualified Withdrawals is treated as income to the distributee and is subject to federal and applicable state income tax as well as an additional 10% federal tax on earnings. For these purposes, the distributee is considered to be the Designated Beneficiary, if the withdrawal is paid to the Designated Beneficiary or to an Eligible Educational Institution on behalf of the Designated Beneficiary, or in all other cases, the Account Owner. Nonqualified Withdrawals are subject to the recapture of all previous New Mexico tax deductions taken for Contributions to the Account. Although the Program Manager, on behalf of the Board, will report the earnings portion of all distributions as required under federal tax law, it is the responsibility of the Account Owner to determine whether the withdrawal is qualified and to calculate and report any resulting tax liability.

Procedures for Nonqualified Withdrawals

To make a Nonqualified Withdrawal from an Account, the Account Owner must complete and submit a Withdrawal Request Form (and any additional required documentation) to the Program Manager at **www.theeducationplan.com** or by calling **1.877.EdPlan8 (1.877.337.5268)**. Upon acceptance of a properly completed Withdrawal Request Form, the Program Manager will generally process the withdrawal within three business days of its acceptance of the request. Payment of the withdrawal may be made by check or through automated clearing house transfer.

You may request a withdrawal at any time (subject to a 5 business day hold following each Contribution). A separate withdrawal form must be submitted for each withdrawal.

Other Withdrawals

Death of Designated Beneficiary

In the event of the death of the Designated Beneficiary, the Account Owner may authorize a change in the Designated Beneficiary for the Account or request a withdrawal of all or a portion of the Account balance. A distribution on account of the death of the Designated Beneficiary if paid to the estate of the Designated Beneficiary will not be subject to the additional 10% federal tax on earnings, but earnings will be subject to federal and any applicable state income tax. A withdrawal of amounts in the Account, if not paid to the Designated Beneficiary's estate, may constitute a Nonqualified Withdrawal, subject to applicable federal and state income taxes at the distributee's tax rate, the additional 10% federal tax on earnings and the recapture of all previous New Mexico tax deductions taken for Contributions related to Nonqualified Withdrawals. Special rules apply to Accounts established by UGMA/UTMA custodians.

Disability of Designated Beneficiary

If the Designated Beneficiary becomes disabled within the meaning of Section 72(m)(7) of the Code, the Account Owner may authorize a change in the Designated Beneficiary for the Account or request a withdrawal of all or a portion of the Account balance. A distribution on account of the disability of the Designated Beneficiary will not be subject to the additional 10% federal tax on earnings, but earnings will be subject to federal and any applicable state income tax at the distributee's tax rate. Special rules apply to Accounts established by UGMA/UTMA custodians.

Receipt of Scholarship

If the Designated Beneficiary receives a qualified scholarship, Account assets up to the amount of the scholarship may be withdrawn without imposition of the additional 10% federal tax on earnings. Special rules apply to Accounts established by UGMA/UTMA custodians. A qualified scholarship includes certain educational assistance allowances under federal law as well as certain payments for educational expenses (or attributable to attendance at certain educational institutions) that are exempt from federal income tax. The earnings portion of the withdrawal is subject to federal and any applicable state income tax at the distributee's tax rate.

Appointment at Certain Specified Military Academies

If the Designated Beneficiary attends the United States Military Academy, the United States Naval Academy, the United States Air Force Academy, the United States Coast Guard Academy, or the United States Merchant Marine Academy, the Account Owner may withdraw an amount up to an amount equal to the costs of advanced education attributable to the Designated Beneficiary's attendance at the institution without incurring the additional 10% federal tax on earnings. The earnings portion of the withdrawal is subject to federal and any applicable state income tax at the distributee's tax rate.

Use of Education Tax Credits

Taxpayers paying Qualified Higher Education Expenses from an Account will not be able to claim Education Tax Credits for the same expenses. Furthermore, expenses used in determining the allowed Education Tax Credits will reduce the amount of a Designated Beneficiary's Qualified Higher Education Expenses to be paid from an Account as a Qualified Withdrawal and may result in taxable withdrawals. Such withdrawals will not be subject to the additional 10% federal tax on earnings.

Rollover Distributions to Another State's Section 529 Plan or a Qualified ABLE Program

An Account Owner may roll over all or part of the balance of an Account to another state's Section 529 Plan or a Qualified ABLE Program without adverse federal tax consequences so long as the amount withdrawn is transferred to the other plan account within 60 days of the withdrawal, and the beneficiary of the new account is (1) a Member of the Family of the Designated Beneficiary of the originating Account or (2) the same Designated Beneficiary as for the originating Account, and in the case of a Section 529 plan, provided no other transfers have occurred with respect to that Designated Beneficiary within the immediately preceding 12-month period. (See "TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS—Rollovers between Section 529 Plans and to a Qualified ABLE Program" on page 41 for details.) In certain cases, at the Account Owner's direction, the Plan may directly transfer a Rollover Distribution to another Account or another state's Section 529 plan or a Qualified ABLE Program. Special rules apply to Accounts established by UGMA/UTMA custodians.

All previous New Mexico tax deductions taken relating to amounts rolled over to another Section 529 Plan are includible in gross income for New Mexico taxpayers.

Exchanges to Another Plan Within the New Mexico 529 Program

A transfer between the Plan and another plan within the New Mexico 529 Program is treated as an investment reallocation, which is allowed twice per calendar year, or upon a change in Designated Beneficiary.

Records Retention

You and/or the Designated Beneficiary should obtain and retain records, receipts, invoices, or other documentation that is adequate to substantiate: (i) expenses which you claim are Qualified Higher Education Expenses; (ii) the death or qualified disability of the Designated Beneficiary; (iii) the receipt by the Designated Beneficiary of a qualified scholarship; (iv) the appointment of the Designated Beneficiary to certain specified military academies; (v) the use of Education Tax Credits; and (vi) that you are entitled to favorable state tax treatment. The Plan is not responsible for determining whether a withdrawal is a Qualified Withdrawal or Nonqualified Withdrawal.

RESIDUAL ACCOUNT BALANCES

If the Designated Beneficiary no longer needs funds for current Qualified Higher Education Expenses, the Account Owner may:

- Request that any remaining funds (including earnings) be paid to the Account Owner or another distributee as described above in "WITHDRAWALS – Procedures for Withdrawals" on page 36, and treated as a Nonqualified Withdrawal. Earnings will be subject to any federal and applicable state income tax and an additional 10% federal tax.
- Authorize a change of Designated Beneficiary for the Account to a Member of the Family of the current Designated Beneficiary. Special rules apply to Accounts established by UGMA/UTMA custodians. (See "CHANGING THE DESIGNATED BENEFICIARY" on page 35 for details).
- Keep the funds in the Account to pay future Qualified Higher Education Expenses (such as graduate or professional school expenses) of the Designated Beneficiary.

TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS

This discussion was written to support the promotion or marketing of the transactions or matters addressed herein. It is not intended or written to be used, and it cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on a taxpayer. A taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

General

The following section is a summary of certain aspects of federal and state income tax and estate, gift and GST taxation of Contributions to and withdrawals from Section 529 Plans. Any tax and legal information in the Plan Description is merely a summary of our understanding and interpretation of some of the current tax rules and guidance and is not exhaustive. Account Owners must consult their tax advisors or legal counsel for advice and information concerning their particular situations. None of the Program Parties or any of their respective representatives may give legal or tax advice.

The tax and legal description contained herein is based on relevant provisions of the Code, regulations proposed under Section 529, IRS notices, IRS rulings, legislative history and interpretations of applicable federal and New Mexico law existing on the date of this Plan Description. It is possible that Congress, the Treasury Department, the IRS, or the courts may take action that will affect Section 529 and the proposed regulations thereunder. Because the proposed regulations do not reflect changes made to Section 529 after their promulgation or interpretations of Section 529 reflected in published guidance from the IRS, it is likely that the final regulations, when issued, will differ significantly from the proposed regulations. (See "PLAN AND PORTFOLIO RISKS—Plan Risks—*Status of Federal and State Law and Regulations Governing the Plan*" on page 44 for details.) Account Owners should consult a qualified tax advisor about the applicability of such changes to their Accounts. State legislation may also affect the state tax treatment of the Plan and Account Owners and Designated Beneficiaries.

In 2008, the IRS issued an Advance Notice of Proposed Rulemaking (the "Notice"), which detailed issues on which the IRS intended to issue new proposed regulations under Section 529 of the Code (the "Proposed Regulations"), including an anti-abuse rule intended to deny the favorable federal tax treatment provided by Section 529 to the extent that transactions involving an account were inconsistent with the education-savings purpose of Section 529 (for example, use of an account to avoid gift or generation-skipping transfer taxes, as a retirement plan, or for other purposes inconsistent with the intent of Section 529). The Notice also indicated that the Proposed Regulations would change certain of the tax consequences described in this Plan Description and that the anti-abuse rule might be applied retroactively. However, the Proposed Regulations have still not been issued, and when and whether these provisions become applicable is uncertain. The following discussion relates to current law and does not further discuss the Notice or the Proposed Regulations.

As a result of federal tax law changes signed into law on December 22, 2017, the definition of Qualified Higher Education Expenses has been expanded to include tuition expenses for K-12 Schools. K-12 Schools are elementary or secondary public, private, or religious schools. Effective January 1, 2018, this expansion of Qualified Higher Education Expenses, permits Account owners to withdraw up to $10,000 for tuition expenses from a 529 college savings account for K-12 Schools free of federal income taxes. This limitation applies on a per-student basis, rather than a per-account basis. Although an individual may be the designated beneficiary of multiple accounts, that individual may receive a maximum of $10,000 in distributions free of federal tax, regardless of whether the funds are distributed from multiple accounts. Before using the Plan to save for tuition expenses at K-12 Schools, or making withdrawals from the Plan for tuition expenses at K-12 Schools, Account Owners should consider that the Investment Portfolios within the Plan were designed for college savers (e.g., persons saving for undergraduate and graduate school) not saving for tuition expenses at K-12 Schools, and therefore Account Owners should take into account their investment horizon before making contributions to the Plan.

Under current New Mexico tax law, contributions to the New Mexico 529 plans by a New Mexico individual taxpayer may be deducted for New Mexico individual income tax purposes. In certain circumstances, the amounts deducted may be recaptured in subsequent years. Despite the new federal law changes for tuition expenses for K-12 Schools, it is possible that such K-12 tuition expenses will not constitute Qualified Higher Education Expenses under the New Mexico tax code, thereby resulting in a recapture of any deduction related to amounts distributed for such K-12 tuition expenses. In addition, amounts previously deducted for New Mexico income tax purposes will be recaptured if they are distributed from a New Mexico 529 plan account to a Qualified ABLE program, including the ABLE program offered in the State of New Mexico (notwithstanding that such a transfer is a Qualified Withdrawal for federal tax purposes). Account Owners who are New Mexico taxpayers should consult their own tax advisors before making withdrawals from a New Mexico 529 plan for K-12 tuition expenses or transferring funds from a New Mexico 529 Plan to a Qualified ABLE Program.

The recent federal tax law changes also permit transfers from a 529 account to an account in a Qualified ABLE Program made before January 1, 2026, without subjecting the transferred amount to federal income tax on earnings, provided certain conditions are met. ABLE accounts are subject to an annual contribution limit (currently $15,000). Transfers from a 529 account that cause the ABLE account to exceed the $15,000 limit will be subject to federal tax. This provision applies to 529 to ABLE transfers made after December 22, 2017.

As of the date of this Plan Description, the IRS has not issued regulations on the recent tax law changes. Therefore, the information presented is based on a good faith interpretation of the statutory language. If, and when, material updates become available we will update the Plan's website and this Plan Description. The Account Owner, not the Plan or the Program Manager, will be responsible for any losses or taxes arising from the use of the Plan for tuition expenses at K-12 Schools. Please consult with your tax advisor for more information. New Mexico state laws and the federal tax laws are subject to change, and none of The Education Trust Board of New Mexico ("Board" or, when applicable, the "Trustee"), the Trust, OFI Private Investments Inc., a subsidiary of OppenheimerFunds, Inc. (the "Program Manager") or its affiliates makes any representations that such state laws or federal tax laws will not be changed or repealed.

Federal Taxation of Contributions to and Withdrawals from Section 529 Plans

Contributions to Section 529 Plans are not deductible for federal income tax purposes. However, any earnings on Contributions are generally not subject to federal income tax until assets are withdrawn. Qualified Withdrawals may be made federal income tax free. The earnings portion of Nonqualified Withdrawals from Section 529 Plans will be subject to federal and any applicable state income tax including an additional 10% federal tax.

There are five types of withdrawals not subject to the additional 10% federal tax on earnings required under Section 529: (i) withdrawals due to the Designated Beneficiary's death (if paid to the Designated Beneficiary's estate) or disability (as defined in Section 72(m)(7) of the Code); (ii) withdrawals due to a scholarship received by the Designated Beneficiary (to the extent the withdrawal does not exceed the amount of the scholarship); (iii) withdrawals made on account of the Designated Beneficiary's attendance at certain specified military academies (up to the costs of advanced education as defined by section 2005(e) of Title 10 of the Code); (iv) withdrawals used to pay expenses that would be Qualified Higher Education Expenses but for the use of Education Tax Credits by the Designated Beneficiary; and (v) qualified rollovers. (See "Rollovers Between Section 529 Plans and to a Qualified ABLE Program" on page 41 for more details.)

The Program Manager will issue an IRS Form 1099-Q in the event of a withdrawal from or trustee-to-trustee rollover from an Account. This form sets forth the total amount of the withdrawal and identifies the earnings portion and the Contribution portion of any such withdrawal. All Accounts for the benefit of a single Beneficiary and having the same Account Owner, including any accounts in other New Mexico Section 529 plans, will be treated as a single account for purposes of calculating the earnings portion of each withdrawal. Thus, if more than one Account is established for a Beneficiary that has the same Account Owner and a Non-Qualified Withdrawal is made from one or more Accounts, the amount to be included in taxable income must be calculated based on the earnings portion of all Accounts. Thus, the amount withdrawn from an Account may carry with it a greater or lesser amount of income than the earnings portion of that Account alone, depending on the earnings portion of other accounts for that Beneficiary. In the case of a Non-Qualified Withdrawal or other taxable distribution, this aggregation rule may result in an Account Owner being taxed upon more or less income than that directly attributable to the earnings portion of the Account from which the withdrawal was made. It is the responsibility of the recipient of the 1099-Q to determine whether a withdrawal is a Qualified Withdrawal or a Non-Qualified Withdrawal and whether any income tax, the 10% additional federal tax and/or the recapture of any previous New Mexico tax deductions may apply.

Recent amendments to Section 529 of the Code have impacted the aggregation requirements applicable to Section 529 plan accounts for purposes of calculating the earnings portion of withdrawals made from such accounts after December 31, 2014. Although the implementation of these amendments is not entirely certain, the earnings portion of any Non-Qualified Withdrawal or other taxable distribution will be continue to be calculated as described above. Implementation of the new aggregation requirements is subject to such future guidance as may be issued by the IRS. In the event that future IRS guidance conflicts with the implementation of the aggregation requirements as described above, there may be a need for the Program Manager to issue amended Form 1099-Qs to recipients of such forms.

Rollovers Between Section 529 Plans and to Qualified ABLE Programs

An Account Owner may roll over all or part of the balance of an account to another state's Section 529 Plan, or to a Qualified ABLE Program made before January 1, 2026, that accepts rollovers without subjecting the rollover amount to the federal income tax on earnings provided certain conditions are met. To do this, the amount withdrawn must be transferred directly to the other Section 529 Plan or Qualified ABLE Program, or placed in the other plan within 60 days of the withdrawal. The Account Owner must provide any information or documentation required by the other Section 529 Plan or Qualified ABLE Program. In general, the amount rolled over must be placed in either an account for a different Designated Beneficiary who is a "Member of the Family" of the current Designated Beneficiary, or in the case of a rollover to another state's Section 529 Plan, an account for the same Designated Beneficiary if no other rollover transfers have occurred with respect to such beneficiary within the past twelve months. ABLE accounts are subject to an annual contribution limit (currently $15,000). Transfers from a 529 account that cause the ABLE account to exceed the $15,000 limit will be subject to federal tax. This provision applies to 529 to ABLE transfers made after December 22, 2017. Any rollovers would be subject to the recapture of previous New Mexico tax deductions taken for Contributions to the Account. Moving Account balances among the Plan and other plans within the New Mexico 529 Program counts as one of the Account Owner's twice-per-calendar-year reallocation of prior Contributions and is not treated as a rollover among Section 529 Plans.

Rollovers from Coverdell ESAs

Amounts contributed to a Section 529 Plan account from a Coverdell ESA will be considered a qualified distribution from such Coverdell ESA and will not be subject to federal income tax or penalty. An individual may make Contributions to and withdrawals from both a Section 529 Plan and a Coverdell ESA in the same year without penalty. However, withdrawals from a Section 529 Plan and a Coverdell ESA in the same year must be used for different expenses in order to be treated as Qualified Withdrawals. To the extent that total withdrawals from a Section 529 Plan and a Coverdell ESA exceed the amount of Qualified Higher Education Expenses under Section 529 of the Code, the recipient must allocate the expenses between the two accounts in order to determine what portion of each withdrawal is tax free.

Rollovers from Series EE and Series I Bonds

Interest on Series EE Bonds issued after December 31, 1989, as well as interest on all Series I Bonds, may be completely or partially excluded from federal income tax if bond proceeds are used to pay certain Qualified Higher Education Expenses at an Eligible Educational Institution or are contributed to a Section 529 Plan account or a Coverdell ESA in the same calendar year the bonds are redeemed. For this purpose, qualifying expenses do not include the cost of books, room and board. The amount of Qualified Higher Education Expenses taken into account in calculating the interest excludable from income is reduced by any scholarships, fellowships, employer-provided educational assistance and other forms of tuition reduction, including a payment or reimbursement of Qualified Higher Education Expenses under a Section 529 Plan. Certain income limitations apply. Provided appropriate documentation is received by the Section 529 Plan receiving the proceeds of the sale of Series EE or Series I bonds, the original purchase price of the bonds redeemed and contributed to the Section 529 Plan will be added to the Contributions portion of the receiving account, with the interest added to earnings.

Hope Scholarship and Lifetime Learning Tax Credits

The use of Education Tax Credits will not affect participation in or receipt of benefits from Section 529 Plans, so long as the distribution from the Section 529 Plan is not used for the same expenses for which an Education Tax Credit was claimed.

Coordination of Benefits

A number of education tax benefits are available in addition to participation in Section 529 Plans. The tax laws provide a number of special rules intended to coordinate these plans and avoid duplication of benefits. Any Account Owner or Designated Beneficiary who intends to utilize more than one of these tax benefits should consult his or her tax advisor or legal counsel for advice on how these special rules may apply to his or her situation.

Federal Gift and Estate Taxes

Contributions (including certain rollover contributions or contributions of funds already held in a UGMA/UTMA account or a trust) to a Section 529 Plan are completed gifts to the Designated Beneficiary that qualify for the $15,000 (or $30,000 for a couple) annual gift and GST tax exclusions. Except in the situations described in the following paragraphs, if the Account Owner were to die while assets remain in a Section 529 Plan account, the value of the account would not be included in the Account Owner's estate. In cases where Contributions to a Section 529 Plan exceed $15,000 annually, the contributor may elect to prorate the Contributions against the annual exclusion equally over a five-year period. For example, a contributor who makes a $75,000 Contribution in one calendar year, and makes no other gifts to the Designated Beneficiary during that calendar year or the next four calendar years, would not incur a federal gift or GST tax. This option is applicable only for Contributions up to $75,000 in a particular year (or $150,000 for spouses electing to split gifts). Any excess during a particular year will be treated as an additional gift in the calendar year of the Contribution. However, any excess gifts may be applied against the contributor's lifetime gift tax exemption and/or the lifetime GST exemption (if applicable). To effect the five-year lump sum Contribution, the contributor must complete an IRS Form 709.

If the Account Owner makes a five-year election and dies before the first day of the fifth calendar year, the portion of the Contribution allocable to the years remaining in the five-year period (beginning with the calendar year after the Account Owner's death) would be included in the Account Owner's estate for federal estate tax purposes.

If the Designated Beneficiary for a Section 529 Plan account is changed or amounts in an account are rolled over, resulting in a new Designated Beneficiary who is in the same generation as, and is a "Member of the Family" of, the current Designated Beneficiary, there are no gift or GST tax consequences. If the new Designated Beneficiary is of a younger generation than the current Designated Beneficiary (even if the new Designated Beneficiary is a "Member of the Family" of the current Designated Beneficiary), the change of beneficiary is treated under the proposed regulations under Section 529 as a gift from the current Designated Beneficiary to the new Designated Beneficiary for federal gift and GST tax purposes. The current Designated Beneficiary could apply his or her gift and GST tax annual exclusion to any such deemed transfer, and could make the five-year averaging election discussed above.

If the Account Owner dies, no portion of the account is included in the Account Owner's estate for federal estate tax purposes (except with respect to Contributions attributed to future years by reason of a five-year election). However, if the Designated Beneficiary dies, the proposed regulations provide that the Designated Beneficiary's interest in a Section 529 account is included in the Designated Beneficiary's gross estate.

Potential Account Owners should consult a qualified tax advisor regarding the specific application of these rules to their particular circumstances.

State Tax Treatment for New Mexico Taxpayers

Contributions to the Plan by a New Mexico individual taxpayer may be deducted from net income for New Mexico individual income tax purposes. The total payments made on behalf of any one Designated Beneficiary that may be deducted shall not exceed the cost of attendance at the applicable Eligible Educational Institution, as determined by the Board. All earnings of an Account Owner or Designated Beneficiary from an investment in the Plan are exempt from New Mexico individual income taxes; however, Nonqualified Withdrawals and refunds to an Account Owner from the Plan are subject to New Mexico individual income tax and the recapture of all previous New Mexico tax deductions taken for Contributions related to such withdrawal.

Despite the new federal law changes to expand the definition of Qualified Higher Education Expenses to include tuition expenses for K-12 Schools, it is possible that such K-12 tuition expenses will not constitute Qualified Higher Education Expenses under the New Mexico tax code, thereby resulting in a recapture of any deduction related to amounts distributed for such K-12 tuition expenses. In addition, amounts previously deducted for New Mexico income tax purposes will be recaptured if they are distributed from a New Mexico 529 plan account to a Qualified ABLE program, including the ABLE program offered in the State of New Mexico (notwithstanding that such a transfer is a Qualified Withdrawal for federal tax purposes). Account Owners who are New Mexico taxpayers should consult their own tax advisors before making withdrawals from a New Mexico 529 plan for K-12 tuition expenses or transferring funds from a New Mexico 529 Plan to another state's Section 529 Plan or Qualified ABLE Program.

Account Owners should consider the potential impact of income taxes that may be imposed by states where they and their Designated Beneficiaries reside. State or local taxes may apply to withdrawals from and/or accumulated earnings within the Plan, depending on the residency or domicile of the Account Owner or the Designated Beneficiary. Account Owners and Designated Beneficiaries should consult their tax advisors about the applicability, if at all, of state or local taxes.

Treatment by Other States

The consequences to an Account Owner or Designated Beneficiary of an investment in the Plan vary depending on their state of residence. State tax features vary by Section 529 Plan and the Account Owner's or the Designated Beneficiary's home state may offer favorable state tax treatment or other benefits, such as financial aid, scholarship funds, and protection from creditors that are only available for investments in the home state's qualified tuition program. Any state-based benefit offered with respect to a particular Section 529 Plan should be one of the many appropriately weighted factors to be considered in making an investment decision. An investor should consult with his or her financial, tax or other adviser to learn more about how state-based benefits (including any limitations) would apply to his or her specific circumstances and may also wish to contact his or her home state or any other Section 529 Plan to learn more about the features, benefits and limitations of that state's Section 529 Plan.

PLAN AND PORTFOLIO RISKS

Prospective Account Owners should carefully consider the information in this section, as well as the information in the rest of this Plan Description and the accompanying Plan materials, before making any decisions to establish an Account or make Contributions. This Plan Description should not be construed to be legal, financial or tax advice. Prospective Account Owners should consult an attorney or financial or tax advisor with any legal, business or tax questions they may have.

The Plan is an investment vehicle. Accounts in the Plan are subject to certain risks. In addition, certain Portfolios carry more or different risks than others. Account Owners should weigh such risks with the understanding that they could arise at any time during the life of an Account.

Plan Risks

No Guarantee of Income or Principal; No Insurance. Investments are subject to standard investment risks, including (but not limited to) market and interest rate risk, and you could lose money by investing in the Plan. The value of an Account may increase or decrease over time based on the performance of the Portfolio(s). This may result in the value of the Account being more or less than the amount contributed. None of the Program Parties or any of their affiliates makes any guarantee of, nor has any legal obligations to ensure, the ultimate payout of any amount, including a return of Contributions made to an Account. There is no guarantee that the future Account value will be sufficient to cover Qualified Higher Education Expenses at the time of withdrawal. In addition, no level of investment return is guaranteed by any of the Program Parties. Under New Mexico law, neither the New Mexico 529 Program, the Plan, the Board, any member of the Board or the State of New Mexico insures any Account or guarantees any rate of return or any interest rate on any Contribution, and neither the New Mexico 529 Program, the Plan, the Board, any member of the Board or the State of New Mexico is liable for any loss incurred by any person as a result of participating in the New Mexico 529 Program.

Limited Liquidity. The circumstances under which Account assets may be withdrawn without a penalty or adverse tax consequences are limited. This reduces the liquidity of an investment in the Account. Amounts invested in an Account may not be pledged, assigned or otherwise be used as collateral or security for a loan.

Limited Investment Direction. In general, an Account Owner or contributor may not direct the investment of an Account. However, once an investment selection has been made at the time an Account is established, an Account Owner may only change how previous Contributions (and any earnings thereon) have been allocated among the available Portfolios for all Accounts for the same Designated Beneficiary twice-per-calendar year or upon a change of the Designated Beneficiary.

A Portfolio's assets are to be invested by the Program Manager in accordance with an investment policy that is established by the Board, which may change the investment policy for the Portfolio at any time.

Potential Plan Adjustments. The Board may, during the life of the Plan, make enhancements to the Plan, such as inclusion of additional Portfolios. There are no plans to discontinue or suspend offering the Plan. Account Owners who have established Accounts prior to the time an enhancement is made available may be required by the Board to participate in such changes, or, conversely, may be limited in their ability to participate in such enhancements under federal tax law, unless they open a new Account. For instance, if the Board makes changes to the Underlying Investments or allocations of a Portfolio, an Account Owner who has already made the permitted twice-per-calendar-year investment direction cannot change Investment Options until the following calendar year without incurring taxes and penalties. OFI Private Investments Inc. may not continue as Program Manager and one or more of the current Investment Managers may not continue as investment managers for the Underlying Investments for the entire period an Account is open. OFI Private Investments Inc.'s term under its contract with the Board extends to June 30, 2020, subject to earlier termination in certain circumstances. The Board, at its sole discretion, may hire new or additional program managers or investment managers in the future to manage all or part of the Plan's assets.

The term of each Investment Manager's subcontract with the Program Manager extends indefinitely until it is terminated. The Portfolios and the Underlying Investments may be changed at any time, without notice to or consent by Account Owners. Keep in mind that if the investments selected for the Portfolios change in the future, the risks associated with investing in the Trust may change. During a transition from investment in one Underlying Investment to investment in another Underlying Investment, a Portfolio may be temporarily uninvested and lack market exposure to such asset class, and the transaction costs associated with such liquidation, as well as any market impact on the value of the securities being liquidated, will be borne by the Portfolio and Accounts invested in such Portfolio. The Plan may offer different investment approaches under a successor program manager, and investment results achieved by a successor investment manager may be different than those achieved by the current Investment Managers. There is no assurance that the Plan fees and charges or the other terms and conditions of the Participation Agreement will continue without material change.

Status of Federal and State Law and Regulations Governing the Plan. Federal and New Mexico law and regulations governing the administration of Section 529 Plans could change in the future. In addition, state and federal laws, or court decisions, regarding the funding of Qualified Higher Education Expenses, treatment of financial aid, and tax matters are subject to frequent change and may be retroactive. It is unknown what effect these kinds of changes could have on an Account. Because the regulations proposed under Section 529 of the Code do not reflect changes to Section 529 after their promulgation, it is likely that the final regulations, when issued, will differ significantly from the proposed regulations. Changes in the law governing the federal and/or state tax consequences described above might necessitate material changes to the Plan for the anticipated federal tax consequences to apply.

Suitability. None of the Program Parties makes any representation regarding the suitability or appropriateness of any Portfolio within the Plan. Other types of investments may be more appropriate depending upon the financial status, tax situation (including state tax benefits that may be provided by Section 529 Plans offered by the Account Owner's or Designated Beneficiary's home state), risk tolerance, age, investment goals, savings needs and investment time horizons of the Account Owner or the Designated Beneficiary. Anyone considering investing in the Plan should consult a tax or investment adviser to seek advice concerning the appropriateness of this investment.

Limited Operating History. Certain of the Portfolios are relatively new and do not have significant operating or investment performance history.

No Guarantee of Performance. Past performance information for Portfolios are not indicative of the future performance of any particular Portfolio. The investment results of any Portfolio for any period cannot be expected to be similar to its investment performance for any prior period. In addition, in view of the anticipated periodic determinations of such investment allocations and selection of Underlying Investments for each Portfolio, the future investment results of any Portfolio cannot be expected, for any period, to be similar to the past performance of any other Portfolios or Underlying Investments. Portfolio performance information will be made available on the Plan's website at **www.theeducationplan.com**.

Treatment for Federal, State and Institutional Financial Aid Purposes. The treatment of Account assets may have a material adverse effect on the Designated Beneficiary's eligibility to receive assistance under various federal, state, and institutional financial aid programs. For federal financial aid purposes, Account assets will be considered (i) assets of a student's parent, if the student is a dependent student and the owner of the account is the parent or the student, or (ii) assets of the student, if the student is the owner of the account and not a dependent student. For purposes of financial aid programs offered by states and educational institutions, the treatment of Account assets may follow or differ from the treatment described above for federal financial aid purposes. For example, based on current New Mexico law, benefits received under Section 529 plans are excluded from any calculation of a beneficiary's eligibility for financial aid from the State. The federal and state financial aid program treatments of Section 529 Plan accounts are subject to change at any time. Account Owners and Designated Beneficiaries are advised to consult a financial aid professional and/or the state or educational institution offering a particular financial aid program, to determine how assets held in an Account may affect eligibility for financial aid.

Inflation and Qualified Higher Education Expenses. Contributions to an Account are limited and the balance in an Account(s) maintained for a Designated Beneficiary may or may not be adequate to cover the Qualified Higher Education Expenses of that Designated Beneficiary even if Contributions are made in the maximum allowable amount. The rate of future inflation in Qualified Higher Education Expenses is uncertain and could exceed the rate of investment return earned by any or all of the Plan's Portfolios over the corresponding periods.

No Guarantees by an Educational Institution. There is no guarantee that a Designated Beneficiary will (a) be admitted to any educational institution, (b) be permitted to continue to attend such institution, (c) graduate or receive a degree from such an institution, (d) be treated as a state resident of any state for tuition or any other purpose, or (e) receive any particular treatment under applicable federal or state financial aid programs.

Alternative Education Savings and Investments. Other Section 529 Plans, including Scholar's Edge® within the New Mexico 529 Program, and other education savings and investment programs are currently available to prospective Account Owners. These alternative education savings and investment programs may (a) offer benefits, including state tax benefits, that are not available under the Plan, (b) offer different investment options, and (c) involve different tax consequences, risks, fees, expenses and other features than the Plan. Prospective Account Owners should consider other savings and investment alternatives before establishing an Account in the Plan. Prospective Account Owners who are not New Mexico residents should consider a Section 529 Plan established and maintained by their own state.

Medicaid and Other Federal and State Non-Educational Benefits. An Account Owner or a Designated Beneficiary may seek eligibility for Medicaid, and the impact of the existence of an Account in the name of an Account Owner on behalf of a Designated Beneficiary is not clear. There is no assurance that an Account will not be treated as a "countable resource" in determining the financial eligibility of either an Account Owner or a Designated Beneficiary for Medicaid. In addition, withdrawals from an Account, whether a Qualified Withdrawal or a Non-Qualified Withdrawal, may delay Medicaid payments to an Account Owner or a Designated Beneficiary, as the case may be. Account Owners and Designated Beneficiaries should consult their own qualified advisors as to the impact that an Account and withdrawals from an Account may have on Medicaid eligibility and the timing of Medicaid payments.

Management Risk. The risk that the asset allocation strategy approved by the Board and described in this Plan Description may fail to produce the intended results.

Principal Investment Risks of the Underlying Investments

The risks of investing in the Plan also include the risks of investing in the Underlying Investments. The board of trustees and/or investment manager for a particular Underlying Investment, and not the Program Manager or the Board, manage and operate and determine the investment policies of the Underlying Investment. Please see Appendix A to determine which risks are applicable to each of the Underlying Investments.

Principal Investment Risks of the Oppenheimer Funds

Risks of Investing in Stocks. The value of the Underlying Investment's portfolio may be affected by changes in the stock markets. Stock markets may experience significant short-term volatility and may fall sharply at times. Adverse events in any part of the equity or fixed-income markets may have unexpected negative effects on other market segments. Different stock markets may behave differently from each other and U.S. stock markets may move in the opposite direction from one or more foreign stock markets.

The prices of individual stocks generally do not all move in the same direction at the same time. A variety of factors can affect the price of a particular company's stock. These factors may include, but are not limited to: poor earnings reports, a loss of customers, litigation against the company, general unfavorable performance of the company's sector or industry, or changes in government regulations affecting the company or its industry. To the extent that securities of a particular type are emphasized, (for example foreign stocks, stocks of small- or mid-cap companies, growth or value stocks, or stocks of companies in a particular industry), fund share values may fluctuate more in response to events affecting the market for those types of securities.

Risks of Growth Investing. If a growth company's earnings or stock price fails to increase as anticipated, or if its business plans do not produce the expected results, its securities may decline sharply. Growth companies may be newer or smaller companies that may experience greater stock price fluctuations and risks of loss than larger, more established companies. Newer growth companies tend to retain a large part of their earnings for research, development or investments in capital assets. Therefore, they may not pay any dividends for some time. Growth investing has gone in and out of favor during past market cycles and is likely to continue to do so. During periods when growth investing is out of favor or when markets are unstable, it may be more difficult to sell growth company securities at an acceptable price. Growth stocks may also be more volatile than other securities because of investor speculation.

Risks of Value Investing. Value investing entails the risk that if the market does not recognize that the Underlying Investment's securities are undervalued, the prices of those securities might not appreciate as anticipated. A value approach could also result in fewer investments that increase rapidly during times of market gains and could cause the Underlying Investment to underperform funds that use a growth or non-value approach to investing. Value investing has gone in and out of favor during past market cycles and when value investing is out of favor or when markets are unstable, the securities of "value" companies may underperform the securities of "growth" companies.

Risks of Small- and Mid-Cap Companies. Small-cap companies may be either established or newer companies, including "unseasoned" companies that have typically been in operation for less than three years. Mid-cap companies are generally companies that have completed their initial start-up cycle, and in many cases have established markets and developed seasoned market teams. While smaller companies might offer greater opportunities for gain than larger companies, they also may involve greater risk of loss. They may be more sensitive to changes in a company's earnings expectations and may experience more abrupt and erratic price movements. Small- and mid-cap companies' securities may trade in lower volumes and it might be harder for the Underlying Investment to dispose of its holdings at an acceptable price when it wants to sell them. Small- and mid-cap companies may not have established markets for their products or services and may have fewer customers and product lines. They may have more limited access to financial resources and may not have the financial strength to sustain them through business downturns or adverse market conditions. Since small- and mid-cap companies typically reinvest a high proportion of their earnings in their business, they may not pay dividends for some time, particularly if they are newer companies. Small- and mid-cap companies may have unseasoned management or less depth in management skill than larger, more established companies. They may be more reliant on the efforts of particular members of their management team and management changes may pose a greater risk to the success of the business. It may take a substantial period of time before the Underlying Investment realizes a gain on an investment in a small- or mid-cap company, if it realizes any gain at all.

Risks of Other Equity Securities. Most convertible securities are subject to the risks and price fluctuations of the underlying stock. They may be subject to the risk that the issuer will not be able to pay interest or dividends when due and their market value may change based on changes in the issuer's credit rating or the market's perception of the issuer's creditworthiness. Some convertible preferred stocks have a conversion or call feature that allows the issuer to redeem the stock before the conversion date, which could diminish the potential for capital appreciation on the investment. The fixed dividend rate of preferred stocks may cause their prices to behave more like those of debt securities. If interest rates rise, the value of preferred stock having a fixed dividend rate tends to fall. Preferred stock generally ranks behind debt securities in claims for dividends and assets of the issuer in a liquidation or bankruptcy. The price of a warrant does not necessarily move parallel to the price of the underlying security and is generally more volatile than that of the underlying security. Rights are similar to warrants, but normally have a shorter duration. The market for rights or warrants may be very limited and it may be difficult to sell them promptly at an acceptable price. Rights and warrants have no voting rights, receive no dividends and have no rights with respect to the assets of the issuer.

Risks of Small-Cap Companies. Small-cap companies may be either established or newer companies, including "unseasoned" companies that have typically been in operation for less than three years. While smaller companies might offer greater opportunities for gain than larger companies, they also involve greater risk of loss. They may be more sensitive to changes in a company's earnings expectations and may experience more abrupt and erratic price movements. Smaller companies' securities often trade in lower volumes and it might be harder for the Underlying Investment to dispose of its holdings at an acceptable price when it wants to sell them. Small-cap companies may not have established markets for their products or services and may have fewer customers and product lines. They may have more limited access to financial resources and may not have the financial strength to sustain them through business downturns or adverse market conditions. Since small-cap companies typically reinvest a high proportion of their earnings in their business, they may not pay dividends for some time, particularly if they are newer companies. Small-cap companies may have unseasoned management or less depth in management skill than larger, more established companies. They may be more reliant on the efforts of particular members of their management team and management changes may pose a greater risk to the success of the business. It may take a substantial period of time before the Underlying Investment realizes a gain on an investment in a small-sized company, if it realizes any gain at all.

Risks of Derivative Investments. Derivatives may involve significant risks. Derivatives may be more volatile than other types of investments, may require the payment of premiums, may increase portfolio turnover, may be illiquid, and may not perform as expected. Derivatives are subject to counterparty risk and the Underlying Investment may lose money on a derivative investment if the issuer or counterparty fails to pay the amount due. Some derivatives have the potential for unlimited loss, regardless of the size of the Underlying Investment's initial investment. As a result of these risks, the Underlying Investment could realize little or no income or lose money from its investment, or a hedge might be unsuccessful. In addition, under new rules enacted and currently being implemented under financial reform legislation, certain over-the-counter derivatives are (or soon will be) required to be executed on a regulated market and/or cleared through a clearinghouse. It is unclear how these regulatory changes will affect counterparty risk, and entering into a derivative transaction with a clearinghouse may entail further risks and costs.

Risks of Investing in Debt Securities. Debt securities may be subject to interest rate risk, duration risk, credit risk, credit spread risk, extension risk, reinvestment risk, prepayment risk and event risk. Interest rate risk is the risk that when prevailing interest rates fall, the values of already-issued debt securities generally rise; and when prevailing interest rates rise, the values of already-issued debt securities generally fall, and therefore, those debt securities may be worth less than the amount the Underlying Investment paid for them or valued them. When interest rates change, the values of longer-term debt securities usually change more than the values of shorter-term debt securities. Risks associated with rising interest rates are heightened given that interest rates in the U.S. are near historic lows. Duration is a measure of the price sensitivity of a debt security or portfoilio to interest rate changes. Duration risk is the risk that longer-duration debt securities will be more volatile and thus more likely to decline in price, and to a greater extent, in a rising interest rate environment than shorter-duration debt securities. Credit risk is the risk that the issuer of a security might not make interest and principal payments on the security as they become due. If an issuer fails to pay interest or repay principal, the Underlying Investment's income or share value might be reduced. Adverse news about an issuer or a downgrade in an issuer's credit rating, for any reason, can also reduce the market value of the issuer's securities. "Credit spread" is the difference in yield between securities that is due to differences in their credit quality. There is a risk that credit spreads may increase when the market expects lower-grade bonds to default more frequently. Widening credit spreads may quickly reduce the market values of the Underlying Investment's lower-rated and unrated securities. Some unrated securities may not have an active trading market or may trade less actively than rated securities, which means that the Underlying Investment might have difficulty selling them promptly at an acceptable price. Extension risk is the risk that an increase in interest rates could cause prepayments on a debt security to occur at a slower rate than expected. Extension risk is particularly prevalent for a callable security where an increase in interest rates could result in the issuer of that security choosing not to redeem the security as anticipated on the security's call date. Such a decision by the issuer could have the effect of lengthening the debt security's expected maturity, making it more vulnerable to interest rate risk and reducing its market value. Reinvestment risk is the risk that when interest rates fall the Underlying Investment may be required to reinvest the proceeds from a security's sale or redemption at a lower interest rate. Callable bonds are generally subject to greater reinvestment risk than non-callable bonds. Prepayment risk is the risk that the issuer may redeem the security prior to the expected maturity or that borrowers may repay the loans that underlie these securities more quickly than expected, thereby causing the issuer of the security to repay the principal prior to the expected maturity. The Underlying Investment may need to reinvest the proceeds at a lower interest rate, reducing its income. Event risk is the risk that an issuer could be subject to an event, such as a buyout or debt restructuring that interferes with its ability to make timely interest and principal payments and cause the value of its debt securities to fall.

Fixed-Income Market Risks. The fixed-income securities market can be susceptible to increases in volatility and decreases in liquidity. Liquidity may decline unpredictably in response to overall economic conditions or credit tightening. During times of reduced market liquidity, the Underlying Investment may not be able to readily sell bonds at the prices at which they are carried on the Underlying Investment's books and could experience a loss. If the Underlying Investment needed to sell large blocks of bonds to meet shareholder redemption requests or to raise cash, those sales could further reduce the bonds' prices, particularly for lower-rated and unrated securities. An unexpected increase in redemptions by Underlying Investment shareholders (including requests from shareholders who may own a significant percentage of the Underlying Investment's shares), which may be triggered by general market turmoil or an increase in interest rates, as well as other adverse market and economic developments, could cause the Underlying Investment to sell its holdings at a loss or at undesirable prices and adversely affect the Underlying Investment's share price and increase the Underlying Investment's liquidity risk, Underlying Investment expenses and/or taxable distributions. As of the date of the Underlying Investment's prospectus, interest rates in the U.S. are near historically low levels, increasing the exposure of bond investors to the risks associated with rising interest rates.

Economic and other market developments can adversely affect fixed-income securities markets in the United States, Europe and elsewhere. At times, participants in debt securities markets may develop concerns about the ability of certain issuers of debt securities to make timely principal and interest payments, or they may develop concerns about the ability of financial institutions that make markets in certain debt securities to facilitate an orderly market. Those concerns may impact the market price or value of those debt securities and may cause increased volatility in those debt securities or debt securities markets. Under some circumstances, those concerns may cause reduced liquidity in certain debt securities markets, reducing the willingness of some lenders to extend credit, and making it more difficult for borrowers to obtain financing on attractive terms (or at all). A lack of liquidity or other adverse credit market conditions may hamper the Underlying Investment's ability to sell the debt securities in which it invests or to find and purchase suitable debt instruments.

Although the Underlying Investment invest in securities that are issued or guaranteed by the U.S. government or its agencies or instrumentalities, the Underlying Investment also invests in securities issued by private issuers, which do not have any government guarantees. While the Underlying Investment's investments in U.S. government securities may be subject to little credit risk, the Underlying Investment's other investments in debt securities are subject to risks of default.

Risks of Foreign Investing. Foreign securities are subject to special risks. Securities traded in foreign markets may be less liquid and more volatile than those traded in U.S. markets. Foreign issuers are usually not subject to the same accounting and disclosure requirements that U.S. companies are subject to, which may make it difficult for the Underlying Investment to evaluate a foreign company's operations or financial condition. A change in the value of a foreign currency against the U.S. dollar will result in a change in the U.S. dollar value of investments denominated in that foreign currency and in the value of any income or distributions the Underlying Investment may receive on those investments. The value of foreign investments may be affected by exchange control regulations, foreign taxes, higher transaction and other costs, delays in the settlement of transactions, changes in economic or monetary policy in the United States or abroad, expropriation or nationalization of a company's assets, or other political and economic factors. In addition, due to the inter-relationship of global economies and financial markets, changes in political and economic factors in one country or region could adversely affect conditions in another country or region. Investments in foreign securities may also expose the Underlying Investment to time-zone arbitrage risk. Foreign securities may trade on weekends or other days when the Underlying Investment does not price its shares. As a result, the value of the Underlying Investment's net assets may change on days when you will not be able to purchase or redeem the Underlying Investment's shares. At times, the Underlying Investment may emphasize investments in a particular country or region and may be subject to greater risks from adverse events that occur in that country or region. Foreign securities and foreign currencies held in foreign banks and securities depositories may be subject to only limited or no regulatory oversight.

Risks of Developing and Emerging Markets. Investments in developing and emerging markets are subject to all the risks associated with foreign investing; however, these risks may be magnified in developing and emerging markets. Developing or emerging market countries may have less well-developed securities markets and exchanges that may be substantially less liquid than those of more developed markets. Settlement procedures in developing or emerging markets may differ from those of more established securities markets, and settlement delays may result in the inability to invest assets or to dispose of portfolio securities in a timely manner. Securities prices in developing or emerging markets may be significantly more volatile than is the case in more developed nations of the world, and governments of developing or emerging market countries may also be more unstable than the governments of more developed countries. Such countries' economies may be more dependent on relatively few industries or investors that may be highly vulnerable to local and global changes. Developing or emerging market countries also may be subject to social, political or economic instability. The value of developing or emerging market countries' currencies may fluctuate more than the currencies of countries with more mature markets. Investments in developing or emerging market countries may be subject to greater risks of government restrictions, including confiscatory taxation, expropriation or nationalization of a company's assets, restrictions on foreign ownership of local companies, restrictions on withdrawing assets from the country, protectionist measures, and practices such as share blocking. In addition, the ability of foreign entities to participate in privatization programs of certain developing or emerging market countries may be limited by local law. Investments in securities of issuers in developing or emerging market countries may be considered speculative.

Risks of Senior Loans and Other Loans. In addition to the risks typically associated with debt securities, such as credit and interest rate risk, senior loan are also subject to the risk that a court could subordinate a senior loan, which typically holds a senior position in the capital structure of a borrower, to presently existing or future indebtedness or take other action detrimental to the holders of senior loans. Loans usually have mandatory and optional prepayment provisions. If a borrower prepays a loan, the Underlying Investment will have to reinvest the proceeds in other loans or financial assets that may pay lower rates of return.

Loans are subject to the risk that the value of the collateral, if any, securing a loan may decline, be insufficient to meet the obligations of the borrower, or be difficult to liquidate. In the event of a default, the Underlying Investment may have difficulty collecting on any collateral and would not have the ability to collect on any collateral for an uncollateralized loan. In addition, the lenders' security interest or their enforcement of their security under the loan agreement may be found by a court to be invalid or the collateral may be used to pay other outstanding obligations of the borrower. The Underlying Investment's access to collateral, if any, may be limited by bankruptcy, other insolvency laws, or by the type of loan the Underlying Investment has purchased. As a result, a collateralized loan may not be fully collateralized and can decline significantly in value.

Loan investments are often issued in connection with highly leveraged transactions. Such transactions include leveraged buyout loans, leveraged recapitalization loans, and other types of acquisition financing. These obligations are subject to greater credit risks than other investments including a greater possibility that the borrower may default or enter bankruptcy.

Due to restrictions on transfers in loan agreements and the nature of the private syndication of loans including, for example, the lack of publicly-available information, some loans are not as easily purchased or sold as publicly-traded securities. Some loans are illiquid, which may make it difficult for the Underlying Investment to value them or dispose of them at an acceptable price when it wants to. The market price of investments in floating rate loans is expected to be less affected by changes in interest rates than fixed-rate investments because floating rate loans pay a floating rate of interest that will fluctuate as market interest rates do and therefore should more closely track market movements in interest rates.

Compared to securities and to certain other types of financial assets, purchases and sales of loans take relatively longer to settle. This extended settlement process can (i) increase the counterparty credit risk borne by the Underlying Investment; (ii) leave the Underlying Investment unable to timely vote, or otherwise act with respect to, loans it has agreed to purchase; (iii) delay the Underlying Investment from realizing the proceeds of a sale of a loan; (iv) inhibit the Underlying Investment's ability to re-sell a loan that it has agreed to purchase if conditions change (leaving the Underlying Investment more exposed to price fluctuations); (v) prevent the Underlying Investment from timely collecting principal and interest payments; and (vi) expose the Underlying Investment to adverse tax or regulatory consequences.

To the extent the extended loan settlement process gives rise to short-term liquidity needs, such as the need to satisfy redemption requests, the Underlying Investment may hold cash, sell investments or temporarily borrow from banks or other lenders.

If the Underlying Investment invests in a loan via a participation, the Underlying Investment will be exposed to the ongoing counterparty risk of the entity providing exposure to the loan (and, in certain circumstances, such entity's credit risk), in addition to the exposure the Underlying Investment has to the creditworthiness of the borrower.

In certain circumstances, loans may not be deemed to be securities, and in the event of fraud or misrepresentation by a borrower or an arranger, lenders will not have the protection of the anti-fraud provisions of the federal securities laws, as would be the case for bonds or stocks. Instead, in such cases, lenders generally rely on the contractual provisions in the loan agreement itself, and common-law fraud protections under applicable state law.

Risks of Borrowing and Leverage. The Underlying Investment can borrow up to one-third of the value of its total assets (including the amount borrowed) from banks, as permitted by the Investment Company Act of 1940. It can use those borrowings for a number of purposes, including for purchasing Senior Loans or other securities, which can create "leverage." In that case, changes in the value of the Underlying Investment's investments will have a larger effect on its share price than if it did not borrow. Borrowing results in payments to the lenders and related expenses. Borrowing for investment purposes might reduce the Underlying Investment's return if the yield on the investments purchased is less than those borrowing costs. The Underlying Investment may also borrow to meet redemption obligations or for temporary and emergency purposes. The Underlying Investment currently participates in a line of credit with certain banks as lenders.

Risks of Concentration in Financial Securities. The Underlying Investment will not concentrate its investments in issuers in any one industry, except that it may invest without limit in instruments of the group of industries in the financial securities sector. Financial securities industries may be more susceptible to particular economic and regulatory events such as volatility in the financial markets and interest rates, changes in domestic and foreign monetary policy, and changes in industry regulations.

Risks of Mid-Cap Companies. Mid-cap companies generally involve greater risk of loss than larger companies. The prices of securities issued by mid-cap companies may be more volatile and their securities may be less liquid and more difficult to sell than those of larger companies. They may have less established markets, fewer customers and product lines, less management depth and more limited access to financial resources. Mid-cap companies may not pay dividends for some time, if at all.

Investing in Special Situations. At times, the Underlying Investment may seek to benefit from what are considered to be "special situations," such as mergers, reorganizations, restructurings or other unusual events, that are expected to affect a particular issuer. There is a risk that the anticipated change or event might not occur, which could cause the price of the security to fall, perhaps sharply. In that case, the investment might not produce the expected gains or might cause a loss. This is an aggressive investment technique that may be considered speculative.

Risks of Money Market Instruments. Money market instruments may be subject to interest rate risk, credit risk, extension risk, reinvestment risk, prepayment risk, and event risk. Interest rate risk is the risk that when prevailing interest rates fall, the values of already-issued debt securities generally rise; and when prevailing interest rates rise, the values of already-issued debt securities generally fall, and they may be worth less than the amount the Underlying Investment paid for them. When interest rates change, the values of longer-term debt securities usually change more than the values of shorter-term debt securities. Risks associated with rising interest rates are heightened given that interest rates in the U.S. are at, or near, historic lows. Credit risk is the risk that the issuer of a security might not make interest and principal payments on the security as they become due. If an issuer fails to pay interest or repay principal, the Underlying Investment's income or share value might be reduced. Adverse news about an issuer or a downgrade in an issuer's credit rating, for any reason, can also reduce the market value of the issuer's securities. Extension risk is the risk that an increase in interest rates could cause principal payments on a debt security to be repaid at a slower rate than expected. Extension risk is particularly prevalent for a callable security where an increase in interest rates could result in the issuer of that security choosing not to redeem the security as anticipated on the security's call date. Such a decision by the issuer could have the effect of lengthening the debt security's expected maturity, making it more vulnerable to interest rate risk and reducing its market value. Reinvestment risk is the risk that when interest rates fall the Underlying Investment may be required to reinvest the proceeds from a security's sale or redemption at a lower interest rate. Callable bonds are generally subject to greater reinvestment risk than non-callable bonds. Prepayment risk is the risk that the issuer may redeem the security prior to the expected maturity or that borrowers may repay the loans that underlie these securities more quickly than expected, thereby causing the issuer of the security to repay the principal prior to the expected maturity. The Underlying Investment may need to reinvest the proceeds at a lower interest rate, reducing its income. Event risk is the risk that an issuer could be subject to an event, such as a buyout or debt restructuring, that interferes with its ability to make timely interest and principal payments and cause the value of its debt securities to fall.

Risks of Repurchase Agreements. In a repurchase transaction, the Underlying Investment buys a security and simultaneously sells it back to the vendor for delivery at a future date. If the seller fails to pay the repurchase price on the delivery date, the Underlying Investment may incur costs in disposing of the collateral and may experience losses if there is any delay in its ability to do so. If the default on the part of the seller is due to its bankruptcy, the Underlying Investment's ability to liquidate the collateral may be delayed or limited.

Risks Relating to Investments By Other Oppenheimer Funds. Other Oppenheimer funds may invest all or a portion of their uninvested cash in shares of the Underlying Investment and may own a significant portion of the Underlying Investment's shares. These Oppenheimer funds may increase or reduce the amount of their investments in the Underlying Investment frequently, particularly under volatile market conditions, and in certain circumstances, such activity could require the Underlying Investment to purchase or sell portfolio securities, which may increase the Underlying Investment's transaction costs and/or reduce its performance.

Regulatory Risk. Changes to the monetary policy by the Federal Reserve or other regulatory actions could impact the Underlying Investment's operations, universe or potential investment options, and return potential.

Yield Risk. During periods of extremely low short-term interest rates, the Underlying Investment may not be able to maintain a positive yield. The rate of the Underlying Investment's income will vary from day to day, generally reflecting changes in short-term interest rates and in the fixed-income securities market. There is no assurance that the Underlying Investment will achieve its investment objective.

Risks of Below-Investment-Grade Securities. As compared to investment-grade debt securities, below-investment-grade debt securities (also referred to as "junk" bonds), whether rated or unrated, may be subject to greater price fluctuations and increased credit risk, as the issuer might not be able to pay interest and principal when due, especially during times of weakening economic conditions or rising interest rates. Credit rating downgrades of a single issuer or related similar issuers whose securities the Underlying Investment holds in significant amounts could substantially and unexpectedly increase the Underlying Investment's exposure to below-investment-grade securities and the risks associated with them, especially liquidity and default risk. The market for below-investment-grade securities may be less liquid and therefore these securities may be harder to value or sell at an acceptable price, especially during times of market volatility or decline.

Industry and Sector Focus. At times the Underlying Investment may increase the relative emphasis of its investments in a particular industry or sector. The prices of stocks of issuers in a particular industry or sector may go up and down in response to changes in economic conditions, government regulations, availability of basic resources or supplies, or other events that affect that industry or sector more than others. To the extent that the Underlying Investment increases the relative emphasis of its investments in a particular industry or sector, its share values may fluctuate in response to events affecting that industry or sector. To some extent that risk may be limited by the Underlying Investment's policy of not concentrating its investments in any one industry.

Eurozone Investment Risks. Certain of the regions in which the Underlying Investment may invest, including the European Union (EU), currently experience significant financial difficulties. Following the global economic crisis that began in 2008, some of these countries have depended on, and may continue to be dependent on, the assistance from others such as the European Central Bank (ECB) or other governments or institutions, and failure to implement reforms as a condition of assistance could have a significant adverse effect on the value of investments in those and other European countries. In addition, countries that have adopted the euro are subject to fiscal and monetary controls that could limit the ability to implement their own economic policies, and could voluntarily abandon, or be forced out of, the euro. Such events could impact the market values of Eurozone and various other securities and currencies, cause redenomination of certain securities into less valuable local currencies, and create more volatile and illiquid markets. Additionally, the United Kingdom's intended departure from the EU, commonly known as "Brexit," may have significant political and financial consequences for Eurozone markets, including greater market volatility and illiquidity, currency fluctuations, deterioration in economic activity, a decrease in business confidence and an increased likelihood of a recession in the United Kingdom.

Large Shareholder Transactions Risk. Large transactions by shareholders can impact the Underlying Investment's expense ratio, yield and potentially its net asset value. A large redemption of Underlying Investment shares by a large shareholder may have a negative effect on the Underlying Investment's net asset value and yield, as the Underlying Investment may be forced to sell a large portion of its portfolio holdings at an inopportune time. A large redemption of Underlying Investment shares may also result in an increase in the Underlying Investment's expense ratio, since a large redemption may result in the Underlying Investment's current expenses being allocated over a smaller asset base. In order to be able to meet reasonably foreseeable requests for redemptions of Underlying Investment shares, the Underlying Investment may be required to consider factors that could affect the Underlying Investment's liquidity needs, including characteristics of the Underlying Investment's investors and their likely redemptions. This may require the Underlying Investment to maintain sufficiently liquid assets in lower-yielding securities that are easier to sell, which may have a negative impact on the Underlying Investment's yield. Similarly, a large purchase of Underlying Investment shares by a large shareholder may have a negative effect on the Underlying Investment's yield, as the Underlying Investment may be unable to deploy a larger cash position into new investments as quickly as it could with a smaller cash position. Large transactions may also increase transaction costs.

Risks of Sovereign Debt. Sovereign debt instruments are subject to the risk that a governmental entity may delay or refuse, or otherwise be unable, to pay interest or repay principal on its sovereign debt. If a governmental entity defaults, it may ask for more time in which to pay or for further loans. There is no legal process for collecting sovereign debt that a government does not pay nor are there bankruptcy proceedings through which all or part of such sovereign debt may be collected. A restructuring or default of sovereign debt may also cause additional impacts to the financial markets, such as downgrades to credit ratings, a flight to quality debt instruments, disruptions in common trading markets or unions, reduced liquidity, increased volatility, and heightened financial sector, foreign securities and currency risk, among others.

Government Securities Risk. The Underlying Investment invests in securities issued or guaranteed by the U.S. government or its agencies and instrumentalities (such as securities issued by the Government National Mortgage Association ("Ginnie Mae"), the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac") or other Government Sponsored Enterprises (GSEs)). U.S. government securities are subject to market risk, interest rate risk and credit risk. U.S. government securities include zero coupon securities, which tend to be subject to greater market risk than interest-paying securities of similar maturities.

Cash Risk. As a government money market fund, the Underlying Investment will likely hold some of its assets in cash, which may negatively affect the Underlying Investment's performance. Maintaining cash positions may also subject the Underlying Investment to additional risks and costs, such as increased exposure to the custodian bank holding the assets and any fees imposed for large cash balances.

Risk of Investing in Floating and Variable Rate Obligations. Some fixed-income securities have variable or floating interest rates that provide for a periodic adjustment in the interest rate paid on the securities. The rate adjustment intervals may be regular and range from daily up to annually, or may be based on an event, such as a change in the stated prevailing market rate. Floating and variable rate securities may be subject to greater liquidity risk than other debt securities, meaning that there may be limitations on the Underlying Investment's ability to sell the securities at any given time. Such securities also may lose value.

Net Asset Value Risk. There is no assurance that the Underlying Investment will maintain a net asset value of $1.00 per share on a continuous basis. Additionally, there can be no assurance that the Underlying Investment's affiliates will purchase distressed assets from the Underlying Asset, make capital infusions, enter into capital support agreements or take other actions to ensure that the Underlying Investment maintains a net asset value of $1.00 per share. The failure of any money market fund to maintain a stable net asset value could place increased redemption pressure on other money market funds, including the Underlying Investment.

Risks of Investing in the China Fund. The China Fund is not registered under the Investment Company Act of 1940. As an investor in the China Fund, the Underlying Investment does not have all of the protections offered to investors by the Investment Company Act of 1940. However, the China Fund is wholly-owned and controlled by the Underlying Investment and managed by OppenheimerFunds, Inc., which also serves as the Underlying Investment's sub-adviser. Investments in Chinese companies involve certain risks and special considerations not typically associated with investments in U.S. companies, such as greater government control over the economy, political and legal uncertainty, currency fluctuations or blockage, the risk that the Chinese government may decide not to continue to support economic reform programs and the risk of nationalization or expropriation of assets. Additionally, the Chinese securities markets are emerging markets subject to the special risks applicable to developing and emerging market countries described elsewhere in the Underlying Investment's prospectus. Further, the China Fund may invest substantially all of its assets in a limited number of issuers or a single issuer. To the extent that it does so, the China Fund is more subject to the risks associated with and developments affecting such issuers than an Underlying Investment that invests more widely.

Real Estate Market Risks. The Underlying Investment's performance is closely linked to the performance of the real estate markets. Property values or revenues from real estate investments may fall due to many different factors, including: market disruptions, increased vacancies or declining rents, negative economic developments affecting businesses or individuals, increased real estate operating costs, low demand, oversupply, obsolescence, competition, uninsured casualty losses, condemnation losses, environmental liabilities, the failure of borrowers to repay loans in a timely manner, changes in prevailing interest rates or rates of inflation, lack of available credit or changes in federal or state taxation policies affecting real estate. The price of a real estate company's securities may also drop because of dividend reductions, lowered credit ratings, poor company management, or other factors that affect companies in general. Real estate companies, including REITs, tend to be small- and mid-cap companies and their shares may be more volatile and less liquid.

Smaller Real Estate Company Risks. Smaller companies are typically subject to greater risk of loss than larger companies. They may be more sensitive to changes in a company's earnings expectations and may experience more price volatility. Smaller companies' securities often trade in lower volumes and may be harder to sell at an acceptable price. Buy and sell transactions in a smaller company's stock could impact the stock's price more than it would a larger company's stock. Smaller real estate companies may have limited access to financial and other resources and lack liquidity in a declining market. They may have unseasoned management and may be more sensitive to changes in management or depth of management skill than larger, more established companies.

Risks of Investing in REITs. Investment in REITS is closely linked to the performance of the real estate markets. Property values or revenues from real estate investments may fall due to a number of factors, including but not limited to disruptions in real estate markets, increased vacancies or declining rents, increased property taxes and other operating costs, low demand or oversupply, the failure of borrowers to repay loans in a timely manner, changes in tax and regulatory requirements and changes in interest rates or rates of inflation. Mortgage REITs are particularly subject to interest rate risks.

REITs are dependent upon the quality of their management and may not be diversified geographically or by property type. REITs whose underlying properties are concentrated in a particular industry or geographic region are subject to risks affecting such industries and regions. REITs generally tend to be small- to mid-cap stocks and are subject to risks of investing in those securities, including limited financial resources and dependency on heavy cash flow. REITs must satisfy certain requirements in order to qualify for favorable tax treatment under applicable tax laws, and a failure to qualify could adversely affect the value of the REIT. By investing in REITs through the Underlying Investment, a shareholder will bear expenses of the REITs in addition to expenses of the Underlying Investment.

Concentration Risk. Concentration risk is the risk that the Underlying Investment's investments in the securities of companies in one industry will cause the Underlying Investment to be more exposed to developments affecting a single industry or market sector than a more broadly diversified Underlying Investment would be.

Because the Underlying Investment invests primarily in mining and metals, the Underlying Investment may perform poorly during a downturn in that industry.

Risks of Non-Diversification. The Underlying Investment is classified as a "non-diversified" Underlying Investment under the Investment Company Act of 1940. Accordingly, the Underlying Investment may invest a greater portion of its assets in the securities of a single issuer than if it were a "diversified" fund. To the extent that the Underlying Investment invests a higher percentage of its assets in the securities of a single issuer, the Underlying Investment is more subject to the risks associated with and developments affecting that issuer than a fund that invests more widely.

Principal Investment Risks of the Vanguard Funds

Credit Risk. The chance that a bond issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline.

Income Risk. Income risk is the chance that an Underlying Investment's income will decline because of falling interest rates. Income risk is generally high for short-term bond funds, so investors should expect the Underlying Investment's monthly income to fluctuate.

Derivatives Risk. Each of the Underlying Investments in which the Portfolios invest, may invest to a limited extent, in futures and options contracts, swap agreements, and other types of derivatives. Generally speaking, a derivative is a financial contract whose value is based on the value of a financial asset (such as a stock or bond or currency), a physical asset (such as gold, oil, or wheat), a market index (such as the S&P 500 Index) or a reference rate (such as LIBOR). Investments in derivatives may subject the Underlying Investments to risks different from, and possibly greater than, those of the underlying securities or assets. The Underlying Investments will not use derivatives for speculation or for the purpose of leveraging (magnifying) investment returns.

Index Sampling Risk. The chance that the securities selected for an Underlying Investment that uses the sampling method of indexing, in the aggregate, will not provide investment performance matching that of the Underlying Investment's target index.

Interest Rate Risk. The chance that bond prices will decline because of rising interest rates.

Investment Style Risk—Small- and Mid-Capitalization. The chance that returns from small- and mid-capitalization stocks will trail returns from the overall stock market. Historically, these stocks have been more volatile in price than the large-cap stocks that dominate the overall market, and they often perform quite differently.

Stock Market Risk. The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. In addition, a Vanguard Underlying Fund's target index may, at times, become focused in stocks of a particular market sector, which would subject the Underlying Fund to proportionately higher exposure to the risks of that sector. An Underlying Investment's investments in foreign stocks can be riskier than U.S. stock investments. Foreign stocks tend to be more volatile and less liquid than U.S. stocks. The prices of foreign stocks and the prices of U.S. stocks may move in opposite directions.

Prepayment risk. The chance that during periods of falling interest rates, homeowners will refinance their mortgages before their maturity dates, resulting in prepayment of mortgage-backed securities held by the Underlying Investment. The Underlying Investment would then lose any price appreciation above the mortgage's principal and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the Underlying Investment's income. Such prepayments and subsequent reinvestments would also increase the Underlying Investment's portfolio turnover rate.

Extension risk. The chance that during periods of rising interest rates, certain debt securities will be paid off substantially more slowly than originally anticipated, and the value of those securities may fall. This will lengthen the duration or average life of securities and delay a fund's ability to reinvest proceeds at higher interest rates, making a fund more sensitive to changes in interest rates. For Underlying Investments that invest in mortgage-backed securities, extension risk is the chance that during periods of rising interest rates, homeowners will prepay their mortgages at slower rates.

Call risk. The chance that during periods of falling interest rates, issuers of callable bonds may call (redeem) securities with higher coupon rates or interest rates before their maturity dates. The Underlying Investment would then lose any price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the Underlying Investment's income. Such redemptions and subsequent reinvestments would also increase the Underlying Investment's portfolio turnover rate.

Credit risk. The chance that a bond issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline.

Liquidity risk. The chance that the Underlying Investment may not be able to sell a security in a timely manner at a desired price.

Industry concentration risk. The chance that the stocks of REITs and other real estate-related investments will decline because of adverse developments affecting the real estate industry and real property values. Because the Fund concentrates its assets in these stocks, industry concentration risk is high.

Investment style risk – REITs. The chance that the returns from REIT stocks—which typically are small- or mid-capitalization stocks—will trail returns from the overall stock market. Historically, REIT stocks have performed quite differently from the overall market.

Asset concentration risk. The chance that, because the Underlying Investment's target index (and therefore the Underlying Investment) tends to be heavily weighted in its ten largest holdings, the Underlying Investment's performance may be hurt disproportionately by the poor performance of relatively few stocks.

Country/regional risk. The chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries or regions.

Because the Underlying Investment may invest a large portion of its assets in securities of companies located in any one country or region, the Underlying Investment's performance may be hurt disproportionately by the poor performance of its investments in that area. Significant investments in Japan and the United Kingdom (U.K.) subject the Index and the Underlying Investment to proportionately higher exposure to Japanese and U.K. country risk.

Investment style risk – non-U.S. small and mid-capitalization stocks. The chance that returns from non-U.S. small- and mid-capitalization stocks will trail returns from global stock markets. Historically, non-U.S. small- and mid-cap stocks have been more volatile in price than the large-cap stocks that dominate the global markets, and they often perform quite differently. Small and mid-size companies tend to have greater stock volatility because, among other things, these companies are more sensitive to changing economic conditions.

Currency risk. The chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates.

Emerging markets risk. The chance that the stocks of companies located in emerging markets will be substantially more volatile, and substantially less liquid, than the stocks of companies located in more developed foreign markets because, among other factors, emerging markets can have greater custodial and operational risks; less developed legal, tax, regulatory, and accounting systems; and greater political, social, and economic instability than developed markets.

Income fluctuations. The Underlying Investment's quarterly income distributions are likely to fluctuate considerably more than the income distributions of a typical bond fund. In fact, under certain conditions, the Underlying Investment may not have any income to distribute. Income fluctuations associated with changes in interest rates are expected to be low; however, income fluctuations associated with changes in inflation are expected to be high. Overall, investors can expect income fluctuations to be high for the Underlying Investment.

Interest rate risk - Short-Term Inflation-Protected Securities Index Fund. The chance that the value of a bond will fluctuate because of a change in the level of interest rates. Although inflation-indexed bonds seek to provide inflation protection, their prices may decline when interest rates rise and vice versa.

ADDITIONAL INFORMATION

The Board

The Education Trust Act of 1997, as amended, established the Education Trust Board of New Mexico, for the purpose of administering the Act. The Education Trust Board is comprised of five members. One of these members sits on the Board by virtue of the position he or she holds in New Mexico State Government—the Secretary of the New Mexico Department of Higher Education. The Governor of the State of New Mexico (two members), the Speaker of the New Mexico House of Representatives, and the President Pro Tempore of the New Mexico Senate appoint the remaining four members, respectively.

Administrative Services

Under the Management Agreement, the Program Manager or its designee performs certain administrative services to the Plan and investment services with respect to the Investment of Portfolio assets. The Program Manager will invest Portfolio assets subject to the overall supervision of the Board. Under the Management Agreement, the Program Manager may subcontract for the performance of services required to be performed by the Program Manager.

Custody Accounts

Citibank, N.A. acts as custodian of the Plan's cash balances. The Program Manager is not affiliated with Citibank, N.A. The respective SEC-registered transfer agents for the Underlying Investments that are mutual funds record the Portfolio's positions in mutual fund shares.

Auditors for the Trust

Each year, if directed by the Board, the Program Manager will work with an independent public accountant or firm selected by the Board to audit the Portfolios in the Trust. The Board may also conduct additional audits of the Trust.

Securities Laws Applicable to the Trust

Interests in the Trust have not been registered as securities under the Securities Act of 1933, as amended, pursuant to an exemption from registration available for obligations issued by a public instrumentality of a state. Similarly, interests in the Trust have not been registered with the securities commissions of any state where applicable exemptions from registration are available. Neither the Trust nor the Portfolios have been registered as investment companies under the Investment Company Act of 1940, as amended, since the provisions of that Act exclude from registration any instrumentality of a state. The Program Distributor is a registered broker-dealer, and a member of the Financial Industry Regulatory Authority, Inc. (FINRA), the Municipal Securities Rulemaking Board (MSRB) and the Securities Investor Protection Corporation (SIPC).

Underlying Investments

The Portfolios invest in Class I shares for Oppenheimer funds or Class L shares in the case of Oppenheimer Institutional Government Money Market Fund, and Institutional class of shares for the Vanguard funds. For more complete information concerning any Underlying Investment, including risks, management fees and expenses, or for a copy of its current prospectus, statement of additional information or most recent semi-annual or annual report, see Appendix A for the websites and phone numbers of the Investment Managers.

Continuing Disclosure

Under Rule 15c2-12(b)(5) (the "Rule") of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), certain information must be provided to Account Owners on a periodic basis. To comply with this Rule, the Board has executed a Continuing Disclosure Undertaking for the benefit of Account Owners (the "Undertaking"). Under the Undertaking, certain financial information and operating data relating to the Trust will be provided to appropriate parties, as will notices of the occurrence of certain events identified in the Undertaking, if material.

Account Statements

The Plan maintains records for each Account and will deliver to the Account Owner quarterly account statements.

In addition, an Account Owner will receive written confirmation of each new Contribution (excluding any automated Contributions) made into an Account and an acknowledgement of any changes made to Account information.

How to Participate

When you wish to open an Account, you must complete and sign the Enrollment Application (by signing the Enrollment Application, you acknowledge that you have read and consent to the Participation Agreement and this Plan Description), designate a Designated Beneficiary and mail the completed form and a check for your initial Contribution (if you are not making your Contributions via electronic transfer from another financial institution) to the following address: The Education Plan, P.O. Box 173691, Denver, CO 80217.

Participation Agreement

Each Account will be established based upon the Account Owner's statements, agreements, representations and warranties set forth in the Participation Agreement and Enrollment Application. Any such misstatement, misrepresentation, breach or failure by the Account Owner may deprive the Designated Beneficiary of benefits under the Plan. Any alteration or modification to the terms of the Participation Agreement (including this document) by you or by any person other than the Trust or its agents is void and has no effect.

The Participation Agreement or this Plan Description will automatically be amended without any action on the part of Account Owners or Designated Beneficiaries upon any amendments to the New Mexico legislation authorizing the Plan or the Trust, or regulations adopted by the federal government or the State of New Mexico in each case relating to the Trust or the Plan. The Program Manager will promptly notify Account Owners of any such changes in the Participation Agreement or this Plan Description. The terms of this document, as amended and in effect from time to time, form a part of the Participation Agreement, and you are bound by the most recent terms whether or not you have received actual notice of any changes.

Tax Reporting

The Program Manager, on behalf of the Board, will report withdrawals and other matters to the IRS, Account Owners and other persons, if any, to the extent required pursuant to federal, state or local law, regulation or ruling. Under federal law, the Program Manager, on behalf of the Board, will file a separate return with the IRS reporting distributions from an Account to each distributee reflecting, among other information, the earnings portion of Account withdrawals during the calendar year to which the report pertains. For these purposes, the distributee is considered to be the Designated Beneficiary if the withdrawal is paid to the Designated Beneficiary or to an Eligible Educational Institution on behalf of the Designated Beneficiary, or in all other cases, the Account Owner.

Controversies Involving Your Account

All controversies that may arise between you or the Designated Beneficiary and the Program Manager involving your Account(s) will be determined by court proceedings. Any controversies that may arise between you or the Designated Beneficiary and the Board involving any transaction in your Account(s) may be determined by arbitration or court proceedings, as determined by the Board in its sole discretion.

Miscellaneous

Account Owners should keep the most recent version of the Plan Description and all supplements and the Participation Agreement for future reference. These documents provide important information about the Plan, including information about the investment objectives, fees, expenses and investment risks.

Contact Information

You can contact the Plan, the Program Distributor or the Program Manager at: The Education Plan P.O. Box 173691, Denver, CO 80217 **www.theeducationplan.com** or by calling **1.877.EdPlan8 (1.877.337.5268)**.

Requesting Additional Information

For answers to your questions or to request an Enrollment Application or other materials, please call OppenheimerFunds Distributor, Inc. toll free at **1.877.EdPlan8 (1.877.337.5268)**.

Learn more about The Education Plan by visiting The Education Plan's website at **www.theeducationplan.com**.

APPENDIX A

UNDERLYING INVESTMENTS' INVESTMENT OBJECTIVES

Set forth below are the investment objective, current investment focus and principal risks of the various Underlying Investments within the Plan's Portfolios. For more complete information on each Underlying Investment, read its prospectus prior to investing. Please see the discussions appearing under the section titled "Principal Investment Risks of the Underlying Investments" on page 45 for more information concerning the principal risks associated with each Underlying Investment.

For more information, including performance information, on the underlying Oppenheimer mutual funds in which the Portfolios invest, please visit **www.oppenheimerfunds.com** or call OppenheimerFunds at **1.800.525.7048** and obtain a free prospectus or Annual or Semi-Annual Report. For more information, including performance information, on the underlying Vanguard mutual funds in which the Portfolios invest, please visit **www.vanguard.com** or call Vanguard at **1.877.662.7447** and obtain a free prospectus or Annual or Semi-Annual Report.

Oppenheimer Global Fund

Investment Objective

The fund seeks capital appreciation.

Investment Process

The fund invests mainly in common stock of U.S. and foreign companies. The fund can invest without limit in foreign securities and can invest in any country, including countries with developing or emerging markets. However, the fund currently emphasizes its investments in developed markets such as the United States, Western European countries and Japan. The fund does not limit its investments to companies in a particular capitalization range, but primarily invests in mid- and large-cap companies.

The fund normally will invest in at least three countries (one of which may be the United States). Typically, the fund invests in a number of different countries. The fund is not required to allocate its investments in any set percentages in any particular countries.

The portfolio managers primarily look for quality companies, regardless of domicile, that have sustainable growth. Their investment approach combines a thematic approach to idea generation with bottom-up, fundamental company analysis. The portfolio managers seek to identify secular changes in the world and look for pockets of durable change that they believe will drive global growth for the next decade. These large scale structural themes are referred to collectively as MANTRA®: Mass Affluence, New Technology, Restructuring, and Aging. The portfolio managers do not target a fixed allocation with regard to any particular theme, and may choose to focus on various sub-themes within each theme. Within each sub-theme, the portfolio managers employ fundamental company analysis to select investments for the fund's portfolio. The economic characteristics they seek to include a combination of high return on invested capital, good cash flow characteristics, high barriers to entry, dominant market share, a strong competitive position, talented management, and balance sheet strength that the portfolio managers believe will enable the company to fund its own growth. These criteria may vary. The portfolio managers also consider how industry dynamics, market trends and general economic conditions may affect a company's earnings outlook.

The portfolio managers have a long-term investment horizon of typically three to five years. They also have a contrarian buy discipline; they buy high quality companies that fit their investment criteria when their valuations underestimate their long-term earnings potential. For example, a company's stock price may dislocate from its fundamental outlook due to a short-term earnings glitch or negative, short-term market sentiment, which can give rise to an investment opportunity. The portfolio managers monitor individual issuers for changes in earnings potential or other effects of changing market conditions that may trigger a decision to sell a security, but do not require a decision to do so.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in Stocks, Industry and Sector Focus, Risks of Growth Investing, Risks of Foreign Investing, Risks of Developing and Emerging Markets, Eurozone Investment Risks, Risks of Small- and Mid-Cap Companies and Investing in Special Situations.

Oppenheimer Institutional Government Money Market Fund

Investment Objective

The fund seeks income consistent with stability of principal.

Investment Process

The fund is a money market fund that intends to qualify as a "government money market fund," in accordance with Rule 2a-7 under the Investment Company Act of 1940, as amended. As a government money market fund, the fund must invest at least 99.5% of its total assets in cash, government securities and/or repurchase agreements that are "collateralized fully" (i.e., backed by cash or government securities). The securities in which the fund invests may have fixed, floating or variable interest rates. The fund may also invest in affiliated and unaffiliated government money market funds. Additionally, as a government money market fund, the fund is not required to impose a liquidity fee and/or temporary redemption gate if the fund's weekly liquid assets fall below 30% of its total assets. While the fund's Board may elect to subject the fund to liquidity fee and gate requirements in the future, it has not elected to do so at this time.

Under normal market conditions, the fund invests at least 80% of its net assets (plus borrowings, if any, for investment purposes) in government securities and repurchase agreements that are collateralized by government securities. The 80% investment policy is a non-fundamental policy and will not be changed without 60 days' advance notice to shareholders.

Principal Risks

All investments carry risks to some degree. The fund's investments are subject to changes in their value from a number of factors. However, the fund's investments must meet the special rules under Federal law for money market funds. Those requirements include maintaining high credit quality, a short average maturity and diversification of the fund's investments among issuers. Those provisions are designed to help minimize credit risks, to reduce the effects of changes in prevailing interest rates and to reduce the effect on the fund's portfolio of a default by any one issuer. Since income on short-term securities tends to be lower than income on longer-term debt securities, the fund's yield will likely be lower than the yield on longer-term fixed-income funds.

Even so, there are risks that an issuer of an obligation that the fund holds might have its credit rating downgraded or might default on its obligations, or that interest rates might rise sharply, causing the value of the fund's investments to fall. Also, there is the risk that the value of your investment could be eroded over time by the effects of inflation, or that poor security selection could cause the fund to underperform other funds that have a similar objective. If there is an unexpectedly high demand for the redemption of fund shares, the fund might need to sell portfolio securities prior to their maturity, possibly at a lost. As a result, there is a risk that the fund's shares could fall below $1.00 per share.

You could lose money by investing in the fund. Although the fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

The principal risks of investing in this fund are: Risks of Money Market Instruments, Fixed-Income Market Risks, Government Securities Risk, Risks of Repurchase Agreements, Net Asset Value Risk, Risks Relating to Investments by Other Oppenheimer Funds, Regulatory Risk, Yield Risk, Cash Risk, Risks of Investing in Floating and Variable Rate Obligations and Large Shareholder Transactions Risks.

Oppenheimer International Growth Fund

Investment Objective

The fund seeks capital appreciation.

Investment Process

The fund mainly invests in the common stock of growth companies that are domiciled or have their primary operations outside of the United States. It may invest 100% of its assets in securities of foreign companies. The fund may invest in emerging markets as well as in developed markets throughout the world. From time to time it may place greater emphasis on investing in one or more particular regions such as Asia, Europe or Latin America. Under normal market conditions the fund will:

- invest at least 65% of its total assets in common and preferred stocks of issuers in at least three different countries outside of the United States, and
- emphasize investments in common stocks of issuers that the portfolio managers consider to be "growth" companies.

The fund does not limit its investments to issuers within a specific market capitalization range and at times may invest a substantial portion of its assets in one or more particular capitalization ranges. The fund can also buy securities convertible into common stock and other securities having equity features.

In selecting investments for the fund's portfolio, the portfolio managers evaluate investment opportunities on a company-by-company basis. The portfolio managers look primarily for foreign companies with high growth potential using a "bottom up" investment approach, that is, by looking at the investment performance of individual stocks before considering the impact of general or industry-specific economic trends. This approach includes fundamental analysis of a company's financial statements and management structure and consideration of the company's operations, product development, and industry position.

The portfolio managers currently focus on the following factors, which may vary in particular cases and may change over time:

- companies that enjoy a strong competitive position and high demand for their products or services;
- companies with accelerating earnings growth and cash flow; and
- diversity among companies, industries and countries to help reduce the risks of foreign investing, such as currency fluctuations and stock market volatility.

The portfolio managers also consider the effect of worldwide trends on the growth of particular business sectors and look for companies that may benefit from those trends. The trends currently considered include: mass affluence, new technologies, restructuring and aging. The portfolio managers do not invest any fixed amount of the fund's assets according to these criteria and the trends that are considered may change over time. The portfolio managers monitor individual issuers for changes in the factors above, which may trigger a decision to sell a security, but does not require a decision to do so.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in Stocks, Industry and Sector Focus, Risks of Foreign Investing, Eurozone Investment Risks, Risks of Developing and Emerging Markets, Risks of Small- and Mid-Cap Companies and Risks of Growth Investing.

Oppenheimer Limited-Term Bond Fund

Investment Objective

The fund seeks income.

Principal Investment Strategies

The fund invests primarily in corporate debt securities and U.S. government securities. Under normal market conditions, the fund will invest at least 80% of its net assets, plus borrowings for investment purposes, in debt securities (generally referred to as "bonds").

A debt security is a security representing money borrowed by the issuer that must be repaid. The terms of a debt security specify the amount of principal, the interest rate or discount, and the time or times at which payments are due. Debt securities can include:

- Domestic and foreign corporate debt obligations;
- Domestic and foreign government debt obligations, including U.S.government securities;
- Mortgage-related securities;
- Asset-backed securities; and
- Other debt obligations.

The portfolio manager's overall strategy is to build a diversified portfolio of corporate and government bonds. The fund's investments in U.S. government securities may include securities issued or guaranteed by the U.S. government or its agencies or federally-chartered entities referred to as "instrumentalities." There is no required allocation of the fund's assets among the above classes of securities, but the fund focuses mainly on U.S. government securities and corporate debt securities. When market conditions change, the portfolio manager might change the fund's relative asset allocation.

The fund can invest up to 35% of its total assets in lower-grade, high-yield debt securities that are below investment-grade (commonly referred to as "junk bonds"). "Investment-grade" debt securities are rated in one of the top four rating categories by nationally recognized statistical rating organizations such as Moody's or Standard & Poor's. The fund may also invest in unrated securities, in which case the fund's Sub-Adviser, OppenheimerFunds, Inc., may internally assign ratings to certain of those securities, after assessing their credit quality, in investment-grade or below-investment-grade categories similar to those of nationally recognized statistical rating organizations. There can be no assurance, nor is it intended, that the Sub-Adviser's credit analysis is consistent or comparable with the credit analysis process used by a nationally recognized statistical rating organization.

The fund has no limitations on the range of maturities of the debt securities in which it can invest and may hold securities with short-, medium- or long-term maturities. The maturity of a security differs from its effective duration, which attempts to measure the expected volatility of a security's price to interest rate changes. For example, if a bond has an effective duration of three years, a 1% increase in general interest rates would be expected to cause the bond's value to decrease about 3%. To try to decrease volatility, the fund seeks to maintain a weighted average effective portfolio duration of one to three and a half years, measured on a dollar-weighted basis using the effective duration of the securities included in the portfolio and the amount invested in each of those securities. However, the duration of the portfolio might not meet that target due to market events or interest rate changes that cause debt securities to be repaid more rapidly or more slowly than expected.

The fund may invest a portion of its assets in foreign debt securities, including securities issued by foreign governments or companies in both developed and emerging markets. The fund may not invest more than 20% of its net assets in foreign debt securities.

The fund may also use derivatives including treasury futures, to seek increased returns, to try to manage investment risk or for hedging purposes. Futures, swaps and "structured" notes are examples of some of the types of derivatives the fund can use.

In selecting investments for the fund, the portfolio manager analyzes the overall investment opportunities and risks in different sectors of the debt securities markets by focusing on business cycle analysis and relative values between the corporate and government sectors. The fund mainly seeks income earnings on the fund's investments, consistent with preservation of capital, that may arise from decreases in interest rates, from improving credit fundamentals for a particular sector or security or from other investment techniques.

The fund may sell securities that the portfolio manager believes no longer meet the above criteria.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in Debt Securities, Fixed Income Market Risks, Risks of Below-Investment-Grade Securities, Risks of Derivative Investments, Risks of Foreign Investing, Risks of Developing and Emerging Markets and Risks of Sovereign Debt.

Oppenheimer Limited-Term Government Fund

Investment Objective

The fund seeks income.

Investment Process

Under normal market conditions, as a non-fundamental policy, the fund invests at least 80% of its net assets (plus borrowings for investment purposes) in debt securities issued by the U.S. government, its agencies and instrumentalities, repurchase agreements on those securities and hedging instruments approved by its Board of Trustees.

The fund may invest up to 20% of its net assets in mortgage-backed securities that are not issued or guaranteed by the U.S. government, its agencies or instrumentalities, asset-backed securities, investment grade corporate debt obligations (having a rating at the time of acquisition by the fund of at least “BBB” by Standard & Poor’s Rating Service or “Baa” by Moody’s Investors Service or a comparable rating by another nationally recognized securities rating organization; or, if unrated, deemed by the fund’s sub-adviser to have a comparable rating) and certain other high quality debt obligations.

U.S. government securities are debt securities issued or guaranteed by the U.S. Treasury, such as Treasury bills, notes or bonds, and securities issued or guaranteed by U.S. government agencies or federally-chartered entities that are referred to as “instrumentalities” of the U.S. government. The fund invests significant amounts of its assets in mortgage-related derivative securities, such as collateralized mortgage obligations (“CMOs”) and mortgage participation certificates. They include mortgage-related securities issued or guaranteed by instrumentalities of the U.S. government, such as the Government National Mortgage Association. The fund also may enter into forward roll transactions.

Not all of the U.S. government securities the fund buys are issued or guaranteed by the U.S. government as to payment of interest and repayment of principal. Some are backed by the right of the issuer to borrow from the U.S.Treasury. Others are backed only by the credit of the instrumentality. The securities the fund buys may pay interest at fixed, floating, or variable rates, or may be “stripped” securities whose interest coupons have been separated from the security and sold separately.

The fund seeks to maintain an average effective portfolio duration of not more than three years (measured on a dollar-weighted basis) to try to reduce the volatility of the value of its securities portfolio. However, the fund can invest in securities that have short-, medium- or long-term maturities and may use derivative investments to try to reduce interest rate risks. The duration of the portfolio might not meet that target at all times due to interest rates changes and other market events.

The fund may also use derivatives to seek to increase its investment return or for hedging purposes. Options, futures, CMOs, total return swaps and credit default swaps are examples of derivatives the fund can use.

The portfolio manager employs a “top-down,” or global, macroeconomic analysis of the fixed income markets, then sets strategic targets to guide decisions on interest rate sensitivity and sector allocations. The portfolio manager then pairs these targets with “bottom-up,” or security-by-security, fundamental research to make individual investment decisions and help manage risks within each bond sector.

The fund's portfolio manager compares the yields, relative values and risks of different types of U.S. government securities and government agency securities to provide portfolio diversity to help preserve principal. The portfolio manager currently focuses on sectors of the U.S. government debt market that he believes offer good relative values, securities that have relatively high income potential, and securities that help reduce exposure to changes in interest rates to help preserve principal and help the fund meets its duration target. These factors may vary in particular cases and may change over time. The fund may sell securities that the portfolio manager believes are no longer favorable with regard to these factors.

The fund's share prices and distributions are not backed or guaranteed by the U.S. government.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in Debt Securities, Fixed-Income Market Risks and Risks of Derivative Investments.

Oppenheimer Main Street Fund®

Investment Objective

The fund seeks capital appreciation.

Investment Process

The fund mainly invests in common stocks of U.S. companies of different capitalization ranges. The fund currently focuses on "larger capitalization" issuers, which are considered to be companies with market capitalizations equal to the companies in the Russell 1000® Index. The portfolio managers use fundamental research and quantitative models to select securities for the fund's portfolio, which is comprised of both growth and value stocks. While the process may change over time or vary in particular cases, in general the selection process currently uses:

- a fundamental approach in analyzing issuers on factors such as a company's financial performance and prospects, industry position, and business model and management strength. Industry outlook, market trends and general economic conditions may also be considered.
- quantitative models to rank securities within each sector to identify potential buy and sell candidates for further fundamental analysis. A number of company-specific factors are analyzed in constructing the models, including valuation, fundamentals and momentum.

The portfolio is constructed and regularly monitored based upon several analytical tools, including quantitative investment models. The fund aims to maintain a broadly diversified portfolio across major economic sectors by applying investment parameters for both sector and position size. The portfolio managers use the following sell criteria: the stock price is approaching its target, deterioration in the company's competitive position, poor execution by the company's management, or identification of more attractive alternative investment ideas.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in Stocks, Industry and Sector Focus and Risks of Small- and Mid-Cap Companies.

Oppenheimer Main Street Mid Cap Fund®

Investment Objective

The fund seeks capital appreciation.

Investment Process

Under normal market conditions, the fund will invest at least 80% of its net assets, including any borrowings for investment purposes, in securities of "mid cap" companies. A company's "market capitalization" is the value of its outstanding common stock. The fund considers mid cap companies to be those having a market capitalization in the range of the Russell Midcap® Index, a measure of mid cap issuers. The capitalization range of the index is subject to change at any time due to market activity or changes in the composition of the index. The range of the Russell MidCap® Index generally widens over time and is reconstituted annually to preserve its mid cap characteristic. The fund measures a company's capitalization at the time the fund buys a security and is not required to sell a security if the company's capitalization moves outside of the fund's capitalization definition.

The portfolio managers use both fundamental research and quantitative models to identify investment opportunities. While the process may change over time or vary in particular cases, in general the selection process currently:

- aims to maintain broad diversification across all major economic sectors;
- uses quantitative models, including sector-specific factors, to rank securities within each economic sector;
- uses a fundamental approach to analyze issuers based on factors such as a company's financial performance, competitive strength, industry position, business practices and management; and
- considers market trends, current industry outlooks and general economic conditions.

In constructing the portfolio, the fund seeks to limit exposure to so-called “top-down” or “macro” risks, such as overall stock market movements, economic cycles, and interest rate or currency fluctuations. Instead, the portfolio managers seek to add value by selecting individual securities with superior company-specific fundamental attributes or relative valuations that they expect to outperform their industry and sector peers. This is commonly referred to as a “bottom-up” approach to portfolio construction.

The portfolio managers consider stock rankings, benchmark weightings and capitalization outlooks in determining security weightings for individual issuers. Although the fund mainly invests in U.S. companies, it can invest in securities issued by companies or governments in any country. The fund primarily invests in common stock but may also invest in other types of securities, such as units of master limited partnerships or other securities that are consistent with its investment objective.

The portfolio managers might sell a security if the price is approaching their price target, if the company’s competitive position has deteriorated or the company’s management has performed poorly, or if they have identified more attractive investment prospects.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in Stocks, Risks of Mid-Cap Companies and Industry and Sector Focus.

Oppenheimer Main Street Small Cap Fund

Investment Objective

The fund seeks capital appreciation.

Principal Investment Strategies

Under normal market conditions, the fund will invest at least 80% of its net assets, including any borrowings for investment purposes, in securities of "small-cap" companies. A company's "market capitalization" is the value of its outstanding common stock. The fund considers small-cap companies to be those having a market capitalization in the range of the Russell 2000® Index. The capitalization range of that index is subject to change at any time due to market activity or changes in the composition of the index. The range of the Russell 2000® Index generally widens over time and it is reconstituted annually to preserve its market cap characteristics. The fund measures a company's capitalization at the time the fund buys a security and is not required to sell a security if the company's capitalization moves outside of the fund's capitalization definition.

Although the fund mainly invests in U.S. companies, it can invest in securities issued by companies or governments in any country. The fund primarily invests in common stock but may also invest in other types of securities that are consistent with its investment objective.

The portfolio managers use both fundamental research and quantitative models to identify investment opportunities. While the process may change over time or vary in particular cases, in general the selection process currently:

- aims to maintain broad diversification across all major economic sectors;
- uses quantitative models, including sector-specific factors, to rank securities within each economic sector;
- uses a fundamental approach to analyze issuers based on factors such as a company's financial performance, competitive strength, industry position, business practices and management; and
- considers market trends, current industry outlooks and general economic conditions.

In constructing the portfolio, the fund seeks to limit exposure to so-called "top-down" or "macro" risks, such as overall stock market movements, economic cycles, and interest rate or currency fluctuations. Instead, the portfolio managers seek to add value by selecting individual securities with superior company-specific fundamental attributes or relative valuations that they expect to outperform their industry and sector peers. This is commonly referred to as a "bottom-up" approach to portfolio construction.

The portfolio managers consider stock rankings, benchmark weightings and capitalization outlooks in determining security weightings for individual issuers.

The portfolio managers might sell a security if the price is approaching their price target, if the company's competitive position has deteriorated or the company's management has performed poorly, or if they have identified more attractive investment prospects.

Principal Risks

The principal risks of investing in this fund are: Risk of Investing in Stocks, Industry and Sector Focus Risk and Risks of Small-Cap Companies.

Oppenheimer Senior Floating Rate Fund

Investment Objective

The fund seeks income.

Investment Process

The fund invests mainly in floating rate loans (sometimes referred to as “adjustable rate loans”) that hold (or in the judgment of the investment adviser, hold) a senior position in the capital structure of U.S. and foreign corporations, partnerships or other business entities that, under normal circumstances, allow them to have priority of claim ahead of (or at least as high as) other obligations of a borrower in the event of liquidation. These investments are referred to as “Senior Loans.” Senior Loans may be collateralized or uncollateralized. They typically pay interest at rates that float above, or are adjusted periodically based on, a benchmark that reflects current interest rates.

Under normal market conditions, the fund will invest at least 80% of its net assets (plus the amount of any borrowings for investment purposes) in Senior Loans. The fund may invest in Senior Loans directly as an original lender, or by assignment from a lender, or it may invest indirectly through loan participation agreements. While most of these Senior Loans will be collateralized, the fund can also invest up to 10% of its net assets (plus the amount of borrowings for investment purposes) in uncollateralized Senior Loans. The fund can invest up to 20% of its total assets in cash or other loans, securities and other investments, including but not limited to: secured or unsecured fixed-rate loans, fixed or floating rate notes or bonds, securities issued or guaranteed by the U.S. government or its agencies or instrumentalities, investment-grade short-term debt obligations, common stock and other equity securities and derivatives. The fund also may invest in Senior Loans made in connection with highly leveraged transactions, including but not limited to, operating loans, leveraged buyout loans, and leveraged capitalization loans. The fund can invest 25% or more of its total assets in securities of the group of industries in the financial securities sector.

The fund can invest in investment-grade or below-investment grade debt instruments (sometimes referred to as “high yield” or “junk” securities). The fund can invest up to 100% of its assets in debt instruments rated below-investment-grade, and will normally invest a substantial portion of its assets in those securities. The Senior Loans, other loans, and subordinated debt that the fund invests in are typically rated “B” (below-investment-grade) or higher by one or more of the rating organizations, or if unrated, are determined by the fund’s sub-adviser, OppenheimerFunds, Inc. (the “sub-adviser”) to be of comparable quality. “Investment grade” debt instruments are rated in one of the four highest rating categories by nationally recognized statistical rating organizations such as Moody’s or Standard & Poor’s (or, in the case of unrated securities, determined by the sub-adviser to be comparable to securities rated investment-grade). The fund may also invest in unrated instruments, in which case the fund’s sub-adviser internally assigns ratings to those instruments, after assessing their credit quality and other factors, in investment-grade or below-investment-grade categories similar to those of nationally recognized statistical rating organizations. There can be no assurance, nor is it intended, that the sub-adviser’s credit analysis is consistent or comparable with the credit analysis process used by a nationally recognized statistical rating organization.

The fund may invest in securities of U.S. and foreign issuers. The fund can invest up to 20% of its total assets in Senior Loans or other securities issued by foreign entities. The fund’s foreign Senior Loans must be dollar-denominated, and interest and principal payments must be payable in U.S. dollars, which may reduce the risks of currency fluctuations.

The fund has no requirements as to the range of maturities of the debt instruments it can buy or as to the market capitalization of the issuers of those instruments. The fund can borrow up to one-third of the fund’s assets (including the amount borrowed) and use other techniques to manage its cash flow, to redeem shares, or to purchase assets, a technique referred to as “leverage.” The fund may also use certain types of derivative investments to try to enhance income or to try to manage (“hedge”) investment risks, including, but not limited to, options, futures contracts, swaps, and “structured” notes.

In selecting investments for the fund, the portfolio managers evaluate overall investment opportunities and risks among the types of investments the fund can hold. They analyze the credit standing and risks of borrowers whose loans or debt securities they are considering for the fund’s portfolio. They evaluate information about borrowers from their own research or research supplied by rating organizations, agent banks or other sources and select only those loans that they believe are likely to pay the interest and repay the principal when it becomes due. The portfolio managers consider many factors, including, among others:

- the borrower’s past and expected future financial performance
- the experience and depth of the borrower’s management
- the status of the borrower’s industry and its position in that industry
- the collateral for the loan or other debt security
- the borrower’s assets and cash flows
- the credit quality of the debt obligations of the bank servicing the loan and other intermediaries imposed between the borrower and the Fund.

There can be no assurance that the fund’s analysis will identify all of the factors that may impair the value of a Senior Loan or other investment.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in Debt Securities, Fixed-Income Market Risks, Risks of Below-Investment-Grade Securities, Risks of Senior Loans and Other Loans, Risks of Borrowing and Leverage, Risks of Foreign Investing, Risks of Derivative Investments and Risks of Concentration in Financial Securities.

Oppenheimer Value Fund

Investment Objective

The fund seeks capital appreciation.

Investment Process

The fund mainly invests in common stocks of companies that the portfolio manager believes are undervalued. The fund may also invest in other equity securities, such as preferred stock, rights, warrants and securities convertible into common stock. The fund may buy securities issued by companies of any size or market capitalization range and at times might increase its emphasis on securities of issuers in a particular capitalization range. While the fund does not limit its investments to issuers in a particular capitalization range, the portfolio manager currently focuses on securities of larger-size companies.

The fund may invest up to 25% of its total assets in foreign securities of companies or governments in any country, including in developed and emerging market countries. The fund may invest up to 10% of its net assets in debt securities.

In selecting investments for the fund's portfolio, the portfolio manager looks for companies he believes have been undervalued by the market. A security may be undervalued because the market is not aware of the issuer's intrinsic value, does not yet recognize its future potential, or the issuer may be temporarily out of favor. The fund seeks to realize gains in the prices of those securities when other investors recognize their real or prospective worth. The portfolio manager uses a "bottom up" approach to select securities one at a time before considering industry trends. The portfolio manager uses fundamental analysis to select securities based on factors such as a company's long-term earnings and growth potential. The portfolio manager currently focuses on companies with the following characteristics, which may vary in particular cases and may change over time:

- Attractive valuation,
- Future supply/demand conditions for its key products,
- Product cycles,
- Quality of management,
- Competitive position in the market place,
- Reinvestment plans for cash generated, and
- Better-than-expected earnings reports.

The portfolio manager also monitors individual issuers for changes in their business fundamentals or prospects that may trigger a decision to sell a security, but does not require a decision to do so. The portfolio manager may consider selling a stock for one or more of the following reasons:

- The stock price is approaching its price target,
- The company's fundamentals are deteriorating, or
- Alternative investment ideas have been developed.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in Stocks, Risks of Other Equity Securities, Industry and Sector Focus, Risks of Small- and Mid-Cap Companies, Risks of Value Investing and Risks of Foreign Investing.

Vanguard Extended Market Index Fund

Investment Objective

The fund seeks to track the performance of a benchmark index that measures the investment return of small- and mid-capitalization stocks.

Principal Investment Strategies

The fund employs an indexing investment approach designed to track the performance of the Standard & Poor's Completion Index, a broadly diversified index of stocks of small and mid-size United States companies. The S&P Completion Index contains all of the United States common stocks regularly traded on the New York Stock Exchange and the Nasdaq over the-counter market, except those stocks included in the S&P 500 Index. 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 characteristics. These key characteristics include industry weightings and market capitalization, as well as certain financial measures, such as price/earnings ratio and dividend yield.

Principal Risks

The principal risks of investing in this fund are: Stock Market Risk, Investment Style Risk—Small and Mid-Capitalization and Index Sampling Risk.

Oppenheimer Developing Markets Fund

Investment Objective

The fund seeks capital appreciation.

Investment Process

The fund mainly invests in common stocks of issuers in developing and emerging markets throughout the world and at times it may invest up to 100% of its total assets in foreign securities. Under normal market conditions, the fund will invest at least 80% of its net assets, plus borrowings for investment purposes, in equity securities of issuers whose principal activities are in a developing market, i.e. are in a developing market or are economically tied to a developing market country. The fund will invest in at least three developing markets. The fund focuses on companies with above-average earnings growth.

In general, countries may be considered developing or emerging markets if they are included in any one of the Morgan Stanley Capital International ("MSCI") emerging markets indices, classified as a developing or emerging market, or classified under a similar or corresponding classification, by organizations such as the World Bank and the International Monetary Fund, or have economies, industries and stock markets with similar characteristics. For purposes of the fund's investments, a determination that an issuer is economically tied to a developing market country is based on factors including, but not limited to, geographic location of its primary trading markets, location of its assets, its domicile or its principal offices, or whether it receives revenues from a developing market. Such a determination can also be based, in whole or in part, on inclusion of an issuer or its securities in an Index representative of developing or emerging markets.

In seeking exposure to class A-shares of Chinese companies ("China A Shares"), the fund may invest in OFI Global China Fund, LLC (the "China Fund"), a private investment vehicle organized under the laws of Delaware that intends to invest significantly in China A Shares. The China A Shares market is an active Chinese market that includes a large number of Chinese equities as well as smaller or emerging Chinese companies that may not list shares elsewhere. The fund's investment in the China Fund may vary based on the portfolio manager's use of different types of investments that provide exposure to Chinese securities. Since the fund may invest a portion of its assets in the China Fund, which may hold certain of the investments described in the fund's prospectus, the fund may be considered to be investing indirectly in those investments through the China Fund. Therefore, references in the fund's prospectus to investments by the fund also may be deemed to include the fund's indirect investments through the China Fund.

In selecting investments for the fund, the portfolio manager evaluates investment opportunities on a company-by-company basis. This approach includes fundamental analysis of a company's financial statements, management record, and capital structure, operations, product development, and competitive position in its industry. The portfolio manager also looks for newer or established businesses that are entering into a growth cycle, have the potential for accelerating earnings growth or cash flow, and possess reasonable valuations. The portfolio manager considers the effect of worldwide trends on the growth of particular business sectors and looks for companies that may benefit from those trends and seeks a diverse mix of industries and countries to help reduce the risks of foreign investing, such as currency fluctuations and stock market volatility. The portfolio manager may invest in growth companies of different capitalization ranges in any developing market country. The portfolio manager monitors individual issuers for changes in the factors above, which may trigger a decision to sell a security.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in Stocks, Industry and Sector Focus, Risks of Investing in the China Fund, Risks of Foreign Investing, Risks of Developing and Emerging Markets, Eurozone Investment Risks, Risks of Small- and Mid-Cap Companies and Risks of Growth Investing.

Oppenheimer Real Estate Fund

Investment Objective

The fund seeks total return.

Investment Process

Under normal market conditions, the fund invests at least 80% of its net assets (including borrowings for investment purposes) in common stocks and other equity securities of real estate companies. The fund considers a real estate company to be one that derives at least 50% of its revenues from, or invests at least 50% of its assets in, the ownership, construction, financing, management or sale of commercial, industrial or residential real estate. The fund primarily invests in real estate investment trusts ("REITs") but may also invest in real estate operating companies ("REOCs") and other real estate related securities. REOCs are real estate companies that have not elected to be taxed as REITs and therefore are not required to distribute taxable income and have fewer restrictions on what they can invest in. The assets of the REITs that the fund invests in are primarily land and buildings, although the fund may invest in REITs that hold mortgages or a combination of investment types.

The portfolio manager employs both top-down and bottom-up methods in selecting securities for the fund.

Top-Down Analysis. The fund's portfolio manager is employed by the fund's sub-sub-adviser, Barings LLC (the "sub-sub-adviser"), which has in-house real estate specialists who can provide field observations regarding local, regional and national real estate trends and fundamentals in support of the top-down analysis. The sub-sub-adviser also has comprehensive property databases that track the real estate markets by property type, geographic metro area and company portfolio. This allows the portfolio manager to use proprietary models to analyze markets at various levels, including Standard Industrial Classification code, zip code and Metropolitan Statistical Area, resulting in comprehensive industry databases.

The fund's top-down portfolio weightings are determined by a national, regional and metro area market analysis of the following factors:

- Projected growth in supply and demand factors specifically related to the commercial property markets.
- Projected growth in new commercial space by tracking construction in process and building permit activity.
- Expected growth in supply and demand for hotels.
- Projected growth in Gross Domestic Product and airline travel.
- Anticipated growth in new construction and building permit activity of all classes of business, leisure and resort hotels.
- Anticipated growth in supply and demand factors affecting residential real estate.
- Expected growth in population, employment, personal income, household formations and propensity to own versus rent.
- Current affordability of the single-family residential real estate market.

Bottom-Up Analysis. The portfolio manager's bottom-up analysis uses traditional equity analysis to assess an individual real estate company's portfolio, current business strategy, capital structure and management track record. Specifically, the portfolio manager looks for companies with the following characteristics:

- Capacity for predictable and sustainable growth in revenue and earnings per share.
- Dominant owner/operator in its property types and geographic markets.
- Property holdings poised for potentially higher growth due to management's strategic positioning or due to geographic locations in markets where land suitable for development is scarce.
- Strong capital structure and access to capital that may help to effect long-term business strategies.
- Experienced senior management with a strong track record and a wide spectrum of industry-specific skills.
- Attractive valuation relative to other companies and to historical valuations in the real estate market. The fund may buy securities issued by companies of any size or market capitalization range and at times might increase its emphasis on securities of issuers in a particular capitalization range.

Principal Risks

The principal risks of investing in this fund are: Real Estate Market Risks, Risks of Investing in REITs, Smaller Real Estate Company Risks, Risks of Investing in Stocks, Concentration Risk and Risks of Non- Diversification.

Vanguard Short-Term Bond Index Fund

Investment Objective

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

Primary Investment Strategies

The fund employs an indexing investment approach designed to track the performance of the Bloomberg Barclays U.S. 1–5 Year Government/Credit Float Adjusted Index. This Index includes all medium and larger issues of United States government, investment-grade corporate, and investment-grade international dollar-denominated bonds that have maturities between 1 and 5 years and are publicly issued.

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 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 does not exceed 3 years.

Principal Risks

The principal risks of investing in this fund are: Interest Rate Risk, Income Risk, Credit Risk, Index Sampling Risk and Liquidity Risk.

Vanguard Total Stock Market Index Fund

Investment Objective

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

Primary Investment Strategies

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 United States stock market and includes large-, mid-, small- and micro-cap stocks regularly traded on the New York Stock Exchange and Nasdaq. 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 characteristics. These key characteristics include industry weightings and market capitalization, as well as certain financial measures, such as price/earnings ratio and dividend yield.

Principal Risks

The principal risks of investing in this fund are: Stock Market Risk and Index Sampling Risk.

Vanguard Total Bond Market Index Fund

Investment Objective

The fund seeks to track the performance of a broad, market-weighted bond index.

Investment Process

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 1 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 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 5 and 10 years.

Principal Risks

The principal risks of investing in this fund are: Interest rate risk, Income risk, Prepayment risk, Extension risk, Call risk, Credit risk, Index sampling risk, and Liquidity risk.

Vanguard Real Estate Index Fund

Investment Objective

The Fund seeks to provide a high level of income and moderate long-term capital appreciation by tracking the performance of a benchmark index that measures the performance of publicly traded equity REITs and other real estate-related investments.

Investment Process

The Fund employs an indexing investment approach designed to track the performance of the MSCI US Investable Market Real Estate 25/50 Transition Index, an interim index that will gradually increase exposure to other real estate-related investments while proportionately reducing exposure to other stocks based on their weightings in the MSCI US Investable Market Real Estate 25/50 Index. The MSCI US Investable Market Real Estate 25/50 Index is made up of stocks of large, mid-size, and small U.S. companies within the real estate sector, as classified under the Global Industry Classification Standard (GICS). The GICS real estate sector is composed of equity real estate investment trusts (known as REITs), which includes specialized REITs, and real estate management and development companies.

The Fund attempts to replicate the Index by investing all, or substantially all, of its assets—either directly or indirectly through a wholly owned subsidiary (the underlying fund), which is itself a registered investment company—in the stocks that make up the Index, holding each stock in approximately the same proportion as its weighting in the Index. The Fund may invest a portion of its assets in the underlying fund.

Principal Risks

The principal risks of investing in this fund are: Industry concentration risk, Stock market risk, Interest rate risk, Investment style risk - REITs, and Asset concentration risk.

Vanguard Developed Markets Index Fund

Investment Objective

The fund 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.

Investment Process

The fund employs an indexing investment approach designed to track the performance of the FTSE Developed All Cap ex US Index, a market-capitalization weighted index that is made up of approximately 3,700 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.

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